uMGUNGUNDLOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRIK MUNISIPALITEIT

ANNUAL REPORT
2020/2021
FINANCIAL YEAR

uMgungundlovu District Municipality

TABLE OF CONTENT

CHAPTER 1 – MAYORS FOREWARD AND EXECUTIVE SUMMARY 3

COMPONENT A – MAYORS FOREWARD 3

COMPONENT B – EXECUTIVE SUMMARY 4

1.1 MUNICIPAL MANAGERS SUMMARY 4

1.2 VISION, MISSION AND CORPORATE VALUES 6

1.3 MUNICIPAL FUNCTIONS 7

1.4 OVERVIEW OF THE DISTRICT MUNICIPALITY 8

1.5 POPULATION, SOCIO ECONOMIC OVERVIEW 11

1.6 SERVICE DELIVERY OVERVIEW 14

Water Provision 14

Sanitation Provision 15

1.7 FINANCIAL HEALTH OVERVIEW 16

COMMENTS ON FINANCIAL HEALTH 17

1.8 ORGANISATIONAL DEVELOPMENT 18

1.9 AUDITOR GENERAL'S REPORT 19

1.10 STATUTORY ANNUAL REPORT PROCESS 19

CHAPTER 2 – GOVERNANCE 21

COMPONENT A – POLITICAL AND ADMINISTRATIVE GOVERNANCE 21

2.1 POLITICAL GOVERNANCE 21

2.2 ADMINISTRATIVE GOVERNANCE 22

COMPONENT B – INTERGOVERNMENTAL RELATIONS - DDM 25

COMPONENT C – PUBLIC PARTICIPATION 29

2.3 IDP PUBLIC PARTICIPATION MEETINGS AND STAKEHOLDER ENGAGEMENTS 29

COMPONENT D – CORPORATE GOVERNANCE 30

2.4 OFFICE OF THE MUNICIPAL MANAGER 30

2.6 SUPPLY CHAIN MANAGEMENT POLICIES AND PROCESSES 32

2.7 CORPORATE SERVICES DEPARTMENT 33

2.8 INFRASTRUCTURE SERVICES 33

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE 36

COMPONENT A – BASIC SERVICE DELIVERY 36

WATER PROVISION 36

SANITATION PROVISION 37

WATER AND WASTE- WATER QUALITY 37

INDIGENT REGISTRATION PROCESS 40

COMPONENT B – ENVIRONMENTAL HEALTH 41

COMPONENT C – SOCIAL PROGRAMMES HIV / AIDS 48
COMPONENT D - CEMETORIES AND CREMATORIUMS 50
COMPONENT E – EPWP 51
COMPONENT G: UMNGENI RESILIANCE PROGRAM 64
COMPONENT H - ORGANISATIONAL PERFORMANCE MANAGEMENT 68
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE 205
COMPONENT A – INTRODUCTION OF MUNICIPAL PERSONNEL 205
COMPONENT B- MANAGING THE MUNICIPAL WORKFORCE 207
POLICIES 207
PERFORMANCE REWARDS 208
COMPONENT C – CAPACITATING MUNICIPAL WORKFORCE 209
Skills Development and Training 209
BURSARIES 209
CHAPTER 5 – FINANCIAL PERFORMANCE 210
5.2 Revenue 210
5.3 Consumer Debtors 210
Graph 2: Aging of Consumer Debtors 211
Table 2: Debtors by Category 211
Graph 3: Debtors by Category 212
OTHER FINANCIAL MATTERS 216
5.12 Supply Chain Management Processes 216
5.13 GRAP 216
CHAPTER 6 – REPORT OF THE AUDITOR GENERAL 217
COMPONENT A – 2020/2021 REPORT OF THE AUDITOR GENERAL – CURRENT YEAR 217
COMPONENT B – 2019/2020 REPORT OF THE AUDITOR GENERAL – PREVIOUS YEAR 224
APPENDICES 232
Appendix A – Councillors and Party Allocation 232
Appendix B – Council Committees and Purposes 236
Appendix C – Third Tier Administrative Structure 237
Appendix D – Municipal Powers and Functions 238
Appendix E – Audit Committee Report 240
Appendix F – Record of Attendance 244
Appendix G – Municipal entities Annual Report 251
Appendix H – Consolidated Annual Financial Statements and Separate Annual Financial Statements 252

CHAPTER 1 – MAYORS FOREWARD AND EXECUTIVE SUMMARY

COMPONENT A – MAYORS FOREWARD

The uMgungundlovu District Municipality remains committed to the implementation of its Five-Year Integrated Development (IDP) Plan 2018/19-2022/23, and our One Year Service Delivery and Budget Implementation Plan (SDBIP) for 2020/2021 financial year, both reaffirming and giving effect to Council's Commitment to the Local Government Agenda to fulfil the People's Contract.

Reflecting upon our progress towards creating a better life for all citizens it becomes apparent that we have made great strides in extending service delivery and development to previously marginalized communities; and ensured basic services are provided. We remain challenged, however, as apartheid left its imprint on human settlement and infrastructure development; and today we face the challenges of transforming such legacy and imprints as they impact the lives of our people.

The Municipality assures to improve the quality of life across the district by playing a critical role in different programs within the intergovernmental relations framework. Through the nation-wide program of Back-to-Basics the municipality is committed to the four pillars underpinning the program in delivering services: Putting People First; Service Delivery; Good Governance; and Sound Financial Management.

The municipality has made substantial progress towards extending water and sanitation services to our communities in the district those communities who previously had no access. We have provided economic opportunities through our economic development Programme, ensured a safe and healthy environment through our environmental health initiatives, and remain alert in our endeavours to prevent injury, loss of life and/or property through our fire and disaster management services. Within the context of climate change and its related negative consequences, our mitigation strategies in this regard are key and will remain our focus.

The triple challenges of poverty, unemployment and inequality require of us to remain resolute in our determination to tackle them head-on, as we strive towards becoming an equitable, non-racial, prosperous, non-sexist and just society: where everyone is cared for, and none neglected.

As a District Municipality, our focus is on the provision of water and sanitation services to communities and the eradication of poverty.

This Annual Report indicates the performance of the municipality during the 2020/2021 financial year, the highlights of service delivery and challenges experienced. We managed to complete some water infrastructure related projects to which will have great impact on water provision and uninterrupted water provision to our communities.

The challenges faced during the year are presented with strategies and approaches to address them.

We have an action-plan to address the matters raised by the Auditor-General to ensure that these findings are not repeated in the next financial year. The Municipality remains focused on our efforts to deliver basic services and radical economic transformation to bring about an equitable, just and inclusive district where all share in its benefits.

> *"UMgungundlovu District Municipality will evolve into a dynamic metropolitan area spreading its vibrant economic benefits to all its citizens and places and will, through concerted integrated development and service delivery realise improvement in the overall quality of life."*

Cllr TE Maphumulo

The Mayor

uMgungundlovu District Municipality

COMPONENT B – EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGERS SUMMARY

The Annual Report of uMgungundlovu District is a critical instrument to evaluate performance of the municipality for the purpose of continuous improvements in key areas. The municipality strives to improve in all the National Key Performance Areas through annual reviews of Strategic Objectives on the Integrated Development Plan and aligned municipal scorecard.

The 2020/2021 financial year saw the municipality achieving above 50% its planned Key Performance Indicators, due to budgetary constraints some of the targets during the year were amended and some were adjusted per permitted by legislation. The municipality used the year under review to test the capability to: planning; implementation; monitoring; reporting and evaluation. As a result, there were areas of improvement despite the challenges.

Our key successes during the period with regards to basic service provision included:

- The completion of Manyavu water project allocated at Mkhambathini Local Municipality.
- Manzamnyama and Maqonqo water Projects.
- The district has further managed to reduce 16% of its backlog in relation to households who do not have access to basic water services
- 1804 VIP toilet units were constructed during the year under review, reducing sanitation backlog by 6.11%
- Process to review the Municipality's indigent register is on-going and is seeing yielding positive results. As at the end of June 2021, 1156 indigent customers have registered on our database, and we are expecting the numbers to grow as more registrations are being received.

Provision of water and sanitation service delivery, however, includes a constant water supply of the required standard in quality. Ensuring we commit funding for operations and maintenance of our water and sanitation infrastructure, of which there is substantial ageing infrastructure, and means to ensure required water standards needs to be given attention and continued monitoring to enable early warnings to be identified and appropriate mitigation strategies to be implemented. Non-compliance with regards to water quality is not an option, and this is an area we will give attention to going forward.

Organisational Development, stability and good governance (legal compliance, risk management, controls) will be prioritised going forward following a period of organisational instability: due to administrative management changes, and various systemic challenges. Institutionalising a culture of performance management and good governance which goes over and beyond compliance will be our aim in the next few years starting with getting the fundamentals in place. Importantly ensuring competence of staff in performing their functions will be given attention.

Key Focus Areas to ensure the municipality is a sustainable "going concern: will be improving our:

- Revenue-enhancement and particularly income-control i.e. decreasing outstanding debtors and our collection rates;
- Reducing non-revenue water;
- Cost of doing business (through the value chain of water and sanitation provision from source to user and payment/collections); including cost of producing water, cost of distribution consideration in relation to cost of sale and then cost of ensuring payment. What we receive for each litre of water should be more than the cost of that litre of water;
- Asset management and control; and
- Credibility of general financial management principles and related implementation.

An important function of the district is to enable economic growth and shared development within the current economic climate, the adoption of the District Growth and Development Plan in 2016. The functionality of the uMgungundlovu Development Agency provides progress in radical economic and spatial transformation of our district, and a sustainable going concern when our citizens are active participants in an inclusive economy and share its benefits.

We will continue to improve our stakeholder management and engagement to implement that trajectory within good governance: oversight and accountability. The Integrated Development Plan will provide the instrument to bring stakeholders together in this endeavour and our progress towards the achievement of our Vision:

Sincerely

DR MRB Ngcobo

Municipal Manager

uMgungundlovu District Municipality

1.2 VISION, MISSION AND CORPORATE VALUES

VISION

uMgungundlovu District Municipality will evolve into a dynamic metropolitan area, spreading its vibrant economic benefits to all its citizens and places, and will through concerted integrated development and service delivery, realise improvement in the overall quality of life.

MISSION

uMgungundlovu District Municipality will, through sound governance and community participation, ensure the provision of equitable and sustainable services and economic growth.

CORPORATE VALUES

Driven by the aspirations of the people, we strive to achieve our Mission and Vision through:

1) Providing services according to the principles of Batho Pele (People First);
2) Practicing Ubuntu;
3) Accepted codes of practices and standards of professionalism;
4) Teamwork and commitment;
5) A high standard of work ethic; and
6) Constant engagement with stakeholders.

1.3 MUNICIPAL FUNCTIONS

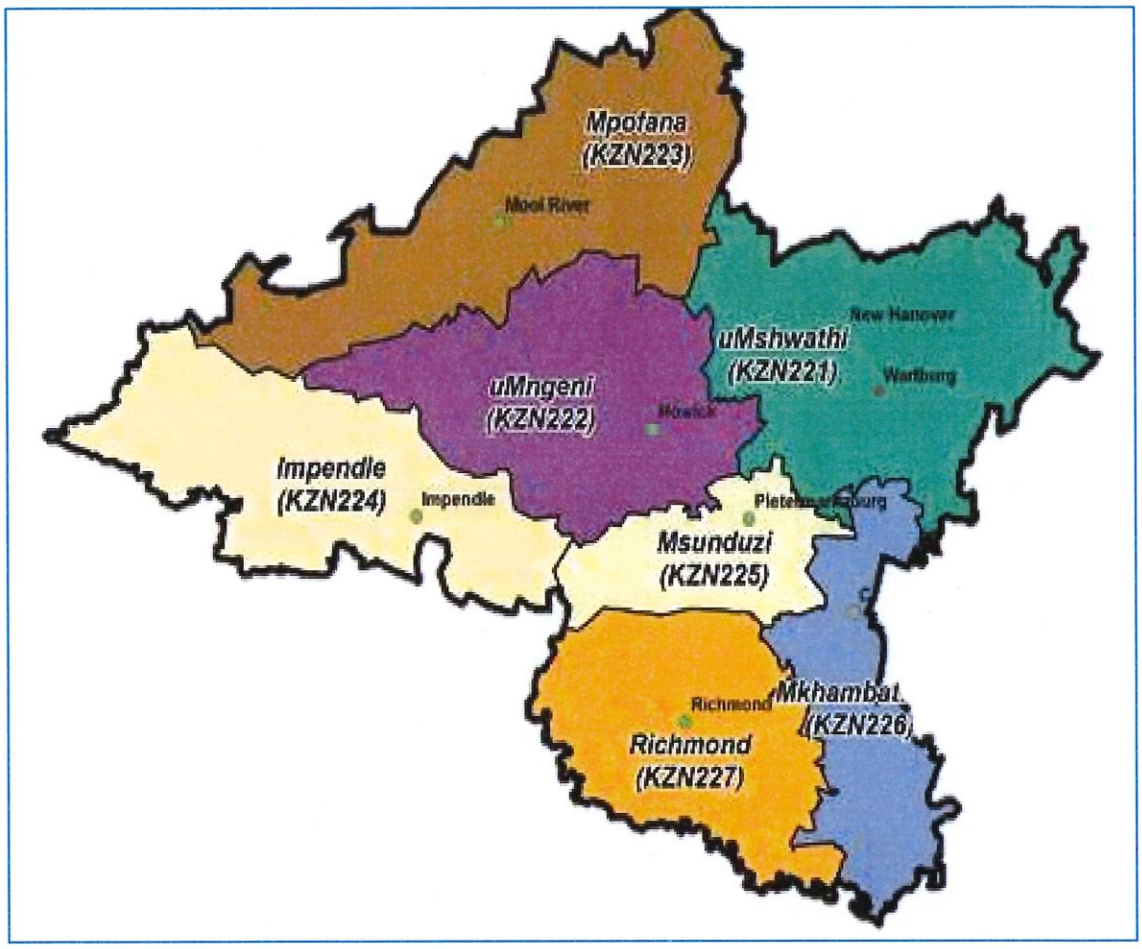
The Local Government Municipal Structures Act (1998) makes provision for the division of powers and functions between the District and Local Municipalities. These include the following for the uMgungundlovu District Municipality.

	SERVICES RENDERED
1.	Integrated development planning for the District as a whole with alignment to the Integrated Development Plans of the local municipalities in the District.
2.	Supply of water and sanitation to six local municipalities
3.	Sewage purification works and sewage disposal at six the local municipalities.
4.	Solid waste management throughout the District
5.	Establishment and management of cemeteries and crematoria in six local municipalities.
6.	Emergency services (Fire and Disaster Management) in six local municipalities.
7.	Promotion of local economic development in the District.
8.	Promotion of tourism development in the District
9.	Town and Regional Planning and Geographic Information services throughout the District.
10.	Environmental Health Services.
	SERVICES NOT YET RENDERED
1.	Municipal airports
2.	Municipal health services
3.	Establishment and management of fresh produce markets and abattoirs
4.	Regulations relating to passenger services

1.4 OVERVIEW OF THE DISTRICT MUNICIPALITY

The uMgungundlovu District is one of the ten (10) district municipalities within the KwaZulu-Natal Province. Neighbouring district municipalities include iLembe, uMzinyathi, uThukela, uGu and the Harry Gwala. The eThekwini Metropolitan Municipality also borders the uMgungundlovu District Municipality.

The district is diverse and made up of sub-areas, each with unique attributes that combine in a systematic manner to establish the district as a district geographic functional region with Pietermaritzburg as the main economic and service hub. Other sub-areas include the renowned Midlands Meander, high potential agricultural areas, expansive rural settlements, and small towns that serve the rural hinterland



Below is a summary of key characteristics of each local municipality within the district:

	KZ224 IMPENDLE MUNICIPALITY: In Impendle, the World Heritage Site and the Drakensberg-UKhahlamba Mountain Park accentuates the immense potential in the area for tourism, community-based craft endeavours and micro enterprises. An abundance of water allows for a mixed agricultural economy, while the cold winters indicate opportunities for a deciduous fruit industry
	KZ226 MKHAMBATHINI MUNICIPALITY: Significantly located on the N3 corridor. The municipality has a potential to grow through a diversified economy and on bridging the rural-urban divide
	KZ223 MPOFANA MUNICIPALITY: Agriculture and textiles form the backbone of economic development in the Mpofana municipal area. Dairy farming is one of the drivers in the agricultural sectors followed by crops such as maize, potatoes, beans and peas. Some of the most well know stud farms are located in the area.
	KZ225 MSUNDUZI MUNICIPALITY: Situated in Msunduzi, Pietermaritzburg, is not only the District's primary urban centre and seat of the uMgungundlovu District Municipality's administration, but is the thriving, modern capital of KwaZulu-Natal. The city is a dynamic commercial and industrial centre and is also recognized as a seat of academic excellence.
	KZ227 RICHMOND MUNICIPALITY: Richmond Municipality has potential with a diversified economy in agriculture, tourism and its' rich natural resources. There are opportunities in manufacturing, timber and agro-processing.

	KZ222 UMNGENI MUNICIPALITY: Umngeni Municipality incorporates the urban areas of Howick and Hilton and is ideally situated on the N3 development corridor. Significant manufacturing and industry is already established in the municipal area, with further developments in the pipeline.
	KZ221 UMSHWATHI MUNICIPALITY: In square kilometres uMshwathi Municipality is the largest of the six Local Municipalities in the District with major urban centres in New Hanover, Wartburg, Dalton and Cool Air. Substantial rural residential settlements are to be found at Swayimane, Mpolweni, Thokozani and Ozwathini.

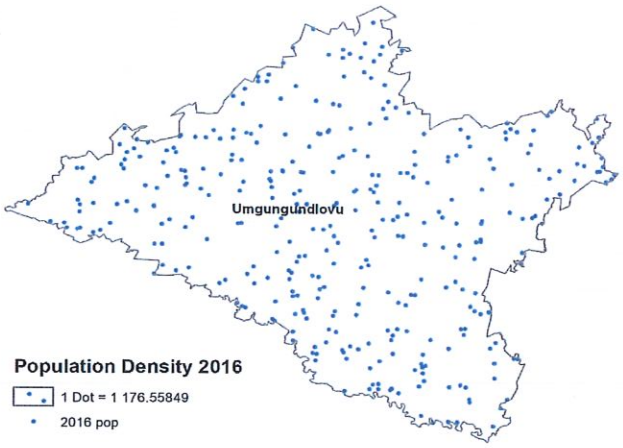
1.5 POPULATION, SOCIO ECONOMIC OVERVIEW

The district population context is understood within the provincial and national context, as indicated below,



1 095 865

Pop 2007	Pop 2016
988 834	1 095 865



The population density was 114 persons per km^2 in 2016 from 104 persons per km^2 in 2007

In 2016 the population has grown by **10,8%** of the population in 2007

POPULATION PER LOCAL MUNICIPALITY

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
POPULATION		11065240	1095865	111645	109867	29526	679039	57075	71322	37391
AGE PROFILE	0 - 14	3848948	362985	42639	32570	12933	213706	19666	28449	13022
	15 - 34	4049185	406577	38902	39788	8993	259466	21284	24314	13830
	35 - 59	2361135	250460	22198	26939	5060	161071	12265	14367	8561
	60+	805972	75843	7906	10570	2540	44796	3861	4191	1978
GENDER PROFILE	Male	5306295	528727	53665	53071	14367	326997	27736	35254	17636
	Female	5758945	567138	57980	56796	15159	352042	29339	36068	19755
GROUP	Black African	9625934	925270	105201	83343	29205	551244	54207	68656	33414
	Coloured	134089	20887	538	1540	15	18114	79	470	131
	Indian/ Asian	873161	84941	3323	4190	0	75126	991	578	733
	White	432056	64767	2583	20795	305	34554	1799	1617	3114

Information derived from Stats SA – 2016 census

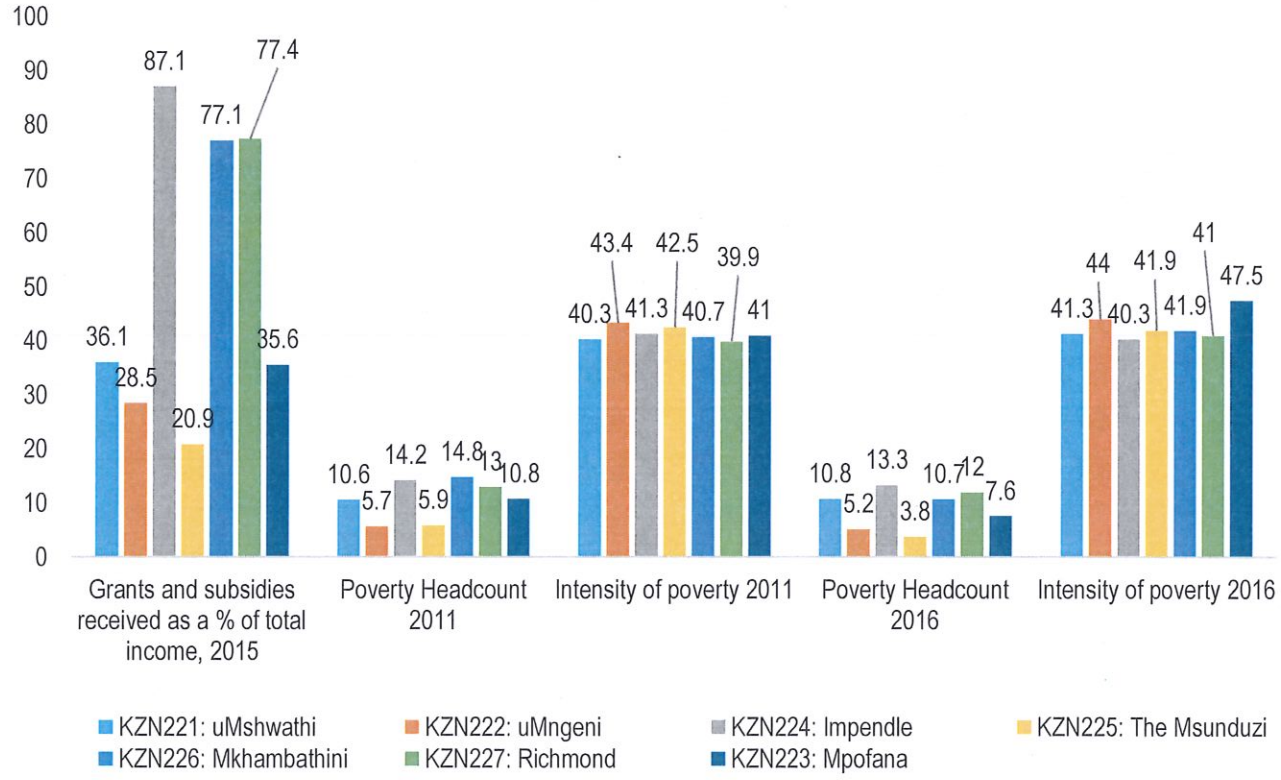
uMsunduzi Municipality has the highest population in the district as this is where most the economic activity is located. Inter-Municipal population growth and decline may be attributed to dynamic pull and push factors: such as communities migrating to seek better work, better facilities, or better opportunities.

Rural-Urban movement trends are predominantly in rural municipalities such as uMshwathi and Impendle, which have experienced population declines. The remarkably significant growth of uMngeni Municipality's population among others could be attributed to new human settlements and could also be explained by the inter- migration trends as already discussed.

Key relevant and notable findings of Census 2011 and from the results of the Community Survey 2016 for uMgungundlovu District Municipality are summarized below:

- There are 65% who are economically active and 29.1% unemployment rate as calculated as an average of the Local Municipalities.
- The tertiary sector employs most the people with 59.3% and the secondary sector with 17.4% and lastly, the primary sector with 10.3% employment. uMswathi leading with 32.2% in the primary sector employment followed by Richmond and Mpofana. (Census: 2016)
- 70% of households are formal dwellings (Census 2016). Highest share of informal dwellings (8%) was in Richmond Municipality. See below Graph indicating dwellings at a glance per category per local municipality.

Poverty Indicators by Local Municipality



1.6 SERVICE DELIVERY OVERVIEW

Water Provision

The table below further details projects implemented by the Municipality;

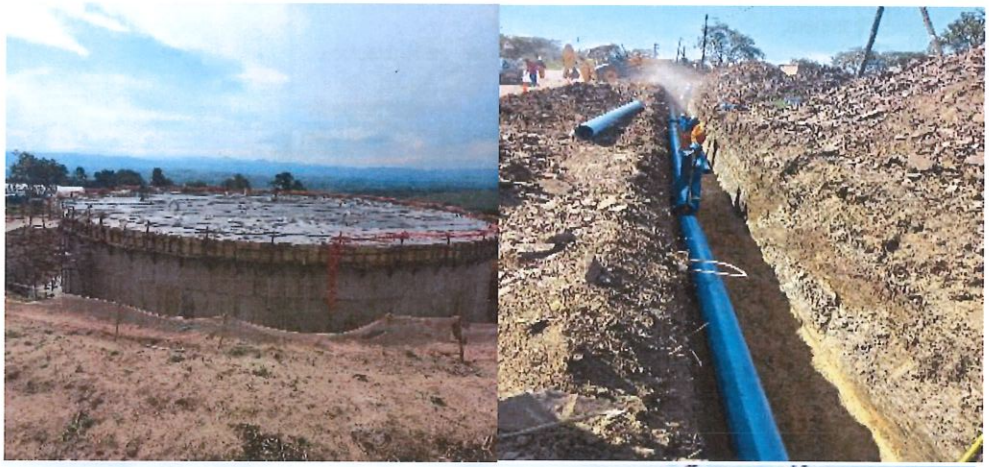
Project Name	Project description	Population served
Mpolweni Water Supply Scheme	Construction of a new 3Ml reinforced concrete reservoir, 200kl elevated steel tank and refurbishment 2No. 400kl existing reservoirs including bulk & reticulation pipeline network of approximately 170km of HDPE, uPVC and steel pipelines ranging from 25mm to 300mm to supply the Mpolweni Community with household meter connection points and standpipes	2712 Households 30 480 People
uMshwathi Bulk Phase 3B -Ekhamanzi (01/2019)	Phase 3B (Ekhamanzi) The scope of works is as follows: • Approximately 65km of pipeline Construction of 154 No. valve chambers, • Construction of 1ML reinforced concrete and associated chambers, • Construction of a 50KL and 3* 10.8KL Steel elevated reservoir and associated chambers, • Construction of 320-yard tap connections.	967 households 7 732 people Every household to be supplied with a water connection point
uMshwathi Slum - Trustfeed Water (02/2019)	Construction of approximately: -8.2km of 75 to 250mm diameter uPVC reticulation water pipelines; -8.1km of 50mm diameter HDPE reticulation pipelines; -4.5km of small bore HDPE erf connection pipelines; -200 New erf connection, domestic meters, yard taps on new reticulation within Zones A and C; -770 New domestic meters to existing erf connections; -1No. 500kl and associated chambers and assemblies	Estimated 970 houses Estimated 5820 people
uMshwathi Phase 4 – Greater Efaye Reticulation Scheme (35/2020)	Construction of approximately 229km of 50mm – 315mm Ø uPVC, HDPE and GMS Roll Grooved End bulk and reticulation water pipelines, 1no. 50KL reinforced concrete reservoirs, 1no. 400KL reinforced concrete reservoirs,5 no. pressed steel water storage tanks and, associated chambers and assemblies.	5200 households and 41600 people based on a 0.3% growth. All counted houses will be equipped with a metered yard tap.
Mbhava & Mpethu – Swayimane Water Supply Scheme Extension Phase 2 (36/2020)	The Scope of Works includes : Construction of 110-250mm diameter uPVC/steel bulk water pipelines. Construction of inlet chambers at reservoir sites and pipe-work into existing reservoirs. Construction of offtake chambers. Upgrading of 2 existing booster pump stations. Upgrading of access roads to pump stations and reservoir sites.	1779 households and 14904 people.
Upgrading of Nkanyezini water supply (06/2018)	The scheme comprises of approximately 10km of uPVC / Steel pipeline ranging from 200mm to 250mm in diameter, the construction of 1№ 10Ml Post- tensioned Reinforced Concrete Reservoir and associated valves, chambers and fittings.	1438 Households and 11 504 people

Enguga Phase 5 Pipeline and Civil Works (07/2020)	Completion of construction of 150mm Klambon steel rising main, Completion of Air and Scour valve installations Completion of interlinking reservoir pipework, chambers and level control Completion of earthworks, Breaching existing reservoirs and linking to already constructed reservoirs.	17 226 people within 2760 households

Sanitation Provision

This past year the municipality has provided 1804 households within the 6 local municipalities basic sanitation (VIP) toilets.

The municipality has a target of 2354 VIP toilets are currently under construction in all local municipalities within uMgungundlovu , this includes the 145 units that are set for Farm Dwellers.





1.7 FINANCIAL HEALTH OVERVIEW

Summary of financial performance for uMgungundlovu District Municipality and its entity for the period 2020/2021 financial year.

FINANCIAL HEALTH ASSESSMENT			
		As at 30 June 2021	As at 30 June 2020
Revenue Management			
1.	Revenue from exchange transactions	R348 598 245	R339 617 945
2.	Debt collection rate	45%	46%
3.	Debt-collection period (after impairment)	96 days	96 days
4.	Debt impairment provision as a percentage of accounts receivable	91.5%	89.9%
	• Amount of debt impairment provision • Amount of accounts receivable	R976 394 041 R1 066 886 931	R788 574 322 R876 267 640
Expenditure Management			
5.	Creditor-payment period	80 days	90 days
6.	Employee expenditure	R270 098 517	R267 954 470
7.	Councillors 'Remuneration	R11 714 217	R12 481 594
8.	Percentage of remuneration (employee and councillors) to total expenditure	27%	28%
9.	Percentage of capital expenditure to total expenditure	18%	15%
Asset and Liability Management			
10.	Amount of the surplus / (deficit) for the year	R 125 955 956	R75 356 576
11.	Amount of the net current assets / (liability) position	(R138 116 831)	(R139 935 159)
12.	Current Ratio (current assets to current liabilities)	0.59 : 1	0.56 : 1
13.	Amount of the net asset / (liability) position	R1 799 992 065	R1 673 929 431
14.	Debt to Revenue	21%	23%
14.	Solvency ratio	23%	19%
Cash Management			
15.	Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R88 246 765	R89 310 665
16.	Amount of net cash in / (out)flows for the year from operating activities	R197 171 413	R419 194 438
	Average cash coverage ratio	27.96 days	28.09 days
17.	Creditors as a percentage of cash and cash equivalents	255%	264%
	• Amount of trade creditors (accounts payable) • Amount of cash and cash equivalents / (bank overdraft) at year-end	R224 804 597 R88 246 765	R 235 385 515 R89 310 665

COMMENTS ON FINANCIAL HEALTH

Although there was a slight increase in revenue from exchange transaction, the collection rate of the Economic Entity was at 45% in 2021 and 46% in the 2020 financial year, which is well below the National Treasury norm of 95%.. The debt collection period remained the same at 96 days which is in excess of the prescribed 30 days. This indicates that consumers are struggling to adhere to the payment period of 30 days and poses a challenge to the timeous collection of municipality's cash inflows.

Debt impairment also increased slightly to 91.52% of the debtors' balance (consumer and sundry) as at 30 June 2021 compared to 89.9% in the prior year. The municipality has not exhausted its recovery efforts for all the outstanding debtors and several strategies are underway including revenue enhancement initiatives and legal processes.

The creditors' payment period has, however, improved in 2020/2021 when compared to the 90 days in the prior period. The creditors payment period of 80 days for the 2020/2021 financial year was in excess of the prescribed 30 days. This is mainly attributed to the impact of poor debt collection and the excessive net debtors' days of 96 days which puts pressure on the cash flows of the municipality.

The salary costs of the Economic Entity were within the norm of 22% to 40% for 2020/2021 at 27%.

The Economic Entity had adequate investment activities in the form of capital expenditure at 18% in the 2020/2021 financial year (an increase from 15% in the prior year), falling within the norm of between 10% and 20%.

The Economic Entity's operations resulted in with a surplus of R 125 955 956 in the 2020/2021 financial year, an increase from a surplus of R75 356 576 in the prior year.

The current ratio of 0.59:1 shows a slight improvement from 0.56:1 in the prior year. It is however still below the norm of 1.5 -2: 1. This means that the Economic Entity had inadequate liquid assets (easily convertible into cash) available to cover short-term obligations as at 30 June 2021.

The Economic Entity had sufficient operating revenue to meet the current payment obligations at 21% and 23% in 2020/2021 and 2019/2020, respectively. This falls within the norm of 45%.

The Economic Entity's ability to meet its long-term financial obligations (solvency) improved in the 2020/2021 financial year when compared to the 2019/2020 financial year at 23% and 19%, respectively.

The cash coverage ratio fell below the norm of 1 to 3 months, indicating limited ability by the Economic Entity to fund monthly fixed operational expenditure. This ratio slightly regressed in the 2020/2021 financial year at 27.96 days when compared to 28.09 days in the prior year. The low cash coverage is mainly attributable to the low debtors' collection rate and excessive net debtors' days.

1.8 ORGANISATIONAL DEVELOPMENT

The table below indicates the total number of approved posts within the organisational structure being 910. Out of the total of 910 posts 52 are management level posts.

TOTAL NUMBER OF EMPLOYEES				
		2020/2021		
Department	**Approved Posts**	**Filled Posts**	**Number of Management Levels**	**Number of vacancies**
Office of the Municipal Manager	63	35	12	28
Finance (Budget & Treasury) Department	136	69	6	67
Community Services Department	351	147	7	204
Corporate Services Department	78	48	6	30
Technical Services Department	262	195	18	67
Economic Development	20	17	3	3
Total	**910**	**511**	**52**	**399**

- There are 518 (Including 4 Data Capturer: Revenue Unit & 3 Human Resources: Clerks) filled positions (Contract positions) according to VIP system but not filled on the Organogram.
- 4 Finance Interns are not on the organogram, but they appear on VIP System which total to 522.

TURNOVER RATE

TURNOVER RATE			
Financial Year	**Total appointments**	**Terminations during the Year**	**Turnover Rate**
2017/2018	34	26	**5.71%**
2018/2019	110	31	**5.74%**
2020/2021	40	27	**7.36%**

COMMENTS ON VACANCIES AND TURNOVER RATE

The total number of post in the organogram is 910, and the number of filled positions is 511. The total number of vacant positions remained at 399.

1.9 AUDITOR GENERAL'S REPORT

The table below indicates the audit opinion received for the period 2020/2021 financial year and previous years,

	FINANCIAL YEARS		
Year	**2020/2021**	**2019/2020**	**2018/2019**
Status	Unqualified with findings	Unqualified with Findings	Qualified Audit Opinion

1.10 STATUTORY ANNUAL REPORT PROCESS

The process plan of the Annual Report is the guiding plan on the processes to be followed in the development of the Annual Report. The primary purpose is to ensure that there is compliance with all the pieces of legislations that governs the content and public participation processes on the development of the Annual Report.

Description	**Legislation**	**Deadline**	**Responsible Department**
Prepare and submit a Draft Annual Report 2020/2021 to the A-G	MFMA	31 August.	Office of the Municipal Manager
Place an advertisement in the print media giving notice of the intended tabling of the Annual Report.	MFMA	March	Office of the Municipal Manager
The mayor of a municipality must, within seven months after the end financial year, table in the municipal council the annual report of the municipality	Section 127(2) of the MFMA	31 January	Mayor
Immediately after an annual report is tabled in the council, the accounting officer of the municipality must- Make public the Annual Report and invite the local community to submit representations in connection with the Annual Report	Section 127(5)(a)(i) and (ii) of the MFMA	April	Office of the Municipal Manager
Submit Annual Report to the Internal Audit, AG, Provincial Treasury, Provincial COGTA	Section 127(5),(b) of the MFMA	Within 5 days after Tabling the Annual Report	Office of the Municipal Manager
Consider Annual Report through the Oversight process,	Section 129(1) of the MFMA	Within 2 Months after Tabling the Annual Report	Council
Adopt Oversight Report containing the council's comments on the annual report	Section 129(1) of the MFMA	31 March	Council

Description	Legislation	Deadline	Responsible Department
After the municipality adopts its Annual Report, it must within 14 days make copies of the report accessible to the public, interested organisations and the media	Section 127(5)(a)(i)(ii) of the MFMA and Section 21A of the MSA	Within 14 days after adopting Annual Report/ Oversight Report	Office of the Municipal Manager

CHAPTER 2 – GOVERNANCE

COMPONENT A – POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

The Constitution of South Africa, in Section 151 (3) states that a Municipality has the right to govern on its own initiative, the local government affairs of its community, subject to national and provincial legislation as provided in the Constitution. The Council is the legislative Political Structure which is entrusted with the oversight responsibility on matters pertaining to the developmental progress and implementation of service delivery projects.

There are various Portfolio Committees as legislated through Section 80 of the Municipal Structures Act, Act 117 of 1998, that are each convened by the members of the Executive Committee who play a political oversight on various activities that are implemented by municipal administrative departments: and each Portfolio Committee is aligned to administrative functional areas. The Portfolio Committees report to the Executive Committee, whose chairperson is the mayor, which takes decisions and resolves to recommend to Council for implementation of service delivery matters.

Council of uMgungundlovu District Municipality has five Portfolio Committees, each chaired by an EXCO member with a term of reference responsible for a municipal Key Performance Area (KPA).

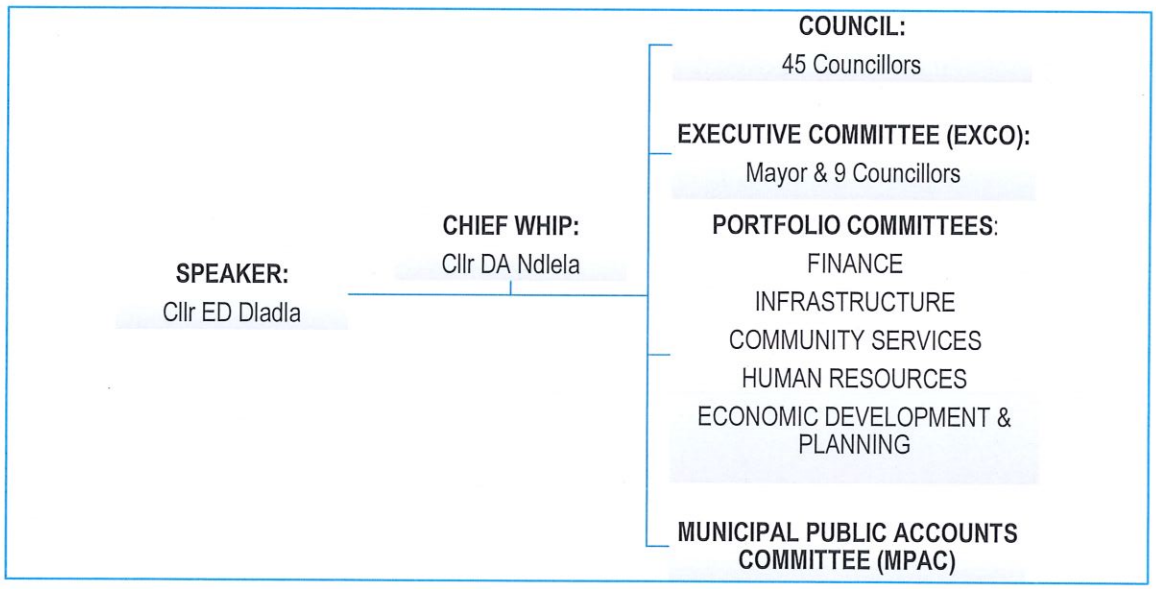


Diagram 1: Political Structure

Financial management and administration performance is further monitored and evaluated by the established Section 79 of the Municipal Structures Act, Act 117 of 1998 Committees below:

- Municipal Audit Committee;
- Municipal Public Accounts Committee (MPAC).

It is a legislative requirement that the Audit committee be established which considers the Auditor-Generals report and its implications for internal risk management and performance audit matters. The purpose and objective of the Audit Committee is to advise the Municipal Manager on financial statements, internal control, internal audit, external audit, and compliance.

The MPAC reports directly to Council through the Speaker and must examine financial statements of all executive organs of Council, any audit reports issued on those statements, any reports issued by the AG on the affairs of any municipal entity, any other financial statements or reports referred to the committees of Council, and the Annual Report on behalf of council and make recommendations to Council. The committee may report on any of those financial statements or reports to Council, initiate, and develop the annual oversight report based on the Annual Report, initiate any investigation in its area of competence, and must perform any other function assigned by resolution of Council.

As the executive and legislative authority of the municipality Council approves by-laws, budgets, IDP, policies, and tariffs for rates and service charges amongst other matters

2.2 ADMINISTRATIVE GOVERNANCE

The administration is led by the Municipal Manager who is responsible for the effective implementation of council resolutions and the day-to-day operations of the municipality. The Municipal Manager primary responsibility includes ensuring sound and effective interface between the political structures and administration. Each department is headed by an Executive Director, who is a Section 56 appointee and reports directly to the Municipal Manager. Each Executive Director completed an annual performance agreement and their performance reviewed in accordance with the agreement.

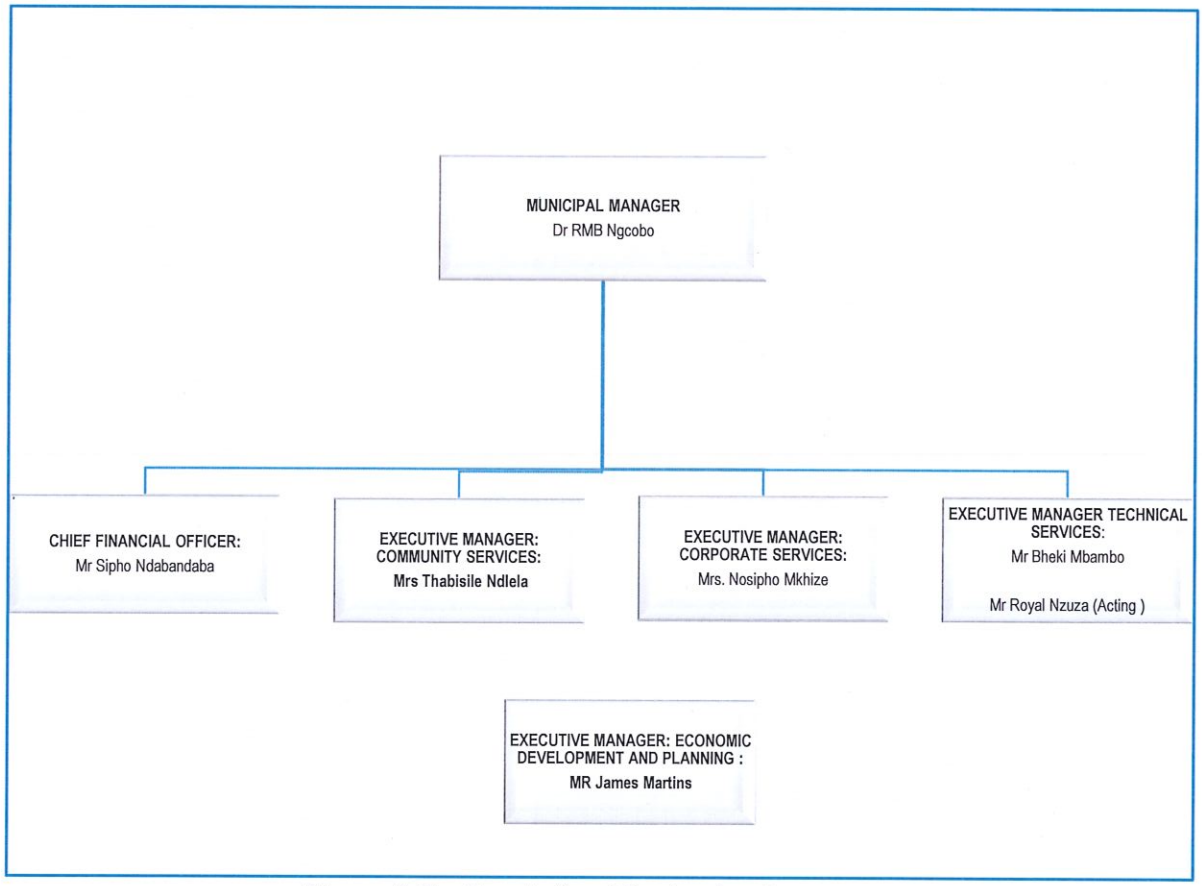


Diagram 2: Top Organisational Structure Level

Name of Official	Gender	Position	Function	Performance Agreement Signed Yes/No
Dr RMB Ngcobo	Male	Municipal Manager	Overall Municipal Administration Internal Audit and Risk Management Mayoralty (Social Programmes) and Communication Inter-Governmental Relations Strategic Planning and Integrated Development Planning Performance Management Water Services Authority	Yes
Mr Bheki Mbambo **Mr Royal Nzuza (December 2020 – to date)**	Male	Executive Manager: Technical Services Executive Manager: Technical Services (Acting)	Provision and Management of Water and Sanitation. Water and Sanitation Infrastructure Development and Maintenance.	Yes
Mr. Sipho Ndabandaba	Male	Executive Manager Acting: Financial Services	Financial Services: Budget, Financial Reporting, Revenue and Expenditure Management, Asset Management, Supply Chain Management	Yes
Mrs. Thabisile Ndlela	Female	Executive Manager: Community Services	Environmental Health Services, Local Economic Development, Fire and Disaster Management.	Yes
Mrs. Nosipho Mkhize	Female	Executive Manager: Corporate Services	Human Resources Development and Administration, Secretariat and Auxiliary Services, ICT, Fleet Management.	Yes
Mr James Martins	Male	Executive Manager: Economic development and Planning	GIS, Planning, Umngeni Resilience Program and Local Economic and Development	Yes

COMPONENT B – INTERGOVERNMENTAL RELATIONS - DDM

The DDM is a process by which joint and collaborative planning is undertaken at local, district and metropolitan by all three spheres of governance resulting in a single strategically focussed One Plan for each of the 44 districts and 8 metropolitan geographic spaces in the country.

DDM is a practical Intergovernmental Relations (IGR) mechanism for all three spheres of government & SOE's to work jointly and to plan and act in unison

The purpose of Inter-Governmental Relations (IGR) is to:

- encourage coordination,
- co-operative decision-making;
- ensure the execution of policies through the effective flow of communication;
- co-ordinate priorities and budgets across different sectors and;
- the prevention of disputes and conflicts between all spheres of Government

IGR is to further foster an integrated approach to governance, aimed at improving government planning, decision making and service delivery at national, provincial and local levels.

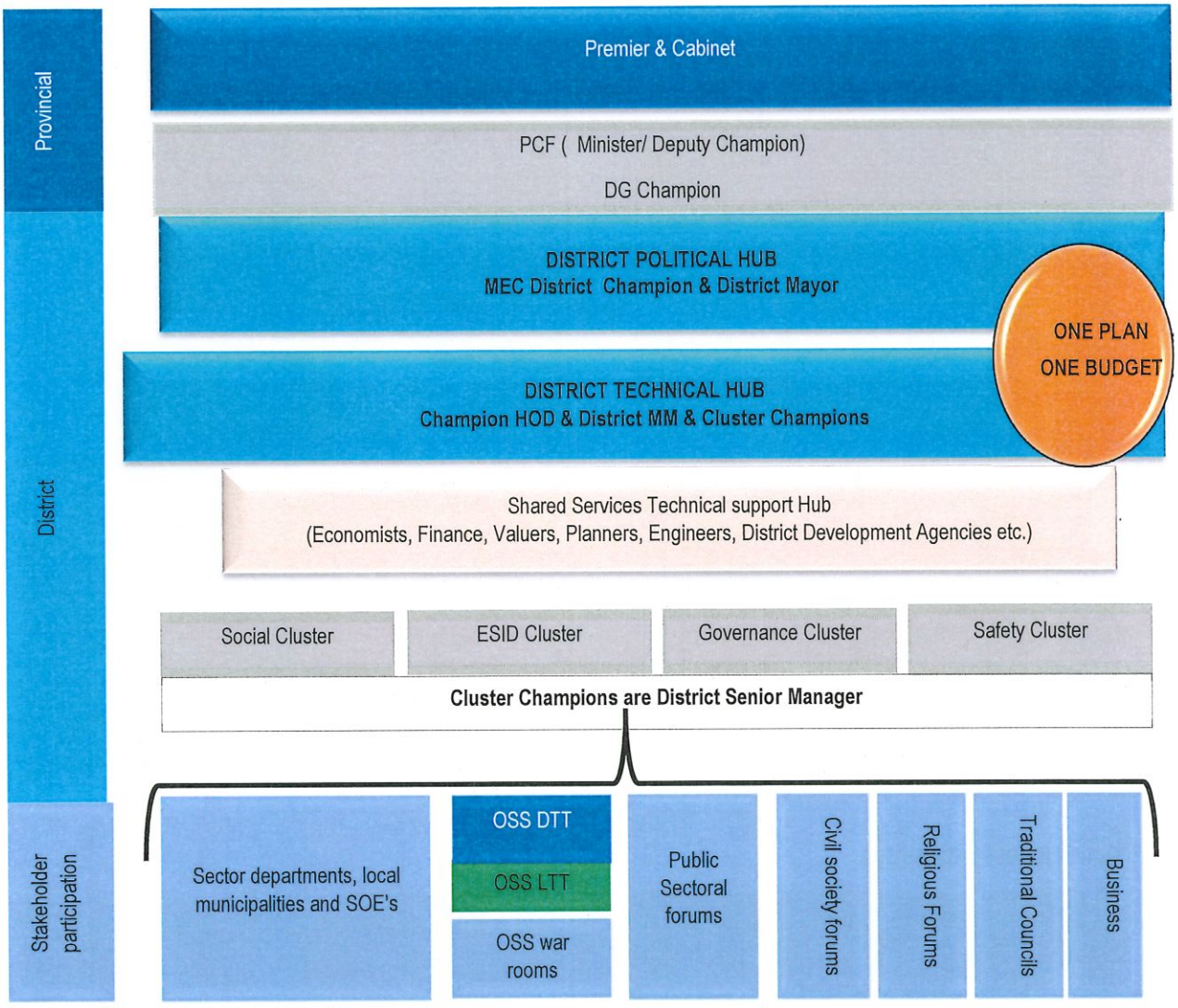
The coordination of all spheres has also incorporated the **Operation Sukuma Sakhe**

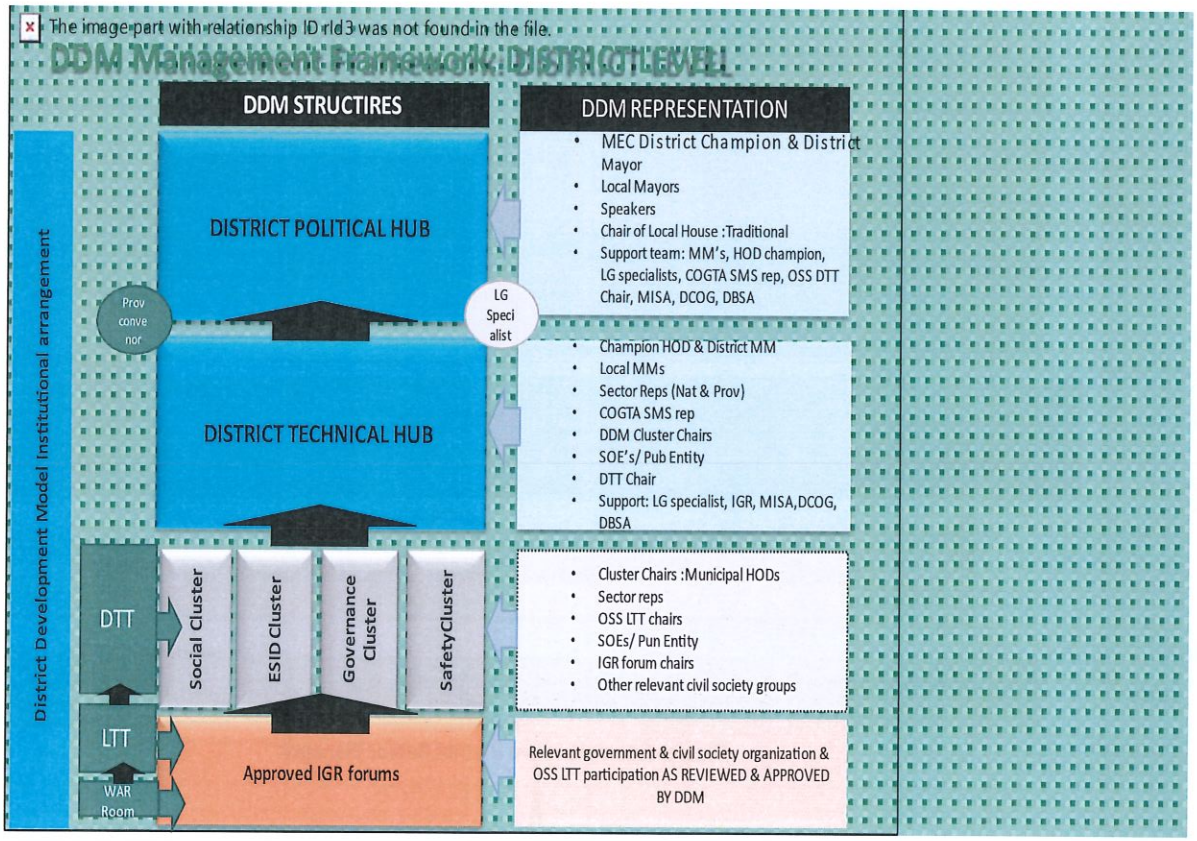
programme.

DDM OBJECTIVES

To **achieve coherent governance**, the President announced:-

- **a coordinated District & Metro level approach to business by all 3 spheres**- "we are going to do away with this fragmented approach to development."
- 44 Districts and 8 Metros will be the high impact zones for the country;
- **Redirect and confirm Co-operative governance & Integrated collaborative planning and implementation** undertaken at a District and Metro level by all 3 spheres.
    - Institutionalized Long term co planning in ONE PLAN per District & Metro towards Sustainable Development and Spatial Transformation & Equity.
    - Integrated Services
    - Strengthened M&E
- **DDM is a practical Intergovernmental Relations (IGR) mechanism for all three spheres of government & SOE's to work jointly and to plan and act in unison**
- Ensure that we **bring to life the aspirations** of The People Shall Govern & **Bring government closer to the people.** Developmental change is shaped and owned at district level in partnership with communities, citizens and social partners


Provincial
District
Stakeholder participation
Premier & Cabinet
PCF (Minister/ Deputy Champion)
DG Champion
DISTRICT POLITICAL HUB
MEC District Champion & District Mayor
ONE PLAN
ONE BUDGET
DISTRICT TECHNICAL HUB
Champion HOD & District MM & Cluster Champions
Shared Services Technical support Hub
(Economists, Finance, Valuers, Planners, Engineers, District Development Agencies etc.)
Social Cluster
ESID Cluster
Governance Cluster
Safety Cluster
Cluster Champions are District Senior Manager
Sector departments, local municipalities and SOE's
OSS DTT
OSS LTT
OSS war rooms
Public Sectoral forums
Civil society forums
Religious Forums
Traditional Councils
Business



ROLES & RESPONSIBILITIES:

Position	Function
District Mayor	Chairs and gives oversight to DDM functionality, implementation & impact Intervenes where Spheres and municipalities are not co-operating Accounts to PCF with Champion MEC Champions the OSS issues in the DDM supported by DTT
MEC Champion	Co-chairs and gives oversight to DDM functionality, implementation & impact Intervenes where spheres – province & national are not co-operating in DDM Intervenes for province where sectors are not participating in local OSS Accounts to PCF with District Mayor Elevates issues to provincial clusters where required

Position	Function
District MM	Chairs technical Hub Ensures LG management participation & integration of issues Supports Mayor in DDM functionality & oversight Oversees implementation of plan and actions
HOD champion	Co-chairs technical hub Intervenes where province sectors are not co-operating Supports MM to ensure implementation Supports MEC to report into provincial structures
LG Specialist &IGR rep	Establish a DDM secretariat support team from COGTA and Municipality Support the MEC champion and the District mayor to prepare for and hold meetings Support HOD and MM to prepare for & hold meetings Identify and support interventions in challenges arising Monitor the DDM IGR forums for functionality
COGTA Rep in DDM	Support LG specialist in ensuring Co-operative Governance Represent the Departments interests, and actions in the DDM ONE PLAN and structures Ensure COGTA representation & participation in the DDM IGR structures
Nat & Prov Sector, SOE's, Púb Ent, reps	Represent the Departments interests, and actions in the DDM ONE PLAN and structures Ensure Sector representation & participation in the DDM IGR structures
OSS DTT rep	Support the District Mayor to infuse the OSS issues into the DDM plans and actions

DDM POLITICAL HUB FUNCTION

Ensure that all three spheres of government are operating in planning, budgeting & implementation unison thus enabling coherent, seamless and sustainable service delivery and development with integrated impact on the quality of life and quality of living spaces at municipal level.

a) Oversee the development & approval of ONE PLAN & ONE BUDGET

b) Promote greater accountability

c) Ensure inclusion of community needs and closer monitoring of government by community through active engagement with OSS structures – facilitated by Mayor and DTT chair

d) Account to province for DDM functionality and impact

DDM TECHNICAL HUB FUNCTION

1. Oversee the development and recommendation of the ONE PLAN and ONE BUDGET of the agreed plan, according to district and local strategic objectives, national and provincial priorities and towards district/metro developmental impact;
2. Ensure all 3 spheres of government are accountable & participating in the district sphere
3. Identify and approve required clusters, sub committees and other IGR forums needed to enable DDM to achieve objectives
4. Identify areas requiring shared services and oversee the establishment of such
5. Monitor and prepare reports for DDM Political hub

uMGUNGUNDLOVU DDM/OSS STRUCTURES has been assessed on a quarterly basis by CoGTA IGR Unit. All sub-clusters, together with the Technical and Political Hubs are fully functional.

COMPONENT C – PUBLIC PARTICIPATION

2.3 IDP PUBLIC PARTICIPATION MEETINGS AND STAKEHOLDER ENGAGEMENTS

The Municipal Systems Act (MSA), Chapter 16, states that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs to require public attention.

The Municipality utilizes mechanisms in order to ensure effective public participation during the preparation of the uMgungundlovu District Municipality IDP. Mechanisms that were used include:

• The IDP Representative Forum where the notice to convene the meeting was advertised for public to partake and contribute towards the IDP.

• The Mayoral Imbizo where concerns of the public were addressed, noted and the Mayor presents the plans of the Municipality.

• Public Notices, which appear on the municipal website, local newspaper and social platforms.

• The Municipality aims to improve engagements with the community through the local municipalities and subsequently the ward committees.

COMPONENT D – CORPORATE GOVERNANCE

2.4 OFFICE OF THE MUNICIPAL MANAGER

The Office of the Municipal Manager is supported by the Chief Operations Officer as well as specialists responsible for integrated development planning, performance management, internal audit, communications, Legal services and enterprise risk management. The strategic role of the OMM is to ensure a coherent and integrated approach to governance and service delivery by all departments including alignment of programmes and projects in order to achieve maximum service delivery impact. Access to basic services by all residents of the city remains a priority and this can only be achieved through good governance and financial prudence.

Further to this, the OMM is entrusted developing and maintain healthy relationships with key stakeholders. It aims to ensure that the focus remains on customers, communities and stakeholders are continuously engaged in planning, implementation and review processes on all service delivery programmes.

Integrated Development and Planning unit

The IDP entails processes through which a municipality, its constituencies, various sector departments and interested and affected parties come together to prepare clear objectives and strategies which serve to guide allocation and management of resources within the municipal area of jurisdiction.

2020/2021 Key Deliverables

- Facilitating and coordinating the development of a credible Integrated Development Plan
- Ensuring alignment between the IDP and Budget and Performance Management Systems
- Facilitation of IDP Forum meetings with stakeholders

Risk Management

Risk Management is one of management's core responsibilities in terms of section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of a municipality. When properly executed, risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

The Municipality conducts risk assessments (enterprise wide, IT and fraud risk assessments) annually and develops an organisational Risk Register and had planned quarterly sessions however these were not achieved due to capacity constraints and Cogta was requested to assist.

The Risk Register is compiled to determine the magnitude of risk exposure by assessing the likelihood of the risk materialising and the impact that it would have on the achievement of objectives. The identified risks are prioritised, which enables management to focus more time, effort and resources on higher risk areas.

The top five risks identified for the period 2020/2021 are as follows:

Department	Risk Description	Root cause	Strategies/Control
Office of the Municipal Manager	Non timeous recovery of normal business operations after disaster	Lack of implementation of business continuity plan Lack of implementation of disaster recovery plan Lack of disaster management committee meeting attendance	Approve and Implement Business Continuity Management Policy Development of Business Continuity Plans at Departmental level Migration towards cloud solution Random testing of Business Continuity Plan organogram Develop and approve Business Management Plan
Finance	Inability to collect debts owing to the municipality	Indigent register not reviewed and updated timeously Data cleansing exercise on customer accounts not being performed timeously Lack of Debt Management Strategies Limited staff capacity	Implement debt collection system (debt pack programming module) Credit Control and Debt Collection Policy to be implemented Appointment of Panel for meter restriction and disconnection Frequent review of indigent registers Implement the possible amnesty methodology for attracting consumer payments. Interfacing of systems with local municipalities to update indigent. Update of indigent register on a regular basis and assign the responsible person.
Corporate Services	Failure to fill critical positions and retain critical skills	Non-compliance with recruitment and selection policies Budget constraints Delays in finalization of job evaluations. Limitations by the organogram.	Review of the organogram Make budget provisions Review and implement the policies

Department	Risk Description	Root cause	Strategies/Control
Community Services	Un co-ordinated developments (Spatial Planning and land use management).	Non-alignment of National, Provincial, District Municipality and Local development plans.	Ongoing alignment of municipal plans such National, Provincial, District Municipality and Local development plans. Review of Spatial Development Framework
Technical Services	Non - compliance with drinking water and waste water quality standards.	Ageing infrastructure. Poor operations and maintenance. Lack of capacity (staff, resources). Inadequate monitoring and evaluation (laboratory facilities).	Employment of qualified process controllers Upgrading of infrastructure (bulk water supply) Monitor Memorandum of Agreement with Umgeni Water for bulk water supply. Upgrading of waste water treatment plants. Monitor Memorandum of Agreement with Umgeni Water for operation and maintenance of waste -water treatment plants.

2.5 ANTI-CORRUPTION AND FRAUD

In terms of the Amended Protected Disclosures Act employees can blow the whistle on fraud and corruption in the working environment without the fear of suffering occupational detriment as defined by the Act.

The following strategies were in place to prevent corruption, fraud and theft during the year under review, approved Anti-Fraud and Corruption Strategy and Whistle Blower policy.

The District Municipality utilises the National Anti-Corruption hotline (0800 701 701) whereby anonymous disclosures can be made.

2.6 SUPPLY CHAIN MANAGEMENT POLICIES AND PROCESSES

The uMgungundlovu District Municipality's Supply Chain Management unit is a support function for all business units within the council to ensure provision of efficient, transparent, fair, equitable and cost effective, procurement services hence assisting the business units to implement their service delivery priorities. Supply Chain Management (SCM) policy and related policies are reviewed annually to align it with legislative provision, circulars, instruction notes and demand of the municipality that are in line with the constitution of SA.

The Policies are drafted based on the SCM Model Policy issued by the National Treasury and amended to suit the local circumstances within the ambit of the regulatory framework and to promote economic transformation as envisaged in the

PPPFA Regulations (2017). The Policy was submitted to Provincial Treasury for review and comment and has been duly amended where necessary.

2.7 CORPORATE SERVICES DEPARTMENT

The Corporate Services Department consists of three (3) sections in the main, and these are administration, human resources, and information and communication technology. Corporate Services exists to execute its varied mandates with a view to enhance municipal services delivery initiatives and the welfare of all employees.

The Department is regarded as a nucleus of a municipality given its organization-wide services provision role. It provides administrative support services to each and every Department, as well as to Council's structures and Committees. It is an integral part of the support structures of the municipality, and around which the different departments rely to discharge their respective responsibilities.

The Department is strategically located to enable the municipality to achieve its legislative mandates. Without a strong functioning Corporate Services business unit, a municipality will without doubt collapse to its knees.

Administrative services

The Administration Section provides strategic administrative support to both Council and the administration of the municipality.

Functions of the unit includes the following

- provides administrative and secretariat support in respect of Council Committees.
- conveys Council resolutions to user departments to ensure that resolutions are actioned accordingly,
- Records Management
- Management of Council properties and
- Fleet Management

2.8 INFRASTRUCTURE SERVICES

The purpose of the Technical Department services within the Municipality is to ensure effective public works services within the community of the UMDM. Its main functions is to render water and sanitation services.

The department consists of the following units,

- Infrastructure Planning and Development
- Infrastructure Operations and Maintenance
- Scientific Services
- Water Conservation and Water Demand Management

INFRASTRUCTURE PLANNING AND DEVELOPMENT

Function;

- Development of implementation plans for MIG, WSIG and RBIG
- Planning and Implementation of infrastructure programmes within the District in line with IDP and with the Legal flame work & Municipal finance Act
- Monitoring and evaluation of projects implementation.

- Ensuring successfull completion of projects within acceptable time flames and within Cogta guidelines.
- Continues reporting reporting to relevant stakeholders in respect of grants within grants flame works

Challenges

- Minimum availability of funds
- Overcomitted Implementation plan on Grants
- Failure of contractors to meet targets in line with programme
- Authority for access to Traditional Land Authorities leading to delays in project implementation
- Impact of COVID into Projects cost
- Challenges in registration of Projects with MBPAC/MIS/DCOG affecting expenditure
- Delays in WULA applications by DWS and Eskom Connections

INFRASTRUCTURE OPERATIONS AND MAINTENANCE

Functions.

- Operations and Maintenance of completed and commisioned water and Sanitation infrastructure
- Distribution of Water in areas not yet having infrastructure

Components of a water supply system

A water supply system may be described as consisting of three basic components: the source of supply, the processing or treatment of the water, and the distribution of water to the users

Maintenance required to the water Supply system

- MAINTENANCE of water supply system is defined as the art of keeping the structures, plants, machinery and equipment and other facilities in an optimum working order and proper functioning without any interruption. There are two types of maintenance viz., Preventive maintenance and Corrective maintenance

Preventive Maintenance

- It is the regular and routine maintenance of equipment and assets in order to keep them running and prevent any costly unplanned downtime from unexpected equipment failure. A successful maintenance strategy requires planning and scheduling maintenance of equipment before a problem occurs.

Pressure Management

- - Yearly monitoring of Consumer Demand (Growing water demand) vs Production rate or Infrastructure ultimate design life
- - Water demand Management
- - Pump Stations
- - Reservoir
- - Water Chambers
- - Yearly walking of the lines

Corrective Maintenance

- This is the replacement or repair of equipment after it fails

Challenges

Ageing infrastructure

- Ageing infrastructure results to burst and water losses and there is a need to upgrade the infrastructure in order to improve service delivery.

High water demand

- Due to growing population, other areas are no longer able to meet the demand. There is a need to upgrade the infrastructure

Groundwater management

- There are still LMs within District Municipality with wards that depend on boreholes for water supply. The challenge is that during winter season, some boreholes dry out or produce less water.

SCIENTIFIC SERVICES

Functions.

- Scientific Services is reponsible for water and wastewater quality management for the whole District Municiplaity.
- This includes

✓ Purification of drinking water and wastewater

✓ Monitoring and testing of water and wastewater quality

✓ Analyse and evaluate water and wastewater quality results

✓ Optimise water treatment process

✓ Submit water quality results to DWS

✓ Attending to incidents of noncompliance

✓ Drafting and implementation of water safety plan and wastewater risk abatement plan

✓ Conducting process audits

✓ Prepare for Blue Drop and Green Drops assessments

✓ Conduct site visits to assess operations of water treatment works

Challenges

- Shortage of process controllers at treatment plants
- High raw water turbidity
- Insufficient budget for operations of the plants (Blue drop & Green Drop requirements)
- Poor access roads to reservoirs

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE

COMPONENT A – BASIC SERVICE DELIVERY

WATER PROVISION

The municipality has made many strides in attempting to ensure basic services for all. This including formation of strategic partnerships as well as approaching many funding streams. To date many citizens, receive water, however there are areas which fall under backlog category and those that fall under refurbishment programme.

Operation and maintenance measures are put in place to ensure that water supply to communities remain sustainable 24 hours. Repairs are done immediately faults are repaired to the satisfaction of all citizen's timeously.

During the year a number of projects were completed in communities that are living under without services; the following is a highlight of the projects, however Manyavu & Manzamnyama Projects will function fully at the completion of Nkanyezini Bulk Project .

Project Name	Implementation Status	Local Municipality
Manyavu Water	The project is completed Phase 1: Construction of 84.75km of pipelines. Phase 2: Construction of 10km of reticulation and bulk pipeline, chambers and house connection. Phase 3: Construction of 10.9 km of pipeline and pressure testing. Phase 4: Construction of a total of 107.5 km of pipe	uMkhambathi Wards 2 & 5 Households Served: 1050
Manzamnyama Water Supply	Project is complete and functional The construction of approximately 75 km of HDPE, uPVC and steel pipelines ranging from 25mm-200mm in diameter with household meter connections and the construction of a 1 ML reinforced concrete reservoir, 60kl steel tank and associated valves, chambers and fittings.	uMkhambathini Ward 2 Households Served: 680
Maqongqo Water Supply Phase 5	Project is complete Construction of approximately 30 km of HDPe and uPVC pipelines, ranging in diameter from, 25mm to 200mm and includes the testing of 100km of existing pipelines, completion of 2No, concrete reservoir and associated valves, chambers, and fittings.	uMkhambathini Ward 1 & 2 Households Served: 1622

Challenges for water provision included: delays in contractor appointments and labour/wage disputes.

SANITATION PROVISION

This past year the municipality has provided 1804 households within the 6 local municipalities basic sanitation (VIP) toilets. The municipality has a target of 2354 VIP toilets are currently under construction in all local municipalities within uMgungundlovu, this includes the 145 units that are set for Farm Dwellers.

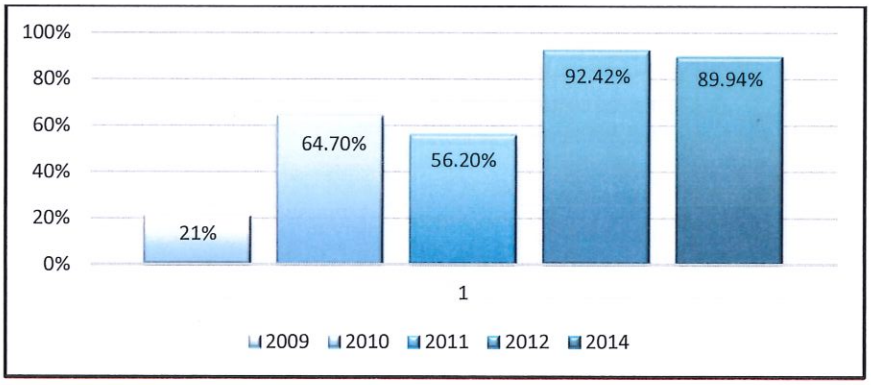
WATER AND WASTE- WATER QUALITY

- **Water and Wastewater Quality Performance at uMgungundlovu District Municipality in 2018**

uMgungundlovu District Municipality is responsible to supply potable water to six local municipalities (LMs) in its designated operational area. Potable water supplied to these LMs is monitored as per monitoring programme which is reviewed annually and in line with water safety plan. The municipality has also six wastewater treatment works which are maintained by Umgeni Water on behalf of the District Municipality. Final effluent from these wastewater treatment works is also monitored as per the monitoring programme. Together with Umgeni Water, the municipality developed wastewater risk abatement plan so as to minimise the risk associated with poor performance of the wastewater treatment works. Both water and wastewater quality results are uploaded on monthly basis on Department of Water and Sanitation websites, which is http://ws.dwa.gov.za/IRIS for community, regulatory authorities and stakeholders to access.

- **Blue Drop certification**

Since the inception of the Blue Drop certification programme, the municipality has been showing an improvement in the management of drinking water quality (Figure 1). In 2012, the municipality was successful to achieve Blue Drop status. Again in 2014, the municipality was able to retain its Blue Drop status through bulk water supply systems and this is an indication of commitment shown by the municipality towards better service delivery.

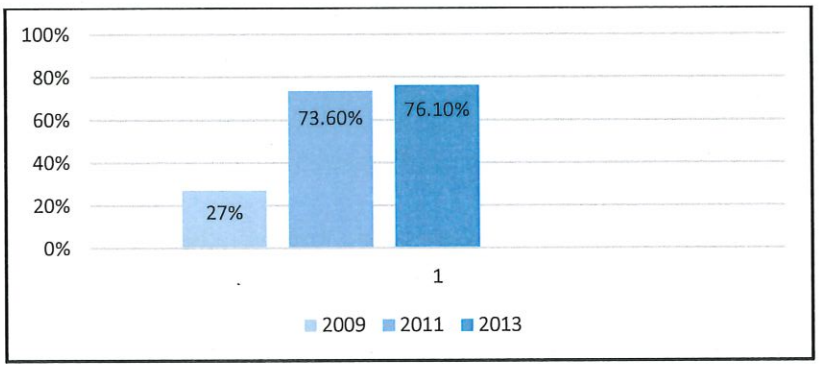


Graph 2 Municipal Blue Drop scores

Note: The last Blue Drop assessments were conducted in 2014.

- **Green Drop certification**

There have been only three Green Drop assessments since it was introduced in 2008. Figure 2 below shows that after receiving the unfavourable score of 21% in 2009, best practices for wastewater quality management were put in place which resulted to an improved score in the subsequent assessments. The municipality is working towards achieving Green Drop status in future.



Graph 3: Municipal Green Drop scores

Note: The last Green Drop assessments was conducted in 2013

- **Water Quality Performance**

Potable water quality is required to comply with SANS 241:2015 that requires quality to be evaluated and reported against five categories which are Acute health microbiological, Acute health chemical, Chronic health chemical, Aesthetic and Operational. SANS 241:2015 classify drinking water quality supplied to the population of up to 100 000 as follows:

- Acute health microbiological -: Excellent (≥97%), Good (≥95%), Unacceptable (<95%).
- Acute health chemical -: Excellent (≥97%), Good (≥95%), Unacceptable (<95%).
- Chronic health chemical-: Excellent (≥95%), Good (≥93%), Unacceptable (<93%).
- Aesthetic -: Excellent (≥93%), Good (≥90%), Unacceptable (<90%).
- Operational -: Excellent (≥93%), Good (≥90%), Unacceptable (<90%).

UMgungundlovu District municipality					
	Acute Health	Acute Health	Chronic Health	Aesthetic	Operational
	Microbiological	Chemical	Chemical	Chemical - Non Health	
	Comply	Comply	Comply	Comply	Comply
Appelsbosch	98.30%	>99.9%	>99.9%	99.00%	93.30%
Boreholes (Untreated)	99.40%	>99.9%	97.50%	98.00%	94.90%
Gomane Boreholes	95.50%	>99.9%	88.80%	98.00%	98.90%
Impendle Spring	77.80%	>99.9%	>99.9%	98.00%	82.70%
Lidgetton West	97.20%	>99.9%	99.30%	98.30%	93.40%
Makeni	98.90%	>99.9%	96.60%	93.10%	63.20%
Mpofana	99.10%	>99.9%	99.50%	>99.9%	88.60%
Mtulwa	95.30%	>99.9%	95.50%	92.90%	75.20%
Ntanzi	>99.9%	>99.9%	>99.9%	96.70%	85.90%
Nzinga	93.40%	>99.9%	97.50%	93.00%	83.90%
Rosetta	>99.9%	>99.9%	>99.9%	>99.9%	>99.9%

Umgeni Bulk Supply	97.60%	>99.9%	99.20%	99.40%	97.70%
UMgungundlovu District municipality	97.10%	>99.9%	98.10%	97.70%	91.90%

Table 20: Portable Water Quality Compliance for Water Supply Systems (%)

Acute health microbiological: - Out of twelve water supply systems, ten of them achieved more than 95% except Impendle spring and Nzinga plant. Microbiological quality at Impendle spring is affected when there is heavy rain since the reservoir would normally receive high volumes of water resulting to inadequate chlorine contact time as chlorination process takes place in the reservoir. Nzinga plant abstract water from the river and the plant needs to be monitored at all the time. At this stage, more process controllers are onsite for process optimisation.

In line with incident management protocol, when failures were detected, corrective majors were put in place to ensure that the problem is resolved. There are also plans for constructing Impendle bulk water supply scheme to improve water supply for Impendle area.

Acute health chemical: - All water supply systems within this category were able to meet good standards for drinking water quality.

Chronic health chemical: - Out of twelve water supply systems, eleven of them were able to achieve more than 95% for excellent drinking water quality. Gomane borehole did not comply as the borehole has a problem of arsenic. It plant was installed with arsenic removal system to optimise the process and it is currently closely monitored to ensure that it supplies water that meets the standards for drinking water quality.

Operational: - Impendle spring, Makeni, Mpofana, Mtulwa, Ntanzi and Nzinga were unable to meet good standards for drinking water quality under this category. This was mainly due to turbidity as a result of high rain falls, burst pipes and poor performance of the plant. When water quality was found not to meet operational drinking water quality standards, it was not distributed and process was optimised to meet the required standards.

Wastewater Quality Performance

According to Green Drop requirements, effluent quality with a score of 70%-90% is good and final effluent above 90% is excellent.

UMgungundlovu District municipality			
Wastewater Treatment Systems	Microbiological Compliance	Chemical Compliance	Physical Compliance
Appelsbosch	81.80%	86.40%	>99.9%
Camperdown	45.50%	>99.9%	>99.9%
Cool Air	95.50%	>99.9%	>99.9%
Howick	86.00%	87.60%	88.20%
Mooi River	0.00%	50.00%	27.80%
Richmond	>99.9%	>99.9%	97.00%
UMgungundlovu District municipality	73.30%	85.50%	83.30%

Table 21: Wastewater quality compliance against applicable discharge limits (%)

Appelsbosch: - The plant was able to meet the standards for good final effluent with regards to microbiological and chemical compliance. It achieved more than 90% for physical compliance. At this stage the plant has challenges for wasting sludge as there are no drying beds and alternative sludge disposal system. There is a proposal to refurbish the old makeshift drying beds to ensure sludge is wasted sufficiently.

Camperdown: - The plant was able to achieve 100% with regards for chemical and operational compliance. There is currently a challenge to meet microbiological compliance due to short circuiting of the chlorine contact tank which results to poor disinfection. There are plans for upgrading the chlorine contact tank to improve the performance of the treatment plant.

Cool Air: - The plant is performing well and has complied with all categories for excellent final effluent.

Howick: - The plant was able to achieve good standards for final effluent with regards to microbiological, chemical and operational compliance. However, the treatment plant has a problem of excessive scum from the chlorine contact and settling of solids in the clarifiers is poor resulting in the carry over. There are plans to upgrade sludge dewatering system to improve the performance of the plant. Mpophomeni wastewater treatment works will also be upgraded, commencing in January 2020, and this will reduce the flows going to Howick wastewater treatment works.

Mooi River: - The plant is currently operating above its design capacity and as a result, it hardly complies with the requirements for good final effluent. Once the plant is upgraded, final effluent will improve. At this stage, the service provider appointed by Umgeni Water to upgrade the plant are busy looking at the site options for upgrading the plant.

Richmond: - The plant is performing well and has complied with all the categories for excellent final effluent.

INDIGENT REGISTRATION PROCESS

The district has a policy which is a subsection of the credit control policy, and a database where customers are added when they make an application. The number of customers on the database is 1156.

With regards to implementation, customers on the database receive their benefits, of 6000 litres of free water provided they meet the requirements as stipulated in the indigent policy. According to the policy those who are eligible to apply should comply with the following:

- ✓ Be a resident of the uMgungundlovu District Municipality.
- ✓ Have a valid South African Identity Document.
- ✓ Own one (1) property and reside permanently on it or
- ✓ Be a permanent tenant or lodger
- ✓ The total gross income for the household must not exceed R 5000.00

The policy further states that those who intend to be apply for indigent should bring forth the following documents:

- ✓ South African Identity Document.
- ✓ A signed declaration form allowing uMgungundlovu District Municipality to share the applicant's information with other government departments and conduct credit and profile bureau checks.

If unemployed:

- ✓ a sworn affidavit stating that you are unemployed; and
- ✓ a sworn affidavit stating that you have no other source of income.

If employed:

- ✓ latest salary/wage payslip or a letter from an employer stating your income;
- ✓ if self-employed, a sworn affidavit stating how much you earn per month; and
- ✓ proof if receiving a disability grant, maintenance grant or pension.

COMPONENT B – ENVIRONMENTAL HEALTH

Environmental Health is defined by the World Health Organization as referring to the theory and practice of assessing, correcting, controlling, and preventing those factors in the environment that can potentially adversely affect the health of present and future generations. Basically, it is about preventing diseases before they occur.

The National Health Act, 2003, defines Environmental Health Services (EHS) as focusing on the following key components or deliverables:

Food Control: Food control is described by the World Health Organisation (WHO) as a mandatory regulatory activity of enforcement by National and Local authorities to provide consumer protection and ensure that all food during production, handling, storage, processing and distribution are safe, wholesome and fi t for human consumption; conform to quality and safety requirements and are honestly and accurately labelled as prescribed by law.



Water Quality Monitoring: Monitoring and surveillance of the quality and availability of water that is intended for human consumption, and recreational and industrial use.

Water Quality and Pollution Control

- Sampling and monitoring of water sources for pollution
- Conduct education and awareness raising to communities as it relates to these issues



Waste Management: Solid waste and wastewater management monitoring in various areas within the district municipality

Waste Management

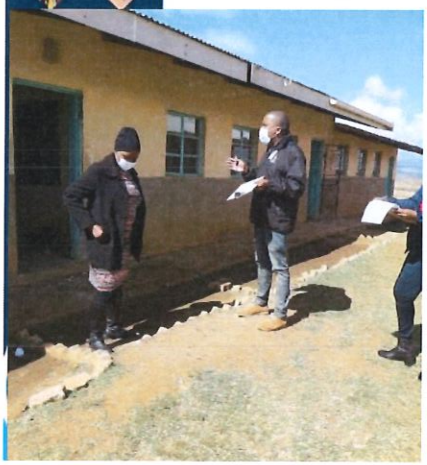
Work with local municipalities on issues of waste management and illegal dumping





Health Surveillance of Premises: The identification, monitoring and evaluation of health risks, nuisances and hazards and instituting remedial and preventative measures.

Health Surveillance of Premises



Inspection of premises for legislative and hygienic compliance:

- Schools
- Pre-schools
- Industries
- Public facilities, etc

Health Surveillance and Prevention of Communicable Diseases, excluding immunisations: The identification, monitoring and prevention of any disease which can be communicated directly or indirectly from any animal or through any agent to any person or from any person suffering thereof or who is a carrier to any other person.

Communicable disease prevention



Vector Control: Monitoring, Identification, Evaluation and Prevention of vectors.

VECTOR CONTROL

Control of disease carrying vectors and pests



EHAs placing rodent poison in rodent holes



Environmental Pollution Control: The identification, evaluation, monitoring and prevention of land, soil, noise, water and air pollution.

Awareness during Covid-19 outbreak



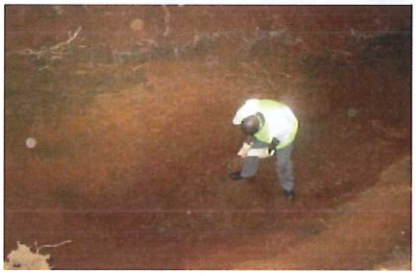
Disposal of the Dead: Compliance monitoring of funeral undertakers, mortuaries, embalmers, crematoria, graves and cemeteries to manage, control and monitor exhumations and reburials or disposal of human remains.



Disposal of the Dead

- Monitoring and certification of funeral undertakers premises
- Monitor exhumations and reburial

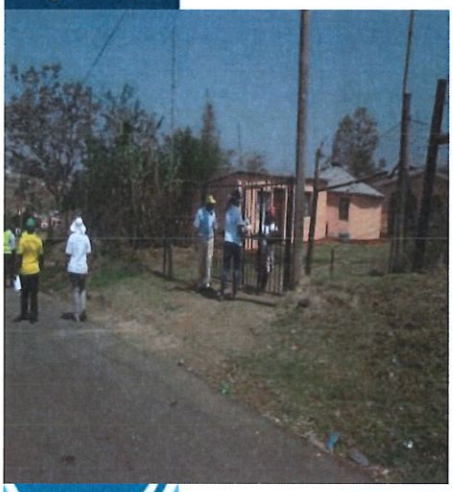




Chemical Safety: Monitoring, identification, evaluation, and prevention of the risks of chemicals that are harmful to human health.



EDUCATION AND AWARENESS RAISING ON VARIOUS ENVIRONMENTAL HEALTH ISSUES





UMDM undertakes all aspects of pollution control to some extent, as follows:

- A comprehensive water quality monitoring program is in place and water samples are drawn on a monthly basis from strategic locations to determine the efficiency of our management of the sewerage pump stations. Potable water from clinics and water tanks that service the most susceptible or compromised members of the community are also being monitored. A cholera monitoring program together with a health education campaign was conducted in informal settlements throughout the District around proper management of ablution facilities and waste management.

- Solid waste management is critical to all aspects of environmental health and sufficient attention is given to this core function. Domestic and industrial waste management, the disposal of medical waste and the indiscriminate dumping of refuse is addressed through monthly educational campaigns and health inspections.

➢ Air Quality management including noise pollution monitoring is also undertaken by the environmental health unit. To provide for air quality management and reasonable measures to prevent air pollution and to prohibit the emissions caused by dust, open burning and the burning of material, the Environmental Health Unit drafted air quality bylaws which was promulgated on the. A designated air quality officer is responsible for the facilitating of all air quality issues, including air quality complaints and the licensing of all listed activities in terms of Section 21 of NEMAQA . The District has also adopted a comprehensive Air Quality Management Plan that guides our response in respect of the function and the goal of the AQMP is to:

- To ensure effective and consistent air quality management
- To continually engage with stakeholders to raise awareness with respect to air quality
- To ensure effective and consistent compliance monitoring and enforcement
- To support climate change protection programmes, including promoting the reduction of greenhouse gas emissions

The AQO utilizers the national online SAAELIP portal in respect of atmospheric emission licensing (SNAEL) and also facilitates the online emission inventory reporting (NAEIS) by industries. Audits and reporting are conducted via these online systems. Whilst the District does not undertake ambient monitoring to date, we do collaborate and work in tandem with Msunduzi Municipality and EDTEA who have established monitoring networks within the District

The implementation of the licensing processing fee was successfully introduced, and compliance and enforcement exercises resulted in the issuance of administrative fines to industries that were non- compliant in respect of the National Environmental Air Quality Act.

To ensure Sustainable environmental health is practiced throughout the District, the environmental health team is responsible for the surveillance of premises. Inspections are carried out at various premises to determine their compliance with health and hygiene standards as per different national legislation governing environmental health, environmental health norms and standards and the UMDM Environmental Health Bylaws which were adopted (23 November 2017).

Routine inspections are carried out at schools, crèches, accommodation establishments, salons, health establishments and funeral undertakers. Particular attention is given to food preparation facilities including diaries and milk and food processing plants. Joint inspections with other role players from local Municipalities was also a success. Compliance and enforcement exercises undertaken saw shop owners surrender tainted or expired food items. EHPs also detained and condemned foodstuff that was unfit for human consumption. Another area of focus for the year was the inspection of school premises focusing on Covid-19 compliance, sanitation, waste management and food preparation facilities within schools. Our constraint as a unit is that of capacity and we fall well below the norm of 1 EHP per 10 000 populations. An organogram for environmental health has been presented to the Management for adoption and is the first step to having a fully capacitated environmental health unit.

For 2020/2021 the following was undertaken in fulfilling the environmental health function:

Surveillance and prevention of communicable diseases:

Environmental health played a key role in the response to the Covid 19 pandemic. EHPs participated in outbreak response teams at a district level, The investigation of suspected cases, the monitoring and management of human remains and the disposal of the dead became part of daily routine. EHPs continued to conduct routine health and hygiene inspections of public and private facilities , however, priority was given to adherence to Covid 19 compliance protocols . Health education, awareness raising and health promotion was conducted on a daily basis. Information was disseminated in the public and private sector, educating our citizens on issues of mask wearing, social distancing, sanitizing , disinfestation and decontamination and the management of health care waste. Covid 19 education was a key aspect in all our routine work. The surveillance of premises, including schools, crèches, accommodation establishments, salons, health establishments and funeral undertakers in line with national legislation governing environmental health, environmental health norms and standards and the UMDM Environmental Health Bylaws which were adopted (23 November 2017) and the Covid 19 Environmental Health guidelines (16 /03/2020). The Covid 19 checklist was devised and included as part of our routine monitoring and adherence to the Covid 19 regulations was strictly implemented.

Environmental Health reports on individual cases and investigations as well as weekly reports on daily functions was submitted timeously to National and Provincial Covid coordinators at the NICD and the DOH.

Rabies has also been one of the main diseases of concern as there has been a number of human rabies reported. Environmental health therefore played a critical role in follow up on those cases, assessing their origins (rabid dog bites) and conducting health education exercises in various communities.

Birlharzia was also reported quite frequently in the year. Follow up on these cases were conducted with health education and awareness being conducted in schools.

Food Safety - Inspection of Food Premises and dairies – during the financial year 308 food premise inspections and 76 dairies were conducted. More and frequent visits had to be conducted in line with Covid-19 minimization and control measures.

Public facilities – Surveillance of public facilities such as Early Childhood development Centres, schools, taxi ranks, etc by EHPs resulted in 293 inspections being conducted during the year.

Vector Control – Public sites that were assessed and baited for rodent infestation were 71

Health Education and awareness sessions conducted - 76

Ratio of Environmental Health Practitioners: District Population

Municipality	Population	No. of EHP serving area	EHP: Pop ratio 1:10 000	Gap
uMshwati	106374	2	11	9
uMngeni	92710	3	9	6
Mpofana	38103	1	4	3
Impendle	33105	1	3	2
Msunduzi	618536	10	61	51
Mkhambathini	63142	1	6	5
Richmond	65793	1	7	6
Total		**19**	**101**	**82**

COMPONENT C – SOCIAL PROGRAMMES HIV / AIDS

Overview of programs conducted for 2020/21

- **Projects Funded by Global Fund**

  The projects are aimed at reducing the scourge of HIV/AIDS, STIs & TB and GBV + Femicide, they emanate from Human Rights Programmes, Drug Rehabilitation Programmes, Programmes on Key Populations and programmes aimed at addressing social-ills through skills transfer and empowerment programmes.

- **Placement of AGYW Programme Officer / Health Outreach Programmes:**

  The placement of a AGYW Programme Officer in the HIV/AIDS Coordination Office has enabled the office to respond much effectively on programmes needing special attention, particularly adolescent girls and young women. The uMgungundlovu District AIDS Council supports this initiative and combines it with outreach health campaigns at tertiary institutions (DUT/UKZN), TVETs and Taxi Ranks. The main aim of the outreach programmes is to provide health information, health services, condom distribution and demonstration. The outreach programmes are mainly intended to target the hot-spot areas.

- **Civil Society Work**

  Identified families with social-ills and provided the necessary interventions through collaborating with other government departments. The local Ward Councillors have played a huge role in identifying families which need interventions.

- **Young Parliamentarians / Young Parliament Initiative**

  Through collaboration with the Office of the Premier under the Rights of Children, jointly identified and groomed young leaders representing KwaZulu-Natal at the Children's Parliament. The National Department of Social Development and the Office of the Presidency is in full support of this programme and funds its existence. It is an ongoing programme.

- **Establishment / Revival of Civil Society Sectors**

  Through collaboration with the Office of the Premier (Global Fund Programmes), jointly established strong civil society sectors to represent the voices of the community on issues pertaining strictly to Key Populations, Children and Youth.

- **Hosted a Youth Summit**

  The Youth Sector under the District AIDS Council hosted a Youth Summit whereby all key stakeholders on Youth Development issues were invited, deliberated on matters of absolute concern to the youth and opportunities presented by different sectors / government departments. This initiative was done through a funding from TBHIVCare.

- **DREAMS**

  Beneficiary of a DREAMS Programme which aims to prevent the spread of HIV/AIDS amongst young girls and boys, and currently playing an oversight role in the implementation of the DREAMS Programme throughout the District. Funded by the US Consulate.

- **COVID-19**

  Mobilize civil society sectors to advance the right protocols, address myths surrounding the COVID-19 vaccines and advocate for the use of the vaccine throughout the District.

- **HIV/AIDS Research Programmes**

  Playing an oversight role on the research work undertaken by different research institutes in the District, mainly on PreP. PreP is a pill used to protect young girls from contracting HIV. Monitor the population exposed to the pill, its effects and impact on the society.

- **GBV**

  Established a GBV District Committee with key and most important stakeholders. It is currently fully functional led by the District and supported by the Department of Social Development. All other civil society formations key in the fight against GBV in the District are represented in the Committee.

- **Development of GBV Strategic Plan Documents**

  The District has developed the GBV Strategic Plan Documents, and it is currently for the two local municipalities, namely: Mpofana and uMshwathi Local Municipalities. The processes to advance further are in the pipelines and logistics considered.

- **Development of a GBV Response System**

  This is an initiative supported by a private partner into a transaction of a Public Private Partnership between uMgungundlovu District Municipality and the VulaTech Company. The aim is to initialize all GBV cases, report and cascade them for action with quick interventions. The system is connected through an App which is linked to GBV outlets, it is currently at developmental stages but due to be fully operational throughout the District.

- **Hosted a successful World AIDS Day in Richmond**

  Local citizens attended the event in large numbers with services rendered by different organizations, departments and Community Based Organizations.

- **Post World AIDS Day Activities / Programmes**

  Hosted a training on technological responses to GBV, and parallel to it was a converging of men, youth and women to deliberate on issues concerning the rise in GBV+Femicide cases in uMgungundlovu District.

COMPONENT D - CEMETORIES AND CREMATORIUMS

The cemeteries and crematoria function are a shared municipal function with local municipalities within the uMDM being responsible for municipal cemeteries and municipal crematoria within their local municipal areas. The uMDMs role within cemeteries and crematoria include a planning and support function to local municipalities as well as the development of cemetery and crematoria infrastructure and services that serve the entire uMDM population. The COVID 19 virus which emerged in March 2020 and has resulted in excess natural deaths across the world, it has had a major impact on the demand for cemeteries and crematoria services resulting in the need for planning and support services to be prioritised by the UMDM along with dealing urgently with the risk that LMs within the uMDM will not have adequate permitted gravesites to cope with rising and unpredictable COVID 19 fatalities.

In this context the main service delivery priorities for the 2020/2021 with regards to cemetery and crematoria services include:

Providing planning, support, and monitoring function to local municipalities and the KZN Provincial Government to improve the delivery of cemetery and crematoria services during the global pandemic

Ensuring that any risks of not having adequate gravesites within the uMDM is identified, diagnosed, and mitigated against

Introducing cemetery management app in the uMDM to create a digital system that records burials and cremations across the uMDM, supports planning for cemetery and crematoria maintenance and new infrastructure and services that include online transactional capacity across the entire value chain associated with municipal cemeteries and crematoria.

The KZN Provincial Government in terms of regulations developed to cope with the increased fatalities caused by COVID 19 has required DMs within the KZN province to convene intergovernmental district wide platforms for all spheres of government to work together to manage the crisis facing communities and municipalities with regards to increased mortality and limited capacity of some municipal cemeteries and crematoria. In the past 12 months the uMDM Cemeteries and Crematoria Task Team has met monthly via virtual technology and developed a reporting system that is able to project the number of gravesites available in each local municipality and the projected periods of time it would take for these gravesites to be exhausted under different pandemic scenarios. At the end of the financial year, it was clear that the Mooi Mpofana and Richmond Local Municipality had very limited permitted gravesites available to cope with the pandemic and required the urgent support of the uMDM and the KZN Provincial Government.

The regular meetings of all government stakeholders allowed planning and monitoring of cemetery space within the uMDM and enabled the state sector to support those local municipalities at highest risk of running out of cemetery space with the uMDM. The state sector has been able to share the experiences and lessons learned managing municipal cemeteries and crematoria during a health pandemic. Th intergovernmental platform has also allowed interesting trends around burial practices, cemetery and crematoria development, maintenance, and operational challenges to be highlighted, discussed, and analysed amongst the state sector players using virtual meeting technology.

The lack of adequate burial reporting systems across the uMDM and the advances made in the use of digital technology to record, analyse, and report on cemetery management issues in South Africa has led the uMDM and its LMs to prioritise the acquisition of a suitable cemetery management application. The UMDM has facilitated extensive collaboration with experts in the IT sector involved in cemetery management in the Nelson Mandela Bay and Ethekwini municipalities. By the end of the financial year the costs and benefits of the application was well understood by all state sector partners and LMs and the uMDM began to investigate the feasibility of acquiring such an application.

The KZN Provincial Government has indicated that the uMDM had met most of the requirements set by the Provincial Government for District Municipalities to manage the COVID 19 crisis.

COMPONENT E – EPWP

Phase III of the EPWP was completed in March 2019 and Phase IV commenced in April 2019.

In February 2019, President Cyril Ramaphosa announced that Phase 4 will target the creation of 5 million work opportunities nationally.

A collective and concerted effort by all South Africans to address our challenges means that all institutions, organisations, entities, municipalities and government departments should be encouraged to participate.

The National Department of Public Works disaggregated this target across Provinces, Sectors and Spheres.

The EPWP Phase IV Plan seeks to provide means and ways in which the EPWP will be implemented over the five (5) financial years towards achieving and exceeding (where possible) the targets.

The Province of KwaZulu-Natal has been allocated a five-year target of 643 686 work opportunities and 297 692 full-time equivalents (FTEs). Of these targets, about 419 451 (65%) work opportunities must be created from projects implemented by Provincial Departments. The remaining 224 235 (35%) is to be derived from projects that are implemented by Municipalities in the province. Seventy three percent (73%) of full-time equivalents should be achieved through projects implemented by Provincial Departments. This clearly shows that Provincial Departments will have to play a significant role for KwaZulu Natal to attain the target come end of financial year 2023/2024.

UMDM EPWP PROJECTS

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
1	TRUSTFEED SCHEME	20 JULY 2020	22 MARCH 2022	35	ENVIRONMENT
2	INTEGRATED GRANT – REVENUE	1 JULY 2021	30 JUNE 2022	61	INFRASTRUCTURE
3	VIP TOILETS	22 FEBRUARY 2021	22 FEBRUARY 2023	157	INFRASTRUCTURE
4	MPOLWENI WATER SUPPLY SCHEME	01 FEBRUARY 2021	30 JUNE 2023	91	INFRASTRUTURE
5	KWAMATHWANYA WATER SCHEME	28 FEBRUARY 2021		17	ENVIRONMENT
6	KWAMATHWANYA SOCIAL SECURITY	1 AUGUST 2021		3	SOCIAL
7	ENGUGA INSTAYABANTU PHASE 5	1 APRIL 2021		11	ENVIRONMENT

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
8	UMSHWATHI PHASE 4 GREATER EFAYE	18 JANUARY 2021	17 JANUARY 2024	64	ENVIRONMENT
9	INTEGRATED GRANT – WORKING FOR FIRE	01 DECEMBER 2021	30 JUNE 2021	20	SOCIAL

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
1	**MPOLWENI SECURITY**	**01 FEBRUARY 2021**	**31 JANUARY 2022**	**07**	**SOCIAL**
2	**INTEGRATED GRANT – INDIGENT**	**01 NOVEMBER 2021**	**30 JUNE 2022**	**10**	**SOCIAL**
3	**MI7 SECURITY**	**01 OCTOBER 2021**	**31 MARCH 2022**	**56**	**SOCIAL**
4	**MBAVA**	**15 MARCH 2021**	**04 OCTOBER 2021**	**43**	**ENVIRONMENT**
5	**NHLAZUKA - URP**	**03 JANUARY 2022**	**31 MAY 2022**	**202**	**ENVIRONMENT**

Challenges

- PROCUREMENT OF EPWP PPE
- INDUCTION WORKSHOP FOR COUNCILLORS ON EPWP PHASE IV
- RE-SIGNING OF NEW EPWP IMPLEMENTATION PROTOCOL
- ADOPTION OF EPWP POLICY AND STRUCTURE
- RECRUITMENT GUIDELINES FOR 2022 PARTICIPANTS

COMPONENT F – EMERGENCY SERVICES

FIRE SERVICES UNIT

Fire services play a critical role in the protection of this network of economic infrastructure. It is therefore important to continuously increase the capacity of fire services to deliver on its critical mandate as failure to do so may impact negatively on socio-economic development.

Both social and economic infrastructure and rural development requires reliable and efficient fire services across the country with the capacity to provide adequate protection from fires

Role of the Fire Services unit

- To save Life
- To prevent the destruction of property by fire
- To render humanitarian services
- To save the Environment
- To deal with Chemical Incidents
- Provide Medical Services

Institutional Capacity for Fire Services

MUNICIPALITY	FIRE UNIT ESTABLISHED AND FUNCTIONAL	PERMENANT STAFF	OTHER SUPPORT STAFF	APPOINTMENT OF CFO AS PER LEGISLATIVE REQUIRMENT	FIRE COMMITTEE ESTABLISHED & FUNCTIONAL	EFFICTIVENESS & FUNCTIONALITY OF COMMUNICATION SYSTEM	FIRE SAFETY & PREVENTION STRATEGIES DEVELOPED & IMPLEMENTED	BY-LAWS DEVELOPED & ENFORCED	FUNCTION ADEQUATELY
UMGENI	J	19	0	J	L	J	J	K	J
MPOFANA	J	14	0	J	L	J	J	K	J
IMPENDLE	J	15	0	J	L	J	J	K	J
MKAMBATHINI	J	17	0	J	L	J	J	K	J
UMSHWATHI	J	14	0	J	L	J	J	K	J

MUNICIPALITY	FIRE UNIT ESTABLISHED AND FUNCTIONAL	PERMENANT STAFF	OTHER SUPPORT STAFF	APPOINTMENT OF CFO AS PER LEGISLATIVE REQUIRMENT	FIRE COMMITTEE ESTABLISHED & FUNCTIONAL	EFFICTIVENESS & FUNCTIONALITY OF COMMUNICATION SYSTEM	FIRE SAFETY & PREVENTION STRATEGIES DEVELOPED & IMPLEMENTED	BY-LAWS DEVELOPED & ENFORCED	FUNCTION ADEQUATELY
RICHMOND	J	15	0	J	L	J	J	K	J

MUNICIPALITY	VEHICLES	CONDITION	NO OF PERSONNEL
UMGENI	**1 X MEDIUM PUMPER –** MERCEDES ATEGO 2008 **1 X MEDUIM PUMPER –** **ISUZU 750 2020**	POOR AND HIGH MILLEAGE EXCEEDING WATER CAPACITY – 3000L VEHICLE IS STILL BRAND NEW WATER CAPACITY – 3000L	S/O – 1 W/C – 2 P/O – 4 F/F - 12
MPOFANA	**1 X MEDIUM PUMPER**	POOR AND HIGH MILLEAGE EXCEEDING 102965KM WATER CAPACITY – 3000L	S/O – 1 W/C – 1 P/O – 2 F/F - 10
IMPENDLE	**1 X LANDCRUISER** **1 X LIGHT PUMPER** **ISUZU 400 - 2020**	EXTREMELY OLD AND POOR CONDITION 500L WATER CAPACITY VEHICLE IS STILL BRAND NEW WATER CAPACITY – 2000L	S/O – 1 W/C – 3 P/O – 4 F/F - 7

MUNICIPALITY	VEHICLES	CONDITION	NO OF PERSONNEL
MKAMBATHINI	**1 X MEDIUM PUMPER MERCEDES ATEGO 2008** **1X ISUZU 750MEDUIM PUMPER** **LAND CRUISER**	OUT OF COMMISSION VEHICLE STILL BRAND NEW 3000L WATER CAPACITY VEHICLE OLD – 500L WATER CAPACITY	S/O – 1 W/C – 3 P/O – 4 F/F - 9
UMSHWATHI	**1 X LIGHT PUMPER**	FAIRLY NEW ISUZU. 2016 MODEL. 2000L WATER CAPACITY	S/O – 1 W/C – 1 P/O – 2 F/F - 10
RICHMOND	**1 X LANDCRUSER** **1X LIGHT PUMPER** **ISUZU 400**	EXTREMELY OLD VEHICLE STILL NEW WATER CAPACITY 200L	S/O – 1 W/C – 3 P/O – 3 F/F - 10









Newly procured UMDM fire engines

FIRE RISK REDUCTION PROGRAMMES UNDERTAKEN

❑ MUNICIPALITY	PLANS IN ORDER	OTHER INSTITUTIONS
UMGENI	94	3
IMPENDLE	0	0
MPOFANA	0	0
UMSHWATHI	10	5
RICHMOND	6	1
MKAMBATHINI	0	0







**Fire awareness campaigns in schools conducted by UMDM Fire Services unit*

CHALLENGES	RECOMMENDATIONS
• INSUFFICIENT BUDGET	• REVENUE GENERATION STRATEGY BY THE DISTRICT • COGTA /TREASURY TO ASSIST WITH FUNDING
• INSUFFICIENT HUMAN RESOURCES	• PROVISION OF ADDITIONAL STAFF MEMBERS AND VOLUNTEER FIREFIGHTERS TO BE APPOINTED
• EMERGENCY RESPONSE VEHICLES(ERV) – INADEQUATE	• TO DEVELOP PLANS AND STRATEGIES OF ENSURING THAT ERV ARE PURCHASED /LEASED
• NO PROPER FIRE STATIONS AND EMERGENCY CALL CENTRE	• REVENUE GENERATION STRATEGY BY THE DISTRICT AND SUBISSION OF BUSINESS PLANS TO RELEVANT STAKEHOLDERS • COGTA /TREASURY TO ASSIST WITH FUNDING
• WATER SUPPLIER	• PROVISION OF WATER TANKERS • PROVISION OF HYDRANTS IN VARIOUS POINTS
• COVID 19	• TO DEVELOP MORE PLANS AND SYTEMS TO MITIGATE THE SITUATION
• SPACIALISED TRAINING FOR EMERGENCY RESPONSE PERSONNEL	• SKILLS AUDIT • SKILLS DEVELOPMENT UNIT TO ASSSIST(UMDM) • REQUEST ASSISTANCE FROM RELEVANT STAKEHOLDERS I.E COGTA

DISASTER MANAGEMENT SERVICES

- The disaster management act states that the government and community must work together to prevent or reduce the risks of disasters.
- All three spheres of government have a role to play in disaster management.
- Man-made and bad weather conditions affects the people, cause damages to property and infrastructure within uMgungundlovu District Municipality.
- It is therefore important for local government to have arrangements in place for prevention, response and recovery.
- One of the key features of the Disaster Management Act is that it recognizes that the job of disaster risk reduction cannot be done by government alone. It requires co-operation and collaboration on the part of all spheres of government, civil society and the private sector.
- **Strategic goal**: To reduce the probability of disaster occurrences and take effective action during disasters
- **SHARED VISION**: To ensure timely, appropriate and efficient coordination and delivery of emergency response

- **Establishment of the Disaster Management Centre**

Section 43- 50 of the Disaster Management Act 2002 (Act No.57 of 2002) makes provision of the establishment and functions of the center to ensure effective operation and co-ordination of Disaster Risk Management within the municipality. uMgungundlovu District Municipality employed the Head: Disaster Management Centre on 01 February 2005 on full time basis. The Head Disaster Management Centre reports to the Head: Emergency Services and in turn the Head Emergency Services reports to Executive Manager: Community Services.

- **Status of Disaster Management Plan**

The uMgungundlovu District Municipality updated the Disaster Management Plan as per the requirements of the Disaster Management Act 57 of 2002. The updated Disaster Management Plan was adopted by Full Council on 10 July 2017. Currently the Local Municipalities are in a process of conducting Risk Assessment at ward based level in compliance with the NDMF of 2005 KPA (2)

Section 2.3.2 of the Disaster Management Policy Framework, 2005 state that the National, provincial and municipal organs of state with responsibilities for reducing and managing specific risks must review the National Indicative Disaster Risk Profile for their functional areas annually to determine if risk conditions have changed detrimentally.

The policy framework dictates that if physical, atmospheric, environmental, health or socio-economic conditions have worsened considerably or if there are increasing disaster losses reported from small and medium-size events, the assessment and risk profile must be updated.

- **Status of readiness to deal with a disaster including financial capabilities.**

Municipality	Available resources							
uMgungundlovu District Municipality	No. of Dedicated Disaster Management Field Officers	No. of disaster response vehicles	Head: Disaster Management Centre	Manager: DM Operation s	Recovery material (tents, Wendy houses, blankets, plastic sheetings, Box B). Available Yes or No (tick the box)			
					QTY / Stock as at the beginning of the financial year (2020/2021)			
					Yes	No	Description	QTY
						√	Sponges	0
						√	Wendy houses	0
						√	Blankets	0
					√		Plastic sheetings	20
						√	Box B	0
					QTY / Stock as at the end of the financial year (2020/2021)			
					Yes	No	Description	QTY
						√	Sponges	None
						√	Wendy houses	None
TOTAL	7	7	1	1		√	Blankets	None
					√		Plastic sheeting	100
						√	Tents	10

VULNERABILITY MATRIX

Vulnerability matrix outlining exposure of key elements to weather –related hazards and man-made hazards. The risks are ranked according to four categories: No, low, moderate and high.

Vulnerability of various elements to different hazards within the area of jurisdiction of uMshwathi Municipality								
Climate risks	Elements at risk							
	People	Households and community structures	Lifelines (Roads and bridges)	Livelihood and economic activities			Ecosystem	Consequences
				crops	livestock	Forestry		
Flooding	low	moderate	high	high	low	low	high	Flooding often results in stagnant water and increases the risk of water borne diseases such as Cholera. Floods cause severe damages to roads and wash away bridges.
Structural fires	high	high	no	no	no	no	no	Structural fires burn and cause serious damages mainly to household structures.
Veld/forest fires	moderate	moderate	no	moderate	moderate	High	high	Wildfires are frequent occurrences within uMshwathi Municipality. They destroy pastures and burn plantation forest.
Drought	high	no	no	High	High	moderate	moderate	Drought result in crops failing. Crop failure results in farm labour lay-offs, increased farm debt and farm closures and causes knock on effects for households that depend on the agricultural sector.
Heavy rainfall	moderate	high	moderate	moderate	low	no	High	Extreme rainfall can result in soil erosion, land degradation, loss of ecosystem services. Heavy rainfall also results in the destruction of households and community structures and cause damages to livelihood and

Vulnerability of various elements to different hazards within the area of jurisdiction of uMshwathi Municipality								
Climate risks	Elements at risk							
	People	Households and community structures	Lifelines (Roads and bridges)	Livelihood and economic activities			Ecosystem	Consequences
				crops	livestock	Forestry		
								economic activities such as crops.
Hail	high	high	low	high	low	No	low	Extreme weather events such as hail, lightning and strong winds causes damages to household and community structures resulting in costly repairs. Lightning has resulted in a number of injuries and deaths in the area of uMshwathi Municipality.
Lightning	High	High	no	no	low	low	no	
Strong winds	High	High	no	low	low	low	no	
Snow	low	no	low	low	low	low	low	Snow could result in road closures resulting in minor disruptions.

- Schedule of awareness programs conducted during the period

MUNICIPALITY	DATE	WARD	TARGET AREAS VISITED
Mkhambathini	Tuesday, 12 April 2021	5	Ezimangweni; Mohale; Ngangezwe; Ntweka; Gcide
	Wednesday, 7 May 2021	3 (CBD)	Local outlets
	Thursday, 14 June 2021	2	Nonzila; No1 – 8; Ophokweni; Bebhuzi; Oqaqeni Emphayeni
Mshwathi	Tuesday, 26 April 2021	7	Cool Air
	25 May 2021	7	Cleanup campaign Cool Air
Mpofana	7 April 2021	1	All areas of Ward 1
	14 April 2021	2	All areas of ward 2
	21 May 2021	4	All areas of ward 4
	4 May 2021	1,3 & 5	Loudhailing CBD and townships
	11 June 2021	2	Loudhailing Tendela
uMngeni	10 April 2021	4	Loudhailing Lidgeton, Lutchman
	11 May 2021	6,7	Cedara – Khanya village, Emandleni
	12 June 2021	5	Hilton
Impendle	9 April 2021	3,2	Impendle Village, Kwa-Khetha, Qutshini, Nguga, Ntshiyabantu and Mbaliyezwe
	3 May 2021	3,2	Impendle Village, Khetha
	14 May 2021	3	Fumigating Nxamalala clinic
	16 May 2021	3	Loudhailing – Impendle village
	10 June 2021		Loudhailing Loteni area
	21 June 2021	3	Fumigation of local churches
	23 June 2021	2,3,4	Impendle village, Swamp, Nonguqa

Pursuant to the declaration of National State of Disaster by the Cabinet in its special Cabinet meeting held on 15 March 2020, the following measures have been implemented by uMshwathi Local Municipality working in conjunction with relevant stakeholders to mitigate and contain the spread of covid-19:

- Provision of sanitizers and other materials necessary for prevention of person -to- person transmission in public service facilities (e.g pension pay points) and monitor and control social distancing in communities; and

- Awareness campaigns on COVID -19 through loud hailing to the public within their areas of jurisdiction;
- Advocacy and awareness programs on the prevention and control of COVID -19

In consideration of the magnitude and severity of the COVID -19 pandemic, Cabinet in its special Cabinet meeting held on 15 March 2020, resolved to declare a National State of Disaster, which was duly declared under Government Gazette No. 43096.
The following initiatives relative to the coordination of covid-19 response activities were undertaken:

- Facilitate the implementation of covid-19 mitigation measures / regulations for the duration of the state of disaster for COVID -19;
- Prepare and roll out awareness campaigns on COVID -19 through loud hailing to the public within their areas of jurisdiction;
- Conduct advocacy and awareness programs on the prevention and control of COVID -19;
- In partnership with the relevant stakeholders provide sanitizers and other materials necessary for prevention of person -to- person transmission in public service facilities (e.g pension pay points) and monitor and control social distancing in communities; and
- Monitor the impact of interventions and submit daily and monthly consolidated reports to the provincial disaster management structures.

COMPONENT G: UMNGENI RESILIANCE PROGRAM

EARLY WARNING AND RESPONSE SYSTEMS

Coordination

For the Y6Q1Q2 reporting period the main activities planned for component 1 were a continuation of work already started in the 3rd and 4th quarters of year 5. This included the installation, testing and implementation of the flood early warning system (EWS) and development of communication protocols. Procurement of the necessary IT support equipment for the Disaster Management Centre (DMC) and there after the training municipal disaster management officials.

The DMC already receives reports on fires from across the district but the Multi-hazard early warning system is still to receive attention. In addition to this a Memorandum of Understanding between the uMDM/URP, and the Kwa Zulu Natal COGTA, who run the Provincial Disaster Management Centre (PDMC), needed to be drafted and submitted to all parties concerned. To pilot a Ward-Based Disaster Management Response System for floods, storms and fires in Vulindlela; Nhlazuka; Slahla and Ndaleni, the terms of reference for the procurement of items for flood alerts needed to be concluded and approved.

Flood EWS

Output 1.1.1 Augment the Umgeni Water Decision Support System to provide early warning system information into a form that is useful for municipal officials and local communities

The flood early warning system (FEWS) component of the project was been completed during the Y5 reporting period. The FEWS system has been deployed on the URL server (172.16.1.78) and the operator interface can be accessed using the MIKE Operations Software. The system can also be accessed through the web portal in 172.16.178:8080 URL, accessible only within the Umgeni network server. The key outcome for this component was that the FEWS would be integrated into the overall flood disaster management planning. The system should effectively mitigate the impacts of floods by:

- Providing information on which areas should be evacuated before a flood occurs;
- providing individuals, industries, and commercial enterprises information that will enable them to respond to potential flooding appropriately;
- and enabling temporary protection measures to be put in place, where necessary.

As indicated previously real-time flow monitoring equipment has to be implemented at suitable locations to enable accurate or better-informed forecasting of the early warning system for the 3 Pilot Sites. Four (4) sites have been strategically identified for the installation of the flow measuring equipment. These sites are:

Existing Department of DHSWS monitoring station no. U7H007;

- Henley Dam Wall or immediately downstream of the dam wall;
- Existing DHSWS monitoring station no. U2H058 at Mason Hill (Napiervil Prison); and,
- Existing DHSWS monitoring station no. U2H057 at Slangspruit.

The key outcomes that are anticipated for this component of the project are:

- High quality; accurate real-time river flow data sent to Umgeni Water's – Water
- Resource Management Decision Support System (WRMDSS) on an 8-hourly basis. On normal conditions (i.e. no rainfall/ flood event), the logger will take samples every 10 minutes and upload data on an 8-hourly basis, however, if the system picks a higher rate of change in the level between a 10 minutes sample, the system will transmit data on a more frequent interval.

- A working real-time system that will enable communication (alarm) via SMS and email.
- A flood and lightning protection system; a system that will be able to connect to the WRMDSS by transmitting data on an 8-hourly basis.
- A training and hand-over process after completion of equipment installation, a software set-up, a demonstration of how to operate the equipment and an operating manual of the installed instruments to be provided.

Towards the end of Y5 Flow metrix SA was appointed to subcontract by Umgeni Water for the design and installation of the flow monitoring equipment at the 4 specified sites. The equipment would log and publish flow data on the Umgeni water resource management system. All instrumentation units are available, programmed, and loaded on the website that is currently available at the service provider's disposal. The instruments are battery-operated and don't need any external wiring or power supply.

The unit will be connected to a water level sensor with a 10m special sensitive vented cable that is installed below the zero water level, it then reads and logs the water level every 10 minutes, calculates the flow rate, and save to memory. The data is then transmitted to the PSP's website at regular intervals (every 8 hours) by a GPRS cell phone modem network and a small antenna.

The first installation was undertaken in early December 2020 at the Mason Hill site (Naperville Prison). Even though the installation was done successfully and the data was being transmitted to the service provider's database, unfortunately the installed equipment was stolen and vandalised on the 28th of December 2020.

In response to the theft and vandalism, the service provide explored more secure options for installation at all the DHSWS sites, since all of the three sites are susceptible to theft and vandalism. The recommended option was presented to Umgeni Water in February 2021 and it should be noted that the new options attracted additional costs of R75 000. After the theft and vandalism incident, a decision was undertaken to prioritise the installation at the more secured sites. This meant that the first installation would now be done at Henley Dam owned by Umgeni Water and has security 24 hours a day and 7 days a week.

The Henley Dam installation was undertaken successfully between February and March 2021. As part of the preparation for the installation at Henley Dam, in February 2021 the supplier undertook a site visit to Henley Dam to assess the installation site conditions before installation could commence. A meeting was also held between the service provider, the Umgeni Water project Manager and Umgeni Water Operations team from Henley Dam.

As the outcome of the meeting the Umgeni SHEQ Coordinator indicated that the service provider will need undertake an induction before they can commence with the installation and that would need to provide evidence that the installation will follow all safety measures to avoid injury and loss of life since the nature of installation could result to such. The Installation of the modified and more secure sets of equipment is set to continue in Q3



Figure 1: The day of first attempt installation at Henley Dam and the bees infestation was to high (located in the blue box).

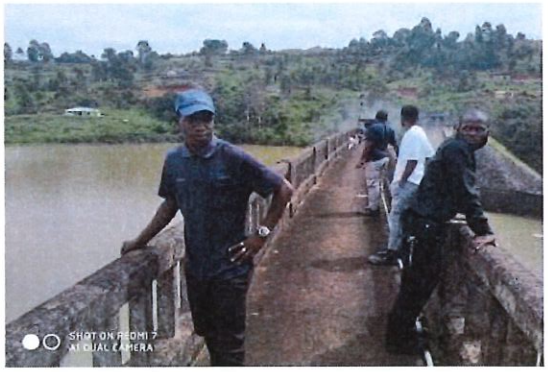


Figure 2: Smoke was applied to the area that was infested by bees to try and chase the bees away and it did not help.

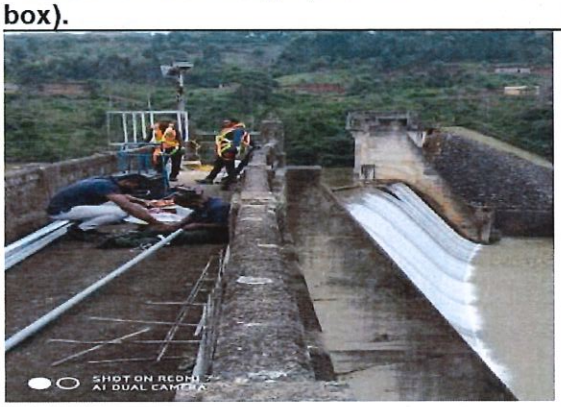


Figure 3: The team was ready to install on second attempt and the bees had been cleared (01 April 2021)

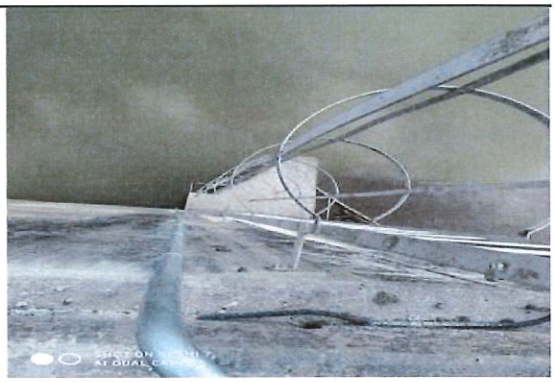


Figure 4: Installed steel pipe chanelling the flow probe sensor to the water



Figure 5: Data logger installed successfully and transmitting information to the database

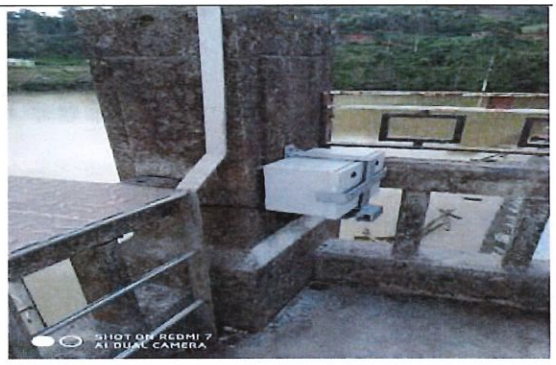


Figure 6: Data logger installed successfully and transmitting information to the database

Fire EWS

Output 1.1.2: Develop appropriate partnerships and enhance the effectiveness of fire detection and suppression

The two cameras have been up since December 2019 and fire occurrences in the Nhlazuka area, continue to be reported to the Richmond Fire Services and UMDM Fire Services to trigger response. This is to be supported by district disaster management centre, fire services from district and local municipalities. The one outstanding matter is the finalisation of communication protocols to issue alerts and receive feedback. This was hampered by the in the first quarter of the year by COVID19 restrictions which made it difficult for necessary community interaction and direction amongst officials. Once this process is finalised all work shall come together seamlessly as roles and responsibilities will be well define. Furthermore, discussions to forge a partnership between the uMDM and a local radio are underway to see alerts broadcasted throughout the district to assist local communities to make appropriate decisions.

Once the Multi-hazard Communication system has been fully developed, the Fire surveillance function will be integrated into it. The terms of reference for the procurement of the support IT support infrastructure have been submitted for approval.

A refresher course for the 60 members that were trained for firefighting level one is yet to be conducted for the community members that are set to be first respondents in the occurrence of fire. Initially, a need was identified to train local first responders on basic firefighting (level 1) to support the development of the Fire Early Warning System in the Nhlazuka area. Subsequently, 60 local community members were trained however due to local dynamics the activity was halted to allow for another project in the same area to be resolved. Unfortunately, the gap between 2019 and 2021 is quite significant and a lot has happened, this has made it critical for the (60) trainees to revise knowledge and experience in firefighting. To this end, terms of reference for a one day refresher training course were drafted and submitted. They are currently being processed.

Agro-Meteorological EWS

Output 1.1.3: Strengthen Municipal Disaster Management systems to enable a proactive response to flood, storm, fire and agro-meteorological climate information and warnings

The near real-time lightning warning system to reduce the vulnerability of rural communities and small-scale farmers to the impacts of projected increase in lightning activity that is installed at Kwa Swayimane High School continues to function accordingly. The communities living within the 32 km radius do receive lightning warnings and weather predictions from the weather station installed at the same premises. The system works as demonstrated in figure 7

Problems experienced and concerns, etc.

- Disaster Risk Management is regarded as low priority. The Municipality need to increase the budget for disaster
  risk management KPA (3) in order to minimize the risk and impact of disasters.
- Lack of storage room and emergency relief material
- Poor stakeholders participation in Disaster Management Advisory Forum
- Limited resources (human capacity and equipment) to effectively co-ordinate and manage local disasters
- No budget allocation for Software Infrastructure for EWS (Early Warning System..)
- The District does not have funds to establish the fully flashed Disaster Management Centre with IMS Infrastructure

COMPONENT H - ORGANISATIONAL PERFORMANCE MANAGEMENT

OFFICE OF THE MUNICIPAL MANAGER

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Office of the Mayor																			
Good Governance and Public Participation	OMM 1	Promote sound governance	Spearhead strategic leadership towards good governance	Municipal Manager's Forum meetings coordinated by the 30th of June 2021	Number of meetings coordinated	Municipal Manager's Forum meetings	4	0	4	4 x Municipal Manager's Forum meetings coordinated by the 30th of June 2021	23x DDM/ and DCC meetings held by 30 June 2021 (The Municipal Manager's and Mayors forum has been configured to DDM/ DCC portfolios)	Target achieved and exceeded	Salaries	Salaries	MM's and Mayors forums configured to DDM and DCC portfolios. Due to the Covid 19 pandemic an increase in these engagements was seen.	None	Attendance Registers, Agendas, and Minutes	4 x Municipal Manager's Forum meetings coordinated by the 30th of June 2020	4 x Municipal Manager's Forum meetings coordinated by the 30th of June 2020
Integrated Development and Planning																			
Good Governance and Public Participation	OMM 2	Promote sound governance	To develop a credible Integrated Development Plan as the basis and the roadmap for sustainable development	IDP Process Plan developed and submitted to Full Council for adoption by the 30th of September 2020	Adoption date of the IDP Process plan	Adoption of the IDP Process Plan	1	0	1	IDP Process Plan developed and submitted to Full Council for adoption by the 30th of September 2020	IDP Process Plan developed and submitted to Full Council and adopted on the 1st of September 2020	Target achieved	Salaries	Salaries	None	None	Council resolution and process plan	Draft IDP Process Plan developed and submitted to Full Council for adoption and advertising by the 30th of September 2019	Draft IDP Process Plan developed and submitted to Full Council for adoption and advertising by the 30th of September 2019

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Good Governance and Public Participation	OMM 3	Promote sound governance	To develop a credible Integrated Development Plan as the basis and the roadmap for sustainable development	Draft IDP developed and submitted to Full Council for adoption	Date for adoption of Draft IDP	Adoption of the draft IDP	1	0	1	Draft IDP developed and submitted to Full Council to adoption by the 31st of March 2021	Draft IDP submitted and adopted by Council on the 30th March 2021	Target achieved	Salaries	Salaries	None	None	Council Resolution	Draft IDP developed and submitted to Full Council to adopt and onward public consultations by the 31st of March 2020	Draft IDP developed and submitted to Full Council to adopt and onward public consultations by the 31st of March 2020
Good Governance and Public Participation	OMM 4	Promote sound governance	To develop a credible Integrated Development Plan as the basis and the roadmap for sustainable development	Adopted Final IDP by 30 June 2021	Adoption date for Final IDP	Adoption of the Final IDP	1	0	1	Adopted Final IDP by 30 June 2021	Final IDP prepared and adopted by council by 28 May 2021	Target achieved	Salaries	Salaries	None	None	Council resolution	Final IDP prepared and submitted to Full Council for adoption by the 30th of June 2020	Final IDP prepared and submitted to Full Council for adoption by the 30th of June 2020
Good Governance and Public Participation	OMM 5	Promote sound governance	To develop a credible Integrated Development Plan as the basis and the roadmap for sustainabl	IDP Representatives Forum meetings facilitated	Number of IDP Representatives Forum meetings facilitated	IDP Representatives meeting	3	0	3	3 x IDP Representatives Forum meetings facilitated by the 30th of June 2021	2 x IDP Representatives Forum meetings facilitated by the 31st of March 2021	Target partially Achieved	R 106 000 (Public Participation/ Izimbizo vote)	Salaries	The Mayor requested there be a mayoral imbizo targeting LMs and the IDP Forum stakeholders to	The IDP Forum will be planned for April 2022 in the follwing financial year to allow the Mayoral	Agenda and Attendance Register	3 x IDP Representatives Forum meetings facilitated by the 31st of March 2020	3 x IDP Representatives Forum meetings facilitated by the 31st of March 2020

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
			e development												present the draft IDP and Budget in preparing for the final adoption by 31 May 2021.	Imbizo to sit in May. Such will be accomodated for in the IDP Framework and Process Plan for 2022/23.			
Water Service Authority																			
Basic Service Delivery	OMM 7	Provision of quality basic services and infrastructure	Review of Water Services Development Plan to guarantee water security and implementation of strategies to promote access to basic water services to uMgungundlovu District Communities	Reviewed Water Services Development Plan (WSDP) by the 30th of June 2021	Reviewed Water Services Development Plan (WSDP) by the 30th of June 2021	Review of Water Services Development Plan (WSDP) - advertising	N/A	N/A	N/A	Reviewed Water Services Development Plan (WSDP) by the 30th of June 2021	Reviewed Water Services Development Plan (WSDP) not concluded by the 30th of June 2021	Target not achieved	Salaries budget	Salaries budget	Public notice/ advert for comments on the reviewed on the WSDP as done by 31 March 2021. There were delays experienced in submission of WSDP to council for approval.	Annual review of WSDP to be done in the next financial year before 30 June 2022, in line with the newly elected municipal Council	Advert for public notice on the WSDP	100% Review of Water Services Development Plan (WSDP) by the 30th of June 2020	0% Target not achieved
Basic Service Delivery	OMM 8	Provision of quality basic services	To provide access to sustainabl	3765 (3765/19691=	Number and % of households with	Household profiling. Implemen	117 723. 100%	98032, 83,27% (98032/11	19 691 16,73% (100%-	3765. H/H. 19.12%	3239 (16%).	Target partially achieved	Salaries budget	N/A	There were delayed in some	The completion of current		10.46% (3498) Households with	0% No new households with

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
		and infrastructure	e quality drinking water	19,12%) Households with access to water by the 30th of June 2021	access to water.	tation of water projects		7723=83,27%)	83,27%=16,73%)	(3765/19691=19,12%) Households with access to water by the 30th of June 2021	(3239/19691) Households with access to water as at 30th of June 2021				projects that were planned for completion in 2020/2021 Financial year	water projects under construction.		access to water by the 30th of June 2020	access to water services for the period. Status remains 72.31%
Basic Service Delivery	OMM 9	Provision of quality basic services and infrastructure	To provide access to sustainable quality drinking water	900 (0,92%) Households with access to free basic water services by the 30th of June 2021. 100%	Number and % of Households with access to free basic water services.	Updating the indigent register. Determine, verify and monitor the number of household with access to free basic water services by the District.	900 (0,92%) indigent household with basic water services. (900/98032=0,92%)	0	0	900 (0,92%) Households with access to free basic water services by the 30th of June 2021. 100%	1156 (1.18%) Households with access to free basic water services as of 30 June 2021	Target achieved and exceeded	Salaries budget	Salaries budget	None	None	Flyers distributed to public	38% (1860) Households with access to free basic water services by the 30th of June 2020	57% (3290) Households with access to free basic water services
Basic Service Delivery	OMM 10	Provision of quality basic services and infrastructure	To provide access to sustainable quality sanitation services	904. 3,06% (904/29519=3,06%) Households with access to sanitation services by the 30th of June 2021	Number and % of Households with access to sanitation services	Verification of households with access to basic (levels of sanitation.)	117 723. (100%)	88 204, 74,93% (88 204/117 723=74,93%)	29 519 25,07% (100%-74,93%=25,07%)	904. 3,06% (904/29519=3,06%) Households with access to sanitation services by the 30th of	1804 (6.11%) households with access to sanitation services by 30 June 2021	Target achieved and exceeded	Salaries budget	Salaries budget	None	None	Project Close out report	(36% (904) 0f 2481) Households with access to sanitation services by the 30th of June 2020	0% No new households with access to sanitation services for the period. Status remains 98%

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
										June 2021									
Basic Service Delivery	OMM 11	Provision of quality basic services and infrastructure	To provide access to sustainable quality sanitation services	900 (0,92%) Households with access to free basic sanitation services by the 30th of June 2021. 100%	Number and % of Households with access to free basic sanitation services.	Updating the indigent register. Determine, verify and monitor the number of households with access to free basic water sanitation services by the District.	900 (0,92%) indigent household with basic sanitation services. (900/98 032=0,92 %)	0	0	900 (0,92%) Households with access to free basic sanitation services by the 30th of June 2021. 100%	1156 (1.18%) Households with access to free basic sanitation services as of 30 June 2021	Target achieved and exceeded	Salaries budget	Salaries budget	None	None	Flyers distributed to public	Not Included	Not Included
Basic Service Delivery	OMM12	Provision of quality basic services and infrastructure	To ensure compliance with Waste Water Quality regulations	4 x Quarterly Reports on Waste Water Quality by the 30th of June 2021	Number of Quarterly Reports on Waste Water Quality	Wastewater Quality	4	4	0	4 x Quarterly Reports on Wastewater Quality by the 30th of June 2021	4 x Quarterly Reports on Wastewater Quality by the 30th of June 2021	Target achieved	Salaries budget	Salaries budget	None	None	Waste water quality reports as at 30 June 2021	4 x Quarterly Reports on Waste Water Quality by the 30th of June 2020	4 x Quarterly Reports on Waste Water Quality prepared by the 30th of June 2020

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	OMM13	Provision of quality basic services and infrastructure	To ensure compliance with water quality regulations	4 x Quarterly Reports on Water Quality by the 30th of June 2021	Number of Quarterly Reports on Water Quality	Water Quality	4	4	4	4 x Quarterly Reports on Water Quality by the 30th of June 2021	4 x Quarterly Reports on Water Quality by the 30th of June 2021	Target achieved	Salaries budget	Salaries budget	None	None	Water quality reports as at 30 June 2021	Not Included	Not Included
Basic Service Delivery	OMM14	Provision of quality basic services and infrastructure	To monitor wastewater quality compliance in line with the related legislative standards	12 x Quaterly site visits reports prepared by 30th of June 2021	Number of site visits done on trade effluent monitoring	Wastewater Quality Management- Industrial effluent monitoring	12	0	12	12 x Quarterly site visits reports prepared by 30th of June 2021	12 x Quarterly site visits reports prepared by 30th of June 2021	Target achieved	Salaries budget	Salaries	None	None	Quaterly site visits reports	Not Included	Not Included
Intergovernmental Relations																			
Good Governance and Public Participation	OMM15	Promote sound governance	Integrated growth and development coordinated at political level	10 x DDM Political meetings coordinated 2021	Number of meetings coordinated	IGR Framework focused on Mayors	1	0	1	10 x DDM Political meetings coordinated 2021	23 x DDM / DCC Political meetings coordinated 2021 by 30 June 2021	Target achieved and exceeded	Salaries budget	Salaries	MM's and Mayors forums configured to DDM and DCC portfolios. Due to the Covid 19 pandemic an increase in these meeting was seen.	None	Attendance Registers, Agendas, and Minutes	4 x Mayoral meetings coordinated by 30 June 2020	12x Mayoral and DCC meetings coordinated. (A Covid-19 District Command Centre was established using the District Development Model and is attended by all Mayors

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
																			and Speakers within the district.)
Good Governance and Public Participation	OMM16	Promote sound governance	Cooperation between Municipal Councils within the District promoted	4 x Speaker's Forum meetings coordinated by the 30th of June 2021	Number of meetings coordinated	IGR Framework focused on Speakers	1	0	1	4 x Speaker's Forum meetings coordinated by the 30th of June 2021	6 x Speaker's Forum meetings coordinated by the 30th of June 2021	Target achieved and exceeded	Salaries budget	Salaries	Municipal Speakers also attend the DCC meetings. Speakers Forums has also been reconfigured	None	Attendance Registers, Agendas, and Minutes	4 x Speaker's Forum meetings coordinated by the 30th of June 2020	12 x Speaker's Forum meetings coordinated by the 30th of June 2020. However a Covid-19 District Command Centre was established using the District Development Model and is attended by all Mayors and Speakers within the district.

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Good Governance and Public Participation	OMM17	Promote sound governance	Increased cooperation between Municipal Councils and Traditional leadership	4 x District House of traditional Leaders meetings coordinated by the 30th of June 2021	Number of meetings coordinated	Fully Functional District House of traditional Leaders	4	0	4	4 x District House of traditional Leaders meetings coordinated by the 30th of June 2021	7 x District House of traditional Leaders meetings coordinated by the 30th of June 2021	Target achieved and exceeded	Salaries budget	Salaries	District House of traditional Leaders also attend Municipal Council meetings	None	Attendance Registers, Agendas, and Minutes	4 x District House of traditional Leaders meetings coordinated by the 30th of June 2020	1* DCC meetings held where the Chair of Traditional leaders attends.
Good Governance and Public Participation	OMM18	Promote sound governance	To ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and Vision.	1 x public participation meetings facilitated by the 31st of May 2021	Number of Imbizo session facilitated	Mandatory IDP Engagements - Izimbizo Sessions	1	0	1	1 x public participation meetings facilitated by the 31st of May 2021	1* imbizo meeting held on the 06 May 2021	Target achieved	R 212 000	Salaries	None	None	Minutes and attendance register	Not Included	Not Included

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Internal Audit																			
Good Governance and Public Participation	OMM19	Promote sound governance	To provide reasonable assurance on the adequacy &effectiveness of the systems of internal controls, risk and performance management	4 x Audit Committee meetings coordinated by the 30th of June 2021	Number of Audit Committee meetings coordinated by the 30th of June 2021	Implementation of Internal Audit Plan	4	0	4	4 x Audit Committee meetings coordinated by the 30th of June 2021	5x Audit Committee meetings coordinated by the 30th of June 2021	Target achieved and exceeded	R 2 645 700	R6 792,00	None	None	Attendance Registers, and Minutes	4 x Audit Committee meetings coordinated by the 30th of June 2020	4 x Audit Committee meetings coordinated by the 30th of June 2020
Good Governance and Public Participation	OMM 20	Promote sound governance	To provide reasonable assurance on the adequacy &effectiveness of the systems of internal controls, risk and performance management	2 x Performance Committee meetings coordinated by the 30th of June 2021	Number of Performance Committee meetings coordinated by the 30th of June 2021	Implementation of Internal Audit Plan	2	0	2	2 x Performance Committee meetings coordinated by the 30th of June 2021	4 x Performance Committee meetings coordinated by the 30th of June 2021	Target achieved and exceeded			None	None	Attendance register	2 x Performance Committee meetings coordinated by the 30th of June 2020	2 x Performance Committee meetings coordinated by the 30th of June 2020

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Good Governance and Public Participation	OMM 21	Promote sound governance	To provide reasonable assurance on the adequacy &effectiveness of the systems of internal controls, risk and performance management	Functionality of Disciplinary Boards by the 30th of June 2021	Number of disciplinary boards meeting held by the 30th of June 2021	Functionality of Disciplinary Boards	1	Existing Disciplinary Boards	0	2x Disciplinary Board meetings by the 30th of June 2021	1 x Disciplinary Board meetings held on the 17th of May 2021	Target partially Achieved		R12 540	No matters were referred to the Disciplinary Board, hence only 1 meeting coordinated as at 30 June 2021	No matters to be referred to the disciplinary board	Attendance register	100% Functionality of Disciplinary Boards by the 30th of June 2020	100% Functionality of Disciplinary Boards by the 30th of June 2020
Good Governance and Public Participation	OMM 22	Promote sound governance	To provide reasonable assurance on the adequacy &effectiveness of the systems of internal controls, risk and performance management	4 x Targeted Audits conducted by the 30 June 2021	Number of Targeted Audits conducted by the 30 June 2021	Targeted special Audits and Investigations	2	0	2	4 x Targeted Audits conducted by the 30 June 2021	4 x Targeted Audits conducted by the 30 June 2021	Target achieved	Salaries	Salaries	None	None	Internal audit reports	2 x Targeted Audits conducted by the 31st of December 2019	2 x Targeted Audits conducted by the 31st of December 2019

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Good Governance and Public participation	OMM 23	Promote sound governance	To provide legal support services to the organization	4x Quarterly litigation case reports to council by 30 June 2021	Number of litigation case reports to Council	Legal Services	4	0	N/A	4x Quarterly litigation case reports to council by 30 June 2021	1* Quarterly litigation case reports to council by 30 June 2021	Target partially achieved	R6 200 000 Special adjustment budget		Vacancies within the legal services unit resulted to delays in achievement of certain targets	Manager: Legal services has since been appointed.	Litigation report to council	100% Legal representation in all litigation cases for the district by the 30th of June 2020	100% Legal representation in all litigation cases for the district by the 30th of June 2020
Communications																			
Good Governance and Public participation	OMM 24	Promote sound governance	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and Vision.	4 x municipal Newsletters published and distributed by 30 June 2021	Number of Newsletters published and distributed	Provide effective communications. Produce external newsletter throughout the District	4	0	4	4 x Municipal Newsletters published and distributed by 30 June 2021	4 x Municipal Newsletters published and distributed by 30 June 2021	Target achieved	316 500	R0	None	None	Newsletters	4 x Eternal Newsletters published and distributed by the 30th of June 2020	4* page Tabloid published and distributed throughout the District
Good Governance and Public participation	OMM 25	Promote sound governance		12 x Municipal Adverts published externally by the 30th of June 2021	Number of Municipal Adverts published externally	Government celebratory messages for each month X12	12	0	12	12 x Municipal Adverts published externally by the 30th of June 2021	12 x Municipal Adverts published externally by the 30th of June 2021	Target achieved		N/A	None	None	Copies of adverts	6 x Municipal Adverts published externally by the 31st of December 2019	6 x Municipal Adverts published externally by the 31st of December 2019
Good Governance and Public participation	OMM 26	Promote sound governance		10 x Mayoral Radio Slots facilitated 2021	Number of Mayoral Radio Slots facilitated	Public engagements through media	10	0	10	10 x Mayoral Radio Slots facilitated 2021	10 x Mayoral Radio Slots facilitated 2021	Target achieved		N/A	None	None	Notices of radio coverage on social media	10 x Mayoral Radio Slots facilitated by the 30th of June 2020	5 radio slots on uMgungundlovu FM by Mayor jointly with

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
																			Msunduzi Mayor
Good Governance and Public participation	OMM 27	Promote sound governance		6 x Municipal Assets Branded 2021	Number of Municipal Assets Branded	Corporate Branding	6	0	0	6 x Municipal Assets Branded 2021	3x Municipal Assets Branded 2021 as at 30 June 2021	Target partially achieved		R36 300	Due to budget constraints target could not be met	Proper planning to be done in future considering financial health of the municipality.	Purchase Orders/delivery notes	7x Municipal Assets Branded by the 30th of June 2020	20 Pull up banners and One Media banner produced in collaboration with Corporate Services
Good Governance and Public participation	OMM 29	Promote sound governance	To improve the level of compliance within the Municipality	1 x Technical trainings/ conferences attended by the 30th of June 2021	Number of Technical trainings/ conferences attended	Training and Development	1	0	1	1 x Technical trainings/ conferences attended by the 30th of June 2021	Risk training held and achieved in quarter 3. training held on 24 March 2021	Target achieved	Salaries	Salaries	None	None	Agenda and attendance register	1 x Technical trainings/ conferences attended by the 30th of June 2020	1 x Technical trainings/ conferences attended by the 30th of June 2020
Performance Management System																			
Good Governance and Public participation	OMM 30	Promote sound governance	To promote a culture of excellence within the Municipality ,and establish a framework of	1 X Final SDBIP developed and submitted to the Mayor for approval by the 30th of June 2021	Number of final SDBIP developed and submitted to the Mayor for approval	Develop and approval of Service delivery and Budget Implementation Plan	1	0	1	1 X Final SDBIP developed and submitted to the Mayor for approval by the 30th of June 2021	1* Final 21/22 SDBIP developed approved by 30 June 2021	Target achieved	Salaries	Salaries	None	None	2021/2022 Final SDBIP and Council resolution	Not Included	Not Included

KPA	IDP/SDBIP Ref	IDP Priorities / Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Measures taken to improve performance	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Good Governance and Public participation	OMM31	Promote sound governance	desired outcomes in line with the vision and mission of the Municipality	Approval and adoption of the Annual and Oversight Report by 31 May 2021	Date of Approval of annual report and adoption Oversight Report	Approval and adoption of Annual and Oversight report	1	0	1	Approval and adoption of the Annual and Oversight Report by 31 May 2021	19/20 Annual and Oversight report approved and adopted by council on 28 May 2021	Target achieved	Salaries	Salaries	None	None	2019/2020 Annual and oversight report and Council resolution	Approval of the Annual and Oversight Report by the 31st of March 2020	Approval of the Annual and Oversight Report by the 31st of March 2020
Good Governance and Public participation	OMM32	Promote sound governance		1X Joint Oversight meeting conducted by the 31st of May 2021	Number of Oversight meetings conducted	Oversight proess on the 2019/2020 Annual report	6	0	6	1X Joiint Oversight meeting conducted by the 31st of May 2021	1* Joint oversight meeting held on the 13th May 2021	Target achieved	Part of public participation vote	R42 440	None	None	Agenda and attendance register	6 x Oversight meetings conducted by the 31st of March 2020	3 x Oversight meetings conducted by the 31st of March 2020

COMMUNITY SERVICES

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Environmental Health																						
Social Development Services	Com 5	Putting people First	Long and healthy life for all South Africans	inclusion and access	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the district citizens	56* Water Quality Monitoring – water quality testing routine sampling from non WSA water sources and pollution prone sources by the 30th of June 2021	Number of Water Quality Monitoring – water quality testing routine sampling from non WSA water sources and pollution prone sources	Water Quality Monitoring	120	48	72	56 x Water Quality Monitoring – water quality testing routine sampling from non WSA water sources and pollution prone sources by the 30th of June 2021)	68 x Water Quality Monitoring – water quality testing routine sampling from non WSA water sources and pollution prone sources by the 30th of June 2021	Target achieved and Exceeded	R 117 500	Salaries	None	None	Laboratory Reports,	56x Water Quality Monitoring – water quality testing routine sampling from non WSA water sources and pollution prone sources by the 31st of December 2019	56x Water Quality Monitoring – water quality testing routine sampling from non WSA water sources and pollution prone sources by the 31st of December 2019

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Social Development Services	Com 6	Putting people First	Long and healthy life for all South Africans	inclusion and access	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the district citizens	240* Water Quality Monitoring - Routine water quality testing for pollution from sewerage systems by the 30th of September 2020	Water Quality Monitoring - Routine water quality testing for pollution from sewerage systems	Water Quality Monitoring	480	480	0	240x Water Quality Monitoring - Routine water quality testing for pollution from sewerage systems by the 30th of September 2020)	250x Water Quality Monitoring - Routine water quality testing for pollution from sewerage systems by the 30th of September 2020)	Target achieved and Exceeded		Salaries	None	None	Laboratory Reports	240 x Water Quality Monitoring - Routine water quality testing for pollution from sewerage systems	240 x Water Quality Monitoring - Routine water quality testing for pollution from sewerage systems

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Social Development Services	Com 12	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the district citizens	10 x 8kg bucket Tomcat Blocks procured by 30th September 2020	No of bucket of tomcat blocks	Vector Control	10	0	10	10 x 8kg bucket Tomcat Blocks procured by 30th September 2020	10 x 8kg bucket Tomcat Blocks procured by 30 September 2020	Target achieved		N/A	None	None	Close out report, pictures	Not Included	Not Included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Social Development Services	Com 13	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the district citizens	10 x 10kg bucket rodex pellets procured by 30th September 2020	No of bucket of rodex pellets procured	Vector Control	10	0	10	10 x 10kg bucket rodex pellets procured by 30th September 2020	10 x 10kg bucket rodex pellets procured	Target achieved		N/A	None	None	Close out report, pictures	Not Included	Not Included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Social Development Services	Com 14	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the district citizens	1 x 5 Kg Chloride Of Lime procured by 30th September 2020	No of 5kg chloride of lime	Vector Control	10	0	10	1 x 5 Kg Chloride Of Lime procured by 30th September 2020	1 x 5 Kg Cloride Of LIme procured	Target achieved		N/A	None	None	Close out report, pictures	100 x 25kg of Chlorine based disinfectant procured by 30 June 2020	20 x 25kg of Chlorine based disinfectant procured by 30 June 2020
Disaster Management																						
BASIC SERVICE DELIVERY	Comm 23	Putting people First	responsive, accountable, effective and	Governance	Provision of quality basic services and	To ensure response and recovery measure	Submission of Disaster Management	Submissions sent to SCM for the appoint	Disaster Management Centre	1	0	1	Submission of Disaster Management	Submission of Disaster Management	Target achieved	Part of R587 500 of revised budge	N/A	None	None	TOR's and Submission for request of appointment of service provider to	Not Included	

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
			efficient local government		infrastructure	s are in place	Centre request for appointment of service provider by end March 2021	ment of service provider					Centre requests for appointment of service provider by 31st March 2021	Centre request for appointment of service provider by end March 2021		t for disaster management				the Municipal Manager		
Disaster Management - Covid 19 Interventions																						
Basic Service Delivery	Com 29	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure	To prevent, rapidly detect and effectively respond to COVID 19 outbreak	3000 x Masks procured by 30 Sept 2020	Number of masks procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to	N/A	N/A	N/A	3000 x Masks procured by 30 Sept 2020	*3000 Masks procured	Target achieved	R 80 000	N/A	None	None	Purchase orders and requisitions	3000 x Masks procured by 30 June 2020	5000 x Masks procured by 30 June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
									alleviate the spread of the virus													
Basic Service Delivery	Com 30	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		500 x boxes of 100 Disposable Gloves procured by 30 Sept 2020	Number of boxes of 100 Disposable Gloves procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to alleviate the spread of the virus	N/A	N/A	N/A	500 x boxes of 100 Disposable Gloves procured by 30 Sept 2020	Procure X 500 boxes of 100 Disposable Gloves	Target achieved	R 75 000	N/A	None	None	Purchase orders and requisitions	500 x boxes of 100 Disposable Gloves procured by 30 June 2020	500 x boxes of 100 Disposable Gloves procured by 30 June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	Com 31	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		2000 x 100 ml of sanitizers procured by 30 Sept 2020	Number of 100 ml of sanitizers procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to alleviate the spread of the virus	N/A	N/A	N/A	2000 x 100 ml of sanitizers procured by 30 Sept 2020 and	20 x 25 litters of sanitizers were procured by 30 Sept 2020	Target partially achieved	R80 000	N/A	25 Litter sanitisers were procured as there were more reasonable than buying the 100mls	None	Purchase orders and requisitions	2000 x 100 ml of sanitizers procured by 30 June 2020	0 x 100 ml of sanitizers procured by 30 June 2020
Basic Service Delivery	Com 32	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		1000 x HCRW waste bags for the disposal of waste procured by 30 Sept 2020	Number of HCRW waste bags for the disposal of waste procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to alleviate the spread	N/A	N/A	N/A	1000 x HCRW waste bags for the disposal of waste procured by 30 Sept 2020	1000 X HCRW waste bags for the disposal of waste 30 Sept 2020	Target achieved	R50 000	N/A	None	None	Purchase orders and requisitions	1000 x HCRW waste bags for the disposal of waste procured by 30 June 2020	0 x HCRW waste bags for the disposal of waste procured by 30 June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
									of the virus													
Basic Service Delivery	Com 33	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		30 x knapsack aerosol spray procured by 30 Sept 2020	Number knapsack aerosol spray procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to alleviate the spread of the virus	N/A	N/A	N/A	30 x knapsack aerosol spray procured by 30 Sept 2020	30 x knapsack aerosol spray procured in March when the lockdown started	Target achieved	R25 000,00	N/A	None	None	Purchase orders and requisitions	50 x knapsack aerosol spray procured by 30 June 2020	30 x knapsack aerosol spray procured by 30 June 2020
Basic Service Delivery	Com 34	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		100 x 25kg of Chlorine based disinfectant procured by 30 Sept 2020	Number of 25kg of Chlorine based disinfectant procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to	N/A	N/A	N/A	100 x 25kg of Chlorine based disinfectant procured by 30 Sept 2020	25kg X 100 of Chlorine based disinfectant procured	Target achieved	R210 000,00	N/A	None	None	Purchase orders and requisitions	100 x 25kg of Chlorine based disinfectant procured by 30 June 2020	20 x 25kg of Chlorine based disinfectant procured by 30 June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
									alleviate the spread of the virus													
Basic Service Delivery	Com 35	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		50 x sets of Safety googles procured by 30 Sept 2020	Number of sets of Safety googles procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to alleviate the spread of the virus	N/A	N/A	N/A	50 x sets of Safety googles procured by 30 Sept 2020	50 sets of Safety googles procured	Target achieved	R6 000,00	N/A	None	None	Purchase orders and requisitions	50 x sets of Safety googles procured by 30 June 2020	0 x sets of Safety googles procured by 30 June 2020
Basic Service Delivery	Com 36	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		20 x Non-contact digital IR Infrared forehead thermometer temperature	Number of Non-contact digital IR Infrared forehead thermometer temper	Emergency and Disaster Management - Disaster relief initiatives - Procur	N/A	N/A	N/A	20 x Non-contact digital IR Infrared forehead thermometer temperature	20 X Non-contact digital IR Infrared forehead thermometer temperature	Target achieved	R16 000,00	N/A	None	None	Purchase orders and requisitions	20 x non-contact digital IR Infrared forehead thermometer temperature measurement procured by 30 June 2020	0 x Non-contact digital IR Infrared forehead thermometer temperature measurement procured by 30 June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
							measurement procured by 30 Sept 2020	ature measurement procured	e PPE to alleviate the spread of the virus				measurement procured by 30 Sept 2020	measurement procured								
Basic Service Delivery	Com 37	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure		44 x reusable suits procured by 30th September 2020	Number of reusable suites procured	Emergency and Disaster Management - Disaster relief initiatives - Procure PPE to alleviate the spread of the virus	N/A	N/A	N/A	44 x reusable suits procured by 30th September 2020	44 x reusable sutis procured by 30 Sept 2020	Target achieved	R16 000,00	N/A	None	None	Purchase orders and requisitions	Not Included	Not Included
Basic Service Delivery	Com 38	Putting people First	responsive, accountable, effective and efficient	Governance	Provision of quality basic services and		Emergency relief tents procured by 30	Number of emergency relief tents	Emergency and Disaster Management	N/A	N/A	N/A	20 x emergency relief tents procured by	Procure 20 x emergency tents by 30	Target achieved	R200 000,00	N/A	None	None	Purchase orders and requisitions	20 x emergency relief tents procured by 30 June 2020	0 x emergency relief tents procured by 30 June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
			local government		infrastructure		Sept 2020	procured	- Disaster relief initiatives - Procure PPE to alleviate the spread of the virus				30 Sept 2020	Sept 2020								
OPERATIONAL PLAN																						
ENVIROMENTAL HEALTH																						
Social Development Services	Com 1	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create	32 x Food Safety - Inspection of Dairies within the district by the 30th of June 2021	Number of dairies inspected	Food Safety - Inspection of Dairies within the district	70	32	38	32 x Food Safety - Inspection of Dairies within the district by the 30th of June 2021	32 x Food Safety - Inspection of Dairies within the district by the 30th of June 2021	Target achieved	117500	N/A	None	None	Dairies Inspection Reports, Laboratory Results ,	32 x Food Safety - Inspection of Dairies within the district by the 30th of June 2020	32 x Food Safety - Inspection of Dairies within the district by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
						health supportive environments and safeguard the health of the district citizens																
Social Development Services	Com 2	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the	220 x Inspections of food premises for compliance by the 30th of June 2021	Number of Inspections of food premises for compliance	Food Safety - Inspection of Food Premises	340	120	220	220 x Inspections of food premises for compliance by the 30th of June 2021	291 x Inspections of food premises for compliance by the 30th of June 2021	Target achieved and exceeded		N/A	None	None	Inspection certificate	220 x Inspections of food premises for compliance by the 30th of June 2020	220 x Inspections of food premises for compliance by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
						health of the district citizens																
Social Development Services	Com 3	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and	1 x Food Awareness Campaigns conducted by the 30th of September 2020	Number of food awareness campaigns conducted	World Food Day	6	5	1	1 x Food Awareness Campaigns conducted by the 30th of September 2020	1 x Food Awareness Campaigns conducted by the 31st Decembr 2020	Target achieved		N/A	None	None	Attendance register, awarness programme	Not Included	Not Included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
						safeguard the health of the district citizens																
Social Development Services	Com 4	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Promote Environmental Health Awareness within the District	1 x World Environmental Health Day Event - World Environmental Health Day campaign by the 30th of September 2020	Number of World Environmental Health Day Event - World Environmental Health Day campaign	World Environmental Health Day	6	4	2	1 x World Environmental Health Day Event - World Environmental Health Day campaign by the 30th of September 2020	1 x World Environmental Health Day Event - World Environmental Health Day campaign conducted by the 30th of September 2020	Target achieved		N/A	None	None	Attendance register, awarness programme	1 x World Environmental Health Day Event - World Environmental Health Day campaign by the 30th of September 2019	1 x World Environmental Health Day Event - World Environmental Health Day campaign by the 30th of September 2019

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Social Development Services	Com 7	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the district citizens	60 x Environmental Health Awareness conducted (Educate on environmental health related issues) by the 30th of June 2021	Number of Environmental Health Awareness conducted (Educate on environmental health related issues)	Environmental Health Awareness	140	70	70	60 x Environmental Health Awareness conducted (Educate on environmental health related issues) by the 30th of June 2021	60 x Environmental Health Awareness conducted (Educate on environmental health related issues) by the 30th of June 2021	Target achieved		N/A	None	None	Reports	60 x Environmental Health Awareness conducted (Educate on environmental health related issues) by the 30th of June 2020	60 x Environmental Health Awareness conducted (Educate on environmental health related issues) by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Social Development Services	Com 8	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	To determine the level of compliance of Health Care and medical facilities in relation to Health Care Risk Waste	40 x medical facilities audited for compliance by the 30th of June 2021	Number of medical facilities audited for compliance	Waste Management - HCRW	72	20	52	40 x medical facilities audited for compliance by the 30th of June 2021	38 x medical facilities audited for compliance by the 30th of June 2021	Target partially achieved		N/A	Internal Resources which were procured earlier in the financial year were utilised Shortage of material for audit purpose	Procurement of more material and equipment will be done early in the new financial year.	Inspection reports	Not Included	Not Included
Social Development Services	Com 9	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	To determine the level of compliance of Public facilities in relation to the National Environmental Health Norms and	120 x Public facilities audited for compliance by the 30th of June 2021	Number of Public facilities audited for compliance	Health Surveillance	200	30	170	120 x Public facilities audited for compliance by the 30th of June 2021	248 x Public facilities audited for compliance by the 30th of June 2021	Target achieved and exceeded		N/A	None	None	Inspection reports	120 x Public facilities audited for compliance by the 30th of June 2020	120 x Public facilities audited for compliance by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
						Standards																
Social Development Services	Com 10	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and safeguard the health of the	24 x Funeral Undertakers Inspected - Inspection of Funeral Undertaker premises by the 30th of June 2021	Number of Funeral Undertakers Inspected - Inspection of Funeral Undertaker premises	Disposal of the Dead	25	0	25	24 x Funeral Undertakers Inspected - Inspection of Funeral Undertaker premises by the 30th of June 2021	59 x Funeral Undertakers Inspected - Inspection of Funeral Undertaker premises by the 30th of June 2021	Target achieved and exceeded		N/A	None	None	Inspection reports	25 x Funeral Undertakers Inspected - Inspection of Funeral Undertaker premises by the 30th of June 2020	25 x Funeral Undertakers Inspected - Inspection of Funeral Undertaker premises by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
						district citizens																
Social Development Services	Com 11	Putting people First	Long and healthy life for all South Africans	Governance	Integrated Social Services for empowered and sustainable communities	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented, and controlled to create health supportive environments and	60 x Infested public sites treated to eradicate vector and pest infestations by the 30th of June 2021	Number of Infested public sites treated to eradicate vector and pest infestations	Vector Control	120	60	60	60 x Infested public sites treated to eradicate vector and pest infestations by the 30th of June 2021	62 x Infested public sites treated to eradicate vector and pest infestations by the 30th of June 2021	Target achieved and exceeded		N/A	None	None	Reports and pictures	30 x Infested public sites treated to eradicate vector and pest infestations by the 31 December 2019	30 x Infested public sites treated to eradicate vector and pest infestations by the 31 December 2019

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
						safeguard the health of the district citizens																
DISASTER MANAGEMENT																						
BASIC SERVICE DELIVERY	Com 24	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure	Preparedness, mitigation and rapid response and recovery measures in place	6x Disaster Management Public Awareness Campaigns conducted by the 30th of June 2021	Number of Disaster Management Public Awareness Campaigns conducted	Public Awareness	7	4	3	6x Disaster Management Public Awareness Campaigns conducted by the 30th of June 2021	57x Disaster Management Public Awareness Campaigns conducted by the 30th of June 2021	Target achieved and exceeded	58750	Salaries	Local Municipalities together with the Distrcit undergone an intensive awareness campaign relating to COVID 19	None	Close out report	Not Included	Not Included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
BASIC SERVICE DELIVERY	Com 25	Putting people First	responsive, accountable, effective and efficient local government	Governance	Provision of quality basic services and infrastructure	Response and recovery measures in place	Provision of requested Emergency Relief response and recovery to disaster stricken areas on a quarterly basis	Provision of Emergency Relief response and recovery to disaster stricken areas	Emergency Relief	100 %	80 %	100 %	Provision of requested Emergency Relief response and recovery to disaster stricken areas on a quarterly basis	Emergency relief materials provided by 30 June 2021	Target achieved		Available material was used	None	None	Quarterly Report	100% provision of Emergency Relief response and recovery to disaster stricken areas by the 30th of June 2020	0 % provision of Emergency Relief response and recovery to disaster stricken areas by the 30th of June 2020
FIRE SERVICES																						
Cross Cutting Issues	Com 39	Putting people First	responsive, accountable, effective and efficient local government	Governance	Fight poverty and build clean, healthy, safe and sustainable communities	Reduction of fire related incidents caused by Communities	55 x Firefighters to undergo specialized training by the 30th of June 2021	Number of Firefighters to undergo specialized training	Training and Development of fire fighters	104	0	104	55x Firefighters to undergo specialized training by the 30th of June 2021	120 firefighters undergone specialised training by 30 June 2021	Target achieved and exceeded	1371000	existing material was used	None	None	Proof of training attendance (attendance register)	Not Included	Not Included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Cross Cutting Issues	Com 40	Putting people First	responsive, accountable, effective and efficient local government	Governance	Fight poverty and build clean, healthy, safe and sustainable communities	Reduction of fire related incidents caused by Communities	44 x Fire and Rescue awareness Schools campaigns conducted by the 30th of June 2021	Number of Fire and Rescue awareness Schools campaigns conducted	Fire and Rescue awareness campaigns	60	0	60	44x Fire and Rescue awareness Schools campaigns conducted by the 30th of June 2021	34x Fire and Rescue awareness Schools campaigns conducted by the 30th of June 2021	Target partially achieved		existing material was used	Due to covid 19 interuptions and changes on the school calendar target could not be achieved	Target is planned and will conducted as per annual plan	Close Out report/ Awareness Forms	45 x Fire and Rescue awareness Schools campaigns conducted by the 31st of March 2020	20 x Fire and Rescue awareness Schools campaigns conducted by the 31st of March 2020
Cross Cutting Issues	Com 41	Putting people First	responsive, accountable, effective and efficient local government	Governance	Fight poverty and build clean, healthy, safe and sustainable communities	Reduction of fire related incidents caused by Communities	36 x Building Fire Inspections conducted by the 30th of June 2021	Number of Building Fire Inspections conducted	Emergency and disaster management	36	0	36	36 x Building Fire Inspections conducted by the 30th of June 2021	166 x Building Fire Inspections conducted by the 30th of June 2021	Target achieved and exceeded		existing material was used	None	None	Inspection reports	27 x Building Fire Inspections conducted by the 31st of March 2020	27 x Building Fire Inspections conducted by the 31st of March 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Cross Cutting Issues	Com 42	Putting people First	responsive, accountable, effective and efficient local government	Governance	Fight poverty and build clean, healthy, safe and sustainable communities	Comprehensive information management and communication system in place	100% Maintenance of the Msunduzi MOU relating to call centre by the 30th September 2020	100% Maintenance of the Msunduzi MOU relating to call centre	Maintenance of existing agreement with relevant stakeholders	100 %	100 %	0	100% Maintenance of the Msunduzi MOU relating to call centre by the 30th September 2020	100% provission of Emergency Relief response and recovery to disaster stricken areas by the 30th of September	Target achieved			None	None	Quarterly Report	100% Maintenance of the Msunduzi MOU relating to call centre by the 30th of June 2020	100% Maintenance of the Msunduzi MOU relating to call centre by the 30th of June 2020
Cross Cutting Issues	Com 45	Putting people First	responsive, accountable, effective and efficient local government	Governance	Fight poverty and build clean, healthy, safe and sustainable communities	Provide sufficient Emergency Response Equipment to communities	100% Acquisition of Fire Emergency vehicles by the 31st of December 2020	% Acquisition of Fire Emergency Equipment (medium)	Fire Emergency Vehicles	N/A	N/A	N/A	100% Acquisition of Fire Emergency vehicles by the 31st of December 2020	100% Acquisition of Fire Emergency vehicles by the 31st of June 2021	Target achieved			None	None	Appointement Letter of the service provider appointed and proof of delivery	100% Acquisition of Fire Emergency vehicles by the 31st of December 2019	100% Acquisition of Fire Emergency vehicles by the 31st of December 2019
Financial Viability and Management																						

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Municipal Financial Viability and Management	Com 46	Putting people First	responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To provide input on municipal procurement planning	Submit procurement planning input by 30 June 2021	Submission of procurement planning input to the Financial Services Department	Financial Management	28-Feb	N/A	N/A	Submit procurement plan input by 30 June 2021	Procurement planning input submitted by 30 June 2021	Target achieved	Salaries	Salaries	None	None	Proof of submission (email print outs) and procurement plan	Not Included	Not Included
Municipal Financial Viability and Management	COM 47	Putting people First	responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To provide input on municipal budgeting	Submit Budget input by 30 April 2021	Submission of Budget input to the Financial Services Department	Financial Management	28-Feb	N/A	N/A	Submit Budget inputs to finance by 30 April 2021	Budget inputs submitted to finance by April 2021	Target achieved	Salaries	Salaries	None	None	Departmental draft SDBIP for 21/22 submitted	Not Included	Not Included
Waste Management																						

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
SERVICE DELIVERY	Com 48	Putting people First	responsive, accountable, effective and efficient local government	Governance	Integrated Social Services for empowered and sustainable communities	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Draft Integrated Waste Management Plan developed by the 31st March 2021.	Complete Draft Integrated Waste Management Plan	Integrated Waste Management Plan	1	0	1	Develop Draft Integrated Waste Management Plan by the 31st March 2021.	Draft Integrated Waste Management Plan developed by the 31st March 2021.	Target achieved	N/A	Salaries	None	None	Draft IWMP	Not Included	Not Included
SERVICE DELIVERY	Com49	Putting people First	responsive, accountable, effective and efficient local government	Governance	Integrated Social Services for empowered and sustainable communities	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Draft Business Plan for Advanced Waste Management Infrastructure and Services is completed by 30 June 2021	Completion date of draft business plan for advanced waste management infrastructure	Development of Facilities and Services to divert materials away from Landfill Site	1	0	1	Draft Business Plan for Advanced Waste Management Infrastructure and Services is completed by 30 June 2021	Draft Business Plan for Advanced Waste Management Infrastructure and Services is completed by 30 June 2021	Target achieved	N/A	Salaries	None	None	Proposal/ Business Plan	Not Included	Not Included
CEMETRIES AND BURIAL																						

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	KPI/ Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Revised Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvement	Portfolio of Evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Cross Cutting Issues	Com 50	Putting people First	responsive, accountable, effective and efficient local government	Governance	Integrated Social Services for empowered and sustainable communities	Ensure a co-ordinated and intergovernmental approach to cemeteries during the COVID 19 pandemic	2X Waste Management District Task Team meetings and Site Visits by end of June 2021	Meetings of DTT on Cemeteries	COVID 19 Cemetery Planning and Management	1	0	1	2X Waste Management District Task Team meetings and Site Visits by end of June 2021	3X Waste Management District Task Team meetings and Site Visits by end of June 2021	Target achieved	N/A	Salaries	None	None	Minutes	Not Included	Not Included
Cross Cutting Issues	Com 51	Putting people First	responsive, accountable, effective and efficient local government	Governance	Integrated Social Services for empowered and sustainable communities	Develop sustainable cemetery and crematoria services across the District	Draft District Cemetery and Crematoria plan is completed by June 2021	District Cemeteries and Crematoria Plan	Develop a Cemetery and Crematoria Plan	1	0	1	Draft District Cemetery and Crematoria plan is completed by June 2021	Draft District Cemetery and Crematoria plan is completed by June 2021	Target achieved	N/A	Salaries	None	None	Draft plan - U59	Not Included	Not Included

TECHNICAL SERVICES

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Water Provision																						
Basic Service Delivery	TEC1 IDP Ref - TEC 1	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	Completed specification document by 30 June 2021 for the project - Upgrading of Nkanyezini water supply scheme	Specification document for the project - Upgrading of Nkanyezini water supply scheme	Upgrading of Nkanyezini water supply scheme (Laying of pipeline and construction of reservoir)	Tender Process completed 50% of 10ML post-tensioned reinforced concrete reservoir completed (155km of secondary bulk and reticulation pipeline ranging from 25mm to 250mm dia with	Work executed on Zone 3, 4, 5, 6, 7, 8 and 9 and only achieved a total length of 71 km of pipework of the 155km total. To date 7.2 km of pipework has been tested. Only earthworks on reservoir site was done.	Completion of tender process Construction of: - +/- 10km of pipelines. - 1№ 10Ml Post-tensioned Reinforced Concrete Reservoir. -3 offtake chambers complete with fittings and valves.	Completed final specification document for the project by 30 June 2021.	Final specification document for the project completed by 30 June 2021.	Target achieved	R4 000 000,00	R 2 917 066,51	None	None	Tender notice and invoices - Attached BSC minutes/ report	50% of 10ML post-tensioned reinforced concrete reservoir completed (C155km of secondary bulk and reticulation pipeline ranging from 25mm to 250mm dia with household connections) by the 30th of June 2020	0% of reservoir works done. 0 km of Bulk and reticulation completed.Outstanding Contract Mangement fees were paid to the Consulting Enginners. Due to poor performance by the contractor, a termination was initiated.

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
										household												
Basic Service Delivery	TEC2 IDP Ref - TEC 2	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Project completion of all outstanding works to render the project functional by 30 June 2021 - General reinstatement and cleaning around reservoirs. Completion of all work by	Number of palisade fences constructed Km of presure testing testing, disinfection and commisioning done Completion / Cleaning and reinstatement	Upgrading of the Manzamnyama water supply scheme (Construction of reservoirs and laying of pipelines)	Project completion all outstanding works to render the project functional	73.87 km of pipeline laid to date and +/- 4 km of pipe have been pressure tested and passed. Reservoir construction and refurbishment of tanks	General reinstatement and cleaning around reservoirs. Completion of all work pressure testing, disinfection, and commissioning. Completion of	General reinstatement and cleaning around reservoirs. Completion of all work by 31 March 2021.	General reinstatement and cleaning around reservoirs. Completion of all work by 31 March 2021.	Target achieved	R 12 500 000	R4 389 769.79	None	None	Completion certificate and invoice	15 km of pipeline completed, concrete work for 1 ML reservoir completed and earthwork + footings for 60kl steel tank completed by the 31st of December 2019	13.48 km of pipeline completed, concrete work for 1 ML reservoir completed and earthwork + footings for 60kl steel tank completed as at 30 June 2020.
													10 km completion of pressure testing, disinfection, and	10km of pressure testing, disinfection, and commis	Target achieved			None	None			

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
							31 March 2021. 10km pressure testing, disinfection, and commissioning by 31 March 2021 Completion / Cleaning and reinstatement of of all household meter chambers, offtakes, stream protection, gabions and pitching by 31 March 2021	of of all household meter chambers, offtakes, stream protection, gabions and pitching			complete.	all household meter chambers, offtakes, stream protection, gabions and pitching. General cleaning and reinstatement	commissioning.	sioning by 31 March 2021.								
													Cleaning and reinstatement to 180 household meter chambers by 30 June 2021	Cleaning and reinstatement to 180 household meter chambers by 31 March 2021	Target achieved			None	None			

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC3 IDP Ref - TEC 3	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 8 km of pipeline by 30 June 2021. Completion of the following activities on the 3ML reservoir: -Clear and Grub. - Setting out. - Geotechnical investigation. - Bulk earthworks component by 30 June 2021.	Number of KM of pipelines constructed	Mpolweni, Thokozani and Claridge extension water supply scheme.	Construction of pipelines. Mpolweni - 27km Thokozani - 18km (Total pipeline of 90km)	Project is now at detailed design and tender documentation stage.	Construction of pipelines in Mpolweni and Thokozani and completions of outstanding works which includes the following activities on the 3ML reservoir Clear and Grub. - Setting out. - Geotechnical investigation. - Bulk earthworks component	Construction of 8 km of pipeline by 30 June 2021.	Construction of 8.5 km of pipelines by 30 June 2021	Target achieved	R 40 000 000	R57 800 778.35	None	None	Signed Monthly Progress Reports, Minutes of Progress Meeting Invoices	Thokozane and Mpolweni 100% of feasibility study conducted, prelim + detailed design completed and approval, design report, BP preparation and approval and draft tender documents completed by the 30th of June 2020	Preliminary and detailed design completed. Design report - 100%. BP preparation and approval - 100% Draft Tender documents - 100%
													Completion of the following activities on the 3ML reservoir: -Clear and Grub. - Setting out. - Geotechnical investigation. - Bulk earthwo	Completion of the following activities on the 3ML reservoir as of 30 June 2021 = Setting out = Clear and Grub Geotechnical investig	Target achieved			None	None	Signed Monthly Progress Reports, Minutes of Progress Meeting Invoices		

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
													rks component by 30 June 2021.	ation. = Bulk earthworks components (70%) completed								
Basic Service Delivery	TEC4 IDP Ref - TEC4	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 12km of pipelines and associated fittings and valves and chambers.(Total 12km pipeline), Layer works and formwork of reservoir to commence by 30 June 2021	Number of KM of pipeline constructed	uMshwathi Slum - Trustfeed Water Supply Scheme Phase 1 (Construction of 500kl reservoir, pipelines, chambers and associated fittings)	Construction of 12km of pipelines and associated fittings and valves and chambers.	Appointment of contractor has been done	Construction of 12km of pipelines and associated fittings and valves and chambers, Layer works and formwork of reservoir to commence.	Construction of 9km of pipeline by 30 June 2021.	Construction of total of 12.5km by the 30th June 2021.	Target partially achieved	R 15 000 000	R 10 437 436,18	Work for the month of May was slow due to issues between the sub-contractors and principal contractor, which affected progress on site.	Allocation of more resources. Proper planning, coordination and execution of these resources on site to ensure work happens smoothly. Ensure all issues between Sub - contract	Signed Monthly Progress Reports, Minutes of Progress Meeting held on 1 Invoices	5km of pipeline completed and 30% of 500kl reinforced concrete reservoir completed by the 30th of June 2020	0km of pipeline completed and 0% of 500kl reinforced concrete reservoir completed by the 30th of June 2020. Materials were delivered on site and paid .
													Completion of 3 of the 4 chambers which includes the following activities: Setting out Excavation Floor slabs Brickwork	Setting out: 3 of 4 complete (75%) Excavation: 2 of 4 complete (50%) Floor slabs: 2 of 4 complete (50%) Brickwork: 0.5	Target partially achieved								

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
													Roof slabs by 30 June 2021.	of 4 complete (12.5%) Pipework and Fittings : 0.5 of 4 complete (12.5%)					ors and main contractors are resolved so work can be sped up.				
Basic Service Delivery	TEC5	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	100% Completion of the pumpstation and retaining structure. Repairs to vandalised storerooms. An access road to the 200KL reservoir, Supply and installation of additional valves	% Completion of the pumpstation and retaining structure at pump station.	Maqonqo bulk Water supply scheme Phase 5. (Completions of pump station, retaining wall, supply and installation of valves)	100%Project completion and closure	Reservoir sealing and testing, associated valves and pump, electrical work and pipeline testing completed as at 30 June 2020.	100 project Completion of pumpstation and retaining structure at pump station.	100% Completion of the pumpstation and retaining structure. Repairs to vandalised storerooms. An access road to the 200KL reservoir, Supply	100% project completion of project by 31 December 2020	Target achieved	R 5 000 000	R 3 343 584,49	None	None	Completion certificate	Completion of reservoir sealing and testing, associated valves and pump, electrical work and pipeline testing by 31 December 2019	Reservoir sealing and testing, associated valves and pump, electrical work and pipeline testing completed as at 30 June 2020.

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
							and fittings .Flood testing of the pipe reticulation by the 30th Sept 2020						and installation of additional valves and fittings .Flood testing of the pipe reticulation by the 30th Sept 2020									
Basic Service Delivery	TEC6	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 1.25km of testing, disinfection, backfilling and reinstatement and completion of the project by 31 March 2021.	Km of testing disinfection, backfilling and reinstatement done	Upgrading of the Manyavu Water supply scheme. (Construction of bulk pipeline, testing and disinfection of pipelines)	Construction of the 2, 5km 200mm Bulk pipeline and Testing, disinfection, backfilling and reinstatement, Completion of the project	108.3km of HDPE, uPVC and steel pipe completed with associated chambers as at 30 June 2020. Valves were not	Number KM of pipeline constructed, testing, backfilling and reinstatement	1.25 km of Testing, disinfection, backfilling and reinstatement by 31 March 2021.	1.25 km of Testing, disinfection, backfilling and reinstatement by 31 March 2021.	Target achieved	R 3 500 000	R 2 559 295,54	None	None	Completion certificate	98km of HDPE, uPVC and steel pipe completed with associated chambers and valves by 31 December 2019	108.3km of HDPE, uPVC and steel pipe completed with associated chambers as at 30 June 2020. Valves were not completed.

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
											completed.											
Basic Service Delivery	TEC7	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	100% Completion of Works on Electrical and Mechanical components. All reservoir work and pipework to commence by 30 June 2021	% completion of all works of eletrical and mechanical components	Enguga / Entshaybantu & Macksam Community Water Supply Scheme Phase 5. (Completion of civil works, mechanical and electricial works)	Completion of all civil works and Mechanical and electrical works by March 2021.	Completion of all civil works and Mechanical and electrical works by March 2021.	% Completion of all civil works, Mechanical and electrical works	100% Completion of Works on Electrical and Mechanical components. All reservoir work and pipework to commence by 30 June 2021	% Completion of the following activities as at 30 June 2021 = Mechanical works – 85% =Electrical works – 75% = Reservoir and	Target partially achieved	R 6 922 951	R 5 295 583,15	Poor management of resources on site. Cash flow issues which resulted in non-payment of service providers. Labours not paid which resulted in them striking. Site was shut down	More stricter management control of the project. More frequent technical meetings to be held. Every two weeks, from September 2021, Technical meetings will be held	Signed Monthly Progress Reports, Minutes on Progress Meeting held and invoices	Not Included	Not Included

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
														pipework 35%				By the HS officer due to non-compliance issues.	and a one-month progress meeting. Municipality will ensure that payments to contractors are paid within the stipulated period of 30 days.			
Basic Service Delivery	TEC8	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	100% Completion of all works, commissioning and testing by the 30th June 2021.	% completion of all works, commissioning and testing	Mbhava / Mpethu Community Water Supply Scheme. (Laying of pipelines and upgrading of	100% project completion of all works	Detailed design/ Tender documentation stage	100% Completion of all works, commissioning and testing	2Km of pipelines by the 30th June 2021.	Construction of 3.5 km of pipelines (includes clear and grub, excavation, laying, bedding and	Target achieved and exceeded	R 36 337 794	R17 229 238,28	None	None	Signed Monthly Progress Reports, Invoices	Not Included	Not Included

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
									pump station)					backfill) by 30 June 2021.								
													Reservoir inlet chambers: 1 by the 30th of June 2021.	Reservoir inlet chambers 1 by 30 June 2021 not finalised. Progress on project is as follows. Reservoir's inlet chambers is 32.5% on average. (inlet chamber N 40%,	Target partially achieved			There was a slow progress by the subcontractors to construct inlet chambers .	Contractors added additional resources to assist subcontractors. There are also ongoing meetings which take place to resolve issues and to improve performance	Signed Monthly Progress Reports, Invoices		

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
														inlet chamber M 40%, inlet chamber L 40%, inlet chamber P 10%) .								
Basic Service Delivery	TEC9	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Completion of all works,, i.e Completion of 2km of pipelines , 50% Construct 1 * 50 kℓ/d pump station.50%	Number KM pipeline constructed % completed on construction of borehole and	KwaMathwanya Community Water supply scheme . (Construction of pump, laying of	100% project completion	Detailed design/ Tender documentation stage	Project implementation and completion of all works	Completion of 2km of pipelines by 31 June 2021.	Construction of 4.3 km of pipeline (includes clear and grub, excavation, laying, beddin	Target achieved	R 11 769 600	R 3 074 369.14	None	None	Monthly Progress Reports, Minutes for progress meeting held and	Not Included	Not Included

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
							Construction of 1 borehole chamber and 50% Installation of 1* 200KL Elevated steel tank by 30 June 2021..	pumpstation	pipelines, elevated reservoir and house connections)				50% Construct 1 * 50 kℓ/d pump station.	0% Construction of 1 x 50 kℓ/d pump station	Target not achieved			Poor workmanship, poor planning and allocation of resources by the contractor resulted in delays to commencement of these items.	Increase of resources and proper planning required by the contractor.	Invoices		

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
													50% Construction of 1 borehole chamber	0% of Borehole chamber construction. Setting out, Excavation, Floor slab, Wall lift, by June 2021.	Target not achieved			Poor workmanship, poor planning and allocation of resources by the contractor resulted in delays to commencement of these items. Lack of approval of WULA also caused delay.	Increase of resources and proper planning required by the contractor. Involve Cogta to also fast track approval of WULA			
													50% Installation of 1* 200KL Elevated steel tank by 31 June 2021.	Geotechnical investigation: 100% Setting out: 100% Bulk excavation: 100% Layerworks: 100%	Target partially achieved							
Basic Service Delivery	TEC10 IDP Ref	Basic Service Deli	an efficient, competitive and	inclusion and access	Provision of quality basic services and	To ensure provision of servic	Completion of reservoir chambers, 1km of pipe	Number KM of pipeline constructed ,	Nadi - Efaye Phase 2 A (Compl	100% Project completion	The construction of the Concrete	Completion of reservoir chambers, 1km	Completion of reservoir chambers, 1km	Completion of reservoir chambers,	Target achieved	R 28 800 000	R8 874 062,26	None	None	Completion certificate	20km of pipeline completed, footings for 1x1	15.78Km of pipe completed in this financial year (29.19km June 2019 - 13.41km June 2020). 1x1 ML

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
	- TEC 5	very	responsive economic infrastructure network		infrastructure	es in sustainable manner.	testing , chamber construction on the pipeline, Painting of chambers, pipe markers, grassing and rehabilitation by the 30th of September 2020.	Painting of chambers, pipe markers, grassing and rehabilitation	etion of reservoir chambers and testing of pipeline)		Reservoirs and Concrete BPTs is at roof level. Pipelines have been laid.	of pipe testing , chamber construction on the pipeline , Painting of chambers, pipe markers , grassing and rehabilitation	of pipe testing , chamber construction on the pipeline , Painting of chambers, pipe markers, grassing and rehabilitation by the 30th of September 2020.	1km of pipe testing , chamber construction on the pipeline, Painting of chambers, pipe markers, grassing and rehabilitation by the 30th of September 2020.								ML reservoir and 150Kl and 50kl concrete break pressure tank completed by the 30th of June 2020	reservoir and 150Kl and 50kl concrete break pressure tank - complete.
Basic Service Delivery	TEC12 IDP Ref - TEC 7	Basic Service Delivery	an efficient, competitive and responsive economic infrastructur	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	100%Completion of Reservoir, testing and commissioning by 30 June 2021	Construction of pipeline, yard taps, associated valves and fittings. Layer	Nadi to ekhamanzi Phase 3B Community Water supply scheme .	100% project completion	Project is at construction stage with the overall project completion at 50%.	Project completion	70% Completion of Reservoir testing and commissioning by 30 June 2021	37% Completion percentage of reservoir testing and commissioning by 30	Target achieved	R 30 000 000	R 28 073 687.04	The project delayed due to land issues (PTO)	All land issues to be resolved first before project starts	Signed Monthly Progress Reports, Invoices,	10km of pipeline completed and bulk earthworks for 1 M (10%) reservoir and footings	34.07km of pipeline completed and bulk earthworks for 1 M (0%) reservoir and footings for 10.8kl (90%) elevated steel tank not yet completed as at 30th of June 2020 .

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
			e network					works to Reservoir	(Laying of pipeline, construction of reservoir and installation of yard taps connection)		Pipes have been laid, yard connections ongoing, chambers and fittings, and steel tanks all in progress.			June 2021.								for 10.8kl (10%) elevated steel tank completed by the 30th of June 2020	
													15.16km of Pipeline by 30 June 2021	19.14 km of pipeline by 30 June 2021	Target achieved and exceeded			None	None			
													148 Yard Taps by 30 June 2021	249-yard taps by 30 June 2021	Target achieved and exceeded			None	None			

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC13	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of pipelines - 5km. Layerworks for Reservoirs by 30 June 2021	Number KM of pipeline constructed	Greater Efaye reticulation water supply scheme - Phase 4 (Laying of pipelines and construction of reservoirs and yard taps connection)	100% project completion	Detailed design/ Tender documentation stage	100% project completion	Construction of pipelines - 5km. 400KL reinforced concrete reservoirs - 100% by June 2021. 50KL reinforced concrete reservoirs - 10%.	Construction of 10km of pipeline of varying diameters constructed by 30 June 2021. 400KL RC Reservoir: 0 of 1 complete (100% Geotechnical report complete by 30 June 2021 50KL BPT: 1 of 1 complete	Target achieved	R 20 900 000	R65 100 399.81	None	None	Signed monthly progress reports, Invoices	Not Included	Not Included

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
														(concrete works complete) by 30 June 2021.								
Basic Service Delivery	TEC23	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Completed Specification document by June 2021.	Tender document	Rosseta Ntulis Farm Laying of pipeline from the reservoir to boundary of Housing project)	Bulk link main to the boundary of housing project.	Planning and design.	Finalisation of design and tender process	Completed Specification document by June 2021.	Specification document not concluded by June 2021.	Target not achieved	R 2 000 000	N/A	Due to the scope being minor. Umgeni water underto ok to absorb it into their existing contracts. The project now will be implemented by umgeni water	Project is now done by Umgeni Water.	N/A	Not Included	Not Included

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC24	Basic Service Delivery	an efficient, competitive, and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Completed Specification document by June 2021.	1* completed Tender document	Mpofana Bulk - Mpofana Village (Bulk link main to the existing reservoir)	Bulk link main to the existing reservoir	Appointment of engineer.	Finalisation of design and tender process	Completed Specification document by June 2021.	Specification document not concluded by June 2021.	Target not achieved	R 0	R0	The finalisation of the design process has taken longer than expected, due to exploring off all the options availabl e for the system and selection of the most optimal one.	To ensure that going forward the design approval process is fast tracked for the next financial year	Conceptual Design Review dated June 2021	Not Included	Not Included

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC25	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Appointment of contractor by June 2021.	Tender document	Cedara Water and waste water (Bulk link main)	Bulk link main to the reservoir Refurbishment of the outfall sewer to the plant.	Appointment of engineer.	Finalisation of design and tender process	Appointment of contractor by June 2021.	Service Provider appointed as at 30 June 2021	Target achieved	R 0	R0	None	None	PED Report, Geotechnical Investigation Report, CEDARA Bulk Water Supply and WWTV Upgrade (all documentation from Bigen Africa Group	Not Included	Not Included
RURAL ROADS ASSET MANAGEMENT																						
Basic Service Delivery	TEC15 IDP Ref - TEC 14	Basic Service Delivery	an efficient, competitive and responsive economic infrast	inclusion and access	Provision of quality basic services and infrastructure	Rural roads study to inform road maintenance	5* Rural roads asset assessment conducted in (Msunduzi, 284 assets*	Number of roads assets assessed	Rural Roads Asset Management System - Assessment of the conditio	Roads Assets assessed in uMngeni, Mkhambathini, Richmond, uMshw	10446 Road assets assessed in Msunduzi (1684 channels; 2128	roads assets to be assessed (Msunduzi 41 767; Umshwathi 1242;	5* Rural Roads Assets assessment in uMngeni, Mkhambathini, Richmo	5* Rural Roads Assets assessment in uMngeni, Mkhambathini, Richmo	Target achieved	R2 552 000,00	R 2 551 950,69	None	None	Rural Road Asset Management Syaste m Grant Assessment report	100% of visual assessments of the Rural Roads Status conducted by the 30th	100% of visual assessments of the Rural Roads Status completed by the 30th of June 2020

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
			ructure network				at Impendle, 1* road assessment at umngeni, Mpofana, uMshwathi, 450* at Mkhambathini and 1823* at Richmond)		n of rural roads	athi, and Impendle	kerb inlets; 4122 roads signs)	Mpofana 1798;Richmond 1823;Impendle 284; Mkhabathini 450; & Umgeni 7195)	nd, uMshwathi, and Impendle b 30 June 2021	nd, uMshwathi, and 284 assets assessed in Impendle LM, Richmond LM 1823 and mkhambathini 450							from DoT and Invoices	of June 2020	
SANITATION																						
Basic Service Delivery	TEC16 - IDP Ref - TEC 10	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 150 VIP toilets by 30 June 2021	Number of toilets completed	Mkhambathini VIP Backlog Toilets (Construction of VIP toilets)	1620 VIP toilets	0 VIP toilets	1620 VIP toilets	Construction of 150 VIP toilets by 30 June 2021	150 VIP toilets completed by 30 June 2021	Target achieved	R3 000 000,00	R 31 737 433,72	None	None	Closure reports, Project Co-ordinates and Invoices	181 x VIP toilets units completed for uMkhambathini Local Municipality by the 30th of June 2020	Contractor has been appointed, site has been established and material has been delivered on site. Construction has commenced but zero VIP toilet unit completed.

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC17 IDP Ref - TEC 11	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 150 VIP toilets by 30 June 2021	Number of toilets completed	uMgeni VIP Backlog Toilets (Construction of VIP toilets)	1621 VIP toilets	0 VIP toilets	1621 VIP toilets	Construction of 150 VIP toilets by 30 June 2021	150 VIP toilets completed by 30 June 2021	Target achieved	R3 000 000,00		None	None	Closure reports, Project Co-ordinates and Invoices	181 x VIP toilets units completed for uMngeni Local Municipality by the 30th of June 2020	Contractor has been appointed, site has been established and material has been delivered on site. Construction has commenced but zero VIP toilet unit completed.
Basic Service Delivery	TEC18 IDP Ref - TEC 12	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 150 VIP toilets by 30 June 2021	Number of toilets completed	Richmond VIP Backlog Toilets (Construction of VIP toilets)	1622 VIP toilets	0 VIP toilets	1622 VIP toilets	Construction of 150 VIP toilets by 30 June 2021	150 VIP toilets completed by 30 June 2021	Target achieved	R3 000 000,00		None	None	Closure reports, Project Co-ordinates and Invoices	181 x VIP toilets units completed for Richmond Local Municipality by the 30th of June 2020	Contractor has been appointed, site has been established and material has been delivered on site. Construction has commenced but zero VIP toilet unit completed.

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements.	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC19 IDP Ref - TEC 9	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 150 VIP toilets by 30 June 2021	Number of toilets completed	Impendle VIP Backlog Toilets (Construction of VIP toilets)	1623 VIP toilets	0 VIP toilets	1623 VIP toilets	Construction of 150 VIP toilets by 30 June 2021	150 VIP toilets completed by 30 June 2021	Target achieved	R3 000 000,00		None	None	Closure reports, Project Co-ordinates and Invoices	90 x VIP toilets units completed for iMpendle Local Municipality by the 30th of June 2020	Contractor has been appointed, site has been established and material has been delivered on site. Construction has commenced but zero VIP toilet unit completed.
Basic Service Delivery	TEC20 IDP Ref - TEC 8	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 150 VIP toilets by 30 June 2021	Number of toilets completed	uMshwathi VIP Backlog Toilets (Construction of VIP toilets)	1624 VIP toilets	0 VIP toilets	1624 VIP toilets	Construction of 150 VIP toilets by 30 June 2021	150 VIP toilets completed by 30 June 2021	Target achieved	R3 000 000,00		None	None	Closure reports, Project Co-ordinates and Invoices	181 x VIP toilets units completed for uMshwathi Local Municipality by the 30th of June 2020	Contractor has been appointed, site has been established and material has been delivered on site. Construction has commenced but zero VIP toilet unit completed.

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
Basic Service Delivery	TEC21 IDP Ref - TEC 13	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure provision of services in sustainable manner.	Construction of 150 VIP toilets by 30 June 2021	Number of toilets completed	Mpofana VIP Backlog Toilets (Construction of VIP toilets)	1625 VIP toilets	0 VIP toilets	1625 VIP toilets	Construction of 150 VIP toilets by 30 June 2021	150 VIP toilets completed by 30 June 2021	Target achieved	R3 000 000,00		None	None	Closure reports, Project Co-ordinates and Invoices	90 x VIP toilets units completed for Mpofana Local Municipality by the 30th of June 2020 - R500 000	Contractor has been appointed, site has been established and material has been delivered on site. Construction has commenced but zero VIP toilet unit completed.
Water Distribution																						
BASIC SERVICE DELIVERY	TEC26 IDP Ref - Tec 15	Basic Service Delivery	an efficient, competitive, and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	12 000 000 Kl of bulk water to be purchased	KL of bulk water purchased	Bulk water purchases	Sustainable water supply	0 Kl	Sustainable water supply	12 000 000KL of Bulk Water to be purchased by the 30th of June 2021	12 910 484KL of Bulk Water to be purchased by the 30th of June 2021	Target achieved and exceeded	R254 520 000,00	R425 632 961.52	None	None	Invoices	18000ML of Bulk Water purchased by the 30th of June 2020	22 930 ML of bulk water purchased by 30 June 2020

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
BASIC SERVICE DELIVERY	TEC27 IDP Ref - Tec 16	Basic Service Delivery	an efficient, competitive, and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	203890 KL of Water delivered with 48 hired Water Tankers deployed for water distribution by 30 June 2021	KL of water delivered through water tanker trucks hired and deployed for water delivery by 30 June 2021	Provision for water services with water tankers	Sustainable water supply	0 KL of water distributed	Sustainable water supply	203890 KL of Water delivered with 48 hired Water Tankers deployed for water distribution by 30 June 2021	386346 KL of Water delivered with 48 hired Water Tankers deployed for water distribution by 30 June 2021	Target achieved and exceeded	R 54 000 000	R71.805 509	None	None	Invoices, water tanker supply annexure/ register	50 x Water Tanker Trucks hired and deployed for water distribution by the 30th of June 2020	48x Water Tanker Trucks hired and deployed for water distribution by the 30 June 2020
BASIC SERVICE DELIVERY	TEC28 IDP Ref - TEC 17, 18, and 19	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	Servicing and maintenance of 108 pump stations and 42 production boreholes as per approved roaster	Number of pump stations serviced	Servicing and maintenance of pump stations	Sustainable water supply	0 pump stations	Sustainable water supply	Servicing and maintenance of 108 pump stations and 42 production boreholes as per approved roaster by 30 June 2021	108 pump stations and 42 production boreholes serviced and maintained by 30 June 2021	Target achieved	R 13 142 868	R23 600 222.06	None	None	Schedule of site visits. Assets register per Lm attached with all pumps and boreholes that are serviced and mainte naned	100% of Water/ Sewer Pump Station - Electrical Engineering incidents resolved by the 30th of June 2020	100% resolved

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
BASIC SERVICE DELIVERY	TEC29 IDP Ref - Tec 20	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	Number of reports for Monitoring of Water Quality	% Monitoring of Water Quality	Water Quality monitoring	Sustainable water supply	None	Sustainable water supply	6 x monthly report for Water Quality monitoring by June 2021	6 x monthly report for Water Quality monitoring by June 2021	Target achieved	R 2 522 950	R1 811 288.70	None	None	Monthly water quality reports	100% Monitoring of Water Quality - Water Quality Testing and resolving all incidents by the 30th of June 2020	100% monitoring of water quality
BASIC SERVICE DELIVERY	TEC30 IDP Ref - Tec 21	Basic Service Delivery	an efficient, competitive and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	23 000 kg of Water Treatment Chemicals purchased	Number of Kg of Water Treatment Chemicals purchased	Purchase of water treatment chemicals	Sustainable water supply	None	Sustainable water supply	23 000kg of Water Treatment Chemicals purchased by the 30th of June 2021	23440kg of Water Treatment Chemicals purchased by the 30th of June 2021	Target achieved			None	None	invoices and Purchase orders	64 952kg of Water Treatment Chemicals purchased by the 30th of June 2020	50 640 kg of Water Treatment Chemicals purchased by the 30th of June 2020

KPA REF	SDBIP / IDP Ref	B2B REF	MTSF	UIDF	IDP Priorities	Strategic Objective	Annual Key Performance Indicator	Unit of Measure	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reasons for Variance	Planned Improvements	Portfolio of evidence	Annual Target 2019/2020	Annual Achievement 2019/2020
BASIC SERVICE DELIVERY	TEC22 IDP Ref - Tec 22	Basic Service Delivery	an efficient, competitive, and responsive economic infrastructure network	inclusion and access	Provision of quality basic services and infrastructure	To ensure the provision of services in sustainable manner.	6 x Monthly reports on operations & maintenance of Wastewater Works	Number of Monthly reports on operations & maintenance of Waste water Works	Operations & Maintenance of Wastewater Works	Sustainable water supply	None	Sustainable water supply	6 x Monthly reports on operations & maintenance of Wastewater Works by the 30th of June 2021	6 x Monthly reports on operations & maintenance of Waste water Works by the 30th of June 2021	Target achieved	R 42 000 000	R48 392 733.20	None	None	Monthly Waste water quality reports	12 x Monthly reports on operations & maintenance of Waste Water Works by the 30th of June 2020	12 x Monthly reports for operations & maintenance by 30 June 2020

FINANCE SERVICES

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
FINANCIAL MANAGEMENT																					
Municipal Financial Viability and Management	FIN 001	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To ensure direction and leadership within the Financial Serviced Department	12 x Monthly reports on mSCOA and Financial Support Management implementation submitted to National Treasury by the 30th of June 2021	mSCOA and Financial Support Management	12 x Monthly mSCOA Compliant Reports Submitted to National Treasury	12 x Monthly mSCOA Compliant Reports Submitted to National Treasury	NIL	12 x Monthly reports on mSCOA and Financial Support Management implementation submitted to National Treasury by the 30th of June 2021	12 x Monthly reports on mSCOA and Financial Support Management implementation submitted to National Treasury	Achieved	Salaries Budget	Salaries Budget	None	None	Treasury Validation Report	12 x Monthly reports on mSCOA and Financial Support Management implementation by the 30th of June 2020	12 x Monthly reports on mSCOA and Financial Support Management implementation by the 30th of June 2020
	FIN 002	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To ensure effective financial reporting	Annual AFS submitted to AG by 31 Aug 2020	Annual Financial Statements Submitted	1 Set of Financial Statements	1 Set of Financial Statements	NIL	Annual AFS submitted to AG by 31 Aug 2020, Preliminary AFS submitted to Internal Audit by 31 May 2021 and 12x 2020/21	An extension of deadline was granted by Minister of Finance to the 30th of October 2020 for Q1, AFS Submitted on 31	Partially Achieved	Salaries Budget	Salaries Budget	Limited capacity within the department	A resource has been secured from KZN Treasury from July 2021 for a period not exceeding 6 months for accounting and financial	AFS submitted and acknowledgment letter from Auditor General	1 x Annual AFS Report audited by the 30th of September 2019	1 x Annual AFS Report audited by the 30th of September 2019

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
												Monthly Sectional Reconciliations by 30 June 2021	October 2020 due to extension					reporting support.			
	FIN 003	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure Financial Sustainability	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Annual Budget adopted by the 31st of May 2021	Budget Compilation and Approval	1	1	NIL	Annual Budget adopted by the 31st of May 2021	Public Participation meetings facilitated; and Annual Budget adopted by the 31st of May 2021	Achieved	Salaries Budget	Salaries Budget	None	None	Report on Presidential Budget Speech considerations; Communication for the proposed increases by the Bulk Service Providers; Draft Tariff Calculation; Communication sent to the Development Agency advising of the	1 x Final Annual Budget approved and adopted by the 31st of May 2020	1 x Final Annual Budget approved and adopted by the 31st of May 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																			Allocation; Assessment of Municipal Entity Priorities and Objectives; Council resolution, Adopted annual budget		
	FIN 004	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Adopted budget process plan by 31 Aug 2020	Budget Process Plan Review	1	Approved and Reviewed Budget Process Plan	NIL	Adopted budget process plan by 31 Aug 2020	Adopted budget process plan by 31 Aug 2020	Achieved	Salaries Budget	Salaries Budget	None	None	Council resolution, adopted budget process plan	1 x Approved and Reviewed Budget Process Plan by 31 August 2019	1 x Approved and Reviewed Budget Process Plan by 31 August 2019

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 005	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Approved Mid Year Budget Implementation Assessment Report submitted to the Mayor, Provincial and National Treasury by the 25 Jan 2021; and submitted to Council by 31 January 2021	Mid Year Budget Implementation Assessment (Section 72 Report)	1	1 Approved Mid Year Budget Implementation Assessment	NIL	Approved Mid Year Budget Implementation Assessment Report submitted to the Mayor, Provincial and National Treasury by the 25 Jan 2021; and submitted to Council by 31 January 2021 and 3 x Quarterly Budget Implementation Assessment Report submitted to Council by June 2021	1 x Approved Mid Year Budget Implementation Assessment Report submitted to the Mayor, Provincial and National Treasury by the 25 Jan 2021 and submitted to Council by 31 January 2021	Target achieved	Salaries Budget	Salaries Budget	None	None	Council resolutions; Quarterly Budget Implementation Assessment Reports; and Mid Year Budget Implementation Assessment Report; Adjusted budget report; and Treasury Validation Report	1 x Approved Mid-Year Budget Implementation Assessment Report by the 31st of March 2020	1 x Approved Mid-Year Budget Implementation Assessment Report by the 31st of March 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 006	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Approved Mid Year Budget Adjustment by 28 February 2021	Mid Year Budget Adjustment	1	Approved Budget Adjustment	NIL	Approved Mid Year Budget Adjustment by 28 February 2021	1x approved budget adjustment by 28 February 2021	Achieved	Salaries Budget	Salaries Budget	None	None	Adjusted budget report and Council resolution; and Treasury Validation Report	1 x Approved Budget Adjustment by the 31st of March 2020+N8:O11 N8:O10N8:O8	1 x Approved Budget Adjustment by the 31st of March 2020
	FIN 007	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	In-year monitoring monthly reports submitted to the Mayor and Provincial Treasury within 10 working days of the start of the month	Section 71 In Year Monthly Reports Submission	12	12	NIL	12 x In-year monitoring monthly reports submitted to the Mayor and Provincial Treasury within 10 working days of the start of the month by 30 June 2021	12 x In-year monitoring monthly reports submitted to the Mayor nd Provincial Treasury by 14 April 2021	Achieved	Salaries Budget	Salaries Budget	None	None	Acknowledgement of receipt by the Mayor; Proof of submission to Provincial Treasury; IYM reports & resolutions	12 x In-year monitoring monthly reports submitted by the 30th of June 2020	12 x In-year monitoring monthly reports submitted by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 008	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Compliance with all related GRAP standards and Municipal Budget and Reporting Regulations	Quarterly Budget Implementation Reports submitted to the Mayor, Provincial and National Treasury within 30 days after the end of the previous Quarter	Quarterly Budget Implementation Report (Section 52 Reports)	4	4 x Quarterly Budget Implementation Reports submitted to the Mayor within 30 days after the end of the previous Quarter	0	4 x Quarterly Budget Implementation Reports submitted to the Mayor, Provincial and National Treasury within 30 days after the end of the previous Quarter	4x Quarterly Budget Implementation Reports submitted to the Mayor, Provincial and National Treasury by 30 April 2021	Achieved	Salaries Budget	Salaries Budget	None	None	Acknowledgement of receipt by the Mayor; Proof of submission to Provincial Treasury; Proof of submission to National Treasury; Section 52(d) reports & resolutions	4 x Quarterly Reporting Returns and Annual Financial Statements Submitted by the 30th of June 2020	4 x Quarterly Reporting Returns and Annual Financial Statements Submitted by the 30th of June 2020
EXPENDITURE MANAGEMENT																					
Municipal Financial Viability and Management	FIN 010	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Payment of creditors taking into account all related legislation including compliance with the VAT Act.	Monthly reconciliations for bank accounts and creditors prepared and reviewed by 30 June 2021	Preparation and review of monthly reconciliations for bank accounts and creditors	12 x Months Monthly Reports Submitted	12 x Months Monthly Reports Submitted	0	12 x Monthly reconciliations for bank accounts and creditors prepared and reviewed by 30 June 2021	13 x Monthly reconciliations for bank accounts and creditors prepared and reviewed by 30 June 2021	Achieved	Salaries Budget	Salaries Budget	None	None	Monthly Reconciliations for bank and creditors accounts	12 x Monthly reconciliations for bank accounts and creditors prepared and reviewed by the 30th of June 2020	12 x Monthly reconciliations for bank accounts and creditors prepared and reviewed by the 30th of June 2020
	FIN 011	Sound Financial	Responsive, accou	Governance	Ensure financial	Payment of creditor	80% Payment of	Payment of	30 days	> 30 days	NIL	80% Payment of	80% Payment of	Partially Achieved	Salaries	Salaries Budget	Expenditure incurred by user	Approved recovery plan to be	Accounts Payable Age	100% Payment of Creditors	Not All payments were done

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
		Management	ntable, effective and efficient local government		sustainability	s taking into account all related legislation including compliance with the VAT Act.	Creditors within 30 days by 30th June 2021	Creditors				Creditors within 30 days by 30th of June 2021	Creditors within 30 days by 30th of June 2021		Budget		departments may not be inline with the approved SDBIP which puts a strain on the liquidity of the municipality therebu caising delays in payment processing due to insufficient funds. The vairaince in the month of June 2021 was due to the cashflow problem of which the municipality had to defer some of the invoices until it received its July tranche of equitabe share.	implemented so as to improve liquidity. The municiplity needs to have a proper priority of expenditure items in order of importance.	Analysis Age analysis creditors reconciliation and explanations	within 30 days by the 30th of June 2020	within 30 days.

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 014	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Employee related costs payable within the legislative prescripts	Report on preparation, review and submission of EMP 501 return and IRP5's to SARS by the 30th of June 2021	IRP 5's report Review	1	1	NIL	Report on preparation, review and submission of EMP 501 return and IRP5's to SARS by the 30th of June 2021	3x Submission of EMP 201 each month within 7-days into the following month were dne and submitted to SARS inline with legislated dates (Q1) 1 x Report on preparation, review and submission of EMP 501 return and IRP5's to SARS by the 31 May 2021	Achieved	Salaries Budget	Salaries Budget	EMP501 is done in May each year. Only an interim submsission is done in Q1 whichis a recon for information in each person's datafile.	None as as the IRP5's are only done in May each year, the recon of the database was done in the first quarter.	EMP 501 Return	12 x Reports on preparation, review and submission of monthly PAYE and VAT returns by the 30th of June 2020	12 x Reports on preparation, review and submission of monthly PAYE and VAT returns by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 016	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Employee related costs payable within the legislative prescripts	Actuarial Valuations Report prepared for AFS purposes by the 30th of June 2021	GRAP 25 compliance , Actuarial Valuations	1	1	NIL	Actuarial Valuations Report prepared for AFS purposes by the 30th of June 2021	Actuarial valuations are done in the first quarter for the period ending in the previous quarter. The actuaries have now been appointed for valuations.	Partially Achieved	Salaries Budget	R15,000 for the preparation of actuarial reports for three defined benefit plans	The actual valuations not done in Q4, but it relates to the end of Q4. This will be reported in the new financial year in Q1.	Outcome will be reported in the new financial year in Q1.	Letter of appointment	1 x Actuarial Valuations Report prepared by the 30th of June 2020	1 x Actuarial Valuations Report prepared by the 30th of June 2020
	FIN 018	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Employee related costs payable within the legislative prescripts	Monthly Preparations, reviews and payments of insurance premiums by the 30th of June 2021	Update Group Life Insurance Schedules	1	Annual Financial Statements	NIL	12 x Preparations, reviews and payments of insurance premiums by the 30th of June 2021	12 x Preparations, reviews and payments of insurance premiums by the 30th of June 2021	Achieved	R2 150 000, 00	R825,130.32 (Q1), R925,009.76 (Q2), R954, 798.65, (Q3), R950, 667.50 (Q4) Total Expenditure at year end =R2 831, 301.04	None	None	Insurance Schedule	12 x Preparation , review and payment of insurance premiums by the 30th of June 2020	12 x Preparation , review and payment of insurance premiums by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
REVENUE MANAGEMENT																					
Municipal Financial Viability and Management	FIN 020	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Maximise revenue generation to facilitate financial sustainability through a cost reflective tariffs and strong revenue raising strategies	Average % Billing of customers for consumption of water and provision of sanitation services by 30 June 2020	Billing of Statements	12	12	NIL	100% Billing of customers for consumption of water and provision of sanitation services by 30 June 2020	100% Billing of customers for consumption of water and provision of sanition services by 30 June 2021	Target achieved	Salaries Budget	N/A	None	None	Monthly Billing Report	Target not included	Target not included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 020 .1	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Maximise revenue generation to facilitate financial sustainability through a cost reflective tariffs and strong revenue raising strategies	12 x Monthly Billing reports produced by 30th of June 2021	Printing of Statements	12	12	NIL	12 x Monthly Billing reports produced by 30th of June 2021	12 x Monthly Billing reports produced 30 June 2021	Target achieved	18000	N/A	None	None	Monthly Billing Report	12 x Monthly Billing reports & Posting of statements by the 30th of June 2020	12 x Monthly Billing reports & Posting of statements by the 30th of June 2020
	FIN 021	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Maximise revenue generation to facilitate financial sustainability through a cost reflective tariffs and	Average % of customer statements posted by 30 June 2021	Posting of Statements	12	12	NIL	100% of customer statements posted by 30 June 2021	Average of 65% of customer statements posted by 30th June 2021	Target partially achieved	Salaries Budget	N/A	Customers statements are emailed and not posted currently as the municipality is not using the postal service. Not all customers have emailed addresses.	Customer update through the Revenue Enhancement Strategy to increase number of customers receiveing email · statements	Monthly Billing Report; Audit trail of emailed statements, Invoices	Target not included	Target not included

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						strong revenue raising strategies															
	FIN 022	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Maximise revenue collection and reduce number of days for revenue collection.	Average % Revenue collection rate by the 30th of June 2021	Debtors Collection	70 % Collection Rate	64 % Collection rate	36 % Collection rate	60% Revenue collection rate by the 30th of June 2021	Average of 57% Revenue collection rate as at the 30th June 2021	Target partially achieved	Salaries Budget	N/A	There is a culture of non-payment for service rendered to rural areas and townships and recovery of revenue by the municipality becomes difficult. Due to the prevailing volatile political atmosphere, it is not easy for a municipality to successfully carry out water restriction and disconnecti	1. To have a maintance plan to address issues of agieng infrastructure, replacement of faulty meters and unallocated meters. 2. Data cleansing exercise to identify those customers that can not afford to pay (basic service). 3. To conduct a holistic evaluatio	Collection Rate Calculation; In-year Monitoring Reports	70% Revenue collection rate by the 30th of June 2020	70% Revenue collection rate by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																	ons when consumers do not pay their water bills in these areas.	n of the WRM framework and identify operational challenges to the provision of water to rural communities. 4. To determine the factors that have undermined water provision within communities. 5. To implement Credit control and debt collection policy fully in terms of restrictions and disconnection of water supply to non paying consumers.			

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	FIN 023	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	Reduce customer query turnaround time and improve customer satisfaction	Customer Query Resolving within average of 5 days after receipt by the 30th of June 2021	Query Resolving	5 Day Query Resolving Target	Average of 5 days	NIL	Customer Query Resolving within average of 5 days after receipt by the 30th of June 2021	Customer Query Resolving within 30 days after receipt by the 30th June 2021	Target not achieved	Salaries Budget	N/A	Other departments are not utilising the incident management system adequetly	Technical services need to use the system to improve the time taken to resolve customer quiries that are related to faults. Training to be provided to log incidents.	Query Log	Customer Query Resolving within 5 days after receipt by the 30th of June 2020	Customer Query Resolving within 5 days after receipt by the 30th of June 2020
SUPPLY CHAIN MANAGEMENT																					
Municipal Financial Viability and Management	FIN 025	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To ensure that the resources to fulfil the need identified in the procurement plan are delivered at the correct price, time, place, quantity and quality	Annual Procurement plan prepared and approved by Full Council by the 30th of June 2021	Annual Procurement plan prepared	1	1	NIL	1x Annual Procurement Plan for 2020/2021 FY by 30 July 2020 submitted to KwaZulu-Natal Treasury, Submission of 4 x Quarterly Procure	1 x Annual Procurement plan prepared for approval by Full Council on 01 September 2020 (Q1), Quartely Procurement plan Submitted to the	Target achieved	Salaries Budget	N/A	None	None	Annual Procurement plan; Council resolution; Proof of submission to KZN Treasury (Email to KZNPT)	1 x Annual Procurement plan prepared for approval by Full Council by the 30th of September 2019	1 x Annual Procurement plan prepared for approval by Full Council by the 30th of September 2019

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						to satisfy the need(s).						ment Plan performance report to the KwaZulu-Natal Treasury by 30th June 2021 and 1 x Annual Procurement plan 2021/22 prepared and approved by Full Council by the 30th of June 2021	KwaZulu-Natal Provincial Treasury on 23 April 2021. (Q4)									
	FIN 026	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To ensure acquisition delegations are in place for the organisation. Ensure the market	Average number of days for conversion of requisitions below R30 000.00 to Purchas	Reduced number of days to place an order below R30 000	7 days	7 days	NIL	Average of 7 days for conversion of requisitions below R30 000.00 to Purchase Orders	Average of 5 Days	Target achieved	Salaries Budget	N/A	None	None	Average Day Calculation; Schedule of Purchase Orders, System Log	7 day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2020	7 days Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						assessed and a sourcing (procurement) strategy is determined	e Orders by the 30th of June 2021					by the 30th of June 2021									
	FIN 027	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	No. of days for requisition to be converted to a purchase order for orders above R30 000 but below R 200 000	Average number of days conversion of Requisitions above R 30 000 and below R 200 000 to Purchase Order by the 30th of June 2021	Reduced number of days for orders between R 30 000 and R 200 000	30	30	NIL	Average 30 days conversion of Requisitions above R 30 000 and below R 200 000 to Purchase Order by the 30th of June 2021	Average of 12 Days	Target achieved	Salaries Budget	N/A	None	None	Average Day Calculation; Schedule of Purchase Orders, System Log	30 day Conversion to an Order progression of all Requisitions above R 30 000 and below R 200 000 by the 30th of June 2020	30 day Conversion to an Order progression of all Requisitions above R 30 000 and below R 200 000 by the 30th of June 2020
	FIN 028	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To ensure that best practice procurement and contract management practice	12 x Monthly Contract Management Assessment Reports prepared and submitted to the	Review and management of Contracts	12	12	NIL	12 x Monthly Contract Management Assessment Reports prepared and submitted to the	Report submitted to the CFO on 30 June 2021.	Target achieved	Salaries Budget	N/A	None	None	Monthly contract management report	100% Review and management of Contracts by the 30th of June 2020	100% Review and management of Contracts by the 30th of June 2020

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						is applied consistently throughout the Council.	CFO by 30th of June 2021					CFO by 30th of June 2021									
ASSETS MANAGEMENT																					
Municipal Financial Viability and Management	Fin 029	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To develop a strategic approach to assets management by developing a GRAP Compliant Assets Register and Assets Management Processes	4 x Quarterly Assets Verification of Moveable Assets conducted by the 30th of June 2021	Assets Accountability, completeness and verification	4	4	NIL	4 x Quarterly Assets Verification of Moveable Assets conducted by the 30th of June 2021	1x Quartely Assets Verification of Moveable Assets conducted by the 30th of June 2021	Target achieved	Salaries Budget	N/A	None	None	Asset Control sheet, Quarterly verification reports	4 x Quarterly Assets Verification of Moveable Assets conducted by the 30th of June 2020	4 x Quarterly Assets Verification of Moveable Assets conducted

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	Fin030	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To develop a strategic approach to assets management by developing a GRAP Complaint Assets Register and Assets Management Processes	Annual Assets Verification of Immoveable Assets by the 30th of June 2021	Assets Accountability, completeness and verification	1	1	NIL	Annual Assets Verification of Immoveable Assets by the 30th of June 2021	Monthly updating of assets register with Work-In-Progress on infrastructure projects; Conditional Assessment of assets; and Annual Assets Verification of Immoveable Assets by the 30th of June 2021	Target achieved	Salaries Budget	N/A	None	None	WIP asset register and verification forms	1 x Annual Assets Verification of Immoveable Assets by the 30th of June 2020	1 x Annual Assets Verification of Immoveable Assets by the 30th of June 2020
	Fin031	Sound Financial Management	Responsive, accountable, effective and efficient local government	Governance	Ensure financial sustainability	To develop a strategic approach to assets management by developing a	12 x Monthly General Ledger and Assets Register Reconciliations by the 30th of June 2021	Acquisition updates on the assets register	12	12	NIL	12 x Monthly General Ledger and Assets Register Reconciliations by the 30th of June 2021	3 x Monthly General Ledger and Assets Register Reconciliations by the 30th of June 2021	Target achieved	Salaries Budget	N/A	None	None	FAR Reconcilitation, Asset register recons, and General Ledger	12 x Monthly General Ledger and Assets Register Reconciliations by the 30th of June 2020	12 x Monthly General Ledger and Assets Register Reconciliations

KPA	IDP/SDBIP Ref	B2B	MTSF	IUDF	IDP Priorities/ Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Back log	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						GRAP Complaint Assets Register and Assets Management Processes															

ECONOMIC DEVELOPMENT AND PLANNING

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
PLANNING																				

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
Cross Cutting Issues	EDP 1	Good Governance	create a better South Africa and contribute to a better Africa and better world	Spatial integration	To ensure sustainable and coordinated development throughout the uMDM	Number of Meetings of l (JMPT) Joint Municipal Planning Tribunal as per Spatial Planning Land Use Management Act by30 June 2021	Sitting of the Joint Municipal Planning Tribunal	8* JMPT meetings to be held	0	8* JMPT meetings to be held for this period	8 x JMPT Meetings by 30 June 2021	16 x JMPT Meetings held by 30 June 2021	Achieved and Exceeded	R 250 000,00	R 257 548 ,75	None	None	Attendance register, agenda of meeting	8 x Meetings of Operational (JMPT) Joint Municipal Planning Tribunal Committee as per Spatial Planning Land Use Management Act by the 30th of June 2020	8 x Meetings of Operational (JMPT) Joint Municipal Planning Tribunal Committee as per Spatial Planning Land Use Management Act by the 30th of June 2020
GIS & UMNGENI RESILIENCE PROGRAMME																				

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
Cross Cutting Issues	EDP 2	Good Governance	responsive, accountable, effective and efficient local government	Spatial integration	to ensure maintenance and update to the land information system	Number of reports on the maintenance and updates to the land information system by 30 June 2021	Land Information System	12	0	12	12 x maintenance and updates reports on the land information system by 30 June 2021	6 x maintenance and updates reports on the land information system by 30 June 2021	Partially Achieved	R 1 500 000,00	R 1 499 915 ,75	Recieved Roll communications on 11/01/2021 from Treasury via COGTA	Appointment and Inception set for February 2021	Project inception report , notification of payment , proof of transfer , appointment letter. GIS Monthly Reports, IDS Geo Spatial Progress Reports and Invoices	100% Acquisition of the Land Use Management System by the 30 September 2019	Completion of Project (100%) by 31 Decmber 2019
	EDP 3	Good Governance	responsive, accountable, effective and efficient local government	Spatial integration	Spatial Information Acquisition and Integration	Number of Acquisitions of Spatial Datasets for Supporting Land Information completed by 30 June 2021	Data acquisition	3	0	3	3 x Acquisitions of Spatial datasets for supporting Land information completed by 31	3x Acquisitions of Spatial datasets for supporting Land information completed by 31	Target Achieved	R 500 000,00	R 496 584 ,00	None	None	Purchase Orders, Invoicing and Proof of Payment	Not Included	Not Included

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
											March 2021	March 2021								
Cross Cutting Issues	EDP 4	Good Governance	an efficient, effective and development-oriented public service	Governance	Promote sound governance	To support and maintain user departments with GIS requirements throughout the District	Annual update of Spatial Support Data	1	1	None	100% Updated Spatial Support Data by the 30 September 2020	100% Order and Delivery of Spatial Data Updates achieved by 31 December 2021	Target Achieved	R 110 000,00	R 110 000,00	None	None	Report on Sucessful Updates, Purchase Orders, Invoicing and Proof of Payment	Not Included	Not Included
	EDP 5	Good Governance	an efficient, effective and development-oriented public service	Governance	Promote sound governance	To support and maintain user departments with GIS requirements through	Operational Maintenance	1	1	None	100% ESRI GIS Software Maintenance by the 31st of December 2020	100% ESRI GIS Software Maintenance by the 31st of December 2021	Target Achieved	R 201 388,00	R 201 388,00	None	None	Report on ESRI GIS Software Maintenance Renewal, Purchase Orders, Invoicing	Not Included	Not Included

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						out the District												and Proof of Payment		
UMngeni Resilience Project																				
Cross Cutting Issues	UR P1	Putting people first	protect and enhance our environmental assets and natural resources	Governance	To effectively adapt and manage unavoidable and potential damaging climate change impacts, through interventions that build and sustain South Africa, economic and environmental resilience and emergency response capacity.	Functional Flooding, Fire and Lightening warning Systems by 30 June 2021	Testing of early warning systems(Floods, fire & Lightning)	3	0	3	3 x Functional early warning systems for fire, flooding and lightening by 30 June 2021	3 x Functional early warning systems for fire, flooding and lightening by 30 June 2021 (1 x Fire early warning functionality report (Q3),	Target achieved	R 9 428 346,00	R 1 828 324 ,17	None	None	3 x progress reports on functional early warning systems submitted to, and approved by SANBI	New Target/ KPI	New Target/ KPI

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
												1x Flood Early warning and 1 x lightening function ality report, (Q4))								

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	UR P2	Putting people first	protect and enhance our environmental assets and natural resources	Governance	To effectively adapt and manage unavoidable and potential damaging climate change impacts, through interventions that build and sustain South Africa, economic and environmental resilience and emergency response capacity.	Development of the tender specifications for the Nhlazuka Climate Proofing Contract by 30 June 2021	Climate-proof built infrastructure and shelter in rural communities	4	0	4	1 x BSC Approved Tender Document Nhlazuka Climate Proofing Contract by 30 June 2021	1 x Conceptual Design Report on Climate Proof Project "submitted to UMDM by UKZN by 31 March 2021 (Q3), The tender specifications document is being prepared by UKZN who have committed to concluding it during	Target partially Achieved			UKZN who are preparing the document requested that it be delayed to Q1 of the following finanvial year. The reasons for the delay are the complexity of the technical work to be undertaken. It is rehabilitation work in many cases and requires careful	This project is still on track and will be reported on in Q1 of 2021/2022	Quarterly progress reports & UMDM BSC Approved tender specifications	Not Included	Not Included

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
												August 2021 . Once prepared by UKZN, UMDM will sign it off for SCM to activate the tender process (Q4)				detailing regarding how it can be measured				

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	UR P3	Putting people first	protect and enhance our environmental assets and natural resources	Governance	To effectively adapt and manage unavoidable and potential damaging climate change impacts, through interventions that build and sustain South Africa, economic and environmental resilience and emergency response capacity.	Hectares of restored wetland and rehabilitated grassland by June 2021	Progressive rehabilitation of grassland and restoration of Wetlands	50	0	4	50 Hectares of restored wetland and rehabilitated grassland by 30 June 2021	200Ha of rehabitation of grassland has been restored	Target Achieved			None	None	2x SANBI approved reports conducted by DUCT	Not Included	Not Included

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	URP3.1	Putting people first	protect and enhance our environmental assets and natural resources	Governance	To effectively adapt and manage unavoidable and potential damaging climate change impacts, through interventions that build and sustain South Africa, economic and environmental resilience and emergency response capacity.	Hectares of alien invasive plants cleared by June 2021	Alien Invasive Programme removal in Nhlazuka	100	0	100	100 Hectares of removed alien invasive plants by 30 June 2021	1000 Hectares of removed alien invasive plants (Q3) by 30 June 2021, No reportng done for Q4	Target Achieved			None	None	SANBI approved progress reports on Hectares Alien plant removal	Not Included	Not Included
	URP4	Putting people first	protect and enhance our environmental assets and natural resources	Governance	Promote sound governance	To effectively adapt and manage unavoidable and potential damaging climate change impacts, through	Develop 100km firebreaks at iNhlazuka	Develop 100km firebreaks at iNhlazuka	N/A	Develop 100km firebreaks at iNhlazuka	Appointment of service povider to conduct firebreaks at iNhlazuka by 30 June 2021	Target not achieved	Target not achieved	SANBI grant	N/A	Target could not be achieved due to the service provider stoping work on the project	This project will be propely planned for in the 2021/2022 financial year	Appointment letter	Not Included	Not Included

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						interventions that build and sustain South Africa, economic and environmental resilience and emergency response capacity.														
	UR P5	Putting people first	protect and enhance our environmental assets and natural resources	Governance	Promote sound governance	To effectively adapt and manage unavoidable and potential damaging climate change impacts,	Construction of climate-proof built infrastructure and shelter in rural communities	Construction of climate - proof built infrastructure and shelter in rural communities	N/A	Construction of climate - proof built infrastructure and shelter in rural communities	Appointment of the Service provide to construct climate-proof built infrastructure and shelter	101 Community members capacited in climate change program	Target not achieved	SANBI grant	N/A	TOR to appoint consultant is awaited from SANBI.	A meeting to be held with SANBI and UKZN on the 210th October 2020 to finalise the	Appointment letter	Not Included	Not Included

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						through interventions that build and sustain South Africa, economic and environmental resilience and emergency response capacity.					in rural communities by 30 June 2021						appointment			
	URP6	Putting people first	protect and enhance our environmental assets and natural resources	Governance	To create Climate Change awareness in rural communities	Number of climate change awareness plays delivered by June 2021	Industrial Theatre Climate Change Awareness Project	5	0	5	8 x climate change awareness plays presented 30 June 2021	0 x climate change awareness plays presented 30 June 2021	Target not achieved			This target was not achieved because the service provider stoped working on the project because he was	The invoices have been reworked and resubmitted to align with Finance requirements and will	Email correspondence from Service Provider to Finance	Not Included	Not Included

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																not paid oustanding invoice	be paid in Q1 of 2021/2022			
	UR 1	Putting people first	protect and enhance our environmental assets and natural resources	Governance	To create Climate Change awareness in rural communities through capacity	Number of community members capacitated in climate change within Nhlazuka by 30 June 2021	Climate Change Awareness campaign	0	0	0	300 community members capacitated in climate change awareness by 30 June 2021	101 Community members capacited in climate change program	Target partially achieved			The target was not achived because of COVID resrtictions	Once Covid restrictions are lifted it will resume as perthe project plan	Attendance registers attached	Not Included	Not Included
EPWP																				

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
Basic Service Delivery	OMM 9	Service Delivery	Responsive, accountable, effective and efficient local government	Inclusion and access	Credible indigent register	Adopted indigent policy submitted by council by 30 June 2021	Indigent Register review	Adopted policy by 30 June 2021	0	Adopted policy by 30 June 2021	Council adopted indigent policy by 30 June 2021	Policy on Indigent Register Not Reviewed for the period under audit	Target not achieved	R 3 071 000,00		It was agreed that the origional Approved policy be used by the District until the other LMs have given their Input	Continued engagements with LM's regarding a District standard Indigent Policy	email and Letter from COGTA requesting participation from Lms.	Not Included	Not Included
	OMM 9.1.	Service Delivery	Responsive, accountable, effective and efficient local government	Inclusion and access	Credible indigent register	1 Standardised indigent questionnaire drafted and an indigent awareness campaign designed by 30 June 2021	Indigent Register review	1	0,00 %	1	1 x indigent questionnaire and 1 x Indigent Awareness Campaign by 30 June 2021	Not Submitted, due to non-submission by local municipalities and this was moved to WSA	Target not achieved			LMs did not contribute to the inputs and this is important as they all have different amounts for indigent qualification The indigent registrati	The ammended draft questionarre will be resubmitted to LMs by the WSA the awareness campaign will also be manage	Inputs from COGTA 23 May 2021 Presentation to The DDM structure regarding Indigent questionarre inputs, UMDM Vuselela Campaig	Not Included	Not Included

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																on and awareness campaign was moved to WSA	d by the WSA	n Presentation		
UMEDA																				
Local Economic Development		Putting people first	create a better South Africa and contribute to a better Africa and better world	Governance	Ensure compliance by the Economic Development Agency (UMEDA) to all applicable regulatory requirements and Strategic Objectives as contained in the MOA.	Number of Expenditure reports supplied to UMDM by UMEDA of the allocation of grant funding by UMDM	Municipal Entity monitoring	4	4	N/A	4 x Expenditure report of the allocation of grant funding by UMDM	3 x Expenditure report of the allocation of grant funding by UMEDA by 31 March 2021, No reports submitt	Partially Achieved	R 6 500 000,00	R 2 040 089,00	The Agency did not submit as requested	Appointment of ACEO has improved overall performance of the Agency and he will see to the submission of documentation	3x Section 87 Quarterly Reports/ Proof of Submission (Email Correspondence /	4 x Quarterly reports submitted to PMS by the 30th of June 2020	4 x Quarterly reports submitted to PMS by the 30th of June 2020

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						by 30 June 2021						ed for Q4								
OPERATIONAL PLAN																				
GIS																				
Geographical Information Systems, Cross Cutting Issues	EDP	Good Governance	responsive, accountable, effective and efficient local government	Spatial integration	Functional GIS across the District as a planning, Billing and mapping tool	12 x monthly reports approved by Council on GIS Shared Services Support 31 June 2022	GIS Shared Services Support to Local Municipalities	4	0	4	6 x monthly reports approved by Council on GIS Shared Services Support 31 June 2022	5x monthly reports approved by Council on GIS Shared Services Support by 30 June 2021	Target partially achieved	Salaries	N/A	The EDP Committee did not sit in June	The Q1 2021/2022 will be consolidated to cover 2 months	Monthly reports	Not Included	Not Included
LOCAL ECONOMIC DEVELOPMENT																				

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
Institutional Development	ED P 7	Putting people first	a skilled and capable work-force to support an inclusive growth path	Growth	Economic growth and development that leads to sustainable job creation	Develop and promote Agricultural potential	Famers Agripark programme	N/A	N/A	N/A	40 x Emerging farmers identified and enrolled to the AgrPark Programme by 30 June 2021	24 x (14x (Q1) and 10x (Q2), Emerging farmers identified and enrolled to the AgriPark Programme by the 31 December 2020	Target partially achieved	Salaries	N/A	Due to budget constraints target could not be achieved	Proper planning will be done going forward for the next financial year considering the financial helalth of the municipality	Enrollment list, programme and report to portfolio committee	20 x Emerging farmers identified and enrolled to the AgrPark Programme by the 31 December 2019	20 x Emerging farmers identified and enrolled to the AgrPark Programme by the 31 December 2019
Local Economic Development	ED P 6	Putting people first	an efficient, competitive and responsive economic infrastructure	Growth	Economic growth and development that leads to sustainable job creation	To promote SMME and entrepreneurial Development	Hosting Co-op's and SMME's fair	1	0	1	1 x SMMEs and Co-operativesFair hosted by 30 June 2021	0x SMMEs and Co-operativesFair hosted by 30 June 2022	Target not achieved	Salaries	N/A	Due to budget constraints target could not be achieved	Proper planning will be done going forward for the next financial year considering the financial	Close Out Report and Expo Pictures	Not Included	Not Included

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
			network														helalth of the municipality			
Local Economic Development	ED P 8	Putting people first	a skilled and capable work-force to support an inclusive growth path	Growth	Economic growth and development that leads to sustainable job creation	Enhance capacity and skills development with the economic sector	Training and Development	4	0	4	4 x Capacity building programmes facilitated by 30 June 2021	2x capacity building programs facilitated by 31 December 2020	Target partially achieved	Salaries	N/A	Due to budget constraints target could not be achieved	Proper planning will be done going forward for the next financial year considering the financial helalth of the municipality	Attendance Register for training participants	2 x Training programmes facilitated by the 31 December 2019	2 x Training programmes facilitated by the 31 December 2019
Local Economic Development	ED P 9	Putting people first	a skilled and capable work-force to support an inclusiv	Growth	Economic growth and development that leads to sustainable job creation	To Develop an Economically Viable and Tourist Friendly	Training and Development	N/A	N/A	N/A	4 x SMMEs Training programmes facilitated by 30	0 x SMMEs Training programmes facilitated by 30	Target not achieved	Salaries	N/A	Due to budget constraints target could not be achieved	Proper planning will be done going forward for the next financial	Attendance Register for training participants, proof of business	2x SMMEs Training programmes facilitated by	2x SMMEs Training programmes facilitated by

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
			e growth path			District that Increases Tourism and Job Opportunities					June 2021	June 2021					year considering the financial helalth of the municipality	registered, grading certificates	the 31 December 2019	the 31 December 2019
Local Economic Development	EDP 10	Putting people first	an efficient, competitive and responsive economic infrastructure network	Growth	Economic growth and development that leads to sustainable job creation			N/A	N/A	N/A	8 x Businesses Registered by 30 June 2021	2 x Businesses Registered by 30 June 2021	Target partially achieved	Salaries	N/A	Due to budget constraints target could not be achieved	Proper planning will be done going forward for the next financial year considering the financial helalth of the municipality	Proof of business registration and report to portfolio commite	4 x Businesses Registered by the 31st December 2019	4 x Businesses Registered by the 31st December 2019

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
Local Economic Development	EDP 12	Putting people first	an efficient, competitive and responsive economic infrastructure network	Growth	Economic growth and development that leads to sustainable job creation	To Develop an Economically Viable and Tourist Friendly District that Increases Tourism and Job Opportunities	Exhibitions	N/A	N/A	N/A	1 x Exhibitions (Royal Agricultural Show) attended by the 31st of May 2021	0 x Exhibitions (Royal Agricultural Show) attended by the 31st of May 2021	Target not achieved	Salaries	N/A	Due to budget constraints target could not be achieved	Proper planning will be done going forward for the next financial year considering the financial helalth of the municipality	Close out report	Not Included	Not Included
Local Economic Development	EDP 13	Putting people first	a skilled and capable work-force to support an inclusive growth path	Growth	Post COVID Economic Recovery	Approved Review of the District Economic Recovery Plan	District Economic Recovery Plan	1x Approved Review of the District Economic Recovery Plan	N/A	1x Approved Review of the District Economic Recovery Plan	Approved Review of the District Economic Recovery Plan by 30 June 2021	Achieved, the document was completed and submitted to the DDM structure it was also submitted and approved by EDP	Target achieved	Salaries	N/A	None	None	April 2021 EXCO Council Resolution attached	Not Included	Not Included

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
												Committee and EXCO								

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	EDP 14	Putting people first	economically viable environment conducive for development and job creation	Growth	To Develop an Economically Viable and Tourist Friendly District that Increases Tourism and Job Opportunities	LED Strategy adopted by Council by 30 June 2021	LED Strategy	1 x Council adopted LED Strategy	0	1 x Council adopted LED Strategy	1x LED Strategy adopted by Council by 30 June 2021	Not achieved. This was submitted to EDP Committee, but not to EXCO or Council. The Document is complete but is now being reviewed due to the COVID and Rioting effect on the economy	Target not achieved	Salaries	N/A	This was presented to EDP and when presented for EXCO Agenda it was excluded	Will be submitted and approved during Q1 of 2021/2022	Council Resolution	Not Included	Not Included

KPA	SD BIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	EDP 15	Putting people first	economically viable environment conducive for development and job creation	Growth	To Develop an Economically Viable and Tourist Friendly District that Increases Tourism and Job Opportunities	Functional LED Forum by 30 June 2021	LED Forum	2x reports on LED Forum	0	2x reports on LED Forum	2x Reports on Functional LED Forums by 30 June 2021	1* LED Forum held. Achieved. The LED Forum is sitting regularly and is functional	Target achieved	Salaries	N/A	None	None	Attendance register and deliberations of the meeting	Not Included	Not Included
	EDP 16	Putting people first	a skilled and capable work-force to support an inclusive growth path	Growth	To Develop an Economically Viable and Tourist Friendly District that Increases Tourism and Job Opportunities	Functional Tourism Forum by 30 June 2021	Tourism Forum	Functional Tourism Forum	0	Functional Tourism Forum	Functional Tourism Forum by 30 June 2021	Functional Tourism Forum by held on 31 March 2021	Target achieved	Salaries	N/A	None	None	Minutes of Meeting	Not Included	Not Included

KPA	SDBIP Ref	B2B	MTSF	IUDF	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Budget spent as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	EDP 17	Putting people first	economically viable environment conducive for development and job creation	Growth	To Develop an Economically Viable and Tourist Friendly District that Increases Tourism and Job Opportunities	Functional CTO Structures by 30 June 2021	Functional CTO Structures	2 Reports on CTO structures	0	2 Reports on CTO structures	2x reports on CTO structures	1x Report on Community tourism Achieved. These committees are sitting and are being supported by UMDM	Target partially achieved	Salaries	N/A	Due to COVID 19 restrictions	Meetings will be virtual in future	Attendance register (MCTCO Attendance register)	Not Included	Not Included
	EDP 18	Putting people first	an efficient, competitive and responsive economic infrastructure network	Growth	Develop and diversify the agriculture sector	Data Base on active producers per local municipality by the 30 June 2021	Data Base of active producers	Database on active producers by 30 June 2021	0	Data Base on active producers per local municipality by the 30 June 2021	Data Base on active producers per local municipality by the 30 June 2021	Data Base on active producers per local municipality developed by 30 June 2021	Target achieved	Salaries	N/A	None	None	Data Base and Reports, SMME Database	Not Included	Not Included

CORPORATE SERVICES

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
HUMAN RESOURCES MANAGEMENT																					
Municipal Transformation and Organizational Development	Corp 1	NT 5/PTE	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Effective and Efficient HR practices and systems	Reviewing and adoption, consult of gap identified policies in line with Legislation and other relevant changes as and when needed by 30 June 2021	Review of Gap Identified HR Policies	Reviewing of gap identified policies in line with new legislation and other relevant changes as and when needed	Approved policies	None	Consultation, Approval and Adoption of gap identified Policies by 30th June 2021	Reviewed Policies Approved and adopted on 11 June 2021	Target achieved	N/A	N/A	None	None	Resolution by Full Council, Reviewed Policy Document	100% Review and submission of HR policies to Council for adoption by the 31st of December 2019	100% Review and submission of HR policies to Council for adoption by the 31st of December 2019

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	Corp 2	NT 5/PTE	Recruitment of capable human capital to implement the strategic objectives of the Municipality	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Effective and Efficient HR practices and systems	Filling of Prioritised Vacant Positions as per requisition received by 30 June 2021	Recruitment of Human Capital	No of Prioritised Vacant Positions in the organizational structure	No of Filled Positions	No. of Vacant Positions in the organizational structure	Fill prioritised vacant positions as per requisition received by 30 June 2021	21x new recuits/appointments as per requisitions received as follows: 14x (Q1), 2x (Q2), 4x (Q3), 7x (Q4)	Target achieved	R316 500,00	R316 500,00	None	None	Adverts, Resolutions, Appointment Letters	Not included under 2019/2020 financial year	Not included under 2019/2020 financial year
	Corp 3	NT 5/PTE	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Create a conducive organizational environment that attracts, retains and	The review of the HR Strategy by 30 June 2021	Human Resources Strategy	Review of the HR Strategy	HR Strategy	None	Review, Consult and adopt HR Strategy by 30 June 2021	Still awaiting inputs from Service Provider provided by CoGTA	Not Achieved	N/A	N/A	Changing COVID regulations made it difficult to liaise with Servi	To raise the issue with CoGTA during Municipal Assessment scheduled	Draft HR Strategy	Draft HR strategy developed and submitted to Council for adoption by the	The Draft HR Strategy was drafted but was not adopted by council due to National

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
						develops best talent to enhance organizational performance											ce Provider	for 26 July so that it may be attended to urgently		31st of March 2020	Lockdown
	Corp 3.1	NT 5/PTE	Responsive, accountable, effective and efficient local govt	Governance	Ensure provision of Human Capital in line with the Strategic Objectives	Organogram review and Recruitment	Review and adopt of the organogram by the 30th June 2021	Organogram Review	Review of the Organogram	2019 Approved Organogram	0	Review, approval and adoption of organogram by the 30th June 2021	Reviewed Organogram approved and adopted on the 29th June 2021	Achieved	N/A	N/A	None	None	Council resolution	100% Review of the organogram by the 30 of September 2019	100% Review of the organogram by the 30 of September 2019

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	Corp 4	NT 5/PTE	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	To maintain sound labour relations and Workplace discipline	Finalization and facilitation of received disciplinary matters by 30 June 2021	Labour Relations and Facilitation of Disciplinary Processes	Facilitation of the Disciplinary Processes	No. of Outstanding Disciplinary Matters	1.Sensitization of the Employee regarding the Disciplinary 2. Collective agreement Conclusion of outstanding disciplinary matters	Finalization and facilitation of received disciplinary matters by 30 June 2021	Facilitation of 9x Disciplinary matters as follows: 1x (Q1), 1x (Q2), 2x (Q3), 5x (Q4)	Achieved	N/A	N/A	None	None	Monthly DC Reports, Letters on facilitated disciplinary matters	100% Facilitation of internal disciplinary hearings by the 30th of June 2020	100% Facilitation of internal disciplinary hearings by the 30th of June 2020
	Corp 5	NT 5/PTE	A healthy and long life for all South	Governance	Optimal institutional transformation to ensure capaci	To promote Health and Wellness in the	Facilitation of Employee Wellness Interventions as per	Employee Wellness	Employee Wellness	EAP Policy	0	Facilitation of Employee Wellness Interventions as per	36x new cases as follows: 16x (Q1), 6x (Q2), 9x (Q3), 5x (Q4)	Achieved	N/A	N/A	None	None	Referral Letters/ Emails, Register	40% Implementation of the Employee Assistance Progra	0% Implementation of the Employee Assistance Progra

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
			Africans		ty to achieve set objectives	workplace	referrals made by Department by 30 June 2021					referrals made by Department by 30 June 2021	and continuation with existing cases							m by the 30th of June 2020	mmes as per EAP calendar by the 30th of June 2020
	Corp 6	NT 5/PTE	Ensuring a safe working environment for all	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Early detection of health Impairment through a planned programme of a periodic health examination	Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2021	Annual Medical Surveillance for all Water and Sanitation employees and Fire Fighters	Compliance with GNR 1179, Section 7 of OHS Act	Annual Medical Surveillance Check-up	0	Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2021	Due to the 3rd Wave of new Covid 19 Variants appointments could not be scheduled	Not Achieved	N/A	N/A	Doctors and Hospitals were only prioritising Covid 19 patients as well Emergencies thus medicals were not a priority	As soon as numbers decrease and it is safe to do so new Appointments will be made.	Email correspondence with Service Provider	1 x Medical report on employees referred for medical surveillances by the 31st of March 2020	1 x Medical report on employees referred for medical surveillances by the 31st of March 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																	and as such the Service Provider (Dr Soni) only indicated his availability from 1 June 2021				
	Corp 7	NT 5/PTE	Ensuring a safe working environment for all	Governance	Optimal institutional transformation to ensure capacity to achieve set	To ensure safe working environment for all UMDM employees	Annual Servicing of Fire Equipment by 30 June 2021	Maintenance and Servicing of Fire Equipment	Annual Maintenance and Servicing of Fire Equipment	2019 Annual Maintenance and Servicing of Fire Equipment	0	Annual Servicing of Fire Equipment by 30 June 2021	New Contractor awarded however no letters have been issued due to objection period	Not Achieved	N/A	N/A	Delays in SCM Processes	Expedite SCM Processes on Appoint a new Service Provider so	BAC Resolutions Internal Memo, Tender39/2020 BSC Minutes	Not included under 2019/2020 financial year	Not included under 2019/2020 financial year

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
					objectives													that services may commence			
	Corp 8	NT 5/PTE	Ensuring a safe working environment for all	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	To ensure safe working environment for all UMDM employees	4x Health and safety meetings held by 30 June 2021	Effective Health and Safety Committee	Compliance with Section 17 and 19 of OHS Act	Quarterly meetings of Health and Safety committee as per the Act	0	4x Health and safety meetings held by 30 June 2021	3x Health and safety Committee Meetings held	Partially Achieved	N/A	N/A	The last meeting was scheduled to sit in June 2021 however was unable to sit due to COVID 19 restrictions on	A new Meeting will scheduled for the following quarter in line with COVID 19 restrictions	Agendas, Minutes, Resolutions, Monthly Risk Assessment Reports	Not included under 2019/2020 financial year	Not included under 2019/2020 financial year

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																	gatherings				
	Corp 9	NT 5/PTE	To protect employees in hazardous environments	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	To ensure safe working environment for all UMDM employees	Distribution of Personal Protective Clothing /Equipment as specified by User Departments by 31 March 2021	Personal Protective Clothing /Equipment	Provision of Personal Protective Clothing/Equipment annually as per user department specification	Annual provision of Personal Protective Clothing/Equipment as per User Department Specification	0	Distribution of Personal Protective Clothing /Equipment as specified by User Departments by 31 March 2021	Distribution of Personal Protective Clothing /Equipment as specified by User Departments underway	Partially Achieved	R3 045 775,00	R3 045 775,00	Delay of Delivery by Sevice Provider		Uniform Issue Register, Invoices	100% Provision of PPE to designated officials by the 30th of September 2019	100% Provision of PPE to designated officials by the 30th of September 2019

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	Corp 10	NT 5/PTE	Skilled and Capable Workforce to support an inclusive growth path	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	To increase institutional capacity and promote transformation	Approval and submission of WSP by 30 June 2021	Development of WSP	Development 2020 / 2021 WSP	2019/2020 WSP	None	Approval and submission of WSP by 30 June 2021	WSP Submitted to LGSETA on 22 April 2021	Achieved	N/A	N/A	None	None	Resolution and acknowledgement of submission from LGSETA	Submision of WSP to LGSETA by the 31s of March 2020	WSP was submitted to LGSETA on the 31st May 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	Corp 11	NT 5/PTE	Skilled and Capable Workforce to support an inclusive growth path	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	To increase institutional capacity and promote transformation	Implementation of Trainings in line with WSP as per grant received by 30 June 2021	Implementation of WSP	Implementation of 2020/2021 WSP	2019/2020 WSP	None	Implementation of Trainings in line with WSP as per grant received by 30 June 2021 (Initial target - No of trainings provided by 3o June 2021)	1 Official attended ODETDP Training at Msunduzi, funded by LGSETA (Q1) 33x Officials attended PFMA, 35x Officials attended MFMP, 7x Officials attended, the AET Training, 18x (12 Officials, 6 EPWP	Achieved	Grant Funding	Grant Funded	None	None	Attendance Registers, Grant Confirmation Letters	40% expenditure on Workplace Skills Plan implementation by 30th of June 2020	26% expenditure on Workplace Skills Plan implementation by 30th of June 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
													Water Agents) attended Cleaning and Hygeine_Unit Std 243193 (Q2) 114x candidates attended Occupational Health and Safety, 30x Plumbers attended Plumbing NQF4 Course, 16x candidates attended a Fill								

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
													the Gap (work readiness Programme) and 20x Candidates attended GBV (Q3 & Q4)								
	Corp 12	NT 5/PTE	Decent employment through inclusive	Governance	Optimal institutional transformation to ensure capacity to	To ensure that employees receive equal opportunity	Submission of Approved Employment Equity Plan to DoL by 31	Submission of Employment Equity Plan	Employment Equity Plan 2020/21	Employment Equity Plan 2019/20	None	Submission of Approved Employment Equity Plan to DoL by 31	Submission of Approved Employment Equity Plan to DoL on 18	Achieved and Exceeded	N/A	N/A	Employment Equity Plan to DoL on 18	None	Acknowledgement Letter by DoL, Employment Equity Report	Draft report on Employment Equity submitted to Department of	Draft report on Employment Equity submitted to Department of

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
			growth		achieve set objectives	and are treated fairly	March 2021					March 2021	December 2020				December 2020			Labour by the 12th of January annually	Labour by the 12th of January annually
ADMINISTRATION AND SOUND GOVERNANCE																					
Good Governance and Public Participation	Corp 13	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Promote Sound Governance	To ensure auxiliary support to department and improved sound governance	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings by 30	Provision of Secretariat Support to Section 79/80 committees	Provision of Secretariat Support to Section 79/80 committees	Provision of Secretariat Support to Section 79/80 committees	0	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings by 30	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings	Achieved	N/A	N/A	None	None	Calendar of Meetings; Agenda, Minutes, Resolution Register	100% Coordination of Sect 79/80 Committees meetings by the 30th of June 2020	100% Coordination of Sect 79/80 Committees meetings by the 30th of June 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
							June 2021					June 2021									
	Corp 14	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Promote Sound Governance	Cost and effective fleet Management and provision to all user departments	100% Provision of effective fleet management for service Delivery by 30 June 2021	Fleet Management	Provision of effective Fleet management for service delivery	Provision of effective Fleet management for service delivery	0	100% Provision of effective fleet management for service Delivery by 30 June 2021	100% Provision of effective fleet management for service Delivery	Achieved	R12 012 175,00	R12 012 175,00	None	None	Monthly Reports, Invoices	100% Provision of Fleet to internal departments by the 30th of June 2020	100% Provision of Fleet to internal departments by the 30th of June 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
	Corp 15	NT 3/PTC	All people in South Africa are and feel safe	Governance	Promote Sound Governance	To ensure a safe environment for all municipal employees, councillors and assets	100% Provision of a safe environment for all municipal employees, councillors and assets as per user Department request/ assessment by 30 June 2021	Provision of Security Services	Provision of a safe environment for all municipal employees, councillors and assets	Provision of a safe environment for all municipal employees, councillors and assets	0	100% Provision of a safe environment for all municipal employees, councillors and assets as per user Department request/ assessment by 30 June 2021	100% Provision of a safe environment for all municipal employees workers, councillors and assets	Achieved	15823172.42	R7 000 000,00	None	None	Monthly Reports, Invoices	100% Provision of security services (mitigation measures undertaken in terms of threat assessment) by the 30th of June 2020	100% Provision of security services (mitigation measures undertaken in terms of threat assessment) by the 30th of June 2020
	Corp 16	NT 3/PTC	Responsive, accountable, effective and efficient	Governance	Promote Sound Governance	Effective maintenance of municipal buildings in line with	Maintenance of municipal buildings as per the Emergency/Routine Mainten	Maintenance of Municipal Buildings	Timeous Maintenance of municipal buildings as per the Maintenance Plan/Emergency/Routine	Maintenance of municipal buildings as per the Maintenance Plan/Emergency/Routine	Deteriorating Buildings	Maintenance of municipal buildings as per the Emergency/Routine Mainten	Maintenance of municipal buildings as per the Emergency/Routine	Achieved	N/A	R3 809 368,00	None	None	Monthly Reports, Requisitions/Invoices	100% planned, routine and emergency maintenance executed by	100% planned, routine and emergency maintenance executed by

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
			local govt			the Occupational Health and Safety Act	ance by 30 June 2021		Maintenance	Maintenance		ance by 30 June 2021	Maintenance							the 30th of June 2020	the 30th of June 2020
	Corp 17	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Promote Sound Governance	To ensure sound records management and Compliance with the National Archives Act	100% of compliance with the National Archives Act by 30 June 2021	Records Management	Capturing and distribution of internal and external correspondence for Records Management	Capturing and distribution of internal and external correspondence for Records Management	None	100% of compliance with the National Archives Act by 30 June 2021	100% of compliance with the Records Management	Achieved	N/A	N/A	None	None	Schedule of opened files, Schedule of invoices captured	100% Review of the Records Management Policy and Procedure manual for onward transmission to Full Council for approval by the 30th of	100% Review of the Records Management Policy and Procedure manual for onward transmission to Full Council for approval by the 30th of

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
																				September 2019	September 2019
INFORMATION & COMMUNICATION TECHNOLOGY																					
Municipal Transformation and Organizational	Corp 18	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Sound ICT Governance and Compliance	Approval of Master Systems Plan by 30 June 2021	Development of the Master Systems Plan	Master Systems Plan	0	Master Systems Plan	Approval of Master Systems Plan by 30 June 2021	TOR's for the appointment of a ICT Panel that was going to selected on for the development of MSP was	Not Achieved	ICT Consultant fees R1 000 000, Telecommunication R2 375 750, Licence fees R5 653 514.18	N/A	Delay in SCM processes as the Panel was only appointed in May	The Municipality will consider introducing IT panel with expertise to shorten the	TOR's, BAC Resolutions Internal Memo, Awarding Letter	3 x Master Systems Plan Projects Implemented by the 31st of March 2020	1x MSP Project Implemented, but was halted due to National Lockdown

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
													submitted to SCM in June 2020 for processing to take place				2021.	process			
	Corp 19	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Stable and Secured ICT Infrastructure	Upgraded and Secure Network Infrastructure by 30 June 2021	Network infrastructure Upgrade	Outdated computer, server and network infrastructure, insecure network	0	Outdated computers, server and network infrastructure	Upgraded and Secure Network Infrastructure by 30 June 2021	TOR's for the appointment of a ICT Panel that was going to selected on for the upgrade of computer, server and network infrastructure	Not Achieved		N/A	Delay in SCM processes as the Panel was only appointed in May 2021.	The Municipality will consider introducing IT panel with expertise to shorten the process	TOR's, BAC Resolutions Internal Memo, Awarding Letter	20 x Software Licences renewed by 30th of June 2020	5 x Software Licences renewed by 30th of June 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
													was submitted to SCM in June 2020 for processing to take place								
	Corp 20	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Ensure Stable, Secure and Reliable Provision of Information & Communication Technology Services	Upgraded telecommunications architecture by 30 June 2021	Telecommunications Architecture Upgrade	Expired Contracts, slow connection to customer care centres, no connectivity at fire stations	0	0	Upgraded telecommunications architecture by 30 June 2021	TOR's for the appointment of a ICT Panel that was going to selected on for telecommunications upgrade was submitted to SCM in June 2020 for	Not Achieved			Delay in SCM processes as the Panel was only appointed in May 2021.	The Municipality will consider introducing IT panel with expertise to shorten the process	TOR's, BAC Resolutions Internal Memo, Awarding Letter	100% Acquisition and Provision of telecommunication services to all internal departments by the 30th of June 2020	100% Acquisition and Provision of telecommunication services to all internal departments by the 30th of June 2020

KPA	IDP/SDBIP REF	B2B Ref	MTSF	IUDF	IDP Priorities/Goals	Strategic Objective	Annual Key Performance Indicator	Project Name	Demand	Baseline	Backlog	Annual Target	Annual Achievement	Status (Achieved / Not Achieved)	Annual Budget	Expenditure as at 30 June 2021	Reason for Variance	Planned Improvements	POE	Annual Target 2019/20	Annual Achievement 2019/20
													processing to take place								
	Corp 21	NT 3/PTC	Responsive, accountable, effective and efficient local govt	Governance	Optimal institutional transformation to ensure capacity to achieve set objectives	Efficient ICT Support	99% uptime of IT support by 30th June 2021	High availability of Information Systems (99% of uptime)	Calls logged, manual business processes	0	0	99% uptime of IT support by 30th June 2021	99% uptime of IT support	Achieved			None	None	Incident Report	100% Reduction of ICT incident logged calls by the 30th of June 2020	100% Reduction of ICT incident logged calls by the 30th of June 2020

Assessment of the performance of External Service Provider

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Example:

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
7/3/9	G-FLEET MANAGEMENT	2008/12/23	HIRE OF FLEET VEHICLES	As per tender rates				S		S	
7/3/106	ITHALA DEVELOPMENT FINANCE CORPORATION LIMITED	2016/12/01	LEASE OF UNIT 25 HOWICK SHOPPING CENTRE	R 827 109.73							
7/3/160	NASHUA MARITZBURG	2017/07/24	PHOTOCOPY SERVICES	As per tender rates		S				S	

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
	(SKY OFFICE SOLUTION)										
7/3/167	JADE STAR CC TRADING AS ELECTRIC AND PUMP SERVICES	2018/06/25	ELECTRICAL AND MECHANICAL MAINTENANCE SERVICES	As per tender rates		G		G	G		
7/3/170	SERENITY FINANCIAL SERVICES CC	2017/07/27	SHORT TERM INSURANCE FOR UMGUNGUNDLOVU MUNICIPALITY	As per tender rates		G		G	G		
7/3/172	MAPITSI/MASIQHAME JV	2017/05/24	UPGRADING OF THE MANYAVU COMMUNITY WATER SUPPLY SCHEME	R 73 159 841.58		S		S		S	
7/3/207	DR EN SONI	2018/10/02	MEDICALL TEST AND SERVICES	As per tender rates					GG		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
7/3/208	INSIDE DATA SOUTH (PTY) LTD	2019/03/07	PRINTING OF MUNICIPAL STATEMENT	As per tender rates		G		G	G		
7/3/209	TALBOT LABORATORRIES	2018/11/16	SUPPLY WATER QUALITY MONITORING SERVICES	As per tender rates					G		
7/3/211	HIDROTECH INFRA (PTY) LTD	2019/05/16	UMSHWATHI SECONDARY BULK WATER SCHEME PHASE 3B	R 70 937 936.05		G		G	G		
7/3/228	DUZI UMNGENI CONSERVATION TRUST	2019/05/20	CONTRACTING OF THE DUZI UMNGENI CONSERVATION TRUST (DUCT) IN SUPORT OF COMPONENT 2,2 OF THE UMNGENI RESILIENCE PROJECT	R 7 473 031.02				G	G		
7/3/232	IX ENGINEERS	2018/10/16	ENGINEERING CONSULTANT - MAQONGQO WATER SUPPLY-	As per tender rates		G		G	G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
			PHASE 5: CONSTRUCTION OF THE WATER RETICULATION NETWORK AND COMPLETION OF EXISTING RESERVOIRS								
7/3/234	ESCONGWENI BPH ENGINEERS	2018/10/16	ENGINEERING CONSULTING - MANZAMNYAMA WATER SCHEME	As per tender rates		G		G	G		
7/3/235	SCELO BUSINESS CONSULTING	2020/06/17	LEASING OF 4 NEW EMERGENCY RESPONSE VEHICLES								
7/3/237	ESCONGWENI BPH ENGINEERS	2018/10/16	ENGINEERING CONSULTING - LINDOKUHLE,MPOLWENI EXT. & ESIHLABATHINI WATER SUPPLY	As per tender rates		G		G	G		
7/3/238	MAKHAOSTE,NARASIMULU & ASSOCIATIONS	2018/10/16	ENGINEERING CONSULTING - UMSHWATHI BULK	As per tender rates		G		G	G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
			WATER SUPPLY PROJECT								
7/3/241	MMOLAWA-ANDEL-MOKOENA PROJECTS CC	2017/08/04	MAQONGQO WATER SUPPLY-PHASE 5: CONSTRUCTION OF THE WATER RETICULATION NETWORK AND COMPLETION OF EXISTING RESERVOIRS	R 23 018 392.86		S		S		S	
7/3/244	ESCONGWENI BPH ENGINEERS	2018/10/16	ENGINEERING CONSULTING-MANYAVU WATER SUPPLY PROJECT	As per tender rates		G		G	G		
7/3/245	RICHMOND FIRE PROTECTION ASSOCIATION		ACCESS TO FIRE EARLY DETECTION SYSTEM					G	G		
7/3/251	ROYAL HASKONING DHV(PTY)LTD T/A	2018/10/16	ENGINEERING CONSULTANT - ROAD ASSET MANAGEMENT	As per tender rates				G	G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
	ROYAL HASKONING D		SYSTEMS PROJECT (RAMS)								
7/3/307	ROYAL HASKONING DHV(PTY)LTD	2018/10/16	KWAMATHWANYA WATER RETICULATION SCHEME	As per tender rates				G	G		
7/3/308	BOSCH PROJECTS	2018/10/16	MBHAVA MPETHU - SWAYIMANE EXTENSION PHASE 2	As per tender rates				G	G		
7/3/309	SUKUMA CONSULTING ENGINEERS	2018/10/16	ENGUGA , ENTSHAYABANTU & MACKSAN CWSS PHASE 5	As per tender rates					G		
7/3/312	MAKHUBU CIVIL CC	2020/07/20	TRUSTFEED WATER RETICULATION: PHASE 1	R 21 872 255.00				G	G		
7/3/313	PK VALVES	2020/03/12	SUPPLY AND DELIVERY OF PLUMBING MATERIAL	R 5 340 415.48				G	G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
7/3/316	MAGMA RISKS SOLUTIONS (PTY) LTD	2020/10/01	PROVISION OF SECURITY SERVICES FOR UMGUNGUNDLOVU MUNICIPALITY	R 27 179 928.00							
7/3/319	ICON CONSTRUCTION (PTY) LTD	2020/11/19	UMSHWATHI PHASE 4- GREATER EFAYE RETICULATION SCHEME	R 233 005 985.00					G		
7/3/320	HIDROTECH INFRA (PTY) LTD	2021/01/18	MPOLWENI WATER SUPPLY SCHEME	R 213 815 852.35					G		
7/3/321	SIYATHUTHU DEVELOPMENT T/A INZUZO YESIZWE	2021/02/22	DEVELOP A SINGLE LAND USE SCHEME AND REVIEW THE SDF FOR MPOFANA MUNICIPALITY	R 898 150.00					G		
7/3/322	ISIBUKO DEVELOPMENT PLANNERS	2021/03/02	REVIEW THE DISTRICT SPATIAL DEVELOPMENT FRAMEWORK	R 987 850.00					G		
7/3/323	SIBUSISO PROJECTS	2021/01/18	ENGUGA , ENTSHAYABANTU & MACKSAN PHASE 5 : COMPLETION OF OUTSTANDING WORKS	R 6 247 139.95					G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
7/3/324	INFORMATION DECISION SYSTEMS	2020/11/25	GEO-SPATIAL DATABASES DEVELOPMENT AND MAINTANANCE FOR LAND INFORMATION MANAGEMENT	R 1 500 000.00					G		
7/3/325	CLEAN SPOT SOLUTIONS	2021/02/12	PROVIDE STAFF UNIFORMS AND PERSONAL PROTECTIVE CLOTHING	R 1 666 806.20							
7/3/326	SENZANGAKHONA INDUSTRIAL SUPPLIERS	2021/02/12	SUPPLY PROTECTIVE CLOTHING FOR FIRE FIGHTERS	R 1 628 798.19							
7/3/327	WK CONSTRUCTION SOUTH AFRICA (PTY) LTD	2021/03/15	MBHAVA AND MPETHU-SWAYIMANE WATER SUPPLY SCHEME EXTENSION PHASE 2	R 50 900 000.00					G		
7/3/328	ESETHU ISIPHO CONSTRUCTION AND TRADING	2021/02/15	KWAMATHWANYA WATER RETICULATION SCHEME: CONSTRUCTION OF BOREHOLE PS,	R 9 912 835.40					G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year		Current Financial Year		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
			RISING MAIN, ELEVATED TANK AND RETICULATION PIPELINES.								
7/3/329	SOUNDRITE CONSTRUCTION AND PLANT HIRE (PTY) LTD	2021/02/01	THE INSTALLATION OF PRE-CAST CONCRETE VIP TOILET UNITS	R 33 208 544.96					G		
7/3/330	ESCONGWENI BPH ENGINEERS	2021/02/15	E NGINNERING CONSULTANTS: NKANYEZINI WATER SUPPLY	As per tender rates					G		
7/3/331	AQUATRANSPOR T AND PLANT HIRE (PTY) LTD	2021/05/01	PROVISION OF WATER TANKERING	As per tender rates					G		

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A – INTRODUCTION OF MUNICIPAL PERSONNEL

The table below indicates the total number of approved posts within the organisational structure being 910. Out of the total of 910 posts 52 are management level posts.

TOTAL NUMBER OF EMPLOYEES				
	2020/2021			
Department	Approved Posts	Filled Posts	Number of Management Levels	Number of vacancies
Office of the Municipal Manager	63	35	12	28
Finance (Budget & Treasury) Department	136	69	6	67
Community Services Department	351	147	7	204
Corporate Services Department	78	48	6	30
Technical Services Department	262	195	18	67
Economic Development	20	17	3	3
Total	**910**	**511**	**52**	**399**

Table: Staffing Status Per Department

- There are 518 (Including 4 Data Capturer: Revenue Unit & 3 Human Resources: Clerks) filled positions (Contract positions) according to VIP system but not filled on the Organogram.
- 4 Finance Interns are not on the organogram, but they appear on VIP System which total to 522.

The following table indicates vacancy rate for the period,

VACANCY RATE 2020/2021			
Designation	**Total approved posts as per Organogram**	**Filled**	**Vacant**
Municipal Manager	1	1	0
CFO	1	1	0
Other Section 57 Managers (Excluding Finance posts)	4	1	3
Other Section 57 Managers (Finance Posts)	0	0	0
Fire Fighters	88	88	0
Senior Management Levels (Excluding Finance Posts)	41	34	7
Senior Management Levels (Finance Posts)	5	5	0
Highly Skilled Supervision Levels (Excluding Finance posts)	53	31	22
Highly Skilled Supervision Levels (Finance Posts)	10	6	4
Total	**203**	**167**	**36**

Table : Vacancy Rate

TURNOVER RATE

TURNOVER RATE

Financial Year	Total appointments	Terminations during the Year	Turnover Rate
2018/2019	28	15	**54%**
2019/2020	101	27	**27%**
2020/2021	40	27	**7.36%**

COMMENTS ON VACANCIES AND TURNOVER RATE

The total number of posts in the organogram is 910, and the number of filled positions is 511. The total number of vacant positions remained at 399.

COMPONENT B- MANAGING THE MUNICIPAL WORKFORCE

POLICIES

The Municipality has developed and adopted policies through which personnel administration is conducted. The policies in place are grounded in sound research, critical analysis and solid proposals to clearly express its ideas of supplying sound services to the community. As process of reviewing the existing policies was undertaken and are be adopted in the next financial year.

Below is a list of all existing policies that govern the municipality, this includes date of their adoption by Municipal structures.

Name of Policy	Department	Last adopted	Status of policy
Occ. Health & Safety	Corporate Services	29.05.2015	Approved
Annual Leave	Corporate Services	29.05.2015	Approved
Sick Leave	Corporate Services	29.05.2015	Approved
Family Responsibility Leave	Corporate Services	29.05.2015	Approved
Maternity &Paternity	Corporate Services	29.05.2015	Approved
Special Leave	Corporate Services	29.05.2015	Approved
Induction Policy	Corporate Services	29.05.2015	Approved
Staff Appointment	Corporate Services	29.05.2015	Approved
Probationary Period	Corporate Services	29.05.2015	Approved
Promotion and demotion	Corporate Services	29.05.2015	Approved
Bursary Policy	Corporate Services	29.05.2015	Approved
Learnerships Policy	Corporate Services	29.05.2015	Approved
Long Service Policy	Corporate Services	29.05.2015	Approved
Succession &Career Pathing	Corporate Services	29.05.2015	Approved
HIV/AIDS Policy	Corporate Services	29.05.2015	Approved
Acting in Higher Position	Corporate Services	29.05.2015	Approved
Recruitment &Selection	Corporate Services	29.05.2015	Approved
Placement Policy	Corporate Services	29.05.2015	Approved
Sexual Harassment	Corporate Services	29.05.2015	Approved
Employment Equity	Corporate Services	29.05.2015	Approved
Ethics Policy	Corporate Services	29.05.2015	Approved
Fraud &Corruption	Corporate Services	29.05.2015	Approved
Confidential Policy	Corporate Services	29.05.2015	Approved
Use of Municipal Assets	Corporate Services	29.05.2015	Approved
Termination of Employment	Corporate Services	29.05.2015	Approved
Education, Training & Skills Development	Corporate Services	29.05.2015	Approved
Security and Access Control	Corporate Services	29.05.2015	Approved
Municipal Sponsored	Corporate Services	29.05.2015	Approved
Substance Abuse	Corporate Services	29.05.2015	Approved
Generic Human Res. Practice	Corporate Services	29.05.2015	Approved
Telecommunication	Corporate Services & ICT	29.05.2015	Approved
Organisational Performance Management	Office of the Municipal Manager	26.05.2017	Approved

Table: Policy Status

PERFORMANCE REWARDS

Individual performance management appraisals of section 54/56 managers are regulated by Regulations 27(4) of the Municipal Performance Regulations for the Municipal Managers and Managers directly accountable to the Municipal Manager of 2006. These regulations were passed in terms of the Municipal Systems Act 2000. The uMgungundlovu District Municipality has cascaded Individual Performance Management system to the levels of senior managers only. The performance of each senior within the district is linked to the municipal strategic objectives as highlighted on the IDP, performance agreement/or performance plans and departmental SDBIP.

No performance rewards were issued to section 56 Managers during the period under review

MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS

MFMA Implementation Report - Municipal Regulations on Minimum Competency Levels						
Description	**A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))**	**B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))**	**Consolidated: Total of A and B**	**Consolidated Competency assessments completed for A and B (Regulation 14(4) (b) and (d))**	**Consolidated: Total number of officials whose performance agreements comply with the Regulation 16 (Regulation 14(4)(f))**	**Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14 (4) (e))**
Financial Officials	53	0	5	7	-	4
Accounting Officer	1	1	2	1	-	1
Chief Financial Officer	0	0	0	0	-	0
Senior Managers	3	0	3	3	-	3
Any other financial officials	0	0	0	0	-	0
Supply Chain Management Officials	5	0	5	3	-	3
Supply chain Management managers	0	0	0	0	-	0
TOTAL	**62**	**1**	**15**	**11**	**-**	**11**

COMPONENT C – CAPACITATING MUNICIPAL WORKFORCE

Skills Development and Training

The municipality has an obligation in terms of the Skills Development Act of 1998, to develop its employees by providing training and development opportunities for them. In light of the above the municipality as a learning organisation understands the importance of human resource development and human capital, has developed and implemented a workplace skills plan (WSP) that is based on the capacity and developmental requirements identified by employees and managers.

All municipal employees have been encouraged to submit their bursary application to the skills development unit, to be forwarded to the bursary committee for further scrutiny. The committee then made recommendations on who qualifies to receive such assistance based on the motivations received.

Below is a list of all trainings and skills programme employees supported on;

Position	Programme Name	Type of programme
30 = Plumbers	Plumbing	Skills Programme
29 = Manager & Professional	Municipal Finance Management Programme (MFMP)	Learnership
14 = Semi-skilled Officials	Public Finance Management Programme	Skills Programme
6 = Councillors	Municipal Governance	Learnership
8 = Information Technology Unit	Model Desktop Administrate Associate (MD 100) & Microsoft 365 Security Administration (MS 500 T00-A)	Skills Programme
2 = Senior Manager and Councillor	SALGA Collective Agreement	Short Online Course
Secretarial & Clerks	Webinar POPI Act	Short Online Course

BURSARIES

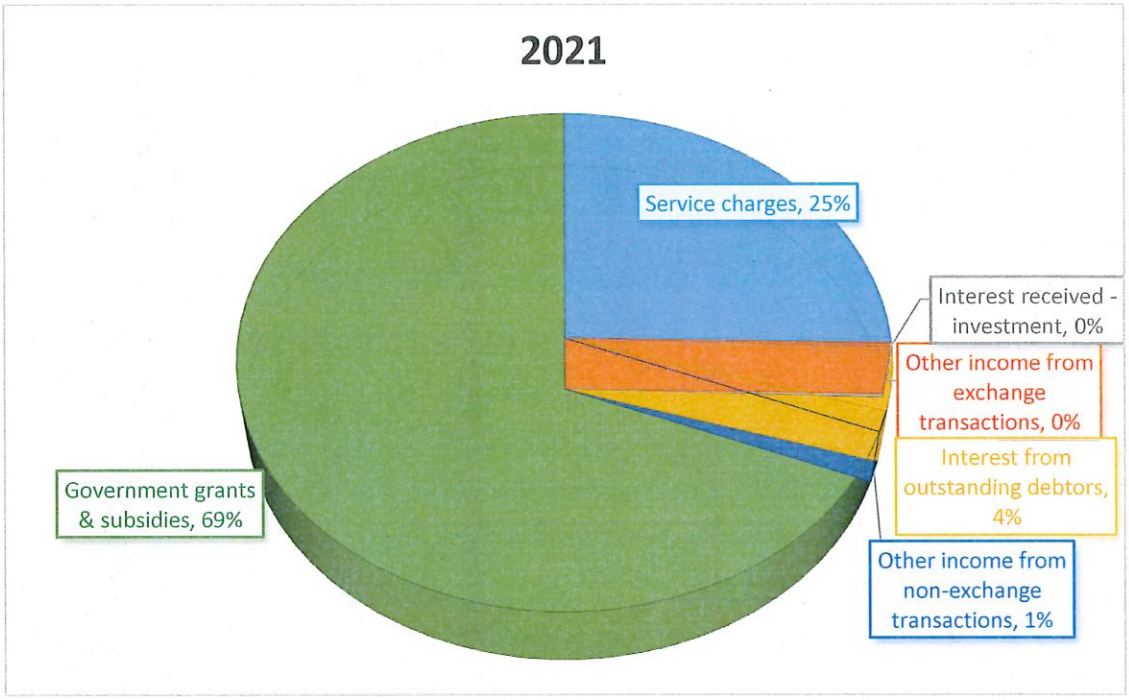
No bursaries awarded to staff during the financial year 2020/21.

CHAPTER 5 – FINANCIAL PERFORMANCE

5.1 Audited Financial Performance attached under appendix K.

5.2 Revenue

Total revenue increased slightly mostly attributable to an increase in revenue from non-exchange transactions. The major portion of revenue is from grants. The make-up of the municipality's revenue streams shows that the municipality relies heavily on grants. Contribution of own revenue slightly decreased from 2020 which worsens the over reliance on grants.



Graph 1: Revenue Contributions Per Type

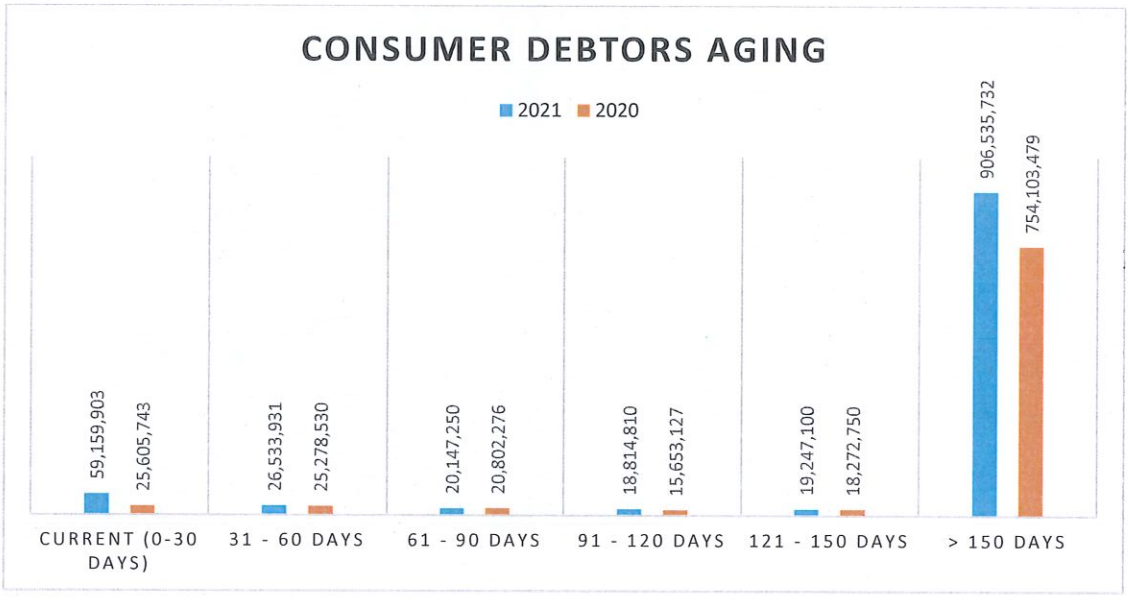
In the 2020/2021 financial year, the major revenue contributors were government grants at 69% of total revenue; service charges at 25%; interest on debtors at 4% and other income from non-exchange transactions at 2%.

5.3 Consumer Debtors

The economic entity is still experiencing challenges with the collection of outstanding debts and the debtors' book further increased to R1.050 billion from R859.7 million. A significant part of the outstanding debt is attributable to debt older than 150 days which accounts for 85% of the debtors' book.

Number of Days	2021 R	2020 R	% Contribution 2021	% Contribution 2020
Current (0 - 30 days)	59 159 903	31 103 449	6%	4%
31 – 60 days	26 533 931	25 278 530	3%	3%
61 - 90 days	20 147 250	20 802 276	2%	2%
91 - 120 days	18 814 810	15 653 127	2%	2%
120 - 150 days	19 247 100	18 272 750	2%	2%
> 150 days	906 535 732	748 213 830	85%	87%
Total	1 050 438 726	859 323 962		

Table 1: Ageing of Consumer Debtors

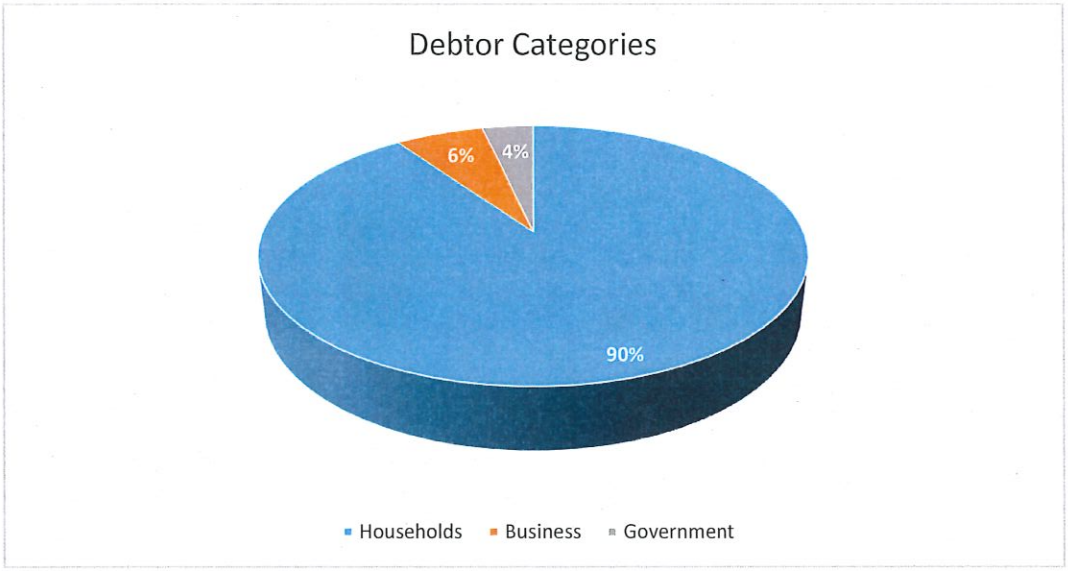


Graph 2: Aging of Consumer Debtors

CONSUMER DEBTORS PER CATEGORY	
Debtors Categories	**% of Total**
Households	90%
Industrial/Commercial (Business)	6%
Government	4%
Gross Debtors	**100%**
Less: Accumulated Impairment	(92%)
As disclosed per note to AFS	**8%**

Table 2: Debtors by Category

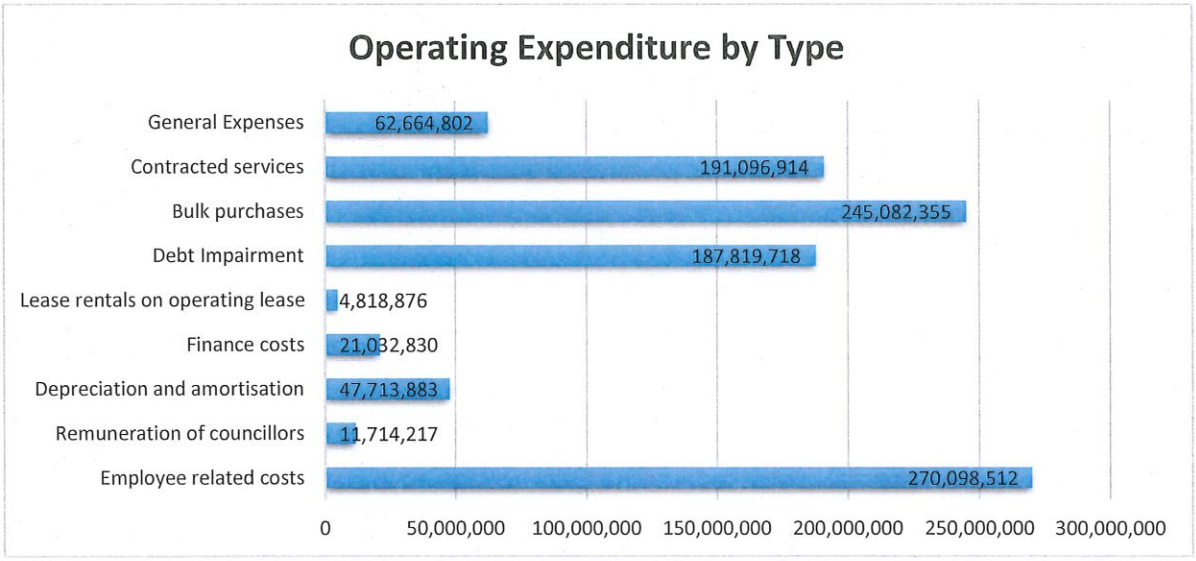
The major contributor of the debtors' book is households which contribute 90% of the total debtors' book. The average collection rate for the 2020 /2021 financial year is 45% down from 46% collection rate for the 2019/2020 financial year.



Graph 3: Debtors by Category

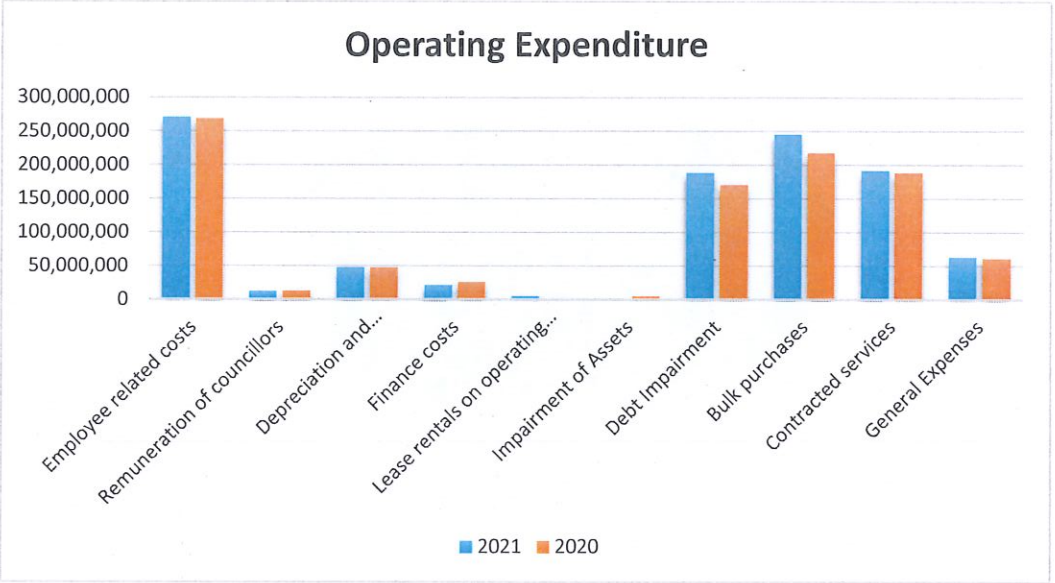
5.4 Expenditure

The operating expenditure increased by 5% from the 2019/2020 financial year. The municipality continues to invest most of its funds to the provision of water and sanitation. The major contributors to the operating expenditure were employee related costs (27%), bulk water purchases (23%), contracted services and debt impairment (both at 18%).



Graph 4: Expenditure by Type

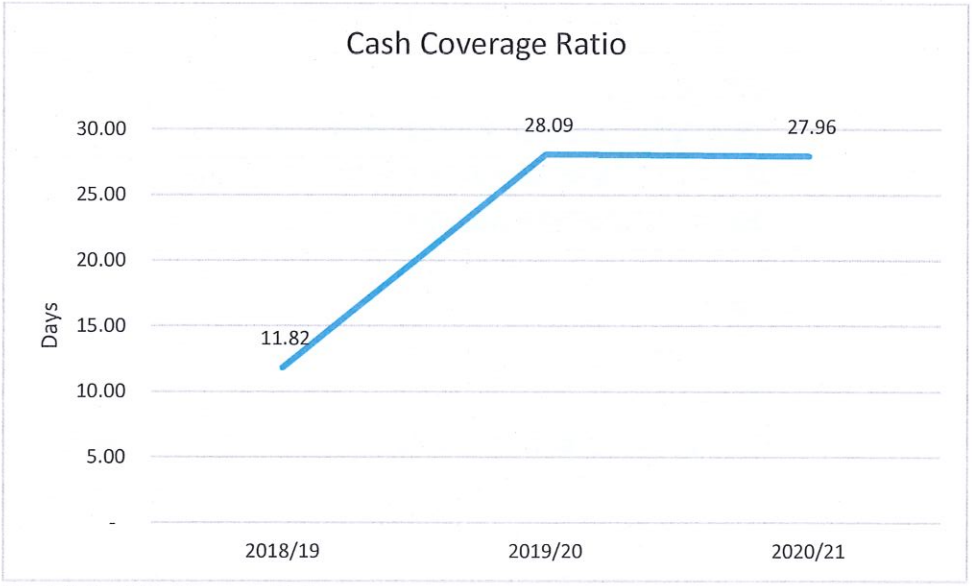
The municipality continues with its efforts to achieve improved financial management by eliminating unnecessary spend and reducing costs through the implementation of the Cost Containment Measures as per MFMA Circular 97 as well as the municipality's financial recovery strategies.



Graph 5: Operating Expenditure Comparison

5.5 Liquidity Management

The liquidity assessment aims to establish the ability of the municipality to meet its monthly fixed costs. The cash coverage ratio looks at the ability to cover fixed costs using cash available in the bank excluding received conditional grants. National Treasury recommends a cash coverage ratio of 1 month to 3 months (30 to 90 days).



Graph 6: Cash/Cost Coverage Ratio

The economic entity has seen a steady improvement on its cash coverage ratio even though the outcome remains below the recommended ratio by the National Treasury. The cash coverage ratio translated to 11.82 days during the 2018/2019 financial year, increasing to 28.09 days in the 2019/2020 financial year, and slightly reducing to 27.96 days in the 2020/2021 financial year.

The current ratio is used to assess the ability of the municipality to pay back its short-term liabilities using its short-term assets. National Treasury recommends a range of 1.5 or 2:1 ratio. A high ratio indicates a strong ability to settle current or short-term debt. The current ratio, although growing steadily is significantly below the recommended norm. The municipality is looking into this improvement area.

	2020/2021	2019/2020	2018/2019
Current Ratio	**0.58**	**0.55**	**0.52**
Current Assets	200 779 333.00	181 106 283.00	128 804 438.00
Current Liabilities	347 716 709.00	329 976 095.00	248 942 057.00

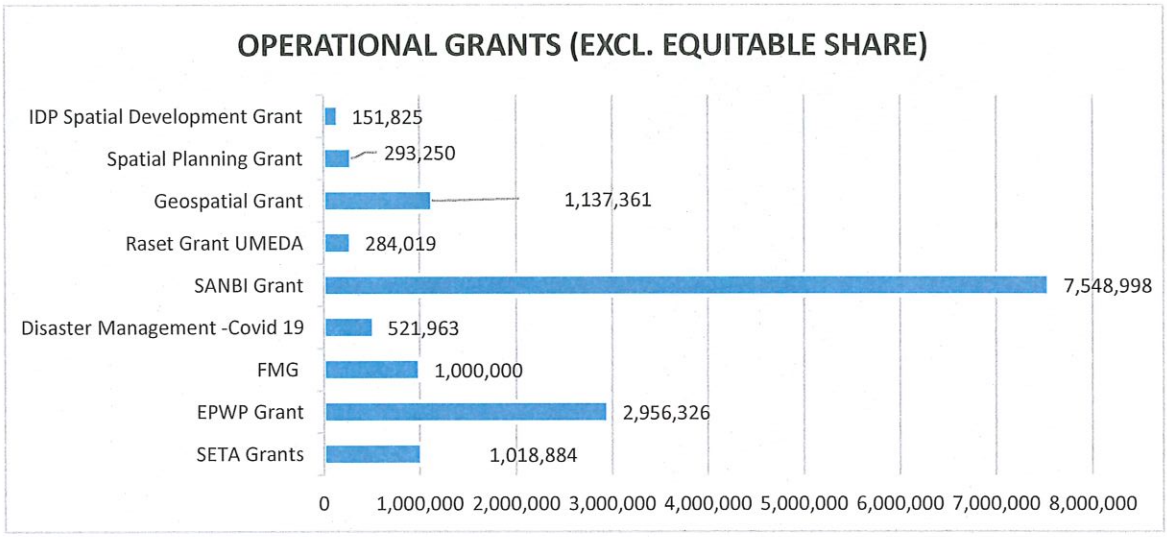
Table 3: Current Ratio

5.6 Borrowings

As of 30 June 2021, the loan book was sitting at R 186 492 367 down from R 196 500 346. The average interest rate on remaining loan is 11%. The debt to revenue ratio was at 21% for the 2020/ 2021 financial year down from 23% for the 2019/2020 financial year. For both years, the ratio is below the norm of 45% by Treasury. This indicates that the Municipality still has capacity to increase funding from borrowings, however, this should be considered within the cash flow requirements of the Municipality or Municipal Entity.

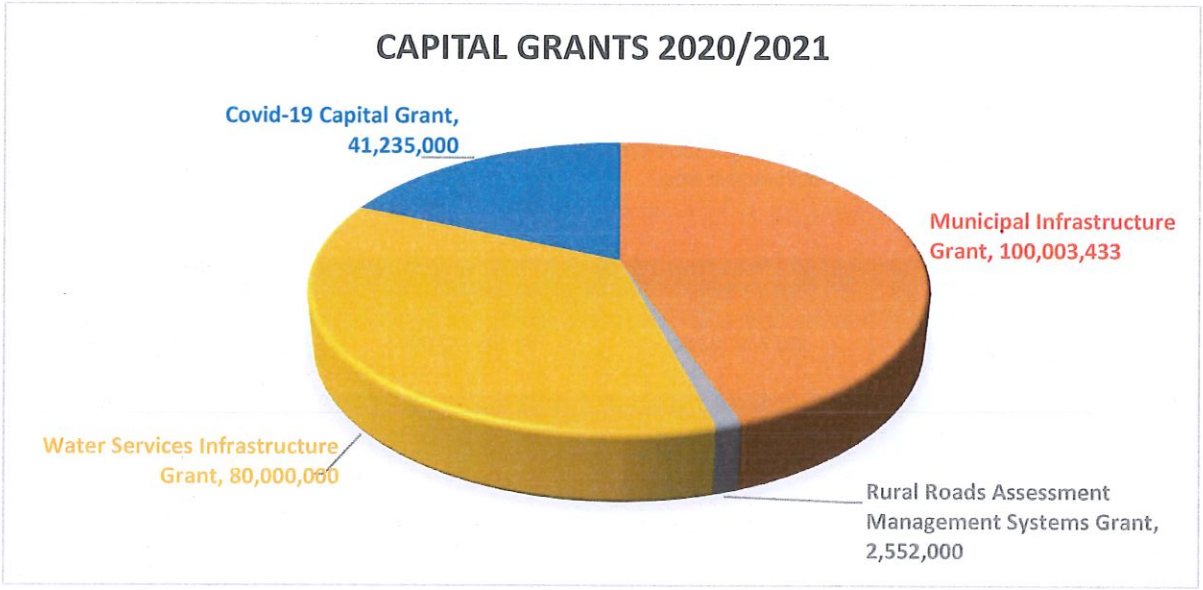
5.7 Grants: Government Grants and Subsidies

The total operating grants received for the 2020/2021 are R 14.6 million excluding the Equitable Share which amounted to R 572 million. The breakdown of the other operational grants received is reflected as follows:



Graph 7: Operational Conditional Grants

Capital grants for the 2020/21 financial year are made up as follows:



Graph 8: Capital Grants

5.8 Asset Management

The total carrying value of the assets amounted to R 2 157 090 472 and comprised property, plant and equipment, intangible assets and heritage assets as at 30 June 2021. The management of assets is well controlled and managed institutionally. An annual conditional assessment on infrastructure assets is performed. An external service provider was appointed to conduct interval and planned repairs and maintenance on the infrastructure assets.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.9 Capital Budget and Expenditure

	2021			2020		
	Allocation	Expenditure	% Spent	Allocation	Expenditure	% Spent
Municipal Infrastructure Grant (MIG)	100 003 000	100 003 433	100%	101 944 000	95 903 567	93.98%
Water Services Infrastructure Grant (WSIG)	80 000 000	80 000 000	100%	80 000 000	80 043 255	100%
Rural Roads Assessment Management Grant (RRAMS)	2 552 000	2 552 000	100%	2 681 000	2 681 000	100%
Covid-19 Capital Grant	41 235 000	41 235 000	100%	-	-	-

For the 2020/2021 financial year, the Municipality spent 100% of all its Capital Grants.

5.10 Top Five Project Capital Spending

Project Name	Funding Source	Amount Spent
UMSHWATHI REGIONAL BULK WATER	WSIG	68 958 346.80
LINDOKUHLE/MPOLWENI WATER SUPPLY C0062-4 & C0061-20	MIG	50 563 630.69
MBHAVA AND MPETHU WATER – PHASE 2 C0061 -3 & C0061-15	MIG	16 614 692.92
UMSHWATHI SLUM WATER C0066-1/X141 & C0061-22	MIG	10 661 525.01
ENGUGA/ENTSHAYABANTU/MACKSAM(PHASE 5)C0061-2& C0061-17	MIG	5 231 590.39
	Total	**152 029 786**

A total of 68% of the capital expenditure for the 2020 /2021 financial year is from the five major projects that were underway during the financial year.

5.11 Public, Private Partnership

The Municipality has an existing Service Level Agreement (SLA) with the South African National Biodiversity Institute and University of KwaZulu Natal focusing on environmental management and climate change.

OTHER FINANCIAL MATTERS

5.12 Supply Chain Management Processes

The municipality has a centralised supply chain management unit that undertakes to manage all procurement processes. At the commencement of the financial year a procurement plan is prepared and rolled out. All procurement above R200 000 threshold which is in the form of tenders follow the three SCM Committees process of Bid Specification, Bid Evaluation and Bid Adjudication.

5.13 GRAP

The statutory annual financial statements are GRAP compliant. As and when new GRAP standards are released by the Accounting Standards Board they are automatically updated on the CaseWare programme used for the preparation of the financial statements.

CHAPTER 6 – REPORT OF THE AUDITOR GENERAL

COMPONENT A – 2020/2021 REPORT OF THE AUDITOR GENERAL – CURRENT YEAR

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on the uMgungundlovu District Municipality and its entity

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the uMgungundlovu District Municipality and its entity (the group) set out on pages to , which comprise the consolidated and separate statement of financial position as at 30 June 2021, the consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (Dora).

Basis for opinion

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

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

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

Emphasis of matters

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

Material impairments – consumer debtors

7. As disclosed in note 4 to the consolidated and separate financial statements, consumer debtors were impaired by a total of R965,52 million (2019-20: R777,70 million) respectively, as a result of the annual review of the recoverability of the debt.

Event after the reporting date

8. I draw attention to note 41 in the consolidated and separate financial statements, which deals with events after reporting date and specifically the damages incurred to municipal properties during the looting and vandalizing of properties which occurred during July 2021 within KwaZulu-Natal. The extent of the losses incurred by the municipality is still being assessed or investigated.

Material losses - water

9. As disclosed in note 42 to the consolidated and separate financial statements, material water losses of R70,92 million (2019-20: R52,24 million) was incurred by the municipality which represents 33% (2019-20: 27%) of total water purchased. The water losses were mainly due to water leakages, illegal connections, faulty meters and the increase in the number of customers that were charged a flat rate tariff for water consumption.

Other matters

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

Unaudited disclosure note

11. In terms of section 125(2)(e) of the MFMA, the group is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the consolidated and separate financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the *basic service delivery key performance area* presented on pages 71- 74 and pages 108 – 133 of the municipality's annual performance report for the year ended 30 June 2021.

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected key performance area.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report on pages 69 to 195 sets out information on the achievement of planned targets for the year.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of *basic service delivery key performance area*. As management subsequently corrected the misstatements, I did not raise material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

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

25. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

26. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, revenue, cash flow statement and the statement of budget and actual amounts 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.

Expenditure management

27. Reasonable steps were not taken to prevent irregular expenditure amounting to R12,40 million as disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by contract variations that were not in accordance with the requirements of section 116 of the MFMA.

28. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R86,58 million, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was due to actual expenditure exceeding the approved operating expenditure budget relating to the increased debt impairment and depreciation expense.

Other information

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.

30. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. The other information I obtained prior to the date of this auditor's report is the mayor's foreword, accounting officer's foreword and the audit committee's report. The executive summary, governance, service delivery performance, organisational development performance, financial performance review is expected to be made available to us after 15 December 2021.

33. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

34. When I do receive and read the executive summary, governance, service delivery performance, organisational development performance, financial performance review, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

35. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

36. Senior management did not implement adequate controls to ensure credible and reliable financial reporting as well as compliance with applicable laws and regulations relating to the expenditure management.

Other reports

37. I draw attention to the following engagement conducted that have, or could have, an impact on the matters reported in the group's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation included in this report.

38. The Special Investigating Unit investigated allegations of maladministration and improper conduct by officials of the municipality relating to the procurement and contract management of events and project management services procured between 2017 and 2018, as per Proclamation No. R 58 of 2019 which was gazetted on 8 November 2019 by the President of the Republic of South Africa. The investigation report was tabled to council and was referred to the disciplinary board of the municipality and it was resolved that a further internal investigation be conducted.

Auditor - General

Pietermaritzburg

24 January 2022

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for the selected key performance area and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the uMgungundlovu District Municipality's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
   - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPONENT B – 2019/2020 REPORT OF THE AUDITOR GENERAL – PREVIOUS YEAR

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and council on uMgungundlovu District Municipality and its entity

Report on the audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the uMgungundlovu District Municipality and its entity (the group) set out on from pages 534 (of the previous annual report) which comprise the consolidated and separate statement of financial position as at 30 June 2020, consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (Dora).

Basis for opinion

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

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

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

Emphasis of matters

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

Events after the reporting date

7. I draw attention to note 45 in the consolidated and separate financial statements, which deals with the finalisation of a litigation between a supplier and the municipality. The court settled the matter in favour of the supplier in May 2020 and management has made provision for the settlement of this amount in the consolidated and separate financial statements.

Contingencies

8. As disclosed in note 43 to the consolidated and separate financial statements, various legal claims were lodged against the municipality. The ultimate outcome of these matters could not be determined, hence the consolidated and separate financial statements did not include any liabilities that could have resulted from them.

Material losses - water

9. As disclosed in note 46 to the consolidated and separate financial statements, material water losses of R52,24 million (2019: R32,34 million) was incurred by the municipality, which represents 27% (2019: 30%) of total water purchased.

Other matter

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

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the group and is required to disclose particulars of non-compliance with the MFMA in the consolidated and separate financial statements. This disclosure requirement did not form part of the audit of the consolidated and separate financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the party for the consolidated and separate financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the development priority – basic service delivery presented in pages xx - xx of the municipality's annual performance report for the year ended 30 June 2020.

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

20. The material findings in respect of the usefulness and reliability of the selected development priority are as follows:

Development priority – basic service delivery

Various indicators

21. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information and method of collection or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement of the indicators listed below. This was due to a lack of measurement definitions and processes. I was unable to confirm that the indicators are well-defined and verifiable by alternative means. As a result, I was unable to audit the reliability of the achievements reported in the annual performance report of the listed indicators.

Indicator number	Performance indicator	Planned target	Reported achievement
OMM7	% Households to have access to water	10.46% (3498) Households with access to water by the 30th of June 2020	0% No new households with access to water services for the period. Status remains 72.31%
OMM9	% Households with access to sanitation services	(36% (904) of 2481) Households with access to sanitation services by the 30th of June 2020	0% No new households with access to sanitation services for the period. Status remains 98%
Initial SDBIP - TEC17	% of water/sewer pump station civil engineering incidents resolves	100% of Water/ Sewer Pump Station - Civil Engineering incidents resolved by the 30th of June 2020	100% Resolved
Initial SDBIP - TEC 18	% of water/sewer pump station - electrical engineering incidents resolved	100% of Water/ Sewer Pump Station - Electrical Engineering incidents resolved by the 30th of June 2020	100% resolved
Initial SDBIP - TEC 19	% of water/sewer pump station - Mechanical engineering incidents resolved	100% of Water/ Sewer Pump Station - Mechanical Engineering incidents resolved by the 30th of June 2020	100% resolved

Various indicators

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of targets for the indicators listed below. This was due to limitations placed on the scope of my work and exceptions identified on the indigent register. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievements as reported in the annual performance report.

SDBIP Ref	Programme	Performance Measure/ unit of measure	Annual Target	Annual Achievement
OMM 13 (Ref: Initial SDBIP)	Basic Service Delivery	% Households with access to free sanitation services	40.31% Households with access to sanitation services by the 30th of June 2020	57% (3290) Households with access to free sanitation services
OMM 8	Basic Service Delivery	% Households with access to free basic water	38% (1860) Households with access to free basic water services by the 30th of June 2020	57% (3290) Households with access to free basic water services

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report on pages 105 to 378 sets out information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 21 and 22 of this report.

Adjustment of material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of basic service delivery. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

27. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

28. 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 expenditure and commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

29. The consolidated financial statements were not submitted to the Auditor-General, for auditing, within five months after the end of the financial year, as required by section 126(1)(b) of the MFMA.

Procurement and contract management

30. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of Supply Chain Management (SCM) regulation 43.

31. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

Expenditure management

32. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R182,43 million (2019: R45,45 million) as disclosed in note 49 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

33. Reasonable steps were not taken to prevent irregular expenditure amounting to R22,95 million (2019: R7,80 million) as disclosed in note 48 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3,63 million (2019: R488 248) as disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure is as a result of the interest due to the execution creditor.

Strategic planning and performance management

35. The performance management system and related controls were inadequate as it did not describe how the performance measurement and reporting processes should be conducted, as required by municipal planning and performance management regulation 7(1).

Other information

36. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.

37. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

41. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting and compliance with legislation.

Other reports

42. I draw attention to the following engagement conducted by various parties which had, or could have, an impact on the matters reported in the group's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

43. The Special Investigating Unit investigated allegations of maladministration and improper conduct by officials of the municipality relating to the procurement and contract management of events management and project management services procured between the period of 2017 and 2018 financial years as per Proclamation No. R 58 of 2019 which was gazetted on 8 November 2019 by the President of the Republic of South Africa. The investigation report was tabled to Council and was referred to the disciplinary board of the municipality.

Pietermaritzburg

31 March 2021



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

44. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected development priority and on the municipality's compliance with respect to the selected subject matters.

Financial statements

45. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a group to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

46. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

47. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

APPENDICES

Appendix A – Councillors and Party Allocation

EXECUTIVE COMMITTEE

NAME	PARTY
TE MAPHUMULO (Chairperson)	ANC – DIRECT
AS DLAMINI	ANC - MSUNDUZI
J NGUBO	ANC – MSUNDUZI
NP MSIMANG	ANC – MSUNDUZI
MS MTHETHWA	ANC – DIRECT
BA MCHUNU	ANC – DIRECT
BC NHLABATHI	DA – MSUNDUZI
SCELO MAJOZI	ANC – DIRECT
BE ZUMA	IFP – PR MSUNDUZI
INKOSI MZ MTHULI	INKOSI

FINANCE PORTFOLIO COMMITTEE

NAME	PARTY
TE MAPHUMULO (Chairperson)	ANC – DIRECT
SC GABELA	ANC – DIRECT
SCELO MAJOZI	ANC – DIRECT
SIPHO MKHIZE	ANC – DIRECT
GH NGCOBO	ANC – PR UMSHWATHI
HM ZONDI	ANC – PR MSUNDUZI
S MADLALA	ANC – PR MSUNDUZI
H LAKE	DA – UMNGENI
BE ZUMA	IFP – PR MSUNDUZI
INKOSI ES ZUMA	INKOSI
INKOSI NK MAPHUMULO	INKOSI

INFRASTRUCTURE PORTOLIO COMMITTEE

NAME	PARTY
AS DLAMINI(Chairperson)	ANC – PR MSUNDUZI
MD NJOKWE	ANC – DIRECT
B KHUMALO	ANC – PR MPOFANA
SJ LUTHULI	ANC – PR UMSHWATHI
BA MCHUNU	ANC – DIRECT
N ZONDO	ANC –
SCELO MAJOZI	ANC DIRECT
BC SOKHELA	IFP – PR MSUNDUZI
KCS NENE	EFF – DIRECT
INKOSI NC MOLEFE	INKOSI
INKOSI B NTANZI	INKOSI
INKOSI NW ZONDI	INKOSI

HUMAN RESOURCES AND SOUND GOVERNANCE PORTFOLIO COMMITTEE

NAME	PARTY
MS MTHETHWA (Chairperson)	ANC –DIRECT
SCELO MAJOZI	ANC DIRECT
NZ NDLOVU	ANC – PR MSUNDUZI
K DLAMINI	ANC – PR MSUNDUZI
T DLAMINI	ANC-
SC GABELA	ANC – DIRECT
D NJOKWE	ANC – DIRECT
E XABA	DA-DIRECT
MM THUSI	IFP – DIRECT

COMMUNITY SERVICES PORTFOLIO COMMITTEE

NAME	PARTY
NP MSIMANG (Chairperson)	ANC – MSUNDUZI
S MADLALA	ANC – PR MSUNDUZI
SIPHO MKHIZE	ANC – DIRECT
NZ NDLOVU	ANC – MSUNDUZI
LC NGCOBO	ANC – DIRECT
DB PHUNGULA	ANC – MSUNDUZI
BT MBANJWA	ANC-
Z NGUBO	DA-PR MSUNDUZI
MM THUSI	IFP – DIRECT
INKOSI T MKHIZE	INKOSI

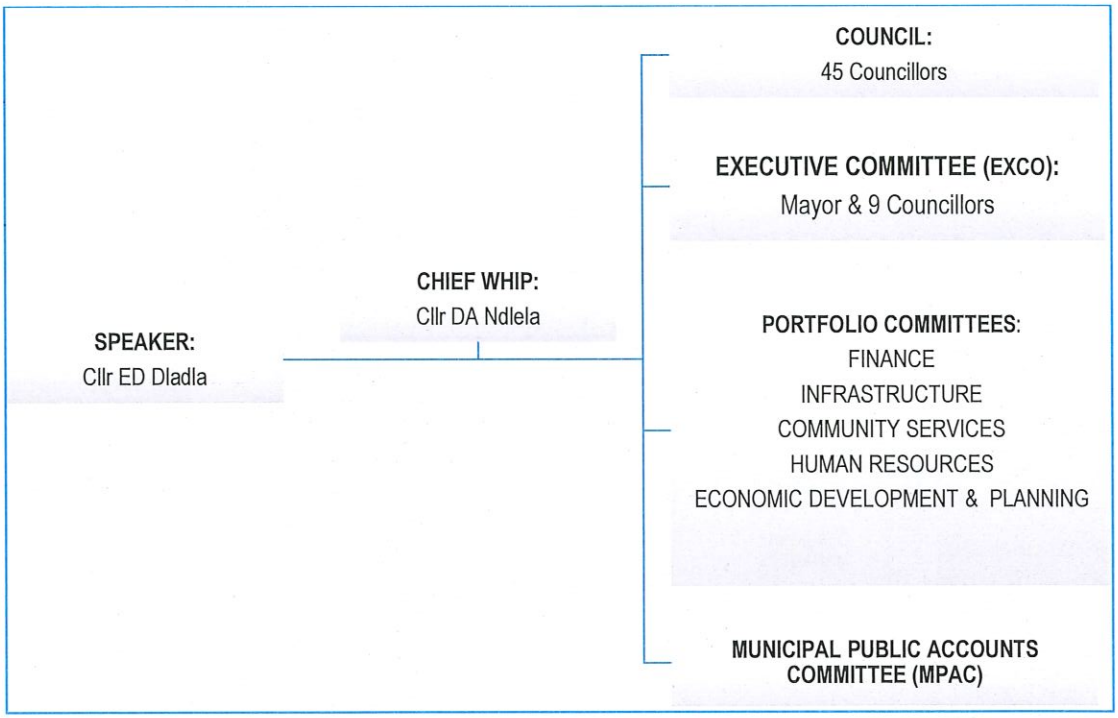
ECONOMIC DEVELOPMENT AND PLANNING PORTFOLIO COMMITTEE

NAME	PARTY
J NGUBO(Chairperson)	ANC – PR MSUNDUZI
SW DLAMINI	ANC – PR MSUNDUZI
SJ LUTHULI	ANC – PR UMSHWATHI
NC MABHIDA	ANC - DIRECT
T DLAMINI	ANC-
HM ZONDI	ANC – PR MSUNDUZI
DB PHUNGULA	ANC-MSUNDUZI
RB STRACHAN	DA-PR MSUNDUZI
BC SOKHELA	IFP-
INKOSI MZ MTHULI	INKOSI

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NAME	PARTY
T ZUMA (Chairperson)	ANC – PR MSUNDUZI
NV DUZE	ANC DIRECT
MJ MKHIZE	ANC – DIRECT
M (MNTUZA) MKHIZE	ANC – PR MSUNDUZI
SD NKUNA	ANC - PR UMNGENI
B NGCONGO	ANC – PR RICHMOND
R SOOBIAH	ANC – MSUNDUZI
T HLATSHWAYO	DA-DIRECT
BK MKHIZE	IFP – PR UMSHWATHI
INKOSI	

Appendix B – Council Committees and Purposes



COUNCIL

Chaired by the Speaker. Legislative Political Structure which is entrusted with the oversight responsibility and decision-making/delegation powers.

EXECUTIVE COMMITTEE:

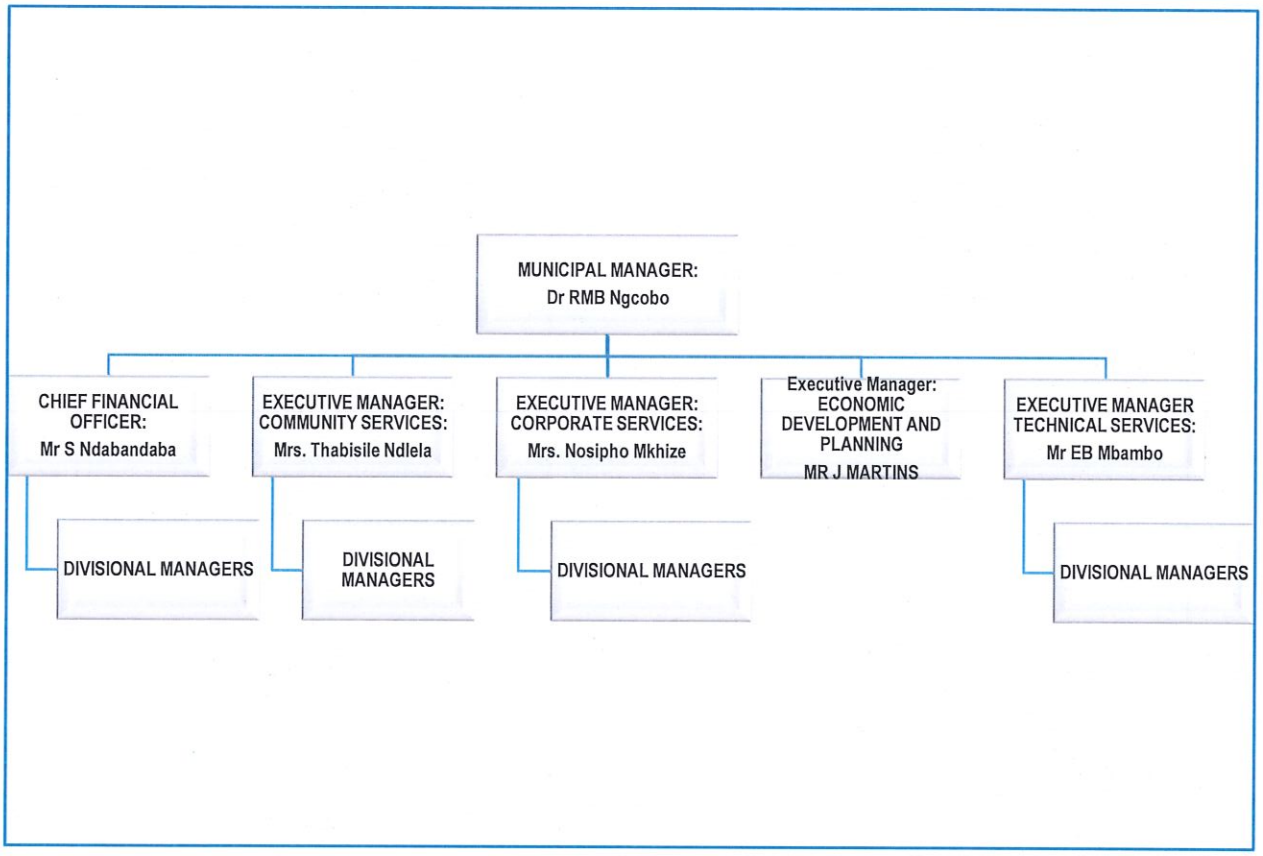
Chaired by the Mayor, takes delegated decisions and resolves to recommend to Council for the implementation of service delivery matters.

PORTFOLIO COMMITTEES:

Section 80 of the Municipal Structures Act, Act 117 of 1998: political oversight on activities implemented by the administration/departments. Chaired by Executive Committee Members.

Aligned to key performance areas/departmental functions.

Appendix C – Third Tier Administrative Structure



Appendix D – Municipal Powers and Functions

The Local Government Municipal Structures Act (1998) makes provision for the division of powers and functions between the District and Local Municipalities. These include the following for the uMgungundlovu District Municipality;

	SERVICES RENDERED
1.	Integrated development planning for the District as a whole with alignment to the Integrated Development Plans of the local municipalities in the District.
2.	Supply of water and sanitation to six local municipalities.
3.	Sewage purification works and sewage disposal at six the local municipalities.
4.	Solid waste management throughout the District
5.	Establishment and management of cemeteries and crematoria in six local municipalities.
6.	Emergency services (Fire and Disaster Management) in six local municipalities.
7.	Promotion of local economic development in the District.
8.	Promotion of tourism development in the District
9.	Town and Regional Planning and Geographic Information services throughout the District.
10.	Environmental Health Services.
	SERVICES NOT YET RENDERED
1.	Municipal airports
2.	Municipal health services
3.	Establishment and management of fresh produce markets and abattoirs

4.	Regulations relating to passenger services

Appendix E – Audit Committee Report

ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR uMgungundlovu DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2021

INTRODUCTION

The uMgungundlovu District Municipality Audit and Performance Audit Committee has been established by Council as an independent committee in terms of section 166 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003, the Municipal Systems Act (MSA), Act 32 of 2000 and the Municipal Planning and Performance Regulations, 2001. The Committee has adopted a formal Audit Committee Charter, which is regularly updated and approved by Council.

The Committee is honoured to present its report for the financial year ended 30 June 2021.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee Charter requires the Committee to consist of a minimum of three independent members, with a minimum of four (4) meetings to be held per annum to give effect to the responsibilities assigned to the Audit Committee in its Charter.

Name of Member	Date of Appointment	Membership
Mr. SD Gabela	01 May 2014	Active
Ms. S. Keshav	01 May 2014	Active
Ms N Mtshali	01 May 2017	Active
Mr. A Singh	01 March 2021	Active

During the year under review, the Committee held five (05) Audit Committee meetings as listed below:

Date	SD Gabela	S. Keshav	N Mtshali	A Singh
28 September 2020	✓	✓	✓	
21 October 2020	✓	✓		
09 December 2020	✓	✓		
10 March 2021	✓	✓		✓
30 June 2021	✓	✓	✓	✓

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has discharged its responsibilities in line with section 166 (2) of The Municipal Finance Management Act, read with Regulation 14(3) and (4)(a) of the Municipal Planning and Performance Management Regulations:

Regulation 14(3) and (4)(a) states the following as some of the responsibilities of performance audit committee:

- A performance audit committee must meet at least four times during the financial year of the municipality concerned.
- A special meeting of the performance audit committee may be called by any member of the committee.
- A performance audit committee may determine its own procedures after consultation with the executive mayor or the executive committee of the municipality concerned, as the case may be.
- A performance audit committee must:
  - review the quarterly reports submitted to it in terms of regulation 14 (1)(c)(ii) of the Municipal Planning and Performance regulations;
  - review the municipality's performance management system and make recommendations in this regard to the council of that municipality; and
  - at least twice during a financial year submit an audit report to the municipal council concerned.

The Audit Committee adopted its Terms of Reference at its meeting held on 28 September 2020, in line with the requirements of section 166 of the Municipal Finance Management Act, No. 56 of 2003. Furthermore, the Committee reports that it conducted its affairs in compliance with the charter.

Quarterly Reports for the period ending 30 June 2021 were submitted to Council as prescribed by in the Act.

THE EFFECTIVENESS OF INTERNAL CONTROL

The Audit Committee reviewed various reports from the Internal Audit Activity in terms of the approved audit plan. Based on our evaluation of the work of the Internal Audit Activity as well as feedback from the Office of the Auditor-General, the Committee is of the opinion that the adequacy and effectiveness of internal control systems is generally sound, however, several deficiencies and control weaknesses were identified by Internal Audit during the year under review, which requires urgent management attention especially in relation to Performance Management.

Furthermore, management's commitment and interventions made in addressing the control deficiencies identified is acknowledged.

RISK MANAGEMENT AND GOVERNANCE

The Audit Committee has reviewed the adequacy of the design, implementation and monitoring of the municipality's risk management processes and the integration thereof into the municipality's day to day activities, including:

- Reviewing the significant risk facing the municipality and the appropriateness of identified risk responses.
- Considering the appropriateness of management's risk appetite and risk tolerance in accordance with the risk management strategy set by the Council.
- Ensuring that a formal risk assessment is undertaken at least annually.

The Committee acknowledges the risk management processes that management has put in place; however the municipality needs to increase its efforts in ensuring that the practice of risk management is embedded in the operational processes of the municipality and monitored continuously.

PERFORMANCE MANAGEMENT

The Audit Committee has considered the quarterly reports of the Internal Audit Activity in relation to performance management and can conclude that the performance management system is in place and fully functional, however the committee expressed the following concerns that had been raised in previous year with management:

- Performance Information is not submitted to internal audit on time to allow for proper review and verification of the credibility of the performance reports;
- Portfolio of evidence not always submitted for audit purposes resulting in the internal audit not being able to ascertain the extent to which measurable outputs were achieved; and
- Incomplete Portfolio of Evidence was submitted for audit purposes.

THE QUALITY OF IN-YEAR MANAGEMENT AND MONTHLY/ QUARTERLY REPORTS SUBMITTED IN TERMS OF THE MFMA

The Committee has reviewed the content and quality of in-year management and monthly / quarterly report submitted in terms of the MFMA and the Division of Revenue Act, and issues on completeness and accuracy of the reports were raised with Management, to take the necessary corrective actions.

INTERNAL AUDIT

The Committee was convinced that the internal audit work was conducted its activities in accordance with the approved annual audit plan, and with the content and quality of internal auditors quarterly reports prepared and issued for the period under review.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed with concern and discussed the municipality's annual financial statements for the year ended 30 June 2021;
- Reviewed the municipality's compliance with legal and regulatory provisions; and
- Reviewed the Auditor-General's report and management responses thereto.

APPRECIATION

The Committee wishes to express its sincere appreciation to the Mayor, Council, Municipal Manager, management and officials of the municipality for their support and cooperation during the year under review.



S.D. GABELA
Chairperson of the Audit Committee

Appendix F – Record of Attendance

A	Absent with an apology
0	Absent without an apology
P	Present

uMGUNGUNDLOVU DISTRICT MUNICIPALITY
FULL COUNCIL
RECORD OF ATTENDANCE 2020/2021

NAME	PARTY	13.07	17.07	01.09	17.09	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
ED DLADLA - SPEAKER	ANC	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P
TE MAPHUMULO – MAYOR	ANC	P	P	P	A	P	P	P	P	P	P	P	P	A	P	P	A	P
DA NDLELA – WHIP	ANC	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P	A
MK DLAMINI	ANC	O	P	O	O	P	O	O	O	P	P	P	P	P	O	O	O	O
AS DLAMINI	ANC	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
SW DLAMINI	ANC	P	P.	P	P	P	P	P	P	A	P	O	A	P	P	P	O	O
T DLAMINI	ANC											P	P	P	P	P	P	P
NV DUZE	ANC	O	P	O	O	P	O	O	O	P	P	P	P	P	P	P	P	P
SC GABELA	ANC	P	P	P	P	P	P	P	P	P	P	P	P	A	P	A	P	P
B KHUMALO	ANC	P	O	P	A	P	P	O	O	A	O	O	A	A	P	P	O	O
SJ LUTHULI	ANC	P	P	P	P	P	P	P	P	A	A	O	A	A	A	O	P	O
NC MABHIDA	ANC	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
SPHA MADLALA	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	P	P	P	O

NAME	PARTY	13.07	17.07	01.09	17.09	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
S MAJOZI	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
BT MBANJWA	ANC											P	P	P	P	P	P	P
NAME	PARTY	13.7	17.7	01.9	17.9	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
BA MCHUNU	ANC	A	A	A	A	A	A	A	A	A	A	O	A	P	P	P	P	P
M MKHIZE	ANC	P	A	P	P	A	P	P	P	P	P	P	A	P	A	O	O	O
MJ MKHIZE	ANC	A	A	A	A	P	A	A	A	A	A	O	A	A	A	O	O	O
S MKHIZE	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	O	O	P	O
NP MSIMANG	ANC	A	O	O	O	P	O	A	O	A	P	O	P	P	A	O	P	O
MS MTHETHWA	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
NZ NDLOVU	ANC	A	O	O	O	A	A	O	O	P	P	P	P	A	A	P	O	O
J NGUBO	ANC	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
MD NJOKWE	ANC	P	P	P	P	P	P	O	O	P	P	P	P	A	P	P	P	P
GH NGCOBO	ANC	O	P	O	A	A	O	O	O	A	A	O	A	A	P	O	O	A
LC NGCOBO	ANC	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P
B NGCONGO	ANC	P	P	O	P	P	P	P	P	A	P	O	P	P	P	O	P	P
SD NKUNA	ANC	A	A	O	A	P	P	P	P	P	A	P	P	P	A	P	O	A
N PHOSWA	ANC	P	P	A	O	A	P	O	O	O	O							
DB PHUNGULA	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
R SOOBIAH	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P

NAME	PARTY	13.07	17.07	01.09	17.09	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
HM ZONDI	ANC	P	O	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
N ZONDO	ANC	O	P	O	O	P	P	O	O	P	P	P	P	A	O	O	P	O
TR ZUMA	ANC	P	P	P	P	P	P	P	P	P	P	P	P	A	P	P	P	P

NAME	PARTY	13.7	17.7	01.9	17.9	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
MS BOND	DA	P	P	P	P	P	P	P	A	A	P	O	A	A	A	P	P	P
SD CHONCO	DA	P	P	P	P	P	P	P	P	P	P							
TA HLATSHWAYO	DA	P	P	P	P	P	A	P	P	P	A	P	A	P	P	A	A	P
H LAKE	DA	P	A	P	P	P	A	P	P	P	P	P	P	P	P	P	P	A
BC NHLABATHI	DA	P	P	P	P	P	P	P	P	A	P	P	P	A	P	P	P	P
Z NGUBO	DA	P	P	P	P	P	P	O	O	P	P	P	P	A	P	P	P	P
RB STRACHAN	DA	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P	P
E XABA	DA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
BK MKHIZE	IFP	A	P	O	O	P	O	A	A	P	P	P	P	P	A	O	O	P
BC SOKHELA	IFP	A	O	O	O	P	O	O	P	P	P	P	P	P	P	A	P	P
MM THUSI	IFP	O	O	O	O	P	O	A	A	P	P	P	P	P	P	P	O	P
BE ZUMA	IFP	A	O	A	O	P	A	O	P	P	P	P	P	P	P	A	O	P
KCS NENE	EFF	A	P	O	O	P	P	O	P	P	A	P	P	P	P	P	P	P
INKOSI MZ MTHULI	INKOSI	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
INKOSI P MAJOZI	INKOSI	O	O	O	O	O	O	O	P	O	O	O	O	O	O	O	O	O
INKOSI NW ZONDI	INKOSI	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O

NAME	PARTY	13.7	17.7	01.9	17.9	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
INKOSI B NTANZI	INKOSI	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
INKOSI NK MAPHUMULO	INKOSI	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O

NAME	PARTY	13.7	17.7	01.9	17.9	01.10	12.10	30.10	24.11	11.12	14.01	04.02	25.02	30.03	29.04	28.05	11.06	29.06
INKOSI NC MOLEFE	INKOSI	P	O	P	O	P	P	O	O	O	O	O	O	O	O	O	O	O
INKOSI SE MDLULI	INKOSI	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
INKOSI ES ZUMA	INKOSI	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
INKOSI T MKHIZE	INKOSI	P	P	P	O	P	P	O	O	O	O	O	P	O	O	P	P	P

NAME	PARTY	09.07	29.07
ED DLADLA - SPEAKER	ANC	P	P
TE MAPHUMULO – MAYOR	ANC	P	P
DA NDLELA – WHIP	ANC	P	P
MK DLAMINI	ANC	O	O
AS DLAMINI	ANC	P	O
SW DLAMINI	ANC	P?	O
T DLAMINI	ANC	P	P
NV DUZE	ANC	P	P
SC GABELA	ANC	O	P
B KHUMALO	ANC	P	A
SJ LUTHULI	ANC	P	P
NC MABHIDA	ANC	P	P
SPHA MADLALA	ANC	A	P
S MAJOZI	ANC	P	O
BT MBANJWA	ANC	P	P
NAME	PARTY	09.7	29.7
BA MCHUNU	ANC	A	P
M MKHIZE	ANC	A	O
MJ MKHIZE	ANC	O	O

NAME	PARTY	09.07	29.07
S MKHIZE	ANC	P	P
NP MSIMANG	ANC	P	P
MS MTHETHWA	ANC	P	P
NZ NDLOVU	ANC	P	P
J NGUBO	ANC	P	P
MD NJOKWE	ANC	P	P
GH NGCOBO	ANC	O	O
LC NGCOBO	ANC	P	P
B NGCONGO	ANC	P	P
SD NKUNA	ANC	A	P
DB PHUNGULA	ANC	P	P
R SOOBIAH	ANC	P	P
HM ZONDI	ANC	P	P
N ZONDO	ANC	O	O
TR ZUMA	ANC	O	O

Appendix G – Municipal entities Annual Report



UMGUNGUNDLOVU ECONOMIC DEVELOPMENT AGENCY

ANNUAL REPORT

FINANCIAL YEAR 2020/21

TABLE OF CONTENTS

1. FOREWORD BY CHAIRMAN 2

2. FOREWORD BY CEO 4

3. OVERVIEW OF THE AGENCY 6-8

3.1. UMGUNGUNDLOVU DISTRICT MUNICIPALITY .....

3.2. UMGUNGUNDLOVU ECONOMIC DEVELOPMENT AGENCY .....

4. DEPARTMENTAL REPORT 9-14

4.1. INVESTMENT PROMOTION & MARKETING .....

4.2. PROJECT DEVELOPMENT .....

4.4. HUMAN RESOURCES 15

5. DIRECTOR'S REPORT AND GOVERNANCE 18

1. FOREWORD BY CHAIRMAN

It is indeed a great pleasure for me to have to report on the activities of the UMEDA for the 2020/21 financial year. The conditions within which our government is functioning calls for drastic measures to build the economy at all levels.

The endorsement of the new district-based model for development that aims to synchronize planning by all spheres of government and involve citizens and civil society in the development of South Africa's 44 municipal districts and eight (8) Metros is a major milestone. This move by government means that all developmental initiatives will be viewed through a district-level lens. Development will be pursued through single, integrated plans per district – one district, one plan – that will outline the role of each sphere of government as well as the role of communities and civil society sectors in each district. With this approach the role of UMEDA become even more critical to district.

I am alluding to this move mainly because it impacts directly on the methodology and the development approach that has to be followed by UMEDA working with its parent municipality. There is a need to improve on co-ordination and combined development strategy and planning on the programmes and projects that UMEDA is expected to deliver on.

The Covid-19 pandemic, which as plagues all economies globally has proven to be an extra burden,especially on the developing economies such as ours and the devastation it has caused both on the citizens ad economies worldwide is immeasurable compound matters,our country`s economy has not been functioning optimally and the rate of unemployment has escalated to unprecedented levels.district development agencies as well as all stakeholders involved in the economic development sphere have a daunting task to turn things around in a short space of time and indeed this will be a difficult task and all key stakeholders need to work together to achieve a tur-around strategy to improve the situation.

Due to the effects of Covid-19,not much was achieved at the end of the financial year as all economic activities came to an abrupt halt due to restrictions imposed to try and curb the spread of the virus and protect the lives of citizens in all countries worl-wide.A number of projects which were earmarked for the current financial year had to be put on hold and this exacebeted the situation.The 2 big projects (N3 Corridor and Howick Falls precinct) that are funded by the KZN EDTEA had to put on hold as a result of the pandemic and we could not proceed and had to request a roll-over form the funder for these projects to resume in the next financial year once the situation has subsided and the agency is able to function optimally.

It is envisaged that the national government approach as alluded above will be embraced by all of us and in that way we shall be able to work together in harmony for the better South Africa, better KZN and better District.

The instability within UMEDA during the year became one of the biggest challenges that the Interim Board was faced with.

I would like to thank Board members who worked tirelessly to keep UMEDA in an operational state and the staff members who despite severe constraints were able to dedicate themselves to deliver on the targets set as indicated in this report.

Mr Nhlanhla Mabaso
Interim Board Chairperson

2. FOREWORD BY ACTING CEO

The economic situation in the district continues to be challenging and uncertain, making investment decisions very difficult and challenging.

Poverty, unemployment and inequality continue to bedevil the district especially in the more rural areas of the district. Our focus has been on economic development in the areas where the poorest of the poor reside.

Efforts are underway to ensure that this situation is reversed.Compounding the stuation further is Covid-19 pandemic which has plagued the entire world,severely impacting on job creation and poverty alleviation.As a region,whose economy is agriculturally inclined,this situation can only be overcome through collaboration with all stakeholders.

As would be expected the focus of the National Development Plan is to eliminate poverty and reduce inequality and this can be realized amongst other things by drawing on the energies of South Africans, growing an inclusive economy, building capabilities and enhancing the capacity of the state to deliver. The establishment of UMEDA is part of the same process to enhance capacity of the state to deliver. To eliminate poverty, the economy must grow faster and this requires hard work and multi-pronged approach, of which the establishment of UMEDA is one of such.

UMEDA as an entity of the Umgungundlovu District Municipality is tasked to identify,package and facilitate implementation of catalytic development projects,working hand in hand with the district municipality. During the year under review a concerted effort was made against all odds to get the Agency to be recognized as a district development vehicle available to all the local municipalities to use.

However due to the impact of the Covid-19 pandemic as all economic activities came to an abrupt halt, the agency was unable to make any in roads in implementing projects due to the restrictions imposed to curb the spread of the virus.A number of projects were earmarked for implementation and the following are key projects,which are funded by the KZN EDTEA.

N3 Corridor Development and
Howick Falls Precinct Update.

As alluded to above,the implementation of these projects had to be halted as a result of the Covid pandemic and will be implemented in the following financial year, pending approval of the roll-over from the department.

The implementation of the RASET programme is one of the highlights for the Agency, given that the NSNP expected to be rolled out through the DDAs could not be attained, but, the Agency was able to source alternative markets as part of the programme. To this effect, we are grateful for the financial support received from COGTA.

Challenges experienced during the year mainly related to the lack of funding for the catalytic projects identified and human resource capacity. The Agency has not been able to make executive appointments for various reasons including lack of funding. It is anticipated that such challenges will be addressed in the coming financial year. The support of the Board of Directors in keeping the organization operational is appreciated, and all the work done was because of the commitment of the junior staff members of the Agency, their efforts bore much fruit.

_____

Mr B.Ngqaimbana
Acting CEO
Date: 30 June 2021

3. OVERVIEW OF THE AGENCY

3.1. UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The uMgungundlovu District Municipality is the second largest municipality in KwaZulu-Natal, and includes the capital city of the province, Pietermaritzburg. The district has a rich and complex natural environment with numerous resources, including traditional farmland communities, informal rural settlements and upmarket urban areas. An efficient network of roads and railways links the rural areas with urban centres with the N3 national road offering substantial opportunity for development.

3.2. UMGUNGUNDLOVU ECONOMIC DEVELOPMENT AGENCY

UMgungundlovu Economic Development Agency (UMEDA) was established so as to promote and implement economic development within the parent municipality's area of jurisdiction based on the parent municipality's integrated development plan and policies pertaining to this objective thereby unlocking the economic potential of the UMgungundlovu District area. With focus being on the economic, social and environmental development. The Agency is 100% owned by the UMgungundlovu District Municipality with regards to its shareholding status.

Mandate

UMEDA is a Municipality Agency established to promote investment and implement economic development initiatives within the Municipality's area of jurisdiction based on the Municipality's integrated development plan and policies pertaining to this objective, thereby unlocking the economic potential of the District focusing on investment promotion, economic development, and social development.

Vision

To be a dynamic Agency which acts as a catalyst for inclusive economic growth and development thereby making uMgungundlovu District the investment destination of choice.

Mission

- To identify, facilitate and implement strategic projects which transform the District both economically and spatially
- To become a self-sufficient and sustainable entity.

Values

- Transparency
- Integrity
- Innovation
- Inclusivity
- Consultative
- Teamwork
- Partnership

UMEDA Priorities

UMEDA is pursuing the following priorities and all the strategic objectives are linked to these priorities.

- To contribute to the economic development and growth within the Midlands Region
- To build a sustainable and compliant Agency that strives for business and service delivery excellence

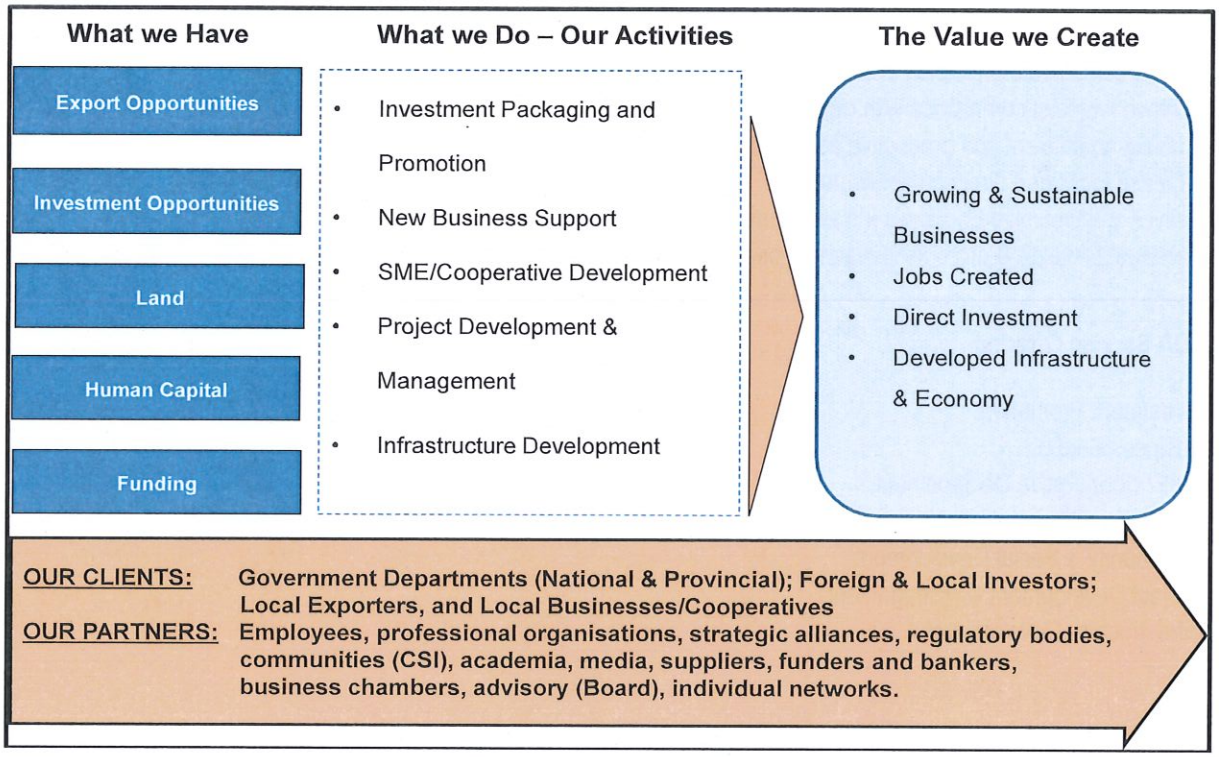
Strategic Objectives

- Ensure compliance principles to all applicable regulatory requirements and Strategic Objectives
- Achieve financial compliance with regulatory requirements
- To build an efficient and productive administration
- Increase facilitated direct investments.
- Deliver and Optimize Economic Infrastructure Projects
- Package, Develop & promote investment opportunities for selected sectors.

UMEDA Service Offering

- Investment Promotion.
- Business Support.
- SME/ Cooperative Development.
- Export Promotion.
- Community & Social Development.
- Project Development & Management.
- Infrastructure Development

UMEDA Business Model



4. DEPARTMENTAL REPORT

To achieve its mandate, UMEDA is structured into four departments:

- Office of the CEO
- Project Development & Investment
- Finance
- Human Resources

4.1. PROJECT DEVELOPMENT & INVESTMENT

The mandate of Project Development Department is conceptualise, develop and manage projects, both investment and infrastructure projects. The investment projects are packaged, facilitated, and promoted within UMgungundlovu District Municipality. The funding of the projects come from different funders such as UMDM,KZN EDTEA and KZN COGTA.

The portfolio of projects that UMEDA is facilitating are mainly green-fields thus requires significant developmental interventions before actual commitments could be committed by investors. The department is committed to convert pipeline projects into committed projects in the next financial year. A number of leads are currently been screened and negotiated with prospective investors.

UMEDA is focusing on four sectors to promote investment opportunities in the District, namely:

- Tourism & Infrastructure
- Agriculture
- IT
- Manufacturing.

Investment Promotion and Marketing

UMEDA uses platforms such as inbound and outbound trade and investment missions as one of the effective tools for promoting investment opportunities in the District.

- **Inbound**

  No inbound missions were facilitated during 2020/21.

- **Outbound**

  No outbound missions were facilitated during 2020/21.

MEDIA AND ADVERTISEMENT

No Advertorial / Editorial / Press Release were issued to media by the Agency during this period, the Agency only placed advertisements for jobs (HR) and for open tenders (SCM) during 2020/21.

i. **Infrastructure Projects**

No.	Project Name	Description	Funder	Project Site	Project Value	Status
1.	N3 Corridor	The facilitation of the establishment a new town that is planned in a manner that optimises global best practice in terms of smart technologies, spatial planning, green building technologies, green waste water treatment, public transport planning and collective ownership. The recently adopted SDF allows for 800Ha of land to be developed for mixed use, light industry, residential and commercial. The Agency, as the champion of this new town development, will project manage a team of experts to produce an "Investor Ready" blueprint for the Towns establishment.	UMEDA – Staffing costs EDTEA – Application for R 5m funding to establish Specialist team	N3 Corridor from Mpofana to Mshwathi, with special focus on Camperdown / Mshwathi	Total project will attract Billions of Rand of capital	The overall concept has been presented and positively received by: Land owners, Mshwathi LM UMDM, SANRAL, ESKOM, UMGENI Water, Local Black Business Forum, Traditional leadership, DOT, EDTEA, COGTA & TIKZN
2	Howick Falls Precinct Upgrade	Howick Falls precinct upgrade offers a ray of semi-formalised micro enterprise sites,predominantly from previously disadvantaged groupings and formalised enterprises next to the access roads to and from the Falls that include a Museum,Historic Buildings,Church and cemetery historic markers of Anglo-Zulu and WW`s 1 and 2,Hospitality,Craft,antiwues,collectables,galleries and Curios. Considering the recent development of the Nelson Mandela Capture site,which has been upgraded to a World-class Heritage Centre,uMngeni Municipality thus recognised the need to upgrade the offerings of the Falls.The project aims at upgrading th falls through a structured intervention of key initiatives that will	KZN EDTEA	Howick,uMngeni Local Municipality	R 5 m	Stakeholders have been engaged,including Church groups,Business chamber,Howick rate-payers ets.The implementation of the project was however delayed due to the Covid-19 pandemic

		see the facility becoming a world class destination for local and international visitors.				
3	RASET Programme	The National School Nutrition Programme (NSNP) is a government intervention programme aimed at enhancing the education experience of needy learners. The KwaZulu-Natal Executives (Cabinet) took a decision of using the NSNP as the vehicle of ensuring that local communities, through cooperatives being involved in the local economy as suppliers and service providers to the NSNP. This decision is based on the successful model that has been implemented at iLembe District by enterprise iLembe Development Agency. Agricultural cooperatives and community gardens are the focal area of promoting inclusive local economy and also of developing local supplier. One of the key mandates of the economic development, including uMgungundlovu Economic Development Agency (UMEDA), is to ensure that the programme is implemented successfully in their district. The NSNP will be providing local cooperatives opportunities to access the market through the supply of fresh produce to all schools in uMgungundlovu District.	KZN COGTA	uMgungundlovu District Municipality (All 7 Local Municipalities)	R3 Million	• RASET PSC was formed chaired by UMEDA. • MOA and SLA were signed between UMEDA and UMDM. • Database of schools and farmers were sourced from KZN DoE and KZN DARD. • All schools and Farmers were GIS mapped. • Seedlings were handed over to farmers and coops in the District • Agri-Hubs (one per municipality) were identified and mapped. • Training and Mentorship were conducted to all farmers and coops. • UMEDA and KZN DSD agreed to supply veg to CNDC and SRD through SAFSDA as from 01 July 2019.

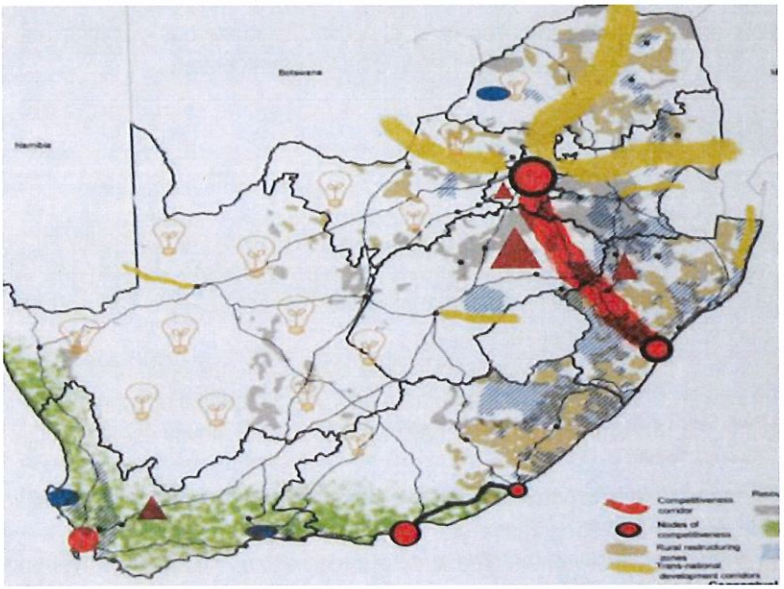
1. THE N3 CORRIDOR

The N3 corridor is South Africa's busiest long-distance highway and is registered as the National Strategic Infrastructure Project - SIP 2, with the intention of strengthening the logistics and transport corridors between the major industrial hubs in the country.

The Durban–Gauteng corridor, by far the most important economic corridor in the country, is expecting massive increases in freight volumes. It is estimated that within 20 years, the amount of freight will double from the current 4 200 daily. This will reflect an increase of 152% in tons transported, from 762 tons p.a. in 2011 to 1.93 billion tons in 2041. The resultant congestion and unreliability, has negative implications.

Beyond the freight volumes, tourists travelling from Gauteng to Durban, constitute 49% of the number of visitors to the city, this translates into 700 000 visitors a year, most of whom drive through the N3 Corridor of our District.

The need for expansion of industrial, commercial and retail space outside of the Ethekwini Metro is evident from the congestion and lack of serviced, flat and accessible land within the Metro.



The stage is set for a corridor development on the scale of Midrand in Gauteng. This development spans the local Municipalities of Mpofana, uMngeni, Msunduzi, Mkhambathini as well as Ethekwini, and is presented as one development with two complimentary nodes.

Despite the substantial building of new houses, and the commendable extension of basic services to them, during the past two decades, we have not succeeded in breaking the colonial and apartheid mould of our urban areas. Fortunately, an opportunity to plan and build a new South African town, presents itself in the Cato Ridge-Camperdown area.



The pristine landscape of eThubeni will be preserved and developments will be nature based

The Agency is driving the establishment of the New Town : "eThubeni" , meaning "the place of Opportunity", has already begun with major investments underway. The intention is to expedite the numerous planning and environmental considerations and so unlock, on a wholesale basis, the entire 800 ha for development.

13 HOWICK FALLS PRECINCT UPGRADE

The Howick falls precinct offers an array of semi-formalised micro enterprise sites, predominantly for persons from previously disadvantaged groupings and formal enterprise next to the access roads to and from the falls that include a museum, restaurants, historic buildings, church and cemetery historic markers of Anglo Zulu and World War 1 and 2, hospitality, craft, antiques, collectables, galleries, and curios.
Considering the recent development of the Nelson Mandela Capture Site, which has been upgraded to a world class heritage centre, uMngeni municipality thus recognises the need to upgrade the overall offering of the Howick falls and so allow it to compliment the region's tourism potential and maximise its national gravity as a provincial landmark and heritage tourism site.
The project aims at upgrading the Howick falls precinct through a structured intervention of key initiatives that will see to the facility becoming a world class destination for local and international visitors.
This will see to the upholding of the biodiversity of the area and the integration of the uMngeni river gorge, the precinct itself and the CBD of the town of Howick.

The envisaged next Phase of the project is the appointment of Architects to design the precinct and present to all stakeholders in the next financial year for the roll-out of the project. This also depends on the approval of the roll-over by the funder,KZN EDTEA wherein once approved processes of appointing a service provider will begin immediately.

UMEDA RASET PROGRAMME

Radical Agrarian Socio-Economic Transformation (RASET) is a programme for Previously Disadvantaged Individuals (PDI) to participate in the production, processing and distribution of food within the food value chains.
The RASET programme proposes to implement a multi-pronged strategy to build an effective agro food system for KwaZulu-Natal that provides food security and a better life for all.

Agribusiness Coordinator was appointed and commence in April. Project Steering Committee meetings have beheld in different Local Municipalities. Sites visits have been conducted to identify farmers and Co-operative which are registered, also checking the existing crops that have been planted by the farmer. Cabbages and Spinach have been distributed to the emerging farmers that are within the Districts of Umgungundlovu. We have received fertilizer from the Department of Agriculture as a donation to assist the emerging farmers which was distributed to the farmers. Signed Memorandum of Understanding with UMATI to empower the farmers from Mpofana Local Municipality.

Five old buildings from 5 local municipalities which were not in used by the municipalities were identified. These buildings are converted to Agri-hubs, where farmers are going to bring bring their produced and be packed to be ready for market.



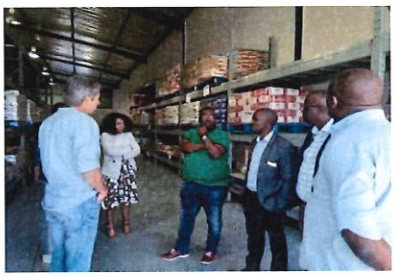
DISTRIBUTION OF SEEDLINGS



AGRI-HUB

MARKETING

UMEDA had engagements with KZN Department of Social Development to supply fruits and vegetables through the NPO called South African Food Service Development Agency (SAFSDA). UMEDA did site visit on SAFSDA warehouse.



4.3. HUMAN RESOURCES

The Human Resource Department's mandate is to establish and develop a solid employee base through the recruitment and retention of a highly competent, skilled and committed employee base.

In pursuit of its mandate the department developed a range of Human Resource Policies and Procedures, the Agency recruited a key member of the management team,the Chief Financial Officer to enhance organisation's capacity. The Board approved Natal Joint Municipal Provident (NJMP) Fund as the Pension Fund for all permanent staff of the Agency and NJMP commenced with deductions of pension fund from staff members as from April 2019.

The organogram for the Agency was approved by the Board in October 2020 to align with the implementation of revised SDBIP during 2020/21. The current organogram is attached below.

Recruitment

The following appointments were made during 2020/21 financial year, as approved by the board.

Ms NK Sibobi 06 Jul 2020-Chief Financial Officer
Mr J Martin 01 Feb 2020
Miss SN Ngwane 07 Sep 202
Mr N Mkhize 07 Sep 2020
Ms NH Mbanjwa 07 Sep 2020

Resignations

Mr James Martin resigned as an Acting CEO to take up the position of HoD EDP within the District municipality

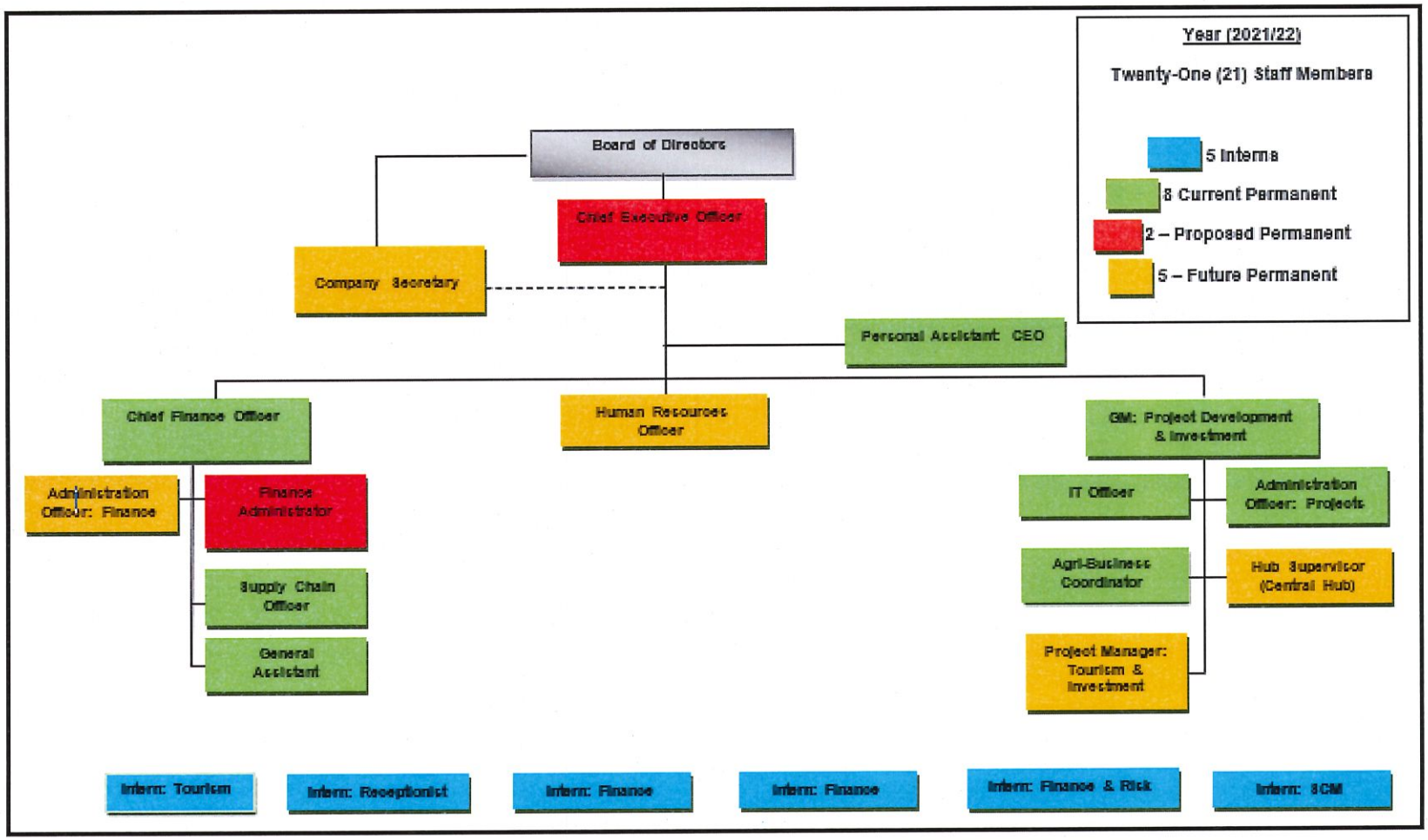
Human Resource Policies

All developed policies and procedures approved by the board were implemented. The following Human Resources policies were approved by the Board during 2018/19 financial year:

- Leave Policy
- Cell-phone and 3G Policy
- Recruitment and Selection Policy
- Remuneration Policy
- Acting allowance Policy
- Disciplinary Policy
- Termination and Exit Policy

ORGANISATIONAL STRUCTURE FOR UMEDA 2020/21

YEAR – 2021/22



5. DIRECTOR'S REPORT AND GOVERNANCE

i. Corporate Governance Statement

The Board of Directors of UMEDA endorse the King IV Report (Code of Corporate Practices and Conduct). The directors are satisfied that the company has in all material respects complied with the provisions of the King IV Report and all the other legislation that is applicable to the organisation.

ii. Board of Directors

UMEDA has a unitary board structure comprising of non-executive directors. Directors are appointed by the Entity's sole shareholder the uMgungundlovu District Municipality (UMDM). The board is chaired by the Chairperson, Mr Nhlanhla Mabaso after the disslolution of the previous board by the parent municipality and meets at least quarterly to review performance of the Agency. The directors of UMEDA continued until the end of the financial year,wherein a new Board is expected to be appointed.
The directors have full unrestricted access to management and all company information.

Membership/ Board Committee Meetings – 2020/21

The board of directors adopted a Board Charter that encapsulates the Corporate Governance Protocol in the Public Sector. The Board Charter sets out the specific responsibilities to be discharged by the board members individually and collectively.

The following Interim Board members were appointed to ensure the oversight function is maintained as a result of the disbandment of the previous Board:

Mr Maxwell Mabaso – Chairperson
Mr Madoda Khathide
Mr Sydney Brown
Mr Sanele Mngwengwe
Ms Thembeka Cibane
Ms Zinhle Sokhela
Dr Mnqobi Ngidi
Mr Comfort Ngidi

Corporate Services

Ms. Thembeka Cibane – Chairperson
Mr. Sydney Brown
Mr Max Mabaso
Mr. Comfort Ngidi

Finance & Risk Committee

Mr Sanele Mngwengwe – Chairperson
Ms Zinhle Sokhela
Ms Thembeka Cibane

Projects Development and Investment Committee

Mr Madoda Khathide – Chairperson
Dr Mnqobi Ngidi
Mr Sydney Brown
Ms Zinhle Sokhela

Audit Committee

Ms. N. Mtshali
Ms S. Sushila
Mr AY Singh
Ms N Mateza
Mr. S.D. Gabela (Chairperson)

iii. Board Committees

For the reporting period the following Committees had been established and were operational;

- Finance and Risk Committee;
- Corporate Services Committee;
- Project Development & Investment Committee;
- Audit Committee (Shared Service)

iv. Finance & Risk Committee

In terms of its mandate by the Board, the Committee oversees the following areas:

- Ensure compliance with the Entity's financial procedures and review the content thereof periodically.
- Review in line with the Entity's financial reporting procedures:
  - ❖ Annual budget
  - ❖ Quarterly performance against budget
  - ❖ Specific projects performance
- Ensure that the accounting and financial management function is resourced adequately.
- Review and evaluate the financial reports of UMEDA.
- Review plans, policies and practices as required for the effective management of UMEDA's financial resources, including measures to ensure proper revenue collection, efficient management of working capital, safeguarding of assets, prevention of irregular expenditure, fruitless and wasteful expenditure, and implementation of fraud prevention policies and procedures.
- Monitor and review risk management of UMEDA's financial resources and assets including the maintenance and updating of the asset register.
- Ensure compliance with all legal requirements in the financial management of UMEDA, in particular with reference to the Municipal Finance Management Act 2003(Act No.56 of 2003).
- Ensure that an efficient system of banking and cash management is in place.
- Review and recommend to the Board any changes to financial plans, policies, procedures and practices.
- Oversee development and implementation of guidelines for capital expenditure.

v. Corporate Services Committee

In terms of its mandate by the Board, the Committee oversees the following areas:

- Annually review and approve corporate goals and objectives relevant to the Chief Executive Officer (CEO), evaluate the Chief Executive Officer's performance in relation to the set goals and objectives, determine the CEO's remuneration on the basis of the aforementioned evaluation;
- Annually review and approve remuneration (including annual base salary, incentive bonuses and other benefits) for the CEO;
- Review the Human Resources policies and procedures to ensure full compliance with labour legislation and other relevant laws and make recommendations to the Board;
- Oversee the development and implementation of a succession plan for the Chief Executive Officer and the executive management positions including the annual review of the succession plan;
- Review and monitor the effective management of risks specific to human resources and succession;
- Conduct interviews for the positions of senior management in accordance with delegated authority;
- Recommend to the Board the appointment of employees for senior management positions within the Board;
- Review and oversee implementation of performance appraisal systems and policies;
- Recommend to the Board any changes in respect of Pension and Medical Aid policies and other employee benefits;
- Review and endorse major changes in the organizational structure and recommend to the Board for approval;
- To recommend performance bonuses and salary increases to the Board
- Annually review the basis of calculation of the Board members remuneration and make recommendations to the board for submission to the responsible Mayor; and
- Annually review on the basis of adequate calculations remuneration of senior management and staff to ensure that it is reasonable.
- Review the IT policies and procedures to ensure full compliance with labour legislation and other relevant laws and make recommendations to the Board;
- Review and monitor the effective management of IT risks;
- Review and oversee strategic direction of projects and organisational IT systems and policies;
- Recommend to the Board any changes in respect of IT strategy and policies.

vi. Project Development & Investment Committee

The Terms of Reference of the Project Development & Investment Committee are:

- Advice on strategic projects and / or high impact projects in UMEDA
- Guide the UMEDA Management around key strategic issues to achieve UMEDA goals.
- Support the UMEDA Management in key project development initiatives in all agreed sectors.
- Oversee the effective implementation of high impact projects and key investment / trade opportunities in all sectors

vii. Audit Committee

The Terms of Reference for the Committee are:

- Review of external and internal audit, internal control and governance processes
- Review of assurance activities of service providers such as internal and external audit
- Reliability and integrity of financial and operational information
- Monitoring compliance to the Regulatory Framework applicable to the organization, with special emphasis on the Municipal Finance Management Act (MFMA) and Systems Act
- Safeguarding of assets

The Entity managed to develop and implemented a formal audit plan in order to subscribe to the highest audit standards during the financial year 2020/21

viii. Company Secretarial Function

The position of the company secretary is not yet filled but efforts will be made to appoint one in the new financial year once a full Board has been appointed.



UMEDA

uMGUNGUNDLOVU

ECONOMIC DEVELOPMENT AGENCY

uMgungundlovu Economic Development Agency
(Registration number 2017/247144/30)
Annual Financial Statements
for the year ended 30 June 2021

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)
Annual Financial Statements for the year ended 30 June 2021

General Information

Registered office	191 Burger Street Pietermaritzburg 3201
Business address	191 Burger Street Pietermaritzburg 3201
Postal address	191 Burger Street Pietermaritzburg 3201
Controlling entity	uMgungundlovu District Municipality
Bankers	First National Bank
Auditors	Auditor General South Africa (AGSA) Registered Auditors

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)
Annual Financial Statements for the year ended 30 June 2021

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 22
Notes to the Annual Financial Statements	23 - 39

SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
UMDM	uMgungundlovu District Municipality

Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the year ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 4 to 35, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2021 and were signed on its behalf by:

Mr Bonani Ngqaimbana
Accounting Officer

Place of signature

Tuesday, 31 August 2021

Statement of Financial Position as at 30 June 2021

	Note(s)	2021 R	2020 Restated* R
Assets			
Current Assets			
Inventories	5	12 335	26 261
Receivables from exchange transactions	6	249 404	352 933
Receivables from non-exchange transactions	7	-	2 034 573
VAT receivable		330 936	-
Cash and cash equivalents	8	5 857 031	662 134
		6 449 706	**3 075 901**
Non-Current Assets			
Property, plant and equipment	3	1 466 558	2 013 214
Intangible assets	4	2 662	280 830
		1 469 220	**2 294 044**
Total Assets		**7 918 926**	**5 369 945**
Liabilities			
Current Liabilities			
Payables from exchange transactions	11	360 330	2 243 722
Unspent conditional grants and receipts	9	7 091 782	2 375 801
Provisions	10	100 868	71 293
		7 552 980	**4 690 816**
Total Liabilities		**7 552 980**	**4 690 816**
Net Assets		**365 946**	**679 129**
Accumulated surplus		365 946	679 129

* See Note 22

Statement of Financial Performance

	Note(s)	2021 R	2020 Restated* R
Revenue			
Revenue from exchange transactions			
Other Income		6 532	17 223
Interest Received - Bank		88 511	32 802
Fresh farm produce		68 210	544 940
Total revenue from exchange transactions		**163 253**	**594 965**
Revenue from non-exchange transactions			
Transfer revenue			
Transfers from Controlling Entity	14	6 500 000	5 083 500
Raset Grant Revenue	14	284 019	2 050 744
Total revenue from non-exchange transactions		**6 784 019**	**7 134 244**
Total revenue	12	**6 947 272**	**7 729 209**
Expenditure			
Employee related costs	15	(3 966 159)	(3 586 556)
Remuneration of Non - Executive directors		(23 300)	(875 575)
Depreciation and amortisation	16	(834 018)	(699 574)
Lease rentals on operating lease	13	(383 636)	(334 935)
General Expenses	17	(2 055 066)	(4 044 066)
Total expenditure		**(7 262 179)**	**(9 540 706)**
Deficit for the year		**(314 907)**	**(1 811 497)**

* See Note 22

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	2 495 177	2 495 177
Adjustments		
Prior year adjustments	(4 551)	(4 551)
Balance at 01 July 2019 as restated*	**2 490 626**	**2 490 626**
Changes in net assets		
Surplus for the year	(1 811 497)	(1 811 497)
Total changes	(1 811 497)	(1 811 497)
Opening balance as previously reported	218 673	218 673
Adjustments		
Prior year adjustments	460 456	460 456
Restated* Balance at 01 July 2020 as restated*	**679 129**	**679 129**
Changes in net assets		
Deficit for the year	(314 907)	(314 907)
Total changes	(314 907)	(314 907)
Balance at 30 June 2021	**365 946**	**365 946**

Note(s)

* See Note 22

Cash Flow Statement

	Note(s)	2021 R	2020 Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		171 739	-
Grants		11 215 981	7 134 244
Interest income		88 511	32 801
Other income		2 041 105	562 138
		13 517 336	7 729 183
Payments			
Employee costs		(3 989 459)	(4 462 462)
Suppliers		(4 323 830)	(2 534 459)
		(8 313 289)	(6 996 921)
Net cash flows from operating activities	18	**5 204 047**	**732 262**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(9 150)	(1 941 924)
Purchase of other intangible assets	4	-	(5 990)
Net cash flows from investing activities		**(9 150)**	**(1 947 914)**
Net increase/(decrease) in cash and cash equivalents		**5 194 897**	**(1 215 652)**
Cash and cash equivalents at the beginning of the year		662 134	1 877 786
Cash and cash equivalents at the end of the year	8	**5 857 031**	**662 134**

* See Note 22

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other Income	-	-	-	6 532	**6 532**	a
Interest Received - Bank	60 000	22 170	**82 170**	88 511	**6 341**	b
Fresh farm produce	-	241 941	**241 941**	68 210	**(173 731)**	c
Total revenue from exchange transactions	**60 000**	**264 111**	**324 111**	**163 253**	**(160 858)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	6 500 000	-	**6 500 000**	6 500 000	**-**	
Raset Income	-	-	**-**	284 019	**284 019**	
Total revenue from non-exchange transactions	**6 500 000**	**-**	**6 500 000**	**6 784 019**	**284 019**	
Total revenue	**6 560 000**	**264 111**	**6 824 111**	**6 947 272**	**123 161**	
Expenditure						
Employee Cost	(4 500 579)	325 910	**(4 174 669)**	(3 966 159)	**208 510**	d
Remuneration of Non - Executive directors	(170 000)	120 000	**(50 000)**	(23 300)	**26 700**	e
Depreciation and amortisation	(116 000)	-	**(116 000)**	(834 018)	**(718 018)**	f
Lease rentals on operating lease	(422 000)	(23 740)	**(445 740)**	(383 636)	**62 104**	g
General Expenses	(1 351 078)	(686 365)	**(2 037 443)**	(2 055 066)	**(17 623)**	h
Total expenditure	**(6 559 657)**	**(264 195)**	**(6 823 852)**	**(7 262 179)**	**(438 327)**	
Deficit for the year	**343**	**(84)**	**259**	**(314 907)**	**(315 166)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	

a) Other Income: The variance on insurance refund was as a result of the money paid by insurer for damaged Laptop, Instead of replacing the Laptop, the insurer decided to refund the Agency. The refund was not budgeted for in 2020/2021.

b) Interest Received: The Agency under budgeted Interest received, this is as a result of improvement in financial management and utilizing Entity's resources effectively, efficiently and economically. The Agency has improved its cash flow and the R5M allocation of Howick falls attracted more interest.

c) Fresh Farm Produce: The Agency anticipated to collect R241,941 from the debtors, It transpired that the Debtors paid more than what was anticipated. The improvement in collection was as a result of improved collection strategies and tactics.

d) Employee Costs: The Agency budgeted for the position of the CEO in 2020/2021,the recruitment and selection processes delay and the position of the CEO was re-advertised. The variance was caused by the fact that in 2020/2021 the Agency was paying the acting allowance to the Acting CEO. There was no full time or permanent CEO.

e) Remuneration of Board of Directors: The Agency budgeted for full time/ permanent Board of Directors. The variance was as a result of the delays in appointing the non executive directors. In 2020/2021 financial year, the Agency had interim board which mainly was constituted by the Municipal Managers of the Local municipalities within UMDM Jurisdiction area. All the board meetings were held on Teams platform so there was no travelling expenses paid to the board of directors.

f) Depreciation and amortisation: The Agency did not budget for additions in assets in 2020/2021 and the Entity had anticipated to purchase the Refrigerator Truck in 2019/2020 financial year but due to delays in received a signed approval of the amended Raset Business plan by KZN COGTA the truck ended paid in 2020/2021 so that is why there is a variance in depreciation.

g) Lease rentals on operating leases: The variance is a result of the escalation rate on lease rental budgeted for in 2020/2021.

h) General Expenses: The Agency has implemented the cost containment measure and unnecessary expenditure was cut off. The variance in general expenses is a result of cutting in expenditure.

Accounting Policies

	Note(s)	2021 R	2020 R

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rands.

The financials presented are rounded to the nearest rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below

GRAP 1 Presentation of Financial Statement
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Error
GRAP 9 Revenue from Exchange Transactions
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events after the Reporting Date
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Asset
GRAP 23 Revenue from Non-exchange transactions
GRAP 24 Presentation of budget information
GRAP 25 Employee benefits
GRAP 31 Intangible Assets
GRAP 104 Financial Instruments

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Budget Information

.

The annual budget figures have been prepared in accordance with GRAP standard and are consistent with the accounting policies adopted by the Board for the preparation of these annual financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of budget versus actual amounts. Explanatory comments are provided in the notes to the annual financial statements giving reasons for over or under spending on line items where it is found to be material. The annual budget figures included in the annual financial statements are for the entity and do not include budget information for uMgungundlovu District Municipality. These figures are those approved by the Board at the beginning and during the year. The budget is approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2020 to 30 June 2021.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Accounting Policies

1.5 Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	5 -15 years
Motor vehicles	Straight-line	4 years
IT equipment	Straight-line	3-5 years
Other property, plant and equipment	Straight-line	5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies

1.6 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Accounting Policies

1.7 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Accounting Policies

1.7 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.7 Financial instruments (continued)

Classification

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument

.

The entity recognises financial assets using trade date accounting:

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is

:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid

1.8 Tax

Taxation

The entity's income is exempt from taxation in terms of section 10(1)(cA) of the income tax Act.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Accounting Policies

1.9 Leases (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Employee Benefits - Defined Contribution Plans

A Defined Contribution Fund is defined as follows:

"Defined Contribution Plans are post employment benefits plans under which an entity pays fixed contributions into a seperate entity (A fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods".

The conclusion that was obtained from the Actuarial valuators are that for Defined Contribution Plans the entity's legal or contructive obligation is limited to the amount it agrees to contribute to the fund. Expenses are recognised in the period in which the contribution is payable.

The KwaZulu-Natal Joint Municipal Provident Fund is a Defined Contribution Fund. The Professional opinion obtained from the Actuarial Valuators is that no Actuarial valuation of the liability is required for GRAP 25 disclosure purposes.

Accounting Policies

1.12 Provisions and contingencies

Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

Accounting Policies

1.12 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Accounting Policies

1.14 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.16 Expenses

Expenses are recognised when they are incurred and not necessary when they are paid.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Accounting Policies

1.17 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure as defined in section 125 2(d) of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including :

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.19 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

Accounting Policies

1.19 Related parties (continued)

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.20 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.21 Value Added Taxation

The entity is registered with SARS for VAT in accordance with Section 15 (2) (a) of the Value Added Tax Act No 89 of 1991.

	2021 R	2020 R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2021
• GRAP 18 Segment Reporting	01 April 2021

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 on Employee benefits (revised)	To be determined	Unlikely there will be a material impact
• GRAP 104 on Financial instruments (revised)	To be determined	Unlikely there will be a material impact
• IGRAP 7 on The limit on a defined benefit asset, minimum funding requirements and their interaction (revised)	To be determined	Unlikely there will be a material impact
• IGRAP 21 on The effect of past decisions on materiality	To be determined	Unlikely there will be a material impact
• Guideline on Accounting for landfill sites	To be determined	Unlikely there will be a material impact

3. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	485 068	(205 882)	279 186	482 250	(115 338)	366 912
Motor vehicles	950 888	(252 035)	698 853	950 888	(61 857)	889 031
IT equipment	562 506	(445 490)	117 016	564 277	(290 640)	273 637
Other property, plant and equipment	602 393	(230 890)	371 503	598 491	(114 857)	483 634
Total	**2 600 855**	**(1 134 297)**	**1 466 558**	**2 595 906**	**(582 692)**	**2 013 214**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	366 912	4 500	(92 226)	279 186
Motor vehicles	889 031	-	(190 178)	698 853
IT equipment	273 637	-	(156 621)	117 016
Other property, plant and equipment	483 634	4 650	(116 825)	371 503
	2 013 214	**9 150**	**(555 850)**	**1 466 558**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	111 562	332 941	(77 591)	366 912
Motor vehicles	-	950 888	(61 857)	889 031
IT equipment	231 883	181 543	(139 789)	273 637
Other property, plant and equipment	96 136	476 552	(89 054)	483 634
	439 581	**1 941 924**	**(368 291)**	**2 013 214**

4. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	995 847	(993 185)	2 662	995 847	(715 017)	280 830

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	280 830	(278 168)	2 662

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	606 123	5 990	(331 283)	280 830

Notes to the Annual Financial Statements

	2021 R	2020 R
5. Inventories		
Agricultural produce - Fertilizer	12 335	26 261
6. Receivables from exchange transactions		
Trade debtors	279 966	383 495
Prepayments (if immaterial)	(30 562)	(30 562)
	249 404	**352 933**

The credit receivable is for the rental deposit to Remax.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed.

Trade and other receivables past due but not impaired

Trade and other receivables which are exceeding 3 months past due are not considered to be impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due	279 966	383 495
7. Receivables from non-exchange transactions		
Government grants and subsidies	-	2 034 573

Receivables from non-exchange transactions past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due	-	2 034 573

Receivables from non-exchange transactions impaired

At the end of the financial year, uMgungundlovu District Municipality owed the entity an amount of R 2 034 573 which was subsequently paid on the 7th August 2020.

8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	20	666
First National Bank - 62711665177	5 840 252	80 066
First National Bank - 62838452605	16 759	581 402
	5 857 031	**662 134**

	2021 R	2020 R

8. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
First National Bank -Cheque account - 62711665177	5 840 252	80 065	1 867 701	5 840 252	80 065	1 867 701
First National Bank -Cheque Account - 62838452605	16 759	581 401	-	16 759	581 401	-
Petty Cash	20	666	-	20	666	-
Total	**5 857 031**	**662 132**	**1 867 701**	**5 857 031**	**662 132**	**1 867 701**

9. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
N3 Corridor Program	1 750 000	1 750 000
Raset Program	306 054	590 073
Covid Grant	35 728	35 728
Howick Fall Grant	5 000 000	-
	7 091 782	**2 375 801**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

	2021 R	2020 R

10. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Provision for leave pay - The leave provision represents management's best estimate of the entity's liability in respect of leave days owing to staff.	71 293	29 575	100 868

Reconciliation of provisions - 2020

	Opening Balance	Additions	Total
Provision for leave pay - The leave provision represents management's best estimate of the entity's liability in respect of leave days owing to staff.	30 562	40 731	71 293

Provision

A brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits or service potential:

• Leave pay provision represents managements best estimate of the the entity's liability in respect to leave days owing to staff.

An indication of the uncertainties about the amount or timing of those outflows:
• At year end the obligation has been ascertained.

Where necessary to provide adequate information, the major assumptions made concerning future events:
• The assumptions utlised was the rate of pay of individuals multiplied by the number of outstanding days at year end.

The amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursemen:.
• No further reimbursements were necessary.

11. Payables from exchange transactions

Trade payables	360 330	1 858 418
Accrued expense	-	267 268
SARS Emp 201 Liability	-	118 036
	360 330	**2 243 722**

12. Revenue

Insurance refund	6 532	17 223
Interest received - Bank	88 511	32 802
Fresh Farm Produce	68 210	544 940
Government grants & subsidies	6 500 000	5 083 500
Raset Income recognition	284 019	2 050 744
	6 947 272	**7 729 209**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Insurance refund	6 532	17 223
Interest Received - Bank	88 511	32 802
Fresh Farm Produce	68 210	544 940
	163 253	**594 965**

Notes to the Annual Financial Statements

	2021 R	2020 R
12. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	6 500 000	5 083 500
Raset Income	284 019	2 050 744
	6 784 019	**7 134 244**
13. Lease rentals on operating lease		
Premises		
Contractual amounts	372 460	334 935
Equipment		
Contractual amounts	11 176	-
	383 636	**334 935**
14. Government grants and subsidies		
Operating grants		
Equitable share	6 500 000	5 083 500
Raset Grant Revenue		
Balance unspent at beginning of year	590 073	590 073
Conditions met - transferred to revenue	(284 019)	-
	306 054	**590 073**

The conditions for the Raset Grant is as follows.

- The funds for the Raset Grants are only meant to be used for agricultural activities.
- The department of Cooperative Governance and Traditional Affairs may conduct an audit at any stage during the term of the Raset Grant or after termination to ensure that the entity has complied with the provisions of the Raset Grant.

Notes to the Annual Financial Statements

	2021 R	2020 R
15. Employee related costs		
Basic	2 488 332	2 602 803
Bonus	93 670	61 849
UIF	156 023	143 938
Travel, motor car, accommodation, subsistence and other allowances	601 946	478 505
Acting allowances	246 576	100 445
Car allowance	292 194	-
Cell Phone Allowance	71 200	17 100
Backpay	16 218	181 916
	3 966 159	**3 586 556**
Remuneration of CEO		
Acting Allowance	246 576	851 466
Cell Allowance	23 000	-
	269 576	**851 466**
Remuneration of chief finance officer		
Annual Remuneration	542 646	-
Car Allowance	292 194	-
Cell Allowance	22 800	-
Back pay	4 968	-
	862 608	**-**
Remuneration of GM Projects		
Annual Remuneration	773 000	562 500
Contributions to UIF, Medical and Pension Funds	1 785	1 636
Cell Allowance	11 400	17 100
Backpay	4 600	-
	790 785	**581 236**
16. Depreciation and amortisation		
Property Plant and Equipment	555 850	368 291
Intangible assets	278 168	331 283
	834 018	**699 574**

Notes to the Annual Financial Statements

	2021 R	2020 R
17. General expenses		
Advertising	28 635	26 570
Auditors remuneration	39 581	321 584
Bank charges	846	380
Catering	-	34 375
Cleaning	17 583	40 357
Consulting and professional fees	1 028 882	1 111 787
Electricity / Water	21 189	46 892
Bank Charges	10 085	7 750
Consumables	10 506	-
IT expenses	175 680	178 003
Insurance	85 128	110 929
Legal Expenses	9 071	71 056
Other expenses	44 392	220 111
Personnel and Labour	-	1 108 436
Printing and stationery	60 184	177 042
Uniforms	-	18 508
Repairs and maintenance	286	(108 082)
Security (Guarding of municipal property)	4 838	31 558
Software expenses	261 677	287 665
Stock Adjustment	13 926	3 979
Subscriptions and membership fees	6 316	14 750
Telephone and fax	108 923	77 095
Training	67 826	-
Transport and freight	22 889	-
Travel - local	36 623	263 321
	2 055 066	**4 044 066**
18. Cash generated from operations		
(Deficit)/surplus	(314 907)	(1 811 497)
Adjustments for:		
Depreciation and amortisation	834 018	699 574
Movements in provisions	29 575	40 731
Changes in working capital:		
Inventories	13 926	3 979
Receivables from exchange transactions	103 529	(352 933)
Other receivables from non-exchange transactions	2 034 573	663 763
Payables from exchange transactions	(1 881 712)	1 753 661
VAT	(330 936)	-
Unspent conditional grants and receipts	4 715 981	(265 016)
	5 204 047	**732 262**
19. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• SLA	711 413	222 317
• Operating leases	593 023	530 906
• Insurance	16 053	3 063
• Security	4 620	4 620
• Training contract	-	56 650
	1 325 109	**817 556**

	2021 R	2020 R
19. Commitments (continued)		
Total operational commitments		
Already contracted for but not provided for	1 325 109	817 556
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	467 545	413 188
- in second to fifth year inclusive	125 478	117 719
	593 023	**530 907**

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

20. Contingencies

There were no contingencies for the year under review.

21. Related parties

Relationships

Controlling entity	uMgungundlovu District Municipality
uMswhathi Municipal Manager (Board of Directors)	Mr Max Mabaso
uMgeni Municipal Manager (Board of Directors)	Ms Thembeka Cibane
Msunduzi Municipal Manager (Board of Directors)	Mr Madoda Khathide
Mkhambathini Municipal Manager (Board of Directors)	Mr Sanele Mngwengwe
Director CoGTA (Board of Directors)	Mr Sydney Brown
Director	Zibuse Comfort Ngidi
Director	Dulcie Zinhle Sokhela
Director	Dr Mnqobi Ngidi

	2021 R	2020 R

22. Prior period errors

The correction of the error(s) results in adjustments as follows:

Statement of financial position	Balance as previously reported	Adjustment	Restated balance
Receivables from exchange transactions	548 689	(195 756)	352 933
Payables from exchange transactions	2 767 145	(523 423)	2 243 722
Provisions	65 290	6 003	71 293
Accumulated surplus	218 673	460 456	679 129
Property Plant and Equipment	1 874 422	138 792	2 013 214

Statement of financial performance	Balance as previously reported	Adjustment	Restated balance
Fresh farm produce	710 134	(165 194)	544 940
Employee Related cost	3 580 553	6 003	3 586 556
Depreciation and amortisation	696 785	2 789	699 574
Finance cost	7 750	(7 750)	-
General Expenses	4 675 310	(631 244)	4 044 066

Irregular expenditure		
Balance as previously reported	-	6 191 763
Adjustments made	-	331 745
Restated opening balance	**-**	**6 523 508**

Adjustment made to opening balance of irregular expenditure is due to an omission of irregular expenditure R 331 745 made to Kaizen International and Mashize Investments on the 30 June 2020 annual financial statements.

23. Risk management

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

24. Going concern

We draw attention to the fact that at 30 June 2021, the entity had an accumulated surplus (deficit) of R 365 946 and that the entity's total assets exceed its liabilities by R 365 946.

The current liabilities exceeded the current assets by R1 103 274 and the agency realised a deficit of R 314 907 in the current year. The entity will be a going concern in the foreseeable future since the total assets exceeds the total liabilities and the entity is solely dependent on funding from the Parent Municipality (Umgungundlovu District Municipality).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

	2021 R	2020 R

24. Going concern (continued)

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity continues to procure funding for the ongoing operations for the entity and that the subordination agreement referred to in these annual financial statements will remain in force for so long as it takes to restore the solvency of the entity.

The management of the Agency is confirming that the Entity will not cease trading. The Parent Municipality has confirmed this by ensuring that the Parent is appointing board of directors for 3 years.

The Parent Municipality is committed to transfer equitable share to the agency to ensure that the Agency meets its financial obligations.

The management is committed to look for funding from the state so that the Agency can be self sufficient.

25. Fruitless and wasteful expenditure

Opening balance as previously reported	37 279	37 279

The consequence management is under investigation by the parent Municipality , UMDM in the special council meeting took a resolution and decision that the officials that are implicated in the fruitless and wasteful expenditure will be facing disciplinary action.

26. Irregular expenditure

Opening balance as previously reported	6 191 763	2 394 065
Correction of prior period error	331 745	-
Opening balance	**6 523 508**	**2 394 065**
Add: Irregular Expenditure - current	415 211	2 341 205
Add: Irregular Expenditure - current	-	1 456 493
Add: Audit Adjustment - Back pay	1 502	-
Closing balance	**6 940 221**	**6 191 763**

There was a restatement of R 331 745 in prior year due to irregular expenditure that was not previously accounted for previously.

The current year irregular expenditure comprised of the following :

Salary paid to Agric Business Cordinator R 325 894

Back pay of Agric Business Coordinator R 1502.36

Raset Social facilitation-Mysistos Trading R 32 666

Raset Farmers Training-Vukani R 56 650.

The consequence management is under investigation by the parent Municipality , UMDM in the special council meeting took a resolution and decision that the officials that are implicated in the irregular expenditure will be facing disciplinary action.

27. Segment information

Segment surplus or deficit, assets and liabilities

27. Segment information (continued)

2021

	Administration and Governance	Local economic Development	Total
Revenue			
Revenue from non-exchange transactions	6 500 000	284 019	6 784 019
Revenue from exchange transactions	-	68 210	68 210
Interest revenue	88 511	-	88 511
Other Income	6 532	-	6 532
Total segment revenue	**6 595 043**	**352 229**	**6 947 272**
Entity's revenue			**6 947 272**
Expenditure			
Salaries and wages	3 966 159	-	3 966 159
Remmuneration of non executive directors	23 300	-	23 300
Depreciation	834 018	-	834 018
Lease rental on operating leases	383 636	-	383 636
General expenditure	1 950 425	104 641	2 055 066
Total segment expenditure	**7 157 538**	**104 641**	**7 262 179**
Total segmental surplus/(deficit)	(562 495)	247 588	**(314 907)**

	Administration and Governance	Local economic Development	Total
27. Segment information (continued)			
Assets			
Inventories	-	12 335	12 335
Receivables from exchange	-	249 404	249 404
VAT Receivable	330 936	-	330 936
Cash and Cash equivalents	857 031	5 000 000	5 857 031
Total segment assets	**1 187 967**	**5 261 739**	**6 449 706**
Property Palnt and equipment	1 466 558	-	1 466 558
Intangible Assets	2 662	-	2 662
Total assets as per Statement of financial Position	2 657 187	5 261 739	**7 918 926**
Liabilities			
Payables from exchgange transactions	360 330	-	360 330
Unspent conditional grants	35 728	7 056 054	7 091 782
Provisions	100 868	-	100 868
Total segment liabilities	**496 926**	**7 056 054**	**7 552 980**
Accumulated surplus	**2 160 261**	**(1 794 315)**	365 946
Total liabilities as per Statement of financial Position	**2 657 187**	**5 261 739**	**7 918 926**

Notes to the Annual Financial Statements

28. SCM Deviations

Supplier	Date of Award	Description of goods	Reason for deviation	Award Value
Ngangezwelakhe Projects	Monday, 03 August 2020	vehicle parts and cables	Deviation - where less than 3 quotations were received even though the reqUest for quotations was sent to 5 service providers	6 400
Independent Actuaries and Consultant	Tuesday, 04 August 2020	compilation of actuarial report / calculations for post - employment medical aid benefits and long service.	Deviation - where less than 3 quotations were received even though the reqUest for quotations was sent to 5 service providers	17 250
Ngangezwelakhe Projects	Monday, 17 August 2020	Cartridges	Deviation - where less than 3 quotations were received even though the reqUest for quotations was sent to 5 service providers	17 160
Serenity Financial Services	Sunday, 20 September 2020	Short- term insurance	Deviation - where less than 3 quotations were received even though the reqUest for quotations was sent to 5 service providers	64 212
A2A Kopano	Tuesday, 06 October 2020	Review of AFS	Deviation- where less than 3 documments/quotations were received even though the request was advertised for the public for 7 days on website and notice board.	78 200

Notes to the Annual Financial Statements

				2021 R	2020 R
28. SCM Deviations (continued)					
First Technology	Tuesday, 13 October 2020	Microsoft office 365 license	Deviation- where less than 3 documments/quotations were received even though the request was advertised for the public for 7 days on website and notice board.		118 198

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on the uMgungundlovu Economic Development Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the uMgungundlovu Economic Development Agency set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMgungundlovu Economic Development Agency as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act no. 56 of 2003)(MFMA) and Companies Act of South Africa, 2008 (Act No. 71 of 2008)(the Companies Act).

Basis for opinion

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

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

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

Material uncertainty relating to going concern

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

7. I draw attention to note 24 to the financial statements, which indicates that the municipal entity's current liabilities exceeded the current assets by R1,10 million and a deficit of R314 907 was realised in the current year. These events or conditions, indicate that a material

uncertainty exists that may cast significant doubt on the municipal entity's ability to continue as a going concern.

Other matter

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

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, Companies Act, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the local economic development key performance area presented in the municipal entity's annual performance report for the year ended 30 June 2021.

17. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material finding on the usefulness and reliability of the performance information of the selected key performance area is as follows:

Key performance area – local economic development

Various indicators

19. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information, evidence and method of collection to be used when measuring the actual achievements for the following indicators. This was due to a lack of measurement definitions, processes and technical indicator descriptions. I was unable to test whether the indicators were well-defined by alternative means.

Planned indicator	Annual targets	Annual achievements
Number of crop farmers supported with market access	20 x crop farmers supported with market access by the 30th of June 2021	08 crop farmers supported with market 30th of June 2021
Number Investments packaged and facilitated.	2 x Investments Packaged and Facilitated by the 30th of June 2021	2X Investments Facilitated by the 30th June 2021

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages x to x set out information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of local economic development. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

25. 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, liabilities, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Reasonable steps were not taken to prevent irregular expenditure amounting to R416 713 as disclosed in note 26 to the annual financial statements, as required by section 95(d) of the MFMA.

Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act 71 of 2008 (Companies Act). The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract the auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

32. The accounting officer did not exercise adequate oversight responsibility regarding performance reporting and compliance as well as related internal controls. In this regards, the accounting officer did not ensure that effective measures were taken to ensure credible reporting and compliance with legislative requirements.

33. Senior management did not design systems and controls in a manner that will prevent, detect and address risks that impact performance and compliance reporting relating to the annual financial statements and expenditure management.

Auditor General

Pietermaritzburg

30 November 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected key performance area and on the municipal entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on uMgungundlovu Economic Development Agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and

other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

UMEDA
uMGUNGUNDLOVU
ECONOMIC DEVELOPMENT AGENCY

2020/2021

Annual Performance Report

1.1 TABLE OF CONTENT

1) PURPOSE 3

2) LEGISLATIVE REQUIREMENT.....3

3) SDBIP REPORTING AND MONITORING.....3

4) ACTUAL PERFORMANCE PER DEPARTMENT FOR FIRST QUARTER.....4

5) IMPROVING ORGANISAIONAL PERFORMANCE MANAGEMENT SYSTEM.....5

6) ANNEXURE A: ANNUAL PERFORMANCE REPORT ON THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN FOR 2018/2019 FINANCIAL YEAR.....6-8

1. PURPOSE

The purpose of this report is to inform the Board on the progress made with the implementation of the Key Performance indicators (KPI's) in the realization of objectives as determined in the entity's Service Delivery and Budget Implementation Plan and Multi-Year Business Plan.

This report is an analysis of the Annual performance data received from all departments of UMEDA. The data is based on departmental Service Delivery and Implementation Plans (SDBIP) that are linked to the performance agreements of Heads of Departments.

The data analysis is conducted for each departmental performance indicator (KPI) using the assessment methodology described below. It is to be noted that this report summary has been developed for the purposes of reporting annual performance actual against set targets which covers period 01 July 2020 to 30 June 2021.

2. LEGISLATIVE REQUIREMENTS

This report is a requirement in terms of section 52 (d) of the Municipal Finance Management Act 56 of 2003, which states that the Mayor must within 30 days of the end of quarter, submit a report to Council on the implementation of the budget and financial state of affairs of the Municipality.

3. SDBIP REPORTING AND MONITORING

The performance of the Municipal Entity is evaluated by means of the Service Delivery Budget and Implementation Plan (SDBIP). The SDBIP is a plan that converts the Multi-Year Business Plan and Budget into measurable criteria; it further implements annual strategies and objectives of the municipal entity.

The SDBIP of UMEDA consists of departmental performance plans and reports to the board the actual performance of the municipal entity on a quarterly basis. The SDBIP measures the achievement of performance indicators that have been determined to align with the municipal entity budget and Multi-Year for the financial year under review in this case the 2020/2021 financial year.

The performance reporting on the SDBIP is done to the Board and the parent municipality on a quarterly basis, half yearly (Mid-year Budget and Performance Assessment Report) and annual basis. The revised SDBIP must be approved by Board following the submission of the Mid-year Budget and Performance Assessment Report and the approval of the adjustment budget.

This non-financial part of the report is based on the revised organizational SDBIP for 2020/2021 and comprises of the following;

a) Summary of the overall performance of the Municipal Entity in terms of the Entity's Key Performance Areas (KPAs) namely;
   - Good Governance
   - Institutional Development and Transformation
   - Sound Financial Viability and Management
   - Local Economic Development

b) Departmental performance per KPI for the quarter under review

The overall assessment of actual performance against set targets for key performance indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology;

Colour	Category	Explanations
	KPI exceptionally well met/ achieved	Actual vs targets is more than 100% achieved
	KPI met / or Achieved	Actual vs target is 100% achieved
	KPI not fully met/ or Partially Achieved	Actual vs target not 100% achieved, but above 50% achieved
	KPI not met / or Achieved	Actual vs target not met/ or below 50% achieved
	KPI Not applicable to the period under review	No targets set for the period under review
	KPI not reported on	No reporting provided for the quarter

4. ACTUAL DEPARTMENTAL PERFORMANCE FOR THE PERIOD UNDER REVIEW

The table below indicates annual performance of each department per KPI as reflected in the organizational SDBIP. Details on reasons for deviations and measures for improvement are on the SDBIP reporting template. Therefore, this report must be read in conjunction with the SDBIPs.
It is to be noted that moving forward all unreported targets and KPIs missing evidence (POE) will be treated as not achieved and indicator will be reported as not met.

5. IMPROVING PERFORMANCE MANAGEMENT SYSTEM

In order to improve on performance planning, implementation, measurement and reporting, the Agency needs to consider the following actions;

- Reduce the number of KPI's in the organizational SDBIP. This will allow the agency the opportunity to focus on strategic issues.
- Develop operational plans for monitoring and reporting operational programs;
- Consider implementing electronic performance management system; and
- Urgently consider improving capacity within the PMS office

ANNEXURE - 2020/2021 ANNUAL SDBIP PERFORMANCE REPORT REFLECTED HEREUND

2020/2021 ANNUAL PERFORMANCE REPORT – OFFICE OF THE CEO

KPA	Strategic Plan Ref	Ref/Link	Strategic Objective	Performance Measure	Project Name	Budget	Licensed	Baseline	Backlog	Annual Target 2020-2021
OFFICE OF THE CEO										
GOOD GOVERNANCE	CEO01	CEO01	Ensure compliance to all applicable regulatory requirements and Strategic Objectives	Number of Risks identified & mitigated	Identified and documented risks through the risk management process in the risk register	R0.00	N/A	15	N/A	15 risks identified and mitigated by the 30th of June 2021
	CEO02			Number of Quarterly PMS reports submitted to the Board and Parent Municipality	Recommended quarterly reports submitted to Board within sixty days of the end of the quarter & to the Parent Municipality within thirty days after approval by the Board	R0.00	4	4	N/A	4 x Quarterly PMS reports submitted to the Board and Parent Municipality by the 30th of June 2021
FINANCE										
FINANCIAL VIABILITY & MANAGEMENT	FIN01	FIN01	Achieve financial compliance with regulatory requirements.	Number of submission of monthly section 87 reports to Parent Municipality, quarterly reports to the Agency Board, Number of Midterm report to Parent Municipality, Budget preparation & submission to Agency Board & Parent Municipality, Number of AFS report preparation & submission to Agency Board & Parent Municipality	Financial management legislation, regulations and policies	R0.00	15	15	N/A	12 x submission of monthly section 87 reports to Parent Municipality, 1 x Mid-term report submitted to Parent Municipality, 1 x Budget preparation & submission to Agency Board & Parent Municipality, 1 x AFS report preparation & submission to Agency Board & Parent Municipality by the 30th of June 2021
CORPORATE SERVICES										
INSTITUTIONAL DEVELOPMENT TRANSFORMATION	CORP01	CORP01	To build an efficient and productive administration	Number of UMEDA staff members attend training and development	Training and development of UMEDA staff members	R40 000.00	N/A	7	N/A	78 x UMEDA Staff members attend training and development by the 30th of June 2021
	CORP02			% IT incidents resolved within turnaround time (2 hours)	ICT infrastructure support and maintenance	R145 295.20	N/A	N/A	N/A	80% IT incidents resolved within turnaround time (2 hours) by 30 June 2021
PROJECT DEVELOPMENT										
LOCAL ECONOMIC DEVELOPMENT	INV01	INV01	Increase facilitated direct investment	Number of Investment Packaged and Facilitated	Investment opportunities packaged, promoted, and facilitated	R0	N/A	N/A	N/A	2 x Investments Packaged and Facilitated by the 30th of June 2021
	INV02	INV01	Deliver and Optimise Economic Projects	Number of Agrihubs fully operational	Developed Agrihubs to support of RAFET programme	R20 000.00	N/A	N/A	N/A	1 x Agrihubs fully operational by the 30th of June 2021 (Richmond Agrihub, Mshwathi Agrihub, Nkandla Agrihub)
	INV03	INV01	Increase facilitated direct investments.	Number of crop farmers supported technical advisory / markets by UMEDA	Crop farmers support from the farmers database within uMgungundlovu District	R200 000.00	N/A	30	N/A	20 x crop farmers supported with technical advisory / markets by the 30th of June 2021
	INV04	INV01	Increase facilitated direct investments.	Number of signed SLA/MOU with Strategic Partners	Collaboration on economic opportunities and initiatives	R0	N/A	4	N/A	14 signed SLA/MOU with Strategic Partners 30th of June 2021- TIKZN- PMB Chamber- EDTEA- UMDM
	INV05	INV01	Increase facilitated direct investments.	Number of Howick Falls precinct architect designs developed by UMEDA	Upgrade of Howick Falls precinct	R1 000 000.00	1	0	N/A	1 x Howick Falls precinct architect design developed by UMEDA by 30th of June 2021
	INV06	INV01	Increase facilitated direct investments.	Number of N3 Corridor master plan developed by UMEDA	N3 Corridor master plan developed by UMEDA	R200 000.00	1	0	N/A	1 x N3 Corridor master plan developed by UMEDA by the 30th of June 2021
	INV07	INV01	Increase facilitated direct investments.	Number of crop farmers supported with seedlings	Crop farmers support from the farmers database within uMgungundlovu District	R200 000.00	N/A	N/A	N/A	20 x crop farmers supported with seedlings by the 30th of June 2021
	INV08	INV01	Increase facilitated direct investments.	Number of crop farmers supported with operational advice and mentorship	Crop farmers support from the farmers database within uMgungundlovu District	R20 000.00	N/A	N/A	N/A	20 x crop farmers supported with operational advice and mentorship by 30th of June 2021
	INV09	INV01	Increase facilitated direct investments.	Number of crop farmers supported with market	Crop farmers support from the farmers database within uMgungundlovu District	R20 000.00	N/A	N/A	N/A	20 x crop farmers supported with market 30th of June 2021

Ref	Q1 Target	Q1 Actual	Q2 Target	Q2 Actual	Q3 Target	Q3 Actual	Q4 Target	Q4 Actual	KPI Achievement Status
CEO01	4 risks identified and mitigated by the 30 Sept 2020	Target Met: [illegible]	4 risks identified and mitigated by the 31 Dec 2020	Target Met: [illegible]	Target removed during midterm review	N/A	Target removed during midterm review	N/A	Q1 Target Met; Q2 Target Met; Q3 Target Not Applicable; Q4 Target Not Applicable
CEO02	1 x Quarterly PMS reports submitted to the Board and Council by the 30th of Sept 2020	Target Not Met: [illegible]	1 x Quarterly PMS reports submitted to the Board and Council by the 31st of Dec 2020	Target Partially Met; Q2 PMS report was submitted to the Board	1 x Quarterly PMS report submitted to the Board and Parent Municipality by the 31st of Mar 2021	Target Met: 1 x Quarterly PMS report submitted to the Board and Parent Municipality by the 31 March 2021 [illegible]	1 x Quarterly PMS report submitted to the Board and Parent Municipality by the 30th of June 2021	Target Met: [illegible]	Q1 Target Not Met; Q2 Target Partially Met; Q3 Target Met; Q4 Target Met
FIN01	100% Compliance with the MFMA Schedule of Deadlines (3 X monthly section 87 reports submitted to District, 1 x AFS report prepared and submitted to Agency Board & UMEDA by the 30th of Sept 2020)	Target Not Met: [illegible]	100% Compliance with the MFMA Schedule of Deadlines (3 X monthly section 87 reports submitted to District by the 31st of Dec 2020	Target Not Met: [illegible]	3 x monthly (Jan, Feb, & Mar) section 87 reports and 1 x Midterm report submitted to Parent Municipality by the 31st of March 2021	Target Not Met: [illegible]	3 x monthly (Apr, May, & June) section 87 reports and 1 x prepared 2021-22 Budget submitted to the Parent Municipality by the 30th of June 2021	Target Not Met: [illegible]	Q1 Target Not Met; Q2 Target Not Met; Q3 Target Not Met; Q4 Target Not Met
CORP01	57 x UMEDA Staff members attend training and development by the 30th of Sept 2020	[illegible]	10 x UMEDA Staff members attend training and development by the 31st of Dec 2020	Target Exceeded: [illegible]	57 x UMEDA Staff members attend training and development by the 31st of March 2021	Target Exceeded: [illegible]	57 x UMEDA Staff members attend training and development by the 30th of June 2021	Target Exceeded: [illegible]	Q1 Target Not Met; Q2 Target Exceeded; Q3 Target Exceeded; Q4 Target Exceeded
CORP02	90% Incidents Resolved within turnaround time (2 hours) by the 30th of Sept 2020	Target Exceeded: [illegible]	90% Incidents Resolved within turnaround time (2 hours) by the 31st of Dec 2020	Target Not Met	Target removed during midterm review	N/A	Target removed during midterm review	N/A	Q1 Target Exceeded; Q2 Target Not Met; Q3 Target Not Applicable; Q4 Target Not Applicable
INV01	1 x Investments Packaged and Facilitated by the 30th of Sept 2020	Target Met: [illegible]	1 x Investments Packaged and Facilitated by the 31st of Dec 2020	Target Met: [illegible]	Target removed during midterm review	N/A	Target removed during midterm review	N/A	Q1 Target Met; Q2 Target Met; Q3 Target Not Applicable; Q4 Target Not Applicable
INV02	N/A	N/A	1 x Agrihubs fully operational by the 31st of December 2020	Target Not Met: [illegible]	Target removed during midterm review	N/A	Target removed during midterm review	N/A	Q1 Target Not Applicable; Q2 Target Not Met; Q3 Target Not Applicable; Q4 Target Not Applicable
INV03	10 x crop farmers supported technical advisory / markets by the 30th of September 2020	[illegible]	10 x crop farmers supported technical advisory / markets by the 31st of December 2020	[illegible]	Target removed during midterm review	N/A	Target removed during midterm review	N/A	Q1 Target Not Met; Q2 Target Not Met; Q3 Target Not Applicable; Q4 Target Not Applicable
INV04	1 x signed SLA/MOU with UMDM by the 30th of September 2020	Target Met: [illegible]	1 x signed SLA/MOU with TIKZN by the 31st of December 2020	Target Exceeded: [illegible]	1 x signed SLA/MOU with EDTEA by the 31st of March 2021	[illegible]	1 x signed SLA/MOU with PMB Chamber by the 30th of June 2021	Target Not Met: [illegible]	Q1 Target Met; Q2 Target Exceeded; Q3 Target Met; Q4 Target Not Met
INV05	N/A	N/A	N/A	N/A	N/A	N/A	1 x Howick Falls precinct architect design developed by UMEDA by 30th of June 2021	[illegible]	Q1 Target not Applicable; Q2 Target not Applicable; Q3 Target not Applicable; Q4 Target not met
INV06	N/A	N/A	N/A	N/A	N/A	N/A	1 x N3 Corridor master plan developed by UMEDA by the 30th of June 2021	[illegible]	Q1 Target not Applicable; Q2 Target not Applicable; Q3 Target not Applicable; Q4 Target not met
INV07	N/A	N/A	N/A	N/A	10 x crop farmers supported with Seedlings by the 31st of March 2021	[illegible]	10 x crop farmers supported with Seedlings by the 30th of June 2021	Target Not Met: [illegible]	Q1 Target not Applicable; Q2 Target not Applicable; Q3 Target Met; Q4 Target not met
INV08	N/A	N/A	N/A	N/A	10 x crop farmers supported with operational advice by 31st of March 2021	[illegible]	10 x crop farmers supported with operational advice by 30th of June 2021	[illegible]	Q1 Target not Applicable; Q2 Target not Applicable; Q3 Target Exceeded; Q4 Target Exceeded
INV09	N/A	N/A	N/A	N/A	10 x crop farmers supported with market by 31st of March 2021	Target Partially Met; [illegible] x crop farmers supported with market by the 31st of March 2021	10 x crop farmers supported with market by 30th of June 2021	Target Not Met: [illegible]	Q1 Target not Applicable; Q2 Target not Applicable; Q3 Target Partially Met; Q4 Target not met

Ref	2020/21 Annual Target	Actual achievement	Achieved/Partially achieved/Not achieved	Reasons for variance	Measures taken to improve performance	POE Attached	Means of verification	Vote no.
CEO01	15 risks identified and mitigated by the 30 June 2021	[illegible]	Achieved	Q1 None required; Q2 None required; Q3 None required; Q4 None required	N/A	Q1 Yes; Q2 Yes; Q3 N/A; Q4 N/A	Risk register with PoEs; Risk register with PoEs; Q3 N/A; Q4 N/A	[illegible]
CEO02	4 x Quarterly PMS reports submitted to the Board and Parent Municipality by the 30th of June 2021	4 x Quarterly PMS reports submitted to the Board and Parent Municipality by the 30th of June 2021	Partially Achieved	Q1 The PMS report was not tabled at the Board during quarter one as they were too many items. Q2 The PMS was not tabled at the Council during quarter one. Q3 None required. Q4 None required	Q1 The PMS will be presented during quarter 2. Q2 The PMS will be presented during quarter 3. Q3 N/A. Q4 N/A	Q1 No; Q2 Yes; Q3 Yes; Q4 Yes	Q1 None; Q2 Board Agenda, PMS Report (quarter one); Q3 PMS report (Midterm), Board Agenda, Board Minutes, Email Copy (to the Parent Municipality); Q4 PMS report (quarter three), Board Agenda, Board Minutes, Email Copy (to the Parent Municipality)	[illegible]
FIN01	12 x submission of monthly section 87 reports to Parent Municipality, 1 x Mid-term report submitted to Parent Municipality, 1 x Budget preparation & submission to Agency Board & Parent Municipality, 1 x AFS report preparation & submission to Agency Board & Parent Municipality by the 30th of June 2021	[illegible]	Not Achieved	Q1 Section 87 Report were not compiled as CaseWare license was not yet available. Q2 Section 87 Report were not compiled as CaseWare license was not yet available. Q3 Caseware produced incorrect information on section 87, CCG was consulted in this regard, they were to assist remedying the issue. Q4 Section 87 reports not submitted to the parent municipality	Q1 CaseWare license will be available during Q2, and all outstanding reports will be compiled and submitted to the District during quarter 2. Q2 CaseWare license will be available during Q3, and all outstanding reports will be compiled and submitted to the District during quarter 3. Q3 Section 87 reports will be produced manually. Q4 -	Q1 No; Q2 Yes; Q3 Yes; Q4 Yes	Q1 None; Q2 AFS Report; Q3 Midterm report; Q4 2021/22 Budget	[illegible]
CORP01	78 x UMEDA Staff members attend training and development by the 30th of June 2021	[illegible]	Exceeded [illegible]	Q1 Planned training that was to be conducted by CCG could not be achieved during the period under review due to unaligned budget on the system, Budget votes did not match the approved budget on the system. Q2 None required. Q3 None required. Q4 None required	Q1 The planned training will be conducted during quarter two. Q2 N/A. Q3 N/A. Q4 N/A	Q1 No; Q2 Yes; Q3 Yes; Q4 Yes	Q1 None; Q2 Attendance Registers; Q3 Attendance Registers; Q4 Attendance Registers	[illegible]
CORP02	80% IT incidents resolved within turnaround time (2 hours) by 30 June 2021	92% IT incidents resolved within turnaround time (2 hours) by 30 June 2021	Partially Achieved	Q1 None required. Q2 The agency, currently does not have a software to track time when incidents are resolved. The current system only produces date when incidents were resolved. Q3 None required. Q4 None required	Q1 N/A. Q2 The incidents log software will be procured during next quarter. Q3 N/A. Q4 N/A	Q1 Yes; Q2 No; Q3 N/A; Q4 N/A	Q1 IT Quarterly report; Q2 None; Q3 N/A; Q4 N/A	[illegible]
INV01	2 x Investments Packaged and Facilitated by the 30th of June 2021	[illegible]	Achieved	Q1 None required; Q2 None required; Q3 None required; Q4 None required	Q1 N/A; Q2 N/A; N/A; N/A	Q1 Yes; Q2 Yes; Q3 N/A; Q4 N/A	Q1 Project Reports/Correspondence; Q2 RAFET Programme Report; N/A; N/A	[illegible]
INV02	1 x Agrihubs fully operational by the 30th of June 2021 (Richmond Agrihub, Mshwathi Agrihub, Nkandla Agrihub)	[illegible]	Not Achieved	Q1 None required. Q2 The agency currently does not have an SLA with any partners providing market for farmers, therefore, resources to make the AgriHubs were not available. Q3 None required. Q4 None required	N/A. Q2 FPS will be removed during midterm review until resources are gathered for agrihubs to be operational. N/A. N/A	Q1 N/A; Q2 No; Q3 N/A; Q4 N/A	N/A; None; N/A; N/A	[illegible]
INV03	20 x crop farmers supported with technical advisory / markets by the 30th of June 2021	[illegible]	Not Achieved	Q1 Farmers were only assisted with seedlings. Q2 Farmers were only assisted with seedlings. Q3 None required. Q4 None required	Budget constraints to perform site visits. Market was buying directly from the farmers. N/A. N/A	Q1 Yes; Q2 Yes; Q3 N/A; Q4 N/A	None; None; N/A; N/A	[illegible]
INV04	14 signed SLA/MOU with Strategic Partners 30th of June 2021- TIKZN- PMB Chamber- EDTEA- UMDM	[illegible]	Achieved	N/A; N/A; N/A; Discussions with PMB Chamber were not concluded by end of quarter 4 due to [illegible]	N/A; N/A; N/A; Discussions and the signing of MOU with PMB Chamber will be concluded next financial year	Q1 Yes; Q2 Yes; Q3 Yes; Q4 No	Q1 SLA with UMDM; Q2 MOU with TIKZN and FPS; Q3 SLA with EDTEA; Q4 None	[illegible]
INV05	1 x Howick Falls precinct architect design developed by UMEDA by 30th of June 2021	[illegible]	Not Achieved	Q1 None required; Q2 None required; Q3 None required; Q4 Confirmation of rollover not received	Q1 N/A; Q2 N/A; Q3 N/A; Q4 Upon receiving confirmation of rollover, ECM processes will be concluded next financial year	Q1 N/A; Q2 N/A; Q3 N/A; Q4 Yes	Q1 N/A; Q2 N/A; Q3 N/A; Q4 None	[illegible]
INV06	1 x N3 Corridor master plan developed by UMEDA by the 30th of June 2021	[illegible]	Not Achieved	Q1 None required; Q2 None required; Q3 None required; Q4 Confirmation of rollover not received	Q1 N/A; Q2 N/A; Q3 N/A; Q4 Upon receiving confirmation of rollover, The service provider will be appointed next financial year	Q1 N/A; Q2 N/A; Q3 N/A; Q4 Yes	Q1 N/A; Q2 N/A; Q3 N/A; Q4 None	[illegible]
INV07	20 x crop farmers supported with seedlings by the 30th of June 2021	[illegible]	[illegible]	Q1 None required; Q2 None required; Q3 None required; Q4 Farmers were not supported with seedling due to financial constraints	Q1 N/A; Q2 N/A; N/A; Q4 Outstanding farmers will be supported next financial year	Q1 N/A; Q2 N/A; Q3 Yes; Q4 No	Q1 N/A; Q2 N/A; Q3 Seedlings distribution register; Q4 None	[illegible]
INV08	20 x crop farmers supported with operational advice by 30th of June 2021	[illegible]	[illegible]	Q1 None required; Q2 None required; Q3 None required; Q4 None required	Q1 N/A; Q2 N/A; N/A; N/A	Q1 N/A; Q2 N/A; Q3 Yes; Q4 Yes	Q1 N/A; Q2 N/A; Q3 Site Visits and Mentorship Registers; Q4 Site Visits and Mentorship Registers	[illegible]
INV09	20 x crop farmers supported with market access by the 30th of June 2021	[illegible]	Not Achieved	Q1 None required; Q2 None required; Q3 None required; Q4 The Agency's role was no longer required for both, farmers and the market as the farmers and the market had established their own buying relationship	N/A; N/A; N/A; Q4 The Agency will source new market and enter into agreement with the market. Once the agreement has been entered to, produce will be sourced to secure the market	Q1 N/A; Q2 N/A; Q3 Yes; Q4 Yes	Q1 N/A; Q2 N/A; Q3 Invoices; Q4 Invoices	[illegible]

Signed By:

______________________ Sinani Nzamakhwa ______ Date

CONCLUSION

Although the Agency experienced turbulent times during this reporting year, it has successfully managed to keep its head above water and realise some of its objectives that it was meant to achieve and ensure that our local communities derive maximum benefits.

It is therefore a foregone conclusion that one of the main objectives of the Agency is to ensure that our rural communities are the benefactors of our upliftment programmes, projects and initiatives and to ensure that they begin to enjoy a meaningful and healthy life.

Appendix H – Consolidated Annual Financial Statements and Separate Annual Financial Statements



uMGUNGUNDLOVU

UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRIK MUNISIPALITEIT

uMgungundlovu District Municipality and its Municipal Entity Consolidated
Annual Financial Statements
for the year ended 30 June 2021

General Information

Executive Committee

Mayor	TE Maphumulo (ANC)
	SA Dlamini (ANC) - Deputy Mayor
	RB Strachan (DA)
	JJ Ngubo (ANC)
	TR Zuma (ANC)
	BA Mchunu (ANC)
	BC Nhlabathi (DA)
	BE Zuma (IFP)
	NP Msimang (ANC)
	MS Mthethwa (ANC)
	ME Dladla (ANC) - Speaker
Councillors	DA Ndlela (ANC) - WHIP
	NV Duze (ANC)
	MM Thusi (IFP)
	SW Dlamini (ANC)
	S Majozi (ANC)
	TA Hlatshwayo (DA)
	H Lake (DA)
	B Khumalo (ANC)
	SJ Luthuli (ANC)
	NC Mabhida (ANC)
	S Madlala (ANC)
	BK Mkhize (IFP)
	K Mkhize (ANC)
	MJ Mkhize (ANC)
	S Mkhize (ANC)
	S Gabela (ANC)
	NZ Ndlovu (ANC)
	KCS Nene (ANC)
	MD Njokwe (ANC)
	LC Ngcobo (ANC)
	GH Ngcobo (ANC)
	B Ngcongo (ANC)
	SD Nkuna (ANC)
	MS Bond (DA)
	BC Sokhela (IFP)
	R Soobiah (ANC)
	E Xaba (DA)
	HM Zondi (ANC)
	N Zondo (ANC)
	MK Dlamini (ANC)
	T Dlamini (ANC)
	T Mbanjwa (ANC)
	Z Ngubo (ANC)

General Information

Auditors	Auditor General of South Africa Registered Auditors
Legal form of entity	District Municipality
Grading of local authority	Grade 5
Registered office	242 Langalibalele Street Pietermaritzburg 3201
Controlling entity	uMgungundlovu District Municipality

Index

The reports and statements set out below comprise the consolidated annual financial statements presented to the municipal council:

	Page
Accounting Officer's Responsibilities and Approval	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 18
Accounting Policies	19 - 41
Notes to the Annual Financial Statements	42 - 100

Index

ABBREVIATIONS

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
EPWP	Expanded Public Works Programme
DGDP	District Growth Development Programme
SETA	Sector Education and Trainning Authority
SANBI	South African National Biodiversity Institute
WWTP	Waste Water Treatment Plant
WTP	Water Treatment Plant
UMEDA	uMgungundlovu Economic Development Agency
SEM	Senior Executive Manager
SDL	Skills Development Levy
MIG	Municipal Infrastructure Grant (Previously CMIP)
mSCOA	Municipal Standard Chart of Accounts
WIP	Work in Progress
IDP	Integrated Development Plan
IT	Information Technology
UMDM	uMgungundlovu District Municipality
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
SARS	South African Revenue Services
PAYE	Pay As You Earn
SCM	Supply Chain Management
RASSET	Radical Socio-economic Transformation Model
WCA	Workmen's Compensation Act
COVID	Corona Virus Disease
DGDP	District Growth and Development Plan
COGTA	Cooperate Governance and Traditional Affairs
PPE	Property Plant and Equipment

Index

KZN	KwaZulu-Natal
ORIO	Orio Grant
RRAMS	Rural Roads Asset Management Systems Grants
PTP	Public Transport Plan
PDA	Planning and Development Act-KZN 2000

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

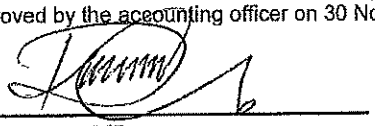
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the economic entity's annual financial statements. The annual financial statements have been examined by the economic entity and their report is presented to the Speaker and Council upon completion of the audit.

The annual financial statements set out on pages 7 to 100, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2021 and were signed on its behalf by:



Accounting Officer
DR Raymond Ngcobo

Statement of Financial Position as at 30 June 2021

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020	2021	2020
Assets					
Current Assets					
Inventories	7	4 500 808	2 364 813	4 488 473	2 338 552
Receivables from exchange transactions	5	7 418 909	7 413 375	7 169 505	7 060 442
Receivables from non-exchange transactions	6	15 692 320	-	15 692 320	-
VAT receivable		-	-	-	-
Consumer debtors	4	84 920 531	82 017 430	84 920 531	82 017 430
Cash and cash equivalents	3	88 246 765	89 310 665	82 389 734	88 648 531
		200 779 333	**181 106 283**	**194 660 563**	**180 064 955**
Non-Current Assets					
Property, plant and equipment	8	2 155 475 229	2 041 530 662	2 154 008 671	2 039 517 448
Intangible assets	9	1 611 243	456 119	1 608 581	175 289
Heritage assets	10	4 000	4 000	4 000	4 000
		2 157 090 472	**2 041 990 781**	**2 155 621 252**	**2 039 696 737**
Total Assets		**2 357 869 805**	**2 223 097 064**	**2 350 281 815**	**2 219 761 692**
Liabilities					
Current Liabilities					
Other financial liabilities	14	10 962 119	10 007 903	10 962 119	10 007 903
Payables from exchange transactions	12	233 294 211	244 314 162	232 933 875	244 105 016
VAT payable	15	66 072 149	36 268 311	66 403 085	36 268 311
Consumer deposits	13	7 258 007	6 844 223	7 258 007	6 844 223
Unspent conditional grants and receipts	11	25 604 355	28 918 532	18 512 573	26 542 731
Provisions	16	4 525 868	3 622 964	4 425 000	3 551 671
		347 716 709	**329 976 095**	**340 494 659**	**327 319 855**
Non-Current Liabilities					
Other financial liabilities	14	175 530 248	186 492 443	175 530 248	186 492 443
Provisions	16	34 630 788	32 699 095	34 630 788	32 699 095
		210 161 036	**219 191 538**	**210 161 036**	**219 191 538**
Total Liabilities		**557 877 745**	**549 167 633**	**550 655 695**	**546 511 393**
Net Assets		**1 799 992 060**	**1 673 929 431**	**1 799 626 120**	**1 673 250 299**
Reserves					
Revaluation reserve	57	24 628 860	24 628 860	24 628 860	24 628 860
Accumulated surplus	58	1 775 363 200	1 649 300 571	1 774 997 260	1 648 621 439
Total Net Assets		**1 799 992 060**	**1 673 929 431**	**1 799 626 120**	**1 673 250 299**

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020	2021	2020
Revenue					
Revenue from exchange transactions					
Service charges	17	297 454 545	285 427 903	297 454 545	285 427 903
Rental of facilities and equipment	18	-	11 177	-	11 177
Other income	19	81 037	509 956	74 505	492 733
Fresh Farm produce		68 210	544 940	-	-
Interest received - investment	20	2 995 646	6 124 046	2 907 135	6 091 244
Interest, Dividends and Rent on Land	20	47 998 807	46 834 729	47 998 807	46 834 729
Total revenue from exchange transactions		**348 598 245**	**339 452 751**	**348 434 992**	**338 857 786**
Revenue from non-exchange transactions					
Taxation revenue					
Other income from non-exchange transactions	52	15 692 320	-	15 692 320	-
Transfer revenue					
Government grants & subsidies	22	810 743 059	721 585 607	810 459 040	719 534 863
Public contributions and donations	53	-	10 700 890	-	10 700 890
Fines, Penalties and Forfeits	23	-	673 266	-	673 266
Total revenue from non-exchange transactions		**826 435 379**	**732 959 763**	**826 151 360**	**730 909 019**
Total revenue	55	**1 175 033 624**	**1 072 412 514**	**1 174 586 352**	**1 069 766 805**
Expenditure					
Employee related costs	25	(270 098 512)	(267 954 471)	(266 132 353)	(264 367 915)
Remuneration of councillors	26	(11 714 217)	(12 481 594)	(11 690 917)	(11 606 019)
Depreciation and amortisation	27	(47 713 883)	(46 959 437)	(46 879 865)	(46 259 863)
Finance costs	28	(21 032 830)	(25 508 841)	(21 032 830)	(25 508 841)
Lease rentals on operating lease	29	(4 818 876)	(1 669 975)	(4 435 240)	(1 335 040)
Impairment of Assets	59	-	(4 210 864)	-	(4 210 864)
Debt Impairment	60	(187 819 718)	(169 656 439)	(187 819 718)	(169 656 439)
Bulk purchases	30	(245 082 355)	(217 391 980)	(245 082 355)	(217 391 980)
Contracted services	31	(191 096 914)	(187 886 213)	(191 096 914)	(187 886 213)
Transfers and Subsidies	32	-	-	(6 500 000)	(5 083 500)
General Expenses	33	(62 664 802)	(61 142 839)	(60 609 736)	(57 098 773)
Total expenditure		**(1 042 042 107)**	**(994 862 653)**	**(1 041 279 928)**	**(990 405 447)**
Surplus for the year from continuing operations		**132 991 517**	**77 549 861**	**133 306 424**	**79 361 358**
Loss on disposal of assets and liabilities		(4 702 556)	(3 641 999)	(4 702 556)	(3 641 999)
Acturial Gains / (Losses)		(2 333 000)	1 448 707	(2 333 000)	1 448 707
Surplus for the year		**125 955 961**	**75 356 569**	**126 270 868**	**77 168 066**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Balance at 01 July 2019	**24 628 860**	**1 572 210 410**	**1 596 839 270**
Changes in net assets			
Recognised directly through income	-	1 733 604	1 733 604
Net income (losses) recognised directly in net assets	-	1 733 604	1 733 604
Surplus for the year	-	75 356 569	75 356 569
Total recognised income and expenses for the year	-	77 090 173	77 090 173
Total changes	-	77 090 173	77 090 173
Restated* Balance at 01 July 2020	**24 628 860**	**1 649 300 571**	**1 673 929 431**
Changes in net assets			
Recognised directly through income	-	106 662	106 662
Net income (losses) recognised directly in net assets	-	106 662	106 662
Surplus for the year	-	125 955 961	125 955 961
Total recognised income and expenses for the year	-	126 062 623	126 062 623
Total changes	-	125 955 961	125 955 961
Balance at 30 June 2021	**24 628 860**	**1 775 363 200**	**1 799 992 060**
Note(s)	57		
Controlling entity			
Balance at 01 July 2019	**24 628 860**	**1 569 715 233**	**1 594 344 093**
Changes in net assets			
Recognised directly through income	-	1 738 140	1 738 140
Net income (losses) recognised directly in net assets	-	1 738 140	1 738 140
Surplus for the year	-	77 168 066	77 168 066
Total recognised income and expenses for the year	-	78 906 206	78 906 206
Total changes	-	78 906 206	78 906 206
Restated* Balance at 01 July 2020	**24 628 860**	**1 648 621 442**	**1 673 250 302**
Changes in net assets			
Recognised directly through income	-	104 950	104 950
Net income (losses) recognised directly in net assets	-	104 950	104 950
Surplus for the year	-	126 270 868	126 270 868
Total recognised income and expenses for the year	-	126 375 818	126 375 818
Total changes	-	126 375 818	126 375 818
Balance at 30 June 2021	**24 628 860**	**1 774 997 260**	**1 799 626 120**
Note(s)	57		

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2021	2020	2021	2020
Cash flows from operating activities					
Receipts					
Sale of goods and services		154 867 712	148 274 841	154 695 973	148 274 841
Grants		799 114 705	723 973 846	794 398 724	721 923 102
Interest income		2 995 646	6 124 043	2 907 135	6 091 244
Other income		2 041 105	562 138	-	-
		959 019 168	878 934 868	952 001 832	876 289 187
Payments					
Employee costs		(279 402 090)	(268 065 233)	(275 412 631)	(263 602 771)
Suppliers		(482 124 354)	(166 166 356)	(484 300 524)	(168 715 399)
Finance costs		(321 311)	(25 508 841)	(321 311)	(25 508 841)
		(761 847 755)	(459 740 430)	(760 034 466)	(457 827 011)
Net cash flows from operating activities	37	**197 171 413**	**419 194 438**	**191 967 366**	**418 462 176**
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(165 915 238)	(365 999 587)	(165 906 088)	(364 057 663)
Purchase of other intangible assets	9	(1 600 578)	(149 376)	(1 600 578)	(143 386)
Net cash flows from investing activities		**(167 515 816)**	**(366 148 963)**	**(167 506 666)**	**(364 201 049)**
Cash flows from financing activities					
Repayment of other financial liabilities		(10 007 979)	(11 874 155)	(10 007 979)	(11 874 155)
Finance costs - borrowings		(20 711 518)	-	(20 711 518)	-
Net cash flows from financing activities		**(30 719 497)**	**(11 874 155)**	**(30 719 497)**	**(11 874 155)**
Net increase/(decrease) in cash and cash equivalents		**(1 063 900)**	**41 171 320**	**(6 258 797)**	**42 386 972**
Cash and cash equivalents at the beginning of the year		89 310 665	48 139 345	88 648 531	46 261 559
Cash and cash equivalents at the end of the year	3	**88 246 765**	**89 310 665**	**82 389 734**	**88 648 531**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Economic entity					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	335 018 154	12 000 000	**347 018 154**	297 454 545	**(49 563 609)**
Other income	-	-	-	81 037	**81 037**
Fresh farm produce	-	241 941	**241 941**	68 210	**(173 731)**
Interest received - investment	587 500	22 170	**609 670**	2 995 646	**2 385 976**
Interest on outstanding debtors	11 935 586	44 000 000	**55 935 586**	47 998 807	**(7 936 779)**
Total revenue from exchange transactions	**347 541 240**	**56 264 111**	**403 805 351**	**348 598 245**	**(55 207 106)**
Revenue from non-exchange transactions					
Taxation revenue					
Other income from non-exchange transactions	-	-	-	15 692 320	**15 692 320**
Transfer revenue					
Government grants & subsidies	771 836 346	41 486 342	**813 322 688**	810 743 059	**(2 579 629)**
Total revenue from non-exchange transactions	**771 836 346**	**41 486 342**	**813 322 688**	**826 435 379**	**13 112 691**
Total revenue	**1 119 377 586**	**97 750 453**	**1 217 128 039**	**1 175 033 624**	**(42 094 415)**
Expenditure					
Employee Related Costs	(276 511 155)	(475 023)	**(276 986 178)**	(270 098 512)	**6 887 666**
Remuneration of councillors	(13 952 254)	120 000	**(13 832 254)**	(11 714 217)	**2 118 037**
Depreciation and amortisation	(43 889 647)	-	**(43 889 647)**	(47 713 883)	**(3 824 236)**
Finance costs	(27 550 000)	-	**(27 550 000)**	(21 032 830)	**6 517 170**
Lease rentals on operating lease	(422 000)	(23 740)	**(445 740)**	(4 818 876)	**(4 373 136)**
Debt Impairment	(83 747 055)	40 000 000	**(43 747 055)**	(187 819 718)	**(144 072 663)**
Bulk purchases	(154 532 000)	(139 976 000)	**(294 508 000)**	(245 082 355)	**49 425 645**
Contracted Services	(152 413 516)	(59 948 157)	**(212 361 673)**	(191 096 914)	**21 264 759**
General Expenses	(38 439 627)	(3 268 489)	**(41 708 116)**	(62 664 802)	**(20 956 686)**
Total expenditure	**(791 457 254)**	**(163 571 409)**	**(955 028 663)**	**(1 042 042 107)**	**(87 013 444)**
Operating surplus	**327 920 332**	**(65 820 956)**	**262 099 376**	**132 991 517**	**(129 107 859)**
Loss on disposal of assets	-	-	-	(4 702 556)	**(4 702 556)**
Actuarial gains/losses	-	-	-	(2 333 000)	**(2 333 000)**
	-	-	-	**(7 035 556)**	**(7 035 556)**
Surplus before taxation	**327 920 332**	**(65 820 956)**	**262 099 376**	**125 955 961**	**(136 143 415)**
Deficit for the year from continuing operations	**327 920 332**	**(65 820 956)**	**262 099 376**	**125 955 961**	**(136 143 415)**
Capital expenditure	(183 797 000)	(39 993 433)	**(223 790 433)**	(223 790 433)	-
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**144 123 332**	**(105 814 389)**	**38 308 943**	**(97 834 472)**	**(136 143 415)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Refer
Reconciliation						
Basis difference						
Capital expenditure				223 790 433		
Actual Amount in the Statement of Financial Performance				**125 955 961**		

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Current Assets					
Inventories	2 338 552	-	**2 338 552**	4 500 808	**2 162 256**
Receivables from exchange transactions	350 855	-	**350 855**	7 418 909	**7 068 054**
Receivables from non-exchange transactions	-	-	**-**	15 692 320	**15 692 320**
Consumer debtors	297 770 678	-	**297 770 678**	84 920 531	**(212 850 147)**
Cash and cash equivalents	82 109 952	-	**82 109 952**	88 246 765	**6 136 813**
	382 570 037	**-**	**382 570 037**	**200 779 333**	**(181 790 704)**
Non-Current Assets					
Property, plant and equipment	2 263 307 448	-	**2 263 307 448**	2 155 475 229	**(107 832 219)**
Intangible assets	175 289	-	**175 289**	1 611 243	**1 435 954**
Heritage assets	4 000	-	**4 000**	4 000	**-**
	2 263 486 737	**-**	**2 263 486 737**	**2 157 090 472**	**(106 396 265)**
Total Assets	**2 646 056 774**	**-**	**2 646 056 774**	**2 357 869 805**	**(288 186 969)**
Liabilities					
Current Liabilities					
Other financial liabilities	-	-	**-**	10 962 119	**10 962 119**
Payables from exchange transactions	270 679 528	-	**270 679 528**	233 294 210	**(37 385 318)**
VAT payable	-	-	**-**	66 072 149	**66 072 149**
Consumer deposits	6 844 223	-	**6 844 223**	7 258 007	**413 784**
Unspent conditional grants and receipts	-	-	**-**	25 604 355	**25 604 355**
Provisions	3 551 671	-	**3 551 671**	4 525 868	**974 197**
	281 075 422	**-**	**281 075 422**	**347 716 708**	**66 641 286**
Non-Current Liabilities					
Other financial liabilities	195 421 093	-	**195 421 093**	175 530 248	**(19 890 845)**
Provisions	32 699 095	-	**32 699 095**	34 630 788	**1 931 693**
	228 120 188	**-**	**228 120 188**	**210 161 036**	**(17 959 152)**
Total Liabilities	**509 195 610**	**-**	**509 195 610**	**557 877 744**	**48 682 134**
Net Assets	**2 136 861 164**	**-**	**2 136 861 164**	**1 799 992 061**	**(336 869 103)**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Revaluation reserve	24 628 860	-	**24 628 860**	24 628 860	**-**
Accumulated surplus	2 112 232 304	-	**2 112 232 304**	1 775 363 201	**(336 869 103)**
Total Net Assets	**2 136 861 164**	**-**	**2 136 861 164**	**1 799 992 061**	**(336 869 103)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Sale of goods and services	150 163 025	-	**150 163 025**	154 867 712	**4 704 687**
Grants	815 822 689	-	**815 822 689**	799 114 705	**(16 707 984)**
Interest income	527 500	-	**527 500**	2 995 646	**2 468 146**
Other income	-	-	**-**	2 041 105	**2 041 105**
	966 513 214	-	**966 513 214**	**959 019 168**	**(7 494 046)**
Payments					
Employee costs	(284 563 544)	-	**(284 563 544)**	(279 402 090)	**5 161 454**
Suppliers	(538 915 378)	-	**(538 915 378)**	(481 685 313)	**57 230 065**
Finance costs	-	-	**-**	(321 311)	**(321 311)**
	(823 478 922)	-	**(823 478 922)**	**(761 408 714)**	**62 070 208**
Net cash flows from operating activities	**143 034 292**	-	**143 034 292**	**197 610 454**	**54 576 162**
Purchase of property, plant and equipment	(182 555 000)	-	**(182 555 000)**	(165 915 238)	**16 639 762**
Purchase of other intangible assets	-	-	**-**	(1 600 578)	**(1 600 578)**
Net cash flows from investing activities	**(182 555 000)**	-	**(182 555 000)**	**(167 515 816)**	**15 039 184**
Cash flows from financing activities					
Repayment of other financial liabilities	(10 007 903)	-	**(10 007 903)**	(10 447 020)	**(439 117)**
Finance costs - borrowings	(27 550 000)	-	**(27 550 000)**	(20 711 518)	**6 838 482**
Net cash flows from financing activities	**(37 557 903)**	-	**(37 557 903)**	**(31 158 538)**	**6 399 365**
Net increase/(decrease) in cash and cash equivalents	(77 078 611)	-	**(77 078 611)**	(1 063 900)	**76 014 711**
Cash and cash equivalents at the beginning of the year	88 648 531	-	**88 648 531**	89 310 665	**662 134**
Cash and cash equivalents at the end of the year	**11 569 920**	-	**11 569 920**	**88 246 765**	**76 676 845**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Controlling entity					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	335 018 154	12 000 000	**347 018 154**	297 454 545	**(49 563 609)**
Other income	-	-	-	74 505	**74 505**
Interest received - investment	527 500	-	**527 500**	2 907 135	**2 379 635**
Interest on outstanding debtors	11 935 586	44 000 000	**55 935 586**	47 998 807	**(7 936 779)**
Total revenue from exchange transactions	**347 481 240**	**56 000 000**	**403 481 240**	**348 434 992**	**(55 046 248)**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	771 836 346	41 486 342	**813 322 688**	810 459 040	**(2 863 648)**
Other income from non-exchange transactions	-	-	-	15 692 320	**15 692 320**
Total revenue from non-exchange transactions	**771 836 346**	**41 486 342**	**813 322 688**	**826 151 360**	**12 828 672**
Total revenue	**1 119 317 586**	**97 486 342**	**1 216 803 928**	**1 174 586 352**	**(42 217 576)**
Expenditure					
Employee related costs	(272 010 576)	(800 933)	**(272 811 509)**	(266 132 358)	**6 679 151**
Remuneration of councillors	(13 782 254)	-	**(13 782 254)**	(11 690 917)	**2 091 337**
Depreciation and amortisation	(43 773 647)	-	**(43 773 647)**	(46 879 865)	**(3 106 218)**
Finance costs	(27 550 000)	-	**(27 550 000)**	(21 032 830)	**6 517 170**
Lease rentals on operating lease	-	-	-	(4 435 240)	**(4 435 240)**
Debt Impairment	(83 747 055)	40 000 000	**(43 747 055)**	(187 819 718)	**(144 072 663)**
Bulk purchases	(154 532 000)	(139 976 000)	**(294 508 000)**	(245 082 355)	**49 425 645**
Contracted Services	(152 413 516)	(59 948 157)	**(212 361 673)**	(191 096 914)	**21 264 759**
Transfers and Subsidies	(6 500 000)	-	**(6 500 000)**	(6 500 000)	-
General Expenses	(37 088 549)	(2 582 124)	**(39 670 673)**	(60 609 736)	**(20 939 063)**
Total expenditure	**(791 397 597)**	**(163 307 214)**	**(954 704 811)**	**(1 041 279 933)**	**(86 575 122)**
Operating surplus	**327 919 989**	**(65 820 872)**	**262 099 117**	**133 306 419**	**(128 792 698)**
Loss on disposal of assets	-	-	-	(4 702 556)	**(4 702 556)**
Actuarial gains/losses	-	-	-	(2 333 000)	**(2 333 000)**
	-	-	-	**(7 035 556)**	**(7 035 556)**
Surplus before taxation	**327 919 989**	**(65 820 872)**	**262 099 117**	**126 270 863**	**(135 828 254)**
Deficit for the year from continuing operations	**327 919 989**	**(65 820 872)**	**262 099 117**	**126 270 863**	**(135 828 254)**
Capital expenditure	(183 797 000)	(39 993 433)	**(223 790 433)**	(223 790 433)	-
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**144 122 989**	**(105 814 305)**	**38 308 684**	**(97 519 570)**	**(135 828 254)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Reconciliation					
Basis difference					
Capital expenditure				223 790 433	
Actual Amount in the Statement of Financial Performance				**126 270 863**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Statement of Financial Position					
Assets					
Current Assets					
Inventories	2 338 552	-	**2 338 552**	4 488 473	**2 149 921**
Receivables from exchange transactions	350 855	-	**350 855**	7 169 505	**6 818 650**
Receivables from non-exchange transactions	-	-	**-**	15 692 320	**15 692 320**
Consumer debtors	297 770 678	-	**297 770 678**	84 920 531	**(212 850 147)**
Cash and cash equivalents	82 109 952	-	**82 109 952**	82 389 734	**279 782**
	382 570 037	**-**	**382 570 037**	**194 660 563**	**(187 909 474)**
Non-Current Assets					
Property, plant and equipment	2 263 307 448	-	**2 263 307 448**	2 154 008 671	**(109 298 777)**
Intangible assets	175 289	-	**175 289**	1 608 581	**1 433 292**
Heritage assets	4 000	-	**4 000**	4 000	**-**
	2 263 486 737	**-**	**2 263 486 737**	**2 155 621 252**	**(107 865 485)**
Total Assets	**2 646 056 774**	**-**	**2 646 056 774**	**2 350 281 815**	**(295 774 959)**
Liabilities					
Current Liabilities					
Other financial liabilities	-	-	**-**	10 962 119	**10 962 119**
Payables from exchange transactions	270 679 528	-	**270 679 528**	232 933 880	**(37 745 648)**
VAT payable	-	-	**-**	66 403 085	**66 403 085**
Consumer deposits	6 844 223	-	**6 844 223**	7 258 007	**413 784**
Unspent conditional grants and receipts	-	-	**-**	18 512 573	**18 512 573**
Provisions	3 551 671	-	**3 551 671**	4 425 000	**873 329**
	281 075 422	**-**	**281 075 422**	**340 494 664**	**59 419 242**
Non-Current Liabilities					
Other financial liabilities	195 421 093	-	**195 421 093**	175 530 248	**(19 890 845)**
Provisions	32 699 095	-	**32 699 095**	34 630 788	**1 931 693**
	228 120 188	**-**	**228 120 188**	**210 161 036**	**(17 959 152)**
Total Liabilities	**509 195 610**	**-**	**509 195 610**	**550 655 700**	**41 460 090**
Net Assets	**2 136 861 164**	**-**	**2 136 861 164**	**1 799 626 115**	**(337 235 049)**
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Revaluation reserve	24 628 860	-	**24 628 860**	24 628 860	**-**
Accumulated surplus	2 112 232 304	-	**2 112 232 304**	1 774 997 254	**(337 235 050)**
Total Net Assets	**2 136 861 164**	**-**	**2 136 861 164**	**1 799 626 114**	**(337 235 050)**

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Sale of goods and services	150 163 025	-	**150 163 025**	154 695 973	**4 532 948**
Grants	815 822 689	-	**815 822 689**	794 398 724	**(21 423 965)**
Other receipts	527 500	-	**527 500**	2 907 135	**2 379 635**
	966 513 214	-	**966 513 214**	**952 001 832**	**(14 511 382)**
Payments					
Employee costs	(284 563 544)	-	**(284 563 544)**	(275 412 631)	**9 150 913**
Suppliers	(545 415 378)	-	**(545 415 378)**	(483 861 483)	**61 553 895**
Finance costs	-	-	**-**	(321 311)	**(321 311)**
	(829 978 922)	-	**(829 978 922)**	**(759 595 425)**	**70 383 497**
Net cash flows from operating activities	**136 534 292**	-	**136 534 292**	**192 406 407**	**55 872 115**
Cash flows from investing activities					
Purchase of property, plant and equipment	(182 555 000)	-	**(182 555 000)**	(165 906 088)	**16 648 912**
Purchase of other intangible assets	-	-	**-**	(1 600 578)	**(1 600 578)**
Net cash flows from investing activities	**(182 555 000)**	-	**(182 555 000)**	**(167 506 666)**	**15 048 334**
Cash flows from financing activities					
Repayment of other financial liabilities	(10 007 903)	-	**(10 007 903)**	(10 447 020)	**(439 117)**
Finance costs	(27 550 000)	-	**(27 550 000)**	(20 711 518)	**6 838 482**
Net cash flows from financing activities	**(37 557 903)**	-	**(37 557 903)**	**(31 158 538)**	**6 399 365**
Net increase/(decrease) in cash and cash equivalents	(83 578 611)	-	**(83 578 611)**	(6 258 797)	**77 319 814**
Cash and cash equivalents at the beginning of the year	88 648 531	-	**88 648 531**	88 648 531	**-**
Cash and cash equivalents at the end of the year	**5 069 920**	-	**5 069 920**	**82 389 734**	**77 319 814**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the economic entity.

All amount presented are rounded off to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated annual financial statements from the transfer date or acquisition date as defined in the Standards of GRAP on Transfer of functions between entities under common control or Transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's annual financial statements at the acquisition date.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same date.

When the end of the reporting dates of the controlling entity is different from that of a controlled entity, the controlled entity prepares, for consolidation purposes, additional annual financial statements as of the same date as the annual financial statements of the controlling entity unless it is impracticable to do so. When the annual financial statements of a controlled entity used in the preparation of consolidated annual financial statements are prepared as of a date different from that of the controlling entity, adjustments are made for the effects of significant transactions or events that occur between that date and the date of the controlling entity's annual financial statements. In any case, the difference between the end of the reporting date of the controlled entity and that of the controlling entity is no more than three months. The length of the reporting periods and any difference between the ends of the reporting dates is the same from period to period.

Accounting Policies

1.3 Consolidation (continued)

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the net assets of the economic entity are identified and recognised separately from the controlling entity's interest therein, and are recognised within net assets.

Changes in a controlling entity's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

A Special purpose entity is consolidated when the substance of the relationship between the economic entity and the Special purpose entity indicates that the Special purpose entity is controlled by the economic entity.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for community assets which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Community Assets	Straight line	Fair value (30 years)
Plant and machinery	Straight line	10 to 20 years
Furniture and fixtures	Straight line	10 to 15 years
Transport Assets	Straight line	10 to 15 years
IT equipment	Straight line	10 to 15 years
Computer software	Straight line	5 to 15 years
Infrastructure Water & Sanitation	Straight line	10 to 100 years
Fire Engines	Straight line	15 to 20 years
Mobile Offices	Straight line	15 to 20 years
Heavy machinery	Straight line	15 to 20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The economic entity assesses at each reporting date whether there is any indication that the economic entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

Accounting Policies

1.4 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation periods and the amortisation methods for intangible assets are reviewed at each reporting date.

The re-assessment of the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Accounting Policies

1.5 Intangible assets (continued)

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 - 5 years
Licenses	Straight line	3 - 5 years
Websites	Straight line	3 - 5 years

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Heritage assets

Assets are resources controlled by an economic entity as a result of past events and from which future economic benefits or service potential are expected to flow to the economic entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an economic entity is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The economic entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.6 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Impairment

The economic entity assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from the Municipality's statement of financial position.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another economic entity; or
  - exchange financial assets or financial liabilities with another economic entity under conditions that are potentially favourable to the economic entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another economic entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the economic entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an economic entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an economic entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an economic entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at fair value comprise financial assets or financial liabilities that are instruments held for trading.

Accounting Policies

1.7 Financial instruments (continued)

- A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Bank and cash	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Development Bank of Southern Africa	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at fair value

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The Municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Accounting Policies

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process..

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.8 Tax

Value Added Tax

The municipality accounts for Value Added Tax (VAT) on the cash/payments basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality. Permission has been granted to the Municipality to remit or claim for VAT on the cash/payments basis for receivables or payables.

1.9 Leases

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value or current replacement cost.

Inventories are measured at the lower of cost , net realisable value or current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the economic entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the economic entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Basis for estimates of future cash flows

In measuring value in use the economic entity:

- bases cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- bases cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimates cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Accounting Policies

1.12 Impairment of non-cash-generating assets (continued)

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.13 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Accounting Policies

1.13 Employee benefits (continued)

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Accounting Policies

1.13 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.13 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.13 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.14 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The economic entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the economic entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the economic entity considers that an outflow of economic resources is probable, an economic entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.These can either be operational or capital in nature.

A capital committment is a binding agreement to undertake the capital expenditure at some set time in the future which has not become an actual liability.

An operating committent is a binding agreement to undertake operating expenditure at some set time in the future which has not yet become an actual liability.

Disclosures in the notes to the financial statements are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the economic entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the economic entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an economic entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting economic entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the economic entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the economic entity.

When, as a result of a non-exchange transaction, the economic enttity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from services in kind, which are not recognised, the economic entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are re-classified.

Accounting Policies

1.21 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Irregular expenditure

Irregular expenditure incurred by an economic entity is expenditure inclusive of VAT which is in contravention of, or that is not in accordance with, the Municipal Finance Management Act (Act No.56 of 2003); the Municipal Systems Act (Act No.32 of 2000); the Public Office Bearers Act (Act No. 20 of 1998); or the Supply Chain Manangement Policy of the economic entity or any of the economic enity's by-laws giving effect to such policy.

Irregular expenditure that was incurred and identified during the current financial year and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which write off is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was not written off by the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt write - off and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been written off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Accounting Policies

1.25 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measure of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.26 Use of Estimates

The preparation of the annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimatesare based on managements best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.27 Budget information

Economic Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual amounts.

1.28 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Accounting Policies

1.28 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed

1.29 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.30 Transitional provisions

1.31 General Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decrease in net assets , other than those relating to distributions to owners. Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18 on Segment Reporting	01 April 2020	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
• GRAP 34 on Separate Financial Standards	01 April 2020	Unlikely there will be a material impact.
• GRAP 36 on Investments in Associates	01 April 2020	Unlikely there will be a material impact.
• GRAP 37 on Joint Arrangements	01 April 2020	Unlikely there will be a material impact.
• GRAP 38 on Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact.
• GRAP 110 on Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact.

2.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2024	Unlikely there will be a material impact

The following standards and interpretations have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2021 or later periods but are not relevant to its operations:

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	90 358	27 982	90 338	27 316
Bank balances	83 818 960	84 397 552	77 978 708	84 317 486
Short-term deposits	570 688	553 729	570 688	553 729
Other cash and cash equivalents	3 766 759	4 331 402	3 750 000	3 750 000
	88 246 765	**89 310 665**	**82 389 734**	**88 648 531**

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for DBSA Loan	-	-	3 750 000	3 750 000

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
FNB Bank : Salaries-Account 50940092196	2 771 937	34 445 786	92 219	2 771 937	34 445 786	92 219
FNB Bank : Projects - Account 62023616462	30 903	28 369 538	2 754 065	30 903	28 369 538	2 754 065
FNB Bank -NSTD Call - Account 62215748289	570 688	553 729	11 816 984	570 688	553 729	11 816 984
FNB Bank - Mandela race - Account 62411577193	807 688	797 796	767 076	807 688	797 796	767 076
FNB Bank- Main Account - Account 50940026773	73 032 508	12 924 491	23 478 723	73 032 444	12 924 463	23 478 197
FNB Bank - Fixed Deposit- Account 71101199555	3 750 000	3 750 000	3 994 099	3 750 000	3 994 932	3 994 099
FNB Bank- SANBI - Account 62597807125	98 599	6 538 608	2 498 463	98 599	6 538 608	2 498 463
ABSA Bank- Mandela Race - Account 4094362410	1 237 138	1 241 296	851 650	1 237 138	1 241 296	851 650
First National Bank -Cheque account -62711665177	5 840 252	80 065	1 867 701	5 840 252	80 065	1 867 701
Fist National Cheque Account - 62838452605	16 759	581 401	-	16 759	581 401	-
Total	**88 156 472**	**89 282 710**	**48 120 980**	**88 156 408**	**89 527 614**	**48 120 454**

4. Consumer debtors

Gross balances				
Water	1 050 438 725	859 715 905	1 050 438 725	859 715 905
Less: Allowance for impairment				
Water	(965 518 194)	(777 698 475)	(965 518 194)	(777 698 475)
Net balance				
Water	84 920 531	82 017 430	84 920 531	82 017 430
Water				
Current (0 -30 days)	59 159 903	31 103 449	59 159 903	31 103 449
31 - 60 days	26 533 931	25 278 530	26 533 931	25 278 530
61 - 90 days	20 147 250	20 802 276	20 147 250	20 802 276
91 - 120 days	18 814 810	15 653 127	18 814 810	15 653 127
121 - 150 days	19 247 100	18 272 750	19 247 100	18 272 750
> 150days	906 535 732	748 213 830	906 535 732	748 213 830
	1 050 438 726	**859 323 962**	**1 050 438 726**	**859 323 962**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

4. Consumer debtors (continued)

Summary of debtors by customer classification

Consumers				
Current (0 -30 days)	40 522 595	15 755 933	40 522 595	15 755 933
31 - 60 days	21 800 824	17 527 128	21 800 824	17 527 128
61 - 90 days	16 899 900	16 958 829	16 899 900	16 958 829
91 - 120 days	16 216 036	11 900 054	16 216 036	11 900 054
121 - 365 days	16 956 590	15 136 089	16 956 590	15 136 089
> 365 days	833 479 381	690 414 741	833 479 381	690 414 741
	945 875 326	767 692 774	945 875 326	767 692 774
Less: Allowance for impairment	(917 671 956)	(740 643 444)	(917 671 956)	(740 643 444)
	28 203 370	**27 049 330**	**28 203 370**	**27 049 330**
Industrial/ commercial				
Current (0 -30 days)	14 475 382	7 773 375	9 912 313	7 773 375
31 - 60 days	2 969 878	5 866 081	4 489 815	5 866 081
61 - 90 days	1 348 799	2 940 521	2 939 728	2 940 521
91 - 120 days	1 553 947	2 576 051	1 314 007	2 576 051
121 - 365 days	1 593 535	1 847 906	1 444 715	1 847 906
> 365 days	45 479 247	36 188 041	45 003 371	36 188 041
	67 420 788	57 191 975	65 103 949	57 191 975
Less: Allowance for impairment	(47 846 238)	(33 520 326)	(47 846 238)	(33 250 326)
	19 574 550	**23 671 649**	**17 257 711**	**23 941 649**
National and provincial government				
Current (0 -30 days)	4 161 926	2 076 434	2 448 570	2 076 434
31 - 60 days	1 763 230	1 885 321	1 708 516	1 885 321
61 - 90 days	1 898 551	902 925	1 760 448	902 925
91 - 120 days	1 044 827	1 177 022	1 895 507	1 177 022
121 - 150 days	696 973	1 288 756	1 037 456	1 288 756
> 150 days	27 577 104	22 003 153	28 212 316	22 003 153
	37 142 611	**29 333 611**	**37 062 813**	**29 333 611**
Total				
Current (0 -30 days)	59 159 902	25 605 743	59 159 902	25 605 743
31 - 60 days	26 533 931	25 278 530	26 533 931	25 278 530
61 - 90 days	20 147 250	20 802 276	20 147 250	20 802 276
91 - 120 days	18 814 810	15 653 127	18 814 810	15 653 127
121 - 365 days	19 247 100	18 272 750	19 247 100	18 272 750
> 150 days	906 535 732	754 103 479	906 535 732	754 103 479
	1 050 438 725	859 715 905	1 050 438 725	859 715 905
Less: Allowance for impairment	(965 518 194)	(774 163 770)	(965 518 194)	(774 163 770)
Correction of prior period error	-	(3 534 705)	-	(3 534 705)
	84 920 531	**82 017 430**	**84 920 531**	**82 017 430**
Less: Allowance for impairment				
> 150 days	(965 518 194)	(774 163 770)	(965 518 194)	(774 163 770)
Correction of prior year error	-	(3 534 705)	-	(3 534 705)
	(965 518 194)	**(777 698 475)**	**(965 518 194)**	**(777 698 475)**

Total debtor past due but not impaired

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
4. Consumer debtors (continued)				
Current (0 -30 days)	9 574 460	13 799 088	9 574 460	13 799 088
31 - 60 days	7 222 692	6 376 379	7 222 692	6 376 379
61 - 90 days	4 707 759	5 067 645	4 707 759	5 067 645
91 - 120 days	3 408 334	4 040 888	3 408 334	4 040 888
121 - 150 days	3 069 458	3 381 767	3 069 458	3 381 767
> 150 days	61 186 608	55 753 279	61 186 608	55 753 279
	89 169 311	**88 419 046**	**89 169 311**	**88 419 046**
Reconciliation of allowance for impairment				
Balance at beginning of the year	(777 698 475)	(609 949 870)	(777 698 475)	(609 949 870)
Contributions to allowance	(187 819 718)	(164 213 900)	(187 819 718)	(164 213 900)
Correction of prior period error	-	(3 534 705)	-	(3 534 705)
	(965 518 193)	**(777 698 475)**	**(965 518 193)**	**(777 698 475)**

Consumer debtors pledged as security

There were no consumer debtors that were pledged as security for any liabilities during the period under review.

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2021, R89 169 311 (2020: R 88 419 046) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	23 717 134	13 799 088	23 717 134	13 799 088
2 months past due	26 313 943	6 376 379	26 313 943	6 376 379
3 months past due	19 904 897	68 243 579	19 904 897	68 243 579

Consumer debtors impaired

As of 30 June 2021, consumer debtors of R 187 819 718 (2020: R 169 656 439) were impaired and provided for.

The amount of the provision was R 965 518 913 as of 30 June 2021 (2020: R 777 698 475).

The ageing of these debtors past due and impaired is as follows:

3 to 6 months	98 555 323	52 895 348	98 555 323	52 895 348
Over 6 months	845 349 124	703 344 792	845 349 124	703 344 792

5. Receivables from exchange transactions

Trade debtors UMEDA	279 966	383 495	-	-
Prepayments	473 998	320 293	504 560	350 855
Deposits	1 180 640	1 106 371	1 180 640	1 106 371
Other receivables	126 011	244 921	126 011	244 921
Other debtors	35 339	35 339	35 339	35 339
Sundry debtors- Water	5 322 955	5 322 956	5 322 955	5 322 956
	7 418 909	**7 413 375**	**7 169 505**	**7 060 442**

Trade and other receivables pledged as security

There were no trade and other receivables pledged as security during the year under review.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

6. Receivables from non-exchange transactions

Unauthorised, Irregular, Fruitless and Wasteful Expenditure	15 692 320	-	15 692 320	-

At a Full Council meeting which took place on 27 August 2021, fruitless and wasteful expenditure at an amount of R7 062 582 and irregular expenditure at an amount of R8 629 792 was resolved to be recoverable by Council. The recovery process is in progress.

7. Inventories

Agricultural produce - Fertilizer	12 335	26 261	-	-
Maintenance materials	3 722 909	1 735 752	3 722 909	1 735 752
Water for distribution	765 564	602 800	765 564	602 800
	4 500 808	**2 364 813**	**4 488 473**	**2 338 552**

7.1

Inventories recognised as an expense during the year	1 887 562	1 415 026	1 887 562	1 415 026

Inventory has been recorded using the weighted average cost method. Consumables are carried at lower of cost or current replacement cost. Materials are carried at lower of cost or net realisable value. No inventory was written down, reversed or written-off as obsolete during the year under review.

Inventory pledged as security

There was no inventory that was pledged as security for liabilities during the year under review.

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

Economic entity	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 970 350	-	2 970 350	2 970 350	-	2 970 350
Buildings	31 850 385	(6 264 303)	25 586 082	31 850 385	(5 696 334)	26 154 051
Plant and machinery	19 264 140	(4 411 350)	14 852 790	19 264 140	(3 643 210)	15 620 930
Furniture and fixtures	5 328 522	(2 359 237)	2 969 285	5 564 937	(2 159 232)	3 405 705
Motor vehicles	11 075 486	(2 159 886)	8 915 600	11 075 486	(1 591 731)	9 483 755
IT equipment	8 377 457	(4 813 034)	3 564 423	8 290 576	(4 243 443)	4 047 133
Infrastructure	2 466 552 317	(1 080 828 902)	1 385 723 415	2 477 757 725	(1 043 178 293)	1 434 579 432
Other property, plant and equipment	602 393	(230 890)	371 503	598 491	(114 857)	483 634
Other PPE: Infrastructure WIP	710 521 781	-	710 521 781	544 785 672	-	544 785 672
Total	**3 256 542 831**	**(1 101 067 602)**	**2 155 475 229**	**3 102 157 762**	**(1 060 627 100)**	**2 041 530 662**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Controlling entity

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 970 350	-	2 970 350	2 970 350	-	2 970 350
Community Asset	31 850 385	(6 264 303)	25 586 082	31 850 385	(5 696 334)	26 154 051
Plant and machinery	19 264 140	(4 411 350)	14 852 790	19 264 140	(3 643 210)	15 620 930
Furniture and fixtures	4 843 454	(2 153 355)	2 690 099	5 082 687	(2 043 894)	3 038 793
Motor vehicles	10 124 598	(1 907 851)	8 216 747	10 124 598	(1 529 874)	8 594 724
IT equipment	7 814 951	(4 367 544)	3 447 407	7 726 299	(3 952 803)	3 773 496
Infrastructure	2 466 552 317	(1 080 828 902)	1 385 723 415	2 477 757 725	(1 043 178 293)	1 434 579 432
Other PPE: Infrastructure WIP	710 521 781	-	710 521 781	544 785 672	-	544 785 672
Total	**3 253 941 976**	**(1 099 933 305)**	**2 154 008 671**	**3 099 561 856**	**(1 060 044 408)**	**2 039 517 448**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic Entity - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 970 350	-	-	-	2 970 350
Community Asset	26 154 051	-	-	(567 969)	25 586 082
Plant and machinery	15 620 930	-	-	(768 140)	14 852 790
Furniture and fixtures	3 405 705	5 399	(136 917)	(304 902)	2 969 285
Motor vehicles	9 483 755	-	-	(568 155)	8 915 600
IT equipment	4 047 133	169 080	(57 966)	(593 824)	3 564 423
Infrastructure	1 434 579 432	-	(4 507 491)	(44 348 526)	1 385 723 415
Other property, plant and equipment	483 634	4 650	-	(116 825)	371 503
Other PPE - Infrastructure WIP	544 785 672	165 736 109	-	-	710 521 781
	2 041 530 662	**165 915 238**	**(4 702 374)**	**(47 268 341)**	**2 155 475 229**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic Entity - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 970 350	-	-	-	-	-	2 970 350
Buildings	26 722 019	-	-	-	(567 968)	-	26 154 051
Plant and machinery	14 941 686	1 869 290	(465 199)	-	(724 847)	-	15 620 930
Furniture and fixtures	3 353 668	359 415	(15 850)	-	(291 528)	-	3 405 705
Motor vehicles	4 055 701	6 124 824	(414 664)	-	(282 106)	-	9 483 755
IT equipment	4 645 473	227 694	(20 553)	-	(805 481)	-	4 047 133
Infrastructure	1 257 771 757	226 314 628	(2 725 730)	-	(42 570 359)	(4 210 864)	1 434 579 432
Other property, plant and equipment	96 136	476 552	-	-	(89 054)	-	483 634
Other PPE - Infrastructure WIP	641 389 345	130 627 183	-	(227 230 856)	-	-	544 785 672
	1 955 946 135	**365 999 586**	**(3 641 996)**	**(227 230 856)**	**(45 331 343)**	**(4 210 864)**	**2 041 530 662**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling Entity 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 970 350	-	-	-	2 970 350
Buildings	26 154 051	-	-	(567 969)	25 586 082
Plant and machinery	15 620 930	-	-	(768 140)	14 852 790
Furniture and fixtures	3 038 793	899	(136 917)	(212 676)	2 690 099
Motor vehicles	8 594 724	-	-	(377 977)	8 216 747
IT equipment	3 773 496	169 080	(57 966)	(437 203)	3 447 407
Infrastructure	1 434 579 432	-	(4 507 491)	(44 348 526)	1 385 723 415
Other PPE - Infrastructure WIP	544 785 672	165 736 109	-	-	710 521 781
	2 039 517 448	**165 906 088**	**(4 702 374)**	**(46 712 491)**	**2 154 008 671**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling Entity 2020

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	2 970 350	-	-	-	-	-	2 970 350
Buildings	26 722 019	-	-	-	(567 968)	-	26 154 051
Plant and machinery	14 941 686	1 869 290	(465 199)	-	(724 847)	-	15 620 930
Furniture and fixtures	3 242 106	26 474	(15 850)	-	(213 937)	-	3 038 793
Motor vehicles	4 055 701	5 173 936	(414 664)	-	(220 249)	-	8 594 724
IT equipment	4 413 590	46 151	(20 553)	-	(665 692)	-	3 773 496
Infrastructure	1 257 771 757	226 314 628	(2 725 730)	-	(42 570 359)	(4 210 864)	1 434 579 432
Other PPE - Infrastructure WIP	641 389 345	130 627 184	-	(227 230 857)	-	-	544 785 672
	1 955 506 554	**364 057 663**	**(3 641 996)**	**(227 230 857)**	**(44 963 052)**	**(4 210 864)**	**2 039 517 448**

Pledged as security

There were no property, plant and equipment that was pledged as security during the year under review.

Reconciliation of Work-in-Progress Economic entity

		Total
Opening balance	544 785 673	544 785 673
Additions/capital expenditure	165 736 109	165 736 109
	710 521 782	**710 521 782**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

8. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Employee related costs	86 489 335	56 042 920	86 498 335	56 042 920
Contracted services	10 362 689	84 792 583	10 362 689	84 792 583
Materials and supplies	3 295 604	3 325 648	3 295 604	3 325 648
	100 147 628	**144 161 151**	**100 156 628**	**144 161 151**

Long outstanding work in progress is as follows:

Water	Location	Nature of project	Initial completion date	Reasons for delays	2021	2020
Camperdown Cbd Ac Pipes Replacement	Mkhambathin	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	3 694 994	3 694 994
Cedara Bulk Services	Umgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 496 436	1 496 436
Ebuhleni Housing Project Bulk Water	Mpofana	Water	Project had to be abandoned	Project could not be completed due to land issue	2 997 287	2 893 254
Embuthweni Water Phase 4	Mkhambathin	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 517 864	1 517 864

Notes to the Annual Financial Statements

					Economic entity		Controlling entity	
Figures in Rand					2021	2020	2021	2020

8. Property, plant and equipment (continued)

Enguga/Entshayabantu/Macksam(Phase 5)C0061-2& C0061-17	Impendle	Water	28 June 2021	Delays due to Covid-19 restrictions and lack of materials on site was a major constraint	18 643 962	12 674 443
Gengeshe Water	Richmond	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 790 190	1 790 190
Hilton Corridor Development	uMgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	3 322 094	3 322 094
Howick Ac Pipelines Replacement	uMgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	5 035 987	5 035 987
Impendle Bulk Water Works	Impendle	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	13 949 423	13 949 423

Notes to the Annual Financial Statements

Figures in Rand					Economic entity 2021	Economic entity 2020	Controlling entity 2021	Controlling entity 2020
8. Property, plant and equipment (continued)								
Impendle WWTW And Sewerage Reticulation	Impendle	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	863 813		863 813	
Kwahaza Water Supply	Umgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	399 593		399 593	
Manyavu Water Scheme C0195-1 & C0061-1/F0002	Mkhambathin	Water	17 August 2018	Delays due to Covid-19 restrictions	73 996 908		70 049 304	
Manzamnyama Water Scheme C0195-2 & C0061-24	Mkhambathin	Water	23 August 2019	Delays due to Covid-19 restrictions	68 871 944		65 040 118	
Maqongqo Bulk Water	Mkhambathin	Water	30 September 2020	Delays due to Covid-19 restrictions	75 993 950		71 048 434	
Mkhambithini Waste Water Works	Mkhambathin	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	3 016 720		3 016 720	

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

8. Property, plant and equipment (continued)

Mooi River Bulk Mains Upgrading	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	196 381	196 381
Mooiriver AC Pipes Replacement	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 289 426	1 289 426
Mpofana Waste Water Treatment Works	Mpofana	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	8 549 988	8 549 988
Mpophomeni Sanitation Plant	Umgeni	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	8 172 038	8 172 038
Nhlambamasoka,Nhlathimbe & Khathikathi Water	Impendle	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 359 540	1 359 540

Notes to the Annual Financial Statements

Figures in Rand				Economic entity		Controlling entity	
				2021	2020	2021	2020

8. Property, plant and equipment (continued)

Nkangala Water	Mkhambathin	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	208 612	208 612
Nkanyezi Water Supply C0195-3 & C0061-21	Mkhambathin	Water	Planning only - initial completion date to be determined on appointment of contractor - Tender has been awarded 5 Aug 2021	Project could not be re-instated earlier due to funding constraints	41 231 350	34 010 286
Phumlas Water Supply Upgrade	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	820 881	820 881
Richmond Ac Pipes Replacement	Richmond	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	5 906 405	5 906 405
Richmond Waste Water Treatment Works	Richmond	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	4 751 919	4 751 919

Notes to the Annual Financial Statements

				Economic entity		Controlling entity	
Figures in Rand				2021	2020	2021	2020

8. Property, plant and equipment (continued)

Rosetta Water Upgrade	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	635 500	635 500
Wartburg AC Pipes Replacement	uMshwathi	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	653 594	653 594
Total					349 366 799	323 347 237

The municipality intends to complete the construction of these assets.

The municipality has not recognised any impairment loss relating to the work-in progress as these infrastructure assests will be capable of providing the municipality with the intended service potential once construction is completed.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

Economic entity

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	11 957 869	(10 346 626)	1 611 243	10 357 201	(9 901 082)	456 119

Controlling entity

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	10 962 022	(9 353 441)	1 608 581	9 361 354	(9 186 065)	175 289

Reconciliation of intangible assets - Economic entity - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	456 119	1 600 578	(445 454)	1 611 243

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 934 837	149 376	(1 628 095)	456 119

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity

	Opening balance	Additions	Amortisation	Total
Computer software, other	175 289	1 600 668	(167 376)	1 608 581

Reconciliation of intangible assets - Economic entity

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 328 714	143 386	(1 296 811)	175 289

Pledged as security

There were no intangible assets pledged as security during the year under review.

Notes to the Annual Financial Statements

Figures in Rand

10. Heritage assets

Economic entity

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	4 000	-	4 000	4 000	-	4 000

Controlling entity

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayoral Chain	4 000	-	4 000	4 000	-	4 000

Reconciliation of heritage assets Economic entity - 2021

	Opening balance	Total
Mayoral Chain	4 000	4 000

Reconciliation of heritage assets Economic entity - 2020

	Opening balance	Total
Mayoral Chain	4 000	4 000

Reconciliation of heritage assets Controlling entity

	Opening balance	Total
Mayoral Chain	4 000	4 000

Notes to the Annual Financial Statements

Figures in Rand

10. Heritage assets (continued)

Reconciliation of heritage assets Economic entity

	Opening balance	Total
Mayoral Chain	4 000	4 000

Pledged as security

There were no heritage assets pledged as security during the year under review.

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
N3 Corridor Program UMEDA	1 750 000	1 750 000	-	-
Geospatial Grant	856 213	1 993 574	856 213	1 993 574
Camperdown WWTP & PTP Grant	4 308 912	4 308 912	4 308 912	4 308 912
EPWP Grant	114 674	-	114 674	-
ORIO Grant	11 550 860	11 550 860	11 550 860	11 550 860
Municipal Infrastructure Grant	-	6 040 433	-	6 040 433
RASSET & DGDS Grant	126 989	126 989	126 989	126 989
COVID Grant -UMEDA	35 728	35 728	-	-
Rasset grant UMEDA	306 054	590 073	-	-
Disaster Covid 19	-	521 963	-	521 963
Howick Falls Grant - UMEDA	5 000 000	-	-	-
Spatial Planning Grant	706 750	1 000 000	706 750	1 000 000
IDP Spatial Development Grant	848 175	1 000 000	848 175	1 000 000
	25 604 355	**28 918 532**	**18 512 573**	**26 542 731**
Movement during the year				
Balance at the beginning of the year	28 918 532	25 725 935	26 542 731	23 085 118
Additions during the year	241 428 882	196 792 102	236 428 882	193 937 000
Repayment of MIG roll over	(6 040 000)	-	(6 040 000)	-
Income recognition during the year	(238 703 059)	(193 599 505)	(238 419 040)	(190 479 387)
	25 604 355	**28 918 532**	**18 512 573**	**26 542 731**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the economic entity has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance have been recognised.

These amounts are invested in a ring-fenced investment until utilised.

12. Payables from exchange transactions

Trade payables	169 183 850	153 252 975	168 823 514	153 429 133
Payments received in advanced - consumers	5 215 510	5 498 198	5 215 510	5 498 198
Other payables	7 954 122	15 022 738	7 954 122	15 022 738
Leave pay provision	13 729 716	16 356 470	13 729 716	16 356 470
Accrued bonus	6 402 747	6 186 637	6 402 747	6 186 637
Accrued interest - DBSA Loan	8 489 608	9 195 918	8 489 608	8 928 650
Retentions	22 318 658	18 853 163	22 318 658	18 853 163
Payable litigations	-	19 830 027	-	19 830 027
SARS Emp 201 liability UMEDA	-	118 036	-	-
	233 294 211	**244 314 162**	**232 933 875**	**244 105 016**

13. Consumer deposits

Water	7 258 007	6 844 223	7 258 007	6 844 223

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

14. Other financial liabilities

At amortised cost				
DBSA Loan	186 492 367	196 500 346	186 492 367	196 500 346

The loan from the Development Bank of Southern Africa is a total of R230 000 000 borrowed over a 15 year term subject to a fixed 15 year swap rate plus 230 basis points (average 10%) over the loan period.

An amount of R3 750 000 is held as security for the long term loan. Refer to Note 3.

Non-current liabilities				
At amortised cost	175 530 248	186 492 443	175 530 248	186 492 443
Current liabilities				
At amortised cost	10 962 119	10 007 903	10 962 119	10 007 903

15. VAT payable

VAT payable	66 403 085	36 268 311	66 403 085	36 268 311
VAT receivable UMEDA	(330 936)	-	-	-
	66 072 149	**36 268 311**	**66 403 085**	**36 268 311**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

16. Provisions

Reconciliation of provisions - Economic entity - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Transfer to Current Portion	Total
Post Employee Benefits	941 671	1 666 000	(941 671)	-	-	1 666 000
Long Service Awards	2 610 000	2 759 000	(2 610 000)	-	-	2 759 000
Leave pay UMEDA	71 293	29 575	-	-	-	100 868
Employee benefit cost	22 243 307	2 604 000	(215 329)	(570 978)	(1 666 000)	22 395 000
Social benefits	10 455 788	4 539 000	-	-	(2 759 000)	12 235 788
	36 322 059	**11 597 575**	**(3 767 000)**	**(570 978)**	**(4 425 000)**	**39 156 656**

Reconciliation of provisions - Economic entity - 2020

	Opening Balance	Additions	Utilised during the year	Transferrred to short term	transferred to payables	Total
Post Employee Benefits	813 955	127 716	-	-	-	941 671
Long Service Awards	1 581 000	1 029 000	-	-	-	2 610 000
Leave pay UMEDA	30 562	40 731	-	-	-	71 293
Employee benefit cost	21 872 859	1 431 119	(932 955)	(127 716)	-	22 243 307
Social benefits	11 411 788	1 654 000	(1 581 000)	(1 029 000)	-	10 455 788
Litigation Provision	16 697 842	-	-	-	(16 697 842)	-
	52 408 006	**4 282 566**	**(2 513 955)**	**(1 156 716)**	**(16 697 842)**	**36 322 059**

Reconciliation of provisions - Controlling entity

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Transfer to Current Portion	Total
Post Employment Benefits - Short term	941 671	1 666 000	(941 671)	-	-	1 666 000
Long Service Awards - short term	2 610 000	2 759 000	(2 610 000)	-	-	2 759 000
Employee benefit cost - Long term	22 243 307	2 604 000	(215 329)	(570 978)	(1 666 000)	22 395 000
Long Service awards - Long term	10 455 788	4 539 000	-	-	(2 759 000)	12 235 788
	36 250 766	**11 568 000**	**(3 767 000)**	**(570 978)**	**(4 425 000)**	**39 055 788**

Reconciliation of provisions - Economic entity

	Opening Balance	Additions	Utilised during the year	Transfer to short-term	Transfer to payables	Total
Post Employment Benefits	813 955	127 716	-	-	-	941 671
Long Service Awards	1 581 000	1 029 000	-	-	-	2 610 000
Employee benefit cost	21 872 859	1 431 119	(932 955)	(127 716)	-	22 243 307
Social benefits	11 411 788	1 654 000	(1 581 000)	(1 029 000)	-	10 455 788
Litigation Provision	16 697 842	-	-	-	(16 697 842)	-
	52 377 444	**4 241 835**	**(2 513 955)**	**(1 156 716)**	**(16 697 842)**	**36 250 766**

Non-current liabilities	34 630 788	32 699 095	34 630 788	32 699 095
Current liabilities	4 525 868	3 622 964	4 425 000	3 551 671
	39 156 656	**36 322 059**	**39 055 788**	**36 250 766**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

16. Provisions (continued)

These provisions relate to post employment benefits which the economic entity is obliged to honour in terms of the prevailing conditions of employment for all staff members.

17. Service charges

Other service charges	669 723	663 301	669 723	663 301
Sale of water	281 316 221	261 857 198	281 316 221	261 857 198
Sewerage and sanitation charges	15 468 601	22 907 404	15 468 601	22 907 404
	297 454 545	**285 427 903**	**297 454 545**	**285 427 903**

18. Rental of facilities and equipment

Garages and parking				
Parking fees	-	11 177	-	11 177

19. Other income

Tender Documents	53 348	3 130	53 348	3 130
Mandela day Marathon Entrance Fees	-	451 461	-	451 461
Insurance refund	6 532	17 223	-	-
Staff Recoveries	21 157	38 142	21 157	38 142
	81 037	**509 956**	**74 505**	**492 733**

20. Investment revenue

Interest revenue				
Bank	2 995 646	6 124 046	2 907 135	6 091 244

21. Interest from Outstanding Debtors

Interest - Receivables	47 998 807	46 834 729	47 998 807	46 834 729

22. Government grants and subsidies

Operating grants				
Equitable share	572 040 000	527 986 102	572 040 000	527 986 102
Development Planning Shared Services Grant	-	550 000	-	550 000
SETA Grants	1 018 884	462 299	1 018 884	462 299
EPWP Grant	2 956 326	3 368 000	2 956 326	3 368 000
Financial Management Grant	1 000 000	1 000 000	1 000 000	1 000 000
Disaster Management -Covid 19	521 963	372 038	521 963	372 038
SANBI Grant	7 548 998	6 362 176	7 548 998	6 362 176
Raset Grant UMEDA	284 019	2 050 744	-	-
Geospatial Grant	1 137 361	806 426	1 137 361	806 426
Spatial Planning Grant	293 250	-	293 250	-
IDP Spatial Development Grant	151 825	-	151 825	-
	586 952 626	**542 957 785**	**586 668 607**	**540 907 041**
Capital grants				
Municipal Infrastructure Grant	100 003 433	95 903 567	100 003 433	95 903 567
Rural Roads Assessment Management Systems Grant	2 552 000	2 681 000	2 552 000	2 681 000
Water Services Infrastructure Grant	80 000 000	80 043 255	80 000 000	80 043 255

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

22. Government grants and subsidies (continued)

Covid-19 Capital Grant	41 235 000	-	41 235 000	-
	223 790 433	**178 627 822**	**223 790 433**	**178 627 822**
	810 743 059	**721 585 607**	**810 459 040**	**719 534 863**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	238 703 059	193 599 505	238 419 040	191 548 761
Unconditional grants received	572 040 000	527 986 102	572 040 000	527 986 102
	810 743 059	**721 585 607**	**810 459 040**	**719 534 863**

A total of R241 428 882 (**2020**: R193 937 000) was received as conditional grants during the year under review.

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

The economic entity provides fully subsidised water and sanitation at a maximum of 6kl per month, inlcuding the basic charges for such supply, to approved indigent registered households..

Geospatial Grant

Balance unspent at beginning of year	1 993 574	1 300 000	1 993 574	1 300 000
Current-year receipts	-	1 500 000	-	1 500 000
Conditions met - transferred to revenue	(1 137 361)	(806 426)	(1 137 361)	(806 426)
	856 213	**1 993 574**	**856 213**	**1 993 574**

Conditions still to be met - remain liabilities (see note 11).

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

22. Government grants and subsidies (continued)

Water Services Infrastructure Grant

Balance unspent at beginning of year	-	3 843 255	-	3 843 255
Current-year receipts	80 000 000	80 000 000	80 000 000	80 000 000
Conditions met - transferred to revenue	(80 000 000)	(80 043 255)	(80 000 000)	(80 043 255)
Transfer to National Fiscus	-	(3 800 000)	-	(3 800 000)
	-	-	-	-

Camperdown WWTP & PTP Grant

Balance unspent at beginning of year	4 308 912	4 308 912	4 308 912	4 308 912

Conditions still to be met - remain liabilities (see note 11).

EPWP Grant

Balance unspent at beginning of year	-	1 955 102	-	1 955 102
Current-year receipts	3 071 000	3 368 000	3 071 000	3 368 000
Conditions met - transferred to revenue	(2 956 326)	(3 368 000)	(2 956 326)	(3 368 000)
Transfer to National Fiscus	-	(1 955 102)	-	(1 955 102)
	114 674	-	**114 674**	-

Conditions still to be met - remain liabilities (see note 11).

Municipal Infrastructure Grant

Balance unspent at beginning of year	6 040 433	-	6 040 433	-
Current-year receipts	100 003 000	101 944 000	100 003 000	101 944 000
Conditions met - transferred to revenue	(100 003 433)	(95 903 567)	(100 003 433)	(95 903 567)
Repayment of rollover	(6 040 000)	-	(6 040 000)	-
	-	**6 040 433**	-	**6 040 433**

Rural Road Asset Management Systems Grant

Current-year receipts	2 552 000	2 681 000	2 552 000	2 681 000
Conditions met - transferred to revenue	(2 552 000)	(2 681 000)	(2 552 000)	(2 681 000)
	-	-	-	-

ORIO Grant

Balance unspent at beginning of year	11 550 860	11 550 860	11 550 860	11 550 860

Conditions still to be met - remain liabilities (see note 11).

SETA Grants

Current-year receipts	1 018 884	462 299	1 018 884	462 299
Conditions met - transferred to revenue	(1 018 884)	(462 299)	(1 018 884)	(462 299)
	-	-	-	-

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

22. Government grants and subsidies (continued)

RASET & DGDS Grant

Balance unspent at beginning of year	126 989	126 989	126 989	126 989

Conditions still to be met - remain liabilities (see note 11).

Finance Management Grant

Current-year receipts	1 000 000	1 000 000	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
	-	-	-	-

SANBI Grant

Current-year receipts	7 548 998	6 362 176	7 548 998	6 362 176
Conditions met - transferred to revenue	(7 548 998)	(6 362 176)	(7 548 998)	(6 362 176)
	-	-	-	-

Disaster Covid 19

Balance unspent at beginning of year	521 963	-	521 963	-
Current-year receipts	-	894 000	-	894 000
Conditions met - transferred to revenue	(521 963)	(372 037)	(521 963)	(372 037)
UMEDA	35 728	-	-	-
	35 728	**521 963**	**-**	**521 963**

Conditions still to be met - remain liabilities (see note 11).

Howick Falls Grant

Current-year receipts	5 000 000	-	-	-

Conditions still to be met - remain liabilities (see note 11).

Development Planning Shared Services Grant

Current-year receipts	-	550 000	-	550 000
Conditions met - transferred to revenue	-	(550 000)	-	(550 000)
	-	-	-	-

Spatial Planning Grant

Balance unspent at beginning of year	1 000 000	-	1 000 000	-
Current-year receipts	-	1 000 000	-	1 000 000
Conditions met - transferred to revenue	(293 250)	-	(293 250)	-
	706 750	**1 000 000**	**706 750**	**1 000 000**

Conditions still to be met - remain liabilities (see note 11).

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

22. Government grants and subsidies (continued)

IDP Spatial Development Grant

Balance unspent at beginning of year	1 000 000	-	1 000 000	-
Current-year receipts	-	1 000 000	-	1 000 000
Conditions met - transferred to revenue	(151 825)	-	(151 825)	-
	848 175	**1 000 000**	**848 175**	**1 000 000**

Conditions still to be met - remain liabilities (see note 11).

N 3 Corridor Grant

Balance unspent at beginning of year	1 750 000	1 750 000	-	-

Raset Grant UMEDA

Balance unspent at beginning of year	590 073	2 640 817	-	-
Conditions met - transferred to revenue	(284 019)	(2 050 744)	-	-
	306 054	**590 073**	-	-

Covid-19 Capital Grant

Current-year receipts	41 235 000	-	-	-
Conditions met - transferred to revenue	(41 235 000)	-	-	-
	-	-	-	-

23. Fines, Penalties and Forfeits

Retentions Forfeits	-	473 266	-	473 266
Fines	-	200 000	-	200 000
	-	**673 266**	-	**673 266**

24. Other Income from Non-Exchange Transactions

Fruitless and wasteful expenditure	7 062 528	-	7 062 528	-
Irregular expenditure	8 629 792	-	8 629 792	-
	15 692 320	-	**15 692 320**	-

At a Full Council meeting which took place on 27 August 2021, fruitless and wasteful expenditure at an amount of R7 062 582 and irregular expenditure at an amount of R8 629 792 was resolved to be recoverable by Council. The recovery process is in progress.

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

25. Employee related costs

Basic	150 904 622	146 844 025	148 416 290	144 241 222
Bonus	12 175 697	11 686 643	12 082 027	11 624 794
Medical aid - company contributions	13 060 903	14 214 791	13 060 903	14 214 791
UIF	1 073 123	1 050 833	917 100	906 895
WCA	1 362 699	2 044 997	1 362 699	2 044 997
SDL	1 854 995	1 949 341	1 854 995	1 949 341
Other - Bargaining Council	61 589	58 637	61 589	58 637
Leave pay provision charge	(1 509 851)	2 708 338	(1 509 851)	2 708 338
Cellphone Allowances	200 800	78 070	129 600	60 970
Group Life Contributions	3 655 606	3 131 644	3 655 606	3 131 644
Standby Allowances	10 946 304	11 624 790	10 946 304	11 624 790
Other - Tool Allowances	1 494 589	1 497 660	1 494 589	1 497 660
Defined contribution plans	31 376 970	29 976 244	31 376 970	29 976 244
Travel, motor car, accommodation, subsistence and other allowances	22 339 386	20 442 383	21 445 246	19 963 878
Overtime payments	9 120 384	8 632 775	9 120 384	8 632 775
Long-service awards	2 905 414	4 859 693	2 905 414	4 859 693
Acting allowances	1 033 088	320 896	786 512	220 451
Housing benefits and allowances	1 314 008	1 158 221	1 314 008	1 158 221
Uniforms & Clothing Allowances	76 958	87 384	76 958	87 384
Shift Allowance	6 162 988	6 473 190	6 162 988	6 473 190
Backpay	16 218	181 916	-	-
Termination benefits - Curtailment and Settlements	472 022	(1 068 000)	472 022	(1 068 000)
	270 098 512	**267 954 471**	**266 132 353**	**264 367 915**

Remuneration of Municipal Manager

Annual Remuneration	1 277 473	1 277 473	1 277 473	1 277 473
Other	21 600	21 600	21 600	21 600
Statutory contributions	12 577	13 607	12 577	13 607
	1 311 650	**1 312 680**	**1 311 650**	**1 312 680**

Remuneration of the Chief Financial Officer - UMDM

Annual Remuneration	465 679	880 020	465 679	880 020
Car Allowance	129 500	166 746	129 500	166 746
Housing subsidy	116 687	-	116 687	-
Other	14 400	21 600	14 400	21 600
Statutory Contributions	8 157	11 170	8 157	11 170
	734 423	**1 079 536**	**734 423**	**1 079 536**

Remuneration of the Chief Financial Officer - UMEDA

Annual Remuneration	542 646	-	-	-
Car allowance	292 194	-	-	-
Cellphone allowance	22 800	-	-	-
Back pay	4 968	-	-	-
	862 608	-	-	-

Remuneration of SEM: Corporate Services - UMDM

Annual Remuneration	875 080	875 080	875 080	875 080
Car Allowance	180 000	187 196	180 000	187 196

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020
25. Employee related costs (continued)				
Other	21 600	21 600	21 600	21 600
Statutory contributions	10 424	11 259	10 424	11 259
	1 087 104	**1 095 135**	**1 087 104**	**1 095 135**
Remuneration of SEM: Economic Development and Planning - UMDM				
Annual Remuneration	703 392	-	703 392	-
Other	14 400	-	14 400	-
Statutory Contributions	8 331	-	8 331	-
	726 123	**-**	**726 123**	**-**
Remuneration of SEM: Community Services - UMDM				
Annual Remuneration	977 080	977 080	977 080	977 080
Car Allowance	78 000	78 000	78 000	78 000
Other	21 600	21 600	21 600	21 600
Statutory Contributions	10 594	11 425	10 594	11 425
	1 087 274	**1 088 105**	**1 087 274**	**1 088 105**
Remuneration of SEM: Technical Services - UMDM				
Annual Remuneration	368 381	1 177 694	368 381	1 177 694
Car Allowance	90 132	270 395	90 132	270 395
Contributions to UIF, Medical and Pension Funds	58 055	216 102	58 055	216 102
Other	7 200	21 600	7 200	21 600
Statutory contribution	5 607	-	5 607	-
	529 375	**1 685 791**	**529 375**	**1 685 791**
Remuneration: GM Projects - UMEDA				
Annual Remuneration	773 000	562 500	-	-
Contributions to UIF, Medical and Pension Funds	1 785	1 636	-	-
Cellphone allowance	11 400	17 100	-	-
Backpay	4 600	-	-	-
	790 785	**581 236**	**-**	**-**
Remuneration of Chief Executive Officer - UMEDA				
Acting Allowance	246 576	851 466	-	-
Cellphone Allowance	23 000	-	-	-
26. Remuneration of Councillors and Board Members				
Mayor	1 051 128	1 051 128	1 051 128	1 051 128
Deputy Mayor	299 705	250 144	299 705	250 144
Executive Committee Members	2 895 318	1 266 044	2 895 318	1 266 004
Speaker	849 781	849 781	849 781	849 781
Councillors	5 795 540	7 389 516	5 795 540	7 389 516
Chief Whip	799 445	799 445	799 445	799 445
Board Members	23 300	875 575	-	-
	11 714 217	**12 481 633**	**11 690 917**	**11 606 018**

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

26. Remuneration of Councillors and Board Members (continued)

In-kind benefits

The Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

27. Depreciation and amortisation

Property, plant and equipment	47 268 339	45 331 342	46 712 489	44 963 052
Intangible assets	445 544	1 628 095	167 376	1 296 811
	47 713 883	**46 959 437**	**46 879 865**	**46 259 863**

28. Finance costs

Trade and other payables	321 311	7 566 283	321 311	7 566 283
Other interest paid	20 711 519	17 942 558	20 711 519	17 942 558
	21 032 830	**25 508 841**	**21 032 830**	**25 508 841**

29. Lease rentals on operating lease

Premises				
Contractual amounts	372 460	450 344	-	115 409
Equipment				
Contractual amounts	4 446 416	1 219 631	4 435 240	1 219 631
	4 818 876	**1 669 975**	**4 435 240**	**1 335 040**

30. Bulk purchases

Water	245 082 355	217 391 980	245 082 355	217 391 980

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

31. Contracted services

Outsourced Services				
Administrative and Support Staff	1 040 919	-	1 040 919	-
Business and Advisory	-	631 205	-	631 205
Catering Services	10 000	3 696	10 000	3 696
Clearing and Grass Cutting Services	2 960 891	3 965 775	2 960 891	3 965 775
Hygiene Services	-	35 358	-	35 358
Meter Management	-	5 500	-	5 500
Professional Staff	1 606 550	-	1 606 550	-
Sewerage Services	58 798 662	62 775 290	58 798 662	62 775 290
Water Tankers	71 805 509	53 908 954	71 805 509	53 908 954
Consultants and Professional Services				
Business and Advisory	9 324 350	10 588 068	9 324 350	10 588 068
Infrastructure and Planning	22 176 701	28 508 045	22 176 701	28 508 045
Laboratory Services	3 108 341	1 624 138	3 108 341	1 624 138
Legal Cost	11 329 827	2 864 845	11 329 827	2 864 845
Contractors				
Employee Wellness	14 510	2 816	14 510	2 816
Event Promoters	205 311	9 485 672	205 311	9 485 672
Maintenance of Buildings and Facilities	990 950	1 661 766	990 950	1 661 766
Medical Services	-	351 796	-	351 796
Safeguard and Security	7 724 393	11 473 289	7 724 393	11 473 289
	191 096 914	**187 886 213**	**191 096 914**	**187 886 213**

32. Grants and subsidies paid

Other subsidies				
UMEDA Transfer	-	-	6 500 000	5 083 500

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

33. General expenses

Advertising	117 042	752 808	88 407	726 238
Auditors remuneration	5 196 854	5 545 823	5 157 273	5 224 239
Bank charges	1 285 987	1 898 341	1 275 056	1 890 211
Cleaning	17 583	40 357	-	-
Consulting and professional fees	1 028 882	1 327 787	-	216 000
Consumables	302 136	369 729	302 136	335 354
Entertainment	-	2 775	-	2 775
Insurance	991 290	868 462	906 162	757 533
IT expenses	175 680	178 003	-	-
Fleet - Hire Charges	10 215 375	18 731 977	10 215 375	18 731 977
Motor vehicle expenses	221 815	150 705	221 815	150 705
Fuel and oil	4 402 846	1 437 501	4 402 846	1 437 501
Placement fees	181 757	120 924	181 757	120 924
Postage and courier	124 812	689 641	124 812	689 641
Printing and stationery	1 104 004	1 309 055	1 043 820	1 132 013
Promotions	82 307	25 700	82 307	25 700
Protective clothing	-	18 508	-	-
Repairs and maintenance	286	(108 082)	-	-
Security	4 838	31 558	-	-
Software expenses	2 722 657	2 291 823	2 460 980	2 004 158
Subscriptions and membership fees	196 537	6 189 833	190 221	6 175 083
Telephone and fax	1 768 166	2 341 369	1 669 243	2 264 274
Transport and freight	22 889	-	-	-
Training	652 029	310 150	584 203	310 150
Travel - local	795 164	1 743 007	758 541	1 479 686
Utilities - Other	1 726 201	2 571 708	1 705 012	2 524 816
Uniforms	2 782 627	3 406 446	2 782 627	3 406 446
Personnel and labour	-	1 108 436	-	-
Bursary	368 523	721 052	368 523	721 052
Legal fees	9 071	71 056	-	-
Stock adjustment	13 926	3 979	-	-
Purchase of materials	26 109 126	6 772 163	26 098 620	6 772 163
Other expenses	44 392	220 245	-	134
	62 664 802	**61 142 839**	**60 609 736**	**57 098 773**

34. Loss on disposal of assets

Loss on disposal of assets	(4 702 556)	(3 461 996)	(4 702 556)	(3 461 996)

35. Employee benefit obligations

Defined benefit plan

The actuarial valuation determined that the retirement plan was in a sound financial position.

Post retirement medical aid plan

The municipality operates on five accredited medical aid schemes, namely, Bonitas, KeyHealth, LA Health, SAMWUMed and HosMed

Pension benefits

Pensioners have the option to continue on the option they belonged to on the day of their retirement. The independent valuers, i3 Actuaries and Consultants, have carried out the annual statutory valuation and provided the information required to be disclosed in terms of GRAP 25.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

35. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	36 250 978	35 679 814	36 250 978	35 679 814
Benefits paid	(3 767 000)	(2 394 955)	(3 767 000)	(2 394 955)
Net expense recognised in the statement of financial performance	6 571 810	2 966 119	6 571 810	2 966 119
	39 055 788	**36 250 978**	**39 055 788**	**36 250 978**

Net expense recognised in the statement of financial performance

Current service cost	1 153 000	1 222 000	1 153 000	1 222 000
Interest cost	3 657 000	3 192 826	3 657 000	3 192 826
Actuarial (gains) losses	2 333 000	(1 448 707)	2 333 000	(1 448 707)
	7 143 000	**2 966 119**	**7 143 000**	**2 966 119**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Plan assets	2 333 000	(1 448 707)	2 333 000	(1 448 707)

Changes in the fair value of plan obligations are as follows:

Opening balance	36 250 978	35 679 814	36 250 978	35 679 814
Actuarial (gains) / losses	2 333 000	(1 448 707)	2 333 000	(1 448 707)
Contributions by employer	3 657 000	3 192 826	3 657 000	3 192 826
Contributions by plan participants	1 153 000	1 222 000	1 153 000	1 222 000
Benefits paid	(4 337 978)	(2 394 955)	(4 337 978)	(2 394 955)
	39 056 000	**36 250 978**	**39 056 000**	**36 250 978**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	2,75 %	4,64 %	2,75 %	4,64 %
Expected rate of return on assets	6,77 %	10,25 %	6,77 %	10,25 %
Medical cost trend rates	8,27 %	8,02 %	8,27 %	8,02 %

Defined contribution plan

It is the policy of the economic entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The economic entity is under no obligation to cover any unfunded benefits.

36. Auditors' remuneration

Fees	5 196 854	5 545 823	5 157 273	5 224 239

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020
37. Cash generated from operations				
Surplus	125 955 955	77 286 575	126 270 862	79 098 072
Adjustments for:				
Depreciation and amortisation	47 713 883	46 959 437	46 879 865	46 259 863
Loss on disposal of assets	4 702 556	-	4 702 556	-
Actuarial (gains) / losses	2 333 000	-	2 333 000	-
Finance costs	20 711 518	-	20 711 518	-
Debt impairment	187 819 718	169 656 439	187 819 718	169 656 439
Movements in retirement benefit assets and liabilities	873 329	-	873 329	-
Movements in provisions	29 575	(16 085 947)	-	(16 126 678)
Movement in leave provision	(1 509 851)	-	(1 509 851)	-
Movement in bonus accrual	1 049 955	-	1 049 955	-
Changes in working capital:				
Inventories	(2 135 995)	126 272	(2 149 921)	122 293
Receivables from exchange transactions	(5 534)	2 760 635	(109 063)	3 113 568
Consumer debtors	(190 722 819)	(19 990 908)	(190 722 819)	(19 990 908)
Other receivables from non-exchange transactions	(13 657 747)	2 670 108	(15 692 320)	2 006 345
Payables from exchange transactions	(12 889 575)	153 942 917	(11 007 863)	152 189 256
VAT	29 803 838	(1 635 138)	30 134 774	(1 635 138)
Unspent conditional grants and receipts	(3 314 177)	3 192 597	(8 030 158)	3 457 613
Consumer deposits	413 784	311 451	413 784	311 451
	197 171 413	**419 194 438**	**191 967 366**	**418 462 176**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Property, plant and equipment	361 352 331	52 841 774	361 352 331	52 841 774
Total capital commitments				
Already contracted for but not provided for	361 352 331	52 841 774	361 352 331	52 841 774

Authorised operational expenditure

Already contracted for but not provided for				
• Office rentals	452 510	594 048	452 510	594 048
• Other general	16 247 874	7 664 096	15 654 851	7 133 190
	16 700 384	**8 258 144**	**16 107 361**	**7 727 238**
Total operational commitments				
Already contracted for but not provided for	16 700 384	8 258 144	16 107 361	7 727 238

Total commitments

Total commitments				
Authorised capital expenditure	361 352 331	52 841 774	361 352 331	52 841 774
Authorised operational expenditure	16 700 384	8 258 144	16 107 361	7 727 238
	378 052 715	**61 099 918**	**377 459 692**	**60 569 012**

This committed capital expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	7 384 107	7 966 394	6 916 562	7 553 206
- in second to fifth year inclusive	9 316 278	291 751	9 190 800	174 032
	16 700 385	**8 258 145**	**16 107 362**	**7 727 238**

Operating lease payments represent rentals payable by the economic entity for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

39. Contingencies

A matter between the municipality and Yellowdot to the value of R445 790 for unpaid invoices and the early termination of a contract. An amount of R50 000 is further estimated for costs.

Another matter between the municipality and ORIO Funding. The matter is in relation to damages relating to ORIO Funded Projects to the value of R72 000 000. An amount of R800 000 is further estimated for costs.

An amount of R658 280 is claimed by Zain Brothers for payment of a sub-contractor that provided a service and is yet to be paid by the contractor. An amount of R50 000 is further estimated for costs.

A motor vehicle claim against the municipality by T Sheshoka for R 364 640. An amount of R50 000 is further estimated for costs.

A claim for damages suffered by plaintiff KA Murdoch - Howick area R 3 150 000. An amount of R80 000 is further estimated for costs.

A claim by Hilton Development Comm for the amount of R 100 000 for delays in the provision of sewerage services resulting in delays in their project implementation.

A civil claim of R546 061.59 by G Shabalala against the municipality for damage to property caused by storm water drainage.

A matter between the municipality and Ms N Moodley where she is seeking reinstatement to her previous role as well as back pay to the value of R2 000 000.

N Moodley is suing for unfair dismissal R 200 000.

No provision has been made in the financial statements for all of the above liabilities.

40. Related parties

Relationships	
Municipal Entity	uMgungundlovu Economic Development Agency
Controlling entity	uMgungundlovu District Municipality
Councillors	Refer to Note 26
Senior Management	Refer to Note 25
uMshwathi Municipal Manager (Board of Directors - UMEDA)	Mr Max Mabaso
uMgeni Municipal Manager (Board of Directors - UMEDA)	Ms Thembeka Cibane
Msunduzi Municipal Manager (Board of Directors - UMEDA)	Mr Madoda Khathide
Mkhambathini Municipal Manager (Board of Directors - UMEDA)	Mr Sanele Mngwengwe
Director CoGTA (Board of Directors - UMEDA)	Mr Sydney Brown
Director - UMEDA	Zibuse Comfort Ngidi
Director - UMEDA	Dulcie Zinhle Sokhela
Director - UMEDA	Dr Mnqobi Ngidi

41. Events after the reporting date

The looting and vandalising of business and properties, respectively, by rioting citizens that took place in KwaZulu Natal in the month of July 2021 resulted in damage of municipal property. The extent of the loss incurred by the municipality as a result of this is still being assessed and /or investigated.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

42. Water Losses

Water Losses	70 919 831	52 238 561	70 919 831	52 238 561

The total amount of water available for distribution was 22 783 989 kL of which 15 279 245 kL was sold resulting in water losses of 7 504 744 kL (33%) for 2020/21 compared to 6 662 310 kL (27%) for 2019/20.

The volume of water losses have increased as a result of water leakages not reported timeously; illegal connections (especially in rural areas); flat rate charge to customers in certain areas; and faulty meters.

As part of the Revenue Enhancement Programme, the municipality is identifying illegal connections as well as faulty meters and installing new meters.

43. Fruitless and wasteful expenditure

Opening balance as previously reported	6 779 250	6 742 647	6 779 250	6 742 647
	-	-	-	-
Opening balance as previously reported UMEDA	37 279	37 279	-	-
Opening balance as restated	**6 816 529**	**6 779 926**	**6 779 250**	**6 742 647**
Add: Irregular Expenditure - prior period	283 278	3 634 812	283 278	3 634 812
Less: Amounts recoverable - prior period	(6 779 251)	-	(6 779 251)	-
Less: Amounts recoverable - current	(283 277)	-	(283 277)	-
Less: Amount written off - prior period	-	(3 598 209)	-	(3 598 209)
Closing balance	**37 279**	**6 816 529**	**-**	**6 779 250**

The fruitless and wasteful expenditure of the municipal entity is under investigation by the parent municipality. Council resolved that the implicated officials will be subjected to the disciplinary process of the economic entity.

Amounts recoverable

On 27 August 2021, after the council committee investigations, council adopted the council committee recommendations to recover an amount of R 7 062 528 from the municipal officials concluded to be liable for the identified non-compliance to the SCM processes.

Notes to the Annual Financial Statements

Figures in Rand

43. Fruitless and wasteful expenditure (continued)

Amounts written off

	Condoned by (Condoning authority)				
Settlement Agreements	Council	-	282 900	-	282 900
Interest paid	Council	-	1 194 089	-	1 194 089
Interest paid - Historic transactions	Council	-	2 121 220	-	2 121 220
		-	**3 598 209**	-	**3 598 209**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

44. Irregular expenditure

Opening balance as previously reported	56 441 278	37 021 723	50 249 514	34 627 658
Correction of prior period error	331 745	667 022	-	667 022
Opening balance as restated	**56 773 023**	**37 688 745**	**50 249 514**	**35 294 680**
Add: Irregular Expenditure - prior period	933 086	-	933 086	-
Add: Irregular Expenditure - current	12 815 877	26 748 162	12 399 165	22 950 464
Less: Amounts recoverable - prior period	(8 629 792)	-	(8 629 792)	-
Less: Amount written off	(20 535 851)	-	(20 535 851)	-
Less: Amount written off - prior period	-	(7 995 629)	-	(7 995 629)
Closing balance	**41 356 343**	**56 441 278**	**34 416 122**	**50 249 515**

44. Irregular expenditure (continued)

Amounts recoverable

On 27 August 2021, after the council committee investigations, council adopted the council committee recommendations to recover an amount of R8 629 792 from the municipal officials concluded to be liable for the identified non-compliance to the SCM processes.

Irregular Expenditure Written off by Council

On 27 August 2021, after the council committee investigations, council adopted the council committee recommendations to write-off an amount of R 20 535 851. These amounts were concluded to be amounts not incurred in vain (ie there was value for money). This amount was written off in line with section 32(2)(b) of the MFMA which states that after investigation by a council committee, irregular expenditure may be certified by the council as irrecoverable and written off by council.

Expenditure incurred on expired contracts	22 470	7 995 629	22 470	7 995 629
Failure to follow SCM processes	20 513 381	1 017 354	20 513 381	1 017 354
	20 535 851	**9 012 983**	**20 535 851**	**9 012 983**

Irregular Expenditure Incurred During the Year

Expenditure incurred on expired contracts	6 000	744 915	6 000	744 915
Expenditure of EPWP staff	-	5 105	-	5 105
Failure to follow SCM Processes	19 472	15 678 500	19 472	15 678 500
Failure to follow Section 116(3) of the MFMA	9 653 693	6 331 944	9 653 693	6 331 944
Non-compliance with SCM Regulation 43	2 714 000	190 000	2 714 000	190 000
Non-compliance with SCM Regulation 44	6 000	-	6 000	-
Employee related Irregularities	327 396	-	-	-
Conditions of grant not met	89 316	-	-	-
	12 815 877	**22 950 464**	**12 399 165**	**22 950 464**

Irregular Expenditure Incurred During the Prior Year

Expenditure incurred on expired contracts	933 085	-	933 085	-

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

45. Unauthorised expenditure

Opening balance	182 429 395	96 932 997	182 429 395	96 932 997
Opening balance as restated	**182 429 395**	**96 932 997**	**182 429 395**	**96 932 997**
Add:Unauthorised Expenditure - current period	86 575 122	182 429 395	86 575 122	182 429 395
Less: Amounts written off prior period	(182 429 395)	(96 932 997)	(182 429 395)	(96 932 997)
Closing balance	**86 575 122**	**182 429 395**	**86 575 122**	**182 429 395**

An amount of R86 575 122 unauthorised expenditure was incurred in the current financial year (2020: R182 429 395). This was due to the actual expenditure being more than the approved operating expenditure budget. The main contributions to the excess expenditure being the debt impairment resulting from the non-payment of debtors and the increased contribution for depreciation of assets. Furthermore, the lease rentals on operating lease costs were budgeted for in the contracted services category instead of the operating lease category resulting in a saving in contracted services and an over-expenditure in operating lease costs..

In August 2020 after the council committee investigations, council adopted the council committee recommendations to write-off an amount of R110 373 105 as the excess expenditure predominantly related to non-cash items in the attempt to align with GRAP 104. The balance of R 72 056 290 was written off on 27 August 2021 on the same premise.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	147 178 881	109 627 166	147 178 881	109 627 166
Cash	(60 603 759)	72 802 229	(60 603 759)	72 802 229
	86 575 122	**182 429 395**	**86 575 122**	**182 429 395**

Analysed as follows: non-cash

Depreciation and amortisation	3 106 218	759 863	3 106 218	759 863
Debt impairment	144 072 663	104 656 439	144 072 663	104 656 439
Impairment of Assets	-	4 210 864	-	4 210 864
	147 178 881	**109 627 166**	**147 178 881**	**109 627 166**

Analysed as follows: cash

Bulk purchases	(49 425 645)	22 066 980	(49 425 645)	22 066 980
Contracted services	(21 264 759)	23 235 544	(21 264 759)	23 235 344
Finance costs	(6 517 170)	(2 041 159)	(6 517 170)	(2 041 159)
Employee related costs	(6 679 151)	29 387 767	(6 679 151)	29 387 767
Remuneration of Councillors	(2 091 337)	964 918	(2 091 337)	964 918
General Expenditure	20 939 063	(927 030)	20 939 063	(927 030)
Lease rental on operating lease	4 435 240	115 409	4 435 240	115 409
	(60 603 759)	**72 802 429**	**(60 603 759)**	**72 802 229**

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 946 058	2 929 404	2 946 058	2 929 404
Amount paid - current year	(2 946 058)	(2 929 404)	(2 946 058)	(2 929 404)
	-	-	-	-

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Current year subscription / fee	3 549 707	-	3 549 707	-
Amount paid - current year	(3 531 120)	3 788 871	(3 531 120)	3 788 871
Amount paid - previous years	-	(3 788 871)	-	(3 788 871)
	18 587	-	**18 587**	-

PAYE and UIF

Current year subscription / fee	45 272 425	41 725 590	45 272 425	41 725 590
Amount paid - current year	(45 272 425)	(41 725 590)	(45 272 425)	(41 725 590)
	-	-	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	44 437 873	43 816 820	44 437 873	43 816 820
Amount paid - current year	(44 437 873)	(43 816 820)	(44 437 873)	(43 816 820)
	-	-	-	-

VAT

VAT receivable	330 936	-	-	-
VAT payable	66 403 085	36 268 311	66 403 085	36 268 311
	66 734 021	**36 268 311**	**66 403 085**	**36 268 311**

The VAT receivable reflected relates to the municipal entty.

The VAT Payable is made up of VAT Receivable from SARS amounting to R3 841 338 based on returns submitted as well as VAT output and VAT input accruals.

During the year VAT due to SARS amounting to R 1 268 215 was paid.

All VAT returns have been submitted by the due date throughout the year.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ragavaloo A (Mr)	5 030	12 904	17 934
Dladla ME (Mr)	1 172	-	1 172
Dlamini MP (Mr)	11 065	3 340	14 405
Holmes (Mr)	1 819	-	1 819
Mungroo NA (Mr)	8 749	89 131	97 880
Lake H (Ms)	853	-	853
Nkuna SD (Mr)	1 639	19 047	20 686
Mabhida N (Ms)	1 031	9 205	10 236
Ntuli JB (Mr)	462	-	462
Rangavaloo A (Mr)	912	20 446	21 358
Zondi DP (Mr)	5 303	132 056	137 359
	38 035	**286 129**	**324 164**

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ragavaloo A (Mr)	275	19 198	19 473
Dladla ME (Mr)	-	374	374
Dlamini MP (Mr)	55	2 802	2 857
Mungroo NA (Mr)	9 247	61 013	70 260
Lake H (Ms)	-	90	90
Nkuna SD (Mr)	424	24 862	25 286
Mabhida N (Ms)	284	6 496	6 780
Ntuli JB (Mr)	234	1 295	1 529
Rangavaloo A (Mr)	3 560	8 660	12 220
Zondi DP (Mr)	1 023	115 069	116 092
	15 102	**239 859**	**254 961**

47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

The economic entity recorded deviations totalling R7 523 962 (**2020**: R20 601 123) in the current fiancial year. The deviations were reported to and ratified by Council at the respective meetings held during the year.

A total of R568 298 (**2020**: R14 434 445) deviations related to cases where there was an emergency.

A total of Rnil (**2020**: R296 240) deviations related to cases where the goods/services were produced or available from a single provider only.

A total of R6 955 664 (**2020**: R5 870 439) deviations related to exceptional cases where it was impractical or impossible to follow the official procurement process.

Notes to the Annual Financial Statements

48. Budget differences

Material differences between budget and actual amounts

There was excess expenditure to the final budget of 9% for the current year (2020: 12.3%). This was mainly due to increased contributions for debt impairment and depreciation. There were no other material differences between the final budget and actual amounts.

49. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	125 955 961	75 356 569	126 270 868	77 168 066

50. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities				
Actual amount as presented in the budget statement	197 610 454	418 462 176	192 406 407	418 462 176
Investing activities				
Actual amount as presented in the budget statement	(167 515 816)	(364 201 049)	(167 506 666)	(364 201 049)
Financing activities				
Actual amount as presented in the budget statement	(31 158 538)	(11 874 155)	(31 158 538)	(11 874 155)
Net cash generated from operating, investing and financing activities	**(1 063 900)**	**42 386 972**	**(6 258 797)**	**42 386 972**

51. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	186 492 367	196 500 346	186 492 367	196 500 346

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

52. Other revenue

Other income from exchange transactions	81 037	509 956	74 505	492 733
Fresh Farm Products (Fresh Produce)	68 210	544 940	-	-
	149 247	**1 054 896**	**74 505**	**492 733**

Notes to the Annual Financial Statements

53. Public contributions and donations

COGTA - Plant and Equipment Donation	-	7 028 676	-	7 028 676
Public contributions and donations	-	3 672 214	-	3 672 214
	-	**10 700 890**	**-**	**10 700 890**

These public contributions relate to yellow plant donated by KZN Cogta to the municipaliy. These have been included in PPE (Note 8) and full details are included in the municipality's fixed asset register.

54. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges				
Premises				
• Contractual amounts	372 460	450 344	-	115 409
Equipment				
• Contractual amounts	4 446 416	1 219 631	4 435 240	1 219 631
	4 818 876	**1 669 975**	**4 435 240**	**1 335 040**
Impairment on propert, plant and equipment	-	4 210 864	-	4 210 864
Amortisation on intangible assets	445 544	1 628 095	167 376	1 296 811
Depreciation on property, plant and equipment	47 268 339	45 331 342	46 712 489	44 963 052
Employee costs	281 812 729	280 436 065	277 823 270	275 973 934

55. Revenue

Service charges	297 454 545	285 427 903	297 454 545	285 427 903
Rental of facilities and equipment	-	11 177	-	11 177
Other income	81 037	509 956	74 505	492 733
Farm Fresh Produce	68 210	544 940	-	-
Interest received - investment	2 995 646	6 124 046	2 907 135	6 091 244
Other income from exchange transactions	15 692 320	-	15 692 320	-
Interest on outstanding debtors	47 998 807	46 834 729	47 998 807	46 834 729
Government grants & subsidies	810 743 059	721 585 607	810 459 040	719 534 863
Public contributions and donations	-	10 700 890	-	10 700 890
Fines, Penalties and Forfeits	-	673 266	-	673 266
	1 175 033 624	**1 072 412 514**	**1 174 586 352**	**1 069 766 805**
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	297 454 545	285 427 903	297 454 545	285 427 903
Rental of facilities and equipment	-	11 177	-	11 177
Other income	81 037	509 956	74 505	492 733
Farm Fresh Produce	68 210	544 940	-	-
Interest received - investment	2 995 646	6 124 046	2 907 135	6 091 244
	300 599 438	**292 618 022**	**300 436 185**	**292 023 057**

Notes to the Annual Financial Statements

55. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Other income from non-exchange transactions	15 692 320	-	15 692 320	-
Interest on outstanding debtors	47 998 807	46 834 729	47 998 807	46 834 729
Transfer revenue				
Government grants & subsidies	810 743 059	721 585 607	810 459 040	719 534 863
Public contributions and donations	-	10 700 890	-	10 700 890
Fines, Penalties and Forfeits	-	673 266	-	673 266
	874 434 186	**779 794 492**	**874 150 167**	**777 743 748**

56. Sundry Debtors Disclosure

Gross balances				
Sundry debtors	16 198 802	16 198 802	16 198 802	16 198 802
Less: Allowance for impairment				
Sundry debtors	(10 875 847)	(10 875 847)	(10 875 847)	(10 875 847)
Net balances				
Sundry debtors	5 322 955	5 322 955	5 322 955	5 322 955
Included in the above is receivables from exchange transactions				
Net balances	5 322 955	5 322 955	5 322 955	5 322 955
	5 322 955	**5 322 955**	**5 322 955**	**5 322 955**
Sundry debtors				
> 150 days	5 322 955	5 322 955	5 322 955	5 322 955
Summary of debtors by customer classification				
Sundry debtors				
> 150 days	16 198 802	16 198 802	16 198 802	16 198 802
Subtotal	16 198 802	16 198 802	16 198 802	16 198 802
Less : Allowance for impairment	(10 875 847)	(14 410 552)	(10 875 847)	(14 410 552)
Correction of prior period error	-	3 534 705	-	3 534 705
	5 322 955	**5 322 955**	**5 322 955**	**5 322 955**

57. Revaluation reserve

Opening balance	24 628 860	24 628 860	24 628 860	24 628 860

58. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2021

	Housing development fund	Total
Opening balance	8 127	8 127

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

58. Accumulated surplus (continued)

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2020

	Housing development fund	Total
Opening balance	8 127	8 127

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity

	Housing development fund	Total
Opening balance	8 127	8 127

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity

	Housing development fund	Total
Opening balance	8 127	8 127

59. Impairment of assets

Impairments				
Property, plant and equipment Infrastructure projects were completed and commissioned over the years pending the construction of settlements in local municipalities. The construction of these settlements was however delayed due to funding issues and these schemes have since been vandalised.	-	(4 210 864)	-	(4 210 864)

60. Debt impairment

Debt impairment	187 819 718	169 656 439	187 819 718	169 656 439

61. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Economic entity

	As previously reported	Correction of error	Restated
Accumulated Surplus	(1 649 605 260)	(565 406)	(1 650 170 666)
Accumulated Impairment - Consumer Debtors	(774 163 770)	(3 534 705)	(777 698 475)
Accumulated Impairment - Sundry Debtors	(14 410 552)	3 534 705	(10 875 847)
Payables from Exchange Transactions	(235 143 789)	(9 170 376)	(244 314 165)
Provisions - Current Liability	(3 616 961)	(6 003)	(3 622 964)
Other Financial Liabilities	(195 421 093)	8 928 650	(186 492 443)
Property, Plant and Equipment	2 041 391 870	138 792	2 041 530 662

Controlling entity

	As previously reported	Correction of error	Restated
Accumulated Surplus	(1 649 386 587)	(104 950)	(1 649 491 537)
Accumulated Impairment - Consumer Debtors	(774 163 770)	(3 534 705)	(777 698 475)
Accumulated Impairment - Sundry Debtors	(14 410 552)	3 534 705	(10 875 847)
Payables from Exchange Transactions	(234 411 217)	(9 693 796)	(244 105 013)
Other Financial Liabilities	(195 421 093)	8 928 650	(186 492 443)

Statement of financial performance

Economic entity

	Note	As previously reported	Correction of error	Restated
Operating leases - Premises		115 409	1 219 631	1 335 040
Contracted services		189 105 844	(1 219 631)	187 886 213
Farm Fresh Produce		710 134	(165 194)	544 940
Employee Related Costs		267 183 324	771 148	267 954 472
Depreciation and amortisation		46 956 648	2 789	46 959 437
Finance Costs		25 516 591	(7 750)	25 508 841
General Expenses		61 774 083	(631 244)	61 142 839

Controlling entity

	Note	As previously reported	Correction of error	Re-classification	Restated
Operating Leases - Premises		115 409	-	1 219 631	1 335 040
Contracted Services		189 105 844	-	(1 219 631)	187 886 213
Employee Related Costs		263 602 771	765 145	-	264 367 916
Surplus for the year		**452 824 024**	**765 145**	**-**	**453 589 169**

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

61. Prior-year adjustments (continued)

The prior period adjustments relating to the municipal entity (UMEDA) are as a result of findings raised on the prior year final Management Report necessitating the correction of amounts previously reported.

Overpayment of Councillor

The prior period error of R104 950 relates to the overpayment of a Councillor. A debtor has been raised and is reduced as and when monies are recovered from the Councillor.

Misallocation of Debt Impairment Provision

The prior period error of R3 534 705 relates to the misallocation of the Debt Impairment Provision relating to Consumer debtors to Accumulated Impairment of Sundry debtors.

Misallocation of Operating Leases

The prior period error of R1 219 631 relates to the misallocation of Operating Leases to Maintenance of Buildings.

Irregular expenditure

Closing Balance as previously reported	-	54 756 902	-	48 565 139
Adjustment to opening balance	-	667 022	-	667 022
Adjustment to expenditure incurred - UMEDA	-	331 745	-	-
Adjustment to amount written off	-	1 017 534	-	1 017 354
Restated closing balance	**-**	**56 773 203**	**-**	**50 249 515**

The adjustments made to irregular expenditure of the controllong entity are as a result of amounts erroneously included in the opening balance of irregular expenditure as at 30 June 2020; and amounts erroneously included in the amount written off.

The adjustment made to opening balance of irregular expenditure of the municipal entity is due to an ommission of irregular expenditure of R331 745 made to Kaizen International and Mashize Investments on the 30 June 2020 annual financial statements.

Other Financial Liabilities

The accrued interest of R9 693 796 relating to the the DBSA loan was was erroneously included in the non-current portion of the other financial liabilities balance.

62. Risk management

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The economic entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance.

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

62. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, economic entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Economic entity

Controlling entity

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31 081 691	31 081 691	93 245 073	124 326 764
Payables	320 236 992	-	-	-

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	21 073 788	38 890 845	74 177 428	11 256 192
Payables	307 618 153	-	-	-

The economic entity holds an investment of R3 750 000 as security for the loan owing to the Development Bank of South Africa. The investment is re-invested annually for the duration of the loan term.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial instrument	Economic entity - 2021	Economic entity - 2020	Controlling entity 2021	Controlling entity 2020
Cash and Cash Equivalents	88 246 765	89 310 665	82 389 734	88 648 531
Trade Receivables	92 370 002	89 461 167	92 090 036	89 077 672

Market risk

Interest rate risk

As the economic entity has no significant interest-bearing assets, the economic entity's income and operating cash flows are substantially independent of changes in market interest rates.

The economic entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the economic entity to fair value interest rate risk.

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

63. Going concern

The current ratio for the the current financial year is 0.6:1; the collection rate is 45% and the cash coverage ratio is 0.93. This indicates that the economic entity does not have sufficient cash resources to meet its obligations, however if we look at an overall picture, the total assets exceed the total liabilities which indicates that the municipality is solvent. The economic entity receives grants to fund operating activities as well as capital commitments .

We draw attention to the fact that at 30 June 2021, the economic entity had an accumulated surplus of R 1 775 363 200 and that the municipality's total assets exceed its liabilities by R 179 992 060.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

64. Actual operating expenditure versus budgeted operating expenditure

Refer to the Statement of Comparison of Budget and Actual Amounts for a comparison of actual operating expenditure versus budgeted operating expenditure. The reasons for the variances are as follows:

Note 61.1	Billed less than anticipated.
Note 61.2	These amounts relate to income received for tender documents and staff recoveries.
Note 61.3	Received more revenue not anticipated when budgeting resulting from interest from investments and bank accounts.
Note 61.4	Billed less interest on outstanding debtors than anticipated.
Note 61.5	Conditional grants received but not yet spent at year end.
Note 61.6	Saving on employee costs.
Note 61.7	Saving on remuneration of councillors.
Note 61.8	Under provision of depreciation of assets at the time of compiling the budget.
Note 61.9	Saving on interest charged.
Note 61.10	Lease rental costs budget under contracted services.
Note 61.11	Additional impairment due to higher than anticipated outstanding debtor balances aged beyond 90 days.
Note 61.12	Saving due to reduction in water purchased from bulk service provider.
Note 61.13	Reduced spending due to cost containment measures.
Note 61.14	Unavoidable expenditure incurred.
Note 61.15	Asset disposal not anticipated at the time of compiling the budget.

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2021	2020	2021	2020

65. Segment information

General information

Identification of segments

The economic entity is organised and reports to management and governance structures on the basis of five major functional areas: Budget and Treasury, Community Services, Planning and Economic Development/LED/Tourism, Technical Services and Corporate and other support services/units. These are based on municipal powers as cited on the IDP as well as municipal classification per the standard chart of accounts.

A segment is an activity of an entity:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity.

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available.

Within these functional areas, 3 reportable segments were identified by management. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes

The identified reportable segments are as follows:

Community Services

Planning and Economic Development

Trading Services

Aggregated segments

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Types of goods and/or services by segment

The type of goods and services in these services are those consistent with the provision of basic services to municipal customers and community. The nature of the services generate economic benefits for the municipality as well improve the service potential of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

65. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Controlling entity

	Community Services	Planning and Economic Development	Trading Services	Total
Revenue				
Revenue from non-exchange transactions	110 067 849	9 497 075	195 695 753	315 260 677
Revenue from exchange transactions	-	-	345 354 838	345 354 838
Total segment revenue	**110 067 849**	**9 497 075**	**541 050 591**	**660 615 515**
Interest revenue				3 005 648
Other income				74 505
Non-exchange Revenue				510 890 682
Total revenue reconciling items				**513 970 835**
Entity's revenue	**110 067 849**	**9 497 075**	**541 050 591**	**1 174 586 350**
Expenditure				
Salaries and wages	(95 689 223)	-	(87 148 194)	(182 837 417)
Other expenses	(13 864 410)	(8 719 088)	(471 564 799)	(494 148 297)
Finance Costs	-	-	(21 032 830)	(21 032 830)
Debt Impairment	-	-	(187 819 718)	(187 819 718)
Total segment expenditure	**(109 553 633)**	**(8 719 088)**	**(767 565 541)**	**(885 838 262)**
Other Expenses				(157 774 668)
Loss on Disposal of Assets				(4 702 556)
Total expenditure reconciling items				**(162 477 224)**
Municipality's expenditure	**(109 553 633)**	**(8 719 088)**	**(767 565 541)**	(1 048 315 486)
Municipality's surplus (deficit) for the period	**514 216**	**777 987**	**(226 514 950)**	126 270 864

Notes to the Annual Financial Statements

Figures in Rand

	Community Services	Planning and Economic Development	Trading Services	Total
65. Segment information (continued)				
Assets				
Current Assets	1 237 138	98 599	112 328 824	113 664 561
Non-current Assets	-	-	2 111 097 986	2 111 097 986
Total segment assets	**1 237 138**	**98 599**	**2 223 426 810**	**2 224 762 547**
Current Assets				80 996 003
Non-current Assets				44 523 267
Total assets as per Statement of financial Position	**1 237 138**	**98 599**	**2 223 426 810**	**2 350 281 817**
Liabilities				
Current Liabilities	862 747	1 819 062	254 159 221	256 841 030
Non-current Liabilities	-	-	175 530 248	175 530 248
Total segment liabilities	**862 747**	**1 819 062**	**429 689 469**	**432 371 278**
Current Liabilities				83 653 635
Non-current Liabilities				34 630 788
Total liabilities as per Statement of financial Position	**862 747**	**1 819 062**	**429 689 469**	**550 655 701**

Economic entity

	Community Services	Planning and Economic Development	Trading service	Total
Revenue				
Revenue from non-exchange transactions	110 067 849	3 281 094	195 695 753	309 044 696
Revenue from exchange transactions	-	68 210	345 354 838	345 423 048
Total segment revenue	**110 067 849**	**3 349 304**	**541 050 591**	**654 467 744**

Notes to the Annual Financial Statements

Figures in Rand

65. Segment information (continued)				
Interest revenue	-	-		3 094 159
Other income				81 037
Non-exchange Revenue				510 890 682
Inter company transaction				6 500 000
Total revenue reconciling items				**520 565 878**
Municipality's revenue	**110 067 849**	**3 349 304**	**541 050 591**	**1 175 033 622**
Expenditure				
Salaries and wages	(95 689 223)	-	(87 148 194)	(182 837 417)
Other expenses	(13 864 410)	(2 323 729)	(471 564 799)	(487 752 938)
Finance Costs	-	-	(21 032 830)	(21 032 830)
Debt Impairment	-	-	(187 819 718)	(187 819 718)
Total segment expenditure	**(109 553 633)**	**(2 323 729)**	**(767 565 541)**	**(879 442 903)**
Total segmental surplus/(deficit)	**514 216**	**1 025 575**	**(226 514 950)**	**295 590 719**
reconciling items				(164 932 206)
Other Expenses				(4 702 556)
Loss on disposal of assets				(6 500 000)
Inter company transaction				
Econcomic Entity's surplus (deficit) for the period	**514 216**	**1 025 575**	**(226 514 950)**	**125 955 957**
Assets				
Current Assets	1 237 138	5 360 338	112 328 824	118 926 300
Non- current Assets	-	-	2 111 097 986	2 111 097 986
Total segment assets	**1 237 138**	**5 360 338**	**2 223 426 810**	**2 230 024 286**
Current Assets				81 853 034
Non current Assets				45 992 487
Total assets as per Statement of financial Position	**1 237 138**	**5 360 338**	**2 223 426 810**	**2 357 869 807**

Notes to the Annual Financial Statements

Figures in Rand

	Community Services	Planning and Economic Development	Trading service	Total
65. Segment information (continued)				
Liabilities				
Current Liabilities	862 747	8 875 116	254 159 221	263 897 084
Non- current Liabilities	-	-	175 530 248	175 530 248
Total segment liabilities	**862 747**	**8 875 116**	**429 689 469**	**439 427 332**
Current Liabilities				83 819 625
Non-current Liabilities				34 630 788
Total liabilities as per Statement of financial Position	**862 747**	**8 875 116**	**429 689 469**	**557 877 745**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2021	2020	2021	2020

65. Segment information (continued)

Measurement of segment surplus or deficit, assets and liabilities

The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations

The economic entity applies the same measurement basis on the information disclosed for the reportable segment as that of the municipal financial statements, except for departmental charges which are allocated between the departments based on consumption, expenditure incurred or any other relevant basis of allocation agreed-upon by the respective departments. On the municipal financial statements, departmental charges are eliminated. There are no other allocations to the reportable segments.

Information about geographical areas

Although the municipality operates in several geographical areas across different wards, these areas are irrelevant for users of the financial statements to make decisions about the entity as the goods or services provided are substantially the same.



uMGUNGUNDLOVU

U M A S I P A L A W E S I F U N D A

D I S T R I C T M U N I C I P A L I T Y

D I S T R I K M U N I S I P A L I T E I T

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
(Registration number DC 22)
Annual Financial Statements
for the year ended 30 June 2021

General Information

Executive Committee	
Mayor	TE Maphumulo (ANC)
	SA Dlamini (ANC) - Deputy Mayor
	RB Strachan (DA)
	JJ Ngubo (ANC)
	TR Zuma (ANC)
	BA Mchunu (ANC)
	BC Nhlabathi (DA)
	BE Zuma (IFP)
	NP Msimang (ANC)
	MS Mthethwa (ANC)
	ME Dladla (ANC) - Speaker
Councillors	DA Ndlela (ANC) - WHIP
	NV Duze (ANC)
	MM Thusi (IFP)
	SW Dlamini (ANC)
	S Majozi (ANC)
	TA Hlatshwayo (DA)
	H Lake (DA)
	B Khumalo (ANC)
	SJ Luthuli (ANC)
	NC Mabhida (ANC)
	S Madlala (ANC)
	BK Mkhize (IFP)
	K Mkhize (ANC)
	MJ Mkhize (ANC)
	S Mkhize (ANC)
	S Gabela (ANC)
	NZ Ndlovu (ANC)
	KCS Nene (ANC)
	MD Njokwe (ANC)
	LC Ngcobo (ANC)
	GH Ngcobo (ANC)
	B Ngcongo (ANC)
	SD Nkuna (ANC)
	MS Bond (DA)
	BC Sokhela (IFP)
	R Soobiah (ANC)
	E Xaba (DA)
	HM Zondi (ANC)
	N Zondo (ANC)
	MK Dlamini (ANC)
	T Dlamini (ANC)
	T Mbanjwa (ANC)
	Z Ngubo (ANC)
Auditors	Auditor General of South Africa
	Registered Auditors
Legal form of entity	
	District Municipality

General Information

Grading of local authority	Grade 5
Accounting Officer	Dr Raymond Ngcobo
Registered office	242 Langalibalele Street Pietermaritzburg 3201
Postal address	P O Box 3235 Pietermaritzburg 3200
Controlling entity	uMgungundlovu District Municipality - [Not Consolidated]
Bankers	First National Bank
Rounding Level	All figures are presented to the nearest R1

Index

The reports and statements set out below comprise the annual financial statements presented to the Council:

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 12
Accounting Policies	13 - 34
Notes to the Annual Financial Statements	35 - 79

COGTA	Department of Co-operative Governance and Traditional Affairs
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
PPE	Property, Plant and Equipment
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
WIP	Work-in Progress
IMFO	Institute of Municipal Finance Officers
IT	Information Technology
ME's	Municipal Entities
WCA	Workmen's Compensation
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
VAT	Value Added Tax
UIF	Unemployment Insurance Fund
SDL	Skills Development Levy

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

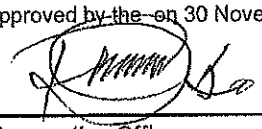
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 79, which have been prepared on the going concern basis, were approved by the on 30 November 2021 and were signed on its behalf by:



Accounting Officer
Dr Raymond Ngcobo

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	82 389 734	88 648 531
Consumer debtors	4	84 920 531	82 017 430
Receivables from exchange transactions	5&56	7 169 505	7 060 442
Receivables from non-exchange transactions	6	15 692 320	-
Inventories	7	4 488 473	2 338 552
		194 660 563	**180 064 955**
Non-Current Assets			
Property, plant and equipment	8	2 154 008 671	2 039 517 448
Intangible assets	9	1 608 581	175 289
Heritage assets	10	4 000	4 000
		2 155 621 252	**2 039 696 737**
Total Assets		**2 350 281 815**	**2 219 761 692**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	11	18 512 573	26 542 731
Payables from exchange transactions	12	232 933 880	244 105 013
Consumer deposits	13	7 258 007	6 844 223
Other financial liabilities	14	10 962 119	10 007 903
VAT payable	15	66 403 085	36 268 311
Provisions	16	4 425 000	3 551 671
		340 494 664	**327 319 852**
Non-Current Liabilities			
Other financial liabilities	14	175 530 248	186 492 443
Provisions	16	34 630 788	32 699 095
		210 161 036	**219 191 538**
Total Liabilities		**550 655 700**	**546 511 390**
Net Assets		**1 799 626 115**	**1 673 250 302**
Reserves			
Revaluation reserve	57	24 628 860	24 628 860
Accumulated surplus	58	1 774 997 255	1 648 621 442
Total Net Assets		**1 799 626 115**	**1 673 250 302**

* See Note 61

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	297 454 545	285 427 903
Rental of facilities and equipment	18	-	11 177
Other income from exchange transactions	19	74 505	492 733
Interest received - investment	20	2 907 135	6 091 244
Interest from outstanding debtors	21	47 998 807	46 834 729
Total revenue from exchange transactions		**348 434 992**	**338 857 786**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	22	810 459 040	719 534 863
Donations	53	-	10 700 890
Fines, Penalties and Forfeits	23	-	673 266
Other income from non- exchange transactions	24	15 692 320	-
Total revenue from non-exchange transactions		**826 151 360**	**730 909 019**
Total revenue	55	**1 174 586 352**	**1 069 766 805**
Expenditure			
Employee related costs	25	(266 132 358)	(264 367 915)
Remuneration of councillors	26	(11 690 917)	(11 606 019)
Impairment of Assets	59	-	(4 210 864)
Depreciation and amortisation	27	(46 879 865)	(46 259 863)
Finance costs	28	(21 032 830)	(25 508 841)
Lease rentals on operating lease	29	(4 435 240)	(1 335 040)
Debt Impairment	60	(187 819 718)	(169 656 439)
Bulk purchases	30	(245 082 355)	(217 391 980)
Contracted services	31	(191 096 914)	(187 886 213)
Transfers and Subsidies	32	(6 500 000)	(5 083 500)
General Expenses	33	(60 609 736)	(57 098 773)
Total expenditure		**(1 041 279 933)**	**(990 405 447)**
Operating surplus	54	**133 306 419**	**79 361 358**
Loss on disposal of assets and liabilities	34	(4 702 556)	(3 641 996)
Actuarial gains / (losses)	35	(2 333 000)	1 448 707
		(7 035 556)	**(2 193 289)**
Surplus for the year		**126 270 863**	**77 168 069**

* See Note 61

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2019	**24 628 860**	**1 569 715 233**	**1 594 344 093**
Changes in net assets			
Net income losses recognised directly in net assets	-	1 738 140	1 738 140
Net income (losses) recognised directly in net assets	-	1 738 140	1 738 140
Surplus for the year	-	77 168 069	77 168 069
Total recognised income and expenses for the year	-	78 906 209	78 906 209
Total changes	-	78 906 209	78 906 209
Restated* Balance at 01 July 2020	**24 628 860**	**1 648 621 442**	**1 673 250 302**
Changes in net assets			
Net income losses recognised directly in net assets	-	104 950	104 950
Net income (losses) recognised directly in net assets	-	104 950	104 950
Surplus for the year	-	126 270 863	126 270 863
Total recognised income and expenses for the year	-	126 375 813	126 375 813
Total changes	-	126 375 813	126 375 813
Balance at 30 June 2021	**24 628 860**	**1 774 997 255**	**1 799 626 115**
Note(s)	57		

* See Note 61

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		154 695 973	148 274 841
Grants		794 398 724	721 923 102
Interest income - Investment		2 907 135	6 091 244
		952 001 832	876 289 187
Payments			
Employee costs		(275 412 631)	(263 602 771)
Suppliers		(484 300 524)	(168 715 399)
Finance costs		(321 311)	(25 508 841)
		(760 034 466)	(457 827 011)
Net cash flows from operating activities	37	**191 967 366**	**418 462 176**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(165 906 088)	(364 057 663)
Purchase of other intangible assets	9	(1 600 578)	(143 386)
Net cash flows from investing activities		**(167 506 666)**	**(364 201 049)**
Cash flows from financing activities			
Repayment of other financial liabilities		(10 007 979)	(11 874 155)
Finance costs - borrowings		(20 711 518)	-
Net cash flows from financing activities		**(30 719 497)**	**(11 874 155)**
Net increase/(decrease) in cash and cash equivalents		**(6 258 797)**	**42 386 972**
Cash and cash equivalents at the beginning of the year		88 648 531	46 261 559
Cash and cash equivalents at the end of the year	3	**82 389 734**	**88 648 531**

* See Note 61

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	335 018 154	12 000 000	**347 018 154**	297 454 545	**(49 563 609)**	Note 61.1
Other income from exchange transactions	-	-	-	74 505	**74 505**	Note 61.2
Interest received - investment	527 500	-	**527 500**	2 907 135	**2 379 635**	Note 61.3
Interest from outstanding debtors	11 935 586	44 000 000	**55 935 586**	47 998 807	**(7 936 779)**	Note 61.4
Total revenue from exchange transactions	**347 481 240**	**56 000 000**	**403 481 240**	**348 434 992**	**(55 046 248)**	
Revenue from non-exchange transactions						
Taxation revenue						
Transfer revenue						
Government grants & subsidies	771 836 346	41 486 342	**813 322 688**	810 459 040	**(2 863 648)**	Note 61.5
Other income from non-exchange transactions	-	-	-	15 692 320	**15 692 320**	
Total revenue from non-exchange transactions	**771 836 346**	**41 486 342**	**813 322 688**	**826 151 360**	**12 828 672**	
Total revenue	**1 119 317 586**	**97 486 342**	**1 216 803 928**	**1 174 586 352**	**(42 217 576)**	
Expenditure						
Employee Related Costs	(272 010 576)	(800 933)	**(272 811 509)**	(266 132 358)	**6 679 151**	Note 61.6
Remuneration of councillors	(13 782 254)	-	**(13 782 254)**	(11 690 917)	**2 091 337**	Note 61.7
Depreciation and amortisation	(43 773 647)	-	**(43 773 647)**	(46 879 865)	**(3 106 218)**	Note 61.8
Finance costs	(27 550 000)	-	**(27 550 000)**	(21 032 830)	**6 517 170**	Note 61.9
Lease rentals on operating lease	-	-	-	(4 435 240)	**(4 435 240)**	Note 61.10
Debt Impairment	(83 747 055)	40 000 000	**(43 747 055)**	(187 819 718)	**(144 072 663)**	Note 61.11
Bulk purchases	(154 532 000)	(139 976 000)	**(294 508 000)**	(245 082 355)	**49 425 645**	Note 61.12
Contracted Services	(152 413 516)	(59 948 157)	**(212 361 673)**	(191 096 914)	**21 264 759**	Note 61.13
Transfers and Subsidies	(6 500 000)	-	**(6 500 000)**	(6 500 000)	-	
General Expenses	(37 088 549)	(2 582 124)	**(39 670 673)**	(60 609 736)	**(20 939 063)**	Note 61.14
Total expenditure	**(791 397 597)**	**(163 307 214)**	**(954 704 811)**	**(1 041 279 933)**	**(86 575 122)**	
Operating surplus	**327 919 989**	**(65 820 872)**	**262 099 117**	**133 306 419**	**(128 792 698)**	
Loss on disposal of assets and liabilities	-	-	-	(4 702 556)	**(4 702 556)**	Note 61.15
Actuarial gains/losses	-	-	-	(2 333 000)	**(2 333 000)**	Note 61.16
	-	-	-	**(7 035 556)**	**(7 035 556)**	
Surplus before taxation	**327 919 989**	**(65 820 872)**	**262 099 117**	**126 270 863**	**(135 828 254)**	
Capital expenditure	(183 797 000)	(39 993 433)	**(223 790 433)**	(223 790 433)	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**144 122 989**	**(105 814 305)**	**38 308 684**	**(97 519 570)**	**(135 828 254)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Reconciliation						
Basis difference						
Capital expenditure				223 790 433		
Actual Amount in the Statement of Financial Performance				**126 270 863**		

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	2 338 552	-	**2 338 552**	4 488 473	**2 149 921**	
Receivables from exchange transactions	350 855	-	**350 855**	7 169 505	**6 818 650**	
Receivables from non-exchange transactions	-	-	**-**	15 692 320	**15 692 320**	
Consumer debtors	297 770 678	-	**297 770 678**	84 920 531	**(212 850 147)**	
Cash and cash equivalents	82 109 952	-	**82 109 952**	82 389 734	**279 782**	
	382 570 037	**-**	**382 570 037**	**194 660 563**	**(187 909 474)**	
Non-Current Assets						
Property, plant and equipment	2 263 307 448	-	**2 263 307 448**	2 154 008 671	**(109 298 777)**	
Intangible assets	175 289	-	**175 289**	1 608 581	**1 433 292**	
Heritage assets	4 000	-	**4 000**	4 000	**-**	
	2 263 486 737	**-**	**2 263 486 737**	**2 155 621 252**	**(107 865 485)**	
Total Assets	**2 646 056 774**	**-**	**2 646 056 774**	**2 350 281 815**	**(295 774 959)**	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	**-**	10 962 119	**10 962 119**	
Payables from exchange transactions	270 679 528	-	**270 679 528**	232 933 880	**(37 745 648)**	
VAT payable	-	-	**-**	66 403 085	**66 403 085**	
Consumer deposits	6 844 223	-	**6 844 223**	7 258 007	**413 784**	
Unspent conditional grants and receipts	-	-	**-**	18 512 573	**18 512 573**	
Provisions	3 551 671	-	**3 551 671**	4 425 000	**873 329**	
	281 075 422	**-**	**281 075 422**	**340 494 664**	**59 419 242**	
Non-Current Liabilities						
Other financial liabilities	195 421 093	-	**195 421 093**	175 530 248	**(19 890 845)**	
Provisions	32 699 095	-	**32 699 095**	34 630 788	**1 931 693**	
	228 120 188	**-**	**228 120 188**	**210 161 036**	**(17 959 152)**	
Total Liabilities	**509 195 610**	**-**	**509 195 610**	**550 655 700**	**41 460 090**	
Net Assets	**2 136 861 164**	**-**	**2 136 861 164**	**1 799 626 115**	**(337 235 049)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	24 628 860	-	**24 628 860**	24 628 860	**-**	
Accumulated surplus	2 112 232 304	-	**2 112 232 304**	1 774 997 255	**(337 235 049)**	
Total Net Assets	**2 136 861 164**	**-**	**2 136 861 164**	**1 799 626 115**	**(337 235 049)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	150 163 025	-	**150 163 025**	154 695 973	**4 532 948**	
Grants & Subsidies	815 822 689	-	**815 822 689**	794 398 724	**(21 423 965)**	
Interest income - Investments	527 500	-	**527 500**	2 907 135	**2 379 635**	
	966 513 214	-	**966 513 214**	**952 001 832**	**(14 511 382)**	
Payments						
Employee costs	(284 563 544)	-	**(284 563 544)**	(275 412 631)	**9 150 913**	
Suppliers	(545 415 378)	-	**(545 415 378)**	(483 861 483)	**61 553 895**	
Finance costs	-	-	**-**	(321 311)	**(321 311)**	
	(829 978 922)	-	**(829 978 922)**	**(759 595 425)**	**70 383 497**	
Net cash flows from operating activities	**136 534 292**	-	**136 534 292**	**192 406 407**	**55 872 115**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(182 555 000)	-	**(182 555 000)**	(165 906 088)	**16 648 912**	
Purchase of other intangible assets	-	-	**-**	(1 600 578)	**(1 600 578)**	
Net cash flows from investing activities	**(182 555 000)**	-	**(182 555 000)**	**(167 506 666)**	**15 048 334**	
Cash flows from financing activities						
Repayment of other financial liabilities	(10 007 903)	-	**(10 007 903)**	(10 447 020)	**(439 117)**	
Finance costs - borrowings	(27 550 000)	-	**(27 550 000)**	(20 711 518)	**6 838 482**	
Net cash flows from financing activities	**(37 557 903)**	-	**(37 557 903)**	**(31 158 538)**	**6 399 365**	
Net increase/(decrease) in cash and cash equivalents	(83 578 611)	-	**(83 578 611)**	(6 258 797)	**77 319 814**	
Cash and cash equivalents at the beginning of the year	88 648 531	-	**88 648 531**	88 648 531	**-**	
Cash and cash equivalents at the end of the year	**5 069 920**	-	**5 069 920**	**82 389 734**	**77 319 814**	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

All amounts presented are rounded off to the nearest Rand.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Accounting Policies

1.3 Property, plant and equipment (continued)

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Community Assets\ which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Community Assets	Straight line	Fair value (30 years)
Plant and machinery	Straight line	10 to 20 years
Furniture and fixtures	Straight line	10 to 15 years
Transport Assets	Straight line	10 to 15 years
IT equipment	Straight line	10 to 15 years
Computer software	Straight line	5 to 15 years
Infrastructure Water & Sanitation	Straight line	10 to 100 years
Fire Engines	Straight line	15 to 20 years
Mobile Offices	Straight line	15 to 20 years
Heavy machinery	Straight line	15 to 20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses, at each reporting date, whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

Accounting Policies

1.3 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset that is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight line basis over their useful life.

The amortisation periods and the amortisation methods for intangible assets are reviewed at each reporting date.

The re-assessment of the useful life of an intangible asset to a finite useful life where it was initially classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Accounting Policies

1.4 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 - 5 years
Licenses	Straight line	3 - 5 years
Websites	Straight line	3 - 5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.5 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.5 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from the Municipality's statement of financial position.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

Accounting Policies

1.6 Financial instruments (continued)

- Instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The Municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other Receivables	Financial asset measured at amortised cost
Consumer Debtors	Financial asset measured at amortised cost
Bank and Cash	Financial asset measured at amortised cost

The Municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and Other Payables	Financial liability measured at amortised cost
Development Bank of Southern Africa	Financial liability measured at amortised cost
Consumer Deposits	Financial liability measured at fair value

Initial recognition

The Municipality recognises a financial asset or a financial liability in its statement of financial position when the Municipality becomes a party to the contractual provisions of the instrument.

The Municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The Municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The Municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.7 Tax

Value Added Tax

The municipality accounts for Value Added Tax (VAT) on the cash/payments basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality. Permission has been granted to the Municipality to remit or claim for VAT on the cash/payments basis for receivables or payables.

1.8 Leases

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value or current replacement cost.

Inventories are measured at the lower of cost, net realisable value or current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Accounting Policies

1.12 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.12 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.12 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability, the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits; and are available to be used only to pay or fund employee benefits; and are not available to the reporting entity's own creditors (even in liquidation); and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity accounts, not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Accounting Policies

1.12 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Accounting Policies

1.12 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Accounting Policies

1.12 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Accounting Policies

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

Accounting Policies

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.These can either be operational or capital in nature.

A capital commitment is a binding agreement to undertake capital expenditure at some set time in the future which has not yet become an actual liability.

An operating commitment is a binding agreement to undertake operating expenditure at some set time in the future which has not yet become an actual liability.

Disclosures in the notes to the financial statements are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are re-classified.

Accounting Policies

1.20 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure incurred by the municipality is expenditure inclusive of VAT which is in contravention of, or that is not in accordance with, the Municipal Finance Management Act (Act No.56 of 2003); the Municipal Systems Act (Act No.32 of 2000); the Public Office-Bearers Act (Act No. 20 of 1998); or the Supply Chain Management Policy of the municipality or any of the municipality's by-laws giving effect to such policy.

Irregular expenditure that was incurred and identified during the current financial year and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which write off is awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only written off in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount written off.

Irregular expenditure that was incurred and identified during the current financial year and which was notwritten off by the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must, thereafter, be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not beenwritten off and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Accounting Policies

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.25 Use of Estimates

The preparation of the annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates

1.26 Budget Information

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/07/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.27 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties

Accounting Policies

1.27 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.29 General expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decrease in net assets , other than those relating to distributions to owners. Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting, expenses are recognised when incurred, usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable , willing parties in an arm's length transaction.

1.30 Councillors' Remuneration

Salaries, allowances and benefits of councillors as disclosed in note 38 to these annual financial statements are determined with reference to the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Offcie Bearers Act, 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18 on Segment Reporting	01 April 2020	The adoption of this has not had a material impact on the results of the company, but has resulted in additional disclosure than would have previously been provided in the financial statements
• GRAP 34 on Separate Financial Standards	01 April 2020	Unlikely there will be a material impact.
• GRAP 35 Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact.
• GRAP 36 on Investments in Associates	01 April 2020	Unlikely there will be a material impact.
• GRAP 37 on Joint Arrangements	01 April 2020	Unlikely there will be a material impact.
• GRAP 38 on Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact.
• GRAP 110 on Living and Non-living Resources	01 April 2020	

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2024	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	90 338	27 316
Bank balances	77 978 708	84 317 486
Short-term deposits	570 688	553 729
Investment Deposit	3 750 000	3 750 000
	82 389 734	**88 648 531**

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for DBSA Loan	3 750 000	3 750 000

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2021	30 June 2020	30 June 2019	30 June 2021	30 June 2020	30 June 2019
FNB Bank : Salaries-Account 50940092196	2 771 937	34 445 786	92 219	2 771 937	34 445 786	92 219
FNB Bank : Projects - Account 62023616462	30 903	28 369 538	2 754 065	30 903	28 369 538	2 754 065
FNB Bank -NSTD Call - Account 62215748289	570 688	553 729	11 816 984	570 688	553 729	11 816 984
FNB Bank - Mandela race - Account 62411577193	807 688	797 796	767 076	807 688	797 796	767 076
FNB Bank- Main Account - Account 50940026773	73 032 508	12 924 491	23 478 723	73 032 444	12 924 463	23 478 197
FNB Bank - Fixed Deposit-Account 71101199555	3 750 000	3 750 000	3 994 099	3 750 000	3 994 932	3 994 099
FNB Bank- SANBI - Account 62597807125	98 599	6 538 608	2 498 463	98 599	6 538 608	2 498 463
ABSA Bank- Mandela Race - Account 4094362410	1 237 138	1 241 296	851 650	1 237 138	1 241 296	851 650
Total	**82 299 461**	**88 621 244**	**46 253 279**	**82 299 397**	**88 866 148**	**46 252 753**

4. Consumer debtors

Gross balances		
Water	1 050 438 725	859 715 905
Less: Allowance for impairment		
Water	(965 518 194)	(777 698 475)
Net balance		
Water	84 920 531	82 017 430
Water		
Current (0 -30 days)	59 159 903	31 103 449
31 - 60 days	26 533 931	25 278 530
61 - 90 days	20 147 250	20 802 276
91 - 120 days	18 814 810	15 653 127
121 - 150 days	19 247 100	18 272 750
> 150 days	906 535 732	748 213 830
	1 050 438 726	**859 323 962**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Consumer debtors (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	40 522 595	15 755 933
31 - 60 days	21 800 824	17 527 128
61 - 90 days	16 899 900	16 958 829
91 - 120 days	16 216 036	11 900 054
121 - 150 days	16 956 590	15 136 089
> 150 days	833 479 381	690 414 741
	945 875 326	767 692 774
Less: Allowance for impairment	(917 671 956)	(740 643 444)
	28 203 370	**27 049 330**
Industrial/ commercial		
Current (0 -30 days)	14 475 382	7 773 375
31 - 60 days	2 969 878	5 866 081
61 - 90 days	1 348 799	2 940 521
91 - 120 days	1 553 947	2 576 051
121 - 150 days	1 593 535	1 847 906
> 150 days	45 479 247	36 188 041
	67 420 788	57 191 975
Less: Allowance for impairment	(47 846 238)	(33 520 326)
	19 574 550	**23 671 649**
National and provincial government		
Current (0 -30 days)	4 161 926	2 076 434
31 - 60 days	1 763 230	1 885 321
61 - 90 days	1 898 551	902 925
91 - 120 days	1 044 827	1 177 022
121 - 150 days	696 973	1 288 756
> 150 days	27 577 104	22 003 153
	37 142 611	**29 333 611**
Total		
Current (0 -30 days)	59 159 902	25 605 743
31 - 60 days	26 533 931	25 278 530
61 - 90 days	20 147 250	20 802 276
91 - 120 days	18 814 810	15 653 127
121 - 150 days	19 247 100	18 272 750
> 150 days	906 535 732	754 103 479
	1 050 438 725	859 715 905
Less: Allowance for impairment	(965 518 194)	(774 163 770)
Correction of prior period error	-	(3 534 705)
	84 920 531	**82 017 430**
Less: Allowance for impairment		
150 days	(965 518 194)	(774 163 770)
Correction of prior period error	-	(3 534 705)
	(965 518 194)	**(777 698 475)**
Total debtor past due but not impaired		
Current (0 -30 days)	9 574 460	13 799 088
31 - 60 days	7 222 692	6 376 379
61 - 90 days	4 707 759	5 067 645

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
4. Consumer debtors (continued)		
91 - 120 days	3 408 334	4 040 888
121 - 150 days	3 069 458	3 381 767
> 150 days	61 186 608	55 753 279
	89 169 311	**88 419 046**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(777 698 475)	(609 949 870)
Contributions to allowance	(187 819 718)	(164 213 900)
Correction of prior period error	-	(3 534 705)
	(965 518 193)	**(777 698 475)**

Consumer debtors pledged as security

There were no consumer debtors that were pledged as security for any liabilities during the period under review.

Consumer debtors past due but not impaired

Consumer debtors which are past due are not considered to be impaired. At 30 June 2021, R 89 166 311 (2020: R 88 419 046) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	23 717 134	13 799 088
2 months past due	26 313 943	6 376 379
3 months past due	19 904 897	68 243 579

Consumer debtors impaired

As of 30 June 2021, consumer debtors of R 187 819 718 (2020: R169 656 439) were impaired and provided for.

The amount of the provision was R 965 518 913 as at 30 June 2021 (2020: R 777 698 475).

The ageing of these debtors past due and impaired is as follows:

3 to 6 months	98 555 323	52 895 348
Over 6 months	845 349 124	703 344 792

5. Receivables from exchange transactions

Prepayments	504 560	350 855
Deposits	1 180 640	1 106 371
Other receivables	126 011	244 921
Other debtors	35 339	35 339
Sundry debtors	5 322 955	5 322 956
	7 169 505	**7 060 442**

Trade and other receivables pledged as security

There were no trade and other receivables pledged as security during the year under review.

6. Receivables from non-exchange transactions

Unauthorised, Irregular, Fruitless and Wasteful Expenditure	15 692 320	-

At a Full Council meeting which took place on 27 August 2021, fruitless and wasteful expenditure at an amount of R7 062 528 and irregular expenditure at an amount of R8 629 792 was resolved to be recoverable by Council . The recovery process is in progress.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

7. Inventories

Maintenance materials	3 722 909	1 735 752
Water for distribution	765 564	602 800
	4 488 473	**2 338 552**
Inventories recognised as an expense during the year	1 887 562	1 415 026

Inventory has been recorded using the weighted average cost method. Consumables are carried at lower of cost or current replacement cost. Materials are carried at lower of cost or net realisable value. No inventory was written down, reversed or written-off as obsolete during the year under review.

Inventory pledged as security

There was no inventory that was pledged as security for liabilities during the year under review.

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2 970 350	-	2 970 350	2 970 350	-	2 970 350
Community Assets	31 850 385	(6 264 303)	25 586 082	31 850 385	(5 696 334)	26 154 051
Plant and machinery	19 264 140	(4 411 350)	14 852 790	19 264 140	(3 643 210)	15 620 930
Furniture and fixtures	4 843 454	(2 153 355)	2 690 099	5 082 687	(2 043 894)	3 038 793
Transport Assets	10 124 598	(1 907 851)	8 216 747	10 124 598	(1 529 874)	8 594 724
IT equipment	7 814 951	(4 367 544)	3 447 407	7 726 299	(3 952 803)	3 773 496
Infrastructure	2 466 552 317	(1 080 828 902)	1 385 723 415	2 477 757 725	(1 043 178 293)	1 434 579 432
Other PPE: Infrastructure WIP	710 521 781	-	710 521 781	544 785 672	-	544 785 672
Total	**3 253 941 976**	**(1 099 933 305)**	**2 154 008 671**	**3 099 561 856**	**(1 060 044 408)**	**2 039 517 448**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 970 350	-	-	-	2 970 350
Community Assets	26 154 051	-	-	(567 969)	25 586 082
Plant and machinery	15 620 930	-	-	(768 140)	14 852 790
Furniture and fixtures	3 038 793	899	(136 917)	(212 676)	2 690 099
Transport Assets	8 594 724	-	-	(377 977)	8 216 747
IT equipment	3 773 496	169 080	(57 966)	(437 203)	3 447 407
Infrastructure	1 434 579 432	-	(4 507 491)	(44 348 526)	1 385 723 415
Other PPE - Infrastructure WIP	544 785 672	165 736 109	-	-	710 521 781
	2 039 517 448	**165 906 088**	**(4 702 374)**	**(46 712 491)**	**2 154 008 671**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2 970 350	-	-	-	-	-	2 970 350
Community Assets	26 722 019	-	-	-	(567 968)	-	26 154 051
Plant and machinery	14 941 686	1 869 290	(465 199)	-	(724 847)	-	15 620 930
Furniture and fixtures	3 242 106	26 474	(15 850)	-	(213 937)	-	3 038 793
Transport Assets	4 055 701	5 173 936	(414 664)	-	(220 249)	-	8 594 724
IT equipment	4 413 590	46 151	(20 553)	-	(665 692)	-	3 773 496
Infrastructure	1 257 771 757	226 314 628	(2 725 730)	-	(42 570 359)	(4 210 864)	1 434 579 432
Other PPE - Infrastructure WIP	641 389 345	130 627 183	-	(227 230 856)	-	-	544 785 672
	1 955 506 554	**364 057 662**	**(3 641 996)**	**(227 230 856)**	**(44 963 052)**	**(4 210 864)**	**2 039 517 448**

Pledged as security

There were no property, plant and equipment that was pledged as security during the year under review.

Reconciliation of Work-in-Progress 2021

		Total
Opening balance	544 785 673	544 785 673
Additions/capital expenditure	165 736 109	165 736 109
	710 521 782	**710 521 782**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

8. **Property, plant and equipment (continued)**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Employee related costs	86 498 335	56 042 920
Contracted services	10 362 689	84 792 583
Materials and Supplies	3 295 604	3 325 648
	100 156 628	**144 161 151**

Long outstanding work in progress is as follows:

Water	Location	Nature of project	Initial completion date	Reasons for delays		
Camperdown Cbd Ac Pipes Replacement	Mkhambathini	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	3 694 994	3 694 994
Cedara Bulk Services	Umgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 496 436	1 496 436
Ebuhleni Housing Project Bulk Water	Mpofana	Water	Project had to be abandoned	Project could not be completed due to land issue	2 997 287	2 893 254
Embuthweni Water Phase 4	Mkhambathini	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 517 864	1 517 864
Enguga/Entshay abantu/Macksa m(Phase 5)C00 61-2& C0061-17	Impendle	Water	28 June 2021	Delays due to Covid-19 restrictions and lack of materials on site was a major constraint	18 643 962	12 674 443
Gengeshe Water	Richmond	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 790 190	1 790 190
Hilton Corridor Development	uMgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	3 322 094	3 322 094
Howick Ac Pipelines Replacement	uMgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	5 035 987	5 035 987
Impendle Bulk Water Works	Impendle	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	13 949 423	13 949 423

Notes to the Annual Financial Statements

Figures in Rand					2021	2020
8. Property, plant and equipment (continued)						
Impendle WWTW And Sewerage Reticulation	Impendle	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	863 813	863 813
Kwahaza Water Supply	Umgeni	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	399 593	399 593
Manyavu Water Scheme C0195-1 & C0061-1/F0002	Mkhambathini	Water	17 August 2018	Delays due to Covid-19 restrictions	73 996 908	70 049 304
Manzamnyama Water Scheme C0195-2 & C0061-24	Mkhambathini	Water	23 August 2019	Delays due to Covid-19 restrictions	68 871 944	65 040 118
Maqongqo Bulk Water	Mkhambathini	Water	30 September 2020	Delays due to Covid-19 restrictions	75 993 950	71 048 434
Mkhambithini Waste Water Works	Mkhambathini	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	3 016 720	3 016 720
Mooi River Bulk Mains Upgrading	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	196 381	196 381
Mooiriver AC Pipes Replacement	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 289 426	1 289 426
Mpofana Waste Water Treatment Works	Mpofana	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	8 549 988	8 549 988
Mpophomeni Sanitation Plant	Umgeni	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	8 172 038	8 172 038
Nhlambamasoka,Nhlathimbe & Khathikathi Water	Impendle	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	1 359 540	1 359 540
Nkangala Water	Mkhambathini	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	208 612	208 612

Notes to the Annual Financial Statements

Figures in Rand					2021	2020
8. Property, plant and equipment (continued)						
Nkanyezi Water Supply C0195-3 & C0061-21	Mkhambathini	Water	Planning only - initial completion date to be determined on appointment of contractor - Tender has been awarded 5 Aug 2021	Project could not be re-instated earlier due to funding constraints	41 231 350	34 010 286
Phumlas Water Supply Upgrade	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	820 881	820 881
Richmond Ac Pipes Replacement	Richmond	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	5 906 405	5 906 405
Richmond Waste Water Treatment Works	Richmond	Sanitation	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints - taken over by Umgeni Water	4 751 919	4 751 919
Rosetta Water Upgrade	Mpofana	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	635 500	635 500
Wartburg AC Pipes Replacement	uMshwathi	Water	Planning only - initial completion date to be determined on appointment of contractor	Project could not be implemented due to funding constraints	653 594	653 594
					349 366 799	**323 347 237**

The municipality intends to complete the construction of these projects.

The municipality has not recognised any impairment loss relating to the work in progress as these infrastructure assets will be capable of providing the municipality with the intended service potential once construction is completed.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	10 962 022	(9 353 441)	1 608 581	9 361 354	(9 186 065)	175 289

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	175 289	1 600 668	(167 376)	1 608 581

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 328 714	143 386	(1 296 811)	175 289

Pledged as security

There were no intangible assets pledged as security during the year under review.

Notes to the Annual Financial Statements

Figures in Rand

10. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Other - Mayoral Chain	4 000	-	4 000	4 000	-	4 000

Reconciliation of heritage assets 2021

	Opening balance	Total
Other - Mayoral Chain	4 000	4 000

Reconciliation of heritage assets 2020

	Opening balance	Total
Other - Mayoral Chain	4 000	4 000

Pledged as security

There were no heritage assets pledged as security during the year under review.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Geospatial Grant	856 213	1 993 574
Camperdown WWTP & PTP Grant	4 308 912	4 308 912
EPWP Grant	114 674	-
ORIO Grant	11 550 860	11 550 860
Municipal Infrastructure Grant	-	6 040 433
RASSET & DGDS Grant	126 989	126 989
Disaster Covid 19	-	521 963
Spatial Planning Grant	706 750	1 000 000
IDP Spatial Development Grant	848 175	1 000 000
	18 512 573	**26 542 731**

Movement during the year

Balance at the beginning of the year	26 542 731	23 085 118
Additions during the year	236 428 882	193 937 000
Repayment of MIG roll over	(6 040 000)	-
Income recognition during the year	(238 419 040)	(190 479 387)
	18 512 573	**26 542 731**

The nature and extent of government grants recognised in the annual financial statements is an indication of other forms of government assistance from which the municipality has directly benefited; and unfulfilled conditions and other contingencies attached to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

12. Payables from exchange transactions

Trade payables	168 823 519	153 429 130
Payments Received in Advance (Consumers)	5 215 510	5 498 198
Other payables	7 954 122	15 022 738
Leave Pay Provision	13 729 716	16 356 470
Accrued bonus	6 402 747	6 186 637
Accrued Interest -DBSA Loan	8 489 608	8 928 650
Retentions	22 318 658	18 853 163
Payable Litigations	-	19 830 027
	232 933 880	**244 105 013**

13. Consumer deposits

Water	7 258 007	6 844 223

14. Other financial liabilities

At amortised cost		
DBSA Loan	186 492 367	196 500 346

The loan from the Development Bank of Southern Africa is a total of R230 000 000 borrowed over a 15 year term subject to a fixed 15 year swap rate plus 230 basis points (Average 10%) over the loan period.

An amount of R3 750 000 is held as security for the long term loan. Refer to Note 3.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

14. Other financial liabilities (continued)

Non-current liabilities		
At amortised cost	175 530 248	186 492 443
Current liabilities		
At amortised cost	10 962 119	10 007 903

15. VAT payable

Tax payable	66 403 085	36 268 311

16. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Transfer to Current Portion	Total
Post Employment Benefits - Short term	941 671	1 666 000	(941 671)	-	-	1 666 000
Long Service Awards - short term	2 610 000	2 759 000	(2 610 000)	-	-	2 759 000
Employee benefit cost - Long term	22 243 307	2 604 000	(215 329)	(570 978)	(1 666 000)	22 395 000
Long Service awards - Long term	10 455 788	4 539 000	-	-	(2 759 000)	12 235 788
	36 250 766	**11 568 000**	**(3 767 000)**	**(570 978)**	**(4 425 000)**	**39 055 788**

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Transfer to short-term	Transfer to payables	Total
Post Employment Benefits	813 955	127 716	-	-	-	941 671
Long Service Awards	1 581 000	1 029 000	-	-	-	2 610 000
Employee benefit cost	21 872 859	1 431 119	(932 955)	(127 716)	-	22 243 307
Long Service awards	11 411 788	1 654 000	(1 581 000)	(1 029 000)	-	10 455 788
Litigation Provision	16 697 842	-	-	-	(16 697 842)	-
	52 377 444	**4 241 835**	**(2 513 955)**	**(1 156 716)**	**(16 697 842)**	**36 250 766**

Non-current liabilities	34 630 788	32 699 095
Current liabilities	4 425 000	3 551 671
	39 055 788	**36 250 766**

These provisions relate to post employment benefits which the municipality is obliged to honour in terms of the prevailing conditions of employment for all staff members.

17. Service charges

Other Service charges	669 723	663 301
Sale of water	281 316 221	261 857 198
Sewerage and sanitation service charges	15 468 601	22 907 404
	297 454 545	**285 427 903**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
18. Rental of facilities and equipment		
Garages and parking		
Parking Fees	-	11 177
19. Other income		
Tender Documents	53 348	3 130
Mandela Day Marathon Entrance Fees	-	451 461
Staff Recoveries	21 157	38 142
	74 505	**492 733**
20. Interest Received - Investment		
Interest revenue		
Bank	2 907 135	6 091 244
21. Interest from Outstanding Debtors		
Interest - Receivables	47 998 807	46 834 729
22. Government grants and subsidies		
Operating grants		
Equitable share	572 040 000	527 986 102
Development Planning Shared Services Grant	-	550 000
SETA Grants	1 018 884	462 299
EPWP Grant	2 956 326	3 368 000
Financial Management Grant	1 000 000	1 000 000
Disaster Management -Covid 19	521 963	372 038
SANBI Grant	7 548 998	6 362 176
Geospatial Grant	1 137 361	806 426
Spatial Planning Grant	293 250	-
IDP Spatial Development Grant	151 825	-
	586 668 607	**540 907 041**
Capital grants		
Municipal Infrastructure Grant	100 003 433	95 903 567
Rural Roads Assessment Management Grant	2 552 000	2 681 000
Water Services Infrastructure Grant	80 000 000	80 043 255
Covid-19 Capital Grant	41 235 000	-
	223 790 433	**178 627 822**
	810 459 040	**719 534 863**
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants revenue recognised	238 419 040	191 548 761
Unconditional grants received	572 040 000	527 986 102
	810 459 040	**719 534 863**

A total of R236 428 882 (**2020**: R193 937 000) was transferred / paid to the municipality as conditional grants during the year under review

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Government grants and subsidies (continued)

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

The municipality provides fully subsidised water and sanitation at a maximum of 6kl per month, including the basic charges for such supply, to approved indigent registered households.

Geospatial Grant

Balance unspent at beginning of year	1 993 574	1 300 000
Current-year receipts	-	1 500 000
Conditions met - transferred to revenue	(1 137 361)	(806 426)
	856 213	**1 993 574**

Conditions still to be met - remain liabilities (see note 11).

Water Services Infrastructure Grant

Balance unspent at beginning of year	-	3 843 255
Current-year receipts	80 000 000	80 000 000
Conditions met - transferred to revenue	(80 000 000)	(80 043 255)
Transfer to National Fiscus	-	(3 800 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Government grants and subsidies (continued)

Camperdown WWTP & PTP Grant

Balance unspent at beginning of year	4 308 912	4 308 912

Conditions still to be met - remain liabilities (see note 11).

EPWP Grant

Balance unspent at beginning of year	-	1 955 102
Current-year receipts	3 071 000	3 368 000
Conditions met - transferred to revenue	(2 956 326)	(3 368 000)
Transfer to National Fiscus	-	(1 955 102)
	114 674	-

Conditions still to be met - remain liabilities (see note 11).

Municipal Infrastructure Grant

Balance unspent at beginning of year	6 040 433	-
Current-year receipts	100 003 000	101 944 000
Conditions met - transferred to revenue	(100 003 433)	(95 903 567)
Repayment of roll over	(6 040 000)	-
	-	6 040 433

Rural Road Asset Management Systems Grant

Current-year receipts	2 552 000	2 681 000
Conditions met - transferred to revenue	(2 552 000)	(2 681 000)
	-	-

ORIO Grant

Balance unspent at beginning of year	11 550 860	11 550 860

Conditions still to be met - remain liabilities (see note 11).

SETA Grants

Current-year receipts	1 018 884	462 299
Conditions met - transferred to revenue	(1 018 884)	(462 299)
	-	-

RASSET & DGDS Grant

Balance unspent at beginning of year	126 989	126 989

Conditions still to be met - remain liabilities (see note 11).

Finance Management Grant

Current-year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Government grants and subsidies (continued)

SANBI Grant

Current-year receipts	7 548 998	6 362 176
Conditions met - transferred to revenue	(7 548 998)	(6 362 176)
	-	-

Disaster Covid 19

Balance unspent at beginning of year	521 963	-
Current-year receipts	-	894 000
Conditions met - transferred to revenue	(521 963)	(372 037)
	-	**521 963**

Development Planning Shared Services Grant

Current-year receipts	-	550 000
Conditions met - transferred to revenue	-	(550 000)
	-	-

Spatial Planning Grant

Balance unspent at beginning of year	1 000 000	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(293 250)	-
	706 750	**1 000 000**

Conditions still to be met - remain liabilities (see note 11).

IDP Spatial Development Grant

Balance unspent at beginning of year	1 000 000	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(151 825)	-
	848 175	**1 000 000**

Conditions still to be met - remain liabilities (see note 11).

Covid-19 Capital Grant

Current-year receipts	41 235 000	-
Conditions met - transferred to revenue	(41 235 000)	-
	-	-

23. Fines, Penalties and Forfeits

Retentions Forfeits	-	473 266
Fines	-	200 000
	-	**673 266**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

24. Other Income from Non-Exchange Transactions

Fruitless and Wasteful Expenditure	7 062 528	-
Irregular Expenditure	8 629 792	-
	15 692 320	**-**

At a Full Council meeting which took place on 27 August 2021, fruitless and wasteful expenditure at an amount of R7 062 528 and irregular expenditure at an amount of R8 629 792 was resolved to be recoverable by Council. The recovery process is in progress.

25. Employee related costs

Basic	148 416 290	144 241 222
Bonus	12 082 027	11 624 794
Medical aid - company contributions	13 060 903	14 214 791
UIF	917 100	906 895
WCA	1 362 699	2 044 997
SDL	1 854 995	1 949 341
Other - Bargaining Council	61 589	58 637
Leave pay provision charge	(1 509 851)	2 708 338
Cellphone Allowances	129 600	60 970
Group Life Contributions	3 655 606	3 131 644
Standby Allowances	10 946 304	11 624 790
Other - Tool Allowances	1 494 589	1 497 660
Defined contribution plans	31 376 970	29 976 244
Travel, motor car, accommodation, subsistence and other allowances	21 445 246	19 963 878
Overtime payments	9 120 384	8 632 775
Long-service awards	2 905 419	4 859 693
Acting allowances	786 512	220 451
Housing benefits and allowances	1 314 008	1 158 221
Uniforms & Clothing Allowances	76 958	87 384
Shift Allowance	6 162 988	6 473 190
Termination benefits - Curtailment and Settlements	472 022	(1 068 000)
	266 132 358	**264 367 915**

Remuneration of Municipal Manager

Annual Remuneration	1 277 473	1 277 473
Other	21 600	21 600
Statutory contributions	12 577	13 607
	1 311 650	**1 312 680**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

25. Employee related costs (continued)

Remuneration of the Chief Financial Officer - S Ndabandaba

Annual Remuneration	465 679	-
Car Allowance	129 500	-
Other	14 400	-
Housing Subsidy	116 687	-
Statutory Contributions	8 157	-
	734 423	**-**

Council appointed S Ndabandaba as Chief Financial Officer from October 2020 who is still the current incumbent for that portfolio.

Remuneration of the Chief Financial Officer - LM Africa

Heading		
Annual Remuneration	-	880 020
Travel Allowance	-	166 746
Other	-	21 600
Statutory Contributions	-	11 170
	-	**1 079 536**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

25. Employee related costs (continued)

Remuneration of SEM: Corporate Services - N Mkhize

Annual Remuneration	875 080	875 080
Car Allowance	180 000	187 196
Other	21 600	21 600
Statutory contributions	10 424	11 259
	1 087 104	**1 095 135**

Remuneration of SEM: Community Services - T Ndlela

Annual Remuneration	977 080	977 080
Car Allowance	78 000	78 000
Other	21 600	21 600
Statutory contributions	10 594	11 425
	1 087 274	**1 088 105**

Remuneration of SEM: Economic Development & Planning - J Martin

Annual Remuneration	703 392	-
Other	14 400	-
Statutory Contributions	8 331	-
	726 123	**-**

Council appointed J Martin as SEM: Economic Development & Planning as from November 2020 who is still the current incumbent for that portfolio.

Remuneration of SEM: Technical Services

Annual Remuneration	368 381	1 177 694
Car Allowance	90 132	270 395
Contributions to UIF, Medical and Pension Funds	58 055	216 102
Other	7 200	21 600
Statutory Contributions	5 607	-
	529 375	**1 685 791**

Mr B Mbambo resigned as SEM: Technical Services in October 2020.

26. Remuneration of councillors

Mayor	1 051 128	1 051 128
Deputy Mayor	299 705	250 144
Executive Committee Members	2 895 318	1 266 004
Speaker	849 781	849 781
Councillors	5 795 540	7 389 516
Chief Whip	799 445	799 445
	11 690 917	**11 606 018**

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
27. Depreciation and amortisation		
Property, plant and equipment	46 712 489	44 963 052
Intangible assets	167 376	1 296 811
	46 879 865	**46 259 863**
28. Finance costs		
Trade and other payables	321 311	7 566 283
Borrowings	20 711 519	17 942 558
	21 032 830	**25 508 841**
29. Lease rentals on operating lease		
Premises		
Contractual amounts	-	115 409
Equipment		
Contractual amounts	4 435 240	1 219 631
	4 435 240	**1 335 040**
30. Bulk purchases		
Water	245 082 355	217 391 980
31. Contracted services		
Outsourced Services		
ICT Support Services	1 040 919	-
Business and Advisory	-	631 205
Catering Services	10 000	3 696
Clearing and Grass Cutting Services	2 960 891	3 965 775
Hygiene Services	-	35 358
Meter Management	-	5 500
Professional Staff	1 606 550	-
Sewerage Services	58 798 662	62 775 290
Water Tankers	71 805 509	53 908 954
Consultants and Professional Services		
Business and Advisory	9 324 350	10 588 068
Infrastructure and Planning	22 176 701	28 508 045
Laboratory Services	3 108 341	1 624 138
Legal Cost	11 329 827	2 864 845
Contractors		
Employee Wellness	14 510	2 816
Event Promoters	205 311	9 485 672
Maintenance of Buildings and Facilities	990 950	1 661 766
Medical Services	-	351 796
Safeguard and Security	7 724 393	11 473 289
	191 096 914	**187 886 213**
32. Transfers and Subsidies		
UMEDA Transfer	6 500 000	5 083 500

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

33. General expenses

Advertising	88 407	726 238
Auditors remuneration	5 157 273	5 224 239
Bank charges	1 275 056	1 890 211
Consulting and professional fees	-	216 000
Consumables	302 136	335 354
Entertainment	-	2 775
Insurance	906 162	757 533
Fleet - Hire Charges	10 215 375	18 731 977
Motor vehicle expenses	221 815	150 705
Fuel and oil	4 402 846	1 437 501
Placement fees	181 757	120 924
Postage and courier	124 812	689 641
Printing and stationery	1 043 820	1 132 013
Promotions	82 307	25 700
Software expenses	2 460 980	2 004 158
Subscriptions and membership fees	190 221	6 175 083
Telephone and fax	1 659 243	2 264 274
Training	584 203	310 150
Travel - local	758 541	1 479 686
Utilities - Other	1 705 012	2 524 816
Uniforms	2 782 627	3 406 446
Bursary	368 523	721 052
Sanitation expenses	19 660 497	-
Purchase of Material	6 438 123	6 772 163
Other expenses	-	134
	60 609 736	**57 098 773**

34. Loss on Disposal of Assets

Loss on disposal of assets	(4 702 556)	(3 641 996)

35. Employee benefit obligations

Defined benefit plan

The actuarial valuation determined that the retirement plan was in a sound financial position.

Post retirement medical aid plan

The municipality operates on five accredited medical aid schemes, namely, Bonitas, KeyHealth, LA Health, SAMWUMed and HosMed.

Pension benefits

Pensioners have the option to continue on the option they belonged to on the day of their retirement. The independent valuers, i3 Actuaries and Consultants, have carried out the annual statutory valuation and provided the information required to be disclosed in terms of GRAP 25.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	36 250 978	35 679 814
Benefits paid	(3 767 000)	(2 394 955)
Net expense recognised in the statement of financial performance	6 571 810	2 966 119
	39 055 788	**36 250 978**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

35. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

Current service cost	1 153 000	1 222 000
Interest cost	3 657 000	3 192 826
Actuarial (gains) losses	2 333 000	(1 448 707)
	7 143 000	**2 966 119**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Plan assets	2 333 000	(1 448 707)

Changes in the fair value of plan obligations are as follows:

Opening balance	36 250 978	35 679 814
Actuarial gains (losses)	2 333 000	(1 448 707)
Contributions by employer	3 657 000	3 192 826
Contributions by plan participants	1 153 000	1 222 000
Benefits paid	(4 337 978)	(2 394 955)
	39 056 000	**36 250 978**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	2,75 %	4,64 %
Expected rate of return on assets	6,77 %	10,25 %
Medical cost trend rates	8,27 %	8,02 %

Defined contribution plan

It is the policy of the municipality to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The municipality is under no obligation to cover any unfunded benefits.

36. Auditors' remuneration

Fees	5 157 273	5 224 239

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
37. Cash generated from operations		
Surplus	126 270 862	79 098 072
Adjustments for:		
Depreciation and amortisation	46 879 865	46 259 863
Loss on disposal of assets	4 702 556	-
Actuarial gains and losses	2 333 000	-
Finance costs	20 711 518	-
Debt impairment	187 819 718	169 656 439
Movements in provisions	-	(16 126 678)
Movement in benefit assets and liabilities	873 329	-
Movement in leave provision	(1 509 851)	-
Movement in bonus accrual	1 049 955	-
Changes in working capital:		
Inventories	(2 149 921)	122 293
Receivables from exchange transactions	(109 063)	3 113 568
Consumer debtors	(190 722 819)	(19 990 908)
Receivables from non-exchange transactions	(15 692 320)	2 006 345
Payables from exchange transactions	(11 007 863)	152 189 256
VAT	30 134 774	(1 635 138)
Unspent conditional grants and receipts	(8 030 158)	3 457 613
Consumer deposits	413 784	311 451
	191 967 366	**418 462 176**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	361 352 331	52 841 774
Total capital commitments		
Already contracted for but not provided for	361 352 331	52 841 774

Authorised operational expenditure

Already contracted for but not provided for		
• Office rentals	452 511	594 048
• Other General	15 654 851	7 133 190
	16 107 362	**7 727 238**
Total operational commitments		
Already contracted for but not provided for	16 107 362	7 727 238

Total commitments

Total commitments		
Authorised capital expenditure	361 352 331	52 841 774
Authorised operational expenditure	16 107 362	7 727 238
	377 459 693	**60 569 012**

The committed capital expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	6 916 562	7 553 206
- in second to fifth year inclusive	9 190 800	174 032
	16 107 362	**7 727 238**

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

39. Contingencies

A matter between the municipality and Yellowdot to the value of R445 790 for unpaid invoices and the early termination of a contract. An amount of R50 000 is further estimated for costs.

Another matter between the municipality and ORIO Funding. The matter is in relation to damages relating to ORIO Funded Projects to the value of R72 000 000. An amount of R800 000 is further estimated for costs.

An amount of R658 280 is claimed by Zain Brothers for payment of a sub-contractor that provided a service and is yet to be paid by the contractor. An amount of R50 000 is further estimated for costs.

A claim of R3 150 000 against the municipality for damages suffered by plaintiff KA Murdoch from a motor vehicle accident in the Howick area. An amount of R80 000 is further estimated for costs.

A motor vehicle claim against the municipality by T Sheshoka for R364 640. An amount of R50 000 is further estimated for costs.

A claim by Hilton Development Comm for the amount of R100 000 for delays in the provision of sewerage services resulting in delays in their project implementation.

A civil claim of R546 062 by G Shabalala against the municipality for damage to property caused by storm water drainage.

A matter between the municipality and Ms N Moodley where she is seeking reinstatement to her previous role as well as back pay to the value of R2 000 000.

N Moodley is suing the municipality for unfair dismissal R200 000.

No provision has been made in the financial statements for all of the above liabilities.

40. Related parties

Relationships	
Municipal Entity	uMgungundlovu Economic Development Agency
Controlling entity	uMgungundlovu District Municipality
Councillors	Refer to Note 24
Senior Management	Refer to Note 23

Related party transactions

Allocated to Entity		
UMEDA Operational Cost Allocation	6 500 000	5 083 500

41. Events after the reporting date

The looting and vandalising of businesses and properties, respectively, by rioting citizens that took place in KwaZulu Natal in the month of July 2021 resulted in the damage of municipal property. The extent of the loss incurred by the municipality as a result of this is still being assessed and/or investigated.

42. Water Losses

Water loss	70 919 831	52 238 561

The total amount of water available for distribution was 22 783 989 kL of which 15 279 245 kL was sold resulting in water losses of 7 504 744 kL (33%) for 2020/21 compared to 6 662 310 kL (27%) for 2019/20.

The volume of water losses has increased as a result of water leakages not reported timeously; illegal connections (especially in the rural areas); flat rate charge to customers in certain areas; and faulty meters.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

42. Water Losses (continued)

As part of the Revenue enhancement Programme, the municipality is identiying illegal connections as well as faulty meters and installing new meters.

43. Fruitless and wasteful expenditure

Opening balance	6 779 250	6 742 647
Opening balance as restated	**6 779 250**	**6 742 647**
Add: Fruitless and Wasteful Expenditure - prior year	283 278	-
Add: Fruitless and Wasteful Expenditure - current year	-	3 634 812
Less: Amounts recoverable - prior period	(6 779 251)	-
Less: Amount recoverable - current year	(283 277)	(3 598 209)
Closing balance	**-**	**6 779 250**

Amounts recoverable

At a Full Council meeting which took place on 27 August 2021, fruitless and wasteful expenditure at an amount of R7 062 528 was resolved to be recoverable by Council. The recovery process is in progress.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
44. Irregular expenditure		
Opening balance	50 249 515	34 627 658
Correction of prior period error	-	667 022
Opening balance as restated	**50 249 515**	**35 294 680**
Add: Irregular Expenditure - prior period	933 086	-
Add:Irregular Expenditure - current year	12 399 165	22 950 464
Less: Amounts recoverable - prior period	(8 629 792)	-
Less: Amount written off	(20 535 851)	-
Less: Amount written off - prior period	-	(7 995 629)
Closing balance	**34 416 123**	**50 249 515**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

44. Irregular expenditure (continued)

Amounts recoverable

At a Full Council meeting which took place on 27 August 2021, irregular expenditure at an amount of R8 629 792 was resolved to be recoverable by Council. The recovery process is in progress.

Irregular Expenditure Written off by Council

On 27 August 2021, after the council committee investigations, council adopted the council committee recommendations to write-off an amount of R 20 535 851. These amounts were concluded to be amounts not incurred in vain (ie. there was value for money). This amount was written off in line with section 32(2)(b) of the MFMA which states that after investigation by a council committee, irregular expenditure may be certified by the council as irrecoverable and written off by the council.

Expenditure incurred on expired contracts	22 470	7 995 629
Failure to follow SCM processes	20 513 381	1 017 354
	20 535 851	**9 012 983**

Irregular Expenditure Incurred During the Year		
Expenditure incurred on expired contracts	6 000	744 915
Expenditure of EPWP staff	-	5 105
Failure to follow SCM Processes	19 472	15 678 500
Failure to follow Section 116(3) of the MFMA	9 653 693	6 331 944
Non-compliance with SCM Regulation 43	2 714 000	190 000
Non-compliance with SCM Regulation 44	6 000	-
	12 399 165	**22 950 464**

Irregular Expenditure Incurred During the Prior Year		
Expenditure incurred on expired contracts	933 085	-

45. Unauthorised expenditure

Opening balance	182 429 395	96 932 997
Opening balance as restated	**182 429 395**	**96 932 997**
Add:Unauthorised Expenditure - current period	86 575 122	182 429 395
Less: Amounts written off prior period	(182 429 395)	(96 932 997)
Closing balance	**86 575 122**	**182 429 395**

An amount of R86 575 122 unauthorised expenditure was incurred in the current financial year (2020: R182 429 395). This was due to the actual expenditure being more than the approved operating expenditure budget. The main contributions to the excess expenditure being the debt impairment resulting from the non-payment of debtors and the increased contribution for depreciation of assets. Furthermore, the lease rentals on operating lease costs were budgeted for in the contracted services category instead of the operating lease category resulting in a saving in contracted services and an over-expenditure in operating lease costs.

In August 2020 after the council committee investigations, council adopted the council committee recommendations to write-off an amount of R110 373 105 as the excess expenditure predominantly related to non-cash items in the attempt to align with GRAP 104. The balance of R 72 056 290 was written off on 27 August 2021 on the same premise.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	147 178 881	109 627 166
Cash	(60 603 759)	72 802 229
	86 575 122	**182 429 395**

Analysed as follows: non-cash

Depreciation and amortisation	3 106 218	759 863
Debt impairment	144 072 663	104 656 439
Impairment of Assets	-	4 210 864
	147 178 881	**109 627 166**

Analysed as follows: cash

Bulk purchases	(49 425 645)	22 066 980
Contracted services	(21 264 759)	23 235 344
Finance costs	(6 517 170)	(2 041 159)
Employee related costs	(6 679 151)	29 387 767
Remuneration of Councillors	(2 091 337)	964 918
General Expenditure	20 939 063	(927 030)
Lease rental on operating lease	4 435 240	115 409
	(60 603 759)	**72 802 229**

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 946 058	2 929 404
Amount paid - current year	(2 946 058)	(2 929 404)
	-	-

Notes to the Annual Financial Statements

Figures in Rand

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Audit fees

Current year subscription / fee	3 549 707	-
Amount paid - current year	(3 531 120)	3 788 871
Amount paid - previous years	-	(3 788 871)
	18 587	-

PAYE and UIF

Current year subscription / fee	45 272 425	41 725 590
Amount paid - current year	(45 272 425)	(41 725 590)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	44 437 873	43 816 820
Amount paid - current year	(44 437 873)	(43 816 820)
	-	-

VAT

VAT payable	66 403 085	36 268 311

VAT payable is made up VAT receivable from SARS of R3 841 338 based on VAT returns submitted as well as VAT output and VAT input accruals.

During the year VAT due to SARS amounting to R1 268 215 was paid.

All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand

46. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2021:

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ragavaloo A (Mr)	5 030	12 904	17 934
Dladla ME (Mr)	1 172	-	1 172
Dlamini MP (Mr)	11 065	3 340	14 405
Holmes (Mr)	1 819	-	1 819
Mungroo NA (Mr)	8 749	89 131	97 880
Lake H (Ms)	853	-	853
Nkuna SD (Mr)	1 639	19 047	20 686
Mabhida N (Ms)	1 031	9 205	10 236
Ntuli JB (Mr)	462	-	462
Rangavaloo A (Mr)	912	20 446	21 358
Zondi DP (Mr)	5 303	132 056	137 359
	38 035	**286 129**	**324 164**

30 June 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ragavaloo A (Mr)	275	19 198	19 473
Dladla ME (Mr)	-	374	374
Dlamini MP (Mr)	55	2 802	2 857
Mungroo NA (Mr)	9 247	61 013	70 260
Lake H (Ms)	-	90	90
Nkuna SD (Mr)	424	24 862	25 286
Mabhida N (Ms)	284	6 496	6 780
Ntuli JB (Mr)	234	1 295	1 529
Rangavaloo A (Mr)	3 560	8 660	12 220
Zondi DP (Mr)	1 023	115 069	116 092
	15 102	**239 859**	**254 961**

47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the Council and includes a note to the annual financial statements.

The municipality recorded deviations totaling R7 222 542 (**2020**: R20 601 123) in the current financial year.

A total of R568 298 (**2020**: R14 434 445) deviations related to cases where there was an emergency.

A total of Rnil (**2020**: R296 240) deviations related to cases where the goods/services were produced or available from a single provider only.

A total of R6 654 244 (**2020**: R5 870 439) deviations related to exceptional cases where it was impractical or impossible to follow the official procurement process.

Notes to the Annual Financial Statements

Figures in Rand

48. Budget differences

Material differences between budget and actual amounts

There was excess expenditure to the final budget of 9% for the current year (2020: 12.3%). This was mainly due to increased contributions for debt impairment and depreciation. There were no other material differences between the final budget and the actual amounts.

49. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	126 270 868	77 168 066

50. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities		
Actual amount as presented in the budget statement	192 406 407	418 462 176
Investing activities		
Actual amount as presented in the budget statement	(167 506 666)	(364 201 049)
Financing activities		
Actual amount as presented in the budget statement	(31 158 538)	(11 874 155)
Net cash generated from operating, investing and financing activities	**(6 258 797)**	**42 386 972**

51. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	186 492 367	196 500 346
Used to finance property, plant and equipment	(194 981 976)	(205 428 996)
	(8 489 609)	**(8 928 650)**

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

52. Other revenue

Other income from exchange transactions	74 505	492 733

53. Public contributions and donations

COGTA - Plant and Equipment Donation	-	7 028 676
Mandela Day Marathon Sponsorships	-	3 672 214
	-	**10 700 890**

54. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Notes to the Annual Financial Statements

54. Operating surplus (continued)

Operating lease charges		
Premises		
• Contractual amounts	-	115 409
Equipment		
• Contractual amounts	4 435 240	1 219 631
	4 435 240	**1 335 040**
Impairment on property, property and equipment	-	4 210 864
Amortisation on intangible assets	167 376	1 296 811
Depreciation on property, plant and equipment	46 712 489	44 963 052
Employee costs	280 156 270	275 973 934

55. Revenue

Service charges	297 454 545	285 427 903
Rental of facilities and equipment	-	11 177
Other income from exchange transactions	74 505	492 733
Interest received - investment	2 907 135	6 091 244
Other income from non-exchange transactions	15 692 320	-
Interest on outstanding debtors	47 998 807	46 834 729
Government grants & subsidies	810 459 040	719 534 863
Public contributions and donations	-	10 700 890
Fines, Penalties and Forfeits	-	673 266
	1 174 586 352	**1 069 766 805**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	297 454 545	285 427 903
Rental of facilities and equipment	-	11 177
Other income from exchange transactions	74 505	492 733
Interest received - investment	2 907 135	6 091 244
Interest on outstanding debtors	47 998 807	46 834 729
	348 434 992	**338 857 786**
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants & subsidies	810 459 040	719 534 863
Public contributions and donations	-	10 700 890
Fines, Penalties and Forfeits	-	673 266
Other income from non-exchange transactions	15 692 320	-
	826 151 360	**730 909 019**

56. Sundry debtors disclosure

Gross balances		
Sundry debtors	16 198 802	16 198 802
Less: Allowance for impairment		
Sundry debtors	(10 875 847)	(10 875 846)
Net balance		
Sundry debtors	5 322 955	5 322 956

Notes to the Annual Financial Statements

56. Sundry debtors disclosure (continued)

Included in above is receivables from exchange transactions		
Sundry debtors	5 322 955	5 322 956
Net balance	**5 322 955**	**5 322 956**
Sundry debtors		
> 150 days	5 322 955	5 322 956
Summary of debtors by customer classification		
Sundry debtors		
> 150 days	16 198 802	16 198 802
	16 198 802	16 198 802
Less: Allowance for impairment	(10 875 847)	(14 410 552)
Correction of prior period error	-	3 534 705
	5 322 955	**5 322 955**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(10 875 847)	(8 968 010)
Contributions to allowance	-	(5 442 541)
Correction of proir period error	-	3 534 705
	(10 875 847)	**(10 875 846)**

57. Revaluation reserve

Opening balance	24 628 860	24 628 860

58. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2021

	Housing development fund	Total
Opening balance	8 127	8 127

Ring-fenced internal funds and reserves within accumulated surplus - 2020

	Housing development fund	Total
Opening balance	8 127	8 127

59. Impairment of assets

Impairments		
Property, plant and equipment	-	(4 210 864)
Infrastructure projects were completed and commissioned over the years pending the construction of settlements in local municipalities. The construction of these settlements was however delayed due to funding issues and these schemes have since been vandalised.		

Notes to the Annual Financial Statements

60. Debt impairment

Debt impairment	187 819 718	169 656 439

61. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020

	Note	As previously reported	Correction of error	Restated
Accumulated Surplus		(1 649 386 587)	(104 950)	(1 649 491 537)
Accumulated Impairment - Consumer Debtors		(774 163 770)	(3 534 705)	(777 698 475)
Accumulated Impairment - Sundry Debtors		(14 410 552)	3 534 705	(10 875 847)
Payables from exchange transactions		(234 411 217)	(9 693 796)	(244 105 013)
Other financial liabilities		(195 421 093)	8 928 650	(186 492 443)
		(2 867 793 219)	**(870 096)**	**(2 868 663 315)**

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Re-classification	Restated
Operating Leases - Premises		115 409	-	1 219 631	1 335 040
Contracted Services		189 105 844	-	(1 219 631)	187 886 213
Employee Related Costs		263 602 771	765 145	-	264 367 916
Surplus for the year		**452 824 024**	**765 145**	**-**	**453 589 169**

Errors

The following prior period errors adjustments occurred:

Overpayment of Councillor

The prior period error of R104 950 relates to the overpayment of a Councillor. A debtor has been raised and is reduces as and when monies are recovered from the Councillor.

Misallocation of Debt Impairment Provision

The prior period error of R3 534 705 relates to the misallocation of the Debt Impairment Provision relating to Consumer debtors to Accumulated Impairment of Sundry debtors.

Correction of Overtime Expense

The prior period error of R765 145 relates to the the recording of overtime expenditure in the incorrect period.

Misallocation of Operating Leases

The prior period error of R1 219 631 relates to the misallocation of Operating Leases to Maintenance of Buildings.

Notes to the Annual Financial Statements

61. Prior-year adjustments (continued)

Irregular expenditure

Closing Balance as previously reported	-	48 565 139
Adjustment to opening balance	-	667 022
Adjustment to amount written off	-	1 017 354
Restated closing balance	**-**	**50 249 515**

The adjustments made to irregular expenditure are as a result of amounts erroneously included in the opening balance of irregular expenditure as at 30 June 2020; and amounts erroneously included in the amount written off.

Other Financial Liabilities

The accrued interest of R9 693 796 relating to the the DBSA loan was was erroneously included in the non-current portion of the other financial liabilities balance.

62. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31 081 691	31 081 691	93 245 073	124 326 764
Payables	320 236 992	-	-	-

At 30 June 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	21 073 788	38 890 845	74 177 428	11 256 192
Payables	307 618 153	-	-	-

The municipality holds an investment of R3 750 000 as security for the loan owing to the Development Bank of South Africa. The investment is re-invested annally for the duration of the loan term.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

62. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial instrument	2021	2020
Cash and Cash Equivalents	82 389 734	88 648 531
Trade Receivables	92 090 036	89 077 872

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

63. Going concern

The current ratio for the the current financial year is 0.59:1; the collection rate is 45% and the cash coverage ratio is 0.95. This indicates that the municipality does not have sufficient cash resources to meet its obligations, however if we look at an overall picture, the total assets exceed the total liabilities which indicates that the municipality is solvent. The municipality receives grants to fund operating activities as well as capital commitments.

We draw attention to the fact that at 30 June 2021, the municipality had an accumulated surplus of R 1 774 997 255 and that the municipality's total assets exceed its liabilities by R 1 799 626 115.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

64. Actual operating expenditure versus budgeted operating expenditure

Refer to the Statement of Comparison of Budget and Actual Amounts for a comparison of actual operating expenditure versus budgeted operating expenditure. The reasons for the variances are as follows:

Note 61.1 Billed less than anticipated.

Note 61.2 These amounts relate to income received for tender documents and staff recoveries.

Note 61.3 Received more revenue not anticipated when budgeting resulting from interest from investments and bank accounts..

Note 61.4 Billed less interest on outstanding debtors than anticipated.

Note 61.5 Conditional grants received but not yet spent at year end.

Note 61.6 .Saving on employee costs.

Note 61.7 Saving on remuneration of councillors.

Note 61.8 Under provision of depreciation of assets at the time of compiling the budget.

Note 61.9 Saving on interest charged.

Note 61.10 Lease rental costs budget under contracted services.

Note 61.11 Additional impairment due to higher than anticipated outstanding debtor balances aged beyond 90 days.

Note 61.12 Saving due to reduction in water purchased from bulk service provider.

Note 61.13 Reduced spending due to cost containment measures.

Note 61.14 Unavoidable expenditure incurred.

Note 61.15 Asset disposal not anticipated at the time of compiling the budget.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

65. Segment information

General information

Identification of segments

The municipality is organised and reports to management and governance structures on the basis of five major functional areas: Budget and Treasury, Community Services, Planning and Economic Development/LED/Tourism, Technical Services and Corporate and other support services/units. These are based on municipal powers as cited on the IDP as well as municipal classification per the standard chart of accounts.

A segment is an activity of an entity:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity.

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and

(c) for which separate financial information is available.

Within these functional areas, 3 reportable segments were identified by management. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes

The identified reportable segments are as follows:

Community Services

Planning and Economic Development

Trading Services

Aggregated segments

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Types of goods and/or services by segment

The type of goods and services in these services are those consistent with the provision of basic services to municipal customers and community. The nature of the services generate economic benefits for the municipality as well improve the service potential of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

65. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Community Services	Planning and Economic Development	Trading Services	Total
Revenue				
Revenue from non-exchange transactions	110 067 849	9 497 075	195 695 753	315 260 677
Revenue from exchange transactions	-	-	345 354 838	345 354 838
Total segment revenue	**110 067 849**	**9 497 075**	**541 050 591**	**660 615 515**
Interest revenue				3 005 648
Other income				74 505
Non-exchange Revenue				510 890 682
Total revenue reconciling items				**513 970 835**
Municipality's revenue	**110 067 849**	**9 497 075**	**541 050 591**	**1 174 586 350**
Expenditure				
Salaries and wages	(95 689 223)	-	(87 148 194)	(182 837 417)
Other expenses	(13 864 410)	(8 719 088)	(471 564 799)	(494 148 297)
Finance Costs	-	-	(21 032 830)	(21 032 830)
Debt Impairment	-	-	(187 819 718)	(187 819 718)
Total segment expenditure	**(109 553 633)**	**(8 719 088)**	**(767 565 541)**	**(885 838 262)**
Other Expenses				(157 774 668)
Loss on Disposal of Assets				(4 702 556)
Total expenditure reconciling items				**(162 477 224)**
Municipality's expenditure				(1 048 315 486)
Municipality's surplus (deficit) for the period	**514 216**	**777 987**	**(226 514 950)**	**126 270 864**

Notes to the Annual Financial Statements

Figures in Rand

	Community Services	Planning and Economic Development	Trading Services	Total
65. Segment information (continued)				
Assets				
Current Assets	1 237 138	98 599	112 328 824	113 664 561
Non-current Assets	-	-	2 111 097 986	2 111 097 986
Total segment assets	**1 237 138**	**98 599**	**2 223 426 810**	**2 224 762 547**
Current Assets				80 996 003
Non-current Assets				44 523 267
Total assets as per Statement of financial Position	**1 237 138**	**98 599**	**2 223 426 810**	**2 350 281 817**
Liabilities				
Current Liabilities	862 747	1 819 062	254 159 221	256 841 030
Non-current Liabilities	-	-	175 530 248	175 530 248
Total segment liabilities	**862 747**	**1 819 062**	**429 689 469**	**432 371 278**
Current Liabilities				83 653 635
Non-current Liabilities				34 630 788
Total liabilities as per Statement of financial Position	**862 747**	**1 819 062**	**429 689 469**	**550 655 701**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

65. Segment information (continued)

Measurement of segment surplus or deficit, assets and liabilities

The nature of differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations

The municipality applies the same measurement basis on the information disclosed for the reportable segment as that of the municipal financial statements, except for departmental charges which are allocated between the departments based on consumption, expenditure incurred or any other relevant basis of allocation agreed-upon by the respective departments. On the municipal financial statements, departmental charges are eliminated. There are no other allocations to the reportable segments.

Information about geographical areas

Although the municipality operates in several geographical areas across different wards, these areas are irrelevant for users of the financial statements to make decisions about the entity as the goods or services provided are substantially the same.