

uMGUNGUNDLOVU
UMASIPALA WESIFUNDA
DISTRICT MUNICIPALITY
DISTRIK MUNISIPALITEIT

ANNUAL REPORT

2022/2023

FINANCIAL YEAR

uMgungundlovu District Municipality

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CHAPTER 1: MAYORS FOREWARD AND EXECUTIVE SUMMARY

1.1 COMPONENT A – MAYORS FOREWARD

On behalf of the Municipal Council of uMgungundlovu District Municipality, I present the record of work done during the past financial year (2022/23) to the community of uMDM, the people we serve and to all the stakeholders as well as the people of South Africa and beyond. This is the second Annual Report produced by the Municipal Council that was elected in November 2021. It is a record of service delivery activities undertaken during the period starting on the 01 July 2022 to the 30 June 2023. This report records all service delivery work undertaken during the mentioned period.

The Municipal Council approved Integrated Development Plan (IDP) and the supporting implementation plans being the Budget and Service Delivery and Budget Implementation Plan (SDBIP) are aligned to KZN Provincial Growth & Development Plan (PGDP). This is done in order to ensure alignment with the provincial plans and to enhance government services. This report further gives a detailed progress taken in correcting areas of poor performance as indicated in the IDP and the previous Annual Report.

The municipality with the support of other organs of state at provincial and national levels has reduced the stubbornly high basic service delivery backlogs of water. The Municipal Council is determined to progressively extend the provision of basic services to each deserving community and each deserving household. The major challenge that we continue to face is the availability of funding for continuation of infrastructure development within the district.

The municipality has improved public participation mechanisms, the municipality effected enhanced electronic communication systems using community radio stations and social media platforms. The Mayor participates in radio slots programme meant to inform and get the views of the community on how best to inform them about the work done by the municipality and the entire government.

We managed to conduct our Mayoral Imbizo programme in an effort of ensuring people participation in the affairs of the municipality and to report progress on government projects and programmes. Moreover, our Mayoral Imbizo meetings are an attempt to get further community development needs and get feedback on the quality of services the municipality provides. We have enhanced our social media platforms and the municipal website for easy usage by all our readers. We have also dedicated a staff member to provide quick responses to all enquiries and public comments posted on our social platforms.

We are also implementing the resolution of the Municipal Council to improve our work on the local economic development programme and projects in order to fight poverty and unemployment in our community. The uMgungundlovu District Youth LED Summit that took place at Richmond Local Municipality Indoor Sports Complex on the 22nd of June 2023. The Mayor set the scene and gave the purpose of the Summit. The event themed "The New Normal" was attended by youth representatives from all 7 local Municipalities under the District. The Summit was aimed at economically empowering the youth from communities around uMgungundlovu District.

In conclusion, we know the difficulties faced by our communities and we are responding to the best of our ability, this annual report is our recorded evidence. We are determined to do more through partnerships with our communities, development partners and funders. We are continuously improving our institutional systems and reporting obligations in line with the expected legal prescripts, our Unqualified Audit Report from the Auditor-General bears testimony.

We are here to continue serving you better!!



The Mayor

Cllr M Zuma

1.2 COMPONENT B – EXECUTIVE SUMMARY

This annual report by the UMDM provides a comprehensive overview for the financial year 2022/23 of the district municipality's contribution to the programmes of government in responding to the needs of our communities. The report highlights progress made towards the fulfilment of the municipality's strategic objectives and priorities as reflected in the integrated development plan (IDP), in alignment with the National Development Plan (NDP) as well as the Provincial Growth and Development Plan (PGDP). The report has been prepared in line with section 121 of the local government municipal finance management Act, No. 56 of 2003, together with the accompanying circulars, and guidelines. It presents the highlights of all the programs and projects that were implemented during the 2022/2023 financial year to enhance service delivery within the district.

The UMDM's core function is to provide water and sanitation services and to improve the quality of life of its citizens. As a district, we seek to do so in a way that is financially, operationally, and environmentally sustainable. The foundational elements of our journey in 2022/2023 financial year, were mainly around people, effective governance, and system stabilization. The reality of the growing population within the district has significant implications regarding service delivery. Water use has increased significantly, as well as the need to keep up with the demands for other basic services such as electricity, housing, and food. However, in the financial year under review, the UMDM has done well in terms of providing clean water to the communities; and addressing the backlogs for water. Statistically, about 85% of households have access to clean water at a basic level. However, access to basic facilities such as schools, and health seems to persist as a major challenge in rural areas, at uMshwati and Mpofana Local Municipalities.

The municipality has been experiencing challenges associated with the decline in revenue figures characterized by unemployment and high poverty levels within the district, as well as illegal connections, billing errors, aging infrastructure, and fluctuation in customer numbers. Theft has also regrettably broadened and this cuts across the whole sector, which points to the need for a country wide security initiative to reverse the current trends.

Even with these challenges the district is making strides towards achieving strong financial and operational results. Management remains committed to continuously improving the business performance and ensuring that the vision and mission of the UMDM are realized for the communities we serve. We are committed to ensuring that the strategic priorities as outlined in the IDP drive our tactical plans and operations. Revenue collection impacts heavily on the sustainability of our core business and as such it has become one of the major focus areas going forward. A revenue enhancement plan to turn the situation around has been developed and is ready to be implemented in the next financial year.


There is no question that our leaders are committed to serve with passion so that a meaningful difference is made in the lives of the citizens of our District. Their tenacity and oversight role of the administration will fast track positive outcomes in various service delivery initiatives.

A handwritten signature in black ink, appearing to read 'DR EX Muthwa', written over a horizontal line.

Acting Municipal Manager


DR EX Muthwa

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 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 eThekweni 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:

	<p>KZ224 IMPENDLE MUNICIPALITY:</p> <p>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</p>
	<p>KZ226 MKHAMBATHINI MUNICIPALITY:</p> <p>Significantly located on the N3 corridor. The municipality has a potential to grow through a diversified economy and on bridging the rural-urban divide</p>
	<p>KZ223 MPOFANA MUNICIPALITY:</p> <p>Agriculture and textiles form the backbone of economic development in the Mpopana 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.</p>
	<p>KZ225 MSUNDUZI MUNICIPALITY:</p> <p>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.</p>
	<p>KZ227 RICHMOND MUNICIPALITY:</p> <p>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.</p>



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:

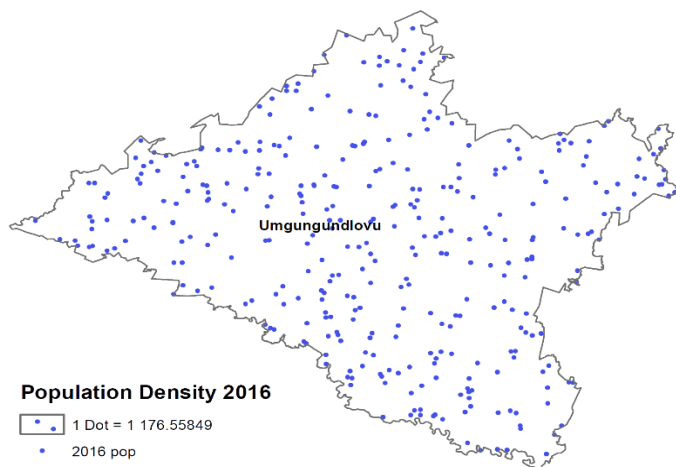
In square kilometres uMshwathi Municipality is the largest of the six Local Municipalities in the District with major urban centres in New Hanover, Wartburg, Dalton and Cool Air. Substantial rural residential settlements are to be found at Swayimane, Mpolweni, Thokozani and Ozwathini.

1.3.1 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 km² in 2016 from 104 persons per km² 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.

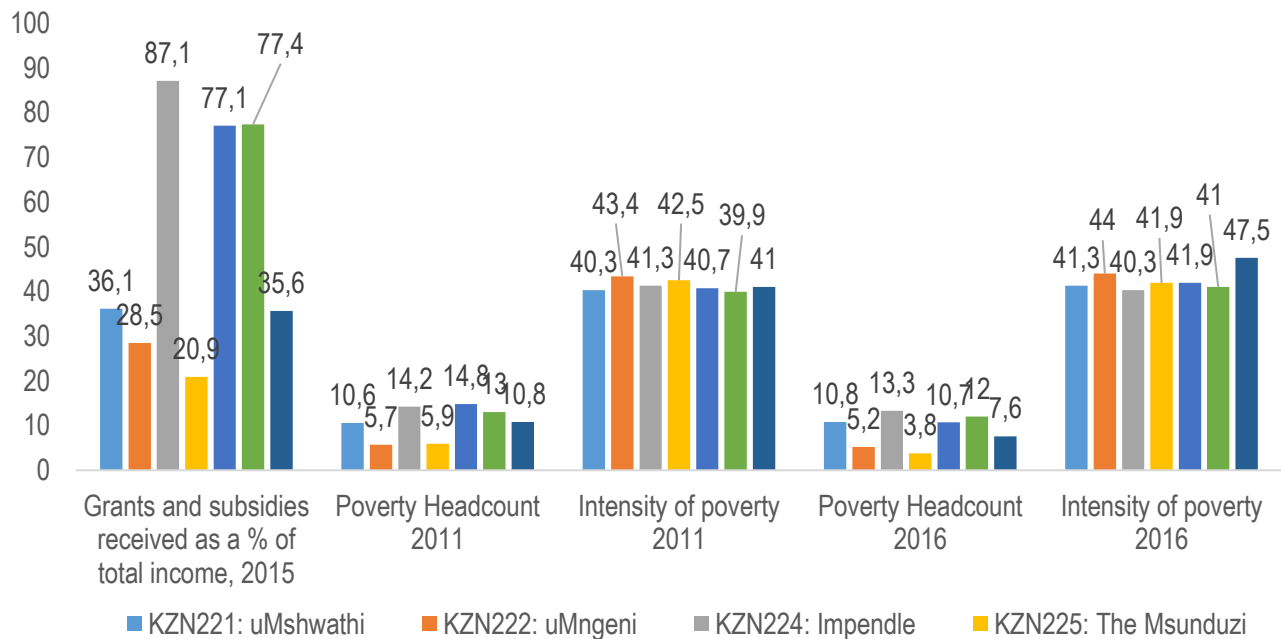
uMsunduzi Municipality has the highest population in the district as this is where most the economic activity is located. Inter-Municipal population growth and decline may be attributed to dynamic pull and push factors: such as communities migrating to seek better work, better facilities, or better opportunities.

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



1.3.2 SERVICE DELIVERY OVERVIEW

Water Provision

The table below further details projects implemented by the Municipality

No	Project name	Project Description	Beneficiaries
1	Upgrading of Nkanyezini water supply (07/2021)	Construction of approximately: <ul style="list-style-type: none"> • 10km of uPVC / Steel pipeline. • Construction of 1№ 10MI Post-tensioned Reinforced Concrete reservoir. • Associated valves, chambers, and fittings. 	3078 Homesteads and 24 624 people
2	Upgrading of Manyavu water supply scheme	The construction of approximately 98 km of HDPE, uPVC and steel pipelines ranging from 20mm-250mm in diameter	885 Households and 7 080 people
3	uMshwathi Slum - Trustfeed Water	Construction of approximately: <ul style="list-style-type: none"> • 16.065km of reticulation. • 695 Connections. • Meter/PRV/FC/PSV Chambers. • 1*500KL reservoir. 	Estimated 970 houses and 5820 people
4	Mpolweni Water Supply	Construction of approximately: <ul style="list-style-type: none"> • 167km of HDPE/uPVC/ Steel pipeline. • Construction of 1№ 3MI concrete reservoir. • Refurbishment of the two existing 400kl reservoirs. • 1№ 200KI elevated steel tank. • Associated valves, chambers, and fittings. 	2712 households and 21696 people.
5	Mbhava & Mpethu – Swayimane Water Supply Scheme Extension Phase 2	Construction of approximately: <ul style="list-style-type: none"> • 12km of uPVC/steel bulk water pipelines. • Construction of inlet chambers at reservoir sites and pipe-work into existing reservoirs. • Construction of offtake chambers. 	1779 households and 14904 people.

		<ul style="list-style-type: none"> • Upgrading of 2 existing booster pump stations. • Upgrading of access roads to pump stations and reservoir sites. 	
6	Enguga Phase 5 Pipeline and Civil Works	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. Completion of all civil, electrical, and mechanical works.	17 226 people within 2760 households
7	KwaMathwanya /Craigieburn	<ul style="list-style-type: none"> • Construction of a 50 kℓ/d pump station. • Construction of 1.15km long of steel rising main. • Construction of a 200kℓ elevated steel tank. • Construction of approximately 5.5km reticulation pipelines. • Installation of 1KL BPT • Installation of 40 full metered household connections. 	40 households, 288 people.
8	uMshwathi Phase 4 – Greater Efaye Reticulation Scheme	<p>Construction of:</p> <ul style="list-style-type: none"> • 227.33km of pipeline in Mtulwa, Mt Elias, Njengabantu, Efaye, Kwazibusele and Mbulwane. • 595 Valves Chambers. • 2103 Yard Connections • 2 X reservoirs & 5 X Steel tanks. 	2103 households, 12618 people.
9	Extension of Efaye & Mt Elias Reticulation	<p>Construction of water reticulation pipeline in Efaye and Mt Elias and Approximately:</p> <ul style="list-style-type: none"> • 30,6km of pipeline ranging from diameter 20mm to 90mm Hdpe. • Construction of 60 Valve Meter Chambers. • Construction of 177 Yard Taps. 	177 households, 1062 people.
10	Extension of Kwazibusele & Mbulwane Reticulation	<p>Construction of water reticulation pipeline in Kwazibusele and Mbulwane and Approximately:</p> <ul style="list-style-type: none"> • 39 km of pipeline ranging from diameter 20mm to 90mm Hdpe. • Construction of 60 Valve Meter Chambers. • Construction of 204 Yard Taps 	204 households, 1224 people.

uMshwathi Phase 4 – Greater Efaye Reticulation Scheme



22KL Elevated Tank at Njengabantu

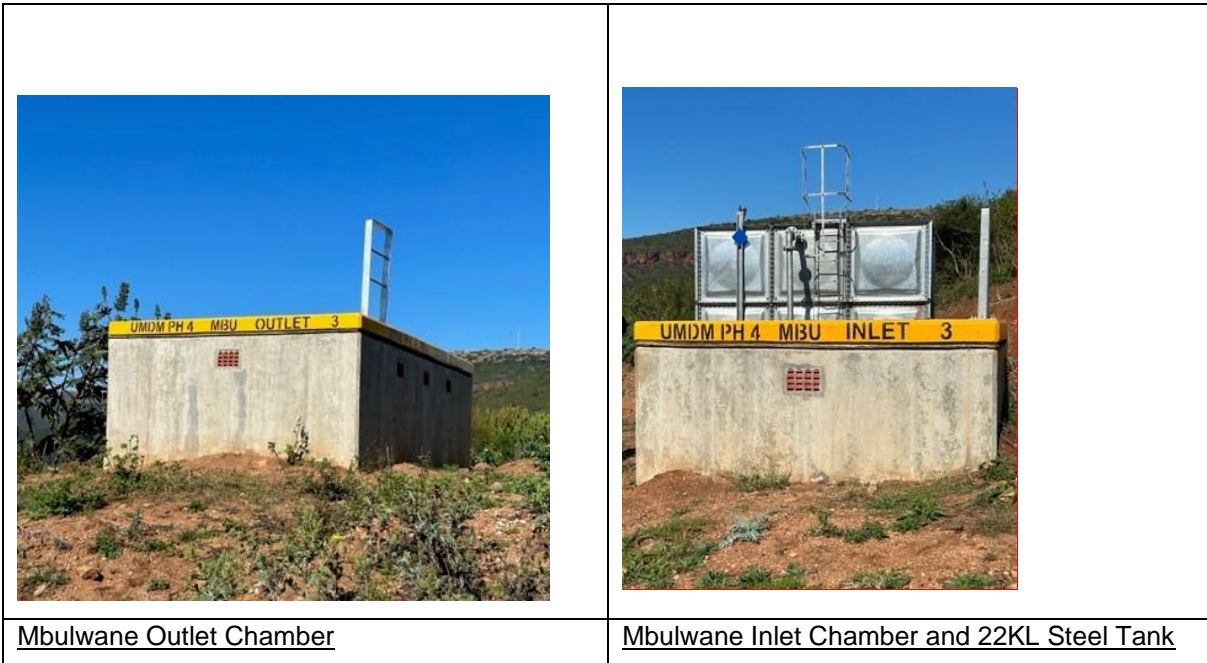


Yard Tap at Efaye



400KL Concrete Reservoir & Yard Connection Tap





Sanitation Provision

During 2022/23 fin year the municipality has installed and completed 987 (VIP) toilets across the six local municipalities.

<p>uMgungundlovu District Toilet Area</p>	<p>Mpofana Local Municipality</p> <p>Nyamvubu 68 units (ward 4)</p> <p>Rockdrift 30 units (ward 4)</p>	<p>98 households</p>
	<p>Richmond Local Municipality</p> <p>Zakhiweni 24 units (ward 6)</p> <p>Vokomani 24 units (ward 6)</p> <p>Zola 24 units (ward 6)</p> <p>Nyambazi 26 units (ward 6)</p>	<p>98 households</p>

	<p>Umngeni Local Municipality</p> <p>Boythorpe 15 units (ward 3)</p> <p>Boschoek farm 13 units (ward 3)</p> <p>Hhaza 70 units (ward 9)</p>	<p>98 households</p>
	<p>Impendle Local Municipality</p> <p>Enguga 54 units (ward 2)</p> <p>Swampu 33 units (ward 2)</p> <p>Shelfish 13 units (ward 2)</p> <p>Mbaliyezwe 15 units (ward 2)</p> <p>Ekukhanyeni 15 units (ward 2)</p> <p>KwaNkosi area, Ivanhoe location, Willow location and KwaKhetha 80 units (ward 4)</p>	<p>210 households</p>
	<p>Mkhambathini Local Municipality</p> <p>Mdabuka 9 units (ward 3)</p> <p>Nkosi Mbongwa Farm 12 units (ward3)</p> <p>KwaToni & Ntweka 77 units (ward3)</p> <p>Makholweni 25 units (ward)</p> <p>Dwengu 24 units (ward)</p>	<p>208 households</p>

	<p>Mpangisa 24 units (ward)</p> <p>Farm compound 13 units (ward)</p> <p>Nhlazuka 24 units (ward)</p>	
	<p>uMshwathi Local Municipality</p> <p>Baxolele & Gobizembe 58 units (ward 12)</p> <p>Mabhedwini Area 40 units (ward13)</p> <p>Gqugquma, mehlwenkosi, Masibambisane, Nguleleni and Ekuphileni 110 units (ward 11)</p> <p>Swayimane, 3 units (ward 12)</p> <p>Qalabane 50 units (ward 7)</p> <p>Windy Hill 14 units (ward 12)</p>	<p>275 households</p>



VIP TOILETS WITH DC22

1.3.3 FINANCIAL HEALTH OVERVIEW

The municipality's financial health has shown signs of improvement over the last two years with the summary of financial performance for uMgungundlovu District Municipality and its entity for the 2022/2023 financial year detailed in the table below.

FINANCIAL HEALTH ASSESSMENT			
		30 June 2023	30 June 2022
Revenue Management			
1.	Revenue from exchange transactions	R 530 044 460	R 347 226 826
2.	Debt collection rate	52%	55%
3.	Debt-collection period (after impairment)	44 days	114 days
4.	Debt impairment provision as a percentage of accounts receivable	93%	84%
	<ul style="list-style-type: none"> • Amount of debt impairment provision • Number of accounts receivable 	R 858 075 050 R 921 226 399	R 564 358 626 R 672 195 850
5.	Percentage distribution losses - water	29.5%	35.49%
	<ul style="list-style-type: none"> • Number of units generated / purchased • Number of units sold to consumers 	28 057 394 kL 19 773 560 kL	28 124 627 kL 18 142 129 kL
Expenditure Management			
6.	Creditor-payment period	129 days	38 days
7.	Employee related costs	R287 766 446	R289 538 901
8.	Remuneration of Councillors and Board Members	R 15 542 762	R11 673 350
9.	Percentage of remuneration (employees and councillors) to total expenditure	29%	23%
10.	Percentage of capital expenditure to total expenditure	17%	17%
Asset and Liability Management			
11.	Amount of the surplus / (deficit) for the year	R 318 430 322	R 252 999 569
12.	Amount of the net current assets / (liability) position	(R 73 303 658)	R 31 032 552
13.	Current Ratio (current assets to current liabilities)	1.09: 1	0.73: 1

FINANCIAL HEALTH ASSESSMENT			
		30 June 2023	30 June 2022
14.	Amount of the net asset / (liability) position	R 2055 050 908	R 2 373 854 856
15.	Debt to Revenue	39.9%	37%
16.	Solvency ratio	48%	39%
Cash Management			
17.	Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R 333 152 099	R 84 539 751
18.	Amount of net cash in / (out)flows for the year from operating activities	R 545 953 225	R 244 916 667
	Average cash coverage ratio	4.7 months	1.3 months
19.	Creditors as a percentage of cash and cash equivalents	86%	151%
	<ul style="list-style-type: none"> • Amount of trade creditors (accounts payable) • Amount of cash and cash equivalents / (bank overdraft) at year-end 	R 286 618 278 R 333 152 099	R 127 821 836 R 84 539 751

Table 1: Financial Health Assessment

COMMENTS ON FINANCIAL HEALTH

There was a substantial increase in revenue generated from exchange transactions mainly due to the higher service charges raised, Interest earned from investments and bank accounts and interest on outstanding debtors.

Service charges revenue increases are due to an increase in tariffs to ensure that they are cost reflective based on expenditure incurred to provide such services. The increase in Interest earned on investments and bank accounts is due to improved cash management with greater efforts made to invest surplus funds on a short term-basis.

The collection rate of the economic entity remained below the National Treasury norm of 95% with a result of 55% in 2023 compared to 52% in the 2022 financial year. This directly impacts the interest charged on overdue accounts which increased in 2022/23. The debt collection period improved from 114 days in 2022 to 44 days in 2023. This is attributable to improved credit control and debt collection where the municipality has raised internal capacity as well as made use of debt collectors for recoveries of long outstanding amounts.

Debt impairment increased to 93% from 88% in the prior year. This is due to the revised methodology whereby government debt is now also considered for impairment as well as UIFW debtors. The municipality is committed in making all possible attempts to recover outstanding monies and does not consider write-off of debt until all efforts to recover have been exhausted in line with the Credit Control and Debt Collection Policy. The entity continuously explores strategies to assist in improving the collection of outstanding debt.

The creditors' payment period has regressed in 2022/2023 to 129 days when compared to the 38 days in the prior year. The creditors payment period remains above the prescribed 30 days. This is mainly attributable to the impact of the sewerage service costs where negotiations and reconciliations with the service provider stalled the payment of invoices .

The economic entity had adequate investment activities in the form of capital expenditure at 17%.

The economic entity's operations resulted in with a surplus of R 261 035 276 in the 2021/2022 financial year, an increase from a surplus of R 117 733 621 in the prior year.

The current ratio of 1.09:1 shows an improvement from 0.73:1 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 of 30 June 2023.

However, the economic entity had sufficient operating revenue to meet the current payment obligations at 37% and 39.9% in 2022/2023 and 2021/2022, respectively. This falls within the norm of below 45%.

The economic entity's solvency was calculated on the net income after adding back non-cash items as a means to assess the entity's capacity to continue operating as a going concern. The economic entity's ability to meet its long-term financial obligations (solvency) improved in the 2022/2023 financial year when compared to the 2021/2022 financial year at 48% and 39%, respectively. The cash coverage ratio remained healthy against the norm of 1 to 3 months, indicating that the economic entity has adequate capacity to fund monthly fixed operational expenditure. This ratio improved from 1.3 months in 201/2022 to 4.7 months in 2022/2023.

The table below reflects employee related costs for the uMgungundlovu District Municipality and its entity for the 2022/2023 financial year, compared to the previous financial year.

1.3.4 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 Annual Performance Report to the AG	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	February	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	February	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

Description	Legislation	Deadline	Responsible Department
Adopt Oversight Report containing the council's comments on the annual report	Section 129(1) of the MFMA	31 March	Council
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

1.3.5 AUDITOR GENERAL'S REPORT

The table below indicates the audit opinion received for the period 2022/2023 financial year and previous years.

FINANCIAL YEARS			
Year	2022/2023	2021/2022	2020/2021
Status	Unqualified with findings	Unqualified with findings	Unqualified with Findings

CHAPTER 2: COMPONENT A – GOVERNANCE STRUCTURES

2.1 POLITICAL GOVERNANCE STRUCTURE

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). 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.

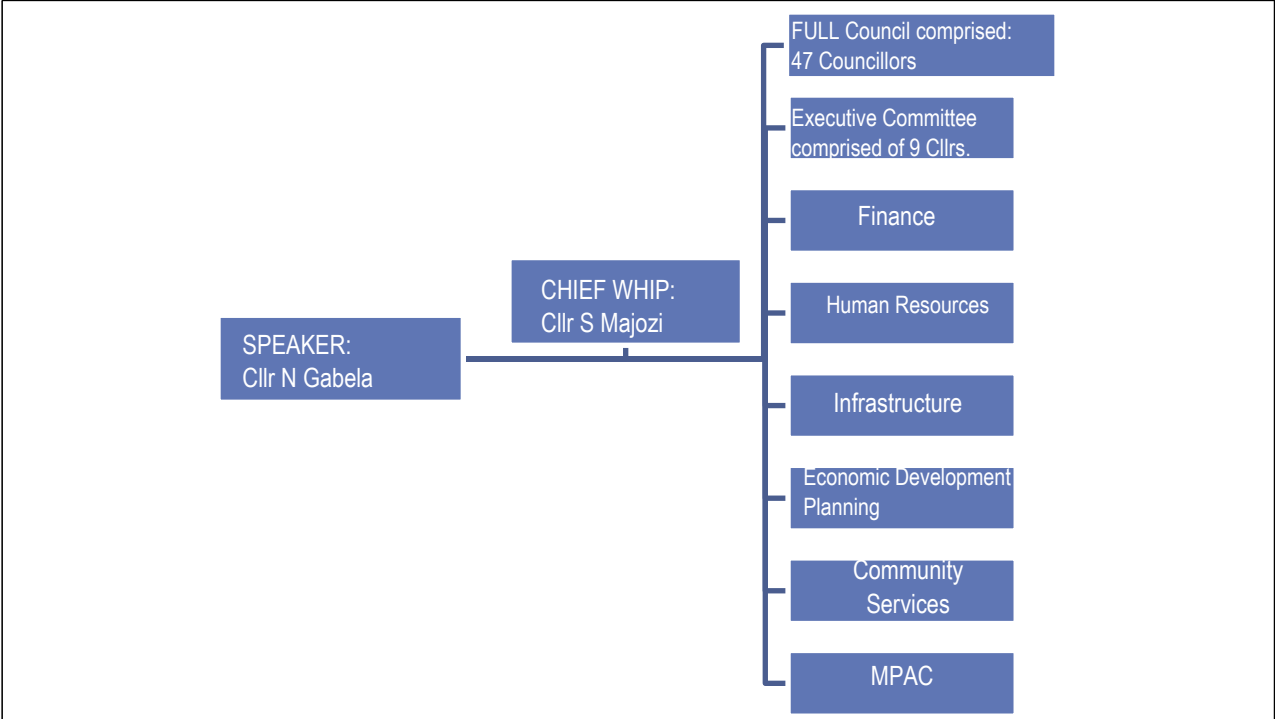


Diagram 1: Political Structure

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.

Name of Official	Gender	Position	Function	Performance Agreement Signed Yes/No
Dr Ray Ngcobo (Contract ended November 2022)	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. Royal Nzuzo (Acting-July-September 2022)	Male	Executive Manager: Technical Services (Acting)	Provision and Management of Water and Sanitation. Water and Sanitation Infrastructure Development and Maintenance.	Yes
Mr Zenzele Ndlovu (Resigned August 2023)	Male			

Mr. Sipho Ndabandaba (Contract Ended April 2023)	Male	Executive Manager Acting: Financial Services	Financial Services: Budget, Financial Reporting, Revenue and Expenditure Management, Asset Management, Supply Chain Management	Yes
Dr Emmanuel X. Muthwa	Male	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
Mrs Phumzile Luswazi (Acting July 2022- November 2022)	Female	Executive Manager: Economic development and Planning	GIS, Planning, Umngeni Resilience Program and Local Economic and Development	Yes
Mr Mbongiseni J. Sithole	Male			

Diagram 2: Top Organisational Structure Level

2.3 COMPONENT B – INTERGOVERNMENTAL RELATIONS

2.2.1 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.

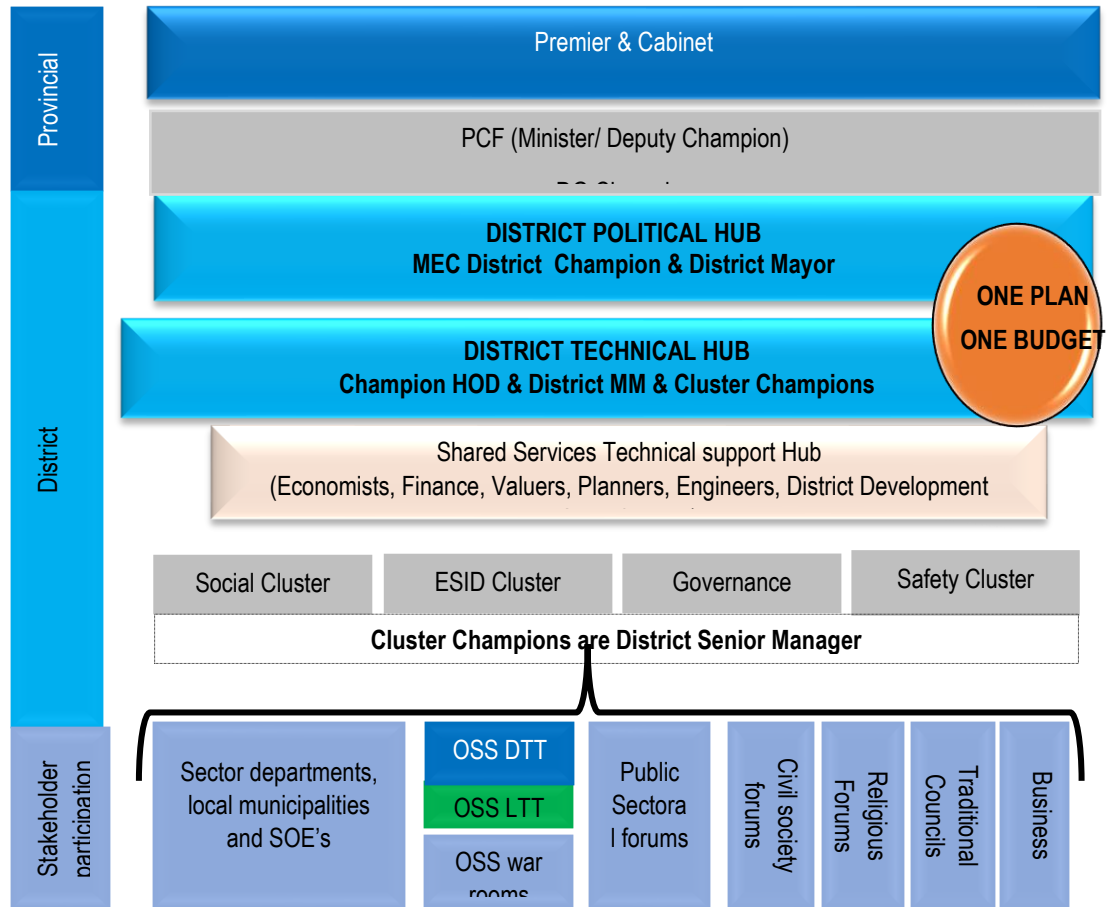
The coordination of all spheres has also incorporated the **Operation Sukuma Sakhe** programme.

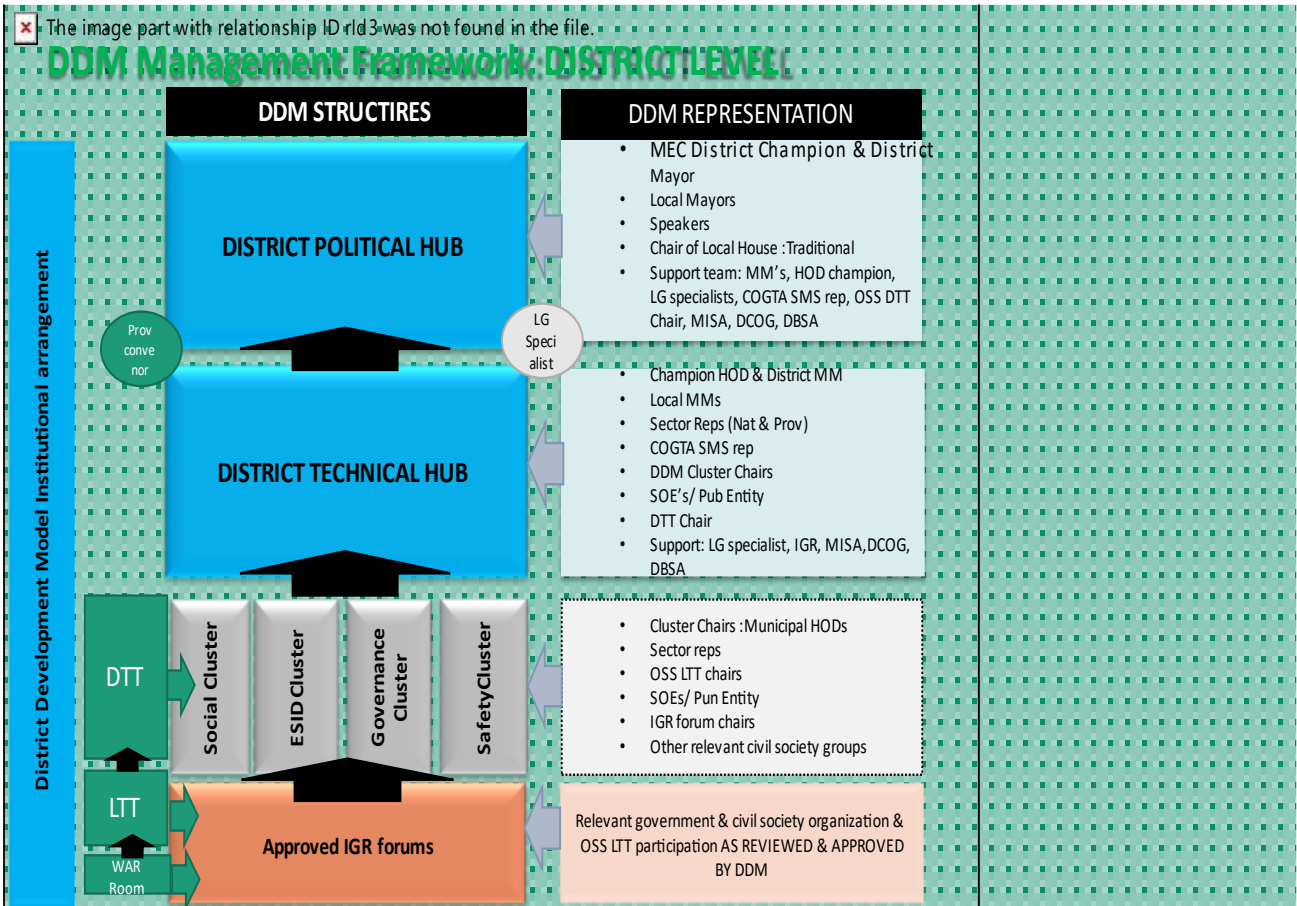
DDM OBJECTIVES

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.





ROLES & RESPONSIBILITIES:

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

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

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

- 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.
- Ensure all 3 spheres of government are accountable & participating in the district sphere.
- Identify and approve required clusters, sub committees and other IGR forums needed to enable DDM to achieve objectives
- Identify areas requiring shared services and oversee the establishment of such.
- 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.

2.4 COMPONENT C – PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4.1 IDP PUBLIC MEETINGS

The Municipal Systems Act (MSA), Chapter 4 section 16 (1a) 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 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.

The uMgungundlovu District Municipality conducted a Mayoral IDP and Budget Imbizo on the 15th of May 2022 in Mpophomeni, where all local municipalities part of the UMDM Family were invited to attend.



Picture taken at the UMDM Imbizo meeting on 15 May 2022

The following issues and requests were raised by the community of uMgungundlovu District.

1. Economic recovery and Economic development sector plans and programs to be aligned with the Local Municipality's
2. Request for graduates to be considered when the municipality is implementing projects, job creation within wards.
3. Request to rather build a plant instead of boreholes.
4. Request for the municipality to attend to the sewerage plant that spills into the river in Tornview Ward 5.
5. Request for the municipality to attend to the water and electricity challenge in Mkhambathini Local Municipality Ward 2.
6. Request for meters in Impendle Local Municipality.
7. Request for more control of standpipes that are being abused by community members in Impendle Local Municipality.
8. Request for the municipality to consider farm dwellers and those in informal settlements when planning for projects.
9. Mpofana Local Municipality Ward 1 community request for bridges.

2.4.2 IDP PARTICIPATION AND ALIGNMENT

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.

2022/2023 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

2.5 COMPONENT D – CORPORATE GOVERNANCE

2.5.1 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.

The uMgungundlovu District Municipal Council reviewed and approved the Municipalities Risk Management policy and strategy for the 2022/2023 financial year. Implementation of the risk management is guided by risk management policy, strategy and implementation plan. The combined use of these documents gives guide in the implementation of risk management activities in ensuring that management mitigates risks that are a threat in the implementation of its programs to an acceptable level.

Management as guided by the approved risk management strategy has further established Risk Management Committees; developed human capacity and tools to ensure effective implementation of the Council's policies and strategies.

The following structures have been put in place to ensure effective implementation of risk management activities within the municipality.

- ❖ The Audit and Performance Audit Committee,
- ❖ Risk Management Committee,

The Risk Management Committee is constituted as follows.

- Independent Chairperson – Ms Ntombizamatolo Lugongolo
- Acting Municipal Manager – DR EX Muthwa
- Acting Chief Financial Officer – Ms Linda Ngubane
- Executive Manager: Corporate Services – Ms Nosipho Mkhize

- Executive Manager: Infrastructure Services – Mr Z Ndlovu
- Acting Executive Manager: Community Services – Ms Lihle Hadebe
- Executive Manager: Economic Development – Mr MJ Sithole

Standing Invites

- Manager: Risk and Compliance – Ms A Shezi
- Manager: Internal Audit – Ms A Dorosamy
- Risk Officer – Ms Z Mazibuko

RISK MANAGEMENT CHAMPIONS

The risk champions were appointed at the beginning of the financial year. They provide assistance to the department in enabling the embedding of risk management within the departments. They also assist management in executing their responsibility of managing risks by coordinating risk management activities within the respective departments.

Departmental Risk Champions work closely with the Risk Management unit in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

In terms of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments in order to ensure that Council better focuses and allocates its resources and take informed decisions and better prepared for adverse circumstances.

The annually reviewed risk register is monitored on an ongoing basis by the risk management unit to ensure implementation of mitigation plans as determined at risk assessment stage and the table below summarizes the municipalities top 10 Strategic Risks and mitigating plans identified during the risk assessment held on the 02 and 05 June 2023

TOP 10 STRATEGIC RISKS	
1	Inability to attract and retain critical/scarce/technical and suitable skills to the municipality to fulfil the mandate.
2	Inability to meet current water and sanitation services demand across the district areas.
3	Failure to create an enabling environment to develop and grow the local economy.
4	Inability to achieve goals set on the Municipal IDP

TOP 10 STRATEGIC RISKS	
5	Failure to provide direction on information technology governance processes.
6	Inability to recover/ quickly resume municipal business operations in the event of a disaster or disruptions.
7	Non-compliance with a Disaster Management Act
8	Possible failure to achieve clean audit/ clean administration
9	Vulnerability to Fraud and Corruption
10	Failure to achieve air quality compliance in line with the requirements (75%).

2.5.2 ANTI-CORRUPTION AND FRAUD

The following Anti-fraud and Corruption policies and strategies were reviewed and approved by Municipal Council for the 2022/2023 Financial year.

No.	Policy / Strategy
1	Anti- fraud and Corruption policy and strategy
2	Whistleblower policy

The implementation of the Anti-fraud and Corruption policy/ strategy gives effect and implements the Municipalities code of conduct and improves enforcement of the applicable systems and policies and procedures within the Municipality.

It is intended to set down the stance of the uMgungundlovu District Municipality towards the fight against fraud and corruption as well as to reinforce existing systems, procedures , rules and regulations of the Municipality aimed at preventing, detecting and respond to and reduce impact of fraud and corruption where it exists.

2.5.3 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. The National Treasury

promulgated the PPPFA Regulations (2022) and the rollout of the regulations was conducted by the KZN Provincial Treasury. The revised SCM Policy was approved by Council on 16 January 2023 to accommodate the changes as introduced by the new regulations.

2.5.4 BY-LAWS

Municipalities are empowered to pass their own legislation, in the form of by-laws, for subject areas to ensure legal compliance of governance practices within the Municipalities jurisdiction. UMDM currently has

- a. Water services bylaw (b). Air Quality Management bylaw (c) Environmental Health bylaw

All the above bylaws are currently under review.

2.5.5 WEBSITES

The uMgungundlovu District Municipality website is the online communication tool for the Municipality and is an integral part of Councils communication and marketing strategy. The website is established in order to.

- deliver current, factual, and official information about the Municipality and its functions, programmes, campaigns, services, and products.
- provide the latest news about the department's activities, events, and programmes.
- publish information about the department to support its strategic goals and meet legislative requirement.
- provide a vehicle for interaction between the Municipality and the public.
- create visibility for the department and promote the department's image.
- market the Municipality to internal and external stakeholders

uMgungundlovu District Municipality website is maintained at a service level agreement of 99% uptime and can be visited from the URL: <http://www.umd.gov.za>. The information and Communication Technology Department is responsible for administering and supporting website uploads. This includes servicing website upload requests of the Local Government Municipal Financial Management Act No 56 of 2003 ("the MFMA"); The Local Government Municipal Systems Act No 32 of 2000 ("the Systems Act") and the Municipal Property Rates Act, no 6 of 2004. The website design, support and administration are conducted in terms of the Department of Government Communications and Information Systems Policy Guidelines for South African Government Website (2012).

2.5.6 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

From a revenue management point of view, there are customer care centres which are available for customers to visit if they want to pay for services or if they have billing issues, meter reading issues and any other issue in respect of their municipal water accounts. Due to issues of capacity, the customer care centres have not been functioning optimally, but the issue of capacity is being addressed and the level of service provided in these centres will drastically improve.

2.5.7 MUNICIPAL OVERSIGHT COMMITTEES

The municipal oversight committees are as follows: Audit Committee, Municipal Public Accounts Committee (MPAC) and Disciplinary Board

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 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 citizens timeously.

During the Financial year 2022/2023 several projects were Implemented in communities that are living under without services and some projects as refurbishment. The following is a highlight of the projects completed and projects under Implementation, however Manyavu & Manzanmyama Water Supply Scheme will function fully at the completion of Nkanyezini Bulk Water Supply Scheme.

COMPLETED PROJECTS		
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. Total Project Cost/Budget: R9 335 419	uMkhambathi Wards 2 & 5 Households Served: 1050
Manzanmyama 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. Total Project Cost/Budget: R66 741 783	uMkhambathini Ward 2 Households Served: 680

<p>Maqongqo Water Supply 5 Phase</p>	<p>Project is complete.</p> <p>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.</p> <p>Total Project Cost/Budget: R4 067 607,5</p>	<p>uMkhambathini</p> <p>Ward 1 & 2</p> <p>Households Served: 1622</p>
<p>UMshwathi Secondary Bulk Water Supply Phase 3B-Nadi and Ekhamanzi</p>	<p>Project is Complete.</p> <p>Construction of approximately 57.92 km of 50mm to 63mm Ø HDPE, 75mm to 160 mm Ø uPVC and 150mm Ø Galvanised Mild Steel bulk water pipelines.</p> <p>1 ML Reinforced Concrete reservoir, 1 No. 50kL pressed steel tank and support structure, 3 No. 10.8kL steel tanks and support structures, and tie-ins into existing pipelines with associated chambers and assemblies. 455 household meter connections with yard taps.</p> <p>Total Project Cost/Budget: R80 285 732.33</p>	<p>uMshwathi</p> <p>Ward: 3</p> <p>Household served:455</p>
<p>Mbhava & Mpethu – Swayimane Water Supply Scheme Extension Phase 2</p>	<p>Project is complete.</p> <p>Construction of approximate 12 km of 110mm Ø - 250mm Ø uPVC/steel bulk water pipelines. Construction of inlet chambers at reservoir sites and pipework into existing reservoirs.</p> <p>Construction of offtake chambers. Upgrading of 2 existing booster pump stations. Upgrading of access roads to pump stations and reservoir sites.</p> <p>Total Project Cost/Budget: R69 546 766,52</p>	<p>uMshwathi</p> <p>Ward: 6,12 &13</p> <p>Household served:1779</p>

PROJECTS UNDER CONSTRUCTION		
Project Name	Implementation Status	Local Municipality
uMshwathi Slum - Trustfeed Water	<p>Project was awarded to Makhubu Civils, commencement of the contract date 4 June 2020 and completion date was 17 June 2022 however the contract between the contractor (Makhubu Civils) and UMDM is terminated due to noncompliance of the contractor. An Engineering Consultant have been appointed for design review and scoping of the outstanding work to go out to Tender.</p> <p>The overall progress at 93%.</p> <p>Progress which has been achieved thus far on project is as follows:</p> <ul style="list-style-type: none"> • 16,68km completed off a total of 16,07km (103%) of the construction of 25mm Ø -50mm Ø HDPE and 75mm Ø -250mm Ø uPVC • Connection off new domestic meters and yard taps on new reticulation pipeline: 411 of 464 complete (89%) • Connections of new domestic meters off existing reticulation pipeline: <ul style="list-style-type: none"> • 189 of 231 complete (82%). <p>TOTAL: 600 of 695 connections.</p> <ul style="list-style-type: none"> • Construction of 3 Meter/PRV/FC/PSV Chambers is 93% complete • Construction of 500KL Reservoir with associated chambers and fittings is 90% complete. <p>Total Project Cost/Budget: R15 928 946,35</p>	uMshwathi Ward: 8 Household served:970 houses.
Mpolweni Water Supply Scheme	<p>Project is awarded to Hidrotech Construction, Commencement of the contract is 23 November 2023 and completion date is 25th of August 2023.</p> <p>The overall progress is 76,99%</p> <p>Progress which has been achieved thus far on project is as follows:</p> <ul style="list-style-type: none"> • 135,921 km of a total of 167,961 km Construction of pipeline ranging from 25mm Ø to 355mm Ø • 3ML Reservoir: 98% complete 	uMshwathi Ward: 10 Households to be served: 6212 however 2712 will be served with metered house connections and yard taps.

	<ul style="list-style-type: none"> • 200KL Elevated steel tank: 100% <p>Total Project Cost/Budget: R261 412 335,70</p>	
uMshwathi Phase 4 – Greater Efaye Reticulation Scheme	<p>Project is awarded to Icon Construction; Commencement of the contract is 23 November 2020, and the completion date is 29 January 2024.</p> <p>Overall progress 96,98%.</p> <p>Progress which has been achieved thus far on project is as follows:</p> <ul style="list-style-type: none"> • 226,957 km complete of a planned 227,300 km (99,85%) of the construction of 50mm – 315mm Ø uPVC, HDPE and GMS Roll Grooved End bulk and reticulation water pipelines. • Chambers: 585 number complete of a planned 595 number (698,24%) • Yard Taps: 1803 number complete of a planned 2103 number (85,92%) • 400KL RC Reservoir: 100%. Awaiting water Tightness Testing and Disinfection. • 50KL RC BPT: 100% complete. • 50KL steel water tank: 100% (Inlet/Outlet and Base construction has commenced). • 22KL steel tank: 100% (Tank 1 @Nj Bulk complete, 2 @ Mbulwane, Inlet/Outlet and Base construction complete). <p>Total Project Cost/Budget: R265 626 822.91</p>	uMshwathi Ward 3 & 4 Households to be served:5200
Upgrading of Nkanyezini water supply	<p>Project is Awarded to Afriscan Construction, Commencement of the contract is 29 November 2021 and completion of the contract is 1 June 2023.</p> <p>The overall project progress is 64%</p> <p>Progress which has been achieved thus far on project is as follows.</p> <ul style="list-style-type: none"> • 9,134 km of 9,212 km (99,15%) of the construction of OPVC / Steel pipeline ranging from 200mm to 250mm in diameter • Valves and Chambers: 43 in total (71%) • Reservoir: 52% complete <p>Total Project Cos/Budget: R149 347 481</p>	uMkhambathini Ward:3& 5 Households to be served:3078

<p>Enguga Phase 5 Pipeline and Civil Works</p>	<p>The project was affected by the disaster floods in April 2022 and awaiting funding from Cogta(Disaster) to address erosion and damages that was due to the disaster and funding was approved under Disaster R & R to the amount of R10 100 000,00. HYDROTEC SA was then appointed and commenced with work on 01 April 2023 and the due completion date was 30 October 2023.</p> <p>Overall Progress 45%.</p> <p>Progress which has been achieved thus far on project is as follows.</p> <ul style="list-style-type: none"> • Site Establishment: 100% • Access Roads Rehab: 88% • Materials Order: 60% • Cofferdam: 100% • Removal of Cofferdam: 0% • Cleaning of Sump: 100% • Install Sump Closure: 100% • Stormwater Drainage: 0% • Gabions: 25% • Work on raw water abstraction intake in progress 65% <p>Total Project Cost/Budget: R10 100 000,00</p>	<p>Impendle Ward 1& 2</p> <p>Households to be served:2760</p>
<p>KwaMathwanya Water Supply Scheme</p>	<p>Project is awarded to Isiphosethu Construction, Commencement of the contract 2 February 2021 and Completion of the contract is 19 June 2023. The contract have been terminated dur to poor performance by the contractor and still pending contractor objection.</p> <p>95% Progress which has been achieved thus far on project is as follows:</p> <p>All HDPE pipes and yard connection - Progress 100% excluding steel pipeline</p> <p>40 x Metered Yard Connections – 100% complete</p> <p>Manhole Chambers – progress 50%</p>	<p>Mpofana Ward:4</p> <p>Households to be served:40</p>

	<p>River Crossings concrete columns – 100% complete</p> <p>Elevated tank - progress 95%</p> <p>Borehole pump station (transformer was installed but not connected) - Progress 50%</p> <p>Rising Main Pipeline – 47% Progress</p> <p>Total Project Cost/Budget: R16 801 765,99</p>	
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Challenges encountered:

- Tender Value received were high then estimated.
- Increase in labour rate from EPWP rate to BCCEI rate for all Civil engineering work and building of which is 200% compared to the initial EPWP rate.
- The effects of Escalation (CPA) increase on Projects cost, due to construction related prices indices.
- High increase on interest rates which accumulate escalation way more than what was budgeted during tender stage.
- The increase of fuel and raw material for pipes of which is force majeure and affects all projects.
- Projects stoppages by Locals and Amadela Ngokubona.
- Slow progress performance by CPG sub-contractors

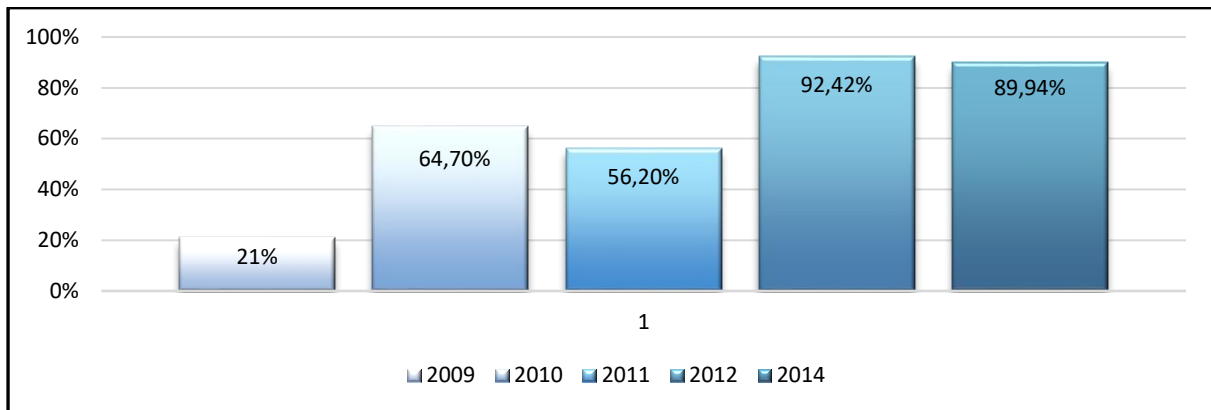
3.1.1 WATER AND WASTE- WATER QUALITY

Water and Wastewater Quality Performance at uMgungundlovu District Municipality in 2023

uMgungundlovu District Municipality is responsible to supply potable water to six local municipalities (LMs) in its designated operational areas. 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 Umngeni-Uthukela Water on behalf of the District Municipality. The final effluent from these wastewater treatment works is also monitored as per Water Use License or General Authorisation. Together with Umngeni-Uthukela Water, the District Municipality developed wastewater risk abatement plans 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 Integrated Regulator Information System (IRIS) which is <https://ws.dws.gov.za/IRIS/mywater.aspx> 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 (Graph 2). 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.

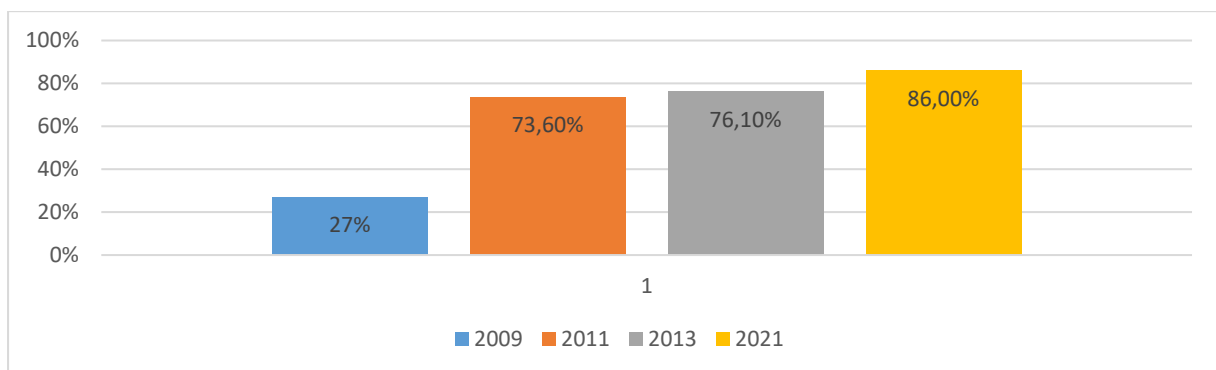


Graph 2 Municipal Blue Drop scores

Note: The 2021/2022 Blue Drop assessments have been conducted and the results will be released by Department of Water and Sanitation in due course.

Green Drop certification

There have been four Green Drop assessments since it was introduced in 2008. Graph 3 below provides information indicating that, following an unfavourable score of 27% in 2009, best practices for wastewater quality management were implemented. These efforts resulted in a notable improvement in subsequent assessments. In 2021, the District Municipality was able to achieve Green Drop status for Cool Air Wastewater Treatment Works. The overall Municipality Green Drop Score also increased from 76.10% to 86%.



Graph 3: Municipal Green Drop scores

Note: The next Green Drop assessments are expected next year.

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

UMgungundlovu District municipality					
	Acute Health	Acute Health	Chronic Health	Aesthetic	Operational
	Microbiological	Chemical	Chemical	Chemical - Non Health	
	Comply	Comply	Comply	Comply	Comply
<u>Boreholes (Untreated)</u>	100%	100%	73.1%	100%	100%
<u>Gomane Boreholes</u>	78.8%	-	78.0%	100%	98.3%
<u>Impendle Spring</u>	89.7%	100%	75%	84.1%	85%
<u>Lidgetton West</u>	100%	-	100%	100%	100%
<u>Mpofana</u>	100%	100%	99.3%	100%	100%
<u>Nzinga</u>	94.4%	100%	97.6%	78.6%	80%
<u>Rosetta</u>	100%	-	100%	100%	100%
Umgeni Bulk Supply	98.5%	100%	100%	99.9%	99.0%
uMgungundlovu District Municipality	95.2%	100%	90.4%	95.3%	95.3%

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

Acute health microbiological: - Out of eight water supply systems, five of them achieved more than 95% except Impendle spring, Nzinga and Gomane plants. Microbiological quality at Impendle spring was affected when there was 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. The disinfection process has improved with installation of chlorinator, leading to more effective pathogen removal and a higher overall quality of water treatment. The disinfection process at Nzinga plant was affected by load shedding and the process is monitored by process controllers closely. Water quality at Gomane Boreholes is disinfected by using Calcium Hypochlorite. Disinfection is monitored closely to ensure compliance.

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: - Boreholes, Impendle Spring and Gomane were below the recommended internal limits of 0.5 mg/L. This is sometimes affected by long retention times of treated water in the reservoirs.

Aesthetic compliance:- Impendle spring and Nzinga had slightly elevated turbidity due to high rains, water process was optimised to improve the water quality results.

Operational: - Impendle spring 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.

The overall drinking water quality within uMgungundlovu District Municipality meet good drinking water quality standards. According to 2022/2023 SDBIP, the District Municipality, the District Municipality has achieved 98,6% microbiological compliance, 98,9% eastethic complaince and 95% operational compliance

Wastewater Quality Performance

In terms of Green Drop System, wastewater quality compliance for the final effluent is classified as follows:

Bad - : <50%
Poor - : 50% - 69%
Good - : 70% - 89%
Excellent - : ≥90%

Wastewater Treatment Systems	Microbiological	Chemical	Physical
	Compliance	Compliance	Compliance
Appelsbosch	90%	90.5%	98.4%
Camperdown	90%	100%	100%
Cool Air	95%	95.7%	98.6%
Howick	86.4%	87.0%	93.5%
Mooi River	100%	100%	96.4%
Richmond	89.5%	100%	100%
uMgungundlovu District Municipality	91.8%	95.5%	97.8%

Table 21: Wastewater quality compliance for each wastewater treatment works

Appelsbosch: - The plant was able to meet the standards for excellent final effluent with regards to all categories for compliance.

Camperdown: - The plant was able to achieve 100% under all categories for compliance. Upgrading of the chlorine contact tank has improved the performance of the treatment plant.

Cool Air: - The plant is performing well and has complied with all categories for excellent final effluent. Cool Air wastewater treatment works has also received Green Drop status in 2021.

Howick: - The plant was able to meet the standards for excellent final effluent with regards to microbiological and chemical categories for 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. Mpophomeni wastewater treatment works is currently being upgraded and the completion of this wastewater treatment works in 2024 will reduce the flows going to Howick wastewater treatment works and as a result, quality of final effluent will also improve.

Mooi River: - The plant was able to meet the standards for excellent final effluent with regards to all categories for compliance.

Richmond: - It is only microbiological compliance which was good and all other categories were excellent, The load shedding affect disinfection process. The process is monitored closely and alternative disinfection is used when there is no power supply.

3.2 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 7148. However, a total of 6735 were total application forms received and processed, and a total number of 3185 x indigent households had been provided with access to free basic water services by 30 June 2023. Various indigent registration programs were implemented (door -to door program, customer verification program, community meetings etc).

With regards to implementation, customers on the database receive their benefits, of 6000 litres (6kl) of free water / month 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 water account with the municipality.

✓ Have a valid South African Identity Document.

✓ Be a permanent tenant or lodger

✓ The total gross income for the household must not exceed R 5000.00 (this excluding child grants and disability grants)

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.

The Municipality has further made the following provisions in order to ensure that as many indigent customers as possible receive the subsidy.

- ✓ The Municipality has further signed a Memorandum Of Understanding with the South African Social Security agent (SASSA) , the indigent policy is then revised as follows :
- ✓ To qualify for the SASSA, grant a person should meet the following criteria:
- ✓ Be a South African citizen, permanent resident, or refugee. Live in South Africa
- ✓ Not earn more than R 86 280 .00 (R 4800 /month) if you are single or R 172 560 if married (R 9600.00)
- ✓ In light of the above
- ✓ a consumer who has qualified to receive the SASSA grant would also qualify to receive the UMDM indigent status.
- ✓ A customer who has been approved as indigent at a Local Municipality will be automatically included into the Municipality indigent register .

VALIDITY OF INDIGENT SUBSIDY

- ✓ The indigent subsidy is valid from the day of approval, inclusion on the indigent register and submission to the revenue department.
- ✓ The subsidy will be valid for a period of 5years subject to annual verifications by the municipality, whereafter the recipients of the subsidy will have to re-apply.
- ✓ State pensioners, child headed households and disabled beneficiaries need not to re-apply for the support at any point, they will however be subjected to annual verification by the municipality.
- ✓ Should there be a need for re-application for indigent support the application must follow the normal application and verification process?

3.3. SOCIAL SERVICES

3.3.1 ENVIRONMENTAL HEALTH

Overview of programs conducted for 2022/2023 Fin Year. Highlight any achievements and challenges faced with.

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 fit for human consumption.

In line with the national norms and standards for Environmental Health and the Foodstuffs, Cosmetics and Disinfectants Act (FCD Act) 54/1972 and its regulations, the UMDM Environmental Health Unit conducted routine and follow up inspections and audits of food premises in terms of the. In order to ensure microbiological quality of food and milk and its safety for human consumption, Food and swab samples were taken from various facilities including restaurants, takeaways, food processing plants and the kitchens of school nutrition programmes. The Unit also participated in the Dairy Standards Agency's milk and milk products sampling program from retailers, processors and milking sheds.

Food related service	Number
Food samples analysed	157
Inspection and certification of premises	398 and 82

Food control is a mandatory regulatory activity of enforcement by national and local authorities to provide consumer protection, and to ensure that all foods are safe during production, handling, storage, processing and distribution. It also ensures that foods are wholesome, that they are fit for human consumption, that they conform to quality and safety requirements, and are honestly and accurately labelled as prescribed by law.

The food sector is challenged with food safety risks, such as foodborne diseases, cold chain maintenance and a general lack of effective enforcement of regulation. The following challenges were encountered:

1. Human and financial capacity. There is also a well-established shortage of EHPs in the district, with the ratio of EHPs to population falling well below Norms and standards.
2. Inadequate food storage and poor sanitation
3. Influx of foreign food traders without knowledge of food safety
4. Inability to conduct chemical analysis due to financial and laboratory constraints.



Figure 1 and 2: EHP conducting an inspection and removal of food that does not meet the food safety and labelling standards

Water Quality Monitoring

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

489 Water samples were collected from pollution prone water sources as part of the pollution monitoring programme. This monitoring serves as a warning system as it identifies pollution from manholes and other sewerage sources that oftentimes were not visible thereby impacting on water sources. Poor results were acted upon by involving the responsible departments and authorities.

Another **122** water samples were collected and analysed for their suitability for human consumption. These are drinking water sources that do not form part of WSA's blue drop water quality monitoring but are mainly sources from boreholes in public facilities and water tanker supplies into these facilities.

Waste Management: Solid waste and wastewater management monitoring in various areas within the district municipality. The Environmental health Unit worked with local municipalities on issues of waste and illegal dumping. Activities included: issuance of notices to illegal dumpers, conducting health education and awareness on waste management, ongoing communication with local municipalities on waste issues.

Health Surveillance of Premises: The identification, monitoring and evaluation of health risks, nuisances and hazards and instituting remedial and preventative measures. Various public facilities such as Early Childhood Development Centres, Schools, Old age homes and other facilities were inspected in 2022/2023 to ascertain legal compliance and their suitability to accommodate its intended users. Those that are required to register were registered as per relevant legislation. A total of **342** public facilities were inspected and certified where required.

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.

As per reports received from the District CDC under the Department of Health on various outbreaks of communicable diseases in communities; investigation and control measures were undertaken in 2022/2023. The communicable disease cases investigated for institution of control measures were Food poisoning, Bilharzia and Rabies.

Vector Control

Monitoring, Identification, Evaluation and Prevention of vectors. Control of pests and vectors is a mandated environmental health area for the eradication of animals which transmit disease pathogens.

Annual activities involved baiting of rodents in public areas in order to minimize their multiplication and to reduce potential spread of zoonotic diseases (i.e., disease that are transmitted from animals to humans). A total of **51** public sites were baited to assist with eradication of rodents.

Health Education and awareness raising on various Environmental Health issues.

A number of awareness raising, and education exercises were conducted throughout the district covering different areas of environmental health. Some of these awareness exercises were for prevention purposes whilst others were triggered by a disease occurrence in areas around the district.

Education around the following topics were conducted throughout the district: Rabies, waste management and illegal dumping, health, hygiene and sanitation, handwashing, water safety and wastewater management, bilharzia and food safety.

Air Quality Management

The Municipality is the Atmospheric Emission Licensing Authority and the function is executed with assistance from the Provincial and National Department of Economic Development, Tourism and Environmental Affairs (EDTEA).

In terms of the National Environmental Management: Air Quality Act (Act No 39 of 2004) (NEM: AQA), the uMgungundlovu District Municipality has a designated Air Quality Officer who facilitates and coordinates all air quality issues, including the licencing of all facilities who conduct listed activities as set out Section 21 of NEMAQA . The Air Quality officer also monitors

atmospheric emissions which emanate from these listed activities and ensures compliance with the national emission standards. Facilities who are issued with Atmospheric Emissions Licences (AEL) are required to submit annual atmospheric emission reports. In addition to reviewing these reports for compliance, the AQO also audited **25** atmospheric emissions reports submitted by facilities on the on the National Atmospheric Emissions Inventory Systems (NAEIS). This was undertaken to ensure credibility and accuracy of the National emissions inventory.

Air quality management and control is currently a function of the UMDM, however the fulfilment of air quality management functions throughout the district is varied with some local municipalities being better capacitated and assuming more responsibility than others to improve air quality and promote clean air through principles that take cognisance of the UMDMs sustainable development needs. In 2022/2023 UMDM worked together with communities and stakeholders to minimise the impact of all air pollution sources on the health and well-being of persons within the district. By facilitating co-operative governance and communication between the different spheres of government we have ensured efficient air quality management and control. We investigate pollution sources that emanate from complaints and we continue to licence all listed activities in terms of section 21 of NEM AQA.

Unfortunately, due to limited human capacity, the district has been unable to register all Section 23 Boilers (small boilers above 10 MW and below 50 MW). The district has however, promulgated and implemented Air Quality Bylaws and has also commence with the process of reviewing the Air Quality Management Plan. Whilst the District faces various air pollution challenges which include persistent issues such as domestic fuel burning and industrial emissions including waste disposal emissions, biomass and sugar cane burning emissions and emissions from vehicles and small boilers, we continue to implement the AQMP to deal with these sources and to improve the state of air within uMgungundlovu.

Types of Licences Issued 2022/2023	Number
Variation licences	3
New AELS	1
Conversion AEL	1
Renewal of AEL	10
Total	15

3.3.2 CEMETERIES AND CREMATORIA

The Municipal Structures Act of 1998, Section 84 (l) grants a District Municipality the powers and functions for the establishment, conduct and control of cemeteries and crematoria serving the district as a whole. During the 2022/23 financial year the uMDM continued convening District Development Model (DDM) working group for cemetery and crematoria in order to improve co-ordination, planning, budgeting, and improving delivery of services through aligning and creating one plan for the work of all spheres of government responsible for cemetery and crematoria. Six meetings of the DDM working group were convened during the financial year.

The biggest challenge the uMDM was the non-attendance of all local municipalities within the uMDM at four of the six meetings that were held. The meetings were held virtually to ensure it was convenient for officials from all LMs to participate and the invites were sent to the responsible officials two weeks before the meeting was to be convened. The provincial sector departments viz. EDTEA and COGTA attended all meetings during the financial year that were convened, and important collaboration took place. The uMDM attended all meetings of the Provincial Task Team for Cemeteries and Crematoria and fulfilled its responsibility to report on matters related to cemeteries and crematoria within the uMDM. The uMDM also provided input into the Protocol being developed by COGTA for planning, managing and operating cemeteries and crematoria in an urban context.

During the COVID 19 pandemic, the crude death rate increased from 0,85% of the population to 1,3% of the population according to statistics provided by the Department of Health and other state entities. Due to increased demand for gravesites and cremations during this period the uMDM established a reporting system to update the available capacity of each LM to cope with the increased deaths as a result of the pandemic. Many municipalities were unable to report monthly on the number of burials at their cemeteries nor the availability of gravesites. The uMDM developed a projection method to accurately estimate the number of gravesites available at each municipal cemetery. The uMDM eventually created a ten-year gravesite availability projection method that looked at the long-term needs for burials and the challenges we collectively face.

The entire process of working with LMs and Sector Departments highlighted the lack of medium to long term planning for cemetery and crematoria infrastructure and facilities. The uMDM began the process of developing a masterplan covering a thirty-year period in order to have a roadmap to guide land acquisition, investment needs and demand for burials and cremations until 2053. The masterplan will be completed in June 2024 using internal resources. The KZN COGTA also entered into a partnership with the uMDM to conduct a desktop search for suitable cemetery sites for all LMs in the uMDM. The initial results were very promising and additional work will be undertaken in the new financial year at no cost to the uMDM and its LMs to identify the most suitable sites for cemetery development.

The lack of proper recordkeeping of historical and current gravesites was a key lesson learned during the COVID 19 pandemic and the uMDM investigated the approaches used by other municipalities in South Africa. The eThekweni Metro has been utilising a digital app for many years which accurately records burial information and can even cater for online transactions between municipalities and the funeral industry. The uMDM arranged a site visit for all LMs in the uMDM and sector departments to better understand the app being used by the eThekweni Metro. The app was found to be very effective and the uMDM included funding in its draft budget for 2023/24 to acquire a similar app so that we are able to know how many people are buried or cremated across the uMDM on a daily, monthly, and yearly periods. This app will also include burials in rural communities that take place at the deceased homes.

The uMDM provided extensive technical support to the Mpofana LM and its Ministerial Representative to resolve the complex challenges facing the Mpofana LM with regards to the identification, expropriation and licensing processes that need to be undertaken to establish a new cemetery.

3.3.3 SOLID WASTE MANAGEMENT

The Municipal Structures Act of 1998 grants a District Municipality in terms of Section 84 (e) the following powers and functions relating to Solid Waste Management (SWM) : Solid waste disposal sites, in so far as it relates to— (i) the determination of a waste disposal strategy; (ii) the regulation of waste disposal; (iii) the establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district. A local municipality has the powers and functions relating to cleansing public spaces, collection of solid waste from households, business, and institutions as well disposal of solid waste. Like Cemeteries and Crematoria, the nature of the function is a shared responsibility for different aspects of the service.

The main challenge confronting the uMDM and its LMs is the lack of Integrated Waste Management Plans (IWMP) for the uMDM and each of its LMs that clearly defines the roles and responsibilities of the Category B and C municipalities and undertakes this planning process so that it is compliant with the Waste Act and the National Waste Management Strategy of 2020. The uMDM completed a draft version of its IWMP in May 2023 using internal resources and ensured that this IWMP is aligned to the National Waste Management Act of 2008, the entire range of Norms and Standards for Solid Waste Management and most importantly the 2020 National Waste Management Strategy (NWMS). The 2020 NWMS requires municipalities to move away from landfilling valuable materials as the first disposal option. It reinforces that landfilling is the last disposal option that must be used.

This creates the need for a total transformation of our SWM system, especially the disposal part of the system. The NWMS and the Waste Management Act requires municipalities to dispose of wasted materials through firstly reducing the production of waste at manufacturing and retail stages and then promotes the reuse, repair, recycling, and processing of organic wasted materials into renewable energy. In this way national government is following global best practice by moving from a linear economy which extracts resources and materials, makes goods, and then sends them to landfill sites to be wasted. Thereafter the linear economy goes back to extracting scarce resources and materials to make new goods. The change that is happening globally is the creation of circular economies that require wasted materials to be reused, repaired, recycled, and processed into valuable new goods and services like renewable energy and fertilizer to name a few. The Draft IWMP was sent out for comment to LMs and sector departments. The public participation process and adoption of the IWMP will be undertaken in the 2023/24 financial year.

In order to have a co-ordinated state that governs together from one joined up plan for each of the basic and essential services provided by all spheres of government, the DDM approach has to be implemented across a District spatial area. The uMDM launched the DDM working group for Solid Waste Management during the 2022/23 financial year. This institution will allow strategy development, planning and budgeting that is usually undertaken through the IWMP process to be joined up so that duplication and misalignment is avoided. The DDM working group will focus on this one plan one budget concept in the new financial year.

The uMDM has provided extensive technical support to the uMshwathi Municipality to prepare a business model and guide bid specification for the appointment of service providers to operate and maintain the Material Recovery Facility (MRF) that was developed in the uMshwathi Municipality. Unfortunately, the bid process has stalled and the MRF is still not operational. The uMDM also provided support to the Mpofana Municipality with regards to the many non-compliant issues at their landfill site. Unfortunately, not much progress has been made due to the lack of funding to bring the landfill site back to a compliant state. Almost all LMs are to some degree non – compliant with their license conditions and it is very expensive for most of them to reach compliant status whilst at the same time burying up to 90% of all waste at their landfill site. The need to divert wasted valuable materials away from landfill sites creates both economic, environmental, and social benefits and avoids the full cost of landfilling everything that is collected and dumped at landfill sites and forever lost to the economy.

The Draft IWMP of the uMDM estimates that to develop the infrastructure, facilities and the acquisition of suitable plant, machinery, and equipment to operate transfer and sorting facilities, material recovery or buy back facilities and composting plants is almost R1 billion. The Draft IWMP proposes that given government across all spheres does not have the funding to finance such infrastructure and equipment, there is an urgent need for blended finance or Public Private Partnerships to be used to build this new system. This approach is one of the most desirable and feasible routes to follow since this is currently global best practice since municipalities do not have specialised skills in house to operate these technologies and facilities and make a profit to repay money that has been borrowed or to maintain such technologies and facilities. The IWMP once approved by the UMDM Council and endorsed by EDTEA will begin this long-term journey of transforming our solid waste management system. The work ahead that the IWMP proposes is very similar to the need for South Africa to generate renewable energy instead of only having coal fired power stations.

Given the challenges posed by the Msunduzi Landfill Site approaching the end of its designed lifespan and the need to immediately build facilities to sort ,recover, recycle and process wasted materials the uMDM allocated funding during the draft budget process which occurred in the 2022/23 financial year for the licensing process for a smaller landfill site and the other facilities that are needed to divert wasted materials away from landfill sites and back into the economy. The NWMS of 2020 set a target for all municipalities to divert all organic materials and recyclables away from landfill by 2035, however a 45% diversion rate is needing to be achieved by 2028. This poses both a significant challenge as well as a golden opportunity for the uMDM and other municipalities across South Africa to transform their waste management systems.

3.3.4 SPORTS, ARTS AND CULTURE

Overview of projects and programs conducted for 2022/ 2023

Highlights and Achievements

uMgungundlovu District Municipality successfully coordinated and delivered SALGA KZN DSAC Games 2022 in partnership with all seven Local Municipalities and Department of Sport, Arts and Culture

uMgungundlovu District Municipality successfully coordinated and delivered the Golden Games 2022 in Provincial level and provided support for the National level games in partnership with six Local Municipalities (excluding Mpofana Local Municipality) in partnership with Department of Sport, Arts and Culture, Department of Social Development, Department of Health and uMgungundlovu Age In Action

uMgungundlovu District Municipality successfully coordinated and delivered the Disability Games 2022 in Provincial level partnership with all seven Local Municipalities, Department of Sport, Arts and Culture, Department of Social Development, Department of Health

uMgungundlovu District Municipality successfully worked with the Department of Sport, Arts and Culture, and all seven Local Municipalities in hosting the District Youth Run and successfully delivered a team to Provincial level with the full supported of the Department of Sport, Arts and Culture

uMgungundlovu District Municipality successfully coordinated and maintained work relations with key stakeholders such as Department of Sport, Arts and Culture, all Local Municipalities, District Sport Federations and District Sport Confederations in delivering the sports and recreations programmes.

CHALLENGES

There was no budget allocation for Sport, Arts and Culture in terms of the SDBIP in the 2022 / 2023 Financial Year

3.3.5 HIV / AIDS

Overview of projects and programs conducted for 2022/23

The HIV/AIDS programme is rightfully located in the community services where it is mandated to serve the community through strategies and responses that were devised and coordinated by the uMgungundlovu District AIDS Council. The Council sits every quarter of the year and agrees on the manner and approach to tackle HIV, STIs, TB and the social-ills affecting the district.

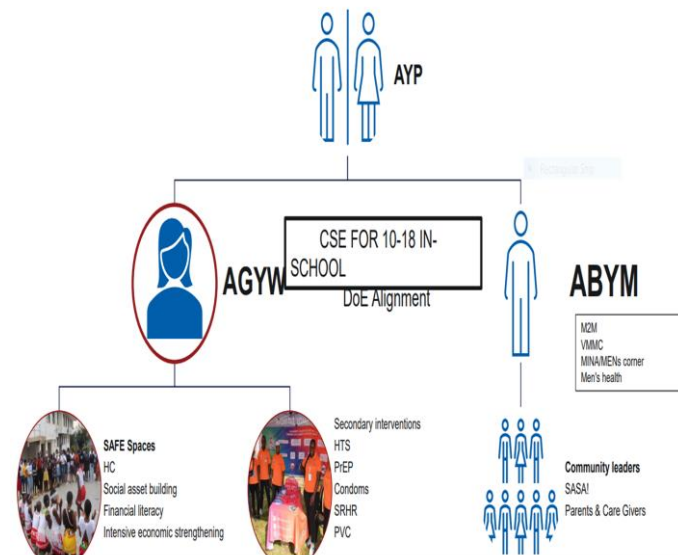
The following projects serves to highlight projects implemented throughout the year 2022/23 financial year.

PROGRAMMES / PROJECTS

ADOLESCENT & YOUNG PEOPLE – (AYP) PROGRAMME

The uMgungundlovu District AIDS Council is implementing in partnership with partners, for instance: TBHIVCare, the AYP programme which has led to the Council receiving an AYP Focal Person to assist strongly and effectively the Office of the HIV/AIDS Coordination in ensuring involvement of AYP and a smooth coordination of AYP activities and programmes. The AYP is implemented in partnership with other stakeholders, but key amongst many other stakeholders is the Department of

Education, Social Development and the Department of Health. Moreover, the District AIDS Council forged relationships with the Provincial Council on AIDS and the South African National AIDS Council to fund the placement of the AYP Focal person, and who is doing a great job within the Office of the HIV/AIDS Coordination and her credentials have indeed made this appointment fruitful, her name: Ms. Noluthando Ngcobo.



The AYP plays a critical and most central role in HIV prevention programmes in high schools, promoting use of PrEP amongst the adolescent girls and young women (AGYW), and it also spread impact of these programmes inclusively with adolescent boys and young men (ABYM).

Most importantly, the AYP Programmes creates safe spaces for girls and boys ages from 10 years until 18 years, and mostly in schools. Throughout 2022/23, the AYP programme has been very instrumental in addressing, amongst many

other social-ills, the teenage pregnancy and substance abuse in schools.

The AYP Programme promotes, amongst many other things, sexual and reproductive health, PrEP, contraceptives and HIV testing, healthy lifestyle and peer education. In the entirety of the 2022/23 financial year, the AYP Programme also focussed on mobilizing youth to find solutions in preventing HIV, early pregnancy, and gender-based violence (GBVF), keep girls and boys in school, promote behaviour change and healthy lifestyle amongst the Adolescent Girls and Young Women (AGYW).

ESTABLISHMENT OF A DISTRICT DRUG ACTION FORUM / PROJECTS

Under the 2022/23 financial year, the HIV/AIDS Programme planned, coordinated and launched a fully fledged and well represented District Drug Action Committee headed by the Community Services Portfolio Committee Chairperson. The recently-released United Nations World Drug Report had named South Africa as one of the drug capitals of the world. The uMgungundlovu has been highlighted as one of the leading drug infested region in the Country.

Due to compelling evidence, the infestation of drugs in uMgungundlovu affects in huge proportion the youth. Therefore, programmes and projects aimed at the youth were devised and implemented throughout the District under the 2022/23 financial year. The programmes and projects were spearheaded by the District AIDS Council in partnership with the District Drug Action Forum members and other relevant stakeholders. Very important NGOs became part in joining the fight against the scourge (increased supply) of illicit drugs in the district. NGOs such as Inkunzi Isematholeni have joined hands with the uMgungundlovu District AIDS Council together with the Drug District Action Committee members.



Some of the key and very supportive non-government organizations are SANCA, the Department of Social Development, Department of Health, the Department of Education and other participating organizations.



The multi-sectoral approach has been absolutely endorsed in all programme implementation and planning throughout the 2022/23 financial year. Very potent events have been organized and speakers encouraged community and learners to abstain from illicit drug use.

The political leadership and the administrative leaders participated in most events which were organized through the District AIDS Council in partnership with the District Drug Action Forum. The initiatives centered around behavior change, prevention, and messaging using the funded DAC projects as a vehicle to advance harm reduction activities on people who use / abuse drugs.

The uMgungundlovu District AIDS Council advances a multi-sectoral approach to address substance abuse and its effects on society, families, and most importantly – teenagers. As a multi-sectoral coordinating structure, throughout the 2022/23 financial year – the Council:

- Conducted workshops to empower educators with knowledge on how to deal with substance use by learners.
- Created school environments free of substance use.
- Developed multi-sectoral programs and policies aimed at dealing with substance use in schools, community at large and ensure their effective implementation across all schools.
- Continued collaboration among departments / civil society organizations is crucial to empower educators and curb substance use in schools/societies at large through awareness campaigns.

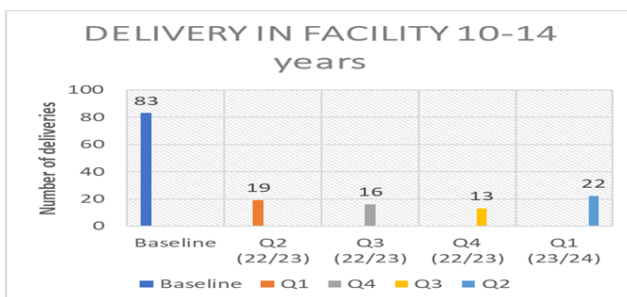
- Continue providing education and awareness campaigns on substance use and its consequences.
- Engaging more with learners, community, and parents in devising solutions to the substance abuse in schools, early teenage pregnancy and school-drop out.



LEARNER & TEENAGE PREGNANCY PROJECT

According to STATSA, uMgungundlovu still has a high burden of HIV and AIDS, but, as a collective, the District AIDS Council and its partners is making very important strides in ensuring that HIV and AIDS are treatable and manageable diseases throughout the district.

Currently, the district is following, implementing, and rolling out some of the most important and life-changing national policies in curbing the spread of HIV/AIDS and TB.



It is a fact that HIV/AIDS and TB are still a burden in uMgungundlovu, it is therefore incredibly critical that funds directed at managing the HIV/AIDS, STIs, and TB responses are intervention-based driven, sector-specific, programmatic, needs-based, and supported by the civil society interest and the developmental agenda. By so

doing, this will enable the district to meet its UNAIDS 95-95-95 targets and other important milestones by 2030.

Considering the prevalence of HIV, the uMgungundlovu District AIDS Council in partnership with the Department of Health, District Partner – HST (Health Systems Trust), key government departments (DSD & DOE) and other non-government organizations have joined hands in the 2022/23 financial year to solely focus efforts in implementing, coordinating and responding to teenage pregnancy and substance abuse in schools, and not negating HIV, STIs and TB in the district. The two subdistricts had the highest rate in the district and, that is Impendle at 27,4% and uMshwathi at 20.6% in the last financial

year. Therefore, denormalizing teenage pregnancy had to be conducted at Impendle and uMshwathi subdistricts in the last quarter.



During the 2022/23 financial year, the uMgungundlovu District AIDS Council noted a sharp increase in teenage / learner pregnancies in the uMgungundlovu district.

In many of the interactions with learners and parents, the following were some of the root causes for a high rise in in Teenage / Learner Pregnancies

- 1) Condom less anal or vaginal sex,
- 2) Engaging in the harmful use of alcohol and drugs,
- 3) Sharing contaminated needles, syringes, and other injecting equipment and drug solutions when injecting drugs, and
- 4) Lack of parental guidance and love.

According to the MEC for Health, between April and December last year 2022, about 26 515 girls aged between 10 and 19 years fell pregnant.



A shocking 1 254 were aged 14 and younger. The last 2022/23 financial year shared the most shocking statistic that highlights a primary problem within society and the family lives of many young people. In many instances, substance abuse only worsens the problem. Hence a reason most projects in the year 2022/23 directed most programmatic interventions utilizing a dual approach in tackling this appalling social ill, substance abuse and learner / teenage pregnancy.

For year 2022/23 financial year, the objectives for the teenage learner pregnancy projects were mainly to inculcate and extract from learners, parents and teachers means of or solutions to lessen the prevalence of learner / teenage pregnancy and substance abuse throughout uMgungundlovu district.



MEN'S HEALTH PROJECT

In the year 2022/23, the Men's Health Project focused on the approach aimed to further interventions to ensure service provision, which also helps with facility decongestion. These interventions are made to ensure that men can access their treatment, and services at service points nearest to where they stay.

The uMgungundlovu District AIDS Council shares its responsibility on this project with support partners, non-government organizations and key government departments, namely: The District Department of Health, Health System Trust (HST), Local AIDS Councils, and civil society partners. Partners are entrusted to develop and implement work schedules and service provision at all Men's Health Points which will be stationed throughout the district, and such an initiative will embrace other health-related initiatives such as the Cheka Impilo Campaign etc.

The project has been set to be implemented throughout the district. Each local municipality entrusted with a desired space at which men will receive services. For instance, uMngeni Local Municipality – the Men's Health Project is placed within the premises of uMngeni Hospital. The Hospital serves as a support mechanism.

NEW 2023-2028 HIV/AIDS, STIs & TB PLAN

The response on HIV throughout the Country is shifting to a new development of a strategic plan for 2023-2028, and it boasts with new four strategic pillars. In year 2022/23, the District AIDS Council is transitioning towards the development of a new implementation plan based on a national strategic plan on HIV/AIDS, STIs and TB for 2023-2028.

For uMgungundlovu, the studies have proven and continuously show that women, children, adolescent girls, and young women are more likely to be infected with HIV than men and boys of the same age. Targeted interventions are aimed at this population, and they are needed. The shaping of the implementation plan for uMgungundlovu is directed towards shaping interventions to help reduce the Learner / Teenage Pregnancy & Substance Abuse in uMgungundlovu district.



The five-year plan provides a strategic framework for a multi-sectoral approach that is people-centered to eliminate HIV, TB, and STIs as public health threats by 2030.



In May 2017, the South African National AIDS Council released its fourth National Strategic Plan (NSP) on HIV, Sexually Transmitted Diseases, and TB – Tuberculosis which ended in the year 2022, and the new NSP for the year 2023 – 2028 has just been developed and released officially.



Therefore, the activities of the District AIDS Council are currently supporting initiatives aimed toward the development OR sensitization of the new Provincial Implementation Plan (PIP) / District Implementation Plan (DIP).



BRIEF STRATEGIC SUCCESSES ON THE HIV/AIDS RESPONSE IN YEAR 2022/23



The uMgungundlovu District has made tremendous efforts in meeting the UNAIDS 95-95-95 targets. And some great strides have been made in accelerating interventions, but as a district, there is still a long way towards meeting ALL the 95-95-95 UNAIDS targets.



We are currently doing well with people living with HIV who know their status, but we need to increase our efforts in finding those who know their status and put them on antiretroviral treatment and increase the number of those on treatment who have a suppressed viral load.



As a district, we are lagging behind in meeting the set UNAIDS targets with respect to men and children under 15 years of age.



In uMgungundlovu, more effort is needed to be placed in retaining more people with HIV on treatment so to achieve the 95-95-95 targets.

In year 2022/23, the uMgungundlovu District AIDS Council has provided an enabling environment and support for non-government organizations and key population to:

- Access or provide access to harm reduction services for people who inject and use drugs.
- Service provisioning by key government department assist in providing suggested interventions to help prevent HIV spread in uMgungundlovu.
- Distribution of a package of service, such as: Antiretroviral drugs (ARVs), oral PrEP, and other long-acting products to prevent early pregnancy amongst learners and teenagers.
- Spearheading the establishment of safe spaces in communities for improving access to prevention / prevention modalities.



Some, amongst many other, milestones achieved in 2022/23 under the HIV/AIDS Programme:

- Care for pregnant and breastfeeding mothers to prevent the transmission of HIV from mother to child.
- Delivery of comprehensive care to people living with HIV and their families at times and locations that are convenient to them.
- Support rendered to key populations—including men who have sex with men, prisoners, female sex workers, and transgender women—to make sure they can exercise their rights and receive quality services free from stigma, discrimination, or judgment.
- Promoting efficient testing—in communities, facilities, and hotspots—so people know their status and can initiate treatment as early as possible, a key aspect of UNAIDS' 95-95-95 goals.
- Decentralization of HIV services to communities and low-tier health settings so more people in more places—especially adolescents, men, and those lost-to-follow-up—have access to the services they need.
- Integrating HIV services with other sexual and reproductive health interventions, recognizing the opportunity to meet people's needs in a single visit.
- Challenge restrictive policies and inspire governments to uphold the rights of people living with HIV, especially key populations, adolescents, and women.

3.3.6 CEMETORIES AND CREMATORIALS

The Municipal Structures Act of 1998, Section 84 (l) grants a District Municipality the powers and functions for the establishment, conduct and control of cemeteries and crematoria serving the district as a whole. During the 2022/23 financial year the uMDM continued convening District Development Model (DDM) working group for cemetery and crematoria in order to improve co-ordination, planning, budgeting, and improving delivery of services through aligning and creating one plan for the work of all spheres of government responsible for cemetery and crematoria. Six meetings of the DDM working group were convened during the financial year.

The biggest challenge the uMDM was the non-attendance of all local municipalities within the uMDM at four of the six meetings that were held. The meetings were held virtually to ensure it was convenient for officials from all LMs to participate and the invites were sent to the responsible officials two weeks before the meeting was to be convened. The provincial sector departments viz. EDTEA and COGTA attended all meetings during the financial year that were convened, and important collaboration took place. The uMDM attended all meetings of the Provincial Task Team for Cemeteries and Crematoria and fulfilled its responsibility to report on matters related to cemeteries and crematoria within the uMDM. The uMDM also provided input into the Protocol being developed by COGTA for planning, managing and operating cemeteries and crematoria in an urban context.

During the COVID 19 pandemic, the crude death rate increased from 0,85% of the population to 1,3% of the population according to statistics provided by the Department of Health and other state entities. Due to increased demand for gravesites and cremations during this period the uMDM established a reporting system to update the available capacity of each LM to cope with the increased deaths as a result of the pandemic. Many municipalities were unable to report monthly on the number

of burials at their cemeteries nor the availability of gravesites. The uMDM developed a projection method to accurately estimate the number of gravesites available at each municipal cemetery. The uMDM eventually created a ten-year gravesite availability projection method that looked at the long-term needs for burials and the challenges we collectively face.

The entire process of working with LMs and Sector Departments highlighted the lack of medium to long term planning for cemetery and crematoria infrastructure and facilities. The uMDM began the process of developing a masterplan covering a thirty-year period in order to have a roadmap to guide land acquisition, investment needs and demand for burials and cremations until 2053. The masterplan will be completed in June 2024 using internal resources. The KZN COGTA also entered into a partnership with the uMDM to conduct a desktop search for suitable cemetery sites for all LMs in the uMDM. The initial results were very promising and additional work will be undertaken in the new financial year at no cost to the uMDM and its LMs to identify the most suitable sites for cemetery development.

The lack of proper recordkeeping of historical and current gravesites was a key lesson learned during the COVID 19 pandemic and the uMDM investigated the approaches used by other municipalities in South Africa. The eThekweni Metro has been utilising a digital app for many years which accurately records burial information and can even cater for online transactions between municipalities and the funeral industry. The uMDM arranged a site visit for all LMs in the uMDM and sector departments to better understand the app being used by the eThekweni Metro. The app was found to be very effective and the uMDM included funding in its draft budget for 2023/24 to acquire a similar app so that we are able to know how many people are buried or cremated across the uMDM on a daily, monthly, and yearly periods. This app will also include burials in rural communities that take place at the deceased homes.

The uMDM provided extensive technical support to the Mpofana LM and its Ministerial Representative to resolve the complex challenges facing the Mpofana LM with regards to the identification, expropriation and licensing processes that need to be undertaken to establish a new cemetery.

3.4 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 INTEGRATED GRANT FUNDED EPWP PROJECTS 2022/23

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
1	Integrated grant – revenue22	1 july 2022	30 June 2023	31	infrastructure
2	Integrated grant – jojo tankers moo river	1 july 2022	30 June 2023	10	social
3	Integrated grant – water tankers22	i july 2022	30 June 2023	19	social
4	Integrated grant – office22	i july 2022	30 June 2023	04	social
5	Integrated grant – cleaners 22	i july 2022	30 June 2023	05	social
6	Umdm indigent registration program	1 march 2023	31 May 2023	55	social
UMDM INTERNAL FUNDING/ MIG / WSIG FUNDED PROJECTS REPORTING ON EPWP 2022/23					
1	umdm sanitation vip toilets	22 February 2021	22 February 2023	126	Infrastructure
2	mpolweni water supply scheme	01 February 2021	30 June 2023	127	Infrastruture
3	kwamathwanya wrs/2022	February 2022	28 February 2023	17	Infrastructure
4	umdm security cluster 1	April 2023	March 2026	55	Social
5	enguga flood damage project	1 April 2023	30 October 2023	07	Infrastructure
6	Umshwathi phase 4 greater efaye	18 January 2021	17 January 2024	237	Infrastructure

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
7	Nkanyezini secondary water bulk supply scheme	20 August 2021	11 April 2024	47	Infrastructure
8	Mpolweni social	01 July 2022	30 June 2023	05	Social
9	Mi7 security	01 October 2021	31 March 2022	71	Social

UMDM achieved **1194** Work opportunities and **300** Full-Time Equivalents in 2022/23 Financial year.

New MIG / WSIG Funded Projects – Planning Phase:

- 1) SANITATION VIP Toilets Project
- 2) Construction Of Boreholes
- 3) Infrastructure Projects: Bulk Water Supply and Reticulation

Training Program – Planning Phase:

- 1) EPWP Training Program – First Aid Training (NQF Level 1, 2 & 3) – Working On Fire Program.
- 2) Under the EPWP Programme, we are awaiting EWSETA's approval on **200 learnerships** to be funded by their Discretionary Grant Funding. This forms part of our EPWP innovative strategies. They have conducted their due diligence visit.

Challenges

- Adoption of EPWP policy and structure

Successes

- Council and Senior Management EPWP Induction session conducted by Public Works (31 October 2023)
- EPWP Standard contract utilised when appointing EPWP participants internally (HR)
- EPWP employment conditions are applied when employing EPWP participants.

3.5 EMERGENCY SERVICES

3.5.1 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 Lives
- To prevent the spread of fire and 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 REQUIREMENT	FIRE COMMITTEE ESTABLISHED & FUNCTIONAL	EFFICTIVENESS & FUNCTIONALITY OF COMMUNICATION SYSTEM	FIRE SAFETY & PREVENTION STRATEGIES DEVELOPED & IMPLEMENTED	BY-LAWS DEVELOPED & ENFORCED	FUNCTION ADEQUATELY
UMNGENI	J	21	0	J	L	J	J	K	J
MPOFANA	J	17	0	J	L	J	J	K	J
IMPENDLE	J	19	0	J NOT YET	L	J	J	K	J

MUNICIPALITY	FIRE UNIT ESTABLISHED AND FUNCTIONAL	PERMENANT STAFF	OTHER SUPPORT STAFF	APPOINTMENT OF CFO AS PER LEGISLATIVE REQUIREMENT	FIRE COMMITTEE ESTABLISHED & FUNCTIONAL	EFFECTIVENESS & FUNCTIONALITY OF COMMUNICATION SYSTEM	FIRE SAFETY & PREVENTION STRATEGIES DEVELOPED & IMPLEMENTED	BY-LAWS DEVELOPED & ENFORCED	FUNCTION ADEQUATELY
MKHAMBATHINI	J	23	0	J	L	J	J	K	J
UMSHWATHI	J	17	0	J	L	J	J	K	J
RICHMOND	J	17	0	J	L	J	J	K	J

MUNICIPALITY	VEHICLES	CONDITION	NO OF PERSONNEL
Umngeni	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 - 14
Mpofana	1 x medium pumper	poor and high milleage exceeding 102965km. water capacity – 3000l	s/o – 1 w/c – 1 p/o – 1 f/f - 14
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 – 3 f/f - 11
Mkhambathini/Ashburton	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 - 23
Umshwathi	1 x light pumper	fairly new isuzu. 2016 model. 2000l water capacity	s/o – 1 w/c – 3 p/o – 1 f/f - 15
Richmond	1 x landcruiser	extremely old	s/o – 1

	1x light pumper isuzu 400	vehicle still new water capacity 200l	w/c – 3 p/o – 2 f/f - 11
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FIRE RISK REDUCTION PROGRAMMES UNDERTAKEN

MUNICIPALITY	PLANS IN ORDER	OTHER INSTITUTIONS
UMNGENI	94	3
IMPENDLE	0	0
MPOFANA	0	0
UMSHWATHI	10	5
RICHMOND	6	1
MKHAMBATHINI	0	0



Fire awareness campaigns in schools conducted by UMDM Fire Services unit



Newly procured UMDM fire engines

challenges	recommendations
Insufficient budget	<ul style="list-style-type: none"> revenue generation strategy by the district cogta /treasury to assist with funding
Insufficient human resources	<ul style="list-style-type: none"> provision of additional staff members and volunteer firefighters to be appointed. we are currently in talks with our partner, santam, requesting for their assistance with funding to send more than 25 new firefighters to do firefighter 1 & 2 courses
Emergency response vehicles(erv) –inadequate	<ul style="list-style-type: none"> to develop plans and strategies of ensuring that erv are purchased /leased
No proper fire stations and emergency call centre	<ul style="list-style-type: none"> revenue generation strategy by the district and submission of business plans to relevant stakeholders cogta /treasury to assist with funding

Water supplier	<ul style="list-style-type: none"> • provision of water tankers • provision of hydrants in various points
Covid 19	<ul style="list-style-type: none"> • to develop more plans and systems to mitigate the situation
Specialised training for emergency response personnel	<ul style="list-style-type: none"> • skills audit • skills development unit to assist(umdm) • request assistance from relevant stakeholders i.e cogta

3.6 DISASTER MANAGEMENT SERVICES

3.6.1 DISASTER MANAGEMENT CENTRE

The purpose of the Municipal Disaster Management Centre is to specialise on issues concerning disasters and disaster management in the municipal area and promote an integrated and co-ordinated approach to disaster management with special emphasis on prevention and mitigation.

Its strategic objective is to reduce the probability of disaster occurrences and take effective action during disasters.

The Vision of the District Disaster Management Centre is to ensure timely, appropriate and efficient coordination and delivery of emergency response and the mission of the District Disaster Management Centre is to reduce vulnerabilities and build resilient communities through integrated disaster risk management planning and practices.

Shared Values:

- Professionalism: Self-control and behavior that display high standard of excellence in the job
- Integrity: A sense of honesty and trust in one's own actions while placing value in other people's opinions and beliefs.
- Caring: A commitment to create a supportive environment.
- Accountability: A commitment to take responsibility for things expected from the position.
- Teamwork: A willingness to work together towards achieving a common goal by making use and appreciating diverse strengths and abilities.

Legislative Mandate

The Constitution of the Republic of South Africa (Act No. 108 of 1996)

The Constitution of the Republic of SA places legal obligation on the government to ensure health and safety of its citizens. Section 41(1)(b) of the Constitution provides that all spheres of government are required to secure the well-being of its citizens. Section 152(1)(d) also requires that local government must ensure a safe and healthy environment. Schedule 4(a) of the Constitution lists disaster management as a functional area of concurrent national and provincial legislative competence.

Disaster Management Act (Act 57 of 2002) as amended

Act to provide for an integrated and coordinated disaster management policy that focuses on:

- preventing or reducing the risk of disasters,
- mitigating the severity of disasters,
- emergency preparedness,
- rapid and effective response to disasters; and
- post-disaster recovery;

National Disaster Management Framework (Notice 654 of 2005)

The framework provides guidelines for the development of the provincial and municipal disaster management frameworks.

The Sendai Framework for Disaster Risk Reduction (SFDRR) for 2015-2030

The Sendai Framework for Disaster Risk Reduction (SFDRR) for 2015-2030 is a successor instrument to the Hyogo Framework for Action (HFA) 2005-2015. The Sendai Framework for Disaster Risk Reduction (SFDRR: 2015-2030) outlines seven (7) clear targets and four (4) priorities for action to prevent new and reduce existing disaster risks. The framework classifies the substantial reduction of disaster risk and losses in lives, livelihoods, health, economic, physical, social, cultural, and environmental assets of persons, businesses, communities, and countries.

Municipal Systems Act No. 32 of 2000

The fundamental process that informs and underpins both the Integrated Development Planning (IDP) and the Disaster Management Planning processes of Council is a thorough risk and vulnerability analysis. The result of the analysis leads to the development of risk profiles, which in turn, enable the identification of priorities for key output goals aimed at risk elimination and risk reduction. The Disaster Management Plan is a core component of the IDP hence Section 26 (g) of Municipal Systems Act No. 32 of 2000, requires the IDP to reflect an applicable Disaster Management Plan.

Municipal Structures Act No. 117 of 1998 as amended in 1999 and 2000

The Act defined new institutional arrangements and systems for local government. Importantly, the Act laid a foundation for local government performance management and ward committee systems.

Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

The MFMA aims to secure sound and sustainable management of financial affairs of municipalities. Since firefighting services are provided by municipalities, provisions of this legislation must be complied with in the provision of services.

Disaster Risk Reduction (DRR) Programmes

The vulnerability of the poor is predicted to increase in the future under pressure from increasing human population, environmental degradation, unsustainable socio-economic practices and the adverse impacts of climate change.

Local governments are obliged to make plans and provide resources to protect their citizens from the hazards that threaten their communities. Mitigation activities such as the burning of fire breaks and installation of lightning rods have played an important role in terms of eliminating or reducing the probability of disaster occurrence and reducing the effects of disasters.

- **Public Education and Awareness Campaigns conducted during the 2022/2023 Financial Year**

Public education and awareness campaigns have been very key in reducing loss of life, personal injuries, and damage from natural disasters.

Public awareness raising is the process through which people living in areas prone to hazards such as lightning, fires and floods are sensitized regarding specific dangers of such hazards. It includes educating, informing and warning the community about these hazards to better prepare for responding to emergency situations, with less dependence on outside assistance or external intervention. Through appropriate actions, this increased resilience can help prevent loss of human life and property. The objectives of public awareness raising are to:

- Increase public knowledge on hazards such as lightning, fire and floods, their nature and possible consequences and impacts.
- Improve public knowledge on practical preparedness measures at the household level that the communities can implement on their own.

MUNICIPALITY	DATE	WARD	ACTIVITY AND TARGET AREAS
Mkhambathini	28 September 2022	6	Summer Season Awareness
	15 March 2023	Camperdown	Business inspection
	23 May 2023	7	Training Targeted Volunteers
	27 June 2023	3 - Mandala Garage informal settlement	Clean up and fire safety awareness
uMshwathi	31 August 2022	13, Nkanyezini Hall	Fire Safety Awareness
	01 September 2022	Efaye Hall	Fire Safety Awareness

MUNICIPALITY	DATE	WARD	ACTIVITY AND TARGET AREAS
	13 September 2022	Toodle Hall	Capacity Building
	15 March 2023	Ekhamanzi area	Fire safety awareness
Mpofana	12 August 2022	2, Roundebosch	Fire Safety Workshop
	16 August 2022	4, Nyamvubu Hall	Fire Safety Awareness
	19 August 2022	Middelrus Hall	Fire Safety Workshop
	24 August 2022	13, Bhumaneni Hall	Fire Safety Workshop
	14 September 2022	2, Sierra Ranch	Fire Safety Awareness
	21 September 2022	4, Muden	Fire Safety Awareness
	29 September 2022	1, Phofini	Summer Season Awareness
	10 November 2022	Tendela Community Hall	Capacity Building
	15 March 2023	NCD Informal settlement	Fire Safety Awareness
	16 March 2023	Rosetta	Fire Safety Awareness
	16 April 2023	Brickyard Informal settlement	Fire awareness workshop
	22 June 2023	Municipality Building	Fire safety workshop
uMngeni	10 July 2022	1, Mahlutshini Area	Loud h
	08 September 2022	1, Shiyabazalai	Fire Safety Awareness
	22 September 2022	6, Emandleni	Fire Safety Awareness
	23 May 2023	Ward 6	Fire safety Education
	06 June 2023	1 - Howick west	DM Knowledge sharing workshop
	13 June 2023	Ward 4 - Lidgetton	DM Knowledge sharing workshop
Impendle	10 July 2022	1, Mahlutshini Area	Fire Risk Awareness Campaign
	23 July 2022	Gomane	Fire Drill and evacuation Plan
	07 September 2022	KwaKhetha	Fire Safety Awareness
	15 September 2022	Xolani Gwala Community Hall	Fire Safety Awareness
	20 September 2022	Mahlutshini Community Hall	Fire Safety Awareness
	21 September 2022	Impendle Municipality Hall	Fire Safety Drill
	19 October 2022	4, KwaKhetha Primary School	Fire Safety Awareness
	20 October 2022	1, Upper Makhuzeni Area	Fire Safety Awareness
	17 November 2022	Nguga, Nkwishi Makhaye Hall	Risk Reduction Exercise by UCT& UKZN Specialists

MUNICIPALITY	DATE	WARD	ACTIVITY AND TARGET AREAS
	06 January 2023	Impendle Thusong Centre	Capacity Building Workshop
Richmond	13 July 2022	2, Siyathuthuka Hall	Fire Risk Awareness Campaign
	27 July 2022	5, Nhlazuka Hall	Fire Risk Awareness Campaign
	07 September 2022	1, Magoda	Fire Safety Awareness
	07 September 2022	1, Magoda	Fire Safety Awareness
	04 November 2022	1, Payipini	Fire Awareness Campaign
	18 November 2022	Nhlazuka Area	Fire Awareness Campaign
	15 December 2022	Greater Indaleni	Fire Awareness Campaign
	24 December 2022	Hella Hella Road	Awareness Roadblock
	31 December 2022	R56 Road	Awareness roadblock
	21 April 2023	Loteni Community	Fire safety awareness campaign
	06 June 2023	3 - Fikesuthi Community	Fire safety awareness campaign
	07 June 2023	Celeni Primary School	School awareness
uMsunduzi	14 July 2022	Taylor's Halt- ABM Office	Disaster Public Awareness
	17 July 2022	Poyinandi Hall	Disaster Public Awareness
	21 July 2022	Caltex Boshoff	Major Hazard Risk
	23 August 2022	Sacca Mkondeni	Fire Safety Awareness
	06 September 2022	Emseni Old Age Home	Fire Safety Awareness
	23 January 2023	Snathing	Disaster Risk Awareness
	27 January 2023	VW Barons	Disaster Risk Awareness
	08 February 2023	Heartlet	Disaster Risk Awareness
	08 February 2023	KwaPata	Disaster Risk Awareness
	02 March 2023	Buffer	Disaster Risk Awareness
	03 March 2023	KwaNtomb	Disaster Risk Awareness
	10 March 2023	Tamboville	Disaster Risk Awareness
	14 March 2023	Poyinandi	Disaster Risk Awareness

MUNICIPALITY	DATE	WARD	ACTIVITY AND TARGET AREAS
	26 March 2023	Laduma Mp	Disaster Risk Awareness
	28 March 2023	Caluza	Disaster Risk Awareness
	28 March 2023	Heartlands	Disaster Risk Awareness
	28 March 2023	Matelec Fa	Disaster Risk Management
	31 March 2023	Afrgri Animal	Disaster Risk Management
	18 April 2023	Ward 20 - Smero	Fire awareness
	21 April 2023	Willowfontein	Fire awareness
	26 April 2023	Georgetown Library	Fire awareness
	12 May 2023	Spbantu Khwezi Priimary	Fire awareness
	14 May 2023	Msunduzi Fire station	Fire awareness

3.7 UMNGENI RESILIENCE PROGRAM

COMPONENT 1: EARLY WARNING AND RESPONSE SYSTEMS

1.1. In subcomponent 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 plan for this reporting period was as follows:

- Continue to monitor FEWS.

1.1.1. The development of the early warning system has been completed and the system has been deployed on the Umgeni Water server (172.16.1.78) which is accessible only within the Umgeni Water network server. The developed system will be integrated into the overall flood disaster management planning by the UMDM and is expected to assist in effectively mitigating the impact of floods by;

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

1.2. In Subcomponent 1.1.2, “Develop appropriate partnerships and enhance the effectiveness of fire detection and suppression”, The plan included:

- The monitoring of alerts and reports on fires received from across the district.
- The Implementation, re-evaluation, and workshopping of the communication protocols to all concerned.

1.2.1. The draft of the Fire Management Plan that had been submitted before the departure of the Component 1 Coordinator was resubmitted in March. In this instance, the document was submitted to Municipal Council through the Economic Development and Planning Portfolio Committee. The council resolution and outcomes will be documented after that.

1.2.2. The fire alerts through the RFPA continue to be shared with the relevant stakeholders via SMS and WhatsApp groups. The Fire Hawks installed screens at Disaster Management Centre were stolen during a burglary in January 2022. The screens were meant to give the uMDM staff full access to the fire early detection systems. The incident was only reported to the project in March 2023. Discussions between RFPA and uMDM-URP about replacing the screens and relocating them to the uMDM call centre are underway. This move will allow alerts and information to flow and reach the relevant stakeholders more seamlessly.

1.3.

- 1.3.1. URP is integrating existing independent early warning systems (e.g., fire, crop, lightning, and FEWS) into a multi-hazard Early Warning System (EWS) and has requested Umgeni Water to provide UMDM with access to the viewing screen of the FEWS.
- 1.3.2. Running parallel to the exercise mentioned above, the capacitating of uMDM officials continued post the capacity assessment that was undertaken in Y7 of the project with Disaster Management practitioners. It was decided that to effectively support the development of a multi-hazard early warning system for the uMgungundlovu District, three capacity building/knowledge gaps would need to be addressed through training. The rollout of this capacity development training started with the Disaster Risk Management (DMR) training conducted from the 21st-22nd of September. The GIS training was conducted during this reporting period, and a province wide EWS training is scheduled between April and June (Q3Y8 of the project).
- 1.3.3. In The training on the applications of GIS in Disaster Management took place from the 22nd- 24th of November 2022 at the University of KwaZulu-Natal in Pietermaritzburg. The training was attended by 19 participants from various uMgungundlovu District Municipality departments. The main objective of the training was to enhance the knowledge and skills of participants in utilizing GIS for disaster management, including disaster preparedness, response, recovery, and mitigation. The training methodology included lectures, group discussions, practical exercises, and case studies to facilitate learning and understanding of GIS applications in disaster management. The participants were encouraged to discuss, share their experiences, and apply the learned concepts through practical exercises. The scope of the work was divided into three training days. Each day was divided into theory and practical sessions.

COMPONENT 2: ENGINEERING AND ECOLOGICAL INFRASTRUCTURE SOLUTIONS

- 2.1. The bulk of the work remaining in component 2 sits under subcomponent 2.1. The objective of this subcomponent is to “Develop and implement plans to climate-proof built infrastructure and shelter in rural communities” Plans for this reporting period included.
 - a) Implement a plan for climate-proofing human settlements using spec developed by BESG and RDIT to develop TOR for tender for construction work related to the climate-proofing of human settlements in Nhlazuka.
 - b) Implement the capacity-building programme, monitor, and review along the way,
 - c) Monitor and review the installed community infrastructure.
- 2.1.1. The construction for the intervention in 300 households and 10 km of stormwater drainage channels, initially structured in four packages (three groups of 100 homesteads each and one contract for the 10 km of stormwater drainage channels), officially started on the first week of November 2022. The four companies selected from the UKZN Service Provider Register are:
 - IQhawe Elihle Trading - Retrofitting of one hundred (100) households, Package 1

- Abazingeli Civils - Retrofitting of one hundred (100) households, Package 2
 - Andilekhize Trading Enterprise - Retrofitting of one hundred (100) households, Package 3
 - RSBM Civils - 10 km of stormwater drainage channels
 - R&G Consultants – site management company
- 2.1.2. By the end of Y8Q1, the construction manager, R&G Consultants, reported that up to 28% of the project (including on-site materials and a small number of homesteads) had been completed. The challenges highlighted in the previous report (Year 7 Q3&Q4) have been exacerbated, rendering the supervision of the work executed and progress almost impossible. Despite the numerous meetings and requests from the URP team, the contractors have failed to provide accurate proof of completion as a supporting document for the interim payment claims. In addition, the monthly reports issued by the construction manager, R&G Consultants, lacked essential information and the expected quality standards. Moreover, the implementation of the 'consent form' designed by members of the URP as a tool for accountability and control has failed due to the lack of engagement of the contractors, who neglected it. The consent forms submitted at the instance of requests from the URP staff lacked accuracy (name of the beneficiary and location) and did not reflect the scope of work assigned to each homestead.
- 2.2. Subcomponent 2.2 seeks to “Restore and rehabilitate critical ecological infrastructure to improve its capacity to mitigate the effects of climate-induced disasters”.
- 2.2.1. The URP entered into another collaborative agreement with the Institute for Natural Resources. The collaboration agreement is based on the Memorandum of Understanding (MoU) between the School of Agriculture, Earth and Environmental Sciences of the University of KwaZulu-Natal and the Institute of Natural Resources (INR) signed in May 2022. The current agreement is specific to services related to the implementation of the uMngeni Resilience Project (URP), focusing on four main aspects:
- a. Implementation of activities to enhance the sustainability of the soft infrastructure interventions that were implemented by Duzi-Umgeni Conservation Trust (DUCT)
 - b. Implementation of activities to enhance the sustainability of the rangeland management component that INR implemented.
 - c. Clearing of alien invasive plants within areas covering at least 100 ha at iNhlazuka
 - d. Ad hoc technical support as requested by the Programme Director.
- 2.3. Subcomponent 2.3 seeks to “Develop policy recommendations for including adaptation considerations into South Africa's Expanded Public Works Programmes and national sectoral adaptation response strategies.”
- 2.3.1. This formed output 5, in clause 3.5 of the contract between BESG Development Services and the uMgungundlovu District Municipality (Contract No.10-2017), which read as follows “Provide training to relevant planning officials from uMDM and the local municipalities on vulnerability mapping and inclusion of climate -proofing and adaptation mechanisms into relevant panning and infostructure development plans/ frameworks and municipal land use planning processes”.
- 2.3.2. The implementation of this work coincided with two important events in the URP (a) the departure of the uMDM Project Manager and (b) the Country going into hard lockdown due to the COVID pandemic. As a result, the work could not be

implemented in the contract's last six months (Mar-Oct 2020) as planned. In October 2020, BESGS was granted a six-month no-cost extension to enable the output to be completed by the end of March 2021. At this point, the service provider re-ordered and re-designed the training as a series of virtual workshops delivered over MS teams. The slight lifting of COVID restrictions allowed BESG to offer the training as hybrid events giving the participants the choice of physical/online participation. Participants opted for virtual training, which had an impact on both the length of the training and the quality of input from participants. As a result, the course material was rewritten into three sessions of two hours each, and two groups were trained between 19 January and 4 March 2021. Due to a lack of capacity within the project at that time, there was no documentation regarding the change in output target. Subsequent engagements with the service provider revealed that the target change was communicated with the uMDM leadership, and there was no written agreement obtained. This was documented in the BESG closeout report dated March 2021. A new agreement was reached with BESG to deliver the 11 outstanding modules. The procurement was done through the UKZN, and trainings were conducted between May and June 2023.

COMPONENT 4: CAPACITY BUILDING, SHARING OF LESSONS AND POLICY RECOMMENDATIONS

4.1. Subcomponent *4.1.2 Produce and disseminate innovative educational and awareness-raising materials about climate change adaptation.*

4.1.1. The climate change posters, guideline brochures, and other related materials have been produced by the URP, and distributed to schools, communities, and workshops. A service provider has been appointed to produce a communication package including the URP documentary, a series of video snippets, a photo book and other material leading up to the National Policy Indaba. The materials are being developed under the following titles:

- a. Project Overview,
- b. DRR/ Early Warning Systems
- c. Ecological Infrastructure to Build Resilience
- d. The Built environment,
- e. CRA,
- f. Indigenous Knowledge Systems,
- g. Governance
- h. Community capacity building
- i. AF project summary report

4.2. In subcomponent 4.2.1, the project seeks to create partnerships with tertiary institutions that support students to study project interventions. The sharing of knowledge outputs and experiences through the continued support of activities of the Citizen Science Tool.

4.2.1. The schools' climate change and extreme weather awareness campaign, which was started at the end of Y7, continued with eight schools within the district being visited in November and December 2022. During the campaign, an interactive

presentation on climate change and extreme weather awareness was presented to learners. Learners showed interest in learning more about climate change and extreme weather conditions. Promotional materials were distributed during these campaigns. The URP also participated in the integrated Climate change workshop in partnership with EDTEA, Umgeni Water, DARD Land Care, DOH, DOE, DCS, and other NGOs within the District; the event was held in Impendle.

- 4.3. In subcomponent 4.2.2, Develop and implement a plan for students, community members, and identified officials to attend conferences where they will share their experiences through academic papers and presentations.
- 4.3.1. As part of the component four reflection workshops, the South African National Biodiversity Institute (SANBI), uMgungundlovu District Municipality (uMDM), and the University of KwaZulu-Natal's Centre for Transformative Agricultural and Food Systems (UKZN-CTAFS) convened to take part in the URPs Adaptive Management Reflection Workshop. The workshop's main objective was to have discussions and share lessons from the URP in reflection on the project's eight-year journey and demonstrate how, through a collaborative and adaptive management framework, the project has managed to steer through several challenges and deliver flagship interventions. This reflection workshop coincided with URP's Project Coordinating Committee (PCC) meeting, which is part of the URP's governance. Through presentations and discussions, key representatives from all three partner organizations identified and shared adaptive management keys needed to navigate challenges, risks, and uncertainty.
- 4.4. For Subcomponent 4.2.3, the objective is to engage officials involved in operational activities in workshops focusing on capacity building and the uptake and rollout of project products.
- 4.4.1. The UMngeni Resilience Project hosted the UMngeni Resilience Project National Climate Change Indaba from 7 - 9 June 2023 at St Ives Lodge in the KwaZulu-Natal Midlands. The Climate Change Indaba focused on policy recommendations for mainstreaming climate change adaptation into disaster risk reduction, as informed by early warning systems; built and ecological infrastructure to strengthen rural human settlements; and climate-resilient agriculture. The conference promoted linkages, allow for focused engagements with other ongoing national and regional climate change adaptation projects and processes, and distilled policy recommendations for scaling solutions.
- 4.4.2. As part of the Climate Change Indaba programme was a high-level gala dinner where the Department of Forestry, Fisheries and The Environment (DFFE), Director General, Ms Nomfundo Tshabalala honoured our invite, alongside uMngungundlovu District Municipality (uMDM) Mayor, His Worship Cllr. M Zuma, uMngeni Local Municipality Mayor and Deputy Mayor, His Worship Cllr. C Pappas and Cllr. S Mnikathi, Richmond Local Municipality Mayor, Cllr. M Ngcongco as well as South African National Biodiversity Institute (SANBI) Chief Executive Officer (CEO), Mr S Munzhedzi and SANBI Board Member, Dr Luthuli and uMDM Acting Municipal Manager, Dr Muthwa and EDP Head of Department, Mr M Sithole and EDP Portfolio Committee Chairperson Cllr. S Mkhize and other delegates from various organisations.

ORGANISATIONAL PERFORMANCE MANAGEMENT

3.8 ANNUAL PERFORMANCE REPORT 2022-2023

DEPARTMENT: TECHNICAL SERVICES																															
IDP PRIORITY: PROVISION OF BASIC SERVICES IN SUSTAINABLE MANNER																															
Function	KZNP GDS Goals	National KPAREf	IDP / SDBIPRef	Strategic Objective	Project Name	Revised Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output	Performance Measure / unit of measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2022/2023)	Revised Annual Target (2022/2023)	2022-2023 Financial Actual Performance	Status	Reasons for Variance	Planned improvement	Annual Budget	Adjusted Budget	Special Adjusted Budget	Special Adjusted Budget	Special Adjusted Budget (June 2023)	Expenditure	POE	Revised POE	Ward/Municipality	Responsible Unit	Statutory Indicator
													2021-2022 Annual Target	2022 Actual																	
Water Provision	Strategic Infrastructure	Basic Service Delivery	TEC1, IDPREFTEC1	To ensure provision of services in sustainable manner.	Nkanyezini Water	Nkanyezini Water - Construction of a 10ML reservoir and 6km of pipelines by 30 June 2023	Construction of the 10ML reservoir and 6km of pipelines - 60% Construction of 9,2km of pipelines -	Stage of reservoir. Km of pipeline.	Construction of a 10ML reservoir and 8.5km of pipelines.	Site establishment.	Construction of a 10ML reservoir and 8.5km of pipelines.	Appointment of contractor, site establishment and construction of reservoir earthworks	Contractor appointed, Pipelines: 1.5km cleared and grub, excavation and laying of pipeline.	Completion of construction of the 10ML reservoir and 6km of pipelines by 30 June 2023	Completion of construction of the 10ML reservoir - 60% construction of 9,2km	10ML Reservoir - 52% Construction of 9,13km of pipelines - 99%.	Partially Achieved	From 1 August 2022, the contractor was instructed to carry out a partial	Partial suspension lifted. Alignment of implementation with grant fun	R2,036,551.79	R386,824,000	R63,202,095,000	R63,202,095,000	R63,202,095,000	R55,799,383,32	Q1: Signed monthly progress reports Q2: Signed monthly progress reports Q3: Signed mo	Signed monthly/quarterly progress reports Signed consolidated progress report	uMkhambathini LM - Ward 3 & 5	Infrastructure Planning & Development	Target revised during mid-term	

Rural Road Management	Strategic Infrastructure	Basic Service Delivery	TEC15 IDPREFTEC14	Rural roads study to inform road maintenance	Rural Roads Asset Management System - Assessment of the condition of rural roads	N/A	Road condition survey and Road asset inventory conducted in UMshwati, Richmond, and Mkhambathini LMs by 30 June 2023	N/A	Kms of roads assessed	assessment of roads condition and road asset inventory	Traffic counts and Bridge (structures) to be conducted in uMngeni, Richmond and Msunduzi	Collection of road condition data	Appointment of Consultant and commencement of work by 30 June 2022	Appointment of Panel of Engineering Consultants by 31 March 2022	Road condition survey and Road asset inventory conducted in UMshwati, Richmond, and Mkhambathini LMs by 30 June 2023	N/A	Road condition survey and Road asset inventory conducted in UMshwati, Richmond, and Mkhambathini LMs by 30 June 2023	Achieved	N/A	N/A	R2,707,000.00	N/A	N/A	N/A	R2,707,000.00	R2,706,938,000	Progress report, assessment reports and data	N/A	Richmond Wards 1-7, Mkhambathini Wards 1-7 uMshwati Wards 1 - 14	Technical Support Services	No changes on the targets done during Mid term review
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Water distribution	Sanitation	TEC 26 IDPREFTTEC 15	To ensure the provision of services in sustainable	Bulk water purchases	N/A	27 549 924 Kl of bulk water to be purchased by 30 June	N/A	KL of bulk water purchased	Sustainable water supply	OKL	None	27 548 928 KL of Bulk Water to be purchased by the 30th June	29 294 894 KL of Bulk Water purchased by the 30th June	27 549 924 Kl of bulk water to be purchased by 30 June 2023	N/A	26 696 530 KL of Bulk water purchased by 30 June	Par ti all y A c hi e v e d	Eff ect ive ini ti a ti v e s of re d u c i n g w a t e r l o s e s b y f i x i n g	Co n t i n u e w i t h e f f e c t i v e s t r a t e g i e s t o r e d u c e w a t e r	R2 22, 669 ,480, 000	N/A	N/A	N/A	R 222 669 480, 00	R25 1 649 563, 19	Pur ch a s e I n v o i c e s and L o a d s h e e t s (P r o o f of a c t u a l K L d e l i	Pur ch a s e I n v o i c e s (P r o o f of a c t u a l K L d e l i v e r e d)	Mpo fana LM, Um nge ni LM, uMs hwa thi LM, Ric hmo	Infr a s t r u c t u r e, O p e r a t i o n s & M a i n t e n a n c e	N o c h a n g e s o n t h e t a g e t s d o n e d u r i n g M i
Strategic Infrastructure basic service delivery	Strategic Infrastructure Basic Service Delivery	IDPREFTTEC 16 - 23 SDB IDPREFTTEC 22	To ensure provision of services in sustainable manner.	Installation of VIP toilets	N/A	Installed 590 VIP Toilets within uMgun gun dlovu District Municipality by 31 March 2023	N/A	Number of VIP toilets installed	VIP toilets completed within uM DM	None	590	N/A	N/A	590 VIP Toilets installed within uMgun gun dlovu District Municipal Area by 31 March 2023	N/A	590 VIP Toilets installed within uMgun gun dlovu District Municipal Area by 31 March 2023	A c h i e v e d	N/A	N/A	N/A	R 10 000 000, 00	R 8 695 652, 00	R 8 695 652, 00	R 8 695 652, 00	R8 685 217, 39	Sig ned m o n t h l y / Q u a r t e r l y p r o g r e s s r e p o r t C o n s o l i d a t e d P r o g r e s s R e p o r t / P r a c t i c a l c o m p l e t i o n c e r t i f i c a t e	N/A	uMn geni Ward 3 and 9 Imp end le Ward 2 Mpo fana Ward 4 Ric hmo nd Ward 6 Mkh amb athi ni Ward 3 uMs hwa ti ward 12 and 13	Infr a s t r u c t u r e, O p e r a t i o n s & M a i n t e n a n c e	N e w t a r g e t a d d e d d u r i n g m i d - t e r m

				Works		Number of Works by 30 June 2023	Overall waste water quality compliance of 80% by 30 June 2023	Number of Works by 30 June 2023	12	0	12	N/A	N/A	12 x monthly Water Balances reports. by 30 June 2023	N/A	12 x monthly Water Balances reports. by 30 June 2023	Achieved	None	Salaries	None	N/A	N/A	N/A	N/A	Water Balancing reports	12 x monthly Water Balances reports	All 6 LM's	Water Conservation and Water Demand Management	No changes on the targets done during Mid term review
Water Conservation and water demand management	Strategic Infrastructure	Basic Service Delivery	TEC30	To ensure that all the water supplied to our communities is accessible	Water Conservation and Water Demand Management	N/A	12 x monthly Water Balances reports	N/A	12	0	12	N/A	N/A	12 x monthly Water Balances reports. by 30 June 2023	N/A	12 x monthly Water Balances reports. by 30 June 2023	Achieved	None	Salaries	None	N/A	N/A	N/A	N/A	Water Balancing reports	12 x monthly Water Balances reports	All 6 LM's	Water Conservation and Water Demand Management	No changes on the targets done during Mid term review

DEPARTMENT: COMMUNITY SERVICES																													
IDP PRIORITY: INTERGRATED SOCIAL SERVICES FOR EMPOWERED AND SUSTAINABLE COMMUNITIES																													
Function	KZ NPGDS Goals	National KP A Ref	IDP / SDBI P Ref	Dept Code	Strategic Objective	Project Name	Revised Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output	Performance Measure / unit of measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2022/2023)	Revised Annual Target (2022/2023)	2022/2023 Financial Year Actual performance	Status ()	Reasons for Variance	Planned Improvement	Annual Budget	Adjusted Budget	Expenditure	POE	Revised POE	Ward / Municipality	Responsible unit	Status on Indicator
														2021 - 2022 Annual Target	2021 - 2022 Actual														
Environmental Health	Environmental Health	Basic Service Delivery	Com 1	COM_002	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented.	Food Safety -- Monitoring	N/A	120 x Food and milk samples taken by 30 June 2023	N/A	Number of samples taken from food suppliers, restaurants, dairies and food poisoning outbreaks	120	0	120	18 x Food Safety - Inspection of Dairies within the district by the 30th of June 2022	23x Food safety inspections done by 31 Dec 2021	120 x Food Samples - taken within the district by 30 June 2023	N/A	157 x Food Samples - taken within the district by 30 June 2023	Achieved and exceeded	School nutrition issues necessitated additional sampling of food in schools served to pupils	Nil	R80 000,00	R80 000,00	R4 148 372	Laboratory Reports payment voucher	N/A	All LMs except Msunduzi LM	Social Services	No changes on the targets done during Mid term review

Solid Waste Management	Environmental Sustainability	Basic Service Delivery	Com 32	CO M002	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Integrated Waste Management Plan	N/A	Integrated Waste Management Plan developed by the 30 September 2023	Integrated Waste Management Plan developed by the 30 June 2023	Date of endorsement of the plan	N/A	N/A	N/A	Integrated Waste Management Plan in place for Current financial year 2021/2022 by 30 June 2022. Implementation and monitoring of the IWV P by 30 June 2022	Target not achieved	Integrated Waste Management Plan developed and endorsed by KZN EDT EA by 30 June 2023	N/A	The IWMP has been completed. The endorsement by EDT EA has not been achieved since the IWMP needs to be subject to public consultation and then for Full Council to approve the	Partially Achieved	The completion of the First Draft of the IWMP was the 30th April 2023 which did not allow sufficient time for public consultation and all the other processes that need to be complied with prior to endorsement	The plan will be sent to EDT EA for endorsement in September 2023 as the other processes will be undertaken in July and August 2023.	Salaries	Salaries	R0	Phase 2 IWMP Report Phase 3 IWMP Report Advert for Public Comment on IWMP Final IWMP Council Resolution approving IWMP EDT EA endorsement of UMDM IWMP	N/A	All LMs except Msund	Social Services	No changes on the targets done during Midterm review
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				Com 33	CO M0 02	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Development of District Landfill Site and other waste management facilities	N/A	Obtaining External Funding to complete Landfill Site Waste Management License process, funding to Purchase of Land and funding for other waste management facilities	N/A	Date of signing funding agreement	N/A	N/A	N/A	N/A	Established district landfill site, implementation, and monitoring of the landfill site there of by 30 June 2022	Not achieved	Business plan and Signed funding agreement between UMD and External funders by 30 June 2023	N/A	No funding was secured from external funders to license and develop a District Landfill Site.	Not Achieved	The only source of infrastructure funding internally that should in terms of regulations be spent on all municipal infrastructure is the MIG grant. Most state sector departments want to know why the UMD does not allocate	The 2023/24 uMD budget has provided R500 000 over the medium term to obtain a waste management license.	Salaries	Salaries	R0	Business Plan for Financing a Landfill Site and other waste management facilities for the uMD M. Submission of Business Plan to external Funders Minutes of meetings with possible funders to obtain funding Agreement is signed.	N/A	All LMs	Social Services	No changes on the targets done during Mid term review
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				Com 34	CO M0 02	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Establishment of District Coordination Structures for Solid Waste Management	N/A	Establishment and functioning of the District Coordination Structures for Solid Waste Management	N/A	Date of establishment of the district coordination structure and the number of meetings	N/A	N/A	N/A	Monitoring and reporting of solid waste disposal by 30 June 2022	Not achieved	Development and approval of TOR for political and Technical working groups and 3x quarterly meetings facilitated by 30 June 2023	Development and approval of TOR for political and Technical working groups and 2x quarterly meetings of the Technical Working Group was held on the 25 May 2023	The Terms of Reference for the Technical Working Group has been completed. One (1) meeting of the Technical Working Group was held on the 25 May 2023	Partially Achieved	Inadequate number of staff in the unit to coordinate this task. Presure to complete the IWM P by the end of third quarter shift all HR resources to this effort.	Quarterly meetings will be held in the 2023/2024 financial year and one official (intern) has been allocated the task of coordinating this technical group meeting.	Salaries	Salaries	R0	Terms of Reference for Solid Waste Management Working Group Invitations, Agenda and Minutes of Meetings	Terms of Reference for Solid Waste Management Working Group Invitations, Agenda and Minutes of Meetings, Attendance Registers	All LMs	Social Services	Target revised during mid-term (Quarter 3 target removed)
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HIV/AIDS	Human and Community Development	Local Economic Development and Social Development	Com 38	COMO4_1	To strengthen coordination and management of HIV/AIDS	HIV and AIDS Programs - reduction of HIV/AIDS infections	N/A	2 x HIV/AIDS behavioral change campaigns supported within the District by 30 June 2023	N/A	Number of HIV/Aids campaigns supported	2	0	2	N/A	N/A	2 x HIV/AIDS behavioral change campaigns supported within the district by 30 June 2023	N/A	4 HIV/AIDS behavioral change campaigns supported within the district by 30 June 2023	Achieved and Exceeded	There was more demand as a result of the social ills facing the district	N/A	Salaries	Salaries	N/A	Attendance register/reports	N/A	All LMs	Social Services	No changes on the targets done during Midterm review
			Com 39	COMO4_1	To strengthen IGR & donor partnerships	HIV and AIDS Programs - To manage HIV/AIDS, STIs and TB within the district	N/A	2 x HIV and AIDS Programs funded externally - To manage HIV/AIDS, STIs, and TB within the	N/A	Number of HIV/Aids programs funded	2	0	2	N/A	N/A	2 x HIV and AIDS Programs funded externally - To manage HIV/AIDS, STIs, and TB within the	N/A	5 programmes conducted	Achieved and Exceeded	This was due to the number of new HIV infections, the demand and for the activation programmes also increased	N/A	Salaries	Salaries	N/A	Reports	N/A	All LMs	Social Services	No changes on the targets done during Midterm review

Cemeteries and Crematoria	Environmental Sustainability	Basic Service Delivery	Com 35	COM02	Ensure a coordinated and intergovernmental approach to cemeteries and Crematoria during the COVID 19 pandemic and beyond.	District Task Team on Cemeteries and Crematoria is functional	N/A	12X District Task Team meetings and Site Visits	N/A	Number of DTT meetings held	1	0	1	Established DTT committee, and 6x sittings of the committee by 30 June 2022	5x meetings of DTT held by 30 June 2022	12X District Task Team meetings and Site Visits done by 30 June 2023	N/A	4x District Task Team meetings have been held	Partially Achieved	There were capacity challenges within the unit. There was non attendance by LMs to the DTT meetings since Jan 2022 has resulted in the matter being referred to Full Council in February 2023.	The meetings will now be held on a quarterly basis and all meetings will be physical meetings. COGT A DD M Technical Champion will also send a letter to each MM prior to each meeting to	Salaries	Salaries	R0	Invite, Agenda and Minutes of DTT on cemeteries meetings Quarterly Status of uMD M Cemetery and Crematoria Reports	N/A	All LMs	Social Services	No changes on the targets done during Mid term review
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				and take effective action during disasters			Campaigns conducted by 30 June 2023		rene Campaigns conducted					Campaigns conducted by 30 June 2023		Campaigns conducted and procurement of disaster promotional items by 30 June 2023	conducted two additional public awareness campaigns in response to the request received from the LM's within its area of jurisdiction						payment voucher			ng Mid term review
Com 21	COM03_2	To reduce the probability of disaster occurrences and take effective action during	Emergency relief (emergency tents)	N/A	50 x emergency tents procured by 30 September 2022	N/A	Number of emergency tents procured	50	0	50	100 tents procured by 31 December 2021	26 tents procured by 31 March 2022	50 x emergency tents procured by 30 September 2022	N/A	50 x emergency tents procured by 30 December 2022	Achieved	N/A	N/A	R520,000.00	R520,000.00	R410,000.00	Requisition and payment voucher	N/A	All LMs	Disaster Management Services	No changes on the targets done during Mid term review

				disasters																								
			Com 22	COM03_2	To reduce the probability of disaster occurrences and take effective action during disasters	Emergency relief (plastic sheets)	N/A	180 x plastic sheets procured by 31 December 2022	380 x plastic sheets procured by 30 June 2023	number of plastic sheets procured	380	0	380	200 plastic sheets procured by end of December 2021	200 plastic sheets procured by 31st December 2021	180 x plastic sheets procured by 31 December 2022	380 x plastic sheets procured by 30 June 2023	Partially Achieved	Requirement for 180 plastic sheets done in the 4th quarter was declined	Procurement of 250 x plastic sheets to be done in quarter 1 of the 2023/4 Financial Year	R180 000,00	R330 000,00	R158 000,00	Requirement and payment voucher	N/A	All LMs	Disaster Management Services	Target revised during mid-term due to budget adjustment
Fire Services	Environmental Sustainability	Cross Cutting Interventions	Com 13	COM03_1	To save lives and property and rendering humanitarian services	Provision of Jaws of Life set	N/A	1 Set of Jaws of Life procured by 30 June 2023		number of sets of Jaws of Life procured	72	0	72	1 x complete set of jaws of life procured by end of December	NO TAC HIE VED	1 Set of Jaws of Life procured by 30 June 2023	1 Set of Jaws of Life was not procured however 40 Foam	Not Achieved	Delayed procurement process. The process of appointing	Jaws of Life will be procured by the end of 1st Quarter 2023-24	R160,00	R460 000,00	R62 100,00	Requirement and payment voucher	N/A	All LMs	Emergency Services	New target added during mid-term

					rendering humanitarian services			onse vehicle throughout the district		Response vehicles				ponse vehicles for all wards by 30 June 2022	se vehicles provided for all wards by 30 June 2022	cles leased by 30 June 2023		vehicles leased	ved	2023 and has been extended for further 6 months	n extended							hini Richmond Impendle	get done during Midterm review
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DEPARTMENT: COMMUNITY SERVICES																													
IDP PRIORITY: INTERGRATED SOCIAL SERVICES FOR EMPOWERED AND SUSTAINABLE COMMUNITIES																													
Function	KZ NPG DS Goals	National KPA Ref	IDP / SDBI PR Ref	Dept Code	Strategic Objective	Project Name	Revised Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output	Performance Measure / unit of measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2022/23)	Revised Annual Target (2022/23)	2022/23 Financial Year Actual performance	Status ()	Reasons for Variance	Planned Improvement	Annual Budget	Adjusted Budget	Expenditure	POE	Revised POE	Ward / Municipality	Responsible unit	Status on Indicator
														2021 - 2022 Annual Target	2021 - 2022 Actual														
Environmental Health	Environmental Health	Basic Service Delivery	Com 1	COM_002	Ensure that factors in the environment that could adversely affect human health are assessed, corrected, prevented.	Food Safety -- Monitoring	N/A	120 x Food and milk samples taken by 30 June 2023	N/A	Number of samples taken from food suppliers, restaurants, dairies and food poisoning outbreaks	120	0	120	18 x Food Safety - Inspection of Dairies within the district by the 30th of June 2022	23x Food safety inspections done by 31 Dec 2021	120 x Food Samples - taken within the district by 30 June 2023	N/A	157 x Food Samples - taken within the district by 30 June 2023	Achieved and exceeded	School nutrition issues necessitated additional sampling of food in schools served to pupils	Nil	R80 000,00	R80 000,00	R4 148 372	Laboratory Reports payment voucher	N/A	All LMs except Msunduzi LM	Social Services	No changes on the targets done during Mid term review

Solid Waste Management	Environmental Sustainability	Basic Service Delivery	Com 32	COMO02	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Integrated Waste Management Plan	N/A	Integrated Waste Management Plan developed by the 30 September 2023	Integrated Waste Management Plan developed by the 30 June 2023	Date of endorsement of the plan	N/A	N/A	N/A	Integrated Waste Management Plan in place for Current financial year 2021/2022 by 30 June 2022. Implementation and monitoring of the IWV P by 30 June 2022	Target not achieved	Integrated Waste Management Plan developed and endorsed by KZN EDT EA by 30 June 2023	N/A	The IWMP has been completed. The endorsement by EDT EA has not been achieved since the IWMP needs to be subject to public consultation and then for Full Council to approve the	Partially Achieved	The completion of the First Draft of the IWMP was the 30th April 2023 which did not allow sufficient time for public consultation and all the other processes that need to be complied with prior to endorsement	The plan will be sent to EDT EA for endorsement in September 2023 as the other processes will be undertaken in July and August 2023.	Salaries	Salaries	R0	Phase 2 IWMP Report Phase 3 IWMP Report Advert for Public Comment on IWMP Final IWMP Council Resolution approving IWMP EDT EA endorsement of UMDM IWMP	N/A	All LMs except Msund	Social Services	No changes on the targets done during Midterm review
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				Com 33	CO M0 02	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Development of District Landfill Site and other waste management facilities	N/A	Obtaining External Funding to complete Landfill Site Waste Management License process, funding to Purchase of Land and funding for other waste management facilities	N/A	Date of signing funding agreement	N/A	N/A	N/A	N/A	Established district landfill site, implementation, and monitoring of the landfill site there of by 30 June 2022	Not achieved	Business plan and Signed funding agreement between UMD and External funders by 30 June 2023	N/A	No funding was secured from external funders to license and develop a District Landfill Site.	Not Achieved	The only source of infrastructure funding internally that should in terms of regulations be spent on all municipal infrastructure is the MIG grant. Most state sector departments want to know why the UMD does not allocate	The 2023/24 uMD budget has provided R500 000 over the medium term to obtain a waste management license.	Salaries	Salaries	R0	Business Plan for Financing a Landfill Site and other waste management facilities for the uMD M . Submission of Business Plan to external Funders Minutes of meetings with possible funders to obtain funding Agreement is signed.	N/A	All LMs	Social Services	No changes on the targets done during Mid term review
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				Com 34	CO M0 02	Ensure sustainable waste disposal systems, services and facilities are developed and operational in the District	Establishment of District Coordination Structures for Solid Waste Management	N/A	Establishment and functioning of the District Coordination Structures for Solid Waste Management	N/A	Date of establishment of the district coordination structure and the number of meetings	N/A	N/A	N/A	Monitoring and reporting of solid waste disposal by 30 June 2022	Not achieved	Development and approval of TOR for political and Technical working groups and 3x quarterly meetings facilitated by 30 June 2023	Development and approval of TOR for political and Technical working groups and 2x quarterly meetings facilitated by 30 June 2023	The Terms of Reference for the Technical Working Group has been completed. One (1) meeting of the Technical Working Group was held on the 25 May 2023	Partially Achieved	Inadequate number of staff in the unit to coordinate this task. Presure to complete the IWM P by the end of thrid quarter shift ed all HR resources to this effort.	Quarterly meetings will be held in the 2023/24 financial year and one official (intern) has been allocated the task of coordinating this technical group meeting.	Salaries	Salaries	R0	Terms of Reference for Solid Waste Management Working Group Invitations, Agenda and Minutes of Meetings	Terms of Reference for Solid Waste Management Working Group Invitations, Agenda and Minutes of Meetings Registers	All LMs	Social Services	Target revised during mid-term (Quarter 3 target removed)
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HIV/AIDS	Human and Community Development	Local Economic Development and Social Development	Com 38	COM04_1	To strengthen coordination and management of HIV/AIDS	HIV and AIDS Programs - reduction of HIV/AIDS infections	N/A	2 x HIV/AIDS behavioral change campaigns supported within the District by 30 June 2023	N/A	Number of HIV/AIDS campaigns supported	2	0	2	N/A	N/A	2 x HIV/AIDS behavioral change campaigns supported within the district by 30 June 2023	N/A	4 HIV/AIDS behavioral change campaigns supported within the district by 30 June 2023	Achieved and Exceeded	There was more demand as a result of the social ills facing the district	N/A	Salaries	Salaries	N/A	Attendance register/reports	N/A	All LMs	Social Services	No changes on the targets done during Midterm review
			Com 39	COM04_1	To strengthen IGR & donor partnerships	HIV and AIDS Programs - To manage HIV/AIDS, STIs and TB within the district	N/A	2 x HIV and AIDS Programs funded externally - To manage HIV/AIDS, STIs, and TB within the	N/A	Number of HIV/AIDS programs funded	2	0	2	N/A	N/A	2 x HIV and AIDS Programs funded externally - To manage HIV/AIDS, STIs, and TB within the	N/A	5 programmes conducted	Achieved and Exceeded	This was due to the number of new HIV infections, the demand and for the activation programmes also increased	N/A	Salaries	Salaries	N/A	Reports	N/A	All LMs	Social Services	No changes on the targets done during Midterm review

Cemeteries and Crematoria	Environmental Sustainability	Basic Service Delivery	Com 35	COM02	Ensure a coordinated and intergovernmental approach to cemeteries and Crematoria during the COVID 19 pandemic and beyond.	District Task Team on Cemeteries and Crematoria is functional	N/A	12X District Task Team meetings and Site Visits	N/A	Number of DTT meetings held	1	0	1	Established DTT committee, and 6x sittings of the committee by 30 June 2022	5x meetings of DTT held by 30 June 2022	12X District Task Team meetings and Site Visits done by 30 June 2023	N/A	4x District Task Team meetings have been held	Partially Achieved	There were capacity challenges within the unit. There was non attendance by LMs to the DTT meetings since Jan 2022 has resulted in the matter being referred to Full Council in February 2023.	The meetings will now be held on a quarterly basis and all meetings will be physical meetings. COGT A DD M Technical Champion will also send a letter to each MM prior to each meeting to	Salaries	Salaries	R0	Invite, Agenda and Minutes of DTT on cemeteries meetings Quarterly Status of uMD M Cemetery and Crematoria Reports	N/A	All LMs	Social Services	No changes on the targets done during Mid term review
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							LMs in the uMD M	LMs with in uMD M by 30 June 2023	uMD M					n uMD M by 30 June 2023				fund to roll out the App to all LMs over a three year period.				Reports from App on Monthly burials, cremations and available grave sites from 3 LMs							
							N/A	uMD M Integrated Cemetery and Crematoria plan is completed by June 2023	N/A	uMD M Integrated Cemeteries and Crematoria Plan (ICCP)	1	0	1	Approval and Implementation of a district cemetery and crematoria plan by council by 30 June 2022	Not Achieved	uMD M Integrated Cemetery and Crematoria plan is completed by June 2023	N/A	The Integrated Cemetery and Crematoria Plan was not completed by June 2023.	Not Achieved	The plan is being done internally and for most of the year only one person was available to do this task and other cemetery and	The unit has secured 3 interns for a period of 24 months and human resources will now be available to complete the plan in Jun	Salaries	Salaries	R0	Phase 1 - ICCP Report Phase 2 ICCP Report Phase 3 ICCP Report Draft uMD M ICCP	N/A	All LMs	Social Services	No changes on the targets done during Mid term review

				disasters																								
			Com 22	COM03_2	To reduce the probability of disaster occurrences and take effective action during disasters	Emergency relief (plastic sheets)	N/A	180 x plastic sheets procured by 31 December 2022	380 x plastic sheets procured by 30 June 2023	number of plastic sheets procured	380	0	380	200 plastic sheets procured by end of December 2021	200 plastic sheets procured by 31st December 2021	180 x plastic sheets procured by 31 December 2022	380 x plastic sheets procured by 30 June 2023	Partially Achieved	Requirement for 180 plastic sheets done in the 4th quarter was declined	Procurement of 250 x plastic sheets to be done in quarter 1 of the 2023/4 Financial Year	R180 000,00	R330 000,00	R158 000,00	Requirement and payment voucher	N/A	All LMs	Disaster Management Services	Target revised during mid-term due to budget adjustment
Fire Services	Environmental Sustainability	Cross Cutting Interventions	Com 13	COM03_1	To save lives and property and rendering humanitarian services	Provision of Jaws of Life set	N/A	1 Set of Jaws of Life procured by 30 June 2023		number of sets of Jaws of Life procured	72	0	72	1 x complete set of jaws of life procured by end of December	NO TAC HIE VED	1 Set of Jaws of Life procured by 30 June 2023	1 Set of Jaws of Life was not procured however 40 Foam	Not Achieved	Delayed procurement process. The process of appointing	Jaws of Life will be procured by the end of 1st Quarter 2023-24	R160,00	R460 000,00	R62 100,00	Requirement and payment voucher	N/A	All LMs	Emergency Services	New target added during mid-term

					rendering humanitarian services			onse vehicle throughout the district		Response vehicles				ponse vehicles for all wards by 30 June 2022	se vehicles provided for all wards by 30 June 2022	cles leased by 30 June 2023		vehicles leased	ved	2023 and has been extended for further 6 months	n extended							hini Richmond Impendle	get done during Midterm review
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DEPARTMENT: ECONOMIC DEVELOPMENT AND PLANNING																											
IDP PRIORITY: SMME PROMOTION, PARTNERING WITH RELEVANT STAKEHOLDERS TO ENSURE ECONOMIC GROWTH																											
Function	KZNP DS Goals	National KPA Ref	IDP /SD BIP Ref	Strategic Objective	Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output	Performance Measure/ unit of measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2022/ 2023)	Revised Annual Target (2022/ 2023)	2022/ 2023 Fin Year Actual performance	Status	Reasons for Variance	Planned Improvement	Annual Budget	Adjusted Budget	Expenditure	POE	Revised POE	Ward/ Municipality	Responsible Unit	Status on Indicator
												2021 - 2022 Annual Target	2021 - 2022 Actual														
DEVELOPMENT PLANNING	Spatial Equity	Cross Cutting Interventions	EDP 1	To ensure sustainable and coordinated development throughout the uMDM	Operational joint municipal planning tribunal	Number of Meetings of Operational (JMPT) Joint Municipal Planning Tribunal Committee as per Spatial Planning Land Use Management Act by 30 June 2023	N/A	Number of JMPT meetings held	8* JMPT meetings to be held	0	8* JMPT meetings to be held for this period	8x Meetings of Operational (JMPT) Joint Municipal Planning Tribunal Committee as per Spatial Planning Land Use Management Act by 30 June 2022	15x JMPT meetings coordinated by 30 June 2022	8 x Meetings of Operational (JMPT) Joint Municipal Planning Tribunal Committee as per Spatial Planning Land Use Management Act by 30 June 2023	N/A	12 JMPT meetings and resolution of JMPT	Achieved and Exceeded	There were many development applications received by the JMPT	N/A	R300 000	R250 000	R182 851	Attendance Registers, and / or resolutions of the JMPT	N/A	uMngeni Impephle Mpofana Richmond Mkhambathini uMshwathi	Development Planning	No changes on the targets done during Midterm review

ENVIRONMENTAL MANAGEMENT	Environmental Sustainability	Cross Cutting Interventions	EDP4	To ensure sustainable and coordinated development throughout the uMDM	Review and update of Environmental Management Framework as per section 5 of National Environmental Management Act :EMF regulations 2010	To have Environmental Information Management System (Decision Support Tool) that is user friendly and integrated into Municipal GIS system	N/A	Reviewed EMF Decision support Tool	N/A	N/A	N/A	N/A	N/A	N/A	EMF Decision Support Tool updated and reviewed by 30 June 2023	N/A	EMF Decision Support Tool was not reviewed and updated	Not Achieved	Environmental Management Specialist responsible for the project resigned in May 2022, the post has not been filled.	The EMF Decision Support Tool will be reviewed and updated during 2023-24 Financial Year. Appointment of the Environmental Management Specialist in the 2023-24 Financial Year is underway.	R500,000,00	R0,00	R0,00	Quarterly progress reports	N/A	uMngeni Impeandle Mpofana Richmond Mkhambathini uMshwathi	Development Planning	No changes on the targets done during Midterm review
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GIS	Spatial Equity	Cross Cutting Interven- tions	EDP 2	Spatial Information Maintenance, Integration & Business Units User Support	GIS Shared Services Support	12 x monthly reports on GIS Shared Services Support	N/A	Number of reports produced to indicated Shared Services Support	12	12	0	12x Monthly reports on GIS Shared Services Support by 30 June 2022	7 x mainte- nance and updates reports on the land information system by 30 June 2021 (2 Months Reporting done at 1 EDP Sitting)	12x Monthly reports on GIS Shared Services Support by 30 June 2023	N/A	9 Monthly reports on GIS Shared Services Support	Achieved	The 9 reports cover for the 12 months of the financial year	None	Salaries	Salaries	N/A	Monthly reports and EDP Committee noting & approvals	N/A	uMngeni Impe- ndle Mpofana Richmond Mkhambat- hini uMshwathi	Develop- ment Plan- ning	No changes on the targets done during Mid- term review
			EDP 3	Spatial Information Desktop and Enterprise Software Systems Main- tenance	GIS Software Main- tenance Renewal	Annual Payment Renewal to GIS Software Service Provider	N/A	Annual Licence Renewal	1	1	0	Annual Software Licence Renewal by 30 December 2021	1 x Annual Payment Renewal to GIS Software Service Provider in Jan 2022	1x Annual Software Licence Renewal by 30 December 2022	N/A	1 Annual Software Licence Renewal	Achieved	N/A	N/A	R 250, 000.	R2 50 00 00	R24 6 533 ,32	Master Licence Renewal and Pro- cure- ment Con- firm- ations	N/A	Distric- t Municipality	Develop- ment Plan- ning	No changes on the targets done during Mid- term review

			EDP5	Spatial Land Information and Complementing Database Updates for core business support	GIS Database/Dataset Updates Acquisition	Acquisition of Specific updated Database/Dataset	N/A	Acquisition of Updated Database/Dataset	2	2	0	1x Acquisition and Integration of Updated Database/Dataset by 30 December 2021	1x Acquisition and Integration of Updated Database/Dataset by 30 December 2021	1x Acquisition and Integration of Updated Database/Dataset	2x Acquisition and Integration of Updated Database/Dataset by 30 December 2022	2 Acquisition and Integration of Updated Database/Dataset	Achieved	N/A	N/A	R 380,000.00	R3 800,000.00	R19 464,000.00	Acquisition of Updated Spatial Products and Procurement Confirmation	N/A	All LMs	Development Planning	No changes on the targets done during Midterm review
LED & TOURISM	Job Creation	Local Economic Development and Social Development	EDP6	to develop an economically viable district that creates employment opportunities	LED Forum	Sitting of the LED Forum (4x quarterly reports produced)	N/A	Number of reports produced	4	4	0	4 x quarterly reports to EDP committee of the outcomes and deliberations of the LED forum by 30 June 2022	2 x quarterly reports to EDP committee of the outcomes and deliberations of the LED forum by 30 June 2022	4 x quarterly reports to EDP committee of the outcomes and deliberations of the LED forum by 30 June 2023	N/A	3 reports have been submitted to EDP committee of the outcomes and deliberations of the LED forum	Partially Achieved	The LED Forum was planned for the 30 September, however it did not seat due to no quorum therefore was no	The LED Forum meetings have been planned for 2023/24 Financial Year. Terms of reference will be reviewed to	Salaries	Salaries	N/A	Quarterly Reports to the EDP Committee	N/A	All LMs	LED	No changes on the targets done during Midterm review

			EDP 11	to promote tourism in the region	Brochure development	Development of Tourism brochure	N/A	Number of Tourism brochures developed	1	1	0	N/A	N/A	Development of Tourism brochure by 31 March 2023	5000 Development of Tourism brochure by 30 June 2023	Development and finalisation of tourism brochure not done due to service provider that withdrew	Not Achieved	Tourism was initially advertised and service provider appointed and later withdrawn after appointment, therefore it was readvertised and there were delays with SCM Unit	Tourism Brochures will be printed and finalised by end of September 2023 pending to availability of budget	R250 000	R250 000	R0	Tourism brochure developed, invoices and payment certificates	N/A	All LMs	LED	Target revised during mid-term (Q3 target moved to Q4)
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			EDP 12	to develop an economically viable district that creates employment opportunities	Inception Report of the LED Strategy	Development of the Inception Report of the LED Strategy by 30 June 2023	N/A	Inception Report	1	1	0	N/A	N/A	Development of the Inception Report of the LED Strategy by June 2023	N/A	Development of the Inception Report of the LED Strategy was not done	Not Achieved	Terms of reference have been developed and were submitted to SC M, SC M organised seating of BSC and there were corrections needed to be done on the tender documents and	LED unit is awaiting the next seating of the Bid Specification committee meeting in order to proceed with the process. The LED Strategy will be completed and adopted by Council by June 2024.	R0	R40000	R0	Inception Report, Appointment letter, Terms of reference	N/A	ALL LMs	LED	New target added during mid-term
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			EDP 14	to develop an economically viable district that creates employment opportunities	LED Summit	1 LED summit hosted by June 2023	N/A	Number of summits hosted	300	0	0	N/A	N/A	1 LED summit hosted by June 2023	N/A	LED Summit was conducted on the 22 and 23 of June 2023	Achieved	N/A	N/A	R0	R500000	R240000	Program and attendance register for the LED Summit, program and register for the steering committee and Report with pictures	N/A	All LMs	LED	New target added during mid-term
URP	Environmental Sustainability	Cross Cutting Interventions	URP 1	To effectively adapt and manage unavoidable and potential damaging clim	Test the fully developed system in the three pilot areas	Assessed and Functional early warning System	N/A	Number of progress reports produced	3	0	3	4 x Functional early warning systems for fire, flooding and lightning	4x Flood Early warning system functionality report submitted to EDP by 30 June 2022	4x Functional early warning systems for fire, flooding and lightning by 30 June 2023	N/A	3 flood early warning functionality reports submitted	Partially Achieved	The fourth quarter Report from Umngeni Water has not been	Report is expected to be received by end of August 2023	R7,000,000	R7000000	R7000000	Quarterly progress reports	N/A	Richmond, Umsunduzi and uMshathi	URP	No changes on the targets done during Midterm review

			URP5		Construction of climate-proof built infrastructure and shelter in rural communities	Development of the tender specifications for the Nhlazuka Climate Proofing Contract by 30 June 2023	2x Conceptual Design Report on Climate Proof Project of Project "submitted to UMD by UKZN and construction of 300 climate proof settlements by 31 March 2022	Number of Conceptual Design Report on Climate Proof Project "submitted to UMD by UKZN and number of climate proof settlements constructed	4	0	4	Appointment of a Service Provider to UMD by UKZN by 30 June 2022	ToR and specification was submitted to UMD by 31 March 2022, Activity is implemented by the project sub-executing Entity (UKZN) as per the 5th addendum	4 x Conceptual Design Report on Climate Proof Project "submitted to UMD by UKZN by 31 March 2022	2x Conceptual Design Report on Climate Proof Project "submitted to UMD by UKZN and construction of 300 climate proof settlements by 31 March 2022	2x Conceptual Design Report submitted and Construction of 300 Climate proof settlements not done	Not Achieved	The contractors did not deliver according to the specification and they requested to terminate the contract.	A meeting was held between SANBI and UKZN to discuss the way forward. UKZN is in the process of hiring a new contractor.				Quarterly progress reports	Quarterly progress reports, pictures and happy letters	Richmond LM	URP	Target revised during mid-term
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			URP6		Build the capacity of communities	5x of climate change awareness plays delivered by June 2023	N/A	Number of plays delivered to communities	5	0	5	6x climate change awareness roadshows by 30 June 2022	Not Achieved	5x theatrical groups appointed to deliver climate change awareness plays by 30 June 2023	N/A	5x theatrical groups appointed to deliver climate change awareness were appointed during 2020-2021 Fin Year and it was supposed to overlap to following Fin Years ; however due to non payments of the initial invoice the project was then cancelled	N/A	N/A	N/A	N/A				Quarterly progress reports	N/A	Wards not stated since its removed at mid year review	URP	Target removed due to non payments to the service provider
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DEPARTMENT: CORPORATE SERVICES																											
IDP PRIORITY: OPTIMAL INSTITUTIONAL TRANSFER TO ENSURE CAPACITY TO ACHIEVE MUNICIPAL OBJECTIVES AND PROMOTION OF SOUND GOVERNANCE																											
Function	KZNP GDS Goals	National KPA	IDP/SD BPRF	Strategic Objective	Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output	KPI / Unit of Measure	Demand	Baseline	Background	Preceding Year Performance		Annual Target (2022/2023)	Revised Annual Target (2022/2023)	2022/2023 Financial Actual performance	Status	Reasons for Variance	Planned Improvement	Annual Budget/ Financial Implications	Adjusted Budget	Expenditure	Municipality	Responsible Unit	POE	Revised POE	Status on Indicator
												2021 - 2022 Annual Target	2021 - 2022 Actual														
HUMAN RESOURCES MANAGEMENT	Human Resources Development	Municipal Transformation and Organizational Development	Corp 0	Ensure provision of Human Capital in line with the Strategic Objectives	Organogram Review	Review and adoption of the organogram by Full Council by 30 June 2023	N/A	Date of Adoption	N/A	N/A	N/A	Review and Consultation of the organogram by 30 June 2022	Not Achieved	Approval and Adoption of Municipal Organogram by 30 June 2023	N/A	Organogram approved and adopted by council on 30 May 2023	Achieved	N/A	N/A	Nil	Nil	N/A	All	Human Resources	Resolution by Full Council, Revised Organogram	N/A	No changes on the targets done during Mid term review

			Corp 5	To promote Health and Wellness in the workplace	Employee Health and Wellness	Facilitation of Employee Wellness Interventions as per referrals and implementation of EAP Programmes as per the EAP calendar by 30 June 2023	N/A	Number	N/A	N/A	N/A	Facilitation of Employee Wellness Programme and EAP Programs by 30 June 2022	82x EAP Cases facilitated, 1x EAP Wellness Programme facilitated by 30 June 2022	Facilitation of Employee Wellness Interventions as per referrals and implementation of EAP Programs as per the EAP calendar by 30 June 2023	4 Facilitation of Employee Wellness Interventions as per referrals and implementation of EAP Programs as per the EAP calendar by 30 June 2023	Facilitation of 9x Employee Wellness Programme/Intervention and implementation of 3x EAP Program by 30 June 2023	Achieved	N/A	N/A	R300 000,00	R200 000,00	R95 000,00	All	Human Resources	Monthly Reports, Registers /Email Correspondence	Monthly Reports, Registers /Email Correspondence, Photos and Attendance Registers	Target reviewed during mid-term
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			Corp 6	Early detection of health Impairments through a planned program of a periodic health examination	Annual Medical Surveillance for all Water and Sanitation employees and Fire Fighters	Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2023	N/A	% of employees provided with medical surveillance	N/A	N/A	N/A	N/A	N/A	100% Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2023	N/A	100% Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2023	Not Achieved	The tender for a new Service Provider was finalized in February 2023.	The first group which is Fire Fighters (they make up 50% of the group) were scheduled for April 2023 and the entire group was completed by 30 June 2023	R 350,000.00	R350,000.00	R562,800.00	All	Human Resources	Register, Schedule of Appointments	N/A	No changes on the targets do not during Mid term review
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														June 2023 37x (new targeted employees/58 *25% = 15.9%)		do not obtain ed due to lack of suitable candidates in targeted groups									

ADMINISTRATION AND SOUND GOVERNANCE																								
Governance & Policy																								
Municipal Transformation and Organizational Development																								
Corp 15	To ensure auxiliary support to department and improved sound governance	Provision of Secretariat Support to Section 79/80 committees	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings	N/A	Percentage	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 June 2022	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings as at 30 June 2022	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings by 30 June 2023	N/A	100% Provision of Secretariat Support to Section 79/80 committees as per Calendar of meetings by 30 June 2023	Achieved	N/A	N/A	Nil	Nil	N/A	All	Administration & Sound Governance	Calendar of Meetings; Agenda, Minutes, Resolution Matrix	N/A	No changes on the targets done during Mid term review
Corp 16	Cost and effective fleet Management and provision to all user departments	Fleet Management	100% Provision of effective fleet management for service Delivery	N/A	Percentage	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 2022	100% Provision of effective fleet management for service Delivery as at 30 June 2022	100% Provision of effective fleet management for service Delivery by 30 June 2023	N/A	100% provision of effective fleet management for service Delivery by 30 June 2023	Achieved	N/A	N/A	R 16,800,000.00	R1 6 800 000 ,00	R1 5 280 171 ,91	All	Administration & Sound Governance	Monthly Reports, Invoices	N/A	No changes on the targets done during Mid term review

			Corp 20	Enhance Interdepartmental Collaboration through Information and Communication Technologies	Intranet Portal	Implement an Intranet Portal by 30 June 2023	N/A	Project Progress Report	Lack of Internal Business Communication Portal	0	0%	N/A	N/A	Launch Intranet Portal by 30 June 2023	N/A	User awareness conducted and Intranet Portal launched by 30 June 2023	Achieved	N/A	N/A	Nil	Nil	N/A	All	ICT	Qtr1 - Communication Division Intranet approval Qtr. 2 - Screen shot of forms and Policies uploaded Qtr. 3 - Attendance Register of Training Qtr. 4 - Screenshot of Live Portal	N/A	Target revised during mid-term (Q3 target moved to Q4)
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			Corp 21	Foster Business Continuity through Disaster Recovery Planning	Disaster Recovery Plan Review	Revise Disaster Recovery Plan by 30 June 2023	N/A	Project Progress Report	Outdated Disaster Recovery Plan	0	0	N/A	N/A	Revise and test Disaster Recovery Plan by 30 June 2023	N/A	Disaster Recovery Plan Tested on 30 June 2023	Achieved	N/A	N/A	Nil	R1 500,000,00	R9 68,252,85	All	ICT	1. QTR 1: Draft DRP. Qtr2: SLA with Offsite Location QTR 3: HR & Sound Governance Resolution QTR 4: DRP Testing Documentation	1. QTR 1: Draft DRP 2. Qtr2: MOU with Offsite Location QTR 3: HR & Sound Governance Resolution QTR 4: DRP Testing Documentation	No changes on the targets do not during Mid term review
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DEPARTMENT: BUDGET AND TREASURY UNIT																													
IDP PRIORITY: CLEAN ADMINISTRATION AND SOUND FINANCIAL MANAGEMENT																													
Function	KZNP GDS Goals	National KPA	IDP/DBIP Ref	Department Code	Strategic Objective	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output	KPI/Unit of Measure	Project Name	Revised Project Name	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2022/2023)	Revised Annual Target (2022/2023)	2022/2023 Financial Year Actual performance	Status	Reasons for Variance	Planned Improvement	Annual Budget/Financial Implications	Adjusted Budget	Expenditure	Municipality	Responsible Unit	POE	Revised POE	Status on Indicator
														2021 - 2022 Annual Target	2021 - 2022 Actual														
Financial Management /Budget			FIN001	FIN001	To ensure effective financial reporting by providing direction and leadership within the Financial Services Department	4 x quarterly meetings held for MSC OA Steering Committee by 30 June 2023	N/A	Number of meetings facilitated	mSC OA Management	N/A	4	0	4	12x Monthly reports on mSC OA and Financial Support Management implementation by the 31st of March 2022	12x Monthly reports on mSC OA and Financial Support Management implementation by the 30th of June 2022	4x quarterly meetings of MSC OA Steering Committee by 30 June 2023	N/A	0x quarterly meetings of MSC OA Steering Committee by 30 June 2023	Not achieved	Delays in appointment of Committee members due to pending changes in Executive Management	Municipal Manager and CFO recruitment process in progress.	Salaries Budget	Salaries Budget	N/A	All	Budget & Reporting	Agency, Minutes and Registers	N/A	No changes on the targets done during Mid term review

			FIN 00 4	FIN 00 0 1	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Annual Budget adopted by the 31 May 2023	N/A	Adoption date for Budget	Budget Compilation and Approval	N/A	1	1	NIL	Annual Budget adopted by the 31st of May 2022	Annual Budget adopted by the 31st of May 2022	Annual Budget adopted by the 31 May 2023	N/A	Annual Budget adopted by the 31 May 2023	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Budget & Reporting	Council resolution and Adopted draft budget	N/A	No changes on the targets done during Mid term review
			FIN 00 6	FIN 00 0 2	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Adopted Budget Process Plan by 31 Aug 2022	N/A	Adoption date for Budget Process Plan	Budget Process Plan Review	N/A	1	1	NIL	Adopted budget process plan by 31 Aug 2021	Adopted budget process plan by 31 Aug 2021	Adopted budget process plan by 31 Aug 2022	N/A	Adopted budget process plan by 31 Aug 2022	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Budget & Reporting	Council resolution and Adopted Budget Process Plan	N/A	No changes on the targets done during Mid term review

			FIN 008	FIN 002	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	Approved Budget Adjustment by 28 Feb 2023	N/A	Adoption date for Adjustment Budget	Mid-year Budget Adjustment	N/A	1	1	NIL	1 x Approved Budget Adjustment by Feb 2022	1x Budget adjustment approved by 28 Feb 2022	Adjustment Budget approved by 28 February 2023	N/A	Adjustment Budget approved by 28 February 2023	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Budget & Reporting	Adjusted budget and Council resolution	N/A	No changes on the targets done during Mid term review
			FIN 009	FIN 002	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting	12 x In-year monitoring (section 71) monthly reports submitted to Council and Provincial Treasury	N/A	Submission date for In-year Monitoring Reports	In-year Monitoring Reports	N/A	12	12	NIL	12 x In-year monitoring monthly reports submitted by the 30th of June 2022	12x In-year monitoring monthly reports submitted by the 30th of June 2022	12 x In-year monitoring monthly reports submitted to Council and Provincial Treasury by the 30th	N/A	12 x In-year monitoring monthly reports submitted to Council and Provincial Treasury by the 30th	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Budget & Reporting	Section 71 Reports, Council resolutions and MSC OAC ploaed confirmation	N/A	No changes on the targets done during Mid term review

			FIN 01 8	FIN 00 3	Payment of creditors taking into account all related legislation including compliance with the VAT Act.	100% Payment of Creditors within 30 days by 30 June 2023	N/A	% Payment of Creditors within 30 days	Payment of Creditors	N/A	1	1	NIL	100% Payment of Creditors within 30 days by June 2022	Not yet achieved only 37.53% of creditors were paid within 30 days	100% Payment of Creditors within 30 days by 30 June 2023	N/A	As at end of June 2023 the creditors average payment of creditors was 30.4%, expected to increase as we are still getting the invoices for the last financial year. We will be able to come up with the actual percentage	Not achieved	Invoices not paid within thirty days due: - 1. Delays by the suppliers to provide clarities as when needed 2. Invoices with the errors that were taken back to the suppliers for correction 3. Delays	1. Biweekly monitoring and follow up of invoice tracking report to the relevant stakeholders 2. Update and maintenance of incident management report	Salaries Budget	Salaries Budget	N/A	All	Expenditure	Accounts Payable Age Analysis	N/A	No changes on the targets done during Mid term review
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			FIN 02 2	FIN 00 3	Payment of creditors taking into account all related legislation including compliance with the VAT Act.	12 x Monthly returns prepared, reviewed and submitted by 30 June 2023	N/A	Number of monthly VAT 201 returns prepared, reviewed and submitted	Prescribed monthly returns to comply with VAT Act	N/A	12	12	NIL	12 x Monthly VAT 201 returns prepared, reviewed and submitted by the 30th of June 2022	12 x Monthly VAT 201 returns prepared, reviewed, and submitted by 30 June 2022	12 x Monthly VAT 201 returns prepared, reviewed and submitted by 30 June 2023	N/A	12X monthly VAT 201 returns were prepared, reviewed and submitted to SARS	Achieved	N/a	N/a	Salaries Budget	Salaries Budget	N/A	All	Expenditure	VAT2 01 returns	N/A	No changes on the targets done during Mid term review
			FIN 02 3	FIN 00 3	Employee related costs payable within the legislative prescriptions	1 x Actuarial Valuation Report prepared by the 30th of June 2023	N/A	Number of Actuarial Valuation Reports prepared	GRAP 25 compliance, Actuarial Valuations	N/A	1	1	NIL	1 x Actuarial Valuation Report prepared by the 30th of June 2022	0x Actuarial Valuation Reports prepared by the 30th of June 2021	1 x Actuarial Valuation Report prepared by the 30 July 2022	N/A	1x Actuarial valuation report for the period 2021 /202 2 was done	Achieved	N/a	N/a	R41, 920.0 0	R2 2 50 0,0 0	R22 200 ,00	All	Expenditure	Actuarial Reports	N/A	No changes on the targets done during Mid term review

Revenue Management	Governance & Policy	Municipal Financial Viability and Management																										
		FIN 026	FIN 004	Maximize revenue generation to facilitate financial sustainability through a cost effective tariffs and strong revenue raising strategies	12 x Monthly Billing reports produced by 30th of June 2023	N/A	Number of Monthly Billing reports produced	Billing, Printing and Posting of Statements	N/A	12	12	NIL	12 x Monthly Billing reports produced by 30th of June 2022	12 x Monthly Billing reports produced by the 30th of June 2022	12 x Monthly Billing reports produced by 30 June 2023	N/A	12 x Monthly Billing reports produced by 30 June 2023	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Revenue	Billing Reports	N/A	No changes on the targets done during Mid term review
		FIN 027	FIN 004	Maximize revenue collection and reduce number of day	60% Revenue collection rate by the 30th of June 2023	N/A	% Revenue collection rate	Debtors Collection	N/A	95% Collection Rate	37% collection	58%	70% Revenue collection rate by the 30th of June 2022	53% Revenue collection rate by the 30th of June 2022	60% Revenue collection rate by 30 June 2023	N/A	56%	Not Achieved	Delays in disconnections and reconnections due to shortage	Improve disconnections and reconnections capacity by getting	Salaries Budget	Salaries Budget	N/A	All	Revenue	Collection Rate Calculation	N/A	No changes on the targets done during

			FIN 03 3	FIN 00 05	To ensure acquisition deletions are in place for the organisation. Ensure the market assessed and a sourcing (procurement) strategy is determined	7 day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2023	N/A	Average number of days Conversion to Order progression of all requisitions below R30 000.00	Supply Chain Management	N/A	7	7	N/A	7-day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2022	Achieved - 3-day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2022	7-day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2023	N/A	5-day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2023	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	SCM	System log	N/A	No changes on the targets due during Mid term review
			FIN 03 4	FIN 00 05	To ensure acquisition deletions are in place for	30 day Conversion to a Order progression of all Req	N/A	Average number of day Conversion to a Order prog	Supply Chain Management	N/A	30	30	N/A	30-day Conversion to a Order progression of all Req	Achieved - 8-day Conversion to a Order progression of	30 day Conversion to a Order progression of all Req	N/A	14 day Conversion to a Order progression of all Req	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	SCM	System log	N/A	No changes on the targets due

			FIN 037	FIN 006	To develop a strategic approach to assets management by developing a GRAP Complaint Assets Register and Assets Management Processes	1 x Annual Assets Verification of Immoveable Assets by the 30th of June 2023	N/A	Number of verification of immoveable assets conducted	Assets Accountability, completeness and verification	N/A	1	1	NIL	1 x Annual Assets Verification of Immoveable Assets by the 30th of June 2022	1 x Annual Assets Verification of Immoveable Assets by the 30th of June 2022	1 x Annual Assets Verification of Immoveable Assets by 30 June 2023	N/A	Physical verification of newly completed assets and conditional assessments of existing infrastructure	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Assets Management	Updated fixed asset register	N/A	No changes on the targets do not ring Mid term review
			FIN 038	FIN 006	To develop a strategic approach to assets management	12 x Monthly General Ledger and Assets Register Reconciliation	N/A	Number reconciliations performed	Acquisition updates on the assets register	N/A	12	12	NIL	12 x Monthly General Ledger and Assets Register Reconciliation	11x Monthly General Ledger and Assets Register Reconciliation	12 x Monthly General Ledger and Assets Register Reconciliation	N/A	12 x Monthly General Ledger and Assets Register Reconciliation	Achieved	N/A	N/A	Salaries Budget	Salaries Budget	N/A	All	Assets Management	FAR Reconciliation	N/A	No changes on the targets do not

DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER																												
IDP PRIORITY: PROMOTION OF SOUND GOVERNANCE																												
FUNCTIO N	K Z N P G D S G o a l s	N a t i o n a l K P A	ID P/ S D B I P R E F	Strate gic Objec tive	Project	Re vis ed Pro ject	Annu al Key Perfo rman ce Indic ator / Out put	Re vis ed Annu al Key Perfo rman ce Indic ator / Out put	Unit of Mea sure	D e m a n d	B a s e l i n e	B a c k l o g	Preceeding Year Performance		Annu al Targ et (2022)	Revis ed Annu al Targ et (2022/20 23)	2022/ 2023 Fin Year Actu al perfo rman ce	St at us	Rea son s for Vari anc e	Pla nne d Imp rov em ent	Ann ual Bud get/ Finan cial Impli cations	A dj us te d Bud get	Ex pe ndi tur e	Mu nici pali ty	Res pon sible	POE	Revis ed POE	St at us on In di ca tor
													2021 - 2022 Annual Targ et	2021 - 2022 Actual														
Council Support			OMM1	Cooperation between Municipal Councils within the District promoted	Council Support and oversight focused - Speakers	N/A	4x of DDM political (Speakers) meetings coordinated by 30 June 2023	N/A	Number of meetings coordinated	4	0	4	4 x DDM Political meetings coordinated by 30 June 2022	4x DDM Political meetings coordinated by 30 June 2022	4 x DDM Political meetings (Speakers Forums) coordinated by 30 June 2023	N/A	1x UMD District speakers forum meeting coordinated on the 12th of August 2022	Not Achieved	The other meetings could not be conducted due to the fact that meeting cancelled with Council meetings and other planned meeting	Speakers Forum meetings has been scheduled for the 2023-2024 Financial Year	Salaries budget	Salaries budget	N/A	All	Council Support	Attendance register, minutes and agenda	N/A	No changes on the targets do not during Mid term review

			OMM17		Report to the Performance Committee on the audit of Performance Management	N/A	2x Performance Committee meetings coordinated by the 30th of June 2023	N/A	Number of meetings coordinated	2	0	2	4 x Performance Committee meetings coordinated by the 30th of June 2022	3 x Performance Committee meetings coordinated by the 30th of June 2022	2x Performance Committee meetings coordinated by the 30th of June 2023	N/A	4x Performance Committee meetings coordinated AS AT 30th of June 2023 23 November 2022 20 February 2023 24 May 2023 26 June 2023	Achieved and Exceeded	Quarterly information was submitted timeously to internal audit therefore the audit was able to commence on time and the unit was able to report to Performance Audit Committee quarterly	N/A					All	Internal Audit	Performance Committee attendances registers and Performance Committee minutes	N/A	No changes on the targets do not during Mid term review
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			O M M 18	Implementation of Internal Audit Plan	N/A	4 x Internal Audit reports Finalized by the 30th of June 2023	N/A	Number of internal audit reports Finalized	4	0	4	2 x Internal Audit reports Finalized by the 30th of June 2022	4 x Internal Audit reports finalized by the 30th of June 2022	4 x Internal Audit reports Finalized by the 30th of June 2023	N/A	4 x Internal Audit reports Finalized as at 30th of June 2023	Achieved	N/A	N/A	Salaries budget	Salaries budget	N/A	All	Internal Audit	Quarterly Internal Audit report	N/A	No changes on the targets done during Mid term review
			O M M 19	Implementation of Internal Audit Plan	N/A	UIFWE investigation concluded by 30 June 2023	N/A	Number of UIFWE investigations concluded	1	0	1	UIFWE investigation concluded by 30 June 2022	UIFWE investigation conducted by 30 June 2022	1x UIFWE investigation concluded by 30 June 2023	N/A	1x UIFWE investigation concluded as at 30 June 2023	Achieved	N/A	N/A	Salaries budget	Salaries budget	N/A	All	Internal Audit	UIFWE investigation report	N/A	No changes on the targets done during Mid term review

Risk Management and Compliance	Governance & Policy	Good Governance and Public Participation	OMM20	To ensure effective risk management and compliance within the municipality	Implementation of Risk Management Plan	N/A	Risk assessment process for the 2022/2023 financial year coordinated and finalized by 31 July 2022	N/A	Number of risk registers produced	1	0	N/A	Risk assessment process for the 2021/2022 finalized by end July 2021	1x Risk register developed by September 2021	Risk assessment process for the 2022/2023 finalized by 31 July 2022	N/A	1 x Risk Assessment session conducted on the 8th of July 2022	Achieved	N/A	N/A	Salaries	Salaries	Salaries	All	Risk and compliance unit	Updated Risk Registers and attendance registers	N/A	No changes on the targets done during Mid term review
			OMM21.1	To ensure effective risk management and compliance within the municipality	Implementation of Risk Management Plan	N/A	Risk assessment process for the 2023/2024 financial year coordinated and finalized by 30 June 2023	N/A	conducting risk assessment for 2023/24	0	0	0	N/A	N/A	Conducting risk assessment for 2023/24 financial year by 30 June 2023	N/A	Enterprise wide risk assessment conducted on the 02 and 05 June 2023	Achieved	N/A	N/A	Salaries	Salaries	Salaries	All	Risk and compliance unit	Attendance registers and 23/24 risk assessment report	N/A	New target added during mid-term

			OMM21	To ensure effective risk management and compliance within the municipality	Compliance with the Risk Management process	N/A	Quarterly monitoring and reporting on the risk register	N/A	Number of quarterly reports	4	0	N/A	4 x Quarterly risk report by 30 June 2022	3 x Quarterly risk report by 30 June 2022	4 x Risk Report concluded and submitted to the Risk Committee by the 30th of June 2023	N/A	3 x Risk Report concluded and submitted to the Risk Committee	Partially Achieved	The absence of annual plan and calendar of meetings delayed sitting of the RMCO for the first quarter of the financial year.	Annual plan with dates of RMCO meetings have now been adopted by the committee. Meetings to sit as scheduled going forward.	Salaries	Salaries	Salaries	All	Risk and compliance unit	Quarterly risk reports, and proof of submission to the risk committee.	N/A	No changes on the targets do not during Mid term review
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			OMM22	To ensure effective risk management and compliance within the municipality	Implementation of Risk Management Plan	N/A	Coordinate sitting of the Risk Management Committee in line with the legislative requirements	N/A	Number of sittings for risk management committee	4	0	N/A	4 x Risk Management Committee meetings coordinated by the 30th of June 2022	1x Risk Management committee meeting held on 02 June 2022	4 x Sitting of the Risk Management committee coordinated by the 30 June 2023	N/A	4 x Risk Management committee meetings held on: 27 October 2022 15 February 2023 05 May 2023	Partially Achieved	Quorum not met, meeting could not continue as scheduled for 1st Quarter Meeting was initially planned for the 10th February 2023 but postponed to the 15th Feb 2023	Sitting of the RMCO was scheduled for the 27th October 2022	Audit Committee Budget	R30000,00	R20983,60	All	Risk and compliance unit	Risk Management Committee attendance registers and Risk Management Committee minutes	N/A	No changes on the targets done during Mid term review
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Legal Services	O M M 24 .1	To provide legal support services to the organization	Functionality of Disciplinary Boards	N/A	4X Disciplinary Boards by the 30th of June 2023	N/A	Number of meetings coordinated	4	0	4	3X Disciplinary Boards by the 30th of June 2022	7X Disciplinary Boards by the 30th of June 2022	4X Disciplinary Boards by the 30th of June 2023	N/A	4 x Disciplinary Board meetings coordinated on : 30 September 2022 09 December 2022 28 March 2023 18 May 2023	Ac h i e v e d	N/A	N/A	R7 500,000	R7 500,000	10 548,130	All	Legal services	Minutes, attendance registers and agenda	N/A	No changes on the targets do ne du rin g Mi d t e r m r e v i e w
		O M M 24	To provide legal support services to the organization	Legal Services	N/A	4x Quarterly reports on legal services submitted to Council by 30 June 2023	N/A	Number of reports submitted to council	4	0	4	4x Quarterly reports on legal services submitted to Council by 30 June 2022	4x Quarterly reports on legal services submitted to Council by 30 June 2022	4x Quarterly reports on legal services submitted to Council by 30 June 2023	N/A	4x Quarterly reports on legal services submitted to Council on: 06 October 2022 11 December 2022 30 April 2023	Ac h i e v e d	N/A	N/A				All	Legal services	Council Resolution	N/A

			O M M 27	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and Vision.	Leadership Support: Public engagements through media, both electronic and print.	N/A	12x Mayoral Radio slots and/or interviews by 30 June 2023	N/A	Number	12	0	12	12x Mayoral Radio slots and/or interviews by 30 June 2022	12x Mayoral Radio slots and/or interviews by 30 June 2022	12x Mayoral Radio slots and/or interviews by 30 June 2023	N/A	18 x Mayoral Radio slots and/or interviews conducted	Achieved and Exceeded	Because of negotiated arrangements with journalists for interviews at Municipal events at no extra cost to Council.	N/A	200000	50000	55947	UM DM . All affected wards.	Communication.	Either in-studio pictures, audio/video clips, newspaper cuttings or written confirmation from media houses.	N/A	No changes on the targets do not ring Mid term review
			O M M 28	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line	Inter-Departmental Support: Internal Communication	N/A	4x internal newsletters produced digitally by the 30 June 2023	N/A	Number	4	0	4	4 x internal newsletters produced digitally by 30 June 2022	4 x internal newsletters produced digitally by 30 June 2022	4 x internal newsletters produced digitally by 30 June 2023	N/A	4 x internal newsletters produced digitally	Achieved	N/A	N/A	Salaries budget	Salaries budget	Salaries	UM DM	Communication.	Printed copies of internal newsletter	N/A	No changes on the targets do not ring Mid term

			OMM29.1	public and community services	Expanded Public Works Programme Job Creation using Incentive Grant	N/A	100% Expenditure of the EPWP annual grant by 30 June 2023	N/A	% Spent on EPWP grant	100%	0%	100%	100% Expenditure of the annual grant by 30 June 2022	100% expenditure spent on EPWP initiatives by 30 June 2022	100% Expenditure of the EPWP annual grant by 30 June 2023	N/A	100% Expenditure of the annual grant by 30 June 2023	Achieved	N/A	N/A				All	EPWP Unit	Report with the budget expenditure and number of work opportunities and FTEs created	Monthly Proof of payments	No changes on the targets do not during Mid term review
Security Management			OMM32	To ensure a safe environment for all municipal employees, councilors and assets	Provision of Security Services	N/A	100% Provision of a safe environment for all municipal employees, councilors, and assets as per user Department request/assessment	N/A	100% provision of security services for municipal assets and staff	N/A	N/A	N/A	100% Provision of a safe environment for all municipal employees, councilors and assets by 30 June 2022	100% Provision of a safe environment for all municipal employees, councilors and assets by 30 June 2022	100% Provision of a safe environment for all municipal employees, councilors and assets as per user Department request/assessment	N/A	98% Provision of a safe environment for all municipal employees, councilors and assets as per user Department request/assessment	Partially Achieved	Insufficient POE	With the new security company appointed reports are now continuously submitted	8,000,000.00	R800,000,000	13,590,127.46	All	Security Services	Monthly Reports	N/A	No changes on the targets do not during Mid term review

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 COMPONENT A – INTRODUCTION OF MUNICIPAL PERSONNEL

The table below indicates the total number of approved posts within the organisational structure being 729. Out of the total of 729 posts 49 are management level posts.

TOTAL NUMBER OF EMPLOYEES				
		2022/2023		
Department	Approved Posts	Filled Posts	Number of Management Levels	Number of vacancies
Office of the Municipal Manager	64	38	12	26
Finance (Budget & Treasury) Department	120	99	6	21
Community Services Department	233	171	9	62
Corporate Services Department	80	68	4	12
Technical Services Department	214	178	15	36
Economic Development	18	10	3	8
Total	729	564	49	165

Table 30: Staffing Status Per Department

The following table indicates vacancy rate for the period

VACANCY RATE 2022/2023			
Designation	Total approved posts as per Organogram	Filled	Vacant
Municipal Manager	1	0	1
CFO	1	0	1
Other Section 57 Managers (Excluding Finance posts)	4	3	1
Other Section 57 Managers (Finance Posts)	0	0	0
Fire Fighters	127	116	11

Senior Management Levels (Excluding Finance Posts)	43	35	8
Senior Management Levels (Finance Posts)	6	3	3
Highly Skilled Supervision Levels (Excluding Finance posts)	49	33	16
Highly Skilled Supervision Levels (Finance Posts)	14	7	7
Total	245	197	48

Table 31: Vacancy Rate

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%
2022/2023	119	20	3.5%

COMMENTS ON VACANCIES AND TURNOVER RATE

The total number of posts in the organogram is 729, and the number of filled positions is 564. The total number of vacant positions remained at 165.

4.2 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
Employment of the Municipal Manager and Managers accountable to the Municipal Managers	Corporate Services	28/07/2022	Approved
Employment Policy for Employees Below Section 56/57	Corporate Services	28/07/2022	Approved
Promotion and Demotion Policy	Corporate Services	28/07/2022	Approved
Acting Policy	Corporate Services	11/06/2021	Approved
Confidentiality Policy	Corporate Services	01/11/2019	Approved
Employing Non-Full-Time Staff Policy	Corporate Services	11/06/2021	Approved
Gift Policy	Corporate Services	01/11/2019	Approved
Placement Policy	Corporate Services	01/11/2019	Approved
Remuneration Policy	Corporate Services	01/11/2019	Approved
Secondment of Employees to Other Municipalities or Within the Municipality	Corporate Services	01/11/2019	Approved
Leave Policy	Corporate Services	11/06/2021	Approved
Transfer Policy	Corporate Services	28/07/2022	Approved
Job Evaluation Policy	Corporate Services	28/07/2022	Approved
Attendance and Punctuality	Corporate Services	01/11/2019	Approved
Dress Code Policy	Corporate Services	01/11/2019	Approved
Private Work Policy	Corporate Services	01/11/2019	Approved
Exit Management Policy	Corporate Services	01/11/2019	Approved
Overtime Policy	Corporate Services	01/11/2019	Approved
Operational Allowance Policy	Corporate Services	11/06/2021	Approved
Housing Allowance Policy	Corporate Services	01/11/2019	Approved
Experiential Training Policy	Corporate Services	01/11/2019	Approved
Bursary Scarce Skills Policy	Corporate Services	01/11/2019	Approved
Employee Bursary Policy	Corporate Services	01/11/2019	Approved
Sexual Harassment Policy	Corporate Services	01/11/2019	Approved
Workplace Gender Based Violence and Femicide Policy	Corporate Services	01/11/2019	Approved
HIV/AIDS and Tuberculosis (TB) Policy	Corporate Services	01/11/2019	Approved
Bereavement Policy	Corporate Services	28/07/2022	Approved
Substance Abuse Policy	Corporate Services	01/11/2019	Approved
Occupational Health & Safety Policy	Corporate Services	01/11/2019	Approved

Name of Policy	Department	Last adopted	Status of policy
Municipal Protective Clothing/ Equipment & Uniform Policy	Corporate Services	01/11/2019	Approved
Smoking Policy	Corporate Services	01/11/2019	Approved
Municipal Subsistence and Travel Allowance	Corporate Services	01/11/2019	Approved
Municipal Subsistence and Travel Allowance	Corporate Services	01/11/2019	Approved
Telecommunication Policy	Corporate Services	11/06/2021	Approved
Security and Access Control Policy	Corporate Services	01/11/2019	Approved
Parking Policy	Corporate Services	01/11/2019	Approved
Records Management Policy	Corporate Services	01/11/2019	Approved
Fleet Management Policy	Corporate Services	01/11/2019	Approved
Political Office Bearers Vehicle Policy	Corporate Services	01/11/2019	Approved
Car/Travel Allowance Policy	Corporate Services	01/11/2019	Approved
Information Technology Security Policy	Corporate Services (ICT)	01/11/2019	Approved
Business Continuity Policy	Corporate Services (ICT)	01/11/2019	Approved
Smart Device Policy	Corporate Services (ICT)	01/11/2019	Approved
Access Control Policy	Corporate Services (ICT)	01/11/2019	Approved
Information Technology Security Policy	Corporate Services (ICT)	01/11/2019	Approved
Business Continuity Policy	Corporate Services (ICT)	01/11/2019	Approved
Performance Management Systems Policy	Office of the Municipal Manager	01/09/2020	Approved
EPWP Recruitment and Selection Policy	Office of the Municipal Manager	31/07/2018	Approved
Revenue Enhancement Strategy	Budget & Treasury	14/09/2018	Approved
Fixed Assets Policy	Budget & Treasury	14/09/2018	Approved
Banking and Investment Policy	Budget & Treasury	31/05/2018	Approved
Tariff Policy	Budget & Treasury	31/05/2018	Approved
Budget Policy	Budget & Treasury	31/05/2018	Approved
Indigent Policy	Budget & Treasury	31/05/2018	Approved
Supply Chain Management Policy	Budget & Treasury	31/05/2018	Approved
Credit Control and Debt Collection Policy	Budget & Treasury	30/06/2017	Approved
Standard Office Furniture Policy	Budget & Treasury	24/02/2017	Approved

Table 33: Policy Status

INJURIES, SICKNESS, AND SUSPENSIONS

Insurance for Injury-On-Duty (IOD) is paid on an annual basis. The district municipality has insurance with the Department of Labour's Workman Compensation (WCA) When there is an IOD case, hospitals and doctors submitted claims directly to WCA.

For 2022/23 the following tables provide the status in terms of injuries, sickness and suspensions/consequence management.

INJURIES/SICKNESS

Number of days taken for Injury-On-Duty	Nil
Number of Disablements	Nil
Number of permanent disablements	Nil
Number of fatal injuries	Nil
Number of sick days taken	1277 Days

Table 34: Injuries, Sickness Information

SUSPENSIONS/ CONSEQUENCE MANAGEMENT

During the 2022/23 Financial year, 8 cases of misconduct were recorded and attended and below is the update on progress:

No	Designation	Misconduct	Date of suspension	Date Suspension uplifted	Outcome
1	Committee Officer	AWOL	N/A	N/A	Matter finalized – Referred to EAP
2	Supervisor Meter Readings	Gross Misconduct	07 November 23	16-Aug-23	Matter finalized – Settlement Agreement
3	Divisional Manager: Expenditure	Gross Misconduct	20 January 22	Dismissed	Finalized
4	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement
5	Fleet Clerk	Gross Misconduct / Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement
6	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized, Settlement Agreement
7	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement

8	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement
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PERFORMANCE REWARDS – PMS UNIT

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 organisational SDBIP. The municipality will ensure that it has an Individual performance management policy so as to cascade performance to employees below senior management.

4.3 COMPONENT C – CAPACITATING THE MUNICIPAL WORKFORCE SKILLS DEVELOPMENT AND TRAINING

Position	Programme Name	Type of programme
FasSETA funded Interns	Prepared Business Tax Returns & Achieve Personal Effectiveness in Business Environmental	Skills Programme 11
Assistant Plumber	Plumbing NQF L4	Skills Programme
Co-ops	Grain Production	Short Course 53
Unemployed Youth	IT Technical Support Programme	Skills Programme 100
SHE Rep	Health and Safety	Skills Programme
Unemployed Youth	Furniture Making (Upholstery)	Learnership 20
Management & Council	Local Labour Forum	Short Programme
Registry and Information Technology Official	PoPia Act Training	Short Programme

Divisional Manager: Budget & Reporting Financial Accountant Principal Clerk Registry Divisional Manager: Administration	Asset Management and Records	Skills Programme
Legal Office and Chief Internal Audit Manager	Arbitration and Reconciliation	Skills Programme
Council and Management	Municipal System Act Amendments	Short Programme
Co-ops	Animal and Crop Production	Short Course
PMS Champions	Performance Management Services & Individual Performance Management	Short Course
Divisional Manager: HR Benefits Officer	Conditions of Collective Agreement	Short Programme
Unemployed Youth	Bricklaying and Plastering	Learnership 30 Skills Programme 60

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.

BURSARIES

No internal employee bursaries awarded to staff during the financial year of 2022/23.

MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS

MFMA Implementation Report as of 30 June 2023 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	68	0	68	13	-	13
Accounting Officer	0	0	0	0	-	0
Chief Financial Officer	0	0	0	0	-	0
Managers	3	0	3	3	-	3
Any other financial officials	0	0	0	0	-	0
Supply Chain Management Officials	4	0	4	2	-	2
Supply chain Management managers	1	0	1	1	-	1
TOTAL	76	0	76	19	0	19

Table 37: MFMA Competency Status

COMMENTS ON SKILLS DEVELOPMENT AND FINANCIAL COMPETENCY REGULATIONS

Training and development is implemented through the WSP which outlines the planned training and development for an organisation. Its main purpose is to make provision for training and development that meets the needs of the municipality to able to fulfil its developmental role as well as training and development that grows and develops employees in order to enable them to work effectively and efficiently in the delivery of services to the communities. The municipality remains fully compliant with the minimum competency regulations requirements.

4.4 COMPONENT D – MANAGING THE WORKFORCE EXPENDITURE

4.4.1 EMPLOYEE COST / EXPENDITURE

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
24. Employee related costs				
Basic	166,415,368	161,600,900	160,991,598	157,069,667
Bonus	13,597,898	12,434,283	13,487,829	12,336,023
Medical aid - company contributions	14,383,557	13,221,143	14,383,557	13,221,143
UIF	1,105,040	1,086,715	1,085,333	1,067,858
WCA	1,508,939	2,037,266	1,508,939	2,037,266
SDL	2,238,054	2,208,850	2,238,054	2,208,850
Other - Bargaining Council	67,964	64,500	67,964	64,500
Leave pay provision charge	3,909,006	7,155,143	3,855,566	7,077,726
Cellphone Allowances	278,000	265,450	145,900	138,600
Group Life Contributions	3,892,343	3,843,876	3,892,343	3,843,876
Standby Allowances	5,639,372	9,035,825	5,639,372	9,035,825
Other - Tool Allowances	1,250,305	1,376,537	1,250,305	1,376,537
Defined contribution plans	31,941,553	31,620,787	31,708,476	31,425,857
Travel, motor car, accommodation, subsistence and other allowances	13,499,419	14,633,431	13,391,065	14,328,502
Overtime payments	5,524,749	7,495,744	5,524,749	7,495,744
Long-service awards	4,784,462	6,380,998	4,784,462	6,380,998
Acting allowances	1,408,372	1,231,539	1,160,207	1,231,539
Housing benefits and allowances	1,387,278	1,366,159	1,387,278	1,366,159
Uniforms & Clothing Allowances	55,612	43,875	55,612	43,875
Shift Allowance	9,712,583	7,656,793	9,712,583	7,656,793
Backpay	5,834	61,412	-	-
Termination benefits - Curtailment and Settlements	5,180,738	4,717,675	5,180,738	4,717,675
	287,786,446	289,538,901	281,451,930	284,125,013

Table 2: Employee Related Costs and Councillors' Remuneration

Comments on Employee Related Expenditure

The employee related expenditure (including Councillors' remuneration increased when compared to the 2021/2022 financial year and remained within the norm of 22% to 40% for 2022/2023 at 23% compared to 29% in the previous financial year.

CHAPTER 5: FINANCIAL PERFORMANCE

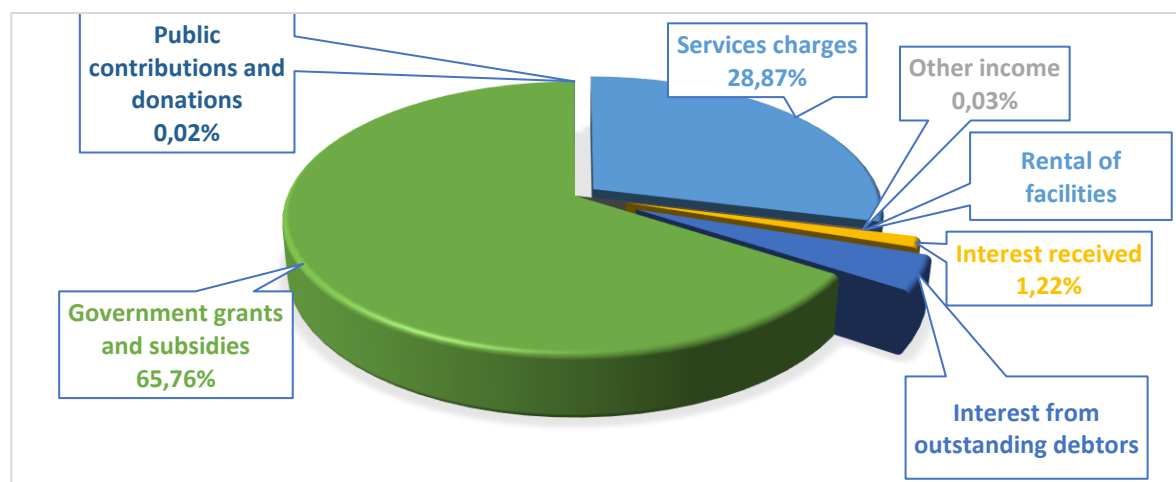
Component A: Statement of Financial Performance

5.1 Revenue

Revenue Source	Jun-23	Jun-22	Fluctuation
Services charges	447,235,423	310,099,132	44%
Rental of facilities and equipment	504,621	-	-
Other income	468,882	84,095	458%
Interest received on investments and bank accounts	18,969,960	3,662,392	418%
Interest from outstanding debtors	62,865,574	33,381,207	88%
Government grants and subsidies	1,018,870,724	901,691,254	13%
Public contributions and donations	368,783	525,000	-30%
Total Revenue	1,549,283,967	1,249,443,080	24%

Table 3: Revenue Fluctuations by Source

The total revenue increased by 24% in the 2022/23 financial year where service charges revenue increased by 44% due to the introduction of cost-reflective tariffs through a phased in approach based on expenditure incurred to provide such services. With the debt collection rate still well below the norm of 95%, the increase in service charges has resulted in an increase on the interest charged on outstanding debtors at a rate of 88% when compared to the previous year. The increase in interest earned on investments and bank accounts improved by 418% due to a focus on effective cash management with greater efforts made to invest surplus funds on a short term-basis. The government grants and transfers increased by 13% following the additional grant allocations received by the municipality.



Graph 1: Revenue Contributions Per Source

The major portion of revenue is from grants with improved grant dependency status from 72% in the previous financial year to 66% in 2022/23. In the 2022/23 financial year, the major revenue contributors were government grants at 66% of total revenue; service charges at 29% and interest on outstanding debtors at 4%.

5.2 Consumer Debtors

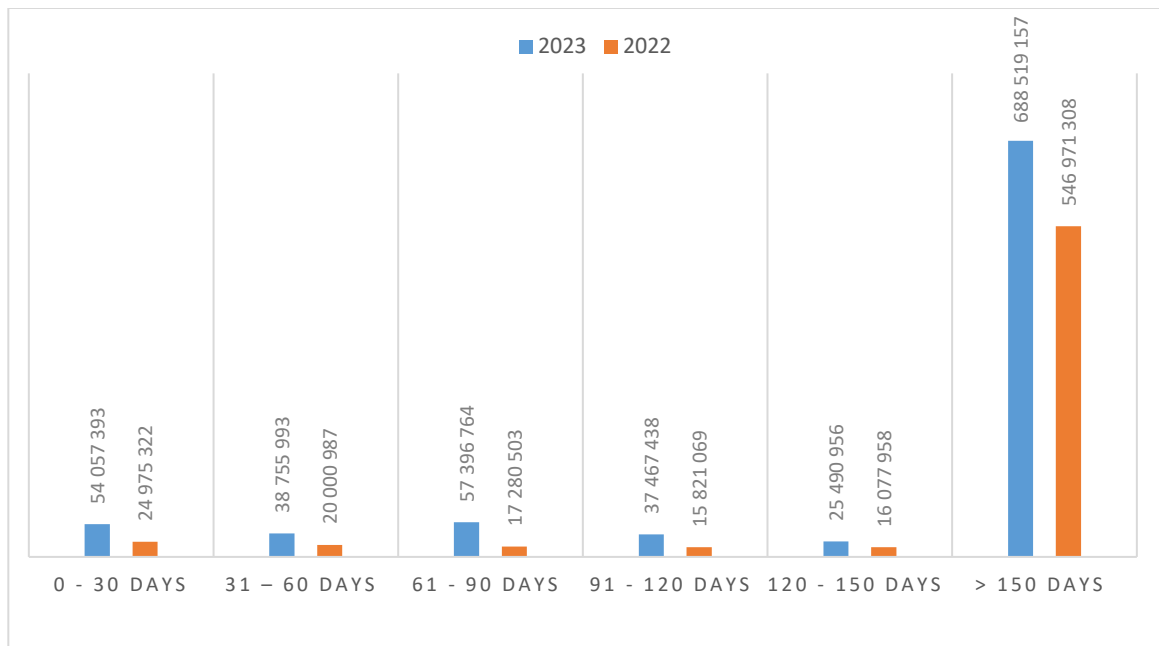
The municipality continued with implementation of the revenue enhancement programme in the 2022/23 financial year with the debt collection and indigent drive at the forefront. The debtors book closed at R 901 million when compared to the R 641 billion in the prior year. A significant part of the outstanding debt is attributable to debt older than 150 days which accounts for 76% (2022: 87%) of the debtors' book.

Number of Days	2023 R	2022 R	% Contribution 2023	% Contribution 2022
Current (0 - 30 days)	54,057,393	24,975,322	6%	4%
31 – 60 days	38,755,993	20,000,987	4%	3%
61 - 90 days	57,396,764	17,280,503	6%	3%
91 - 120 days	37,467,438	15,821,069	4%	2%
120 - 150 days	25,490,956	16,077,958	3%	3%
> 150 days	688,519,157	546,971,308	76%	85%
Total	901,687,701	641,127,147	100%	100%

Table 4: Ageing of Consumer Debtors

To improve collection, the economic entity continuously implements strategies such as, inter alia:

- Ensuring that the debtors' database is well maintained to ensure credibility;
- Ensuring the meters are read on a regular basis as to achieve accurate and complete billing;
- Perform meter audits to confirm that meters are allocated to the correct properties and to identify any faulty and/or dysfunctional meters.
- Conducting Customer Query Drives;
- Ensuring that the indigent drive continues to gain momentum;
- Use of debt collectors.

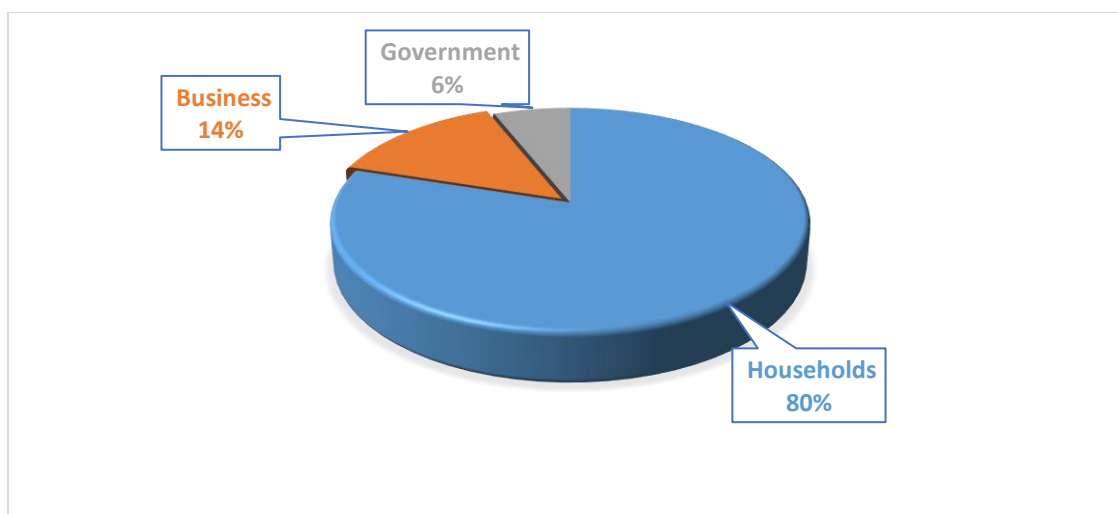


Graph 2: Aging of Consumer Debtors

CONSUMER DEBTORS PER CATEGORY		
Debtors Categories	Total	% Contribution
Households	748,478,628	80%
Industrial/Commercial (Business)	103,259,393	14%
Government	49,949,680	6%
Gross Debtors	901,687,701	100%
Less: Accumulated Impairment	842,703,560	88%
As disclosed per note to AFS	58,984,141	12%

Table 5: Debtors by Category

The major contributor to the debtors' book is households which contribute 80% of the total debtors' book. The accumulated impairment constitutes 88% of the debtors' balance which indicates that the municipality needs to remain committed to the strict enforcement of the Credit Control and Debt Collection Policy and the Municipal By-laws.



Graph 3: Debtors Contribution by Category

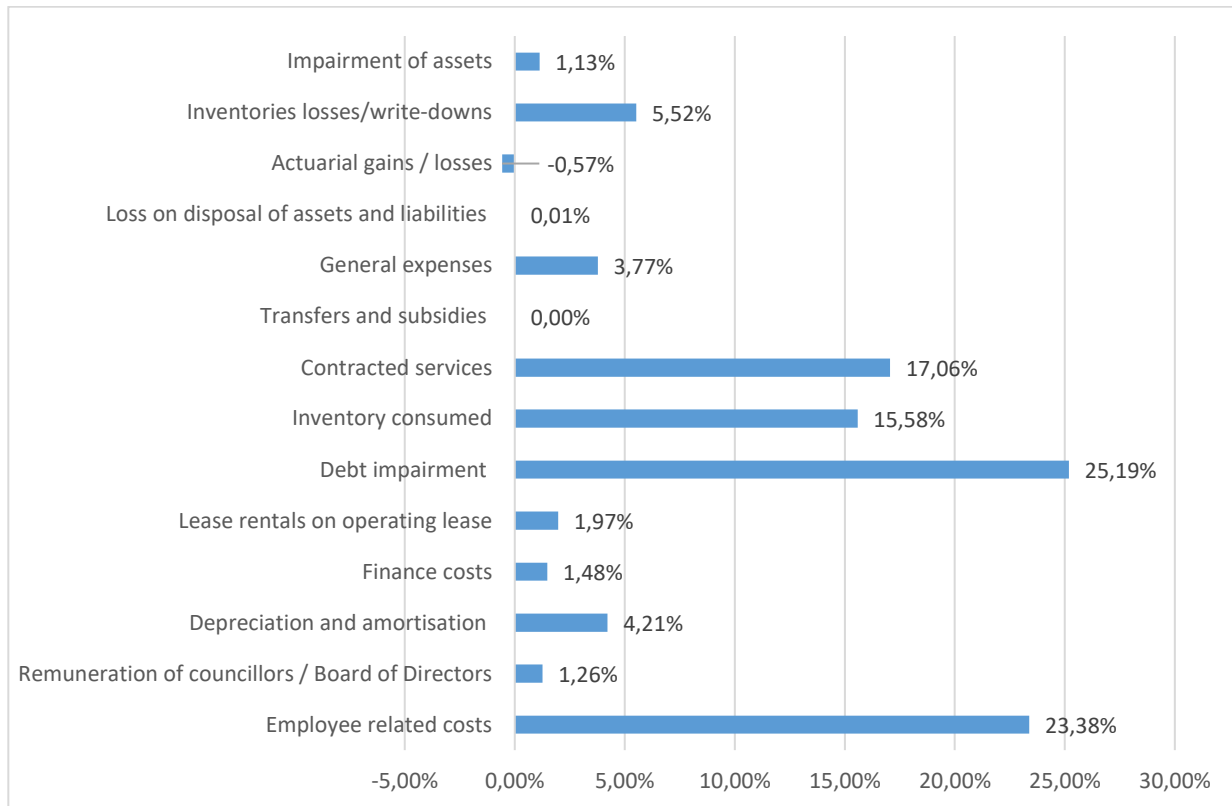
5.3 Expenditure

Expenditure	Jun-23	Jun-22	Fluctuation
Employee related costs	287,786,446	289,538,901	-1%
Remuneration of councillors / Board of Directors	15,542,762	11,673,350	33%
Depreciation and amortisation	51,858,945	51,849,966	0%
Finance costs	18,250,481	19,727,893	-7%
Lease rentals on operating lease	24,274,000	22,228,340	9%
Debt impairment	310,016,011	151,088,107	105%
Bad debts written off	-	504,671,372	-100%
Inventory consumed	191,819,705	184,878,312	4%
Contracted services	209,970,079	174,695,412	20%
Transfers and subsidies	50,000	-	0%
General expenses	46,440,338	37,044,066	25%
Loss on disposal of assets and liabilities	79,402	8,580,309	-99%
Actuarial gains / losses	- 7,063,097	1,182,325	-697%
Reversal of impairments	-	- 547,850,108	-100%
Inventories losses/write-downs	67,919,537	87,135,266	-22%
Impairment of assets	13,909,036	-	0%
Total Expenditure	1,230,853,645	996,443,511	24%

Table 6: Expenditure Fluctuations by Type

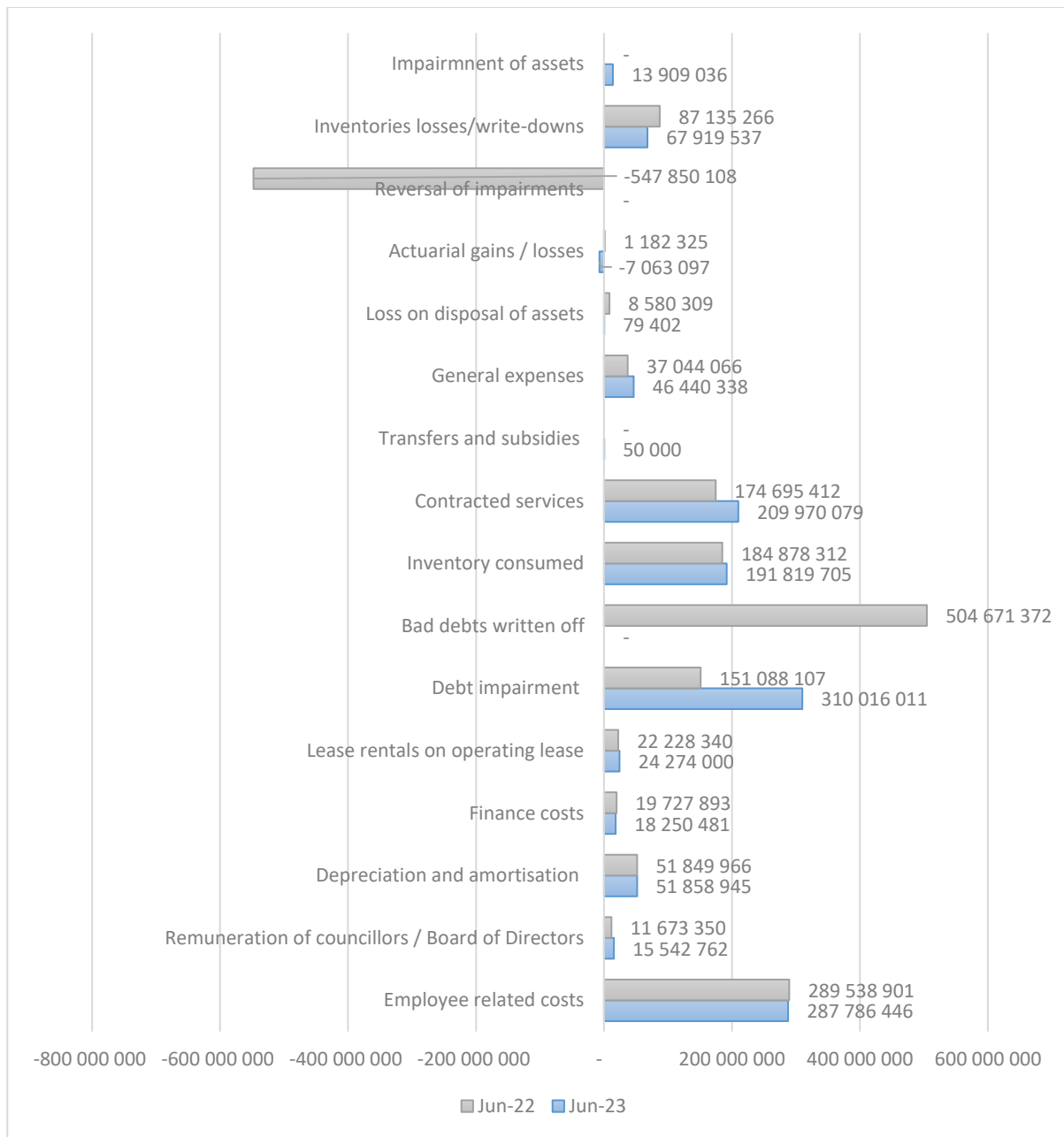
The operating expenditure increased by 24% from the 2022/2023 financial year in line with the increase in revenue. The economic entity continues to allocate the majority of its funds to its core function, i.e., the provision of water and sanitation services to communities within the district.

The major contributors to the operating expenditure were debtors' impairment at 25%; employee related costs (23%); inventory costs including water losses at 21%; and contracted services at 17%.



Graph 4: Expenditure Contributions by Type

The entity continues in its efforts to achieve improved financial management by controlling and limiting non-core expenditure items and reducing operational costs through the implementation of the Cost Containment Measures as per MFMA Circular 97 as well as the entity's Cost Containment Policy.



Graph 5: Operating Expenditure Comparison

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.8 Capital Grants Expenditure

	2023			2022		
	Allocation	Expenditure	% Spent	Allocation	Expenditure	% Spent
Municipal Infrastructure Grant (MIG)	173,620,163	173,620,163	100%	132 893 000	132 893 000	100%
Water Services Infrastructure Grant (WSIG)	122,600,000	122,599,792	100%	125 000 000	125 000 000	100%
Accelerated Water Intervention Grant	10,000,000	10,000,000	100%	18 000 000	17 999 997	100%
Disaster Recovery Grant	10,000,000	5,919,821	59%	-	-	0%
Total	316,220,163	312,139,776	99%	275,893,000	275,892,997	100%

Table 8: Capital Grant Expenditure

In the 2022/2023 financial year, the economic entity spent 99% of all its capital grants compared 100% to 2021/22. This is due to the late receipt of the Disaster Recovery Grant in April 2023 with a planned project duration of 12 months.

5.9 Top Five Project Capital Spending

PROJECT	GRANT	TOTAL
LINDOKUHLE/MPOLWENI WATER SUPPLY	MIG	68,753,741
UMSHWATHI REGIONAL BULK WATER	WSIG	66,793,232
NKANYEZI WATER SUPPLY	MIG	49,649,339
EXTENSION OF KWAZIBSELE RETICULATION	WSIG	27,542,595
MBHAVA AND MPETHU WATER SUPPLY	MIG	13,396,098
	TOTAL	226,135,005

Table 9: Top 5 Capital Projects Expenditure

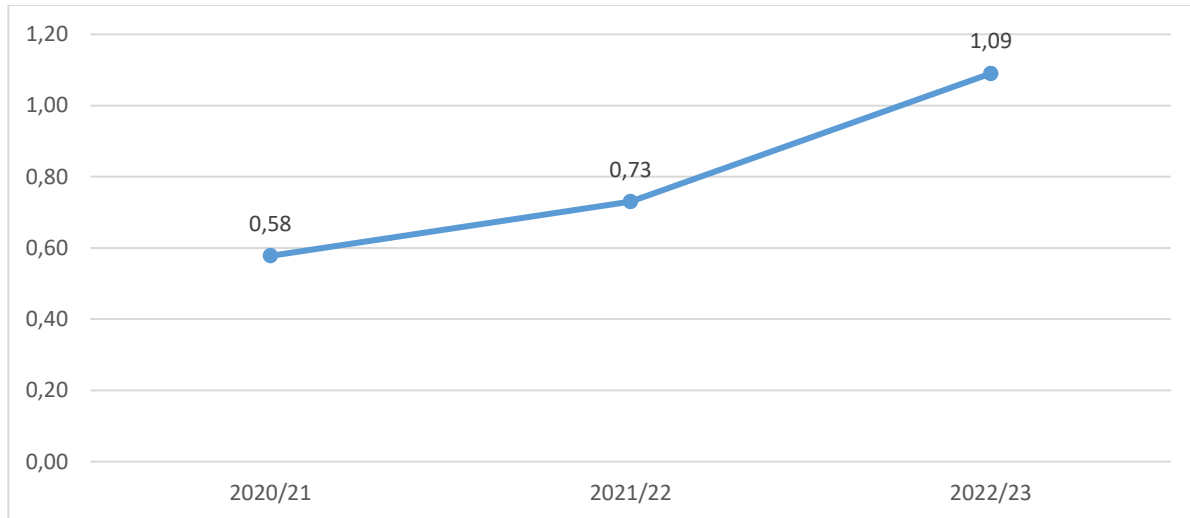
A total of 85% of the capital grant expenditure for the 2022/2023 financial year is from the five major projects that were underway during the financial year.

5.10 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.

Component C: Cash flow Management and Investment

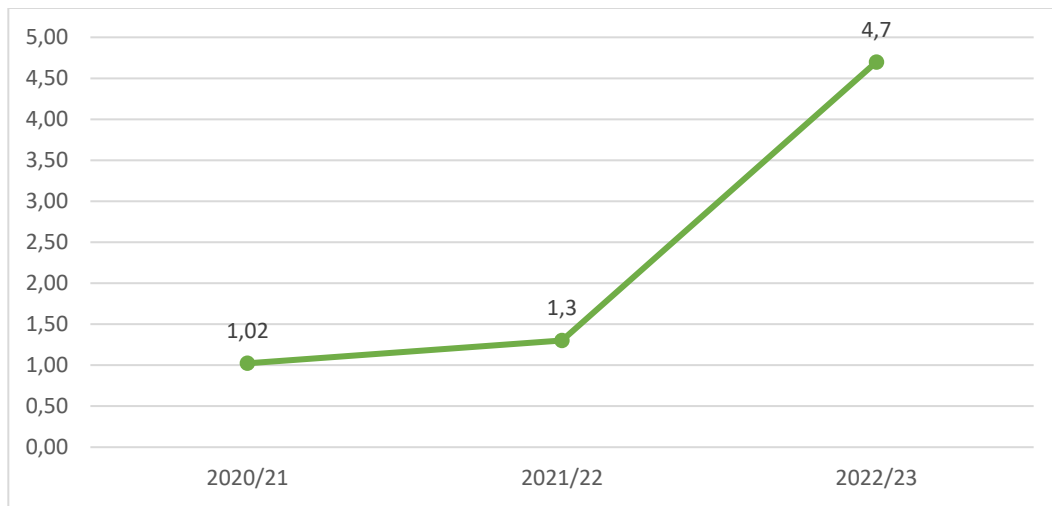
5.4 Liquidity Management



[Graph 6: 3-year Liquidity Ratio Trend](#)

The current ratio is used to assess the ability of the economic entity to honour its short-term liabilities using its short-term liquid assets. National Treasury recommends a range of 1.5 - 2:1 ratio. A high ratio indicates a strong ability to settle current or short-term debt. The current ratio, although growing steadily remains below the recommended norm. The graph above illustrates an increasing trend from a ratio of 0.58:1 in 2020/21 to 1.09:1 in 2022/23 indicating improvement in the liquidity of the economic entity, drawing closer to having sufficient short-term assets to meet its current obligations.

The Municipality continues to monitor and reduce unnecessary expenditure, control, and reduce fixed costs and implement strategies to improve on revenue collection to enhance liquidity, settle creditors and provide services in a sustainable manner.



Graph 7: 3-year Cash/Cost Coverage Ratio Trend

The cash coverage ratio looks at the ability to cover fixed costs using cash available in the bank excluding conditional grants received that remain unspent. National Treasury recommends a cash coverage ratio of 1 month to 3 months (30 to 90 days).

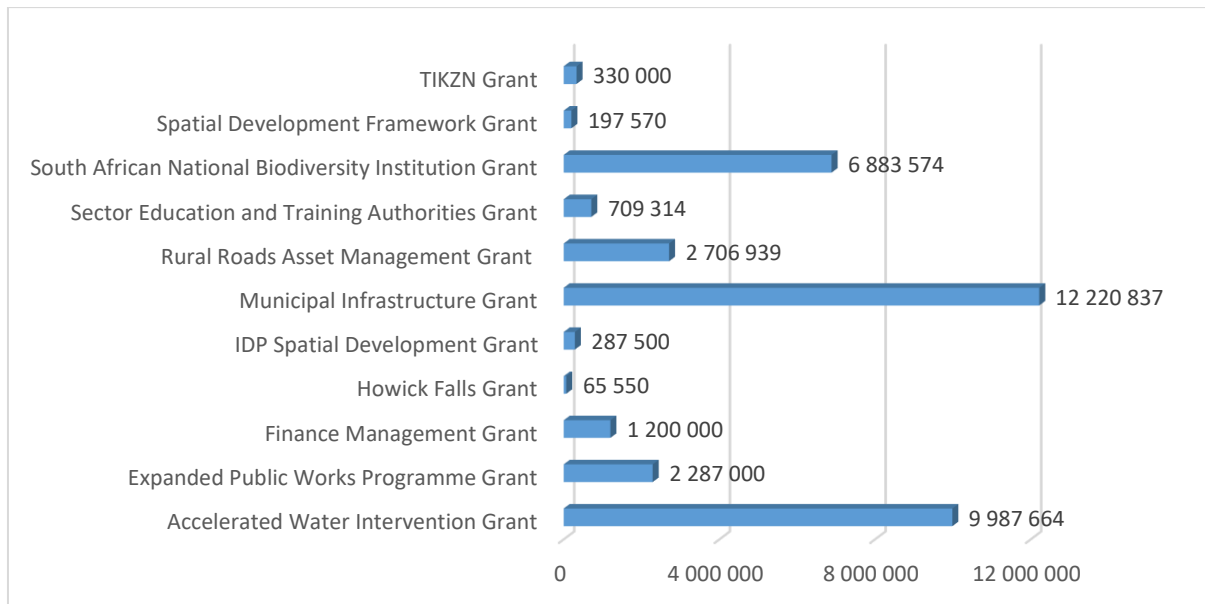
The economic entity had sufficient cash to fund monthly fixed operational expenditure and to continue rendering services with a ratio falling within the National Treasury norm of 1 to 3 months. The cash coverage ratio has continued to improve from 1.03 months in the 2020/2021 financial year to 4.7 months in 2022/2023 financial year.

5.5 Borrowings

As at 30 June 2022, the loan balance was at a total value of R 163.2 million down from R 175.5 million in the prior year. The average interest rate on remaining loan is 10.889%. The debt to revenue ratio was at 37% for the 2022/ 2023 financial year down from 39.9% for the 2021/2022 financial year. In both years, the ratio is within the norm of below 45% as set out by National Treasury. This indicates that the entity still has capacity to increase funding from borrowings, however, this should be considered within the cash flow requirements of the economic entity.

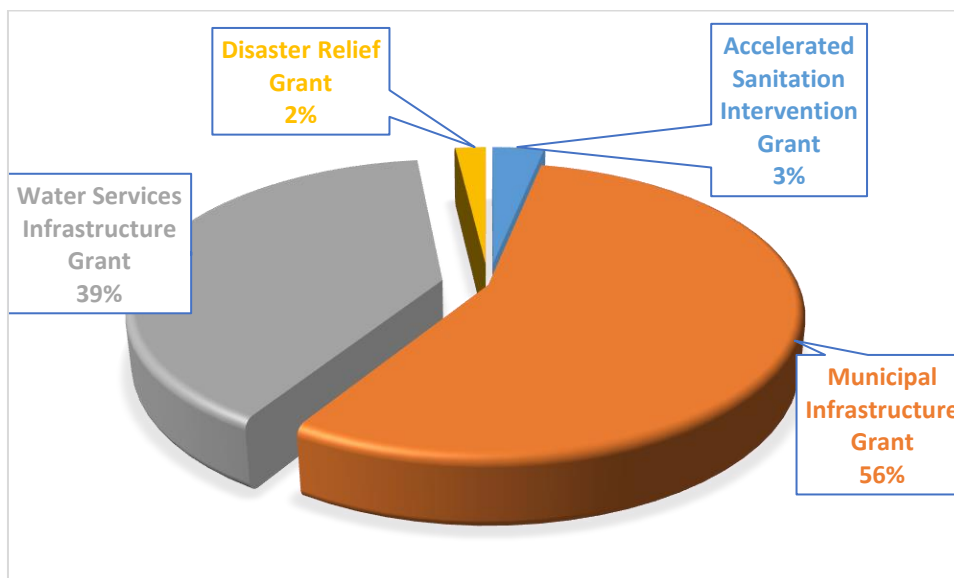
5.6 Grants: Government Grants and Subsidies

The total operating grants revenue for the 2021/2022 financial year amounted to are R 36.9 million excluding the Equitable Share which amounted to R 669.9 million. The breakdown of the conditional operational grant revenue is as follows:



Graph 8: Operational Conditional Grants

The capital grant revenue for the 2022/23 financial year was at a total of R 312 million constituted as follows:



Graph 9: Capital Grant Contributions

5.7 Asset Management

	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
LAND	2,970,350	-	2,970,350
BUILDINGS	60,066,385	- 5,403,364	54,663,021
PLANT AND MACHINERY	19,590,239	- 5,833,354	13,756,885
FURNITURE AND FIXTURES	5,474,668	- 2,371,538	3,103,130
TRANSPORT ASSETS	11,075,489	- 2,870,865	8,204,624
IT EQUIPMENT	8,147,990	- 3,560,060	4,587,930
INFRASTRUCTURE	2,916,758,441	- 1,165,900,014	1,750,858,427
INFRASTRUCTURE WIP	721,668,814	- 13,909,037	707,759,777
OTHER PPE	560,771	- 141,478	419,293
TOTAL PPE	3,746,313,147	- 1,199,989,710	2,546,323,437
INTANGIBLE ASSETS	8,016,066	- 7,945,325	70,741
HERITAGE ASSETS	4000	-	4000
TOTAL FIXED ASSETS	3,754,333,213	1,207,935,035	2,546,398,178

Table 7: Fixed Assets by Type as at 30 June 2023

The total carrying value of the economic entity's assets amounted to R 2.5 billion and comprises of property, plant and equipment; intangible assets; and heritage assets as at 30 June 2023. The management of assets is well controlled and managed institutionally. An annual conditional assessment on infrastructure assets was performed. An external service provider was appointed to conduct interval and planned repairs and maintenance on the infrastructure assets.

The ratio of repairs and maintenance was at 4.9% (2022: 4.4%) of the carrying value of fixed assets. Although this is below the norm of 8%, and amount of R 61.9 million was spent on the renewal / rehabilitation of municipal infrastructure.

Component C: OTHER FINANCIAL MATTERS

5.11 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.

5.12 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 application used for the preparation of the financial statements.

CHAPTER 6: AUDIT REPORT AND AUDITOR GENERAL'S FINDINGS

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the 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 pages ... to ..., which comprise the consolidated and separate statement of financial position as at 30 June 2023, 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 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 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (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 responsibilities of the auditor-general 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 allowance for impairment – consumer debtors

7. As disclosed in note 4 to the consolidated and separate financial statements, consumer debtors were impaired by a total of R842,70 million (2021-22: R554,12 million) as the recoverability of these debts was doubtful.

Contingent liabilities

8. As disclosed in note 39 to the consolidated and separate financial statements, the group is a defendant in various claims relating to claims from service providers and other parties. The ultimate outcome of these matters could not be determined thus no provision for any liability that may result was made in the consolidated and separate financial statements.

Material water losses

9. As disclosed in note 42 to the consolidated and separate financial statements, material water losses of R68,86 million (2021-22: R81,79 million) was incurred by the group which represents 30% (2021-22: 35%) of total water purchased. The water losses were mainly due to water leakages, illegal connections and faulty meters.

Other matters

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

Unaudited disclosure notes

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.

Responsibilities of the auditor-general 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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the group's performance on its primary mandated functions and that is of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery	XX	To ensure provision of services in a sustainable manner and measure access to sustainable quality drinking water and sanitation services to customers.

18. I evaluated the reported performance information for the selected key performance area against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the group's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the group's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected key performance area.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

Material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the basic service delivery key performance area. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation
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25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the group's compliance with legislation.
26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the group, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

28. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

29. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R256,84 million, as disclosed in note 45 to the consolidated and separate 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 adjusted budget for different votes where water losses, contracted services, debt impairment and employee costs are the major contributing factors to this expenditure.

Financial statements

30. 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 on non-current assets, current liabilities, expenditure, cash flow statement and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

31. The accounting officer is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
32. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
33. My responsibility is to read this other information and, in doing so, consider whether it 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.
34. 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

35. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report 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 material findings on compliance with legislation included in this report.
36. Management did not exercise adequate oversight over the preparation of credible and reliable financial and performance reporting as there were a number of material misstatements that were corrected.
37. Management did not adequately monitor expenditure against the budget to prevent the re-occurrence of unauthorised expenditure. Despite implementing a strategy to reduce unauthorized, irregular, fruitless, and wasteful expenditures (UIFW), the lack of diligent monitoring allowed unauthorized expenditure to persist and grow.

Material irregularities

38. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

39. The material irregularity identified is as follows:

Failure to implement credit control policy and debt collection policy

40. The municipality failed to comply with section 62(f)(iii) of the MFMA which states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and implements a credit control and debt collection policy referred to in section 96(b) of the Municipal Systems Act 32 of 2000.
41. The municipality did not implement the provisions of its credit control and debt collection policy to recover long outstanding debtors' balances. The non-compliance has resulted in a material financial loss of R436,41 million (excl. VAT) in the prior year and a further R64,04 million material financial loss identified in the current year, being written off as irrecoverable in the 2021-22 and 2022-23 financial years respectively.
42. The accounting officer was notified of the material irregularity on 31 January 2023 and invited to make a written submission on the actions taken. The following actions are being taken by the accounting officer:
- Management has implemented internal controls including a data cleansing process to obtain all relevant details of the debtors.

- Municipality has also requested assistance from all local municipalities and ward councillors within the district for the data cleansing and the process is anticipated to be concluded by 30 June 2024.
- Implementation of the collection processes as detailed in the credit and debt collection policy.

43. I will follow up on the implementation of the planned actions during my next audit.

Other reports

44. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. 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.

45. An independent consultant is investigating alleged financial misconduct within the revenue services at the request of the group, which covers the period July 2017 to June 2018. The investigation commenced in June 2021 and was still in progress at the date of this auditor's report.

46. The member of the executive council for Cooperative Governance and Traditional Affairs (Cogta) commissioned an investigation into allegations of maladministration, fraud and corruption within the group, which covers the period July 2011 to June 2020. The investigation commenced in December 2022 and was still in progress at the date of this auditor's report.

Auditor - General

Pietermaritzburg

12 December 2023







AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

AUDITOR GENERAL'S FINDINGS AND ACTION PLAN

Legend

	Resolved
	Partially Resolved
	Unresolved
	Action date has not passed-To be confirmed

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
MATTERS AFFECTING AUDITOR'S REPORT									
ANNUAL FINANCIAL STATEMENTS									
Differences between inventory consumed and the water reconciliation	<p>Section 62(1)(c) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipal entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair</p>	Management and internal audit did not develop and implement adequate review processes to ensure that all transactions and accounts per the financial statements agree to the underlying accounting records prior to the submission of the financial statements for audit.	<p>Management should develop and implement adequate review processes to ensure that all disclosures on the financial statements agree to the underlying accounting records prior to the submission of the financial statements for audit. Proposed adjustments to the AFS with the supporting workings should be re-submitted for audit.</p> <p>Effective review processes should be conducted by management and internal audit to prevent misstatements of this nature in the future.</p>	Adjustments have been made to correctly reflect the kilolitres and value in line with the tariff as set by Umgeni Water. The tariff applied is exclusive of VAT and includes the Water Research Levy.	Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved. This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.	Proposed adjustments to the disclosure on the annual financial statements with the amended Inventory Workbook is attached for consideration.	<p>1. Water Consumption register to be compared against invoices from Umgeni Water.</p> <p>2. Inventory Workbook to reflect Umgeni Water Tariff breakdown.</p>	31-Dec-23	Manager: SCM

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
	<p>presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>The following differences were identified between the inventory consumed note 31 and the water for distribution reconciliation sub-note 31 to financial statements, refer to the detailed AG Management Letter.</p> <p>The reconciliation of water for distribution in note 31 is overstated by R33 362 480.</p>								

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
<p>Bad debts written-off accounted for in incorrect accounting period</p>	<p>Section 62(1)(c) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipal entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and</p>	<p>Management did not properly consider the effects of GRAP 14 during the preparation of the financial statements to ensure adherence to the reporting framework.</p>	<p>Management should develop and implement adequate review processes to ensure that all GRAP standards are applied appropriately during the preparation of financial statements to ensure compliance with the reporting framework. Proposed restatement adjustments to the financial statements and supporting information should be submitted for audit together with prior period error adjustments detailing the nature and financial impact of the adjustment.</p> <p>Effective review processes should be conducted by management and internal audit to prevent misstatements of this nature in the future.</p>	<p>The shortcomings noted on the bad debts written off have been addressed. Management will ensure additional levels of review prior to the submission of the financial statements for audit.</p>	<p>Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved.</p> <p>This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.</p>	<p>Proposed adjustments to the AFS with the supporting schedules are attached for consideration.</p>	<p>Necessary reviews will be conducted before write offs are processed to ensure that correct periods are used</p>	<p>As and when there are write offs that need to be processed</p>	<p>Manager: Revenue</p>

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
	<p>conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>Paragraph 3 of GRAP 14: Events after the reporting date defines events after the reporting date as 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:</p> <ul style="list-style-type: none"> a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). <p>Paragraph 7 of GRAP 14: Events after the reporting date further states that an entity shall adjust the amounts recognised in its</p>								

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
	financial statements to reflect adjusting events after the reporting date.								

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
Difference between payables listing and external confirmation	<p>Section 62(1)(c) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipal entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and</p>	Management did not ensure that the gross amounts owing were timely reconciled and confirmed with uMngeni Water before submission of the financial statements for audit.	<p>Management should engage uMngeni Water with regard to the differences, request a breakdown of the amounts owing together with supporting evidence and adjust the financial statements where necessary.</p> <p>Proposed adjustments to the financial statements together with the supporting workings should be submitted prior to any adjustments being effected.</p>	<p>The balance owing to Umgeni-uThukela Water included in the annual financial statements is broken down as follows, refer to the detailed AG Management Letter.</p> <p>Following the conclusion of the negotiations of rates charged by Umgeni-uThukela Water for the management of Wastewater Works of the municipality, the municipality requested the resubmission of invoices for amounts owed together with the supporting documentation. Invoices to the value of R 13,747,531 were received on 10 August 2023 and R 48 195 291 on 15 September 2023. A meeting that was held between Umgeni-Uthukela Water and UMDM on 01 November 2023 for purposes of aligning amounts owing where the parties agreed on a balance of R134 013 304.42 due to Umgeni-Uthukela Water as at 30 June 2023. An amount of R 6,460,383.46 represents an interest. A letter requesting the waiver of interest citing the negotiation process was sent to Umgeni-Uthukela Water with no response received to date.</p>	<p>Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved.</p> <p>This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.</p>	<p>The proposed correcting journal entries and revised AFS disclosure are attached for your consideration. Furthermore, the municipality will ensure timeous monthly reconciliation of the Umgeni-uThukela Water accounts to ensure alignment, accuracy and completeness of amounts owing thereto.</p>	<p>Preparation of monthly creditors reconciliation</p> <p>Obtain UMngeni reconciliation for the confirmation of balances</p>	Monthly	Acting Expenditure Manager

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	<p>conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>An external confirmation was obtained from uMngeni Water to confirm the gross amount owing by uMgungundlovu District Municipality (UMDM) as at 30 June 2023. The following difference was identified, refer to the detailed AG Management Letter. Consequently, payables from exchange transactions and contracted services expense are understated by R60 608 971.</p>								

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Completed WIP not transferred to infrastructure	<p>Section 62(1)(c) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipal entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and</p>	Lack of adequate communication between finance and technical departments resulting in the asset not being timely moved from WIP to completed infrastructure.	<p>The AFS and the fixed asset register should be adjusted accordingly. All proposed adjustments must be submitted for audit together with all supporting information before the adjustments are effected.</p> <p>Effective review processes should be conducted by management and internal audit to prevent misstatements of this nature in the future.</p>	A misinterpretation of the capitalisation trigger was noted with the shortcoming cited. The Project has been completed and the completion certificate issued however, the project is still within the retention for a period of 1 year following the issuance of the completion certificate with the Final Completion certificate to be issued at the end of the retention period and the retention released net of any retention forfeitures (if applicable) as final payment to the contractor is due on expiry of the defect liability period in April 2024.	<p>Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved.</p> <p>This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.</p>	Proposed adjustments to the AFS with the supporting schedules are attached for consideration. Furthermore, a memorandum has been prepared by the Budget and Treasury Department to outline the reporting requirements at each stage of 'completion', i.e., practical completion; completion of all works, retention period and final completion (attached). This will be submitted on 02 November 2023 to the relevant department for guidance on the project completion processes for reporting purposes.	Is to adhere to the workflow as per the memorandum issued by Finance and not to release 50% of retention until every information such as closeout report, asbuilt drawings and componentised asset register is submitted .	Two weeks after every completed project all the information need to be verified and submitted to finance	HOD Technical Services

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	<p>conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>Paragraph 68 of GRAP 17 states that depreciation of an asset begins when an asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.</p>								

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<p>Disclosure issues identified in segment information</p>	<p>Section 62(1)(b) of the MFMA requires that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipal entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 21 of GRAP 18: Segment reporting states that an entity shall report a measure of surplus or deficit for each reportable segment. An entity shall report a measure of assets and liabilities for each reportable segment if such an amount is regularly provided to management.</p>	<p>Management did not develop and implement adequate review processes on the preparation of financial statements to ensure conformance with GRAP 18 requirements.</p>	<p>Management should implement adequate review processes to ensure adherence with GRAP 18 requirements when preparing the financial statements.</p> <p>Management should submit proposed adjustments to the disclosure note as per GRAP 18 to include the depreciation and amortisation measure for each segment.</p>	<p>The shortcomings noted on the segment information disclosure have been addressed. Management will ensure additional levels of review prior to the submission of the financial statements for audit.</p>	<p>Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved.</p> <p>This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.</p>	<p>Proposed adjustments to the AFS with the supporting schedule for the segment reporting are attached for consideration.</p>	<p>The AFS Action Plan activities and deadlines will be structured in a manner to ensure the submission of the AFS and working paper file to internal audit for review by 12 August 2023 to allow for sufficient time to adequately review all components and for any arising review queries to be sufficiently addressed</p>	<p>12-Aug-24</p>	<p>CFO/ AFS Preparer</p>

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	<p>An entity shall also disclose the following about each reportable segment if the specified amounts are included in the measure of segment surplus or deficit reviewed by management, or are otherwise regularly provided to management, even if not included in that measure of segment surplus or deficit: (f) Depreciation and amortisation – R51 675 654</p> <p>The segment information disclosed in note 58 to the financial statements does not include disclosure on the depreciation and amortisation for each reportable segment.</p> <p>Consequently, the above results in the requirements of GRAP 18 not being met.</p>								

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Differences on the cash flow statement	<p>Section 62(1)(c) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Section 122(1)(a) of the MFMA states that every municipality and every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipal entity, its performance against its budget, its management or revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and</p>	The chief financial officer did not perform an adequate review of the cash flow statement to confirm its accuracy prior to submission for audit purposes.	<p>Management should re-perform the cash flow statement and ensure that it is supported by appropriate workings. Necessary adjustments should be made to the cash flow statement and submitted for audit with supporting workings.</p> <p>The chief financial officer should improve the review of the cash flow statement to confirm its accuracy prior to submission for audit purposes.</p>	The shortcomings noted on the cashflow statement and respective disclosure note have been addressed. Management will ensure additional levels of review prior to the submission of the financial statements for audit	<p>Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved.</p> <p>This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.</p>	Proposed adjustments to the AFS are attached for consideration.	The AFS Action Plan activities and deadlines will be structured in a manner to ensure the submission of the AFS and working paper file to internal audit for review by 12 August 2023 to allow for sufficient time to adequately review all components and for any arising review queries to be sufficiently addressed	12-Aug-24	CFO/ AFS Preparer

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	<p>conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>The following differences were noted on the cash flow statement based on the recalculations performed; refer to the detailed AG Management Letter.</p> <p>This results in material misstatements on the cash flow statement.</p>								

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Differences in contingent assets disclosure	<p>Section 62(1)(c) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>The following differences were noted between</p>	<p>Management did not properly liaise with legal practitioners to ensure the accuracy and completeness of contingencies disclosed in the financial statements.</p>	<p>Management should engage their legal practitioners on these matters and perform necessary adjustments where necessary. Proposed adjustments to the AFS with the supporting schedule for contingencies should be submitted for audit.</p> <p>Effective review processes should be conducted by management and internal audit to prevent misstatements of this nature in the future.</p>	<p>On item number 1 we had included the interest to the main claim which then amounted to the figure disclosed.</p> <p>On item 2. The litigation on debt collection matters is updated as matters are referred on an ongoing basis. At the time of AFS the amount was less than at the date of confirmation which caused the difference reflected.</p> <p>On item 3. Approval from Council to recover the amount was obtained subsequent to year end following an investigation in terms of section 106 of the Municipal Systems Act being commissioned.</p> <p>The attorneys were engaged when the report was first submitted to the former municipal manager, but Council had not resolved on the matter to be recovered. It is for that reason that the attorneys may have included it on their confirmations, however, the litigation process was sought subsequent to year end.</p>	<p>Management's response is noted, proposed adjustments have been assessed to be appropriate therefore the finding is resolved.</p> <p>This is a material adjustment to the AFS and results in material non-compliance with section 122(1) of the MFMA which will be reported in the audit report.</p>	<p>The proposed amended Contingencies Note is attached for your consideration.</p>	<p>The request for confirmation form will be re worded to ensure clarity on the types of disclosures required by the legal representatives</p>	31-Dec-23	<p>Manager: Legal Services</p>

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	<p>external confirmations from legal practitioners and the amount disclosed in the contingencies note 40 to the financial statements. Refer to the detailed AG Management Letter.</p> <p>This results in the understatement of contingent assets as disclosed in note 40 to the financial statements by R150 055 314,5.</p>								
Expenditure Management									

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Reasonable steps not taken to prevent unauthorised expenditure	In terms of section 62(1) MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that unauthorised, irregular and fruitless and wasteful expenditure and other losses are prevented.	Management did not ensure adequate monitoring of the prior year's audit action plans to ensure that adequate corrective actions were implemented to prevent the re-occurrence of similar unauthorised expenditure.	Management, internal audit and audit committee should strengthen their oversight over audit action plans to ensure that non-compliances identified are eliminated in the future.	Management has continued to implement controls to assist in the reduction of unauthorised expenditure particularly at the requisition stage where procurements are rejected should there be insufficient budget. However, there are particular expenditures that were higher than anticipated due to various reasons summarised below. Water losses are in their very nature expenditure in the form of water consumption that cannot be accounted for. This expenditure is as a result of water leaks and illegal connections. As part of the Revenue Enhancement Programme, strategies are continuously being explored and implemented to address the and respond to leaks and encourage customers to report incidences. Furthermore, during meter reading, checks are being done to ensure meters are working and that bypassed meters and illegal connections are identified and reported. The unauthorised expenditure for contracted services reduced in the current year with the remaining challenges mainly attributable to delayed submissions of	Management comments are noted however, this is a material non-compliance with section 62(1)(f) of the MFMA as the municipality has not been able to prevent unauthorised expenditure through appropriate budget tracking and adjustments. This non-compliance will be reported in the audit report.	This expenditure will be tabled to the relevant structures and submitted to Internal Audit for investigation upon conclusion of the external audit. The Revenue Enhancement Programme is ongoing with a meter audit planned in the 2023/24 financial year to assist in reducing illegal connections and ultimately reduce water losses. The controls around requisitions will continue to be implemented on an ongoing basis by the Budget Office to ensure that procurements are in line and within the budget. In addition, cut-off dates for submission of invoices for contracted services suppliers will be imposed to ensure timeous recognition of expenditure for effective monitoring of actuals against the budget. The employee related costs will be thoroughly analysed on an ongoing basis	The Revenue Enhancement Programme is ongoing with a meter audit planned in the 2023/24 financial year to assist in reducing illegal connections and ultimately reduce water losses. The controls around requisitions will continue to be implemented on an ongoing basis by the Budget Office to ensure that procurements are in line and within the budget. In addition, cut-off dates for submission of invoices for contracted services suppliers will be imposed to ensure timeous recognition of expenditure for effective monitoring of actuals against the budget. The employee related costs will be thoroughly analysed on an ongoing basis	Ongoing basis	Manager: Budget and Reporting All HOD's

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				<p>invoices by service providers which pose limitations in terms of the effectiveness of the early warning system (monthly budget vs actual) for potential over-expenditure.</p> <p>Over expenditure in employee related costs was as a result of conditions that were not within the control of the municipality such as increased overtime and allowance for technical and emergency response personnel due to severe weather conditions experienced and impacts of loadshedding affecting infrastructure and communities within the district. Furthermore, unanticipated resignations and/or deaths resulted in higher than anticipated leave payouts; and contributions to pension and medical aid for employees was higher than anticipated due to amendments in salary and/or benefit structures of employees.</p> <p>The municipality's debtors book grew at a faster rate in the current financial year due to the higher tariff following the call to charge cost-reflective tariffs for purposes of promoting financial sustainability. Although the municipality has</p>		<p>to ensure that any amendments in salary structures and/or allowance are incorporated, and any external factors are considered for purposes of allowances such as standby and overtime.</p> <p>The municipality will assess the recoverability of debtors during the mid-year assessment to establish whether it has sufficiently budgeted for debt impairment.</p> <p>The UIFW Reduction Strategy remains in place as adopted by Council and the municipality will review such strategy annually to ensure that it adequately addresses all the shortcomings resulting in UIFW.</p>	<p>The municipality will assess the recoverability of debtors during the mid-year assessment to establish whether it has sufficiently budgeted for debt impairment.</p> <p>The UIFW Reduction Strategy remains in place as adopted by Council and the municipality will review such strategy annually to ensure that it adequately addresses all the shortcomings resulting in UIFW</p>		

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				collected a higher monetary value for service charges billed due to the various debt collection strategies implemented throughout the financial year, the higher tariff coupled with the dire economic climate resulted in lower than anticipated debt collection and consequently a higher contribution to the debt impairment.					
Matters that should be addressed									

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Customers billed for water consumption without meter readings	<p>Section 64(2)(e) of the MFMA states that the accounting officer must, for the purposes of subsection (1), take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system which</p> <ul style="list-style-type: none"> i) recognises revenue when it is earned; ii) accounts for debtors; and iii) accounts for receipts of revenue; <p>Section 64(2)(f) of the MFMA states that the accounting officer must take all reasonable to ensure steps to ensure that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed.</p> <p>Paragraph 15 of GRAP 9: Revenue from exchange transactions states that revenue should be measured at the fair value of the consideration received or receivable.</p> <p>Paragraph A13 of GRAP 9: Revenue from exchange transactions states the following for service charges:</p> <p>There are two usual types of service charges: flat rate service charges and services based on</p>	Management did not implement adequate controls to ensure that meter readings were captured correctly and read regularly as required by the credit control and debt collection policy.	<p>Management should implement adequate controls to ensure that meter readings are captured correctly and read regularly as required by the credit control and debt collection policy.</p> <p>Charging customers using estimated consumptions should only be done as an interim measure and not a norm as customers will not be billed for services according to actual usage.</p>	<p>(a) Due the vast landscape of the municipality coupled with limited meter reading resources, there are instances where some meters are estimated for periods longer than what would be considered best practice. The municipality would like to indicate that all estimated accounts are adjusted as and when actual meter readings are obtained at a later stage which results in an amendment revision of both the customer bill account and the amount of revenue that had been generated. It must be mentioned noted that estimates are based on previous patterns of consumption in the past and are therefore considered reasonable as most of the time they are predominantly not too far off from the actual readings.</p> <p>In terms of GRAP 3, the use of reasonable estimates does not undermine the reliability of financial information.</p> <p>The narration on the statements is incorrect but the actual consumption charged is correct and agrees with meter reading history on the system. The system generated and correct meter reading history for these accounts</p>	<p>For item A – alternative evidence has been assessed and accepted to resolve the material misstatement. An internal control deficiency however remains as not all customers are billed in line with the credit control and debt collection policy.</p> <p>The deficiency will be followed up in the 2023-24 audit cycle to ascertain whether controls have been well designed and implemented to address the deficiency.</p> <p>Item B – Proposed adjustments have been assessed; finding is resolved.</p>	<p>With additional meter readers having been recently appointed, more and more customers will be covered during meter reading circles. The system vendor will also be engaged to accelerate correction of the narration to agree with the meter reading books and meter reading history on the system.</p>	The system vendor has been engaged to ensure correct narration on consumer statements	30-Mar-24	Manager: Revenue

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	<p>consumption. Flat rate service charges relate to the levying of a fixed amount for the rendering of services, regardless of consumption. Consumption based service charges are based on the consumption by consumers/users (for example, the consumption of water).</p> <p>Flat rate service charges and consumption-based service charges should be recognised when:</p> <p>a) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and</p> <p>b) the amount of the revenue can be measured reliably.</p> <p>Usually, consumption-based service charges earned by municipalities are based on meter readings. Where meter readings are done frequently, the revenue can be measured reliably. However, it is common practice for entities to read meters on a quarterly or less frequent basis. Consumers are invoiced based on estimates of consumption where no meter reading has taken place during the billing period. These invoices are best estimates and enable revenue to be measured</p>			<p>have been submitted to the AG for reference. It is a system error that the system vendor is currently addressing.</p>					

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	<p>reliably. Ideally, internal records should be maintained whereby actual consumption is compared to estimated consumption to provide additional assurance that significant adjustments are not required to reverse excessive estimates. Reference should be made to GRAP 3 for guidance on the accounting treatment of changes in accounting estimate.</p> <p>Paragraph 6.7.1 and 6.7.6 of the credit control and debt collection policy, states that all meters will be read monthly however in exceptional cases the council will average the consumption for the preceding one month. An estimated account is determined by calculating an average of the past 3 month's consumption.</p>								

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Customers billed for sewerage consumption without monthly meter readings Audit finding	<p>Section 64(2)(e) of the MFMA states that the accounting officer must, for the purposes of subsection (1), take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system which</p> <ul style="list-style-type: none"> i) recognises revenue when it is earned; ii) accounts for debtors; and iii) accounts for receipts of revenue; <p>Section 64(2)(f) of the MFMA states that the accounting officer must take all reasonable to ensure steps to ensure that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed.</p> <p>Paragraph 15 of GRAP 9: Revenue from exchange transactions states that revenue should be measured at the fair value of the consideration received or receivable.</p> <p>Paragraph A13 of GRAP 9: Revenue from exchange transactions states the following for service charges:</p> <p>There are two usual types of service charges: flat rate service charges and services based on</p>	The revenue manager did not implement adequate controls to ensure that meter readings were captured correctly and read regularly as required by the credit control and debt collection policy.	The revenue manager should implement adequate controls to ensure that meter readings are captured correctly and read regularly as required by the credit control and debt collection policy. Charging customers using estimated consumptions should only be done as an interim measure and not a norm as customers will not be billed for services in proportion to their use	<p>(a) There are no meters for sanitation and therefore there will be no readings for sanitation. Sanitation is charged as a percentage of water consumption. Where an estimate is used to bill for water consumption, sanitation charges are also determined using the estimated consumption. Attached please find water meter reading books of the first five accounts. Due the vast landscape of the municipality, there are instances where some meters are estimated for periods longer than what would be considered best practice. The municipality would like to indicate that all estimated accounts are adjusted as and when actual meter readings are obtained at a later stage which results in an amendment revision of both the customer bill account and the amount of revenue that had been generated. It must be mentioned noted that estimates are based on previous patterns of consumption in the past and are therefore considered reasonable as most of the time they are predominantly not too far off from the actual readings.</p> <p>In terms of GRAP 3, the use of reasonable estimates does not</p>	<p>Management's response is noted.</p> <p>For item A – alternative evidence has been assessed and accepted to resolve the material misstatement. An internal control deficiency however remains as not all customers are billed in line with the credit control and debt collection policy.</p> <p>The deficiency will be followed up in the 2023-24 audit cycle to ascertain whether controls have been well designed and implemented to address the deficiency. Item B – Proposed adjustments have been assessed; finding is resolved.</p>	With additional meter readers having been recently appointed, more and more customers will be covered during meter reading circles. The system vendor will also be engaged to accelerate the correction of the narration to agree with the meter reading books and meter reading history on the system.	AG was informed that sanitation is billed as a percentage of water consumed and has no readings of its own and the matter as resolved.	N/A	Manager: Revenue

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	<p>consumption. Flat rate service charges relate to the levying of a fixed amount for the rendering of services, regardless of consumption. Consumption based service charges are based on the consumption by consumers/users (for example, the consumption of water).</p> <p>Flat rate service charges and consumption-based service charges should be recognized when:</p> <p>a) it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and</p> <p>b) the amount of the revenue can be measured reliably.</p> <p>Usually consumption-based service charges earned by municipalities are based on meter readings. Where meter readings are done frequently, the revenue can be measured reliably. However, it is common practice for entities to read meters on a quarterly or less frequent basis. Consumers are invoiced based on estimates of consumption where no meter reading has taken place during the billing period. These invoices are best estimates and enable revenue to be measured</p>			<p>undermine the reliability of financial information.</p> <p>(b) As mentioned in (a) above, there no readings for sanitation, it is charged based on water consumption. Water reading history of the above accounts have been submitted to the AG for reference. The narration is wrong as a result of the system error but the consumption used is correct and agrees with consumption in the meter reading book.</p>					

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	<p>reliably. Ideally, internal records should be maintained whereby actual consumption is compared to estimated consumption to provide additional assurance that significant adjustments are not required to reverse excessive estimates. Reference should be made to GRAP 3 for guidance on the accounting treatment of changes in accounting estimate.</p> <p>Paragraph 6.7.1 and 6.7.6 of the credit control and debt collection policy, states that all meters will be read monthly however in exceptional cases the council will average the consumption for the preceding one month. An estimated account is determined by calculating an average of the past 3 month's consumption.</p>								

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Incorrect computation of the sewerage and sanitation charges	<p>Section 62(1)(c)(i) of the MFMA states that the accounting officer of the municipality must take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p> <p>Section 122(1) of the MFMA states that every municipality and municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance</p>	The revenue manager did not implement adequate controls to ensure that the input data for billing was captured accurately.	The revenue manager should implement adequate controls to ensure that the billing system has accurate input data for accurate billing.	The incorrect charges were picked up and corrected through adjustments. Please refer from adjustments that are with the AG.	<p>Management's response is noted. Proposed adjustments have been assessed; finding is resolved.</p> <p>The control deficiency identified will be followed up on in the next audit cycle to determine whether it is appropriately addressed.</p>	Charges on the system will be reviewed frequently to ensure that they are correct at all material times to ensure accurate billings and elimination of the need for adjustments to correct accounts.	Additional reviews will be put in place to ensure that the system doesn't loose charges as captured at the beginning of the year	31-Jan-24	Manager: Revenue

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	<p>with the definitions and recognition criteria for assets, liabilities, revenue and expenses set out in the Framework for the Preparation and Presentation of Financial Statements. The application of Standards of GRAP with additional disclosures when necessary is presumed to result in financial statements that achieve a fair presentation.</p> <p>The amounts charged for sewerage and sanitation for the following customers were recalculated using the consumption, approved tariffs and the property usage category reflected on the customer statement. The amount recalculated could not be reconciled to the amount billed per the statement and billing report, resulting in the following differences identified; refer to the detailed AG Management Letter.</p> <p>Consequently, revenue from sewerage services disclosed in note 18 to the AFS is understated by a projected amount of R264 047 with a resultant impact on the consumer debtors and the impairment provision disclosed in note 4 to the AFS.</p>								

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Predetermined Objectives – Basic Service Delivery									
Reported achievements not consistent with planned and reported indicator and targets	In terms of section 41(1) of the Municipal Systems Act; a municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed – (a) set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact with regard to the municipality's development priorities and objectives set out in its integrated development plan; (b) set measurable performance targets with regard to each of those development priorities and objectives; (c) with regard to each of those development priorities and objectives and against the key performance indicators and targets set in terms of paragraphs (a) and (b) the key performance indicators and targets set in terms of paragraphs (a) and (b) (i) monitor performance; and (ii) measure and review performance at least once per year; (d) take steps to improve performance with regard to those development	Management and IA unit did not perform adequate reviews of the APR to ensure that the reported achievement is consistent with planned targets.	Management should adjust the actual achievement reported on the APR to ensure consistency between what has been targeted and achieved. Proposed adjustments should be reviewed by IA unit and re-submitted for audit purposes. To prevent the occurrence of this misstatement in the future, management should strengthen reviews on APR to ensure that information contained therein is consistent with what has been planned and targeted as per approved SDBIP.	The APR will be adjusted	Management's response is noted. Proposed adjustments have been assessed; finding is resolved. A material adjustment paragraph will be reported in the audit report under the Report on the annual performance report.	Management will ensure adequate reviews to ensure that the actual achievements are consistent with planned targets	Continuous reviews are done by PMS Unit and Internal Audit Unit to ensure that the actual achievements are consistent with planned targets	Mid Year, April, July and August 2024	PMS Manager

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	<p>priorities and objectives where performance targets are not met, and (e) establish a process of regular reporting to -</p> <ul style="list-style-type: none"> (i) the council, other political structures, political office bearers and staff of the municipality and (ii) the public and appropriate organs of state. 								

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Measures taken to improve performance not disclosed in the APR	<p>Section 46(1) of the Municipal Systems Act, Act No 32 of 2000 states that: A municipality must prepare for each financial year a performance report reflecting-</p> <ul style="list-style-type: none"> (a) the performance of the Municipality and of each external service provider during that financial year; (b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and (c) measures taken to improve performance. 	Management did not implement the recommendations communicated by IA timeously.	<p>Management should adjust the APR and include measures taken to improve performance. Proposed adjustments should be reviewed by IA unit and re-submitted for audit purposes.</p> <p>To prevent the occurrence of this misstatement in the future, management should introduce consequence management for poor performance.</p>	Any day which is missed due to rain and breakdown can not be recovered due to schedule roaster. It must also noted that there is less usage of water by the community if it is raining.	<p>Management's response is noted. Proposed adjustments have been assessed; finding is resolved.</p> <p>A material adjustment paragraph will be reported in the audit report under the Report on the annual performance report.</p>	APR will be adjusted and planned improvement will be provided that relates to breakdowns	Corrective measures will be included in instances where the target is Partially and Not Achieved for all Quarters including the APR 23-24 Fin Year.	Mid Year, April, July and August 2024	PMS Manager

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Differences between reported achievements and supporting schedules	In terms paragraph 5.2.3 of the framework for managing programme performance information (FMPP), requires the institution to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets.	Management and IA unit did not adequately review and agree the APR to supporting schedules submitted for audit purposes to ensure that the amounts reported in the APR are accurate and complete.	Management should revisit the schedules used to report achievements in the APR and ensure that the schedules are accurate and complete then adjust the APR accordingly. Furthermore, the adjusted APR with supporting schedules should be reviewed by IA unit and re-submitted for audit purposes.	The APR will be adjusted accordingly. POE's attached	Management's response is noted. Proposed adjustments have been assessed; finding is resolved. A material adjustment paragraph will be reported in the audit report under the Report on the annual performance report.	Management will ensure adequate reviews to ensure that the actual achievements are consistent with portfolio of evidence	Continuous reviews are done by PMS Unit and Internal Audit Unit to ensure that the actual achievements are consistent with portfolio of evidence	Mid Year, April, July and August 2024	PMS Manager

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Completeness of relevant indicators	<p>MSA sections 25(1)(e) and 26 require alignment of the IDP to national and provincial plans and planning requirements binding on the municipality in terms of legislation.</p> <p>The functions, powers (mandate) and duties of municipalities are determined by: § Sections 152; 153 and 156 of the Constitution. § Sections 83 to 85 of the Municipal Structures Act.</p> <p>Section 10 of the Municipal Planning and Performance Management Regulations (MPPMR), 2001 states that the following general key performance indicator is prescribed in terms of section 43 of the Act (MSA): (a) The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.</p>	Management did not conduct a thorough review of the revised SDBIP to ensure that all relevant indicators were included in the revised SDBIP.	The municipality including the leadership (political and administrative) as part of the performance review process must evaluate its IDP and SDBIP to ensure that the core functions include all relevant indicators linked to its functions and mandate.	For responses kindly refer to the detailed AG Management Letter.	Management's response is noted. The above issues were brought to the attention of management in the current year to afford management and governance structures reasonable time and opportunity to include all relevant indicators in the 2023-24 SDBIP as non-inclusion of relevant indicators in the SDBIP will have an impact on the audit conclusion relating to performance information from the 2023-24 financial year.	A proposal will be made to Council to adjust the SDBIP 23/24 during Mid-Term review	SDBIP will be revised during Mid Year adjustment and all relevant indicators will be included in the SDBIP 2023-24 as identified by Auditor General.	01-Mar-24	PMS Manager
Expenditure Management									

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Reasonable steps not taken to prevent irregular and fruitless and wasteful expenditure	<p>In terms of section 62(1)(d) MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that unauthorised, irregular and fruitless and wasteful expenditure and other losses are prevented.</p> <p>Fruitless and Wasteful Expenditure As disclosed under note 44 to the annual financial statements for the year ended 30 June 2023, effective and appropriate steps were not taken to prevent the occurrence of fruitless and wasteful expenditure amounting to R20 095 188. This non-compliance mainly relates to site re-establishment and extension of time.</p> <p>This non-compliance could have been prevented if management had implemented adequate controls and processes to prevent this occurrence. The fruitless and wasteful expenditure occurred in the current year but not in the previous year and therefore does not result in a material non-compliance with section 62(1)(d) of the MFMA.</p>	The accounting officer did not implement preventative measures to ensure that irregular and fruitless and wasteful expenditure was not incurred.	The accounting officer should investigate the above instances of non-compliance in accordance with section 32 of the MFMA.	<p><u>Fruitless and Wasteful Expenditure</u> The expenditure pertains to infrastructure projects which experienced cashflows challenges resulting in a slow-down of activities. These costs were detected as potential fruitless and wasteful expenditure and was reported to management and council prior to any payments being made. This matter was referred to the Municipal Public Accounts Committee (MPAC) who subsequently referred the matter to the Disciplinary Board for investigations.</p> <p><u>Irregular Expenditure</u> The expenditure pertains to the contract for the support and maintenance of Wastewater Treatment plants in terms of Section 78 of the Municipal Systems Act. This contract was entered into in 2015. As part of newly adopted controls, a review of the contract identified that no evidence that Section 33 of the MFMA (Contracts having future budgetary implications) was followed which required the municipality to consider the written recommendations as proposed by the National Treasury. This matter has been referred to MPAC who instructed that the matter be investigated.</p>	Management comments have been noted. Management could not prevent occurrence of the above non-compliance. This will remain in the management report and actions to address the finding followed up in the next audit cycle.	<p>A new resource has been appointed as a Performance Management Support to oversee infrastructure projects and manage supplier performances and cashflows.</p> <p>Additional controls are to be included onto the UIFW Reduction Strategy to monitor project budgets and cashflows in order to prevent re-occurrences of this nature.</p>	1. The UIFW Reduction to be updated by each responsible manager to factor in the individual items identified.	31/12/2023	Manager: SCM

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	<p>Irregular Expenditure As disclosed under note 45 to the annual financial statements for the year ended 30 June 2023, effective and appropriate steps were not taken to prevent the occurrence of irregular expenditure amounting to R107 499 025. This non-compliance was incurred in the prior year but was only identified in the current year. The irregular expenditure relating to the prior year amounts to R238 428 075 and resulted from non-compliance with section 33(1) of the MFMA for an award to uMngeni Water for the operation, maintenance and management of various wastewater treatment plants.</p> <p>This irregularity occurred in the previous year but was identified in the current year and could have been prevented had management implemented adequate controls and processes to prevent the non-compliance.</p> <p>The non-compliance with section 62(1)(d) of the MFMA is not material and will be reported in the management report.</p>			<p>The investigation report was then tabled to MPAC and to the Full Council.</p> <p><u>UIFW Reduction Strategy</u> The municipality adopted an unauthorised, irregular and fruitless and wasteful (UIFW) reduction strategy in July 2022. The strategy resulted in several controls being implemented. As a result, the municipality has been able to better prevent and detect potential UIFW.</p>					

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Consequence Management									
Suspected case of theft not reported to South African Police Service (SAPS)	<p>Section 34(1) of the Prevention and Combating of Corruption Act (PRECCA) states that any person who holds a position of authority and who knows or ought reasonably to have known or suspected that any other person has committed:</p> <p>(a) an offence under part 1,2,3 or 4 of section 20 or 21 or</p> <p>(b) the offence of theft, fraud, extortion, forgery or uttering a forged document involving an amount of R 100 000 or more, must report such knowledge or suspicion or cause of such knowledge or suspicion to be reported to any police official.</p> <p>Paragraph 2 of the MSA Schedule 2: Code of conduct for municipal staff members states that a staff member of a municipality must at all times:</p> <p>a) loyally execute the lawful policies of the municipal council;</p> <p>b) perform the functions of the office in good faith, diligently, honestly and in a transparent manner;</p> <p>d) act in the best interest of the Municipality and in such a way that the</p>	Management did not adequately monitor the progress of suspected criminal matters to ensure that the matter was reported to SAPS.	<p>The accounting officer through advice from the legal unit should consider recovering the amount of +/-R 800 000 from Magma as they were contractually entrusted to secure and protect the stolen items.</p> <p>This incident must be reported by the former security manager's supervisor to SAPS in line with section 34(1) of PRECCA.</p>	Management acknowledges the finding.	Management's response is noted. The process of civil recovery and opening of the case to SAPS will be followed up in the 2023-24 audit cycle.	Management will resume processes of civil recovery in the amount of R800 000 from Magma security company for the stolen items. Management will instruct security unit to ensure that the facilitation for a case to be opened on this matter in line with Section 34(1) of PRECCA	The case has been opened with the SAPS and litigation has commenced to recover the asset value.	Immediate	Manager: Legal Services

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	credibility and integrity of the municipality are not compromised".								
Procurement and Contract Management									

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No policy for awarding within established panels	<p>Section 111 of the MFMA (Supply chain management policy) states that each municipality and each municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this Part.</p> <p>Section 62(1) of the MFMA states that the accounting officer of a municipality must take all reasonable steps to ensure:</p> <p>(a) that the resources of the municipality are used effectively, efficiently and economically;</p> <p>(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;</p> <p>(c) that the municipality has and maintains effective, efficient and transparent systems—</p> <p>(i) of financial and risk management and internal control; and</p> <p>(ii) of internal audit operating in accordance with any prescribed norms and standards.</p> <p>Section 65(2)(i) further states that the accounting officer must take all reasonable steps to ensure that the municipality's supply chain management policy is implemented in a way that</p>	Management did not ensure adequate and timely implementation of audit action plans to avoid repeat findings.	Management, internal audit and audit committee should strengthen oversight over audit action plans to ensure that deficiencies identified are eliminated in the future.	<p>The municipality has adopted a standard operating procedure (SOP) manual as from August 2023.</p> <p>All uMDM panels however were established after following a competitive bidding process. Once a panel has been established, only the successful applicants are considered by obtaining quotes on a rotation basis in line with the Accounting Officers Guide for SCM.</p> <p>The municipality has procured from panels using a system that is fair, equitable, transparent, competitive and cost-effective. This includes:</p> <ul style="list-style-type: none"> • Identifying the procurement approach either via quotations or bid committee system. • Inviting quotations from panel members with a clear set of specifications and evaluation criteria. Determining if a briefing session is required. • Receiving all responses after affording the panel members sufficient time to prepare their proposals after taking into consideration the complexity of the projects. • Evaluating all responses in accordance with the criteria as set out in the bid/quotation document and/or invite. Scoresheets are maintained for each evaluation to check, among others, the 	Management comments are noted. As the panels were undertaken without an approved policy, an internal control deficiency exists. Implementation of the approved policy will be followed up in the 2023/24 audit cycle.	SOP for procurement from panels submitted to AG.	Standard Operating Procedures adopted by the municipality in August 2023.	N/A	Manager: SCM

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	<p>is fair, equitable, transparent, competitive and cost effective.</p> <p>The SCM policy for 2022-23 did not address supply chain management processes to be implemented during the administration of panels in compliance with section 111 of MFMA. This deficiency was also raised during the 2021-22 audit on 17 October 2022 under communication of audit finding number 3 where management's response stated that the policy was re-submitted for council approval. The policy was only approved for implementation by council on 1 August 2023.</p> <p>As there was no policy/standard operating procedure approved and adopted by council for the administration of panels during the 2022-23 financial year, a control deficiency existed in the SCM unit in relation to awarding within panels.</p>			<p>declarations of interest and tax compliance.</p>					
<p>Material Irregularity and likely and Material Irregularity</p>									

<p>Credit control and debt collection policy not implemented</p>	<p>Section 96(b) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA) requires that a municipality must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of the MSA.</p> <p>In terms of sections 62(1)(f)(iii) and 64(2)(a) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and implements a credit control and debt collection policy referred to in 96(b) of the Municipal Systems Act and also must take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy.</p> <p>Paragraphs 5.1.1.1 to 5.1.1.3 and 5.1.1.12 of the credit control and debt collection policy of the municipality requires that, should any consumer with the uMgungundlovu District Municipality not pay for their municipal services by the last working day of the month, or such other time as may</p>	<p>The accounting officer did not implement adequate oversight of the revenue and debtor management system and related internal controls to confirm that accurate and complete revenue and debtor records are maintained to enable the implementation of the approved credit control and debt collection policy in compliance with the MFMA.</p>	<p>The accounting officer should exercise proper oversight of the revenue and debtor management system and related internal controls to confirm that accurate and complete revenue and debtor records are maintained to enable the implementation of the approved credit control and debt collection policy in compliance with the MFMA.</p>	<p>Management agrees with the finding</p> <p>Untraceable debt The debtors were classified as untraceable because when they were taken over from local municipalities, there were no details of the customer, it was just account numbers only. No process could be done on the accounts and no tracing could be done as there were only account numbers. Due to the above facts, the debtors were concluded to be untraceable.</p> <p>Prescribed debt This debt was written off in terms of the prescription act. The reason for applying the prescription act was that due to the absence of details, the municipality had not sent statements to these customers nor was any contact made with them due to insufficient customer details. The customers were received from local municipalities with incomplete customer details which made it impossible for the municipality to establish contact with these debtors. The debt therefore qualified as prescribed debt.</p> <p>Yes the irregularity resulted in debt being written off which is a financial loss to the municipality Management values the loss at R78 209 240 As mentioned above, the information came as it is</p>	<p>Management's response is noted. Steps taken to rectify the matter will be monitored closely.</p>	<p>A program has been started where teams have gone to the ground to get customers to complete forms to update their details. The first phase only started in May due to internal processes that were being followed. The second phase will be a complete meter audit which will then bring in the details of the customers</p>	<p>A meter audit program will be implemented which will be accompanied by customer information update forms</p>	<p>30-Apr-24</p>	<p>Manager: Revenue</p>
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	<p>be agreed by the Council, then the Council may restrict or give notice of restriction (refer to 4.4.1), subject to the payment of a restriction notification fee as may from time to time be prescribed in the municipality's tariffs as approved by Council and the Council shall ensure that a letter of demand and/ or restriction notice is sent out by registered post or hand delivered, allowing the consumer seven days in which to pay the account or to provide proof of payment if the account has already been paid and failure to act on the final demand/notice will result in immediate restriction of the municipal service, without further notice that Council may, when a debtor is 40 days in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.</p> <p>Paragraph 4.1.2 of the municipality's write-off policy approved on 27 May 2022 requires that before any debt is written off it must be proved that the debt has become irrecoverable. To ensure that recommendations for write off are consistent and accurate, irrecoverable debt will be defined as debt where the tracing of the debtors is unsuccessful; and all</p>			<p>from local municipality when the water provision function was taken over, therefore no official within the municipality can be held responsible for that. Management doesn't agree that the root cause is internal control deficiency The root cause is information with incomplete details that was received from local municipalities.</p>					
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	<p>reasonable steps were taken by the officials to recover the debt. The debtor has been handed over to the debt collectors and or the attorney employed by the municipality to pursue the debt owed to the municipality.</p> <p>a) The municipality wrote off consumer debtors amounting to R78 209 240 incl. VAT (R64 039 041 excl. VAT) in the current year as disclosed in the Statement of financial performance. The write-off submission included only the following 3 categories of write-off; refer to the detailed AG Management Letter.</p> <p>b)The communication with the debtors to try to recover the outstanding balance to confirm compliance with the credit control policy and write-off policy was requested in RFI 27 of 2023 dated 08 September 2023 however, this could not be provided.</p> <p>An engagement with the revenue manager revealed that the current year's bad debt write-off has the same characteristics as the debt write-off in the prior year which resulted in a material irregularity finding that was issued on 10 October 2022. The current year's bad debt write-off could not be processed in the 2021-22 financial year due to the balance of the debtors being over R100 000 therefore requiring a council resolution, which</p>								
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	<p>was only obtained on 21 July 2022 authorising the debt write-off.</p> <p>In addition, management submitted the following formal comments on 11 October 2023 in response to RFI 27:</p> <p>Untraceable debt The debtors were classified as untraceable because when they were taken over from local municipalities, there were no details of the customer, it was just account numbers only. No process could be done on the accounts and no tracing could be done as there were only account numbers. The municipality therefore took a decision to write these off as untraceable. Part of the debt was written off in the previous year and this part was over R100 000 and needed council resolution, hence was written off in July 2022.</p> <p>Prescribed debt This debt was written off in terms of the prescription act. The reason for applying the prescription act was that due to the absence of details, the municipality had not sent statements to these customers nor was any contact made with them due to insufficient customer details. Again, the customers were received from local municipalities with incomplete customer details which made it impossible for the municipality to establish contact with these debtors</p>								
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	<p>and therefore a decision was taken to apply the prescription act. Part of this was written off last financial year and the part which is over R100 000 waited for council which only approved in July 2022.</p> <p>Consequently, the municipality has suffered an additional financial loss amounting to R64 039 041 to the R436 415 404 previously raised in the prior year in MI notification 01 of 2022-23 and non-compliance with section 62(1)(f)(iii) and 64(2)(a) of the MFMA.</p>								
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Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
Poor project management and planning resulting in forced slower progress and fruitless and wasteful expenditure	<p>In terms of section 19(1) of the MFMA, a municipality may spend money on a capital project only if -</p> <p>(a) the money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);</p> <p>(b) the project, including the total cost, has been approved by the council;</p> <p>(c) section 33 has been complied with, to the extent that that section may be applicable to the project; and</p> <p>(d) the sources of funding have been considered, are available and have not been committed for other purposes.</p> <p>In terms of section 62(1) of the MFMA, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure -</p> <p>(a) that the resources of the municipality are used effectively, efficiently and economically.</p> <p>(b) that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards;</p>	Management did not adequately review the budget forecasts in line with its business plans and feasibility study funding requirements to ensure that the projects were only implemented after confirmation of the availability of budget.	The accounting officer should strengthen reviews on budget against business plans to ensure that the projects are only implemented after confirmation of the availability of budget.	In 2017 the Municipality went out for construction on 3 Major Projects 1. Manzamnyama Water Supply 2. Manyavu Water Supply and 3. Upgrading of the Nkanyezini Community Water Supply Scheme and all 3 Project commenced simultaneously with Nkanyezini to provide bulk supply to the 2 other projects and unfortunately the Contractor for Nkanyezini was terminated due to non-performance. A new service provider was appointed later in November 2021 to do Bulk section on Nkanyezini, just to do the reservoir and Bulk pipeline to supply Manyavu and this led to over commitments on the IP and the budget. These costs were detected as potential fruitless and wasteful expenditure and was reported to management and council prior to any payments being made. This matter was referred to the Municipal Public Accounts Committee (MPAC) who subsequently referred the matter to the Disciplinary Board for investigations.		<p>The implementation of Projects is now in line with the available budget and capacity have been added with PMU Manager and two technicians employed and another technician to be appointed.</p> <p>A new resource has been appointed as a Performance Management Support to oversee infrastructure projects and manage supplier performances and cashflows.</p>	Cashflow projection are inline with budget allocation per grant and PMU office is managing all cashflows however due to additional funding received in FY22/23 under MIG it accelerated projects to complete earlier than planned completion date which will resulted to apply for early transfer of last quarter Tranche. To prepare Implementation Plan and cashflows for next financial year as early as January 2023 so to be able to monitor next financial budget allocation and avoid over commitments.	To receive last quarter Tranche for MIG in January 2023.26 January 2024 All Implementation plan for FY24/25 will be ready.	HOD Technical Services

Nature of Audit Query	Audit Query	Root Cause as per AG report	Recommendation by the AG as per Final Management Letter	Response from management as per Final Management Letter	Auditor's conclusion as per Final Management Letter	Management Action Plan as per Final Management Letter	Management Action Plan	Target Date	Person Responsible
	<p>(c) that the municipality has and maintains effective, efficient and transparent systems - (i) of financial and risk management and internal control; and (ii) of internal audit operating in accordance with any prescribed norms and standards; (d) that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented</p>								

APPENDICES

Appendix A – Councillors; Committee Allocation and Council Attendance

uMGUNGUNDLOVU DISTRICT MUNICIPALITY

RECORD OF ATTENDANCE NOVEMBER 2022 – JUNE 2023

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

NAME	PARTY	12.07	28.07	30.08	29.09	06.10	28.10	02.12	27.01.23	31.1.23	31.3.23	28.4.23	2.5.23	30.5.23.	09.6.23	15.6.23	20.6.23	30.6.23
SPEAKER: NONHLANHLA MATRINAH NOMATHEMBU GABELA	ANC - DIRECT	P	P	P	P	P	P	P	P	P	P	P	P	P	A	A	P	P
MAYOR: Cllr MUZIWOKUTHULA ZUMA	ANC- DIRECT	A	A	P	P	P	P	A	P	P	P	A	A	P	P	P	P	P
DEPUTY MAYOR: Cllr AMBROSIA SIBONGILE MABASO	ANC- DIRECT	P	P	P	A	P	A	A	P	A	P	P	P	P	P	P	P	P
WHIP: SCELO RONNIE MAJOZI	ANC- DIRECT	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr GUGU MARY- JANE DLADLA	ANC- DIRECT	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P
Cllr SIPHESIHLE PRECIOUS ZUNGU	ANC- DIRECT	A	P	A	P	A	A	P	P	P	P	P	P	P	P	P	P	P
Cllr NINGI JOSTINAH ZUNGU	ANC- DIRECT	p	p	p	P	A	P	P	P	P	P	P	P	P	P	P	P	P
Cllr MBUZELWA EDWARD DLADLA	ANC- DIRECT	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr NAJMAH BANU AHMED	ANC- DIRECT	P	P	P	P	P	P	P	P	P	P	P	P	P	O	P	P	P
Cllr MNCEDISI SIBUSISO MTHETHWA	ANC- DIRECT	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P

NAME	PARTY	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr SPHEHLE ZONDI	DA-DIRECT	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr CLINTON BERNARD VAN DER BYL	DA-DIRECT	A	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr THEMBOKWAKHE CORNELIUS MADONDO	DA-DIRECT	P	P	P	A	P	P	P	P	A	P	P	P	P	P	P	P	O
Cllr THEMBA ABRAM HLATSHWAYO	DA-DIRECT	A	P	P	P	P	P	P	A	P	P	P	P	P	P	O	P	O
NAME	PARTY	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr LIONEL ERROL PIENAAR	IFP - DIRECT	P	P	P	P	P	P	P	P	P	P	O	P	P	P	P	P	P
Cllr NOMPUMELELO CAROL ZONDI	IFP - DIRECT	P	P	P	P	A	P	P	A	P	A	A	A	O	P	P	P	P
NAME	PARTY	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr MZWAKHE EWERT MPULO	EFF-DIRECT	P	P	P	A	P	A	P	P	A	P	P	A	P	P	P	P	A
Cllr DM MSOMI	EFF-DIRECT		D	D	D	D			P	P	P	P	P	P	P	P	P	P
Cllr NOMFUNDO WENDY MTSHWARA	EFF-DIRECT	P	P	P	A	P	A	P	P	P	P	P	P	P	P	A	P	A

NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.23	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr AURINA NOMATHEMBA PHUNGULA	DA	MSUNDUZI LM	P	P	P	P	P	P	P	P	P	P	P	P	P	A	O	O	P
Cllr SIBUSISO DESMOND CHONCO	DA	MSUNDUZI LM	A	P	P	P	A	P	P	P	P	A	P	P	P	P	P	P	P
Cllr REGINA ZINHLE NGUBO	DA	MSUNDUZI LM	A	P	P	A	A	P	P	P	P	A	P	A	P	P	P	P	P
Cllr PRETTY NELISIWE MAPHANGA	IFP	MSUNDUZI LM	A	P	P	A	P	P	P		P	P	P	P	P	P	P	P	P
Cllr MSHUSHISI AUBREY NGUBANE	IFP	MSUNDUZI LM	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

Cllr DORCAS SIBONGILE MKHIZE	ANC	MSUNDUZI LM	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr GODMAN NKOSIVELILE DLAMINI	ANC	MSUNDUZI LM	A	P	P	A	P	P	P	P	P	P	P	A	P	P	O	P	A	
Cllr GLADNESS SIBONGILE MNCWANGO	ANC	MSUNDUZI LM	P	P	P	P	P	P	P	P	P	P	P	O	P	P	P	P	P	P
Cllr THOLAKELE IGNETIA DLAMINI	ANC	MSUNDUZI LM	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr MICHAEL BHEKABANTU ZUMA	ANC	MSUNDUZI LM	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23	
Cllr SIBUSISO ALFRED MKHIZE	ANC	MSUNDUZI LM	A	P	P	P	P	P	P	P	P	P	P	A	P	A	P	P	P	
Cllr KHULEKANI MSOMI	ANC	MSUNDUZI LM	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Cllr MDUDUZI CASWELL MSHENGU	ANC	MSUNDUZI LM	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Cllr VICTORIA MAVIE PHUNGULA	ANC	MSUNDUZI LM	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
Cllr MYSIE SINDISIWE MBUTO	EFF	MSUNDUZI LM	P	P	P	P	P	P	P	P	O	A	P	P	P	P	P	P	P	
Cllr STANLEY NTUTHUKO MNCWABE	EFF	MSUNDUZI LM	P	P	P	P	P	P	P	P	P	A	P	P	P	O	P	P	P	
MICHAEL STEVEN BOND	DA	MSUNDUZI LM	P	P	A	P	A	P	P											

NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr NJABULO EMMANUEL CEBEKHULU	ANC	UMSHWATHI LM	A	P	P	A	P	A	P	O	O	O	O	P	O	O	O	P	P
Cllr NOMUSA RONAH KHANYILE	ANC	UMSHWATHI LM	A	P	O	P	P	O	P	P	A	P	A	P	P	A	P	P	P

Cllr BRIGHT MKHIZE	IFP	UMSHWATHI LM	P	P	A	P	A	A	P	O	P	A	O	O	P	P	O	P	A
NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr RICHARD SIWE SOKHELA	ANC	UMNGENI LM	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr NHLALAYEN ZA ERASMUS NDLOVU	DA	UMNGENI LM	A	P	P	A	P	P	P	P	P	P	P	P	P	P	O	P	P
Cllr HAZEL MARY LAKE	DA	UMNGENI LM	P	P	P	P	A	P	P	P	P	P	P	A	O	P	P	P	P
NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.2023	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr LINDOKUHL E WISEMAN WYNNE	ANC	MPOFANA LM	A	P	P	O	P	P	P	P	P	P	P	P	P	A	O	P	P
NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.23	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr ZIBUSE WONDERFUL DLAMINI	ANC	IMPENDLE LM	A	P	P	O	P	P	P	A	P	P	P	P	A	P	O	P	P
NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	2.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.23	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr SIPHIWE NGIDI	ANC	MKHAMBATHINI LM	O	P	P	A	P	O	P	P	A	P	P	O	O	P	P	A	A
NAME	PARTY	REPRESENTATION BY LM	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.5.23	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
Cllr VINCENT MAPHUMULO	ANC	RICHMOND LM	P	P	P	P	P	P	P	P	P	A	P	P	P	P	P	A	P
Cllr MELIKHAYA KNOWLEDGE NGCONGO	ANC	RICHMOND LM	A	P	P	A	P	P	P	P	P	P	P	P	P				

AMAKHOSI	12.07	28.07	30.8	29.9	6.10	28.10	02.12	27.1.23	31.1.23	31.3.23	28.4.23	2.05.23	30.5.23	9.6.23	15.6.23	20.6.23	30.6.23
INKOSI VI ZONDI	O	A	O	O	A	O	P	A	A	P	O	P	O	O	O	P	O
INKOSI BONGUMUSA GLADWELL GWAMANDA	O	O	P	P	P	P	P	P	P	P	P	P	O	O	O	A	O
INKOSI PHUMLANI MAJOZI	A	O	O	O	O	O	P	P	O	P	O	O	O	P	A	A	P

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.

EXECUTIVE COMMITTEE

NAME	JULY 21.7.22	AUG 23.8.22	SEPT 22.9.22	OCT 04.10.22	OCT 20.10.22	OCT 28.10.22	NOV 23.11.22
CLLR M ZUMA (CHAIRPERSON)	P	P	P	P	P	P	P
CLLR SA DLAMINI (DEPUTY MAYOR)	P	P	A	O	P	P	P
CLLR DS MKHIZE	P	P	P	P	A	P	A
CLLR MS MTHETHWA	P	P	A	P	P	A	P
CLLR SP ZUNGU	A	P	P	A	P	A	A
CLLR TC MADONDO	P	P	P	P	A	P	P
CLLR HM LAKE	P	P	P	P	P	A	P
CLLR ME MPULO	O	O	P	P	A	A	A
CLLR LE PIENAAR	P	P	P	P	P	P	P
INKOSI P MAJOZI	A	O	O	O	O	O	P

EXECUTIVE COMMITTEE 2023

NAME	JAN 25.01.23	FEB 21.02.23	MARCH 23.03.23	APRIL 19.04.23	MAY 26.05.23	JUNE 07.06.23	JUNE 21.06.23
CLLR M ZUMA (CHAIRPERSON)	P	P	P	P	P	P	P
CLLR SA DLAMINI (DEPUTY MAYOR)	P	P	P	P	P	P	P
CLLR DS MKHIZE	P	P	P	P	A	P	P

CLLR MS MTHETHWA	P	P	P	A	P	P	P
CLLR SP ZUNGU	P	P	P	P	P	P	P
CLLR TC MADONDO	P	P	P	P	P	P	P
CLLR HM LAKE	P	P	P	P	P	P	P
CLLR ME MPULO	P	O	O	A	P	A	P
CLLR LE PIENAAR	P	P	P	P	P	P	P
INKOSI P MAJOZI	O	O	O	O	O	O	O

FINANCE PORTFOLIO COMMITTEE

NAME	15.07 .22	27.07 .22	17.08 .22	19.09 .22	14.10 .22	17.11 .22	19.01 .23	16.02 .23	15.03 .23 BSC	15.03 .23	14.04 .23 BSC	19.04 .23	23.05 .23 BSC	26.05 .23 JOIN T	15.06 .23
CLLR M ZUMA	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
CLLR HM LAKE	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P
CLLR TC MADONDO	P	P	P	P	P	P	A	P	P	P	A	P	P	P	P
CLLR DM MSOMI	P	P	P	P			P	P	A	A	A	P	P	P	P
CLLR L PIENAAR	P	P	P	P	P	P	P	A	P	P	A	P	A	A	P
CLLR NJ ZUNGU	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
CLLR RS SOKHELA	P	P	P	P	P	A	A	A	P	P	A	A	A	A	P
CLLR K MSOMI	A	P	P	P	P	A	P	A	A	A	A	P	A	P	P
CLLR MV PHUNGULA	P	P	P	P	P	P	A	P	A	A	A	P	A	P	P
CLLR ME MPULO					P	P	A	P	A	A	A	P	A	P	P

INFRASTRUCTURE PORTFOLIO COMMITTEE

NAME	08.08.22	07.09.22	13.10.22	02.11.22	20.01.23	10.02.23	10.03.23	13.04.23	17.05.23	01.06.23
CHAIRPERSON: CLLR S MABASO	P	P	P	P	P	P	P	P	P	P
CLLR V MAPHUMULO	P	P	P	P	P	P	P	P	A	P
CLLR T DLAMINI	P	P	P	O	P	P	P	P	P	P
CLLR RS SOKHELA	P	P	A	P	P	P	P	P	P	P
CLLR N KHANYILE	P	P	A	A	P	P	P	A	P	P
CLLR TA HLATSHWAYO	A	P	P	A	A	P	A	A	P	A
CLLR S ZONDI	P	A	P	A	P	P	A	A	A	P
CLLR MA NGUBANE	P	P	P	P	P	A	P	A	P	P
CLLR S MBUTO	P	P	P	P	P	P	P	P	A	P
INKOSI BG GWAMANDA	P	A	A	P	A	P	A	A	P	P

ECONOMIC DEVELOPMENT AND PLANNING PORTFOLIO COMMITTEE

NAME	11.08.22	06.09.22	04.10.22	01.11.22	10.01.23	07.02.23	09.03.23	04.04.23	11.05.23	13.06.23
CLLR DS MKHIZE	P	P	P	P	P	P	P	P	P	P
CLLR MB ZUMA	P	P	P	P	P	P	P	P	P	P
CLLR MC MSHENGU	P	O	P	O	P	P	P	P	P	P
CLLR NB AHMED	P	O	P	A	P	P	P	P	P	P
CLLR NE CEBEKHULU	P	O	O	P	O	A	A	A	A	A
CLLR NE NDLOVU	P	O	P	A	P	P	P	P	A	P
CLLR S ZONDI	P	A	A	A	A	P	A	A	P	P
CLLR NC ZONDI	P	A	A	P	P	A	A	A	P	A
CLLR NW MTSHWARA	P	P	P	P	P	P	A	A	P	A

COMMUNITY SERVICES PORTFOLIO COMMITTEE

NAME	07.06.22	04.08.22	05.08.22	13.09.22	11.10.22	08.11.22	10.01.23	17.01.23	07.02.23	17.03.23	13.04.23	10.05.23
CHAIRPERSON :CLLR S ZUNGU	P	P	P	P	P	P	P	P		P	P	P
CLLR S NGIDI	P	A	P	A	P	P	A	P		P	P	P
CLLR VM PHUNGULA	O	P	P	P	P	P	A	P		P	P	P
CLLR ZW DLAMINI	P	A	P	A	P	A	A	P		P	O	P
CLLR GN DLAMINI	P	A	O	P	A	P	A	P		P	P	P
CLLR Z NGUBO	A	P	P	P	P	P	P	P		P	P	P
CLLR N ZONDI	P	A	P	P	A	P	A	A		P	P	P
CLLR N MTSHWARA	A	P	P	A	P	A	A	A		P	P	P
CLLR S CHONCO	P	P	P	P	P	P	P	A	A		P	P
IBAMBABUKHOSI: MZ ZONDI	O	O	O	O	O	O						

HUMAN RESOURCES AND SOUND GOVERNANCE PORTFOLIO COMMITTEE

NAME	08.06.22	10.08.22	19.09.22	12.10.22	09.11.22	08.02.23	13.03.23	10.05.23.	13.06.23
CLLR M MTHETHWA	P	P	P	P	P	P	P	P	P
CLLR NB AHMED	P	P	P	P	P	P	P	P	P
CLLR T DLAMINI	P	P	P		A	p	P	P	P
CLLR N MAPHANGA	P	P	A	P	P	P	P	P	P
CLLR S MKHIZE	P	P	A	P	P	A	A	P	P
CLLR N ZUNGU	P	P	A	P	P	P	P	P	A
CLLR N PHUNGULA	A	P	P	A	P	P	A	P	P
CLLR M MPULO	P	P	P						
CLLR N DLOVU	A	A	A	A	P	P	A	P	A
CLLR M BRACHES				p	p	P	P	P	P

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NAME	30.01.23	17.02.23	20.03.23	18.04.23	29.05.23	20.06.23	23.06.23	28.06.23	24.07.23	18.08.23	19.09.23	20.10.23
CHAIRPERSON: CLLR EM DLADLA	P	P	P	P	P	P	IN COMMITTEE	IN COMMITTEE	P	P	P	p
CLLR G DLADLA	P	P	P	P	P	P	IN COMMITTEE	IN COMMITTEE	P	P	P	p
CLLR LW WYNNE	P	P	P	P	P	P	IN COMMITTEE	IN COMMITTEE	P	P	p	P
CLLR M NGCONGO	P	O	P	A	P	P	IN COMMITTEE	IN COMMITTEE				
CLLR GS MNCWANGO	P	P	P	P	P	P	IN COMMITTEE	IN COMMITTEE	P	A	p	P
CLLR T MKHIZE							IN COMMITTEE	IN COMMITTEE	p	P	p	p
CLLR S REDDY	P	P	P	P	P	P	IN COMMITTEE	IN COMMITTEE	P	P	p	P
CLLR C VAN DER BYL	P	P	P	O	P	P	IN COMMITTEE	IN COMMITTEE	p	p	P	P
CLLR BK MKHIZE	P	A	A	P	P	P	IN COMMITTEE	IN COMMITTEE	P	p	P	P
CLLR N MNCWABE	P	p	P	p	P	P	IN COMMITTEE	IN COMMITTEE	P	P	P	p

EXECUTIVE COMMITTEE

The purpose of the Executive Committee is to delegate specific functions to committees as provided for in Part 5: Section 79 of the Municipal Structures Act, 1998. The Executive Committee exercises oversight responsibilities in respect of the day-to-day activities of Council.

The object of the Council Committee is to perform the following functions:

- To formulate and develop legislation and policies pertaining to the functions of the administration;
- To provide oversight in the implementation and monitoring of the approved legislation, by-laws, policies, municipal budget as well as Council's strategic plans.
- To consider any report on legislation, policies (Budget and Integrated Development Planning included), and bylaws with regard to the administration; and

- To ensure that the inputs from the communities and sector fora are given due consideration in council structures.

GENERAL FUNCTIONS OF THE EXECUTIVE COMMITTEE

Recommends to Council after consultation with the relevant Portfolio Committee, policies where Council had reserved the power to make the policies itself. Determines strategic approaches, guidelines and growth parameters for the draft budget including tariff structures, etc.

MEMBERSHIP:

NAME	PARTY	REPRESENTING
M ZUMA (MAYOR AND CHAIRPERSON)	ANC	DIRECT
AS MABASO (DEPUTY MAYOR)	ANC	DIRECT
HM LAKE	DA	UMNGENI LOCAL UNICIPALITY
TC MADONDO	DA	DIRECT
DS MKHIZE	ANC	MSUNDUZI LOCAL MUNICIPALITY
DM MSOMI	EFF	DIRECT
MS MTHETHWA	ANC	DIRECT
L PIENAAR	IFP	DIRECT
SP ZUNGU	ANC	DIRECT

Cllr. DM Msomi passed on in July 2022 and he was replaced by Cllr. Branches in Council but Cllr. ME Mpulo replaced him in EXCO.

Portfolio Committees

In pursuit of its development mandate the municipality has put in place sound governance support structures. These structures are the portfolio committees that were appointed in terms of section 79 and 80 of the Municipal Structures Act. Their role is to provide an oversight and advisory support to council and do not have a final decision-making power. A list of appointed committees and their members are provided in the table below.

FINANCE PORTFOLIO COMMITTEE		
NAME	PARTY	REPRESENTATION BY LOCAL MUNICIPALITY
Councillor M Zuma (Chairperson)	ANC	DIRECT
RS Sokhela	ANC	UMNGENI LOCAL MUNICIPALITY
Councillor K Msomi	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor NJ Zungu	ANC	DIRECT
Councillor VM Phungula	ANC	MSUNDUZI LOCAL MUNICIPALITY

Councillor HM Lake	DA	UMNGENI LOCAL MUNICIPALITY
Councillor TC Madondo	DA	DIRECT
Councillor LE Pienaar	IFP	DIRECT
Councillor DM Msomi	EFF	DIRECT
Inkosi BG Gwamanda		

INFRASTRUCTURE PORTFOLIO COMMITTEE		
Councillor AS Mabaso (Chairperson)	ANC	DIRECT
Councillor V Maphumulo	ANC	RICHMOND LOCAL MUNICIPALITY
Councillor T Dlamini	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor RS Sokhela	ANC	UMNGENI LOCAL MUNICIPALITY
Councillor N Khanyile	ANC	UMSHWATHI LOCAL MUNICIPALITY
Councillor TA Hlatshwayo	DA	DIRECT
Councillor S Zondi	DA	DIRECT
Councillor MA Ngubane	IFP	MSUNDUZI LOCAL MUNICIPALITY
Councillor S Mbuto	EFF	MSUNDUZI LOCAL MUNICIPALITY
Inkosi BG Gwamanda		

HUMAN RESOURCES AND SOUND GOVERNANCE PORTFOLIO COMMITTEE		
Councillor MS Mthethwa (Chairperson)	ANC	DIRECT
Councillor T Dlamini	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor NB Ahmed	ANC	DIRECT
Councillor SA Mkhize	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor N Zungu	ANC	DIRECT
Councillor NE Ndlovu	DA	UMNGENI LOCAL MUNICIPALITY
Councillor N Phungula	DA	MSUNDUZI LOCAL MUNICIPALITY
Councillor N Maphanga	IFP	MSUNDUZI LOCAL MUNICIPALITY
Councillor M Branches	EFF	DIRECT

COMMUNITY SERVICES PORTFOLIO COMMITTEE		
Councillor SP Zungu (Chairperson)	ANC	DIRECT
Councillor S Ngidi	ANC	MKHAMBATHINI LOCAL MUNICIPALITY
Councillor VM Phungula	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor ZW Dlamini	ANC	IMPENDLE LOCAL MUNICIPALITY
Councillor GN Dlamini	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor Z Ngubo	DA	MSUNDUZI LOCAL MUNICIPALITY
Councillor SD Chonco	DA	MSUNDUZI LOCAL MUNICIPALITY
Councillor N Zondi	IFP	DIRECT
Councillor N Mtshwara	EFF	DIRECT

ECONOMIC DEVELOPMENT AND PLANNING PORTFOLIO COMMITTEE		
Councillor DS Mkhize (Chairperson)	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor B Zuma	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor M Mshengu	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor NB Ahmed	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor N Cebekhulu	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor N Ndlovu	DA	UMNGENI LOCAL MUNICIPALITY
Councillor S Zondi	DA	DIRECT
Councillor N Zondi	IFP	DIRECT
Councillor N Mtshwara	EFF	DIRECT
Inkosi P Majazi		

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE		
Councillor EM Dladla (Chairperson)	ANC	DIRECT
Councillor G Dladla	ANC	DIRECT
Councillor LW Wynne	ANC	MPOFANA LOCAL MUNICIPALITY
Councillor TS Mkhize (M Ngcongco)	ANC	RICHMOND LOCAL MUNICIPALITY
Councillor GS Mncwango	ANC	MSUNDUZI LOCAL MUNICIPALITY
Councillor S Reddy	DA	MSUNDUZI LOCAL MUNICIPALITY
Councillor C Van der Byl	DA	DIRECT
Councillor B Mkhize	IFP	UMSHWATHI LOCAL MUNICIPALITY
Councillor N Mncwabe	EFF	MSUNDUZI LOCAL MUNICIPALITY

TRADITIONAL LEADERS

Section 81(2) of the Municipal Structures Act, Act 117 of 1998, provides for the participation of traditional leaders in municipal Councils. This piece of legislation empowers the Provincial MEC to resolve on the details of Amakhosi to participate and publish same in the provincial gazette.

This is to give an opportunity to a leader of a traditional authority directly affected by a decision to express a view on the matter before the municipal Council takes a decision. This is in line with government's values of transparency, inclusivity, and cooperation amongst its stakeholders.

In line with Section 81(5) of the same Act, the municipality's Code of Conduct for councillors and its Rules of Order will apply fully to traditional leaders participating in the meetings of Council.

The following Amakhosi participated in the uMgungundlovu District Municipal Council:

INKOSI BG Gwamanda
INKOSI P Majazi
IBAMBA MZ Zondi

Appendix C – Third Tier Administrative Structure

Name of Official	Gender	Position	Function	Performance Agreement Signed Yes/No
Dr Ray Ngcobo (Contract ended November 2022)	Male	Municipal Manager	Overall Municipal Administration Internal Audit and Risk Management Mayorality (Social Programmes) and Communication Inter-Governmental Relations Strategic Planning and Integrated Development Planning Performance Management Water Services Authority	Yes
Mr. Royal Nzuzo (Acting-July-September 2022)	Male	Executive Manager: Technical Services (Acting)	Provision and Management of Water and Sanitation. Water and Sanitation Infrastructure Development and Maintenance.	Yes
Mr Zenzele Ndlovu (Resigned August 2023)	Male			
Mr. Sipho Ndabandaba (Contract Ended April 2023)	Male	Executive Manager Acting: Financial Services	Financial Services: Budget, Financial Reporting, Revenue and Expenditure Management, Asset Management, Supply Chain Management	Yes
Dr Emmanuel X. Muthwa	Male	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
Mrs Phumzile Luswazi (Acting July 2022-November 2022)	Female	Executive Manager: Economic development and Planning	GIS, Planning, Umngeni Resilience Program and Local Economic and Development	Yes
Mr Mbongiseni J. Sithole	Male			

Appendix D – Functions of the Municipality

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

Appendix E – WARD REPORTING

None

Appendix F – WARD INFORMATION

None

Appendix G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

**ANNUAL REPORT OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE FOR
uMGUNGUNDLOVU DISTRICT MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023.

AUDIT COMMITTEE MEMBERS AND MEETING 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.

During the period under review the Audit Committee met 6 times and comprised of the following members:

Name of Member	Meetings attended	AC membership
Mr SD Gabela	4	Term of office ended
Ms S Keshav	4	Term of office ended
Mr A Singh	6	Active
Ms. N Shabalala	6	Active
Mr S Ngidi	6	Active

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 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 adopted Audit Committee charter.

THE EFFECTIVENESS OF INTERNAL CONTROL

Section 165 of the MFMA, prescribes that every Municipality must have an Internal Audit Unit that operates under the direction and control of the Audit Committee. This entails that, functionally the Internal Audit Unit is directly accountable to the Audit Committee while accountable administratively to the Office of the Municipal Manager.

The operational activities of the Internal Audit Unit are regulated by Section 165 of the MFMA, circular 65 published by the National Treasury, the International Standards for the Professional Practices of Internal Auditors (ISPPIA) and the Internal Audit Charter.

The activities of the Internal Audit Unit are guided by the approved Annual Internal Audit Plan.

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 adequacy of resources within the Finance department and effectiveness of controls within the Human Resource Department.

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

The Committee is satisfied that the internal audit work was conducted 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.

SYSTEM OF INTERNAL CONTROL

Audit Committee has continued to monitor the progress achieved by the Management in implementing remedial action to prevent recurrence of findings identified by the Internal Audit and the Auditor General. The audit committee acknowledges management's efforts to strengthen internal controls within the municipality.

The Audit Committee has noted that during the year there are new findings regarding material control deficiencies with the system to collate reported performance and contract management and would like to emphasize that the responsibility of preventing these findings rests with management.

We therefore request that management must ensure that controls in place, policies and procedures of the Municipality are embraced and adhered to, to prevent recurrence of Internal Audit and Auditor-General findings. We are of the opinion that these can be averted by improving on planning, performance management, contract management practices and strict compliance with the SCM processes.

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 the review of the Annual Performance Report and can conclude that the performance management system is in place and fully functional, however the following concerns that were raised in previous year with management are persistently being observed:

- Planned targets are not achieved by management.
- 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, were of acceptable standard.

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 2022.
- Reviewed the municipality's compliance with legal and regulatory provisions.

The following reports were also reviewed by the Audit Committee:

- Investigation Reports: UIFWE
- Supply Chain Management Report
- Annual Employee Headcount Verification Report
- Human Resource Management Report,
- Mid-term Revenue and Expenditure report
- Internal Audit Follow-up Action Plan
- Auditor-General Action Plan
- Quarterly Performance Management Report
- Risk Management and Compliance Reports

RECOMMENDATIONS

- **Performance Management:** Council together with management must ensure there is improvement in controls surrounding the issuing of water to the community through water tankers and the verifiable controls including sufficient, valid and relevant supporting information to support the actual achievement and expenditure.
- **In the quest of Curbing UIFW:** The Council must exert more effort and more stringent control measures to curb Unauthorised, Irregular, Fruitless and Wasteful Expenditure and to prevent repeat audit findings. The Audit Committee has noted that, in the main, these findings emanate from non-compliance with the SCM Policies and Procedures and poor planning in Contract Management.
- **Debt Recovery:** Council together with management should implement a vigorous debt collection strategy, this will ensure that the municipality enhances its revenue collection.
- The Municipality must perform reconciliations of all key accounts monthly and prepare financial statements at least on a quarterly basis to avoid discovering errors and discrepancies at year end.
- **Risk Management** – Elevate the Cyber Security and Business Continuity Management to be one of the priorities areas of the Municipality.

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. The Committee also acknowledges the support and assistance of the Office of the Auditor-General.



Chairperson
Audit and Performance Committee
Mr. S Ngidi

Appendix H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

CONTRACT NUMBER	APPOINTED BIDDER	DEPARTMENT	DESCRIPTION OF PROJECTS	CONTRACT VALUE	START DATE	END DATE	COMMENTS
7/3/82	FIRST NATIONAL BANK	CORPORATE SERVICES	PROVISION OF BANKING SERVICES FOR UMGUNGUNDLOVU MUNICIPALITY	R 4,610,985.17	2015/02/11	2024/05/31	<p>>CONTRACT VALUE IS TAKEN FROM PAGE 93 OF THE TENDER.</p> <p>>PAYMENT AMOUNTS WERE OBTAINED FROM THE PAYMENT LISTING AND EXPENDITURE REPORTS.</p> <p>>THE DATE OF SIGNATURE IS TAKEN AS THE START DATE AND THE END DATE COULD NOT BE DETERMINED AS THIS SERVICE IS LONG TERM. A DURATION OF 60 MONTHS WAS USED FOR THE PURPOSE OF THIS REGISTER.</p> <p>>THE CONTRACT FORMS PART OF THE BID DOCUMENT AND REFERS TO THE GCC.</p> <p>>THIS CONTRACT WAS DRAWN UP BY THE MUNICIPALITY AND IS SIGNED BY BOTH PARTIES.</p> <p>>THIS CONTRACT IS INCLUDED IN THE MBD.</p> <p>> THE CONTRACT WAS EXTENDED UNDER SECTION 116(3) OF THE MFMA, THE CONTRACT WAS EXTENDED UNTIL 30 AUGUST 2022</p> <p>>THE CONTRACT WAS EXTENDED UNDER SECTION 116(3) OF THE MFMA, THE CONTRACT WAS EXTENDED UNTIL 30 AUGUST 2023.</p> <p>>THE CONTRACT WAS EXTENDED UNDER SECTION 116 (3) OF THE MFMA, THE CONTRACT WAS EXTENDED UNTIL THE BOTH OF NOVEMBER</p>

							2023 >THE CONTRACT WAS EXTENDED UNDER SECTION 116 (3) OF THE MFMA, THE CONTRACT WAS EXTENDED UNTIL THE 31ST OF MAY 2024
7/3/106	ITHALA DEVELOPMENT FINANCE CORPORATION LIMITED	CORPORATE SERVICES	LEASE OF UNIT 25 HOWICK SHOPPING CENTRE	R 1,307,150.30	12/1/2016	2024/02/28	>THE CONTRACT VALUE WAS OBTAINED FROM PAGE 3 OF THE LEASE AGREEMENT. >THE START AND END DATES ARE TAKEN FROM PAGE 3 OF THE AGREEMENT. > THE PENALTY CLAUSE IS FOUND ON PAGE 27 OF THE CONTRACT >THE LEASE AGREEMENT IS SIGNED BY BOTH PARTIES. > SOME PAYMENTS INCLUDES INTEREST AND THIS INTEREST HAS BEEN REPORTED TO COUNCIL AS FRUITLESS AND WASTEFULL EXPENDITURE. >ON THE 16TH BOF NOVEMBER 2021 THE EXTENSION OF CONTRACT WAS APPROVED ,THE CONTRACT WILL BE EXTENDED FOR A PERIOD OF NOT MORE THAN 3 MONTHS WITH A VALUE OF R124 066. >THE CONTRACT WAS EXTENDED UNTIL 28 FEBRUARY 2023, IT WAS EXTENDED IN TERMS OF SECTION 116 OF THE MFMA >THE CONTRACT WAS EXTENDED IN TERMS OF SECTION 116 OF THE MFMA ON THE 27 OF FEBRUARY 2023
7/3/235	SCELO BUSINESS CONSULTING	COMMUNITY SERVICES	LEASING OF 4 NEW EMERGENCY RESPONSE VEHICLES	R 24,508,800.00	2020/06/17	2024/06/30	>IN TERMS OF THE BID DOCUMENT, GENERAL CONDITIONS OF TENDER THERE IS AN EARLY TERMINATION CLAUSE.

							<p>>THE CONTRACT START DATE IS TAKEN FROM THE FORM OF ACCEPTANCE DATE 12 SEPTEMBER 2019.</p> <p>>THE CONTRACT PERIOD IS 36 MONTHS AND IS FOUND ON PAGE 44 UNDER SCOPE OF WORK.</p> <p>>THE CONTRACT FORMS PART OF THE BID DOCUMENT AND REFERS TO THE GCC</p> <p>>THE CONTRACT WAS EXTENDED THROUGH SECTION 116 FOR 6 MONTHS ON THE 22ND JUNE 2023</p> <p>>THE CONTRACT WAS EXTENDED THROUGH SECTION 116 FOR 6 MONTHS ON 01 DECEMBER 2023 FOR A PERIOD OF 6 MONTHS ENDING ON THE 30TH OF JUNE 2024</p>
7/3/245	RICHMOND FIRE PROTECTION ASSOCIATION	COMMUNITY SERVICES	ACCESS TO FIRE EARLY DETECTION SYSTEM	R 2,875,000.00	2019/07/01	2024/07/01	<p>>THE CONTRACT VALUE OF R 2 500 000 EXCLUDING VAT WHICH IS FOUND ON PAGE 6 OF THE AGREEMENT</p> <p>>THIS CONTRACT WAS SIGNED BY BOTH THE MUNICIPALITY AND THE SERVICE PROVIDER ON THE 01 JULY 2019</p> <p>>THE START DATE IS TAKEN FROM THE DATE THE MUNICIPALITY SIGNED AND END DATES ARE TAKEN FROM PAGE 6 OF THE AGREEMENT.</p> <p>>THE PAYMENTS AMOUNT IS TAKEN FROM THE PAYMENT LISTING</p>
7/3/331	AQUATRANSPORT AND PLANT HIRE (PTY) LTD	TECHNICAL SERVICES	PROVISION OF WATER TANKERING	R 180,219,163.23	2021/05/01	2024/04/30	<p>>THERE IS A SERVICE LEVEL AGREEMENT WHICH IS SIGNED BY BOTH THE SERVICE PROVIDER AND THE MUNICIPALITY.</p> <p>>THE CONTRACT</p>

						<p>VALUE COULD NOT BE DETERMINED, HENCE THE CONTRACT VALUE IS THE SUM OF ALL PAYMENTS TO DATE >THE CONTRACT PERIOD IS 36 MONTHSAND IS FOUND ON PAGE 4 OF THE SLA.</p> <p>> IN OCTOBER THE FIRST ADDENDUM WAS ISSUED (THE MUNICIPALITY REQUIRES THE DEPLOYMENT OF ADDITIONAL WATER TANKERS A MAXIMUM OF 14 TANKERS TO SERVICE NEEDS AROUND THE DISTRICT FOR A PERIOD OF THREE MONTHS ENDING 31 DECEMBER 2021)</p> <p>>IN FEBRUARY 2022 THE SECOND ADDENDUM WAS ISSUED (THE MUNICIPALITY WISHES TO REDUCE THE NUMBER OF EXISTING WATER TANKERS TO 36)</p> <p>>IN MAY THE THIRD ADDENDUM WAS ISSUED (THE MUNICIPALITY REQUIRES THE DEPLOYMENT OF ADDITIONAL WATER TANKERS A MAXIMUM OF 10 TANKERS TO SERVICE NEEDS AROUND THE DISTRICT FOR A PERIOD OF THREE MONTHS ENDING 31 JULY 2022)</p>	
7/3/337	TALBOT LABORATORRIES (PTY) LTD	COMMUNITY SERVICES	WATER QUALITY ANALYSIS	R 963,482.65	2021/08/11	2024/07/31	<p>>IN TERMS OF THE SERVICE LEVEL AGREEMENT THE DOCUMENT IS SIGNED BY THE MUNICIPALITY MANAGER AND SERVICE PROVIDER ON PAGE. PAGE 15</p> <p>>IN TERMS OF THE SERVICE LEVEL AGREEMENT, THERE IS AN EARLY</p>

							TERMINATION CLAUSE. PAGE 7 >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT START DATE IT IS WHEN THE CONTRACT IS SIGNED
7/3/338	PRO SECURE (PTY) LTD	CORPORATE SERVICES	SUPPLY, INSTALLATION AND SERVICE OF FIRE EQUIPMENT	R 107,477.28	2021/08/11	2024/07/31	>IN TERMS OF THE SERVICE LEVEL AGREEMENT THE DOCUMENT IS SIGNED BY THE MUNICIPALITY MANAGER AND SERVICE PROVIDER >THERE IS AN EARLY TERMINATION CLAUSE. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT START DATE IT IS WHEN THE CONTRACT IS SIGNED.
7/3/351	JADE STAR CC TRADING AS ELECTRIC AND PUMP SERVICES	TECHNICAL SERVICES	ELECTRICAL AND MECHANICAL MAINTENANCE SERVICES	R 43,781,447.65	2021/12/01	2024/11/30	>IN TERMS OF THE BID DOCUMENT THE FORM OF OFFER AND ACCEPTANCE IS SIGNED BY THE BOTH PARTIES. >IN TERMS OF THE SERVICE LEVEL AGREEMENT, THERE IS AN EARLY TERMINATION CLAUSE. PAGE 7 >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT START DATE IT IS WHEN THE CONTRACT IS SIGNED. >THE CONTRACT VALUE WILL BE EQUAL TO CONTRACT AMOUNT PAID.
7/3/355	FLEET HORIZON SOLUTIONS (PTY) LTD	CORPORATE SERVICES	SUPPLY VEHICLES ON A FULL MAINTENANCE LEASE	R 35,394,946.92	2022/03/01	2025/02/28	>IN TERMS OF THE MASTER LEVEL AGREEMENT THE DOCUMENT IS SIGNED BY THE MUNICIPALITY MANAGER AND SERVICE PROVIDER. >THE CONTRACT PERIOD IS 36 MONTHS. >THE CONTRACT VALUE IS R 33 995 762.64.

							> ON 12TH OF MAY 2022 THE VARIATION ORDER OF R 1 399 184.28 FOR THE VEHICLES OF THE PUBLIC OF BEAREERS WAS ISSUED.
7/3/366	YURETEK BUSINESS MACHINES	CORPORATE SERVICES	PROVISION OF 33 MULTIFUNCTIONAL PHOTOCOPIERS FOR UMDM	R 3,031,805.83	2022/05/10	2025/04/30	>IN TERMS OF THE SERVICE LEVEL AGREEMENT THE DOCUMENT IS IS SIGNED BY THE MUNICIPALITY MANAGER AND SERVICE PROVIDER >THERE IS AN EARLY TERMINATION CLAUSE. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT START DATE IT IS WHEN THE CONTRACT IS SIGNED. VARIATIONS >ADDITIONAL PRINTER EQUIPMENT FOR HOWICK CCC AND PA FOR LED HOD. PRINTER SERVER TO MONITOR USAGE OF MACHINES AT 7% OF THE ORIGINAL CONTRACT VALUE
7/3/367	MATTHEWS FRANCIS INC	FINANCE	DEBT COLLECTION SERVICES	R -	2022/05/18	2025/05/30	>THE CONTRACT WAS APPOINTED THROUGH QUOTATIONS. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT DATE IS TAKEN FROM THE APPOINTMENT LETTER. > THE SERVICE PROVIDER IS TAKEN FROM OUR PANEL OF LEGAL ADVISORS.
7/3/368	MHLANGA INC	FINANCE	DEBT COLLECTION SERVICES	R -	2022/05/18	2025/05/30	>THE CONTRACT WAS APPOINTED THROUGH QUOTATIONS. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT DATE IS TAKEN FROM THE APPOINTMENT LETTER. > THE SERVICE PROVIDER IS TAKEN FROM OUR PANEL OF

							LEGAL ADVISORS.
7/3/369	HUGHES MADONDO INC.	FINANCE	DEBT COLLECTION SERVICES	R	2022/05/18	2025/05/30	>THE CONTRACT WAS APPOINTED THROUGH QUOTATIONS. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT DATE IS TAKEN FROM THE APPOINTMENT LETTER. > THE SERVICE PROVIDER IS TAKEN FROM OUR PANEL OF LEGAL ADVISORS.
7/3/370	MAZIBUKO Z AND ASSOCIATES	FINANCE	DEBT COLLECTION SERVICES	R	2022/05/18	2025/05/30	>THE CONTRACT WAS APPOINTED THROUGH QUOTATIONS. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT DATE IS TAKEN FROM THE APPOINTMENT LETTER. > THE SERVICE PROVIDER IS TAKEN FROM OUR PANEL OF LEGAL ADVISORS.
7/3/371	MAKHOATSE, NARASIMULU & ASSOCIATIONS	TECHNICAL SERVICES	RURAL ROAD ASSET MANAGEMENT STRATEGY (RRAMS)	R 6,386,084.41	2022/05/25	2025/05/30	>THE CONTRACT WAS APPOINTED THROUGH QUOTATIONS. >THE CONTRACT PERIOD IS 36 MONTHS >THE CONTRACT DATE IS TAKEN FROM THE APPOINTMENT LETTER. > THE SERVICE PROVIDER IS TAKEN FROM OUR PANEL OF LEGAL ADVISORS.
7/3/384	CCG SYSTEMS	FINANCE	SUPPORT AND MAINTANANCE SERVICES OF SAGE EVOLUTION ERP SYSTEM (PASTEL)	R 6,877,752.18	2022/08/18	2025/08/31	> THE CONTRACT VALUE IS COULD NOT BE DETERMINED; HENCE THE CONTRACT VALUE IS THE SUM OF ALL PAYMENTS TO DATE. >THE CONTRACT PERIOD IS 36 MONTHS >THERE IS AN EARLY TERMINATION
7/3/394	FIRST NATIONAL BANK	CORPORATE SERVICES	PROVISION OF VEHICLE FLEET MANAGEMENT	R	2022/09/01	2027/08/30	>THE SERVICE PROVIDER IS APPOINTED VIA THE NATIONAL TREASURY, A TRANSVERSAL CONTRACT.

							<p>>THE CONTRACT PERIOD IS 60 MONTHS.</p> <p>>THE CONTRACT VALUE WILL BE EQUAL TO CONTRACT AMOUNT PAID.</p>
7/3/442	TALBOT LABORATORIES	TECHNICAL SERVICES	SUPPLY WATER QUALITY MONITORING SERVICES	R 525,073.90	2022/12/01	2025/11/30	<p>>THE TENDER IS RATES BASED AS STATED ON PAGE 48 OF THE DOCUMENT</p> <p>>THE FORM OF OFFER IS SIGNED BY THE SERVICE PROVIDER IN THEIR CAPACITY AS GENERAL MANAGER AND DATED 10/08/2022 ON PAGE 5</p> <p>>THE CONTRACT FORMS PART OF THE BID DOCUMENT AND REFERS TO THE GCC.</p> <p>> THE CONTRACT PERIOD IS 36 MONTHS WHICH IS FOUND ON PAGE 3 OF THE TENDER DOCUMENT</p> <p>>A SERVICE LEVEL AGREEMENT SIGNED ON</p>
7/3/443	AET-SECURITY	OFFICE OF THE MUNICIPAL MANAGER	PROVISION OF SECURITY SERVICES FOR UMGUNGUNDLOVU MUNICIPALITY	R 30,441,072.20	2022/12/02	2025/11/30	<p>>THE CONTRACT START DATE IS TAKEN FROM THE APPOINTMENT LETTER DATED 01 DECEMBER 2022</p> <p>>THE CONTRACT VALUE IS R845 585.34 PM FOR A PERIOD OF 36 MONTHS</p> <p>>THE CONTRACT IS IN TERMS OF GCC</p> <p>>THERE IS AN EARLY TERMINATION CLAUSE</p>
7/3/445	SIZOWAKHA SERVICES	OFFICE OF THE MUNICIPAL MANAGER	PROVISION OF SECURITY SERVICES FOR UMGUNGUNDLOVU MUNICIPALITY	R 7,940,529.00	2022/12/02	2025/11/30	<p>>THE CONTRACT START DATE IS TAKEN FROM THE APPOINTMENT LETTER DATED 01 DECEMBER 2022.</p> <p>>THE CONTRACT DURATION IS 36 MONTHS</p> <p>>THE CONTRACT VALUE IS R220 570.25</p> <p>>THE CONTRACT IS IN</p>

							TERMS OF GCC >THERE IS AN EARLY TERMINATION CLAUSE.
7/3/447	TMMMED HEALTH INC	CORPORATE SERVICES	OCCUPATIONAL HEALTH MEDICAL TESTING PRACTITIONER FOR UMGUNGUNDOLOVU MUNICIPALITY	R 876,200.00	2023/02/24	2026/02/23	>THE FORM OF OFFER IS FOUND ON PAGE 5 OF THE DOCUMENT AND IS SIGNED BY THE SERVICE PROVIDER DATED 1 DECEMBER 2022 >THE CONTRACT PERIOD IS 36 MONTHS ON PAGE B >IN TERMS OF THE BID DOCUMENT (GENERAL CONDITIONS OF TENDER THERE IS AN EARLY TERMINATION CLAUSE. >THE CONTRACT START DATE IS TAKEN FROM THE APPOINTMENT LETTER DATE OF 24 FEBRUARY 2023 >THE CONTRACT FORMS PART OF THE BID DOCUMENT AND REFERS TO THE GCC >THE RENEWAL OF CONTRACT CLAUSE CAN BE FOUND ON PAGE 47 OF THE DOCUMENT
7/3/454	TELKOM	CORPORATE SERVICES	PROVISION OF VOIP TELEPHONE SYSTEM	R 10,938,045.66	2023/05/03	2026/05/04	>THE CONTRACT FORMS PART OF A TRANSVERSAL AGREEMENT CONTRACT RT15-2021 >THE CONTRACT START DATE IS TAKEN FROM THE APPOINTMENT LETTER IS TAKEN FROM THE APPOINTMENT LETTER DATED 03 MAY 2023 >THE CONTRACT AMOUNT IS R10 938 045.66 TAKEN FROM THE PROPOSAL FROM SERVICE PROVIDER >THE CONTRACT DURATION IS 36 MONTHS

7/3/486	CLEAN SPOT SOLUTIONS	CORPORATE SERVICES	SUPPLY AND DELIVERY OF STAFF UNIFORMS AND PROTECTIVE CLOTHING	R	2023/11/24	2026/11/23	>THE CONTRACT START DATE IS TAKEN FROM THE APPOINTMENT LETTER DATED 24 NOVEMBER 2023. >THE CONTRACT DURATION IS 36 MONTHS >THERE IS NO CONTRACT VALUE AS IT IS RATES BASED >THE CONTRACT IS IN TERMS OF GCC
7/3/499	GAGASI IT	CORPORATE SERVICES	PROVISION OF ANTIVIRUS SOFTWARE RENEWAL	R 3,905,858.85	2023/12/08	2026/12/07	>THE CONTRACT START DATE IS TAKEN FROM THE APPOINTMENT LETTER DATED 08 DECEMBER 2023. >THE CONTRACT DURATION IS 36 MONTHS >THE CONTRACT VALUE IS R3 905 858.85 >THE CONTRACT IS IN TERMS OF GCC

Appendix I: Service Provider Performance Schedule

ASSESSMENT OF EXTERNAL SERVICE PROVIDERS PERFORMANCE

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 (2021-2022)			Current Financial Year (2022-23)		
					G	S	P	G	S	P
26/2020	Siyathuthu Development T/A Inzuzo Yesizwe	2021/02/22	Spatial Development Framework Mpopana	R898 150	G				S	
29/2020	Isibuko Development Planners	2021/03/02	Review The District Spatial Development Framework	R 987 850	G			G		
22/2019	Scelo Business Consulting	2020/06/17	Leasing Of 4 New Emergency Response Vehicles	R 18 381 600				G		
02/2020	Talbot Laboratories	2021/08/11	Water Quality Analysis	Rates Based				G		
07/2017	Nashua Maritzburg (Sky Office Solution)	2017/07/24	Photocopy Services	Rates Based		S			S	
32/2020	Clean Spot Solutions	2021/02/12	Provision of Staff Uniforms and Personal Protective Clothing	R 1 666 806				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 (2021-2022)			Current Financial Year (2022-23)		
					G	S	P	G	S	P
28/2019	Proudfoot Investment Cc	2020/06/17	Lease Of Warehouse Space	Rates Based					S	
N/A	Ithala Development Finance Corporation Limited	2016/12/01	Lease Of Premises: Unit 25 Howick Shopping Centre	Rates Based					S	
N/A	uMngeni Local Municipality	2019/04/10	Lease Of Hilton Customer Care	R 342 585					G	
09/2021	The Angel Falls Family Trust	2021/10/14	Lease Of Premises: Mooi River Fire Station	R 732 600					S	
06/2017	Serenity Financial Services Cc	2017/07/27	Provision of Short-Term Insurance	Rates Based		G		G		
N/A	Umgeni Water	2006/05/10	Bulk Water Supply	Rates Based				G		
49/2019	Pk Valves	2020/03/12	Supply And Delivery of Plumbing Materials	Rates based		G		G		
15/2018	Talbot Laboratories	2018/11/16	Water Quality Monitoring Services	Rates Based		G		G		
01/2019	Hidrotech Infra (Pty) Ltd	2019/05/16	uMshwathi Secondary Bulk Water Scheme Phase 3B	R 70 937 936		G		G		
N/A	Bosch Projects	2018/10/12	Mbhava Mpethu - Swayimane Extension Phase 2	Rates Based		G		G		
N/A	Royal Haskoning DHV	2018/10/12	KwaMathwanya Water Reticulation Scheme	Rates Based		G		G		
N/A	Sukuma Consulting Engineers	2018/10/12	Enguga, Entshayabantu & Macksan Cwss Phase 5	Rates Based		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 (2021-2022)			Current Financial Year (2022-23)		
					G	S	P	G	S	P
N/A	Escongweni Bph Engineers	2018/10/15	Engineering Consulting: Manyavu Water Supply Project	Rates Based					S	
N/A	Makhaoste, Narasimulu & Associations	2018/10/16	Engineering Consulting - uMshwathi Bulk Water Supply Project	Rates Based		G		G		
36/2020	WK. Construction South Africa (Pty) Ltd	2021/03/15	Mbhava & Mpethu-Swayimane Water Supply Scheme Extension Phase 2	R 52 650 929		G		G	S	
07/2020	Sibusiso Projects	2021/01/18	Enguga, Entshayabantu & Macksan Phase 5: Completion of Outstanding Works	R 6 247 139		G				P
35/2020	Icon Construction (Pty) Ltd	2020/11/19	uMshwathi Phase 4- Greater Efaye Reticulation Scheme	R 233 005 985		G			S	
37/2020	Hidrotech Infra (Pty) Ltd	2021/01/18	Mpolweni Water Supply Scheme	R 213 815 852		G		G		
40/2020	Aqua Transport And Plant Hire (Pty) Ltd	2021/05/01	Supply Of Water Tankers	Rates Based		G			S	
N/A	Escongweni Bph Engineers	2021/02/15	Engineering Consulting: Nkanyezini Water Supply	Rates Based		G		G		
07/2021	Afriscan Construction (Pty) Ltd	2021/11/29	Nkanyezini Secondary Bulk Water Supply Scheme	R 120 890 000				G		
03/2021	Jade Star Cc Trading as Electric and Pump Services	2021/12/01	Electrical And Mechanical Maintenance Services	Rates Based		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 (2021-2022)			Current Financial Year (2022-23)		
					G	S	P	G	S	P
20/2020	Soundrite Construction and Plant Hire (Pty) Ltd	2021/02/01	Installation Of Pre-Cast Concrete VIP Toilet Units	R 70 208 544		G		G		
N/A	Sukuma Consulting Engineers	2018/10/12	Trustfeed Project	Rates Based				G		
05/2020	Esethu Isipho Construction and Trading	2021/02/15	KwaMathwanya Water Reticulation Scheme	R 9 912 835		G				P
02/2019	Makhubu Civil CC	2020/07/20	Trustfeed Water Reticulation: Phase 1	R 21 872 255		G				P
N/A	MI7 Nation Group	2021/01/10	Provision of security services	Rates Based		G		G		
N/A	Kunene Makopo Risk Solutions	2022/07/13	Provision of short term Insurance	R 1 694 583.53				G		
39/2020	Pro Secure (Pty) Ltd	2021/08/11	Supply, Installation and serviced of fire equipment	Rates Based				G		
20/2021	Fleet Horizon Solution Services	2022/03/01	Supply Vehicle on a Full maintenance Lease	R 35 394 946.92					S	
N/A	Richmond Local Municipality	2020/03/01	Leasing of Property: Richmond Fire Station	-					S	
33/2020	Senzangakhona Industrial Solution	2021/02/12	Supply Protective Clothing for Fire Fighters	Rates Based				G		
16/2021	Yuretek Business Machine	2022/05/10	Provision of 33 Multifunctional Photocopiers for UMDM	Rates Based					S	
N/A	Richmond Fire Protection Association	2019/07/01	Access to Fire Early Detection System	R 2 875 000.00						
04/2022	Talbot Laboratories (Pty) Ltd	2022/12/01	Supply Water Quality	Rate Based				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 (2021-2022)			Current Financial Year (2022-23)		
					G	S	P	G	S	P
			Monitoring Systems							
UMDM-MMR-006	AET- Security	2022/12/01	Provision of Security Services for UMDM	Rate Based				G		
UMDM-MMR-007	Real Sec (Pty) Ltd	2022/12/01	Provision of Security Services for UMDM	Rate Based				G		
UMDM-MMR-008	Sizowakha Services	2022/12/01	Provision of Security Services for UMDM	Rate Based				G		
REQ02837/2023	Maximum Profit Recovery (Pty) Ltd	2021/12/03	Value Added Tax Review and Recovery Services UMDM	R 13 362 969.99						
12/2022	TMMMED Health Inc	2023/02/24	Occupational Health Medical Testing Practitioners for UMDM	Rate Based				G		
01/2023	Pee 4 Eem Construction and Projects	2023/04/06	Installation & Refurbishment of Boreholes for Impendle, Impofana and Umshwathi	R 8 999 800.00				G		
RT15-2021	Telkom	2023/05/03	Provision of VOIP Telephone System	R 10 938 045.66						
11/2022	ENSYNC Engineering (Pty) Ltd	2023/05/29	Review of the Water Services Development Plan for UMDM	R 968 474.93.00						
14/2021	Makhaotse, Narisimulu and Associations	2022/03/18	Engineering Consultants: Efaye Phase 4 Water Supply Project	Rate Based				G		
14/2021	ENSYNC Engineering (Pty) Ltd	2022/03/18	Engineering Consultants: Nkanyezini Water Supply Project	Rate Based				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 (2021-2022)			Current Financial Year (2022-23)		
					G	S	P	G	S	P
14/2021	ENSYNC Engineering (Pty) Ltd	2022/03/18	Engineering Consultants: Thokozani, Mpolweni & Claridge Water Supply Scheme	Rate Based				G		
14/2021	Royal Haskonong DHV	2022/03/18	Engineering Consultants: KwaMathwanya Water Reticulation	Rate Based				G		
N/A	Matthew Francis Inc	2022/05/18	Debt Collection Services	Rate Based					S	
N/A	Mhlanga Inc	2022/05/18	Debt Collection Services	Rated Based				G		
N/A	Hughes Madondo Inc	2022/05/18	Debt Collection Services	Rate Based				G		
N/A	Mazibuko Z and Associates	2022/05/18	Debt Collection Services	Rate Based				G		
N/A	Revenue Consulting	2022/05/18	Debt Collection Services	Rate Based				G		
N/A	Hahn Collection	2022/05/18	Debt Collection Services	Rate Based				G		

Appendix J: Disclosure of Financial Interest

Senior Management

Name	Position	Disclosure of Financial Interest (signed yes/no)
Dr Ray Ngcobo (Contract ended November 2022)	Municipal Manager	Yes
Mr. Royal Nzuza (Acting-July-September 2022)	Acting HOD: Infrastructure Services	No (acting)
Mr Zenzele Ndlovu (Resigned August 2023)	HOD: Infrastructure Services	Yes

Mr. Siphon Ndabandaba (Contract Ended April 2023)	Chief Financial Officer	Yes
Dr Emmanuel X. Muthwa	HOD Community Services	Yes
Mrs. Nosipho Mkhize	HOD Corporate Services	Yes
Mrs Phumzile Luswazi (Acting July 2022- November 2022)	Acting HOD: Economic Development and Planning	No (acting)
Mr Mbongiseni J. Sithole	HOD: Economic Development and Planning	Yes

Appendix K: Revenue Collection Performance

APPENDIX K(I)

REVENUE COLLECTION PERFORMANCE VOTE		
	AMOUNT	%
VOTE 2: FINANCE AND ADMINISTRATION	297 652 579,00	56

APPENDIX K(II)

REVENUE COLLECTION PERFORMANCE BY SOURCE		
	AMOUNT	%
VOTE 2: WATER AND SANITATION	297 652 579,00	56

Appendix O: Capital Programme by Project by Ward current year

N/A

Appendix P: Service connection Backlogs at Schools and Clinics

N/A

Appendix Q: Service Backlogs Experienced by the Community where another Sphere of government is responsible for service provision

N/A

Appendix R: Declaration of Loans and Grants Made by the Municipality

Declaration of Loans and Grants made by the municipality 2022/23 Fin Year

All Organisation or Person in receipt of Loans / Grants provided by the municipality	Nature of project	Conditions attached to Funding	Value 2022/23 R'000

Appendix S: Declaration of Returns not Made in due Time under MFMA s71

MFMA Section 71 Returns Not Made During 2022/23 According to Reporting Requirements	
Return	Reason Return has not been properly made on due time

Appendix T: National and Provincial Outcome for local government

None

OVERSIGHT REPORT

INTRODUCTION

The Municipal Finance Management Act 56 of 2003 assigns specific oversight responsibilities to Council in regards to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of an Oversight Committee of Council would provide the appropriate mechanism in which Council could fulfil its oversight responsibilities.

The Oversight Committee's primary role is to consider the Annual Report, receive input from the various role players and to prepare a draft Oversight Report for consideration by Council. Section 129 (1) of the MFMA 56 of 2003 states the council of a municipality must consider the annual report of the municipality, and by no later than two (2) months from the date on which the annual report was tabled in the Council, adopt an oversight report containing the Councils and Public comments on the annual report, i.e., by 31 March.

The MFMA gives effect to financial management reforms that place a greater emphasis on service delivery responsibilities to Managers and make them more accountable for their own performance. Whilst it is the responsibility of the Mayor and the Executive Committee to resolve any performance failures, the Council is also vested with powers and responsibility to oversee both the Executive and Administration.

BACKGROUND

The oversight role of Council is an important component of the financial reforms, and it is achieved through the separation of roles and responsibilities between Council, the Executive Committee and Administration.

Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players. Non-executive councilors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive Committee.

In other words, in exchange for the powers in which Council have delegated to the Executive Committee, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight:

- Approval of budgets;
- Approval of Budget related policies; and
- Review of the Annual Report and adoption of the Oversight Report.

FUNCTIONS OF THE COMMITTEE

Below are functions of the committee in respect of the oversight over the annual report.

- Undertake a review and analysis of the Annual Report.
- Invite, receive, and consider inputs on the Annual Report.
- Consider written comments received on the Annual Report from the public consultation process.
- Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillor's

COMPOSITION OF THE COMMITTEE

Membership

The Oversight Committee of Council is established under Section 79 of the Municipal Structures Act 117 of 1998.

Section 79 of the Local Government: Municipal Structures Act allows for the co-option of advisory members to a Committee of Council, who are not members of the Council. In the uMDM the Municipal Public Accounts Committee (MPAC) fulfils the role of the Oversight Committee.

Due to the separation of roles and responsibilities, between Council and the Executive (Mayor and Executive Committee) it is not appropriate that members of the Executive Committee be members of the Oversight Committee.

Members of the UMDM Municipal Public Accounts Committee (MPAC)

- **Councilor EM Dladla (Chairperson)**
- **Cllr S Reddy**
- **Cllr G Dladla**
- **T Hlatshwayo**
- **BK Mkhize**
- **T Mkhize**
- **N Mncwabe**
- **LW Wynne**
- **GS Mncwango**

Authority and Powers

The Municipal Public Accounts Committee is delegated the responsibility to conduct public consultative meetings and to receive and hear public submissions on the Annual Report, on behalf of the Municipal Council.

Timely notice of all meetings to be held be given by the Oversight Committee and must be open to the public and minutes of the meetings must be submitted to council meetings and relevant legislated structures.

THE OVERSIGHT REPORT

This Oversight Report is for the financial year ended 30 June 2023 and addresses the 2022/2023 Annual Report. The layout of the said Annual Report is as follows:

✚ Chapter 1 – Mayor’s foreword and Executive Summary (Introduction and Overview of the Municipality)

The foreword compiled by the Mayor includes information related to the following topics:

- Strategic alignment to Provincial and Growth and Development Strategy.
- Corrective actions taken to ensure that strategic objectives as stipulated in the IDP were achieved.
- Methods used / implemented to improve public participation and accountability.
- Statement of corrective actions whereby service delivery can be improved.

The Municipal Managers foreword provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a municipality / entity. Inclusive in this foreword should be information pertaining to:

- Functions and Powers of the municipality / entity in relation to Section 155/156 of the Constitution and Chapter 3 of the MSA.
- Entities related to the municipality and the sharing of power with these entity/ies.
- Sector departments and the sharing of functions between the municipality / entity and sector departments.
- A statement on the previous financial year’s audit opinion.
- A short statement on the current financial health of the municipality / entity based on new budget formats as required by Treasury Regulations No 31804.
- Information related to the revenue trend by source including borrowings undertaken by the municipality.
- The internal management changes in relation to Section 56/57 managers.
- Risk assessment, including the development and implementation of measures to mitigate the top 5 risks.

✚ Chapter 2 – Governance Report

The governance report gives a brief overview of the Municipality’s political and administrative structure. It takes into account Intergovernmental relations structures and processes, Municipality’s public participation strategies and public involvement on implementation of service delivery deliverables.

✚ Chapter 3 – Service Delivery Performance Report

This chapter mainly focuses on the municipality's service delivery performance/ highlights for the year. It details performance on service delivery areas/ projects as per the IDP, Budget and SDBIP.

Content of the 2022/2023 Annual Report under Chapter 3 –

- Service Delivery Projects and programs
- Audited Annual Performance Report for 22/23

✚ Chapter 4 – Organizational Development Performance Report

This chapter provides a brief introduction to the municipality's organisational development function and mainly focuses on the following.

- Component A: Introduction to the municipal workforce (Total Employment, to include staff turnover. This could indicate a stable or unstable institution).
- Component B: Managing the municipal workforce Levels on reporting should be broken down to MM & Section 56, top management, assistant managers, supervisors, etc and not pay levels as there is no consistency among municipalities.
- Component C: Capacitating the municipal workforce.
- Component D: Managing the municipal workforce expenditure.

✚ Chapter 5 – Financial Performance Report

This chapter reflects an overview of the municipality's financial health for the period. It provides a summarised version of the Annual Financial Statement for the period that has been subjected to the Auditor General's audit process.

✚ Chapter 6 – Report of the Auditor General

This chapter provides an overview of the Auditor-General Report of the previous financial year. Specific topics that should receive attention include:

- Detail on issues raised during the previous financial year;
- Remedial action taken to address the above and preventative measures.

Content of the 2022/2023 Annual Report under Chapter 6

- AG report and Audit Action Plan included

✚ Annexures

- Appendix A: Councillors; Committee Allocation and Council Attendance
- Appendix B: Committee and Committee Purpose
- Appendix C: Third Tier Administrative structure

- Appendix D: Functions of Municipality/Entity
- Appendix E: Ward Reporting
- Appendix F: Ward Information
- Appendix G: Recommendations of the Municipal Audit Committee
- Appendix H: Long term Contracts and Public Private Partnership
- Appendix I: Municipal Entity/Service Provider Performance Schedule
- Appendix J: Disclosure of Financial Interest
- Appendix K: Revenue Collection Performance
- Appendix K (i): Revenue Collection Performance by Vote
- Appendix K (ii): Revenue Collection Performance by Source
- Appendix R: Declaration of Loans and Grants Made by the Municipality
- Appendix S: Declaration of Returns not Made in due Time under MFMA s71
- Appendix T: National and Provincial Outcome for local government

OVERSIGHT PROCESS PLAN

Following the tabling of the draft Annual report to council on the 31st of January 2024, the below mentioned activities were conducted by MPAC in considering the annual report for the period ended 30 June 2023.

- Draft Annual Report was tabled before the EXCO on the 23rd January 2024
- Draft Annual Report was tabled and noted by Council on the 31 January 2024
- Draft Annual Report was uploaded on the website for public inspection www.umd.gov.za 31 January 2024
- Draft Annual Report was submitted to Auditor General on the 20 January 2024
- Draft Annual Report was submitted to Cogta and Provincial Treasury on the 02 February 2024
- Draft Annual Report was uploaded on the National Treasury Portal on the 09 February 2024
- The report was also placed at all customer care centers within the Municipality for public inspection/ viewing.
- The report was also submitted to all LMs under the UMDM
- Draft Annual Report was advertised on paper on the 09 February 2024
- Further, an advert was published on the municipal website inviting public representations on the draft annual report. Closing date for public comments and representations was on the 13th March 2024
- At the MPAC meeting, held on the 16th February 2024 the oversight process plan was noted and adopted by the committee.
- Consultative oversight meetings were then conducted by MPAC for four (06) Local Municipalities within the UMDM, namely, Richmond LM, Mpofana LM, Mkhambathini LM, uMshwathi LM, uMngeni LM and Impendle LM

These were held as follows:

- Richmond Local Municipality – 12 February 2024

- Mpofana – 15 February 2024
- Mkhambathini – 19 February 2024
- uMshwathi – 21 February 2024
- uMngeni – 07 March 2024
- Impendle – 08 March 2024

Heads of Departments provided feedback to the public on their department's performance for the previous financial year 2022/2023. Areas of concern, Comments and questions received are summarized and highlighted below per local municipality.

Richmond Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- The indigent programme didn't do well, as the community was not made aware of the meeting, hence there was poor attendance. It was also requested that during community meetings, Councillors be present to respond to residents.
- It was not clear where the borehole in Ward 2 is situated.
- It was requested that the schedule for water trucks be provided as they don't come on time.
- It was requested that Ward Committees be invited to Portfolio Committees to participate in the decision making processes.
- In Ward 4, people are still drinking water from the river due to having no water in the community Jojo tanks as water truck drivers refuse to go to certain areas, such as Emaplazini.
- It was requested that a wall is built inside the sports centre and clarity was requested on whether the sports field belongs to the Municipality.
- Meter readings have been an issue as amounts billed are too high.
- It was requested that the Officials look into the matter concerning the bridge that was washed away for over a year.
- Information was requested on the clinic that was said to be in the pipeline for years in Ward 4.
- An update was requested on the wetland repairs which were being done but suddenly stopped.
- Water truck drivers are selling water.
- It was requested that the spring water site at Ekupholeni in ward 7 is investigated as it seems that there are blockages along the stream, hence water doesn't reach the community.
- It was requested that speed humps be installed near the school in Ward 7.
- The Arts and Culture Portfolio Committee requested assistance when doing events.
- It was requested that the sports field in Shiyampahla be graded and scoring poles be erected.
- Jojo tanks were requested for Shiyampahla, as there are water shortages.
- It was requested that the Plumbers be stationed in fixed areas.

RESPONSES FROM THE OFFICIALS

- The Technical Services team will investigate the concerns that have been raised.
- Water demand is sometimes higher than the availability to supply.
- The community was requested to provide the team with proof whenever there is someone who is selling water so that the issue can be addressed.
- That the Technical Services Operations and Maintenance team will be making site visits to areas such as Nkumane, Thafeni to investigate natural spring protection.
- Technical Services will be reviving boreholes in certain areas.
- The water pumps at Endaleni are pumping into other areas.
- Water pump engines are being upgraded.
- There is a priority list from councillors for areas that need spring protection.
- There are areas in Emaplazini that are owned by farmers, hence the Municipality needs permission from the land owners to service the land.
- Plumbers are rotated because they are needed in other sites.

However, the Mayor of Richmond Local Municipality requested that the community raises these issues with the Ward Committees and that communication follows the correct communication channels. Further, the Speaker was requested to have Imbizo with just Ward Committees so that issues can be properly addressed. Also, Ward Committees should meet with their Councillors and prioritize issues that need to go on the budget for the next financial year.

Mpofana Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

WARD 1

- That boreholes are needed in the rural areas.
- That the roads are not in good condition and therefore the water tankers are unable to deliver water to rural areas.
- Clarity was requested regarding the electricity projects and the areas that will receive electricity.
- There are pipes that are leaking.
- The community needs to attain land to assist with the evicted farm workers.
- Clarity was requested regarding the electricity project which is taking too long to be finalized.
- That there are some houses which are not electrified as they don't appear on the map.
- Requests that the service provider liaise with the ward committee leaders to ascertain the areas that have water for the installation of boreholes.

RESPONSES FROM THE OFFICIALS

The Water Services Authority Officer responded as follows:

- There was a visit conducted at ward 1 to identify where the boreholes will be installed.
- The road construction project is currently underway.
- The electricity matter will require that the technical department meet with the community to provide clarity on the matter.
- The making of land available for evicted workers was noted.
- The infrastructure department is busy with the accelerated provision of VIP toilets.

The Area Manager: Operations added the following:

- In ward 1 they are committing to meet with the community and find a way forward.
- There is currently an ongoing program to replace leaking meters.
- The officials who are responsible for the installation of boreholes will consult the members of the community with regards to finding a place that has sustainable water.
- Meters are in the process of being changed, adding that there have been people who have been changing their own meters.

Mkhambathini Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- The indigent programme didn't do well, as the community was not made aware of the meeting, hence there was poor attendance.
- Burst water pipes are not attended to as and when they are reported.
- Water meters were not installed in all the households.
- Water trucks don't come as often as they should.
- In Ward 3, the school is facing a water shortage crisis.
- It was requested that the school is included in the Indigent Register.
- It was requested that the pipe to the reservoir in Nkanyezini be steel instead of plastic because plastic enables illegal connections.
- It was requested that ward Committees and ward Councillors work together.
- It was requested that the reservoir be locked and that there is someone who will be accountable for it as there has been an increased number of illegal connections.
- It was requested that uMgungundlovu District Municipality looks into the matter of standpipes being too close to households so that it prevents people from illegally connecting to pipes.
- It was requested that the issue of the new houses in the Lion Park area be investigated in terms of water shortages.
- Water truck drivers are selling water.

RESPONSES FROM THE OFFICIALS

The Officials responded as follows:

- That Water Services Authority Officials will go back to the community with ward Councillors and set up a new date for the indigent register application. Loud hailers will be used to make the community aware of the event.
- Water Services Authority will conduct a consumer education workshop to prevent illegal connections.
- Government facilities, such as schools, have separate grants that assist them hence the indigent programme does not apply to them. However, water tankers are sent to provide additional assistance if needs be.
- The uMDM Technical staff stated that the Maqongqo stream is dysfunctional hence the installation of the communal standpipes became necessary.
- A consultant is to be appointed who will do a study for the Tala Valley project.
- Technical Services will be reviving boreholes in certain areas.
- The supply of water is affected by water pressure not reaching the whole community due to illegal connections.
- The chambers being easily accessible will be investigated and the uMDM: Technical Services team will meet with Councillors and find a solution.

COMMENTS FROM COUNCILLORS

- Councillor G Dladla requested that the Mkhambathini Local Municipality and the District Municipality really work together to ensure that the Indigent Register is successful.
- Councillor SN Mncwabe emphasized that for the Indigent Register, the total income for households does not include government grants.
- Councillor LW Wynne emphasized that protocol needs to be followed in terms of the involvement of ward committees. All communication needs to be through ward Councillors.
- The Chairperson, Councillor E Dladla stated that the Head of Department: Technical Services is to be present at oversight meetings.

uMshwathi Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- Ward 1 is still awaiting stands for the water tankers.
- It was requested that the issue of water shortage is attended to, as it has escalated even more since 2022.
- Ward 10 is awaiting implementation of Phase 2.
- It was requested that training/ workshops be conducted for community members to be able to read their own meters and submit to the Municipality themselves as opposed to relying on Meter Readers.
- It was requested that boreholes be installed in Emagcekeni.
- It was requested that water truck drivers stick to schedule.

- It was stated that water truck drivers refuse to go to certain areas, and it has become a serious issue because some areas have senior citizens, and they are required to walk long distances to get water.
- It was stated that water truck drivers are selling water.
- It was requested that burst water pipes are attended to efficiently.
- In Ward 10, there are 3 water tanks but only 1 of them work, requested that the other 2 are fixed.
- Information was requested on the clinic that was said to be on the pipeline for years.
- Ward Committee members expressed their gratitude for the access roads that have been successfully completed in Ward 2.
- It was requested that the informal settlement in Esdakeni is demolished as and when the occupiers move to the RDP houses.
- It was requested that information be shared on the 2 bridges that were said to be in the pipeline in Ward 2.
- Ward 1 Ward Committee expressed their gratitude to Councillors for being willing to attend to the needs of the community.

RESPONSES FROM THE OFFICIALS

- The Manager: Office of the Municipal Manager gave thanks to the Ward Committees for working well together with their Councillors.
- The issue of the 2 bridges that were said to be in the pipeline, was escalated to the Department of Transport.
- More water tanks will be ordered.
- The 2 water tanks that are not working in Ward 10 will be investigated.
- The problem of selling of water will be addressed.
- It was requested that the community provides the team with proof whenever there is someone who is selling water.
- With regards to the senior citizens, the District is still looking into ways to assist, like placing JoJo tanks in their homes.
- The request for a meter reading workshop for community members will be considered and communicated with Ward Councillors.
- Availability of funds in the budget is always a challenge.

uMngeni Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- That there is severe water shortage every time there is loadshedding in Ward 12.
- There is an issue with water pressure.
- It was requested that the water issue on Cherry Road is investigated as it's been problematic for months.

- It was requested that Cherry Road and surrounding areas are prioritized because they are right behind the reservoir.
- An update was requested on the generator.
- Residents of kwaShifu in Ward 9 experience extreme water shortage, as they can go up to a week without water supply.
- It was requested that additional water trucks be deployed in Ward 9, as the ones they are currently receiving can no longer supply the whole community.
- It was requested that water pipes are replaced in Ward 12, as they constantly experience bursts and the water is shut off while repairs are taking place.
- Constant water leaks in household meters are not fixed even after reporting multiple times and that results in high billed amounts which residents cannot afford to pay.
- It was requested that an update be provided on the water tanks for the Khayelisha Project.
- It was requested that additional water tankers be deployed in Shiyabazali as the community has increased largely.
- In Ward 3, there are areas that the septic tank vacuum trucks cannot reach at all since 2006. It is requested that the sewerage system is changed or upgraded.
- In Ward 4, Lidgetton there were houses built in 2003 which do not have toilets and it was stated that those houses would be demolished and new houses would be built but nothing has happened.
- The Municipality was requested to consider turning the open field in Ward 4 into a sports ground.
- It was requested that Disaster Management looks into the bridge in Ward 4 as it is a hazard.
- An update was requested on the project for VIP toilets that were built in some parts of Dargle, Ward 3 which was suddenly stopped.
- In Ward 8, some water trucks don't reach some places which makes it difficult for senior citizens to access the water supply.
- In Ward 12, the constant sewerage pipe burst affects Noggaza Primary School as it runs through the school, all the way to the river and neighboring households. It was requested that the sewerage system is changed.
- Potholes have become hazardous because parts of the road in Ward 12 have deep cracks.
- Several houses in Ward 12 do not have meters yet they are being billed.
- Reservoirs are overflowing; hence it was requested that valves are installed which will enable the water pipes to be shut off and on, a "vula-vala" system.
- It was requested that uMngungundlovu District Municipality officials visit the community per Ward and assist them with filling in the forms for the Indigent Register.
- It was requested that uMngungundlovu District Municipality works with Amakhosi to minimize illegal connections for when they place people on their land.
- It was stated that there is an individual in the community that has good water pressure in his property and the rest of the community now gets their water supply from there, it was requested that a solution is found for his high billing.

- It was requested that water quality from water trucks is checked.
- It was requested that Jojo tanks are constantly serviced.
- It was requested that an update be provided on the water pipe connection project in Ward 8 and 9.
- It was stated that there is no water supply in the Ward 8 standpipes.
- It was stated that septic tank vacuum trucks come after 6 months in Ward 8.
- The roads in Ward 10 have become damaged due to the water coming from the rank.
- It was stated that uMngungundlovu District Municipality officials do not prioritize complaints made by Councillors.
- It was stated that VIP toilets for houses built near wetlands in Ward 8 get filled up very quickly, and it has become too expensive to get the septic tank vacuum truck almost weekly.
- It was stated that there is a steel water tank that was installed in 2010 and has never been serviced.

RESPONSES FROM THE OFFICIALS

- The generator is to be purchased by UMngeni Local Municipality; it is taking a while because there is some work that needs to be done before it can be installed.
- A request for additional vacuum trucks has been made, in the interim more vacuum trucks have been hired.
- The option for having valves on the water pipes from the overflowing reservoir will be considered.
- All the newly built houses that have been placed by Amakhosi will be assessed so that infrastructure can be built.
- Some roads are too small for water pipes to work effectively.
- The Khayalisha project was vandalized but Technical Services has appealed that the project be revived and is waiting for the outcome of the appeal.
- Some of the places that don't have infrastructure will have boreholes installed.
- The sewerage pipes that are constantly bursting will be investigated.
- UMngeni Local Municipality will assist in terms of fixing the roads that are not accessible for water trucks.
- The steel water tank which has not been serviced will be investigated.
- Some areas can't be serviced because they are privately owned.
- Officials that aren't cooperating with Councillors will be investigated.
- The water trucks have certificates of being serviced.
- The water supply for water trucks is sourced from the Water Point in UMngeni.
- Community members are advised to ensure that their taps aren't leaking and that their toilets aren't overflowing.
- Technical Services will ensure that reports lodged for leaks, pipe bursts and blockages will be attended to timeously,
- Indigent Register forms will be left at Mpophomeni Municipal offices so that it can easily be accessible for community members.

- uMgungundlovu District Municipality is still looking into ways to assist senior citizens, like placing JoJo tanks in their homes.

Thereafter, the Deputy Mayor: UMngeni Local Municipality advised that the issues regarding UMngeni Local Municipality will be discussed at the upcoming Integrated Development Plan Izimbizo. He further requested that uMgungundlovu District Municipality fast-tracks the construction of infrastructure because it prevents implementation of housing projects.

The Speaker UMngeni Local Municipality) thanked MPAC members, Ward Committee members and the public for attending the meeting.

Impendle Local Municipality

QUESTIONS AND COMMENTS / IMIBUZO NEMIBONO

- Feedback was requested on the roadworks for fixing potholes.
- The water pressure is low.
- Tap water is dirty, one has to keep the water running for 3-5 liters before getting clean water.
- A request was made for water quality to be checked.
- An enquiry was made as to how many liters of water are free for Indigent beneficiaries.
- VIP toilets were requested in Ward 4.
- Electronic boreholes were requested in Impendle Village, instead of solar because the crime rate in the area is high.
- Septic tanks fill up too quickly due to heavy rains and it is now costly to request vacuum trucks.
- It was requested that the Officials visit Ward 2 to register senior citizens for the Indigent Register.
- Standpipes in some areas in Ward 2 are not working.
- Gratitude was expressed for the reservoir that has been fixed in Ward 2.
- A request was made to resuscitate wetlands and spring protection.
- An area in Ward 5, eSwampu has not had water for years.
- A request was made for lightening conductors.
- A request was made for a central sewerage system.
- A request was made for RDP houses and houses for disabled persons.
- A request was made for additional Jojo tanks in Ward 3.
- A request was made for water pipes at Madameni Road because storm water drains get filled up quickly during heavy rains and water gets inside households.
- Electricity burns appliances and the main switch upon returning after loadshedding, has caused a fire in one of houses in the area.

RESPONSES FROM THE OFFICIALS

- uMgungundlovu District Municipality gives Indigent beneficiaries 6 kiloliters of free water.
- Water Services Authority officials will travel to each ward to assist the community with indigent register applications.
- Technical Services assures that water quality is checked, and that water contains chlorine to ensure that there are no bugs in the water.
- The cause of the dirty tap water will be investigated.
- The Acting Head of Department: Technical Services has confirmed that boreholes will be installed and the Operations and Maintenance department will check which areas are on the priority list.
- Jojo tanks have been installed in the areas that don't have water because of limited infrastructure.
- Standpipes that do not work in some areas are because of taps being stolen.
- If septic tanks fill up quickly due to heavy rains, vacuum truck services should be free because it should be regarded as a natural disaster.
- There is a spring water protection program in place, it will be followed up when implementation starts.
- Impendle Local Municipality will investigate the problems regarding the storm water drainage system.
- Standpipes will be checked for faults specifically per area.
- Disaster Management Officials and ward Councillors need to work together and investigate the houses that are affected by storm water coming into households because they are prone to floods.

Written Representations received from the Public

None received

Written Representations received from Provincial COGTA

The Department analyzed your Annual Report and note that the following information was not included as per the requirements of section 121 of the MFMA and appendices as per the requirements of NT Circular 63, were not included in the Annual Report:

- An assessment by the accounting officer on any arrears on municipal taxes and services charges (s121(3)(e) of the MFMA);
- Capital Programme by project Current year;
- Long Term contracts and Public Private Partnerships (NT Circular 63);
- Service connection backlogs at Schools and Clinics (NT Circular 63);
- Service backlogs experienced by the community where another sphere of government is responsible for service provision (NT Circular 63);
- The annual report contains the recommendations of the audit committee s12 3(j)
- Declaration of loans and grants made by the municipality (NT Circular 63); and
- Capital Programme by project by ward Current year

- Declaration of returns not made in due time under MFMA s71 (NT Circular 63);
- National and Provincial Outcomes for Local Government.

Furthermore, the Department has analysed your 2022/2023 audited Annual Financial Statements (AFS) included in the annual report and noted that the AFS were prepared in compliance with s123, s124 and s125 of the MFMA.

Written Representations received from the Office of the Auditor General

We have reviewed the annual report and noted minor inconsistencies that I will detail below.

1. Page 278, paragraph 4.4.1 – Employee costs/ Expenditure - the amount for the 2021/22 and 2022/23 are slightly different from the audited annual financial statements.

2021/2022		
Actual per report	Actual per 2023 AFS	Difference
286 844 306	284 125 013	2 719 293
2022/2023		
Actual per report	Actual per 2023 AFS	Difference
280 512 495	281 451 930	- 939 435

Other than the above, the document is consistent with the audit report and audited annual financial statement.

ANNUAL REPORT CHECKLIST – MFMA REQUIREMENTS

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
121 (3)(a) The annual financial statements (AFS) for the Municipality as submitted to the Auditor-General.	The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities.	Yes, See Annual Financial Statements Volume II

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
<p>121 (3)(g)</p> <p>Of any corrective action taken or to be taken in response to issues raised in the audit reports.</p>	<p>The conclusions of the annual audit are:</p> <p>an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable.</p> <p>The objective of the municipality should be to achieve an unqualified audit opinion.</p> <p>Taking into account the audit report, audit opinion and the views of the audit committee, council considered:</p> <p>To what extent does the report indicate serious or minor financial issues?</p> <p>To what extent are the same issues repeated from previous audits?</p> <p>Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?</p> <p>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</p>	<p>Yes. Audit Action plan has been developed and monitored on quarterly basis</p>
<p>121 (3)(f) An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue collection from each revenue source and for each vote in the approved budget.</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)). The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p> <p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>Yes. Chapter 3</p>
<p>121 (3)(i)(k) Any information as determined by the municipality, the entity, or its parent municipality.</p>	<p>Review any other information that has been included regarding the AFS.</p>	<p>Yes. UMEDA Annual report included (Vol 3)</p>
<p>1. Financial Matters – Annual Financial Statements - Section 121 (3) MFMA</p>	<p>Financial reporting matters to be considered</p>	<p>Responses</p>
<p>121 (3)(j) and 121 (4)(g)</p> <p>Recommendations of the audit committee in relation</p>	<p>Have the recommendations of the audit committee in regard to the AFS been adequately addressed by the municipality and/or the entity?</p>	<p>Yes. See annexure G – Audit Committee report</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
to the AFS and audit reports of the municipality and its entities.	<p>What actions need to be taken in terms of these recommendations?</p> <p>Conclusions on these recommendations and the actions required should be incorporated in the oversight report.</p>	
2. Disclosures - Allocations received and made - Section 123-125 MFMA	Considerations	Responses
123 (1)(a) Allocations received by and made to the municipality.	<p>The report should disclose:</p> <p>Details of allocations received from another organ of state in the national or provincial sphere.</p> <p>Details of allocations received from a municipal, entity or another municipality.</p> <p>Details of allocations made to any other organ of state, another municipality, or a municipal entity.</p> <p>Any other allocation made to the municipality under Section 214(1) (c) of the Constitution.</p> <p>Have these allocations been received and made? Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets? Does the audit report or the audit committee recommend any action?</p>	Yes, See Annual Financial Statement Volume II
125 (1) Information in relation to outstanding debtors and creditors of the municipality and entities.	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <p>the information has been properly disclosed.</p> <p>conditions of allocations have been met; and</p> <p>that any explanations provided are acceptable.</p>	Yes, See Annual Financial Statement Volume II
2. Disclosures - Allocations received and	Considerations	Responses

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
made - Section 123-125 MFMA		
123 (1)(c) Information in relation to the use of allocations received.	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <p>The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate how such funds were spent, and for what projects.</p> <p>Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</p> <p>Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> <p>This information is required on all allocations excluding the municipality’s portion of the equitable share and where prescribed otherwise by the nature of the allocation.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>Council should be satisfied that –</p> <p>the information has been properly disclosed;</p> <p>conditions of allocations have been met; and</p> <p>that any explanations provided are acceptable.</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	Yes, See Annual Financial Statement Volume II
3. Disclosures in notes to AFS	Considerations relating to section 124	Responses

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
<p>Information relating to benefits paid by municipality and entity to councilors, directors and officials.</p>	<p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <p>salaries, allowances and benefits of political office bearers, councilors and boards of directors, whether financial or in kind;</p> <p>any arrears owed by individual councilors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councilors.</p> <p>salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</p> <p>contributions for pensions and medical aid;</p> <p>travel, motor car, accommodation, subsistence and other allowances;</p> <p>housing benefits and allowances;</p> <p>overtime payments;</p> <p>loans and advances, and;</p> <p>any other type of benefit or allowance related to staff.</p> <p>Council should be satisfied that –</p> <p>the information has been properly disclosed;</p> <p>conditions of allocations have been met; and</p> <p>that any explanations provided are acceptable.</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	<p>Yes, See Annual Financial Statement Volume II</p>
4. Municipal Performance	Considerations	Responses
<p>The annual performance reports of the municipality and entities.</p>	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report. Questions that may be considered are –</p> <p>Has the performance report been included in the annual report?</p> <p>Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</p>	<p>Yes</p> <p>Although there has been a vast improvement in service delivery over the past number of years there is still room for improvement as reflected in the Oversight Report that contains the service delivery issues raised at</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	<p>Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</p> <p>In terms of key functions or services, how has each performed? E.g. have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <p>To what extent has performance achieved targets set by council?</p> <p>Is the council satisfied with the performance levels achieved?</p> <p>Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</p> <p>What actions have been taken and planned to improve performance?</p> <p>Is the council satisfied with actions to improve performance?</p> <p>Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</p> <p>Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p> <p>Council should comment and draw conclusions on information and explanations provided.</p>	<p>the Community Consultative Meetings. These issues raised by Community Members are being prioritized by the municipality.</p>
<p>Audit reports on performance.</p>	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually. Have the recommendations of internal audit been acted on during the financial year? Have recommendations by internal audit and/or the auditor-general</p>	<p>Yes</p>

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	been included in action plans to improve performance in the following year?	
Performance of municipal entities and municipal service providers.	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities.</p> <p>The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	Yes
5. General information	The following general information is required to be disclosed in the annual report.	Response
Relevant information on municipal entités.	The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.	Yes. Entities Annual report and AFS is included in this Annual report
The use of any donor funding support.	<p>What donor funding has the municipality received?</p> <p>Have the purposes and the management agreements for the funding been properly agreed upon?</p> <p>Have the funds been used in accordance with agreements?</p> <p>Have the objectives been achieved?</p> <p>Has the use of funds been effective in improving services to the community?</p> <p>What actions need to be taken to improve utilisation of the funds?</p>	N/A
Agreements, contracts and projects under Private-Public-Partnerships.	<p>Information similar to the details of municipal entities should be provided.</p> <p>Council should ensure that all details have been supplied.</p>	N/A
Service delivery performance on key services provided.	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised.	Yes, Organisational performance report attached

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	<p>This should cover all services whether provided by the municipality, entities or external mechanisms.</p> <p>Council may draw conclusions on the overall performance of the municipality.</p> <p>This information may be found in an executive summary section of the annual report and or in statistical tables.</p>	
Information on long-term contracts.	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	Included in the AFS
Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services.</p> <p>Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained.</p> <p>Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.</p>	Organisational performance report with service delivery targets is included. This includes IT objectives and achievements for the period
6. Other considerations recommended		Response
Timing of reports.	<p>Was the report tabled in the time prescribed?</p> <p>Has a schedule for consideration of the report been adopted?</p>	Yes
Oversight committee or other mechanism.	<p>What mechanisms have been put in place to prepare the oversight report?</p> <p>Has a schedule for its completion and tabling been adopted?</p>	<p>The oversight process is conducted by the Municipal Public Accounts Committee that also serves as the Oversight Committee appointed by Council.</p> <p>Schedule / process plan on annual report has been tabled and adopted</p>
Payment of performance bonuses to municipal officials.	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is	N/A, Not paid

Financial Matters – Annual Financial Statements - Section 121 (3) MFMA	Financial reporting matters to be considered	Responses
	<p>evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p> <p>If so has a proper evaluation of performance been undertaken?</p> <p>Was the evaluation approved by council?</p> <p>Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of evaluation in the annual report?</p> <p>Are the payments justified in terms of performance reported in the annual report?</p>	
Overtime Policy.	An approved overtime policy could not be produced during the audit. However, a number of employees worked overtime in the current year.	Overtime paid in line with the UMDM approved overtime Policy.

CONCLUSION AND RECOMENDATIONS

The Municipal Public Accounts Committee commends Municipal Council, the Municipal Manager, the Senior Managers and all staff of the uMgungundlovu District Municipality on the strides made towards good governance and ensuring progressive service delivery by commencing and completion of many infrastructure projects that improved the lives of the previously disadvantage communities throughout the district.

The committee also acknowledges the role played by the Municipal Audit Committee in so far as its advisory role is concerned, and that of COGTA in so far as its support to the administration. The Committee trusts that this will continue to support the Municipalities' strategy and plans towards achievement of clean administration.

RESOLVE TO RECOMMEND TO FULL COUNCIL

MPAC hereby resolve to recommend that;

1. That Council having fully considered the 2022/2023 Annual Report of the uMgungundlovu District Municipality adopts the Oversight Report in line with s129 of the Municipal Finance Management Act
2. That Council approves the Annual report with the following reservations,
 - 2.1 The issues raised at the oversight consultative meetings be addressed, especially the common trends which includes the following.
 - a) A time-based fair and equitable access plan be developed, implemented, and closely monitored to ensure allegations of selling water does not occur for Water provision through water tankers.
 - b) District to consider minimizing use of water tankers and consider investing on infrastructure projects/ and on boreholes to assist members of the community.
 - c) District needs to devise a plan for water tankers that cannot reach some parts of the community due to bad roads
 - d) Request for additional water tankers
 - e) District Municipality needs to consider houses with old meters that do not work and are leaking in many houses
 - f) Incorrect water bills being distributed to members of the public and in public institutions. Major concerns raised that schools and churches are being incorrectly billed.
 - g) District need to give attention to the inaccurate billing systems
 - h) District need to attend to complaints from Cllrs and communities regarding water issues
 - i) Improvement of communication within the community and Customer Care Centres with regards to planned water interruptions
 - j) Schedule of delivery of water through water tankers needs to be communicated
 - k) Issue regarding the septic tank vacuum trucks that cannot reach other areas and that the trucks comes after a long period of time. It is requested that the sewerage system be changed or upgraded.
 - l) Aging infrastructure throughout the district remains a challenge and needs to be urgently addressed.
 - m) Consumer education on the indigent registration process to be conducted throughout all Local Municipalities.
 - n) Schedule of meetings with management and MPAC to be conducted regularly to monitor and provide feedback on concerns raised by the members of the public through the oversight consultative meetings.
 - o) The District Municipality needs to expedite the filling of vacant positions
3. That the audit action plan be implemented and monitored on a quarterly basis to address and minimize recurring AG findings.
4. That the Oversight Report be made public in accordance with section 129 of the MFMA.
5. That the Oversight and Final Annual report be submitted to Provincial COGTA, Provincial and National Treasury

Oversight report on the Annual Report 22-23 Fin Year

Signed by



Cllr E Dladla

Chairperson MPAC

FULL COUNCIL RESOLUTION



28/03/2024	<u>OVERSIGHT REPORT TO CONSIDER THE 2022/2023 uMGUNGUNDLOVU DISTRICT MUNICIPALITY ANNUAL REPORT</u>
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At its meeting held on 28 March 2024, the Full Council

RESOLVED

1. That the Full Council, having fully considered the 2022/2023 Annual Report of the uMgungundlovu District Municipality, adopts the Oversight Report in line with s129 of the Municipal Finance Management Act.
2. That the Full Council approves the Annual report with the following reservations:
 - 2.1 The issues raised at the oversight consultative meetings be addressed, especially the common trends which includes the following:
 - a) A time-based fair and equitable access plan be developed, implemented, and closely monitored to ensure allegations of selling water does not occur for Water provision through water tankers.
 - b) The District Municipality needs to consider minimizing use of water tankers and consider investing on infrastructure projects/ and on boreholes to assist members of the community.
 - c) The District Municipality needs to devise a plan for water tankers that cannot reach some parts of the community due to bad roads.
 - d) Additional water tankers were requested.
 - e) The District Municipality needs to consider houses with old meters that do not work and are leaking in many houses.
 - f) Incorrect water bills being distributed to members of the public and in public institutions. Major concerns raised that schools and churches are being incorrectly billed.
 - g) The District Municipality needs to give attention to the inaccurate billing systems
 - h) The District Municipality needs to attend to complaints from Councillors and communities regarding water issues.
 - i) Improvement of communication within the community and Customer Care Centres with regards to planned water interruptions.
 - j) Schedule of delivery of water through water tankers needs to be communicated.
 - k) Issue regarding the septic tank vacuum trucks that cannot reach other areas and that the trucks comes after a long period of time. It is requested that the sewerage system be changed or upgraded.
 - l) Ageing infrastructure throughout the district remains a challenge and needs to be urgently addressed.

- m) Consumer education on the indigent registration process to be conducted throughout all Local Municipalities.
 - n) Schedule of meetings with management and MPAC to be conducted regularly to monitor and provide feedback on concerns raised by the members of the public through the oversight consultative meetings.
 - o) The District Municipality needs to expedite the filling of vacant positions.
3. That the audit action plan be implemented and monitored on a quarterly basis to address and minimize recurring Auditor General findings.
 4. That the Oversight Report be made public in accordance with section 129 of the MFMA.
 5. That the Oversight and Final Annual report be submitted to Provincial COGTA, Provincial and National Treasury

CERTIFIED A TRUE EXTRACT OF THE ORIGINAL MINUTES



**ACTING MUNICIPAL MANAGER
DR EX MUTHWA**

VOLUME II: ANNUAL FINANCIAL STATEMENTS



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 and its Municipal Entity Consolidated
Annual Financial Statements
for the year ended June 30, 2023

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

General Information

Executive Committee

Mayor

M Zuma (ANC)

Deputy Mayor

AS Mabaso (ANC)

Speaker

NMN Gabela (ANC)

Chief Whip

SR Majozi (ANC)

HM Lake (DA)

DC Madondo (DA)

DS Mkhize (ANC)

Councillors

NB Ahmed (ANC)

MS Branches (EFF)

NE Cebekhule (ANC)

SD Chonco (DA)

GM Dladla (ANC)

ME Dladla (ANC)

GN Dlamini (ANC)

TI Dlamini (ANC)

ZW Dlamini (ANC)

TA Hlatshwayo (DA)

NR Khanyile (ANC)

PN Maphanga (IFP)

V Maphumulo (ANC)

MS Mbuto (EFF)

B Mkhize (IFP)

SA Mkhize (ANC)

TS Mkhize (ANC)

SN Mncwabe (EFF)

GS Mncwango (ANC)

MC Mshengu (ANC)

K Msomi (ANC)

NW Mtshwara (EFF)

NE Ndlovu (DA)

S Ngidi (ANC)

MA Ngubane (IFP)

RZ Ngubo (DA)

AN Phungula (DA)

VM Phungula (ANC)

S Reddy (DA)

RS Sokhela (ANC)

CB Van Der Byl (DA)

LW Wynne (ANC)

NC Zondi (IFP)

S Zondi (DA)

MB ZUma (ANC)

NJ Zungu (ANC)

Former Councillors

MS Bond (DA)

MK Ngcongco (ANC)

uMgungundlovu District Municipality and its Municipal Entity Consolidated
(Registration number DC 22)
Annual Financial Statements for the year ended June 30, 2023

General Information

Auditors

Auditor General of South Africa
Registered Auditors

Registered office

242 Langalibalele Street
Pietermaritzburg
3201

Controlling entity

uMgungundlovu District Municipality

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Index

The reports and statements set out below comprise the annual financial statements presented to the Municipal Council:

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uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Index

ABSA	Amalgamated Bank of South Africa
AFS	Annual Financial Statements
AG	Auditor-General of South Africa
AWIP	Accelerated Water Intervention Project
COGTA	Co-operative Governance and Traditional Affairs
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
EPWP	Expanded Public Works Programme
FAR	Fixed Asset Register
FNB	First National Bank
FMG	Local Government Finance Management Grant
IAS	International Accounting Standards
IDP	Integrated Development Plan
IPSAS	International Public Sector Accounting Standards
GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
MFMA	Municipal Finance Management Act No. 56 of 2003
MTREF	Medium-term Revenue and Expenditure Framework
MIG	Municipal Infrastructure Grant
PAYE	Pay-as-you-Earn
RASSET	Radical Agrarian Socio-Economic Transformation
RRAMS	Rural Roads Asset Management Grant
SANBI	South African National Biodiversity Institute
SCM	Supply Chain Management
SDL	Skills Development Levy
SEM	Senior Executive Manager
SETA	Sector Education and Training Authority
UIF	Unemployment Insurance Fund
UIFWE	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
UMDM	uMgungundlovu District Municipality
UMEDA	uMgungundlovu Economic Development Agency
URP	Umngeni Resilience Project
VAT	Value Added Tax
WCA	Workmen's Compensation
WIP	Work-in-progress
WSIG	Water Services Infrastructure Grant

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023



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 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 June 30, 2024 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 consolidated annual financial statements set out on pages 6 to 103, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 November 2023 and were signed on its behalf by:



Accounting Officer
Dr EX Muthwa

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Position as at June 30, 2023

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022	2023	2022
Assets					
Current Assets					
Cash and cash equivalents	3	333,152,099	84,539,751	328,660,005	81,683,080
Consumer debtors from exchange transactions	4	58,984,141	87,004,824	58,984,141	87,004,824
Receivables from exchange transactions	5	4,166,413	15,697,214	3,881,687	15,152,712
Inventories	8	3,995,741	3,514,384	3,995,741	3,514,384
Receivables from non-exchange transactions	7	-	16,035,180	-	16,035,180
		400,298,394	206,791,353	395,521,574	203,390,180
Non-Current Assets					
Property, plant and equipment	9	2,546,323,437	2,346,275,845	2,544,113,289	2,344,117,819
Intangible assets	10	70,741	36,553	70,741	36,553
Heritage assets	11	4,000	4,000	4,000	4,000
		2,546,398,178	2,346,316,398	2,544,188,030	2,344,158,372
Total Assets		2,946,696,572	2,553,107,751	2,939,709,604	2,547,548,552
Liabilities					
Current Liabilities					
Unspent conditional grants and receipts	12	27,281,137	23,638,973	20,530,141	16,822,427
Payables from exchange transactions	13	286,618,278	127,821,836	286,672,891	131,280,481
Consumer deposits	14	7,232,738	7,571,171	7,232,738	7,571,171
Other financial liabilities	15	13,677,958	12,310,417	13,677,958	12,310,417
VAT payable	16	26,423,490	10,488,408	27,771,214	11,213,952
Provisions	17	8,032,241	98,264,206	8,032,241	98,264,206
		369,265,842	280,095,011	363,917,183	277,462,654
Non-Current Liabilities					
Other financial liabilities	15	149,541,874	163,219,832	149,541,874	163,219,832
Provisions	17	54,034,000	54,742,000	54,034,000	54,742,000
		203,575,874	217,961,832	203,575,874	217,961,832
Total Liabilities		572,841,716	498,056,843	567,493,057	495,424,486
Net Assets		2,373,854,856	2,055,050,908	2,372,216,547	2,052,124,066
Reserves					
Revaluation reserve	51	51,703,936	52,895,700	51,703,936	52,895,700
Accumulated surplus	52	2,322,150,920	2,002,155,208	2,320,512,611	1,999,228,366
Total Net Assets		2,373,854,856	2,055,050,908	2,372,216,547	2,052,124,066

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022	2023	2022
Revenue					
Revenue from exchange transactions					
Service charges	18	447,235,423	310,099,132	447,235,423	310,099,132
Rental of facilities and equipment		504,621	-	504,621	-
Other income	19	468,882	84,095	468,882	72,614
Interest received - investment and banking	20	18,969,960	3,662,392	18,634,801	3,478,660
Interest from outstanding debtors	21	62,865,574	33,381,207	62,865,574	33,381,207
Total revenue from exchange transactions		530,044,460	347,226,826	529,709,301	347,031,613
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	22	1,018,870,724	901,691,254	1,018,475,174	901,577,854
Donations	23	368,783	525,000	368,783	525,000
Total revenue from non-exchange transactions		1,019,239,507	902,216,254	1,018,843,957	902,102,854
Total revenue		1,549,283,967	1,249,443,080	1,548,553,258	1,249,134,467
Expenditure					
Employee related costs	24	(287,786,446)	(289,538,901)	(281,451,930)	(284,125,013)
Remuneration of Councillors and Board Members	25	(15,542,762)	(11,673,350)	(15,399,437)	(11,530,847)
Depreciation and amortisation	26	(51,858,945)	(51,849,966)	(51,675,654)	(51,680,906)
Finance costs	27	(18,250,481)	(19,727,893)	(18,250,481)	(19,727,893)
Lease rentals on operating lease	28	(24,274,000)	(22,228,340)	(23,968,100)	(21,852,028)
Reversal of impairments	29	-	547,850,108	-	547,850,108
Debt Impairment	30	(310,016,011)	(151,088,107)	(309,751,607)	(151,088,107)
Bad debts written off		-	(504,671,372)	-	(504,671,372)
Inventory consumed	31	(191,819,705)	(184,878,312)	(191,819,705)	(184,878,312)
Contracted services	32	(209,970,079)	(174,695,412)	(209,970,079)	(174,695,412)
Transfers and subsidies	33	(50,000)	-	(9,550,000)	(9,158,074)
Inventories losses / adjustments		(67,919,537)	(87,135,266)	(67,919,537)	(87,135,266)
Impairment of assets		(13,909,036)	-	(13,909,036)	-
General Expenses	34	(46,440,338)	(37,044,066)	(42,200,699)	(35,242,141)
Total expenditure		(1,237,837,340)	(986,680,877)	(1,235,866,265)	(987,935,263)
Surplus for the year from continuing operations		311,446,627	262,762,203	312,686,993	261,199,204
Loss on disposal of assets		(79,402)	(8,580,309)	(31,235)	(8,580,309)
Actuarial gains / (losses)	36	7,063,097	(1,182,325)	7,063,097	(1,182,325)
Surplus for the year		318,430,322	252,999,569	319,718,855	251,436,570

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Balance at 01 July 2021 as restated*	56,470,999	1,747,280,884	1,803,751,883
Changes in net assets			
Correction of prior year error	(2,383,535)	682,991	(1,700,544)
Realisation of reserve	(1,191,764)	1,191,764	-
Net income (losses) recognised directly in net assets	(3,575,299)	1,874,755	(1,700,544)
Surplus for the year	-	252,999,569	252,999,569
Total recognised income and expenses for the year	(3,575,299)	254,874,324	251,299,025
Total changes	(3,575,299)	254,874,324	251,299,025
Balance at 01 July 2022 as restated*	52,895,700	2,002,155,208	2,055,050,908
Changes in net assets			
Realisation of reserve	(1,191,764)	1,191,764	-
Correction of prior year	-	373,626	373,626
Net income (losses) recognised directly in net assets	(1,191,764)	1,565,390	373,626
Surplus for the year	-	318,430,322	318,430,322
Total recognised income and expenses for the year	(1,191,764)	319,995,712	318,803,948
Total changes	(1,191,764)	319,995,712	318,803,948
Balance at June 30, 2023	51,703,936	2,322,150,920	2,373,854,856
Note(s)	51		
Controlling entity			
Balance at July 1, 2021	56,470,999	1,746,600,032	1,803,071,031
Changes in net assets			
Correction of prior period error	(2,383,535)	-	(2,383,535)
Realisation of reserve	(1,191,764)	1,191,764	-
Net income (losses) recognised directly in net assets	(3,575,299)	1,191,764	(2,383,535)
Surplus for the year	-	251,436,570	251,436,570
Total recognised income and expenses for the year	(3,575,299)	252,628,334	249,053,035
Total changes	(3,575,299)	252,628,334	249,053,035
Balance at July 1, 2022	52,895,700	1,999,228,366	2,052,124,066
Changes in net assets			
Realisation of reserve	(1,191,764)	1,191,764	-
Correction of prior year	-	373,626	373,626
Net income (losses) recognised directly in net assets	(1,191,764)	1,565,390	373,626
Surplus for the year	-	319,718,855	319,718,855
Total recognised income and expenses for the year	(1,191,764)	321,284,245	320,092,481
Total changes	(1,191,764)	321,284,245	320,092,481
Balance at June 30, 2023	51,703,936	2,320,512,611	2,372,216,547
Note(s)	51		

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022	2023	2022
Cash flows from operating activities					
Receipts					
Sale of goods and services		256,649,782	216,278,995	256,649,782	216,278,995
Grants		1,021,165,249	901,357,172	1,022,182,888	900,043,735
Interest income		19,130,146	3,628,255	18,794,987	3,444,485
Other income		-	11,481	-	-
		<u>1,296,945,177</u>	<u>1,121,275,903</u>	<u>1,297,627,657</u>	<u>1,119,767,215</u>
Payments					
Employee costs		(278,908,346)	(287,922,114)	(272,432,975)	(282,131,784)
Suppliers		(472,675,697)	(588,952,525)	(481,130,370)	(589,517,732)
Finance costs		(30,089)	(210,141)	(30,089)	(210,141)
Taxes on surpluses		622,180	725,544	-	-
		<u>(750,991,952)</u>	<u>(876,359,236)</u>	<u>(753,593,434)</u>	<u>(871,859,657)</u>
Net cash flows from operating activities	38	545,953,225	244,916,667	544,034,223	247,907,558
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(266,221,986)	(219,298,294)	(265,938,407)	(219,276,394)
Purchase of other intangible assets	10	(37,200)	-	(37,200)	-
Net cash flows from investing activities		(266,259,186)	(219,298,294)	(265,975,607)	(219,276,394)
Cash flows from financing activities					
Repayment of other financial liabilities		(12,310,417)	(10,962,119)	(12,310,417)	(10,962,119)
Finance costs - borrowings		(18,771,274)	(18,793,006)	(18,771,274)	(18,793,006)
Net cash flows from financing activities		(31,081,691)	(29,755,125)	(31,081,691)	(29,755,125)
Net increase/(decrease) in cash and cash equivalents		248,612,348	(4,136,752)	246,976,925	(1,123,961)
Cash and cash equivalents at the beginning of the year		84,539,751	88,664,072	81,683,080	82,807,041
Effect of exchange rate movement on cash balances		-	12,431	-	-
Cash and cash equivalents at the end of the year	3	333,152,099	84,539,751	328,660,005	81,683,080

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

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
Figures in Rand					
Economic entity					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	624,471,816	-	624,471,816	447,235,423	(177,236,393)
Rental of facilities and equipment	-	-	-	504,621	504,621
Other income	-	-	-	468,882	468,882
Interest received - investment	2,929,213	6,892,928	9,822,141	18,969,960	9,147,819
Interest on outstanding debtors	32,792,347	-	32,792,347	62,865,574	30,073,227
Total revenue from exchange transactions	660,193,376	6,892,928	667,086,304	530,044,460	(137,041,844)
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	885,516,000	130,691,922	1,016,207,922	1,018,870,724	2,662,802
Public contributions and donations	-	-	-	368,783	368,783
Total revenue from non-exchange transactions	885,516,000	130,691,922	1,016,207,922	1,019,239,507	3,031,585
Total revenue	1,545,709,376	137,584,850	1,683,294,226	1,549,283,967	(134,010,259)
Expenditure					
Employee Related Costs	(263,625,429)	(10,607,138)	(274,232,567)	(287,786,446)	(13,553,879)
Remuneration of Councillors and Board Members	(12,403,828)	(2,562,174)	(14,966,002)	(15,542,762)	(576,760)
Depreciation and amortisation	(53,704,784)	-	(53,704,784)	(51,858,945)	1,845,839
Reversal of impairments	-	77,603,949	77,603,949	-	(77,603,949)
Finance costs	(18,771,274)	-	(18,771,274)	(18,250,481)	520,793
Lease rentals on operating lease	(20,539,800)	(180,000)	(20,719,800)	(24,274,000)	(3,554,400)
Debt Impairment	(131,000,000)	-	(131,000,000)	(310,016,011)	(179,016,011)
Inventory consumed	(227,285,780)	(23,372,556)	(250,658,336)	(191,819,705)	58,838,631
Contracted Services	(159,553,722)	685,327	(158,868,395)	(209,970,079)	(51,101,684)
Transfers and Subsidies	-	-	-	(50,000)	(50,000)
Bad debts written off	-	(77,603,949)	(77,603,949)	-	77,603,949
General Expenses	(57,016,953)	5,079,003	(51,937,950)	(46,440,338)	5,497,612
Total expenditure	(943,901,370)	(30,957,538)	(974,858,908)	(1,156,008,767)	(181,149,859)
Operating surplus	601,808,006	106,627,312	708,435,318	393,275,200	(315,160,118)
Loss on disposal of assets	-	-	-	(79,402)	(79,402)
Actuarial gains/losses	-	-	-	7,063,097	7,063,097
Water losses	-	-	-	(67,919,537)	(67,919,537)
Impairment of assets	-	-	-	(13,909,036)	(13,909,036)
	-	-	-	(74,844,878)	(74,844,878)
Surplus before taxation	601,808,006	106,627,312	708,435,318	318,430,322	(390,004,996)
Surplus for the year from continuing operations	601,808,006	106,627,312	708,435,318	318,430,322	(390,004,996)
Capital expenditure	(206,974,000)	(72,787,186)	(279,761,186)	(266,259,186)	13,502,000

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

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
Figures in Rand					
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	394,834,006	33,840,126	428,674,132	52,171,136	(376,502,996)

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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
Figures in Rand					
Reconciliation					
Basis difference					
Capital expenditure				266,259,186	
Actual Amount in the Statement of Financial Performance				318,430,322	

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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
Figures in Rand					
Statement of Financial Position					
Assets					
Current Assets					
Inventories	4,488,473	(974,089)	3,514,384	3,995,741	481,357
Receivables from exchange transactions	265,571,409	(243,549,976)	22,021,433	4,166,413	(17,855,020)
Receivables from non-exchange transactions	16,035,182	-	16,035,182	-	(16,035,182)
Consumer debtors	504,170,662	(800,298,377)	(296,127,715)	58,984,141	355,111,856
Cash and cash equivalents	79,843,913	94,449,573	174,293,486	333,152,099	158,858,613
	870,109,639	(950,372,869)	(80,263,230)	400,298,394	480,561,624
Non-Current Assets					
Property, plant and equipment	2,454,276,665	149,528,852	2,603,805,517	2,546,323,437	(57,482,080)
Intangible assets	1	455,281	455,282	70,741	(384,541)
Heritage assets	4,000	-	4,000	4,000	-
	2,454,280,666	149,984,133	2,604,264,799	2,546,398,178	(57,866,621)
Total Assets	3,324,390,305	(800,388,736)	2,524,001,569	2,946,696,572	422,695,003
Liabilities					
Current Liabilities					
Other financial liabilities	13,677,958	-	13,677,958	13,677,958	-
Payables from exchange transactions	224,638,615	(120,355,193)	104,283,422	286,618,280	182,334,858
VAT payable	-	-	-	26,423,490	26,423,490
Consumer deposits	7,999,198	(49,454)	7,949,744	7,232,738	(717,006)
Unspent conditional grants and receipts	-	-	-	27,281,137	27,281,137
Provisions	3,865,096	(1,923,812)	1,941,284	8,032,241	6,090,957
	250,180,867	(122,328,459)	127,852,408	369,265,844	241,413,436
Non-Current Liabilities					
Other financial liabilities	149,541,949	(75)	149,541,874	149,541,874	-
Provisions	41,548,461	14,639,247	56,187,708	54,034,000	(2,153,708)
	191,090,410	14,639,172	205,729,582	203,575,874	(2,153,708)
Total Liabilities	441,271,277	(107,689,287)	333,581,990	572,841,718	239,259,728
Net Assets	2,883,119,028	(692,699,449)	2,190,419,579	2,373,854,854	183,435,275
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Revaluation reserve	56,470,999	-	56,470,999	51,703,936	(4,767,063)
Accumulated surplus	2,826,648,029	(692,699,449)	2,133,948,580	2,322,150,918	188,202,338
Total Net Assets	2,883,119,028	(692,699,449)	2,190,419,579	2,373,854,854	183,435,275

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

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
Figures in Rand					
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Sale of goods and services	226,217,352	133,170,192	359,387,544	256,649,782	(102,737,762)
Grants	885,516,000	24,387,922	909,903,922	1,021,165,249	111,261,327
Interest income	5,718,426	13,305,856	19,024,282	19,130,146	105,864
	1,117,451,778	170,863,970	1,288,315,748	1,296,945,177	8,629,429
Payments					
Employee costs	(258,671,339)	(9,390,765)	(268,062,104)	(278,908,346)	(10,846,242)
Suppliers	(472,755,006)	(100,543,059)	(573,298,065)	(472,625,697)	100,672,368
Finance costs	-	-	-	(30,089)	(30,089)
Transfers and subsidies	-	-	-	(50,000)	(50,000)
Taxes on surpluses	-	-	-	622,180	622,180
	(731,426,345)	(109,933,824)	(841,360,169)	(750,991,952)	90,368,217
Net cash flows from operating activities	386,025,433	60,930,146	446,955,579	545,953,225	98,997,646
Purchase of property, plant and equipment	-	-	-	(266,221,986)	(266,221,986)
Purchase of intangible assets	-	-	-	(37,200)	(37,200)
Net cash flows from investing activities	-	-	-	(266,259,186)	(266,259,186)
Cash flows from financing activities					
Repayment of other financial liabilities	-	-	-	(12,310,417)	(12,310,417)
Consumer deposits	505,058	-	505,058	-	(505,058)
Finance costs - borrowings	-	-	-	(18,771,274)	(18,771,274)
Net cash flows from financing activities	-	-	-	(31,081,691)	(31,081,691)
Net increase/(decrease) in cash and cash equivalents	386,025,433	60,930,146	446,955,579	248,612,348	(198,343,231)
Cash and cash equivalents at the beginning of the year	81,683,080	-	81,683,080	84,539,751	2,856,671
Cash and cash equivalents at the end of the year	467,708,513	60,930,146	528,638,659	333,152,099	(195,486,560)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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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
Figures in Rand					
Controlling entity					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	624,471,816	-	624,471,816	447,235,423	(177,236,393)
Rental of facilities and equipment	-	-	-	504,621	504,621
Other income	-	-	-	468,882	468,882
Interest received - investment	2,859,213	6,652,928	9,512,141	18,634,801	9,122,660
Interest on outstanding debtors	32,792,347	-	32,792,347	62,865,574	30,073,227
Total revenue from exchange transactions	660,123,376	6,652,928	666,776,304	529,709,301	(137,067,003)
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	885,516,000	130,361,922	1,015,877,922	1,018,475,174	2,597,252
Public contributions and donations	-	-	-	368,783	368,783
Total revenue from non-exchange transactions	885,516,000	130,361,922	1,015,877,922	1,018,843,957	2,966,035
Total revenue	1,545,639,376	137,014,850	1,682,654,226	1,548,553,258	(134,100,968)
Expenditure					
Employee related costs	(258,671,336)	(9,390,767)	(268,062,103)	(281,451,930)	(13,389,827)
Remuneration of councillors	(12,113,828)	(2,582,174)	(14,696,002)	(15,399,437)	(703,435)
Depreciation and amortisation	(53,554,784)	-	(53,554,784)	(51,675,654)	1,879,130
Reversal of impairments	-	77,603,949	77,603,949	-	(77,603,949)
Finance costs	(18,771,274)	-	(18,771,274)	(18,250,481)	520,793
Lease rentals on operating lease	(20,219,600)	(300,000)	(20,519,600)	(23,968,100)	(3,448,500)
Debt Impairment	(131,000,000)	-	(131,000,000)	(309,751,607)	(178,751,607)
Bad debts written off	-	(77,603,949)	(77,603,949)	-	77,603,949
Inventory consumed	(227,285,780)	(23,372,556)	(250,658,336)	(191,819,705)	58,838,631
Contracted Services	(159,553,722)	685,327	(158,868,395)	(209,970,079)	(51,101,684)
Transfers and Subsidies	(7,500,000)	(2,000,000)	(9,500,000)	(9,550,000)	(50,000)
General Expenses	(55,141,046)	6,552,632	(48,588,414)	(42,200,699)	6,387,715
Total expenditure	(943,811,370)	(30,407,538)	(974,218,908)	(1,154,037,692)	(179,818,784)
Operating surplus	601,828,006	106,607,312	708,435,318	394,515,566	(313,919,752)
Loss on disposal of assets	-	-	-	(31,235)	(31,235)
Actuarial gains/losses	-	-	-	7,063,097	7,063,097
Water losses	-	-	-	(67,919,537)	(67,919,537)
Impairment of assets	-	-	-	(13,909,036)	(13,909,036)
	-	-	-	(74,796,711)	(74,796,711)
Surplus before taxation	601,828,006	106,607,312	708,435,318	319,718,855	(388,716,463)
Surplus for the year from continuing operations	601,828,006	106,607,312	708,435,318	319,718,855	(388,716,463)
Capital expenditure	(206,974,000)	(72,787,186)	(279,761,186)	(265,975,607)	13,785,579
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	394,854,006	33,820,126	428,674,132	53,743,248	(374,930,884)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

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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
Figures in Rand					
Reconciliation					
Basis difference					
Capital expenditure				265,975,607	
Actual Amount in the Statement of Financial Performance				319,718,855	

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Annual Financial Statements for the year ended June 30, 2023

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
Figures in Rand					
Statement of Financial Position					
Assets					
Current Assets					
Inventories	4,488,473	(974,089)	3,514,384	3,995,741	481,357
Receivables from exchange transactions	265,571,409	(243,549,976)	22,021,433	3,880,892	(18,140,541)
Receivables from non-exchange transactions	16,035,182	-	16,035,182	-	(16,035,182)
Consumer debtors	504,170,662	(800,298,377)	(296,127,715)	58,984,141	355,111,856
Cash and cash equivalents	79,843,913	94,449,573	174,293,486	328,660,005	154,366,519
	870,109,639	(950,372,869)	(80,263,230)	395,520,779	475,784,009
Non-Current Assets					
Property, plant and equipment	2,454,276,665	149,528,852	2,603,805,517	2,544,113,289	(59,692,228)
Intangible assets	1	455,281	455,282	70,741	(384,541)
Heritage assets	4,000	-	4,000	4,000	-
	2,454,280,666	149,984,133	2,604,264,799	2,544,188,030	(60,076,769)
Total Assets	3,324,390,305	(800,388,736)	2,524,001,569	2,939,708,809	415,707,240
Liabilities					
Current Liabilities					
Other financial liabilities	13,677,958	-	13,677,958	13,677,958	-
Payables from exchange transactions	224,638,615	(120,355,193)	104,283,422	286,672,890	182,389,468
VAT payable	-	-	-	27,771,214	27,771,214
Consumer deposits	7,999,198	(49,454)	7,949,744	7,232,738	(717,006)
Unspent conditional grants and receipts	-	-	-	20,530,141	20,530,141
Provisions	3,865,096	(1,923,812)	1,941,284	8,032,241	6,090,957
	250,180,867	(122,328,459)	127,852,408	363,917,182	236,064,774
Non-Current Liabilities					
Other financial liabilities	149,541,949	(75)	149,541,874	149,541,874	-
Provisions	41,548,461	14,639,247	56,187,708	54,034,000	(2,153,708)
	191,090,410	14,639,172	205,729,582	203,575,874	(2,153,708)
Total Liabilities	441,271,277	(107,689,287)	333,581,990	567,493,056	233,911,066
Net Assets	2,883,119,028	(692,699,449)	2,190,419,579	2,372,215,753	181,796,174
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves					
Revaluation reserve	56,470,999	-	56,470,999	51,703,936	(4,767,063)
Accumulated surplus	2,826,648,029	(692,699,449)	2,133,948,580	2,320,511,817	186,563,237
Total Net Assets	2,883,119,028	(692,699,449)	2,190,419,579	2,372,215,753	181,796,174

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

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
Figures in Rand					
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Sale of goods and services	226,217,352	133,170,192	359,387,544	256,649,782	(102,737,762)
Grants	885,516,000	24,387,922	909,903,922	1,022,182,888	112,278,966
Interest income	5,718,426	13,305,856	19,024,282	18,794,987	(229,295)
	1,117,451,778	170,863,970	1,288,315,748	1,297,627,657	9,311,909
Payments					
Employee costs	(258,671,339)	(9,390,765)	(268,062,104)	(272,432,975)	(4,370,871)
Suppliers	(472,755,006)	(100,543,059)	(573,298,065)	(472,029,851)	101,268,214
Finance costs	-	-	-	(30,089)	(30,089)
Transfers and subsidies	(7,500,000)	(2,000,000)	(9,500,000)	(9,100,519)	399,481
	(738,926,345)	(111,933,824)	(850,860,169)	(753,593,434)	97,266,735
Net cash flows from operating activities	378,525,433	58,930,146	437,455,579	544,034,223	106,578,644
Cash flows from investing activities					
Purchase of property, plant and equipment	-	-	-	(265,938,407)	(265,938,407)
Purchase of intangible assets	-	-	-	(37,200)	(37,200)
Net cash flows from investing activities	-	-	-	(265,975,607)	(265,975,607)
Cash flows from financing activities					
Repayment of other financial liabilities	-	-	-	(12,310,417)	(12,310,417)
Consumer deposits	505,058	-	505,058	-	(505,058)
Finance costs - borrowings	-	-	-	(18,771,274)	(18,771,274)
Net cash flows from financing activities	-	-	-	(31,081,691)	(31,081,691)
Net increase/(decrease) in cash and cash equivalents	378,525,433	58,930,146	437,455,579	246,976,925	(190,478,654)
Cash and cash equivalents at the beginning of the year	81,683,080	-	81,683,080	81,683,080	-
Cash and cash equivalents at the end of the year	460,208,513	58,930,146	519,138,659	328,660,005	(190,478,654)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

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.

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

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.

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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.

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		
Plant and machinery	Straight line	Fair value (5-100 years)
Furniture and fixtures	Straight line	10 to 20 years
Transport Assets	Straight line	10 to 15 years
IT equipment	Straight line	10 to 15 years
Computer software	Straight line	10 to 15 years
Infrastructure Water & Sanitation	Straight line	5 to 15 years
Fire Engines	Straight line	10 to 100 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.

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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:

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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.

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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 unissued 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.

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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
Cash and cash equivalents	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
Loan from Development Bank of South Africa	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost

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].

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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 economic entity 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.

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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.

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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.

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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.

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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.

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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.

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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-measures 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.

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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.

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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.

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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 40.

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.

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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 commitment 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 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.

1.16 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 an 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.

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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 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.

1.18 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.

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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 Management Policy of the economic entity or any of the economic entity'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. 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.

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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 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.

1.27 Budget information

Economic Entity 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2020 to 6/30/2021.

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.

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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.

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

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:

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 July 1, 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to GRAP 1 on Presentation of Financial Statements	July 1, 2023	Unlikely there will be a material impact
• IGRAP 21 on The Effect of Past Decisions on Materiality	July 1, 2023	Unlikely there will be a material impact
• Improvements to the Standards of GRAP (2021)	July 1, 2023	Unlikely there will be a material impact
• GRAP 25 on Employee Benefits (and IGRAP 7)	July 1, 2023	Unlikely there will be a material impact
• GRAP 104 on Financial Instruments	April 1, 2025	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 July 1, 2023 or later periods but are not relevant to its operations:

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	32,182	140,005	31,205	138,135
Bank balances	328,651,454	80,633,623	328,628,800	77,794,945
Short-term deposits	4,452,602	-	-	-
Investment deposit	15,861	3,766,123	-	3,750,000
	333,152,099	84,539,751	328,660,005	81,683,080

An amount of R 100 000 is pledged as security for a guarantee to the South African Post Office on behalf of the municipality.

R 2 369 is held as a cost order notified by the Sheriff.

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

3. Cash and cash equivalents (continued)

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
FNB Bank : Salaries Account - 50940092196	10,691,059	2,738,512	2,771,937	10,398,239	2,568,260	2,771,937
FNB Bank : Projects Account - 62023616462	51,519,019	199,040	30,903	51,519,018	199,040	30,903
FNB Bank : NSTD Call Account - 62215748289	627,782	590,158	570,688	627,782	590,158	570,688
FNB Bank : Mandela Race Account - 62411577193	852,605	822,211	807,688	851,740	821,186	807,688
FNB Bank : Main Account - 50940026773	260,945,111	69,694,907	73,032,508	261,227,398	69,694,906	73,032,444
FNB Bank : Fixed Deposit Account - 71101199555	-	3,750,000	3,750,000	-	3,750,000	3,750,000
FNB Bank : SANBI Account - 62597807125	2,776,483	2,510,625	98,599	2,776,458	2,518,780	98,599
ABSA Bank : Mandela Race Account - 4094362410	1,228,165	1,233,030	1,237,138	1,228,165	1,233,030	1,237,138
FNB Bank : Cheque Account - 62711665177	22,654	2,838,878	5,840,252	22,654	2,838,878	5,840,252
FNB Bank : Cheque Account - 62838452605	15,861	16,065	16,759	15,861	16,065	16,759
FNB Bank : Cheque Account - 63026183846	4,452,602	-	-	4,452,602	-	-
Total	333,131,341	84,393,426	88,156,472	333,119,917	84,230,303	88,156,408

4. Consumer debtors from exchange transactions

Gross balances

Water	901,687,701	641,127,146	901,687,701	641,127,146
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Less: Allowance for impairment

Water	(842,703,560)	(554,122,322)	(842,703,560)	(554,122,322)
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Net balance

Water	58,984,141	87,004,824	58,984,141	87,004,824
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Water

Current (0 -30 days)	54,057,393	24,975,322	54,057,393	24,975,322
31 - 60 days	38,755,993	20,000,987	38,755,993	20,000,987
61 - 90 days	57,396,764	17,280,503	57,396,764	17,280,503
91 - 120 days	37,467,438	15,821,069	37,467,438	15,821,069
121 - 150 days	25,490,956	16,077,958	25,490,956	16,077,958
> 150 days	688,519,157	546,971,308	688,519,157	546,971,308
Total	901,687,701	641,127,147	901,687,701	641,127,147

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
4. Consumer debtors from exchange transactions (continued)				
Summary of debtors by customer classification				
Households				
Current (0 -30 days)	32,272,145	23,452,577	32,272,145	23,452,577
31 - 60 days	27,220,932	12,193,142	27,220,932	12,193,142
61 - 90 days	48,869,591	11,742,025	48,869,591	11,742,025
91 - 120 days	31,825,927	11,109,970	31,825,927	11,109,970
121 - 150 days	21,048,787	11,243,325	21,048,787	11,243,325
> 150 days	587,565,205	427,053,809	587,565,205	427,053,809
	748,802,587	496,794,848	748,802,587	496,794,848
Less: Allowance for impairment	(733,698,476)	(492,655,771)	(733,698,476)	(492,655,771)
	15,104,111	4,139,077	15,104,111	4,139,077
Industrial/ commercial				
Current (0 -30 days)	12,581,777	1,256,245	12,581,777	1,256,245
31 - 60 days	6,260,575	4,977,387	6,260,575	4,977,387
61 - 90 days	5,601,034	3,746,951	5,601,034	3,746,951
91 - 120 days	4,055,033	1,937,642	4,055,033	1,937,642
121 - 150 days	3,350,118	3,250,903	3,350,118	3,250,903
> 150 days	71,410,856	78,378,333	71,410,856	78,378,333
	103,259,393	93,547,461	103,259,393	93,547,461
Less: Allowance for impairment	(77,804,352)	(61,466,551)	(77,804,352)	(61,466,551)
	25,455,041	32,080,910	25,455,041	32,080,910
National and provincial government				
Current (0 -30 days)	9,203,470	266,499	9,203,470	266,499
31 - 60 days	5,274,486	2,830,458	5,274,486	2,830,458
61 - 90 days	2,926,138	1,791,527	2,926,138	1,791,527
91 - 120 days	1,586,479	2,773,457	1,586,479	2,773,457
121 - 150 days	1,092,051	1,583,729	1,092,051	1,583,729
> 150 days	29,867,056	41,539,166	29,867,056	41,539,166
	49,949,680	50,784,836	49,949,680	50,784,836
Less: Allowance for impairment	(31,200,732)	-	(31,200,732)	-
	18,748,948	50,784,836	18,748,948	50,784,836
Total				
Current (0 -30 days)	54,057,393	28,325,571	54,057,393	28,325,571
31 - 60 days	38,755,993	15,995,915	38,755,993	15,995,915
61 - 90 days	57,396,764	17,230,035	57,396,764	17,230,035
91 - 120 days	37,467,438	12,808,676	37,467,438	12,808,676
121 - 150 days	25,490,956	17,576,957	25,490,956	17,576,957
> 150 days	688,519,157	549,189,992	688,519,157	549,189,992
	901,687,701	641,127,146	901,687,701	641,127,146
Less: Allowance for impairment	(842,703,560)	(554,122,322)	(842,703,560)	(554,122,322)
	58,984,141	87,004,824	58,984,141	87,004,824
Less: Allowance for impairment > 150 days				
	(842,703,560)	(554,122,322)	(842,703,560)	(554,122,322)
Total debtor past due but not impaired				
Current (0 -30 days)	13,614,355	4,386,995	13,614,355	4,386,995

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
4. Consumer debtors from exchange transactions (continued)				
31 - 60 days	10,132,291	3,929,162	10,132,291	3,929,162
61 - 90 days	5,847,860	3,302,644	5,847,860	3,302,644
91 - 120 days	2,786,700	2,307,472	2,786,700	2,307,472
121 - 150 days	2,081,269	3,361,315	2,081,269	3,361,315
> 150 days	22,224,337	45,285,475	22,224,337	45,285,475
	56,686,812	62,573,063	56,686,812	62,573,063

Reconciliation of allowance for impairment

Balance at beginning of the year	(554,122,322)	(950,884,860)	(554,122,322)	(950,884,860)
Debt impairment written off against allowance	(288,581,238)	(151,088,107)	(288,581,238)	(151,088,107)
Reversal of allowance	-	547,850,645	-	547,850,645
	(842,703,560)	(554,122,322)	(842,703,560)	(554,122,322)

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 as at June 30, 2023 amount to R43,072,457 (2022: R 148,893,449) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	10,132,291	6,638,362	10,132,291	6,638,362
2 months past due	5,847,860	8,157,302	5,847,860	8,157,302
3 months past due	27,092,306	134,097,785	27,092,306	134,097,785

Consumer debtors impaired

As of June 30, 2023, consumer debtors of R 288,581,238 (2022: R 151,088,107) were impaired and provided for.

The amount of the provision was R 842,703,560 as of June 30, 2023 (2022: R 554,122,322).

The ageing of these debtors past due and impaired is as follows:

Over 5 months	842,703,560	544,122,322	842,703,560	544,122,322
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5. Receivables from exchange transactions

Trade debtors UMEDA	-	249,404	-	-
Staff Recoveries	490,090	468,577	490,090	468,577
Deposits	1,180,640	1,180,640	1,180,640	1,180,640
Interest Accrued	2,174,823	160,186	2,174,823	160,186
Advance Payments - Trade Payables	284,726	8,467,882	-	8,172,784
Other debtors	35,339	35,339	35,339	35,339
Sundry debtors	795	5,135,186	795	5,135,186
	4,166,413	15,697,214	3,881,687	15,152,712

Trade and other receivables pledged as security

There were no trade and other receivables pledged as security during the year under review.

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
6. Sundry debtors disclosure				
Gross balances				
Sundry debtors	15,372,285	15,371,490	15,372,285	15,371,490
Less: Allowance for impairment				
Sundry debtors	(15,371,490)	(10,236,304)	(15,371,490)	(10,236,304)
Net balances				
Sundry debtors	795	5,135,186	795	5,135,186
Included in the above is receivables from exchange transactions				
	795	5,135,186	795	5,135,186
Net balances	795	5,135,186	795	5,135,186
Sundry debtors >150 days				
	795	5,135,186	795	5,135,186
Summary of debtors by customer classification				
Sundry debtors > 150 days	15,372,285	15,371,490	15,372,285	15,371,490
Subtotal	15,372,285	15,371,490	15,372,285	15,371,490
Less : Allowance for impairment	(15,371,490)	(10,236,304)	(15,371,490)	(10,236,304)
	795	5,135,186	795	5,135,186
7. Receivables from non-exchange transactions				
Unauthorised, Irregular, Fruitless and Wasteful Expenditure	16,035,182	16,035,180	16,035,182	16,035,180
Unauthorised, Irregular, Fruitless and Wasteful Expenditure - Impairment	(16,035,182)	-	(16,035,182)	-
	-	16,035,180	-	16,035,180

2022: Following the consequence management processes, the recovery of fruitless and wasteful expenditure to the value of R342 860 is sought by the municipality. Letters have been issued to those affected.

2021: 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.

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
8. Inventories				
Consumables	473,449	39,285	473,449	39,285
Materials	3,201,740	3,094,187	3,201,740	3,094,187
Water for distribution	320,552	380,912	320,552	380,912
	3,995,741	3,514,384	3,995,741	3,514,384

8.1

Inventories recognised as an expense during the year	191,819,705	184,878,312	191,819,705	184,878,312
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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.

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

Economic entity

	2023			2022		
	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	60,066,385	(5,403,364)	54,663,021	59,880,385	(4,109,702)	55,770,683
Plant and machinery	19,590,239	(5,833,354)	13,756,885	18,895,753	(5,056,874)	13,838,879
Furniture and fixtures	5,474,668	(2,371,538)	3,103,130	4,860,983	(2,137,065)	2,723,918
Motor vehicles	11,075,489	(2,870,865)	8,204,624	11,075,489	(2,429,496)	8,645,993
IT equipment	8,147,990	(3,560,060)	4,587,930	6,122,440	(3,013,453)	3,108,987
Infrastructure	2,916,758,441	(1,165,900,014)	1,750,858,427	2,781,998,332	(1,117,057,668)	1,664,940,664
Other equipment	560,771	(141,478)	419,293	602,393	(114,110)	488,283
Infrastructure Work-in-Progress	721,668,814	(13,909,037)	707,759,777	593,788,088	-	593,788,088
Total	3,746,313,147	(1,199,989,710)	2,546,323,437	3,480,194,213	(1,133,918,368)	2,346,275,845

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Controlling entity

	2023			2022		
	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	60,066,385	(5,403,364)	54,663,021	59,880,385	(4,109,702)	55,770,683
Plant and machinery	19,590,239	(5,833,354)	13,756,885	18,895,753	(5,056,874)	13,838,879
Furniture and fixtures	4,787,796	(2,232,471)	2,555,325	4,375,915	(2,039,093)	2,336,822
Motor vehicles	10,124,598	(2,663,803)	7,460,795	10,124,598	(2,285,827)	7,838,771
IT equipment	7,500,885	(3,412,176)	4,088,709	5,538,034	(2,904,472)	2,633,562
Infrastructure	2,916,758,441	(1,165,900,014)	1,750,858,427	2,781,998,332	(1,117,057,668)	1,664,940,664
Infrastructure Work-in-Progress	721,668,814	(13,909,037)	707,759,777	593,788,088	-	593,788,088
Total	3,743,467,508	(1,199,354,219)	2,544,113,289	3,477,571,455	(1,133,453,636)	2,344,117,819

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic Entity - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2,970,350	-	-	-	-	-	2,970,350
Buildings	55,770,683	186,000	-	-	(1,293,662)	-	54,663,021
Plant and machinery	13,838,879	694,487	-	-	(776,481)	-	13,756,885
Furniture and fixtures	2,723,918	613,684	-	-	(234,472)	-	3,103,130
Motor vehicles	8,645,993	-	-	-	(441,369)	-	8,204,624
IT equipment	3,108,987	2,078,203	(38,725)	-	(560,535)	-	4,587,930
Infrastructure	1,664,940,664	23,075	-	134,737,034	(48,842,346)	-	1,750,858,427
Other equipment	488,283	8,777	(40,676)	-	(37,091)	-	419,293
Infrastructure Work-in-Progress	593,788,088	262,617,760	-	(134,737,034)	-	(13,909,037)	707,759,777
	2,346,275,845	266,221,986	(79,401)	-	(52,185,956)	(13,909,037)	2,546,323,437

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Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic Entity - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	2,970,350	-	-	-	-	2,970,350
Buildings	56,087,985	930,000	-	-	(1,247,302)	55,770,683
Plant and machinery	14,851,869	-	(244,851)	-	(768,139)	13,838,879
Furniture and fixtures	3,109,561	186,359	(326,590)	-	(245,412)	2,723,918
Motor vehicles	9,087,362	-	-	-	(441,369)	8,645,993
IT equipment	3,932,644	760,718	(1,081,461)	-	(502,914)	3,108,987
Infrastructure	1,529,850,442	1,086,490	(6,926,207)	188,078,448	(47,148,509)	1,664,940,664
Other equipment	527,120	-	-	-	(38,837)	488,283
Infrastructure Work-in-Progress	565,531,769	216,334,767	-	(188,078,448)	-	593,788,088
	2,185,949,102	219,298,334	(8,579,109)	-	(50,392,482)	2,346,275,845

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling Entity 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	2,970,350	-	-	-	-	-	2,970,350
Buildings	55,770,683	186,000	-	-	(1,293,662)	-	54,663,021
Plant and machinery	13,838,879	694,487	-	-	(776,481)	-	13,756,885
Furniture and fixtures	2,336,822	411,881	-	-	(193,378)	-	2,555,325
Motor vehicles	7,838,771	-	-	-	(377,976)	-	7,460,795
IT equipment	2,633,562	2,005,204	(31,235)	-	(518,822)	-	4,088,709
Infrastructure	1,664,940,664	134,760,109	-	-	(48,842,346)	-	1,750,858,427
Infrastructure Work-in-Progress	593,788,088	262,617,760	-	(134,737,034)	-	(13,909,037)	707,759,777
	2,344,117,819	400,675,441	(31,235)	(134,737,034)	(52,002,665)	(13,909,037)	2,544,113,289

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Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling Entity 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	2,970,350	-	-	-	-	2,970,350
Buildings	56,087,985	930,000	-	-	(1,247,302)	55,770,683
Plant and machinery	14,851,869	-	(244,851)	-	(768,139)	13,838,879
Furniture and fixtures	2,690,106	186,359	(326,590)	-	(213,053)	2,336,822
Motor vehicles	8,216,747	-	-	-	(377,976)	7,838,771
IT equipment	3,447,536	738,818	(1,081,461)	-	(471,331)	2,633,562
Infrastructure	1,529,850,442	189,164,938	(6,926,207)	-	(47,148,509)	1,664,940,664
Infrastructure Work-in-Progress	565,531,769	216,334,767	-	(188,078,448)	-	593,788,088
	2,183,646,804	407,354,882	(8,579,109)	(188,078,448)	(50,226,310)	2,344,117,819

Pledged as security

There were no property, plant and equipment that was pledged as security during the year under review.

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

9. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was Monday, July 1, 2019. The municipal buildings fall within the jurisdiction of the uMsunduzi Local Municipality. The valuation was performed by uMsunduzi Municipality as prescribed by legislation.

A general valuation roll is determined and produced every four years, as stipulated within the Municipal Property Rates Act (MPRA) No 6 of 2004.

Property valuation data is compiled in a general valuation document which consists of property information of all registered properties, inclusive of the market value and property category.

Buildings are re-valued in line with any amendments made to the respective valuation roll.

These assumptions were based on market conditions during the period of the valuation.

Reconciliation of Work-in-Progress Economic Entity

Opening balance	593,788,088	565,531,769
Additions/capital expenditure	262,617,760	216,334,767
Transferred to completed assets	(134,737,034)	(188,078,448)
Impairment recognised	(13,909,037)	-
	707,759,777	593,788,088

Reconciliation of Work-in-Progress Controlling Entity

		Total
Opening balance	593,788,088	565,531,769
Additions/capital expenditure	262,617,760	216,334,767
Transferred to completed assets	(134,737,034)	(188,078,448)
Impairment recognised	(13,909,037)	-
	707,759,777	593,788,088

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

9. 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	55,476,555	51,450,301	55,476,555	51,450,301
Contracted services	31,574,265	23,991,165	31,574,265	23,991,165
Sale of goods/Inventory	3,278,988	2,350,156	3,278,988	2,350,156
	90,329,808	77,791,622	90,329,808	77,791,622

The Capital Projects within Work-in-Progress which have exceeded the initial completion date by more than six months are as follows:

Project Name	Location	Nature of Project	Initial Completion Date	Expected Completion date	Reasons for Delays	2023	2022
Camperdown CBD AC Pipes Replacement	Mkhambathini	Water	Planning only	30-Jun-25	Project under review and Business Plan sent to DWS for Approval	3,694,994	3,694,994
Cedara Bulk Services	Umgeni	Water	Planning only	30-Jun-27	Project under review and Business Plan sent to DWS for Approval	1,496,436	1,496,436
Ebuhleni Housing Project Bulk Water	Mpofana	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	2,997,287	2,997,287
Embuthweni Water Phase 4	Mkhambathini	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	1,517,864	1,517,864
Enguga/Entshay abantu/Macksam	Impendle	Water	30-Jun-21	30-Oct-23	Project affected by flooding and under review for Disaster funding	21,834,716	21,361,341
Gengeshe Water	Richmond	Water	Planning only	TBC	Project under revised in line with DWS comments on the Business Plan	1,790,190	1,790,190
Hilton Corridor Development	uMgeni	Water	Planning only	TBC	Budget constraints	3,322,094	3,322,094
Howick Ac Pipelines Replacement	uMgeni	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	5,035,987	5,035,987

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity						
	2023	2022	2023	2022					
9. Property, plant and equipment (continued)									
Impendle Bulk Water Works	Impendle	Water	Planning only	TBC	Project under review by uMngeni Water for implementation	13,949,423		13,949,423	
Impendle WWTW And Sewerage Reticulation	Impendle	Sanitation	Planning only	TBC	Project under review by uMngeni Water for implementation	863,813		863,813	
Kwahaza Water Supply	Umgeni	Water	Planning only	TBC	Project under review by uMngeni Water for implementation	399,593		399,593	
Kwamathwanya Water	Mpofana	Water	31-Jul-21	29-Apr-24	Contractor terminated due to poor performance	14,243,519		13,472,589	
Manyavu Water Scheme	Mkhambathini	Water	30-Jun-21	14-Apr-24	Operational challenges	73,996,908		73,996,908	
Mkhambathini Waste Water Works	Mkhambathini	Sanitation	Planning only	TBC	Project under review by uMngeni Water for implementation	3,016,720		3,016,720	
Mooi River Bulk Mains Upgrading	Mpofana	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	196,381		196,381	
Mooriver Ac Pipes Replacement	Mpofana	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	1,289,426		1,289,426	
Mpofana Waste Water Treatment Works	Mpofana	Sanitation	Planning only	TBC	Project under review by uMngeni Water for implementation	8,549,988		8,549,988	
Mpophomeni Sanitation Plant	Umgeni	Sanitation	Planning only	TBC	Budget constraints	8,172,038		8,172,038	
Nhlambamasoka, Nhlathimbe & Khathikjathi Water	Impendle	Water	Planning only	TBC	Project under review and on UMDM 5yr plan	1,359,540		1,359,540	
Nkangala Water	Mkhambathini	Water	Planning only	TBC	Project under review and on UMDM 5yr plan	208,612		208,612	

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				Economic entity		Controlling entity	
Figures in Rand		2023	2022	2023	2022	2023	2022
9. Property, plant and equipment (continued)							
Phumlas Water Supply Upgrade	Mpofana	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	820,881	820,881
Richmond AC Pipes Replacement	Richmond	Water	Project under construction	TBC	Project under review and Business Plan sent to DWS for Approval	5,906,405	5,906,405
Richmond Waste Water Treatment Works	Richmond	Sanitation	Planning only	TBC	Project under review by uMngeni Water for implementation	4,751,919	4,751,919
Rosetta Water Upgrade	Mpofana	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	635,500	635,500
Umshwathi Slum Water	uMshwathi	Water	22-Mar-22	29-Apr-24	Under construction.	45,102,221	43,061,239
Wartburg AC Pipes Replacement	uMshwathi	Water	Planning only	TBC	Project under review and Business Plan sent to DWS for Approval	653,594	653,594
Total						<u>225,808,072</u>	<u>222,522,784</u>

The municipality intends to complete the construction of these projects.

The municipality recognised an impairment loss of R13 909 037 relating to the work in progress for the Enguga/Entshayabantu/Macksam Project at R 3 919 079; the Lindokuhle/Mpolweni Project at R 4 280 440 and the Nkanyezini Project at R 5 715 518.

The municipality has not recognised an impairment loss for any further work-in-progress as these projects will be implemented as and when funding avails whereby the municipality anticipates that the completed project 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.

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10. Intangible assets

Economic entity

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,016,066	(7,945,325)	70,741	7,978,867	(7,942,314)	36,553

Controlling entity

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7,020,219	(6,949,478)	70,741	6,983,020	(6,946,467)	36,553

Reconciliation of intangible assets: Economic entity - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	36,553	37,200	(3,012)	70,741

Reconciliation of intangible assets: Economic entity - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software, other	1,611,243	(1,200)	(1,573,490)	36,553

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10. Intangible assets (continued)

Reconciliation of intangible assets: Controlling entity - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	36,553	37,200	(3,012)	70,741

Reconciliation of intangible assets: Controlling entity - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software, other	1,608,581	(1,200)	(1,570,828)	36,553

Pledged as security

There were no intangible assets pledged as security during the year under review.

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11. Heritage assets

Economic entity

	2023		2022			
	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

	2023		2022			
	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 - 2023

Mayoral Chain

Opening balance	4,000	Total
		4,000

Reconciliation of heritage assets: Economic entity - 2022

Mayoral Chain

Opening balance	4,000	Total
		4,000

Reconciliation of heritage assets: Controlling entity - 2023

Mayoral Chain

Opening balance	4,000	Total
		4,000

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11. Heritage assets (continued)

Reconciliation of heritage assets: Controlling entity - 2022

	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.

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Rural Roads Asset Management Grant	90	29	90	29
Geospatial Grant	34	34	34	34
Water Services Infrastructure Grant	208	-	208	-
Camperdown WWTP Grant	4,000,095	4,000,095	4,000,095	4,000,095
ORIO Grant	11,550,860	11,550,860	11,550,860	11,550,860
RASSET & DGDS Grant	126,989	126,989	126,989	126,989
Howick Falls Grant	4,821,050	4,886,600	-	-
Public Transport Plan Grant	308,817	308,817	308,817	308,817
Spatial Planning Grant	15,255	212,825	15,255	212,825
IDP Spatial Development Grant	335,275	622,775	335,275	622,775
Accelerated Water Intervention Grant - Capital	3	3	3	3
Disaster Recovery Grant	4,180,179	-	4,180,179	-
Accelerated Water Intervention Grant - Operational	12,336	-	12,336	-
RASET Grant - UMEDA	179,946	179,946	-	-
N3 Corridor Program	1,750,000	1,750,000	-	-
	27,281,137	23,638,973	20,530,141	16,822,427

Movement during the year

Balance at the beginning of the year	23,638,973	25,286,492	16,822,427	18,356,546
Additions during the year	344,735,000	281,778,000	344,735,000	281,778,000
Repayments	-	(118,090)	-	(118,090)
Income recognition during the year	(341,092,836)	(283,307,429)	(341,027,286)	(283,194,029)
	27,281,137	23,638,973	20,530,141	16,822,427

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.

13. Payables from exchange transactions

Trade Payables	191,835,067	51,543,380	192,070,435	55,180,310
Payments Received in Advance (Consumers)	9,361,390	9,619,219	9,361,390	9,619,219
Employee Related Accruals	13,024,597	1,342,330	13,024,597	1,342,330
Leave Pay Provision	21,138,572	18,928,480	20,957,817	18,750,195
Accrued Bonus	7,190,350	6,417,847	7,190,350	6,417,847
Accrued Interest - DBSA Loan	7,303,980	7,854,862	7,303,980	7,854,862
Unallocated Deposits	7,193,216	6,556,429	7,193,216	6,556,429
Retentions	29,571,106	25,559,289	29,571,106	25,559,289
	286,618,278	127,821,836	286,672,891	131,280,481

14. Consumer deposits

Water	7,232,738	7,571,171	7,232,738	7,571,171
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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
15. Other financial liabilities				
At amortised cost				
DBSA Loan	163,219,832	175,530,249	163,219,832	175,530,249
<p>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.</p>				
Non-current liabilities				
At amortised cost				
	149,541,874	163,219,832	149,541,874	163,219,832
Current liabilities				
At amortised cost				
	13,677,958	12,310,417	13,677,958	12,310,417
16. VAT payable				
VAT payable	27,771,214	11,213,952	27,771,214	11,213,952
VAT receivable - UMEDA	(1,347,724)	(725,544)	-	-
	26,423,490	10,488,408	27,771,214	11,213,952

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

17. Provisions

Reconciliation of Provisions: Economic Entity - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Transfer to current portion	Total
Legal proceedings	-	4,446,241	-	-	-	4,446,241
Post Employment Benefits - short term	817,000	1,495,262	(1,179,262)	-	-	1,133,000
Long Service Awards - short term	1,993,000	1,905,640	(1,445,640)	-	-	2,453,000
Post Employment Benefits - long term	37,946,000	938,262	-	-	(1,495,262)	37,389,000
Long Service Awards - long term	16,796,000	2,664,262	-	-	(2,815,262)	16,645,000
Sewerage Services	95,454,206	-	-	(95,454,206)	-	-
	153,006,206	11,449,667	(2,624,902)	(95,454,206)	(4,310,524)	62,066,241

Reconciliation of Provisions: Economic Entity - 2022

	Opening Balance	Additions	Utilised during the year	Transfer to current portion	Total
Post Employment Benefits - short term	780,000	997,405	(960,405)	-	817,000
Long Service Awards - short term	2,759,000	1,761,920	(2,527,920)	-	1,993,000
Post Employment Benefits - long term	33,460,000	5,483,405	-	(997,405)	37,946,000
Long Service Awards - long term	12,236,000	6,321,920	-	(1,761,920)	16,796,000
Sewerage Services	10,738,759	84,715,447	-	-	95,454,206
	59,973,759	99,280,097	(3,488,325)	(2,759,325)	153,006,206

Reconciliation of Provisions: Controlling Entity 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Transfer to current portion	Total
Legal proceedings	-	4,446,241	-	-	-	4,446,241
Post Employment Benefits - short term	817,000	1,495,262	(1,179,262)	-	-	1,133,000
Long Service Awards - short term	1,993,000	1,905,640	(1,445,640)	-	-	2,453,000
Employee benefit cost - long term	37,946,000	938,262	-	-	(1,495,262)	37,389,000
Long Service awards - long term	16,796,000	2,664,262	-	-	(2,815,262)	16,645,000
Sewerage Services	95,454,206	-	-	(95,454,206)	-	-
	153,006,206	11,449,667	(2,624,902)	(95,454,206)	(4,310,524)	62,066,241

Reconciliation of Provisions: Controlling Entity - 2022

	Opening Balance	Additions	Utilised during the year	Transfer to current portion	Total
Post Employment Benefits - short term	780,000	997,405	(960,405)	-	817,000
Long Service Awards - short term	2,759,000	1,761,920	(2,527,920)	-	1,993,000
Post Employment Benefits - long term	33,460,000	5,483,405	-	(997,405)	37,946,000
Long Service Awards - long term	12,236,000	6,321,920	-	(1,761,920)	16,796,000
Sewerage Services	10,738,759	84,715,447	-	-	95,454,206
	59,973,759	99,280,097	(3,488,325)	(2,759,325)	153,006,206

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
17. Provisions (continued)				
Non-current liabilities	54,034,000	54,742,000	54,034,000	54,742,000
Current liabilities	8,032,241	98,264,206	8,032,241	98,264,206
	62,066,241	153,006,206	62,066,241	153,006,206

The legal proceedings provision relates to a claim by Makhubu Civil CC for work done on the Trustfeed Water Reticulation Phase 1 to the value of R4 446 241.

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.

The sewerage services provision relates to a dispute between Umngeni Water and the municipality in relation to the costs charged onto the municipality for management of Water Treatment Works within the jurisdiction of the municipality.

18. Service charges

Other service charges	504,591	197,685	504,591	197,685
Sale of water	403,791,759	290,045,139	403,791,759	290,045,139
Sewerage and sanitation charges	42,939,073	19,856,308	42,939,073	19,856,308
	447,235,423	310,099,132	447,235,423	310,099,132

19. Other income

Licences and Permits	120,239	71,375	120,239	71,375
Insurance Refunds	89,345	12,720	89,345	1,239
Staff Recoveries	59,298	-	59,298	-
Management fees	200,000	-	200,000	-
	468,882	84,095	468,882	72,614

20. Interest Received - Investments and Bank Accounts

Interest revenue				
Bank	18,969,960	3,662,392	18,634,801	3,478,660

21. Interest from Outstanding Debtors

Interest - Receivables	62,865,574	33,381,207	62,865,574	33,381,207
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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
22. Government grants and subsidies				
Operating grants				
Equitable Share				
TIKZN Grant	669,855,000	608,551,674	669,855,000	608,551,674
Howick Falls Grant	330,000	-	-	-
Accelerated Water Intervention Grant	65,550	113,400	-	-
Sector Education and Training Authorities Grant	9,987,664	-	9,987,664	-
Expanded Public Works Programme Grant	709,314	421,831	709,314	421,831
Local Government Financial Management Grant	2,287,000	2,299,000	2,287,000	2,299,000
South African National Biodiversity Institution Grant	1,200,000	1,000,000	1,200,000	1,000,000
Spatial Planning Grant	6,883,574	9,410,320	6,883,574	9,410,320
Rural Roads Asset Management Grant	197,570	493,925	197,570	493,925
IDP Spatial Development Grant	2,706,939	2,585,971	2,706,939	2,585,971
Municipal Infrastructure Grant	287,500	225,400	287,500	225,400
Geospatial Grant	12,220,837	-	12,220,837	-
	-	696,736	-	696,736
	706,730,948	625,798,257	706,335,398	625,684,857
Capital grants				
Municipal Infrastructure Grant	173,620,163	132,893,000	173,620,163	132,893,000
Water Services Infrastructure Grant	122,599,792	125,000,000	122,599,792	125,000,000
Accelerated Water Intervention Grant	10,000,000	17,999,997	10,000,000	17,999,997
Disaster Recovery Grant	5,919,821	-	5,919,821	-
	312,139,776	275,892,997	312,139,776	275,892,997
	1,018,870,724	901,691,254	1,018,475,174	901,577,854

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	349,015,724	293,139,580	348,620,174	293,026,180
Unconditional grants received	669,855,000	608,551,674	669,855,000	608,551,674
	1,018,870,724	901,691,254	1,018,475,174	901,577,854

A total of R 352 657 888 (2022: R 281 778 000) was transferred / paid to the economic entity 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, including the basic charges for such supply, to approved indigent registered households.

Rural Roads Asset Management Grant

Balance unspent at beginning of year	29	-	29	-
Current-year receipts	2,707,000	2,586,000	2,707,000	2,586,000
Conditions met - transferred to revenue	(2,706,939)	(2,585,971)	(2,706,939)	(2,585,971)
	90	29	90	29

Conditions still to be met - remain liabilities (see note 12).

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
22. Government grants and subsidies (continued)				
Geospatial Grant				
Balance unspent at beginning of year				
Conditions met - transferred to revenue	34	700,186	34	700,186
Other	-	(696,736)	-	(696,736)
	-	(3,416)	-	(3,416)
	34	34	34	34
Conditions still to be met - remain liabilities (see note 12).				
Water Services Infrastructure Grant				
Current-year receipts	122,600,000	125,000,000	122,600,000	125,000,000
Conditions met - transferred to revenue	(122,599,792)	(125,000,000)	(122,599,792)	(125,000,000)
	208	-	208	-
Camperdown WWTP Grant				
Balance unspent at beginning of year	4,000,095	4,000,095	4,000,095	4,000,095
Conditions still to be met - remain liabilities (see note 12).				
Expanded Public Works Programme Grant				
Balance unspent at beginning of year	-	114,674	-	114,674
Current-year receipts	2,287,000	2,299,000	2,287,000	2,299,000
Conditions met - transferred to revenue	(2,287,000)	(2,299,000)	(2,287,000)	(2,299,000)
Other	-	(114,674)	-	(114,674)
	-	-	-	-
Municipal Infrastructure Grant - Capital				
Current-year receipts	185,841,000	132,893,000	185,841,000	132,893,000
Conditions met - transferred to revenue	(185,841,000)	(132,893,000)	(185,841,000)	(132,893,000)
	-	-	-	-
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 12).				
Sector Education and Training Authority Grants				
Current-year receipts	709,314	421,831	709,314	421,831
Conditions met - transferred to revenue	(709,314)	(421,831)	(709,314)	(421,831)
	-	-	-	-

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
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 12).				
Local Government Finance Management Grant				
Current-year receipts	1,200,000	1,000,000	1,200,000	1,000,000
Conditions met - transferred to revenue	(1,200,000)	(1,000,000)	(1,200,000)	(1,000,000)
	-	-	-	-
South African National Biodiversity Institute Grant				
Current-year receipts	6,883,574	9,410,000	150,000	9,410,000
Conditions met - transferred to revenue	(6,883,574)	(9,410,000)	(150,000)	(9,410,000)
	-	-	-	-
Municipal Infrastructure Grant - Operational				
Current-year receipts	12,220,837	-	12,220,837	-
Conditions met - transferred to revenue	(12,220,837)	-	(12,220,837)	-
	-	-	-	-
Howick Falls Grant				
Balance unspent at beginning of year	4,886,600	5,000,000	-	-
Conditions met - transferred to revenue	(65,550)	(113,400)	-	-
	4,821,050	4,886,600	-	-
Public Transport Plan Grant				
Balance unspent at beginning of year	308,817	308,817	308,817	308,817
Conditions still to be met - remain liabilities (see note 12).				
Spatial Planning Grant				
Balance unspent at beginning of year	212,825	706,750	212,825	706,750
Conditions met - transferred to revenue	(197,570)	(493,925)	(197,570)	(493,925)
	15,255	212,825	15,255	212,825
Conditions still to be met - remain liabilities (see note 12).				

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
22. Government grants and subsidies (continued)				
IDP Spatial Development Grant				
Balance unspent at beginning of year	622,775	848,175	622,775	848,175
Conditions met - transferred to revenue	(287,500)	(225,400)	(287,500)	(225,400)
	335,275	622,775	335,275	622,775
Conditions still to be met - remain liabilities (see note 12).				
Accelerated Water Intervention Grant -Capital				
Balance unspent at beginning of year	3	-	3	-
Current-year receipts	10,000,000	18,000,000	10,000,000	18,000,000
Conditions met - transferred to revenue	(10,000,000)	(17,999,997)	(10,000,000)	(17,999,997)
	3	3	3	3
Conditions still to be met - remain liabilities (see note 12).				
Disaster Recovery Grant				
Current-year receipts	10,000,000	-	10,000,000	-
Conditions met - transferred to revenue	(5,819,821)	-	(5,819,821)	-
	4,180,179	-	4,180,179	-
Conditions still to be met - remain liabilities (see note 11).				
Accelerated Water Intervention Grant - Operational				
Current-year receipts	10,000,000	-	10,000,000	-
Conditions met - transferred to revenue	(9,987,664)	-	(9,987,664)	-
	12,336	-	12,336	-
Conditions still to be met - remain liabilities (see note 12).				
RASET Grant - UMEDA				
Balance unspent at beginning of year	179,946	179,946	-	-
Conditions still to be met - remain liabilities (see note 12).				
N3 Corridor Program				
Balance unspent at beginning of year	1,750,000	1,750,000	-	-
TIKZN Grant				
Current-year receipts	330,000	-	-	-
Conditions met - transferred to revenue	(330,000)	-	-	-
	-	-	-	-
Conditions still to be met - remain liabilities (see note 12).				

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
23. Public contributions and donations				
Umngeni Water - Disaster Relief	-	500,000	-	500,000
Umngeni Water - Public Participation	-	25,000	-	25,000
Santam - Fire Equipment	368,783	-	368,783	-
	368,783	525,000	368,783	525,000

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
24. Employee related costs				
Basic				
Bonus	166,415,368	161,600,900	160,991,598	157,069,667
Medical aid - company contributions	13,597,898	12,434,283	13,487,829	12,336,023
UIF	14,383,557	13,221,143	14,383,557	13,221,143
WCA	1,105,040	1,086,715	1,085,333	1,067,858
SDL	1,508,939	2,037,266	1,508,939	2,037,266
Other - Bargaining Council	2,238,054	2,208,850	2,238,054	2,208,850
Leave pay provision charge	67,964	64,500	67,964	64,500
Cellphone Allowances	3,909,006	7,155,143	3,855,566	7,077,726
Group Life Contributions	278,000	265,450	145,900	138,600
Standby Allowances	3,892,343	3,843,876	3,892,343	3,843,876
Other - Tool Allowances	5,639,372	9,035,825	5,639,372	9,035,825
Defined contribution plans	1,250,305	1,376,537	1,250,305	1,376,537
Travel, motor car, accommodation, subsistence and other allowances	31,941,553	31,620,787	31,708,476	31,425,857
Overtime payments	13,499,419	14,633,431	13,391,065	14,328,502
Long-service awards	5,524,749	7,495,744	5,524,749	7,495,744
Acting allowances	4,784,462	6,380,998	4,784,462	6,380,998
Housing benefits and allowances	1,408,372	1,231,539	1,160,207	1,231,539
Uniforms & Clothing Allowances	1,387,278	1,366,159	1,387,278	1,366,159
Shift Allowance	55,612	43,875	55,612	43,875
Backpay	9,712,583	7,656,793	9,712,583	7,656,793
Termination benefits - Curtailment and Settlements	5,834	61,412	-	-
	5,180,738	4,717,675	5,180,738	4,717,675
	287,786,446	289,538,901	281,451,930	284,125,013

Remuneration of Municipal Manager

Annual Remuneration				
Tools of Trade	484,680	1,277,473	484,680	1,277,473
Statutory Contributions	7,200	21,600	7,200	21,600
Leave Pay-out	7,756	15,024	7,756	15,024
Non-pensionable Cash Gratuity	193,314	-	193,314	-
	6,780	-	6,780	-
	699,730	1,314,097	699,730	1,314,097

The Municipal Manager's contract terminated on 31 October 2022.

The remuneration of the Municipal Manager is included in the employee related costs of the economic entity.

Remuneration of the Chief Financial Officer - UMDM

Annual Remuneration				
Travel Allowance	580,694	633,053	580,694	633,053
Tools of Trade	186,388	222,000	186,388	222,000
Housing Subsidy	18,000	21,600	18,000	21,600
Statutory Contributions	167,946	200,035	167,946	200,035
Non-pensionable Cash Gratuity	10,792	12,356	10,792	12,356
	37,290	-	37,290	-
	1,001,110	1,089,044	1,001,110	1,089,044

The contract of S Ndabandaba terminated on 30 April 2023.

The remuneration of the Chief Financial Officer (UMDM) is included in the employee related costs of the economic entity.

Remuneration of the Chief Financial Officer - UMEDA

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24. Employee related costs (continued)				
Annual Remuneration	190,874	563,707	-	-
Travel Allowance	108,354	304,929	-	-
Tools of Trade	7,600	22,800	-	-
Statutory Contributions	708	265,961	-	-
Backpay	-	13,717	-	-
	307,536	1,171,114	-	-

The contract of NK Sibobi terminated on 31 October 2022.

The remuneration of the Chief Financial Officer (UMEDA) is included in the employee related costs of the economic entity.

**Remuneration of Chief Executive Officer -
UMEDA: B Nqaimbane**

Annual Remuneration	-	876,052	-	-
Statutory Contributions	-	1,544	-	-
Tools of Trade	-	23,000	-	-
Backpay	-	16,635	-	-
	-	917,231	-	-

B Nqaimbane's term of office concluded during the financial year. The remuneration of the Chief Executive Officer (UMEDA) is included in the employee related costs of the economic entity

The contract of B Nqaimbane terminated on 11 April 2022.

Remuneration of SEM: Corporate Services - UMDM

Annual Remuneration	934,126	875,080	934,126	875,080
Travel Allowance	184,734	180,000	184,734	180,000
Acting Allowance	69,780	-	-	-
Tools of Trade	21,600	21,600	21,600	21,600
Statutory Contributions	13,643	12,440	13,643	12,440
Non-pensionable Cash Gratuity	41,015	-	41,015	-
	1,264,898	1,089,120	1,195,118	1,089,120

The remuneration of the Senior Executive Manager: Corporate Services is included in the employee related costs of the economic entity.

**Remuneration of SEM: Economic Development
and Planning - UMDM**

Annual Remuneration	-	439,620	-	439,620
Tools of Trade	-	9,000	-	9,000
Statutory Contributions	-	6,415	-	6,415
Leave Pay-out	-	90,424	-	90,424
	-	545,459	-	545,459

The remuneration of the Senior Executive Manager: Economic Development and Planning (UMDM) is included in the employee related costs of the economic entity.

J Martin as Senior Executive Manager: Economic Development and Planning (UMDM) resigned on 30 November 2021.

**Remuneration of SEM: Community Services -
UMDM**

Annual Remuneration	-	325,693	-	325,693
Travel Allowance	-	26,000	-	26,000

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24. Employee related costs (continued)				
Tools of Trade	-	7,200	-	7,200
Statutory Contributions	-	4,215	-	4,215
Leave Pay-out	-	40,127	-	40,127
	-	403,235	-	403,235

The remuneration of the Senior Executive Manager: Community Services (UMDM) is included in the employee related costs of the economic entity.

T Ndlela as Senior Executive Manager: Community Services (UMDM) resigned on 31 October 2021.

Remuneration of SEM: Community Services - UMDM

Annual Remuneration	260,439	-	260,439	-
Acting Allowance	24,618	-	24,618	-
Tools of Trade	5,400	-	5,400	-
Statutory Contributions	3,085	-	3,085	-
Non-pensionable Cash Gratuity	11,865	-	11,865	-
	305,407	-	305,407	-

Council appointed EX Muthwa as Senior Executive Manager: Community Services as from 01 April 2023.

The remuneration of the Senior Executive Manager: Community Services (UMDM) is included in the employee related costs of the economic entity.

Remuneration of SEM: Economic Development and Planning - UMDM

Annual Remuneration	534,212	-	534,212	-
Travel Allowance	115,819	-	115,819	-
Tools of Trade	12,600	-	12,600	-
Statutory Contributions	7,335	-	7,335	-
Non-pensionable Cash Gratuity	20,340	-	20,340	-
	690,306	-	690,306	-

Council appointed M Sithole as Senior Executive Manager: Economic Development and Planning (UMDM) as from 01 December 2022.

The remuneration of the Senior Executive Manager: Economic Development and Planning (UMDM) is included in the employee related costs of the economic entity.

Remuneration of Chief Executive Officer -

UMEDA: N Newton

Annual Remuneration	1,206,835	256,821	-	-
Statutory Contributions	2,125	84,215	-	-
Tools of Trade	27,600	6,900	-	-
	1,236,560	347,936	-	-

M Newton was appointed by the Board of Directors in May 2022. The remuneration of the Chief Executive Officer (UMEDA) is included in the employee related costs of the economic entity.

Remuneration of the SEM: Technical Services - UMDM

Annual Remuneration	659,710	-	659,710	-
Travel Allowance	164,927	-	164,927	-
Tools of Trade	14,400	-	14,400	-

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	2023	2022	2023	2022
24. Employee related costs (continued)				
Statutory Contributions	9,023	-	9,023	-
Non-pensionable Cash Gratuity	17,893	-	17,893	-
	865,953	-	865,953	-

Council appointed Z Ndlovu as Senior Executive Manager: Technical Services as from 01 October 2023.

The remuneration of the Senior Executive Manager: Technical Services (UMDM) is included in the employee related costs of the economic entity.

25. Remuneration of Councillors and Board Members

Mayor				
Deputy Mayor	1,311,910	1,048,633	1,311,910	1,048,633
Executive Committee Members	938,358	674,287	938,358	674,287
Speaker	5,442,907	3,078,830	5,442,907	3,078,830
Councillors	962,085	848,714	962,085	848,714
Chief Whip	5,775,235	5,285,003	5,775,235	5,285,003
Board Members	968,942	595,380	968,942	595,380
	143,325	142,503	-	-
	15,542,762	11,673,350	15,399,437	11,530,847

In-kind benefits

The Mayor, Deputy Mayor and Speaker of the current Council who assumed office in November 2021 were full-time. Each was provided with an office and secretarial support at the cost of the Council.

The Mayor, Deputy Mayor and Speaker of the current Council who assumed office in November 2021 are full time. The Chief Whip and Executive Committee Members were authorised by the Department of Cooperative Governance and Traditional Affairs to assume full-time status from 01 September 2023. Each was provided with an office and secretarial support at the cost of the Council.

The Deputy Mayor and Speaker have the use of separate Council leased vehicles for official duties.

The Mayor, Deputy Mayor and Speaker each have two full-time bodyguards.

26. Depreciation and amortisation

Property, plant and equipment	51,855,933	50,276,475	51,672,642	50,110,077
Intangible assets	3,012	1,573,491	3,012	1,570,829
	51,858,945	51,849,966	51,675,654	51,680,906

27. Finance costs

Trade and other payables	30,089	210,141	30,089	210,141
Service concession arrangements	18,220,392	19,517,752	18,220,392	19,517,752
	18,250,481	19,727,893	18,250,481	19,727,893

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	2023	2022	2023	2022
28. Lease rentals on operating lease				
Premises				
Contractual amounts	1,687,861	1,420,895	1,476,021	1,065,208
Motor vehicles				
Contractual amounts	16,453,478	14,653,726	16,453,478	14,653,726
Equipment				
Contractual amounts	6,132,661	6,153,719	6,038,601	6,133,094
	24,274,000	22,228,340	23,968,100	21,852,028

29. Reversal of impairments

Reversal of impairments

Trade and other receivables

As provided for by the municipality's debt write off policy, the Chief Financial Officer and Accounting Officer have authorised write offs on various categories of debtors. The CFO and Accounting Officer have delegated authority to write off debt that has a balance of R100 000 and below. The policy provides that all debt write offs shall be reported to the Municipal Council.

- (547,850,108) - (547,850,108)

The debts written off are within the categories of untraceable, prescribed and indigent customer debts. Consequently, the accumulated impairment previously recognised for the affected accounts has been reversed.

30. Debt impairment

Debt impairment

310,016,011 151,088,107 309,751,607 151,088,107

31. Inventory Consumed

VIP Toilets

Water

Materials

Consumables

Community Programmes

20,926,016	34,662,961	20,926,016	34,662,961
165,124,936	146,666,708	165,124,936	146,666,708
3,278,988	2,350,156	3,278,988	2,350,156
529,323	683,146	529,323	683,146
1,960,442	515,341	1,960,442	515,341
191,819,705	184,878,312	191,819,705	184,878,312

Reconciliation of Water for Distribution

Apparent losses: Unauthorised consumption

Water Purchased and Produced

Revenue Water: Authorised - Billed

Non-Revenue Water: Authorised - Unbilled

Subtotal

Water losses

Closing Balance

380,912	765,564	380,912	765,564
233,919,654	228,076,265	233,919,654	228,076,265
(83,601,775)	(90,030,204)	(83,601,775)	(90,030,204)
(81,523,161)	(56,636,504)	(81,523,161)	(56,636,504)
69,175,630	82,175,121	69,175,630	82,175,121
(68,855,078)	(81,794,209)	(68,855,078)	(81,794,209)
320,552	380,912	320,552	380,912

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	2023	2022	2023	2022
32. Contracted services				
Outsourced Services				
ICT Support Services	1,910,361	2,372,315	1,910,361	2,372,315
Business and Advisory	97,516	-	97,516	-
Catering Services	368,494	281,155	368,494	281,155
Hygiene Services	49,016	50,774	49,016	50,774
Security Services	13,590,127	6,096,330	13,590,127	6,096,330
Sewerage Services	70,774,598	79,357,512	70,774,598	79,357,512
Water Tankers	73,339,141	49,775,473	73,339,141	49,775,473
Consultants and Professional Services				
Business and Advisory	14,603,482	10,961,817	14,603,482	10,961,817
Infrastructure and Planning	18,060,319	12,724,935	18,060,319	12,724,935
Laboratory Services	753,134	1,235,926	753,134	1,235,926
Legal Cost	12,608,450	10,882,979	12,608,450	10,882,979
Contractors				
Employee Wellness	95,709	-	95,709	-
Event Promoters	695,324	-	695,324	-
Maintenance of Buildings and Facilities	2,366,730	931,758	2,366,730	931,758
Maintenance of Equipment	91,246	-	91,246	-
Medical Services	566,432	960	566,432	960
Photography	-	23,478	-	23,478
	209,970,079	174,695,412	209,970,079	174,695,412
33. Grants and subsidies paid				
Other subsidies				
UMEDA Transfer	-	-	9,500,000	9,158,074
Arbitration Awards	50,000	-	50,000	-
	50,000	-	9,550,000	9,158,074

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	2023	2022	2023	2022
34. General expenses				
Advertising	188,402	118,082	135,954	118,082
Auditors remuneration	4,202,259	4,685,435	3,780,207	4,040,094
Bank charges	1,720,499	1,361,641	1,709,687	1,350,012
Consulting and professional fees	900,260	792,756	-	-
Fines and penalties	-	384,606	-	384,606
Promotional items	183,904	-	183,904	-
Hire	407,278	660,364	386,804	660,364
Insurance	1,580,178	2,226,623	1,499,717	2,160,433
Conferences and seminars	10,000	-	10,000	-
IT expenses	621,732	69,905	-	-
Fleet	1,212	-	-	-
Levies	8,046	2,807	-	-
Motor vehicle expenses	234,132	204,390	234,132	204,390
Fuel and oil	7,433,715	4,263,126	7,412,515	4,263,126
Placement fees	240,845	177,618	240,845	177,618
Postage and courier	259	668	259	668
Printing	79,505	22,179	45,997	-
Repairs and maintenance	260,826	150	-	-
Security	8,696	3,240	-	-
Software expenses	6,073,671	3,604,015	6,073,671	3,604,015
Subscriptions and membership fees	3,006,057	2,736,015	2,964,692	2,725,622
Telephone and fax	1,903,876	1,842,500	1,801,828	1,807,811
Transport and freight	2,464	22,151	-	-
Training	508,612	137,550	479,417	137,550
Travel - local	1,297,701	1,705,585	1,263,848	1,683,865
Interest on accounts	359	-	-	-
Legal fees	1,552,571	18,454	-	-
Assets expensed	168,459	807,264	168,459	807,264
Electricity - Infrastructure	7,960,568	6,812,972	7,960,568	6,812,972
Utilities - Municipal Services	2,554,124	2,422,865	2,544,479	2,370,164
Uniforms	3,009,058	1,772,957	3,009,058	1,772,957
Entrance fees	200	-	-	-
Bursaries and learnerships	-	21,600	-	21,600
Communications	26,023	46,095	26,023	46,095
Signage	243,890	68,001	243,890	68,001
Archiving	-	37,167	-	24,832
Consumables	26,212	15,285	-	-
Guarantees and warranties	24,745	-	24,745	-
	46,440,338	37,044,066	42,200,699	35,242,141
35. Loss on Disposal of Assets				
	(79,402)	(8,580,309)	(31,235)	(8,580,309)

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	2023	2022	2023	2022

36. 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, ARCH Actuarial Consulting, 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	57,552,000	49,235,000	57,552,000	49,235,000
Benefits paid	(2,624,903)	(3,488,325)	(2,624,903)	(3,488,325)
Net expense recognised in the statement of financial performance	2,692,903	11,805,325	2,692,903	11,805,325
	57,620,000	57,552,000	57,620,000	57,552,000

Net expense recognised in the statement of financial performance

Current service cost	3,588,000	2,890,000	3,588,000	2,890,000
Past service cost	-	2,875,000	-	2,875,000
Interest cost	6,168,000	4,858,000	6,168,000	4,858,000
Actuarial (gains) losses	(7,063,097)	1,182,325	(7,063,097)	1,182,325
	2,692,903	11,805,325	2,692,903	11,805,325

Calculation of actuarial gains and losses

Actuarial (gains) losses – Plan assets	(7,063,097)	1,182,325	(7,063,097)	1,182,325
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Changes in the fair value of plan obligations are as follows:

Opening balance	57,552,000	49,235,000	57,552,000	49,235,000
Actuarial gains (losses)	(7,063,097)	1,182,325	(7,063,097)	1,182,325
Contributions by employer	6,168,000	7,733,000	6,168,000	7,733,000
Contributions by plan participants	3,588,000	2,890,000	3,588,000	2,890,000
Benefits paid	(2,624,903)	(3,488,325)	(2,624,903)	(3,488,325)
	57,620,000	57,552,000	57,620,000	57,552,000

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40. Contingencies (continued)

No provision has been made in the financial statements for all of the above assets.

41. Related parties

Relationships	
Accounting Officer	Refer to accounting officers' report note 24
Controlling entity	uMgungundlovu District Municipality
Municipal entity	uMgungundlovu Economic Development Agency
Councillors	Refer to note 25
Senior Executive Management	Refer to note 24
Director - UMEDA	Dulcie Zinhle Sokhela - Refer to note 25
Director - UMEDA	Mpumelelo Zikalala - Refer to note 25
Director - UMEDA	Sihle Ndlovu - Refer to note 25
Director - UMEDA	Albert Modi - Refer to note 25

42. Events after the reporting date

In July 2023 a claim of R4 519 931 was lodged by Bosch Projects against the municipality for monies owed for works performed.

In July 2023 a judgement was issued in favour of Makhubu Civil CC for settlement by the municipality of the claim for monies owed for works performed. The Infrastructure Work-in-Progress, VAT, Trade and other Payables from Exchange Transactions (Retentions) and Provisions disclosures on annual financial statements has been adjusted to the total value of R4 446 241.

In September 2023, the Council resolved to adopt for implementation the approval granted by the Department of Cooperative Governance and Traditional Affairs the increments in Councillors' Remuneration at 100% in line with the Government Gazette 49142: Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Council effective 1 July 2022. The Councillors' Remuneration and Payables from Exchange Transactions (Employee Related Accruals) disclosures on annual financial statements have been adjusted to the total value of R792 126.

In October 2023, a supplier issued a letter of demand for the payment of incremental charges for services rendered in October, November and December 2022. Following the receipt of a legal opinion, the municipality honoured the incremental charges to the value of R4 588 869. The Contracted Services and Payables from Exchange Transactions (Trade Payables) disclosures on the annual financial statements have been adjusted.

43. Inventories losses / adjustments

NRV adjustments	(935,541)	5,341,057	(935,541)	5,341,057
Water losses	68,855,078	81,794,209	68,855,078	81,794,209
	67,919,537	87,135,266	67,919,537	87,135,266

The total amount of water available for distribution was 28 057 394 kL of which 10 011 196 kL was sold and 9 762 364 kL related to non-revenue water, resulting in water losses of 8 245 366 kL (30%) for 2022/23 compared to 9 935 380 kL (35%) for 2021/22.

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.

As part of the Revenue enhancement Programme, the municipality is identifying illegal connections as well as faulty meters and installing new meters.

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	2023	2022	2023	2022
44. Fruitless and wasteful expenditure				
Opening balance as previously reported	41,314	37,279	535	-
	-	-	-	-
Opening balance as restated	41,314	37,279	535	-
Add: Fruitless and Wasteful Expenditure - current	20,095,550	37,697	20,095,188	34,197
Less: Amount written off - current	(14,662)	(33,662)	(14,662)	(33,662)
Closing balance	20,122,202	41,314	20,081,061	535

Cases Under Investigation

Current year fruitless and wasteful expenditures have been submitted to the Disciplinary Board for further investigations.

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44. Fruitless and wasteful expenditure (continued)

Amounts written off

At a Full Council meeting which took place on 28 June 2022, fruitless and wasteful expenditure at an amount of R 33 662 was written off by Council in accordance with section 32(2)(b) of the MFMA.

At a Full Council meeting which took place on 30 June 2023, fruitless and wasteful expenditure at an amount of R 14 662 was written off by Council in accordance with section 32(2)(b) of the MFMA.

Interest Expense	319,033	34,197	318,671	34,197
Variation orders	19,776,517	-	19,776,517	-
	20,095,550	34,197	20,095,188	34,197

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	2023	2022	2023	2022
45. Irregular expenditure				
Opening balance as previously reported	7,670,866	41,356,343	547,125	34,416,123
Correction of prior period error	-	(13,426,673)	-	(13,426,673)
Opening balance as restated	7,670,866	27,929,670	547,125	20,989,450
Add: Irregular Expenditure - current	107,821,681	864,424	107,499,025	680,904
Add: Irregular Expenditure - prior period	238,428,075	-	238,428,075	-
Less: Amounts recoverable - prior period	-	(342,860)	-	(342,860)
Less: Amount written off by Council	(345,884,457)	(20,780,368)	(345,884,457)	(20,780,368)
Closing balance	8,036,165	7,670,866	589,768	547,126

45. Irregular expenditure (continued)

Amounts recoverable

Cases Under Investigation

Investigations are still in progress regarding four cases which are all related to non-compliance with procurement process requirements.

On 30 June 2023, following the outcomes of the Council Committee investigations, Council adopted the Council Committee recommendations to write-off an amount of R 345,884,456. The consequence management process was implemented and these amounts were concluded to be amounts not incurred in vain (ie. there was value for money).

These amounts were 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.

45. Irregular expenditure (continued)

Irregular Expenditure Written off by Council

On 28 June 2022, following the outcomes of the Council Committee investigations, Council adopted the Council Committee recommendations to write-off an amount of R 20 780 372. The consequence management process was implemented and these amounts were concluded to be amounts not incurred in vain (ie. there was value for money).

These amounts were 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.

Failure to follow Section 116(3) of MFMA	8,277,764	10,723,014	8,277,764	10,723,014
Failure to follow SCM Processes	3,591,885	10,052,249	3,591,885	10,052,249
Non-Compliance with DORA	-	5,105	-	5,105
Non-compliance with Section 33(1) of MFMA	333,938,148	-	333,938,148	-
Non-Compliance with SCM Regulation 18(A) (7-Day Advert)	76,700	-	76,700	-
	345,884,497	20,780,368	345,884,497	20,780,368

Irregular Expenditure Incurred During the Year

Non-Compliance with Section 33(1) of MFMA	107,415,459	-	107,415,459	-
Non-Compliance with SCM Regulation 18(a)	53,983	-	53,983	-
Failure to follow SCM Processes	352,239	730,645	29,583	547,125
Failure to follow Section 116(3) of the MFMA	-	133,779	-	133,779
	107,821,681	864,424	107,499,025	680,904

Irregular Expenditure Incurred During the Prior Year

Non-Compliance with Section 33(1) of MFMA	226,522,688	-	226,522,688	-
Failure to follow Section 116(3) of the MFMA	8,277,764	-	8,277,764	-
Failure to follow SCM Processes	3,627,622	-	3,627,622	-
	238,428,074	-	238,428,074	-

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
46. Unauthorised expenditure				
Opening balance as previously reported	65,629,790	86,575,122	65,629,790	86,575,122
Correction of prior period error	14,002,216	-	14,002,216	-
Opening balance as restated	79,632,006	86,575,122	79,632,006	86,575,122
Add: Unauthorised Expenditure - current period	256,836,921	79,626,231	256,836,921	79,626,231
Less: Amount written off - prior period	(65,629,520)	(86,575,122)	(65,629,520)	(86,575,122)
Closing balance	270,839,407	79,626,231	270,839,407	79,626,231

An amount of R 256 836 921 unauthorised expenditure was incurred in the current financial year (2022: R79 626 231). The unauthorised expenditure is computed at vote level and disclosed at category level for purposes of providing further detail on the constituents of the amount.

On 30 June 2023, following the outcomes of the Council Committee investigations, Council adopted the Council Committee recommendations to write-off an amount of R 65 629 520. The investigation outcome cited no instances of financial misconduct was noted and these amounts were written off in line with section 32(2)(a)(ii) of the MFMA.

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	172,369,165	(257,669)	172,369,165	(257,669)
Cash	73,083,065	79,883,900	73,083,065	79,883,900
	245,452,230	79,626,231	245,452,230	79,626,231

Analysed as follows: non-cash

Depreciation and amortisation	(1,874,924)	7,090,535	(1,874,924)	7,090,535
Debt impairment	167,366,916	26,088,107	167,366,916	26,088,107
Reversal of Impairment	-	(147,850,108)	-	(147,850,108)
Bad debts written off	-	104,651,163	-	104,651,163
Loss on disposal of assets	31,235	8,580,309	31,235	8,580,309
Actuarial gains	(7,063,097)	1,182,325	(7,063,097)	1,182,325
Asset impairment	13,909,036	-	13,909,036	-
	172,369,166	(257,669)	172,369,166	(257,669)

Analysed as follows: cash

Inventory consumed	(59,465,258)	(75,057,090)	(59,465,258)	(75,057,090)
Inventory losses / adjustments	67,919,538	87,135,266	67,919,538	87,135,266
Contracted services	52,324,443	54,062,589	52,324,443	54,062,589
Finance costs	(520,793)	(391,678)	(520,793)	(391,678)
Employee related costs	10,381,012	16,011,456	10,381,012	16,011,456
Lease rentals on operating lease	4,057,188	(171,642)	4,057,188	(171,642)
Remuneration of Councillors	703,433	(2,936,495)	703,433	(2,936,495)
Operational costs	(2,384,498)	1,231,494	(2,384,498)	1,231,494
Transfers and subsidies	50,000	-	50,000	-
	73,065,065	79,883,900	73,065,065	79,883,900

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2,964,692	2,645,662	2,964,692	2,645,662
Amount paid - current year	(2,964,692)	(2,645,662)	(2,964,692)	(2,645,662)
	-	-	-	-

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	2023	2022	2023	2022
47. Additional disclosure in terms of Municipal Finance Management Act (continued)				
Audit fees				
Opening balance	-	18,587	-	18,587
Current year subscription / fee	4,202,259	4,685,435	3,780,207	4,040,094
Amount paid - current year	(4,198,717)	(4,704,022)	(3,776,665)	(4,058,681)
	3,542	-	3,542	-
PAYE and UIF				
Current year subscription / fee	45,094,954	44,659,351	45,094,954	44,659,351
Amount paid - current year	(45,094,954)	(44,659,351)	(45,094,954)	(44,659,351)
	-	-	-	-
Pension and Medical Aid Deductions				
Current year subscription / fee	48,255,593	45,444,361	48,255,593	45,444,361
Amount paid - current year	(48,255,593)	(45,444,361)	(48,255,593)	(45,444,361)
	-	-	-	-

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2023:

June 30, 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ragavaloo A (Mr)	2,679	28,641	31,320
Dlamini MP (Mr)	3,386	23,227	26,613
Holmes J (Ms)	3,539	858	4,397
Nkuna SD (Mr)	3,841	26,718	30,559
Mabhida N (Ms)	1,858	18,628	20,486
Rangavaloo A (Mr)	1,767	19,831	21,598
Zondi DP (Mr)	14,292	160,387	174,679
	31,362	278,290	309,652
June 30, 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Ragavaloo A (Mr)	3,624	23,926	27,550
Dladla ME (Mr)	1,251	1,856	3,107
Dlamini MP (Mr)	1,133	18,605	19,738
Holmes J (Ms)	925	166	1,091
Nkuna SD (Mr)	1,437	20,762	22,199
Mabhida N (Ms)	1,167	12,852	14,019
Rangavaloo A (Mr)	1,885	21,583	23,468
Zondi DP (Mr)	5,955	147,552	153,507
	17,377	247,302	264,679

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	2023	2022	2023	2022

48. 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 R 557 299 (2022: R 8 421 413) in the current financial year.

A total of R nil (2022: Rnil) deviations related to cases where there was an emergency.

A total of Rnil (2022: R nil) deviations related to cases where the goods/services were produced or available from a single provider only.

A total of R 557 299 (2022: R8 421 413) deviations related to exceptional cases where it was impractical or impossible to follow the official procurement process.

49. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	163,219,832	175,530,249	163,219,832	175,530,249
Used to finance property, plant and equipment	(155,915,844)	(183,385,111)	(155,915,844)	(183,385,111)
	7,303,988	(7,854,862)	7,303,988	(7,854,862)

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.

50. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges				
Premises				
• Contractual amounts	1,687,861	1,420,895	1,476,021	1,065,208
Motor vehicles				
• Contractual amounts	16,453,478	14,653,726	16,453,478	14,653,726
Equipment				
• Contractual amounts	6,132,661	6,153,719	6,038,601	6,133,094
	24,274,000	22,228,340	23,968,100	21,852,028
Loss on disposal of assets and liabilities	(79,402)	(8,580,309)	(31,235)	(8,580,309)
Reversal of impairment on trade and other receivables	-	547,850,108	-	547,850,108
Gain on sale of non-current assets held for sale and net assets of disposal groups	13,909,036	-	13,909,036	-
Amortisation on intangible assets	3,012	1,573,491	3,012	1,570,829
Depreciation on property, plant and equipment	51,855,933	50,276,475	51,672,642	50,110,077
Employee costs	303,329,208	301,212,251	296,851,367	295,655,860

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51. Revaluation reserve

Opening balance	52,895,700	56,470,999	52,895,700	56,470,999
Realisation of reserve	(1,191,764)	(1,191,764)	(1,191,764)	(1,191,764)
Correction of prior period error	-	(2,383,535)	-	(2,383,535)
	51,703,936	52,895,700	51,703,936	52,895,700

52. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2023

	Housing development fund	Total
Opening balance	8,127	8,127

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2022

	Housing development fund	Total
Opening balance	8,127	8,127

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity 2022

	Housing development fund	Total
Opening balance	8,127	8,127

Ring-fenced internal funds and reserves within accumulated surplus - Controlling entity - 2021

	Housing development fund	Total
Opening balance	8,127	8,127

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53. 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

Controlling entity

	As previously reported	Correction of error	Restated
Property, Plant and Equipment	2,344,043,852	73,967	2,344,117,819
Provisions: Current	(69,631,687)	(28,632,519)	(98,264,206)
Provisions (Non-current)	(52,480,708)	(2,261,292)	(54,742,000)
Gross Debtors	728,394,404	(87,267,258)	641,127,146
Accumulated Surplus	(2,018,291,543)	19,063,178	(1,999,228,365)
VAT Payable	(34,285,332)	23,071,380	(11,213,952)
Payables from Exchange Transactions	(124,510,192)	(6,770,290)	(131,280,482)
Revaluation Reserve	(56,470,999)	3,575,298	(52,895,700)
Debt Impairment	(639,412,073)	85,289,752	(554,122,322)
Receivables from Exchange Transactions	21,294,928	(6,142,216)	15,152,712

Economic entity

	As previously reported	Correction of error	Restated
Property, Plant and Equipment	2,345,020,282	1,255,563	2,346,275,845
Provisions: Current	(69,631,687)	(28,632,519)	(98,264,206)
Provisions (Non-current)	(52,480,708)	(2,261,292)	(54,742,000)
Gross Debtors	728,394,404	(87,267,258)	641,127,146
Accumulated Surplus	(2,020,039,393)	17,884,185	(2,002,155,208)
VAT Payable	(33,559,788)	23,071,380	(10,488,408)
Payables from Exchange Transactions	(121,051,547)	(6,770,290)	(127,821,837)
Revaluation Reserve	(56,470,999)	3,575,298	(52,895,700)
Debt Impairment	(639,412,073)	85,289,752	(554,122,322)
Receivables from Exchange Transactions	21,544,332	(5,847,118)	15,697,214
Intangible Assets	334,313	(297,760)	36,553

Statement of financial performance

Controlling entity

	Note	As previously reported	Correction of error	Re-classification	Restated
Depreciation		(51,754,873)	73,967	-	(51,680,906)
Employee Related Costs		(281,430,418)	(2,694,595)	-	(284,125,013)
Actuarial Losses		(1,883,920)	701,595	-	(1,182,325)
Other Revenue from Non-exchange Transactions		342,860	(342,860)	-	-
Finance Costs		(20,270,753)	342,860	-	(19,927,893)
Operating Grants		623,098,886	-	2,585,971	625,684,857
Capital Grants		278,478,968	-	(2,585,971)	275,892,997
Service Charges		315,729,067	(5,629,935)	-	310,099,132
Interest on Outstanding Debtors		33,375,838	5,369	-	33,381,207
Inventory Consumed		(184,862,063)	(16,249)	-	(184,878,312)
General Expenses		(35,369,180)	127,039	-	(35,242,141)
Bad debts written off		(436,415,404)	(68,255,968)	-	(504,671,372)
Debt Impairment		(160,857,851)	9,769,744	-	(151,088,107)
Reversal of Impairments		472,330,101	75,520,007	-	547,850,108
Contracted Services		(162,056,967)	(12,638,445)	-	(174,695,412)
Inventory Losses / Adjustments		(81,794,209)	(5,341,057)	-	(87,135,266)

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	2023	2022	2023	2022

53. Prior-year adjustments (continued)

Economic entity

	Note	As previously reported	Correction of error	Re-classification	Restated
Depreciation		(52,336,805)	486,839	-	(51,849,966)
Employee Related Costs		(286,844,306)	(2,694,595)	-	(289,538,901)
Actuarial Losses		(1,883,920)	701,595	-	(1,182,325)
Other Revenue from Non-exchange Transactions		342,860	(342,860)	-	-
Finance Costs		(20,070,753)	342,860	-	(19,727,893)
Operating Grants		623,212,286	-	2,585,971	625,798,257
Capital Grants		278,478,968	-	(2,585,971)	275,892,997
Service Charges		315,729,067	(5,629,935)	-	310,099,132
Interest on Outstanding Debtors		33,375,838	5,369	-	33,381,207
Inventory Consumed		(184,874,398)	(3,914)	-	(184,878,312)
General Expenses		(36,854,928)	(189,138)	-	(37,044,066)
Remuneration of Councillors and Board Members		(11,907,289)	233,939	-	(11,673,350)
Debt Impairment		(160,857,851)	9,769,744	-	(151,088,107)
Bad Debts Written Off		(436,415,404)	(68,255,968)	-	(504,671,372)
Reversal of Impairments		472,330,101	75,520,007	-	547,850,108
Contracted Services		(162,056,857)	(12,638,555)	-	(174,695,412)
Inventory Losses / Adjustments		(81,794,209)	(5,341,057)	-	(87,135,266)
		287,572,400	(8,035,669)	-	279,536,731

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	2023	2022	2023	2022

53. Prior-year adjustments (continued)

Errors

The following prior period errors adjustments occurred:

Property, Plant and Equipment

A prior period error has been presented relating to the depreciation of Computer Equipment.

The corrections affected the property, plant and equipment and the depreciation expense.

Consumer Debtors and Revenue from Exchange Transactions

The prior period correction relates to adjustments made for purposes of customer account query resolutions.

The corrections affected consumer debtors, accumulated surplus, VAT payable, service charges revenue and interest on outstanding debtors.

The bad debts writtent off have been corrected to reflect the amounts resolved for write-off by Council in July 2022 as these would constite an adjusting event as at 30 June 2022.

Provisions

The prior period corrections relate to the erroneous omission of the Past Service Cost in the movements of the Provision for Long Service Awards as per Actuarial Valuation Report. Adjustments were made between the current and non-current portion of the provisions.

Furthermore, a number of invoices relating to the sewerage services were erroneously not included in the provision raised.

The corrections affected the current and non-current provisions, employee related costs, finance costs, contracted services, actuarial losses and accumulated surplus.

UIFW Recoveries

The prior period correction relates to the Fruitless and Wasteful Expenditure resolved as recoverable where the amount was erroneously raised as income and has now been set off agianst the related expenditure.

The corrections affected the other revenue from non-exchange transactions and finance costs.

Payables from Exchange Transactions, Advance Payments - Trade Payables and Expenditure

The prior period corrections relate to the expenditure whereby invoices relating to the year ending 30 June 2022 were were erroneously not raised in the correct period.

The corrections affected the trade payables, VAT payable, inventory consumed and general expenditure.

Furthermore, debit notes were erroneously not raised relating to the Umngeni Water account where adjustments have been made against the Advance Payments - Trade Payables.

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Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022
53. Prior-year adjustments (continued)				
Unauthorised expenditure				
Opening balance	-	66,629,790	-	65,629,790
Adjustments made	-	14,002,216	-	14,002,216
Restated opening balance	-	80,632,006	-	79,632,006

Adjustment made to opening balance of unauthorised expenditure is due to the corrections relating to the prior year.

Revaluation Reserve

The prior period correction relates to the realisation of the revaluation reserve in line with the depreciation accumulated in the previous financial years.

The corrections affected the revaluation reserve and accumulated surplus.

Reclassifications

The Rural Roads Asset Management Grant was erroneously included in the capital grants disclosure and has been reclassified to operating grants as it does not relate to the procurement and/or construction of assets.

54. 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.

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	2023	2022	2023	2022

54. 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

At June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31,081,691	31,081,691	93,145,073	62,163,382
Trade and other payables	340,492,465	-	-	-
At June 30, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31,081,691	31,081,691	93,145,073	93,245,073
Trade and other payables	257,297,376	-	-	-

Controlling entity

At June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31,081,691	31,081,691	93,145,073	62,163,382
Trade and other payables	340,492,465	-	-	-
At June 30, 2022	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	93,245,073
Trade and other payables	257,297,376	-	-	-

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 counterparty.

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 - 2023	Economic entity - 2022	Economic entity	Controlling entity
Cash and cash equivalents	333,152,099	84,539,693	328,436,471	81,683,080
Trade receivables	63,150,554	118,737,218	61,025,643	118,192,716

Market risk

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	2023	2022	2023	2022

54. Risk management (continued)

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.

55. Going concern

The current ratio for the the current financial year is 0.80:1; the collection rate is 63% and the cash coverage ratio is 1.01. 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 June 30, 2023, the municipality had an accumulated surplus of R 2,320,512,611 and that the municipality's total assets exceed its liabilities by R 2,372,216,547.

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.

56. 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 63.1 Over expenditure due to movements in leave payouts and higher than anticipated allowances.

Note 63.2 The debt impairment was higher than anticipated due to the collection of long outstanding debt remaining low in the current year and the inclusion of government debt in the impairment assessment.

Note 63.3 The contacted services overexpenditure was due to a higher than anticipated demand for water tankers where incremental charges also had to be honoured by the municipality; security costs were elevated by the change in the regulated PSIRA rates; legal fees were hidger due to the number of matters that required legal services.

Note 63.4 Operational leases over expenditure was due to the increased fuel resulting from the increases in the costs per litre. and the transitioning between fleet contracts.

Note 63.5 Asset disposal and impairment was not anticipated at the time of compiling the budget.

Note 63.6 Actuarial gain/loss estimate not available at the time of compiling the budget.

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

57. 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.

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)
Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

Economic entity

	Community Services	Planning and Economic Development	Trading Services	Total
Revenue				
Revenue from non-exchange transactions	101,067,212	19,251,625	337,252,786	457,571,623
Revenue from exchange transactions	320,239	335,159	510,100,995	510,756,393
Total segment revenue	101,387,451	19,586,784	847,353,781	968,328,016
Interest revenue				18,634,800
Other income				653,264
Non-exchange Revenue				561,667,886
Total revenue reconciling items				580,955,950
Economic Entity's revenue				1,549,283,966

Expenditure

Salaries and wages	(93,318,609)	(14,591,735)	(80,899,395)	(188,809,739)
Depreciation and amortisation	-	(183,291)	(48,512,323)	(48,695,614)
Inventories losses / adjustments	-	-	(67,919,537)	(67,919,537)
Loss on disposal of assets	-	(48,167)	-	(48,167)
Debt impairment	-	(264,404)	(288,581,239)	(288,845,643)
Finance costs	-	-	(18,220,392)	(18,220,392)
Asset Impairment	-	-	(13,909,037)	(13,909,037)
Other expenses	(8,068,842)	(5,787,720)	(362,455,471)	(376,312,033)
Total segment expenditure	(101,387,451)	(20,875,317)	(880,497,394)	(1,002,760,162)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

	Community Services	Planning and Economic Development	Trading Services	Total
57. Segment information (continued)				
Salaries and wages				(114,519,470)
Finance costs				(30,089)
Other expenses				(96,242,086)
Loss on disposal of assets				(31,235)
Actuarial (gains) / losses				7 063 097
Debt impairment				(21,170,368)
Depreciation and amortisation				(3,163,330)
Total expenditure reconciling items				(228,093,481)
Economic Entity's expenditure				(1,230,853,643)
Economic Entity's surplus (deficit) for the period				318,430,323
Assets				
Current Assets	-	4,776,820	62,506,434	67,283,254
Non-current Assets	574,568	2,210,148	2,458,020,561	2,460,805,277
Total segment assets	574,568	6,986,968	2,520,526,995	2,528,088,531
Current Assets				333,015,139
Non-current Assets				85,592,902
Total assets as per Statement of financial Position				2,946,696,572
Liabilities				
Current Liabilities	-	6,148,705	93,943,496	100,092,201
Non-current Liabilities	-	-	149,541,874	149,541,874
Total segment liabilities	-	6,148,705	243,485,370	249,634,075
Current Liabilities				269,173,641
Non-current Liabilities				54,034,000
Total liabilities as per Statement of financial Position				572,841,716

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Controlling entity

	Community Services	Planning and Economic Development	Trading service	Total
Revenue				
Revenue from non-exchange transactions	101,067,212	18,856,075	337,252,786	457,176,073
Revenue from exchange transactions	320,239	-	510,100,995	510,421,234
Total segment revenue	101,387,451	18,856,075	847,353,781	967,597,307
Interest revenue	-	-	-	18,634,800
Other income	-	-	-	653,264
Non-exchange revenue	-	-	-	561,667,886
Total revenue reconciling items				580,955,950
Municipality's revenue				1,548,553,257
Expenditure				
Salaries and wages	(93,318,609)	(8,113,894)	(80,899,395)	(182,331,898)
Other expenses	(8,068,842)	(10,742,181)	(362,455,471)	(381,266,494)
Inventories losses / adjustments	-	-	(67,919,537)	(67,919,537)
Depreciation and amortisation	-	-	(48,512,323)	(48,512,323)
Debt impairment	-	-	(288,581,239)	(288,581,239)
Finance costs	-	-	(18,220,392)	(18,220,392)
Asset impairment	-	-	(13,909,037)	(13,909,037)
Total segment expenditure	(101,387,451)	(18,856,075)	(880,497,394)	(1,000,740,920)
Total reconciling items				(228,093,481)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

	Community Services	Planning and Economic Development	Trading service	Total
57. Segment information (continued)				
Salaries and wages				(114,519,470)
Finance costs				(30,089)
Other expenses				(96,242,086)
Loss on disposal of assets				(31,235)
Actuarial (gains) / losses				7,063,097
Debt impairment				(21,170,368)
Depreciation and amortisation				(3,163,330)
Municipality's surplus (deficit) for the period				319,718,855
Assets				
Current Assets	-	-	62,506,434	62,506,434
Non-current Assets	574,568	-	2,458,020,561	2,458,595,129
Total segment assets	574,568	-	2,520,526,995	2,521,101,563
Current Assets				333,015,139
Non-current Assets				85,592,902
Total assets as per Statement of financial Position				2,939,709,604
Liabilities				
Current Liabilities	-	350,564	94,392,977	94,743,541
Non-current Liabilities	-	-	149,541,874	149,541,874
Total segment liabilities	-	350,564	243,934,851	244,285,415
Current Liabilities				269,173,641
Non-current Liabilities				54,034,000
Total liabilities as per Statement of financial Position				567,493,056

uMgungundlovu District Municipality and its Municipal Entity Consolidated

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2023	2022	2023	2022

57. 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

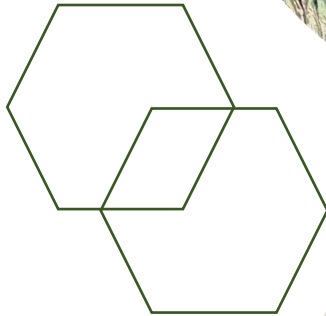
The economic entity applies the same measurement basis on the information disclosed for the reportable segment as that of the municipal financial statements, except for departmental charges which are allocated between the departments based on consumption, expenditure incurred or any other relevant basis 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 regions, the necessary information for disclosure of geographical information is not available and the cost to develop it is anticipated to be excessive.



UMEDA
UMGUNGUNDOVU
ECONOMIC DEVELOPMENT AGENCY



ANNUAL REPORT

2022/23



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ACRONYMS

AFS	Annual Financial Statement
AG	Auditor General
AGSA	Auditor General of South Africa
APR	Annual Performance Report
BP	Business Plan
HR	Human Resources
ICT	Information and Communication Technology
IDP	Integrated Development Plan
SDBIP	Service Delivery & Budget Implementation Plan
KPAs	Key Performance Areas
KPIs	Key Performance Indicators
MFMA	Municipal Finance management Act, 2003 (Act 56 of 2003)
mSCOA	Municipal Standard Chart of Accounts
SCM	Supply Chain Management
UMEDA	uMgungundlovu Economic Development Agency
UMDM	uMgungundlovu District Municipality



PURPOSE

The Municipal Finance Management Act (Act 56 of 2003) (MFMA) and section 46 of the Municipal Structures Act, 1998 (Act 117 of 1998) requires the uMgungundlovu Economic Development Agency (UMEDA), a municipal entity of uMgungundlovu District Municipality, to prepare an annual report for each financial year. This annual report reflects the performance of UMEDA for the period 1 July 2022 to 30 June 2023.



Chapter 1 -

FOREWORD BY THE CHAIRPERSON AND CHIEF EXECUTIVE OFFICER



1.1 FOREWORD BY THE CHAIRPERSON

DR SIHLE NDLOVU

Having turned the economic corner to recovery after the Covid Pandemic and civil unrest disruptions, the economy of uMgungundlovu District is stabilising. Our robust, key economic sectors of Agriculture, Tourism and Logistics are operating at strengthened levels and we are recording a number of investment queries on a monthly basis. As the Chairperson of UMEDA, I am proud to say that the efforts of the Agency have contributed in no small way to this recovery. Investor and business confidence is based not only on the competitive advantages of doing business in an area, but also on the relationships that hold the bonds between Government (the regulatory environment) and the investors themselves.

From the confidence towards the reconstruction of our malls, to the unlocking of Agricultural lands for development, to the expediting of various development approvals, the investment team of UMEDA has delivered enormously and has forged solid and trusted relationships. These deliverables are often hard to measure or quantify, but from a holistic perspective and through numerous engagements, I have come to understand the significance of the platform of trust that they provide.

In recognition of this as well as the institutional stability and compliance, the Agency was the proud recipient of the prestigious PMB and Midlands Chamber Annual award for Best SOE. This was against tough competition and is testament to the passion and commitment that the entire team, led by the dynamic CEO, Mr Micheal Newton, has shown.

Of the various boards on which I sit, that moment of receiving the award with the UMEDA team, was among the proudest I can recall, and is a clear message to our business community that the Agency has risen to a new level of meaningful operations. May the Agency continue from strength to strength, and I have every confidence that over the forthcoming years, the GDP of our District will be measurably increased through the efforts of this small but impactful team.



Dr Sihle Ndlovu
Board Chairperson
uMgungundlovu Economic Development Agency



1.2 FOREWORD BY THE CHIEF EXECUTIVE OFFICER

MR MICHAEL NEWTON

Since joining this dynamic team, I have realised that the whole can be way greater than the sum of the parts. With a limited budget, big hearts and a passion for the upliftment of our communities the UMEDA team has risen beyond what I may have expected.

From a compliance perspective we recently received an unqualified audit (with three very minor findings), from a delivery perspective we established the province's first operational Social Compact Committee, and from a recognition perspective, received the prestigious PMB Chamber, Best SOE award. As the CEO of this small and effective team I am filled with a sense of real achievement and fulfilment.

It is my conviction that the trajectory we are now on, will deliver significantly to the district's attractiveness as an investment destination, it will contribute to the restoration of trust between Government, Civil Society, Organised Labour and our business community and it will continue to support emerging Black entrants to our economy. With more than 15 key projects, totalling in excess of R 12 billion, across six sectors, we are well poised to deliver on our mandate of identifying, facilitating and implementing catalytic projects within the district.

I wish to recognise the ongoing support we receive from our parent shareholder, the uMgungundlovu District Municipality, as well as the strong working relationships we have with the relative Departments of ESKOM, COGTA, EDTEA and Agriculture, Rural Development and Land Reform, without these networks, could not deliver on our mandate. Our ongoing collaborations with the PMB Chamber of Business, KWANALU, AFASA as well as NAFCOOC is also testament to the bridge we have built with our business community at large.

As the CEO, I stand proud of this small engine that is delivering above its power rating, like a lawnmower engine driving a Ferrari, and look forward to the year ahead as we strengthen our relationships, speed up approvals and work within the DDM framework to improve Governments role in driving an economic upsurge.

Mr Michael Newton
Chief Executive Officer
uMgungundlovu Economic Development Agency

1.3 STRATEGIC OVERVIEW OF THE AGENCY

uMgungundlovu Economic Development Agency (UMEDA) was established to promote and implement economic development within the parent municipality's area of jurisdiction based on the parent municipality's IDP 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.

1.3.1 MANDATE

Our mandate is to implement and promote the economic development policies of the uMgungundlovu District Municipality in the areas of economic production, investment, and trade. This includes fast-tracking the implementation of strategic and catalytic local economic development projects within the District Municipality.

1.3.2 VISION

The vision of uMgungundlovu Economic Development Agency is 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.

1.3.3 MISSION

To identify, facilitate and implement strategic projects which transform the district both economically and spatially.

To become a self-sufficient and sustainable entities.

1.3.4 VALUES

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

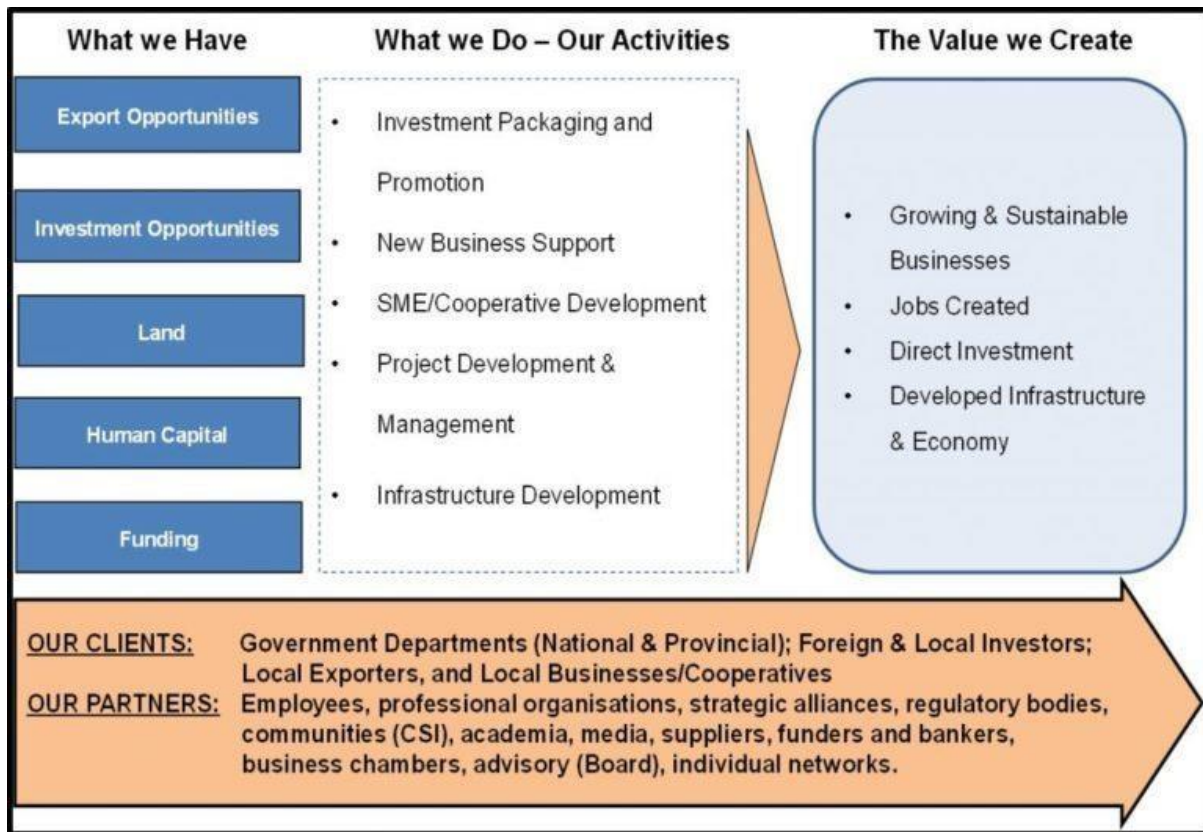
1.3.5 STRATEGIC OBJECTIVES

- 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.

1.3.6 UMEDA SERVICE OFFERING

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

1.3.7 UMEDA BUSINESS MODEL



1.4 OVERVIEW OF UMGUNGUNDLOVU DISTRICT

The uMgungundlovu District Area is bordered by: The iLembe District Municipality to the east; the uMzinyathi District Municipality to the north-east; the eThekweni Metropolitan Municipality to the south-east; the Harry Gwala District Municipality to the south-west; and both the uKhahlamba-Drakensberg World Heritage Site and the uThukela District to the north.

The district consists of seven Local Municipalities, namely: Msunduzi; iMpindle; uMshwathi; Mkhambathini; Mpofana; UMngeni; and the Richmond Local Municipality.

uMgungundlovu District Municipality is a Category C Municipality, with its seat in Pietermaritzburg. Its area of jurisdiction covers seven local municipalities.

The district covers about 9514.594 square kilometres, it has a population of 1,017,763 (one million, 17 thousand, seven hundred and sixty-three) according to Census 2011. The district constitutes about 10% of the Province of KwaZulu-Natal and it is number two in size after eThekweni Metro. uMgungundlovu is surrounded by these municipalities: eThekweni to the southeast (Durban), iLembe to the east (DC29), Harry Gwala to the southwest (DC43), uGu to the south (DC21), uMzinyathi to the north (DC24) and uThukela to the northwest (DC23). Languages spoken - isiZulu, English, Afrikaans, and others.



Chapter 2 -

CORPORATE GOVERNANCE

2.1 CORPORATE GOVERNANCE

2.1.1 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.

2.1.2 UMEDA 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). Following the expiration of the interim Board term on 30 September 2021, UMDM council appointed highly skilled board members to ensure governance continuity. The new Board resumed office shortly after their inauguration meeting that was held on the 06 September 2021. It comprises of highly specialized individuals in their respective fields - from business, finance, law, academic, etc. The board meets at least quarterly to review performance of the Agency.

An induction programme was put in place to ensure that newly appointed directors are familiarised with the operations, business environment, their fiduciary duties and responsibilities and the board's expectations. The board is chaired by a non-executive Chairperson Mr Sihle Ndlovu, Mrs. Zinhle Sokhela is the deputy chairperson, other members are Mr. Mpumelelo Zikalala, and Prof. Albert Modi.

The directors have full unrestricted access to management and all company information.

2.1.3 MEMBERSHIP/ ATTENDANCE AT BOARD AND AUDIT COMMITTEE MEETINGS – 2022/23

Directors	Board	Audit Committee	Total
Board Members	No. of Meetings Held		
Mr Sihle Ndlovu	7	5	12
Mrs Zinhle Sokhela	7	0	7
Prof. Albert Modi	7	0	7
Mr Mpumelelo Zikalala	7	0	7
Audit Committee Members			
Mr S D Gabela (Term of office ended)	0	5	5
Ms S Sushila (Term of office ended)	0	5	5
Ms N Shabalala	0	4	4
Mr S Ngidi	0	5	5
Mr Anil Singh	0	4	4
Ex-Officio			
Michael Newton (CEO)	7	5	12
Gcina Mazibuko (GM)	0	0	0
Mpumelelo Hadebe (ACFO)	5	4	9
Sandile Gabela (GM)	0	0	0
James Martin (HOECR)	0	0	0
Nhlakanipho Mzimela (AGM)	6	5	11

2.1.4 BOARD COMMITTEES

For the reporting period, Board committees were not established due to limitation in compositions of numbers.

2.1.5 COMPANY SECRETARIAL FUNCTION

The function of the company secretary is provided by the Personal Assistant to the Chief Executive Officer in terms of providing the administrative support to the board in matters relating to governance, legislative and regulatory requirements. The directors have unrestricted access to the services.

2.1.6 AUDIT COMMITTEE

The Audit Committee is a shared service with uMgungundlovu District Municipality, the Committee was appointed by uMgungundlovu District Municipality and the Directors are paid direct by the Agency. Its mandate is to oversee the audit of the Agency. This Committee consisted of five non-Executive members (Mr S D Gabela; Ms S Sushila; and Ms N Shabalala; Mr A Singh and Mr S Ngidi), and Internal Audit (Outsourced). The Chairperson of the Committee is Mr S D Gabela. The Chief Executive Officer and Chief Finance Officer have a standing invitation for Audit Committee meetings.

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 to subscribe to the highest audit standards during the financial year 2022/23.

2.1.7 AUDIT AND PERFORMANCE COMMITTEE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The uMgungundlovu Economic Development Agency Audit and Performance Audit Committee has been established by the Board 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 the Board.

The Committee is honoured to present its report for the financial year ended 30 June 2023.

2.1.8 AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consist of a minimum of five 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.

During the year under review, the Audit Committee met five times and the attendance was as follows:

Date	S. Keshav (Term of office ended)	S.D. Gabela (Term of office ended)	A Singh (Active)	N Shabalala (Active)	S Ngidi (Active)
29 August 2022	P	P	A	A	P
26 October 2022	P	P	P	P	P
13 January 2023	P	P	P	P	P
17 April 2023	P	P	P	P	P
21 June 2023	P	P	P	P	P
Total	5/5	5/5	4/5	4/5	5/5

2.1.9 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 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 agency's performance management system and make recommendations.

The Audit Committee performed in line with the requirements of section 166 of the Municipal Finance Management Act, No. 56 of 2003.

2.1.10 THE EFFECTIVENESS OF INTERNAL CONTROL

Section 165 of the MFMA, prescribes that every Municipal Entity must have an Internal Audit Unit that operates under the direction and control of the Audit Committee. This entails that, functionally the Internal Audit Unit is directly accountable to the Audit Committee while accountable administratively to the Accounting Officer.

The operational activities of the Internal Audit Unit are regulated by Section 165 of the MFMA, circular 65 published by the National Treasury, the International Standards for the Professional Practices of Internal Auditors (ISPPIA) and the Internal Audit Charter.

The activities of the Internal Audit Unit are guided by the approved Annual Internal Audit Plan.

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 adequacy of resources within the Finance department and effectiveness of controls within the Human Resource Department.

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

The Committee is satisfied that the internal audit work was conducted 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.

2.1.11 SYSTEM OF INTERNAL CONTROL

Audit Committee has continued to monitor the progress achieved by the Management in implementing remedial action to prevent recurrence of findings identified by the Internal Audit and the Auditor General. The audit committee acknowledges management's efforts to strengthen internal controls within the municipal entity.

We request that management must continue to ensure that controls in place, policies and procedures of the Municipal Entity are embraced and adhered to, to prevent recurrence of Internal Audit and Auditor-General findings.

2.1.12 RISK MANAGEMENT AND GOVERNANCE

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

- Reviewing the significant risk facing the municipal entity 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 Board.
- 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 municipal entity needs to increase its efforts in ensuring that the practice of risk management is embedded in the operational processes of the municipal entity and monitored continuously.

2.1.13 PERFORMANCE MANAGEMENT

The Audit Committee has considered the quarterly reports of the Internal Audit Activity in relation to performance management and the review of the Annual Performance Report and can conclude that the performance management system is in place and fully functional.

We are happy to see the improvement from the issues reported in previous year in relation to insufficient evidence and late submissions of portfolio of evidence.

2.1.14 EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed with concern and discussed the municipal entity's annual financial statements for the year ended 30 June 2023.
- Reviewed the municipal entity's compliance with legal and regulatory provisions.
- Reviewed the Audit Action Plan

2.1.15 APPRECIATION

The Committee wishes to express its sincere appreciation to the Chairperson, Board, Chief Executive Officer, management, and officials of the municipal entity for their support and cooperation during the year under review. The Committee also acknowledges the support and assistance of the Office of the Auditor-General.



Mr Simiso Ngidi
Chairperson: Audit & Performance Committee
uMgungundlovu Economic Development Agency



Chapter 3 -

ORGANISATIONAL DEVELOPMENT PERFORMANCE

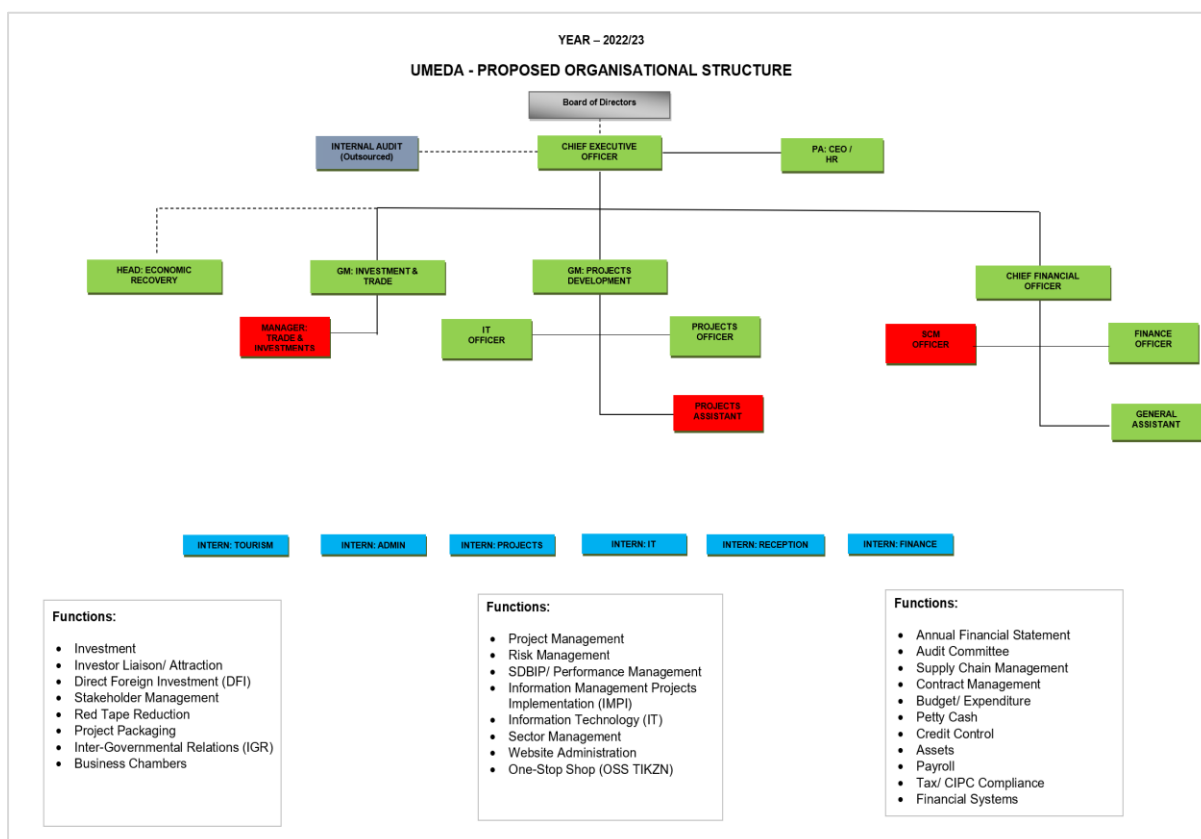
3.1.1 HUMAN RESOURCES

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 four (4) personnel (secondment, contracts and permanent) to enhance organisation’s capacity.

The organogram for the Agency was approved by the Board to align with the implementation of the Business Plan and SDBIP for 2022/23. The organogram for 2022/23 is attached below.

3.1.2 2022/23 UMEDA ORGANIZATIONAL STRUCTURE



3.1.3 RECRUITMENT

The following appointments were made during 2022/23 financial year, as approved by the board.

Employee	Position	Gender	Contract / Permanent / Secondment	Date
Mr. Mpumelelo Hadebe	ACFO	Male	Secondment	07/09/2022
Luyanda Mthethwa	Finance Intern	Male	24 Months Contract	13/02/2023
Sabelo Khumalo	Finance Intern	Male	24 Months Contract	13/02/2023
Ms. Lethiwe Zondi	Supply Chain Officer	Female	Permanent	27/03/2023

3.1.4 RESIGNATION AND TERMINATION

The following resignations or terminations were recorded during 2022/23 financial year:

Employee	Position	Gender	Reason For Resignation /Termination	Date
Ms. Nandipha Sibobi	CFO	Female	Terminated	31/10/2022
Ms. Nompilo Mbanjwa	Finance Intern	Female	Contract Ended	31/01/2023
Ms. Sbusisiwe Msibi	Finance Intern	Female	Resigned	03/02/2023
Mr. Gcina Mazibuko	GM: Projects Development	Male	Terminated	14/04/2023
Mr. Nhlakanipho Nyawose	Project Officer	Male	Resigned	30/04/2023

3.1.5 HUMAN RESOURCE POLICIES

All UMEDA policies and procedures are developed by the Management and approved by the Board. During 2022/23 financial year, no new policies were approved by the Board.

3.1.6 SKILLS DEVELOPMENT AND TRAINING

The following trainings were attended by the Agency staff members during 2022/23 financial year:

Date	Type	Name	Host	Venue	Staff Member
06/09/2022	Training	Risk	KZN Treasury	UMEDA Boardroom	<i>All Staff</i>
05/12/2022	Workshop	Capacity Building	COGTA	COGTA Mayville 7 Buro Crescent	<i>Mr Nhlakanipho Mzimela Ms Nonhlelo Dlamini</i>
16/01/2023	Training	CaseWare	Adapt IT	Virtual (MS Teams)	<i>Mr Nhlakanipho Mzimela Mr Mpumelelo Hadebe Mrs Zasembo Khumalo</i>
06/04/2023	Training	Occupational & Health	First Aid fire and Safety Training	48 Hannah Road, Congela, Durban (STC-SA Durban Campus)	<i>Mr Nhlakanipho Mzimela Mr Hloniphani Khumalo</i>
20-21/04/23	Training	First Aid level One	Global Learning Service	8 Essex Road Howick Kwa-Zulu Natal 3290	<i>Ms Sharne Rothwell Ms Nonhlelo Dlamini</i>

3.1.7 SENIOR MANAGEMENT REMUNERATION

Senior Management	Designation	Total Cost to Company
Mr Michael Newton	<i>Chief Executive Officer</i>	R1,236,560
Mr Gcina Mazibuko	<i>General Manager: Project Development & Investment</i>	R735,633
Mr James Martin	<i>Head: Economic Recovery</i>	R1,136,052
Miss Nandipha Sibobi	<i>Chief Finance Officer</i>	R307,536
Mr Mpumelelo Hadebe	<i>Acting Chief Finance Officer</i>	R202,076
Mr Sandile Gabela	<i>General Manager: Trade & Investment</i>	R719,785
Mr Nhlakanipho Mzimela	<i>Acting GM: Projects Development</i>	R53,159
Total		R4,390,801



Chapter 4 -

INFORMATION AND COMMUNICATION TECHNOLOGY

4.1 OVERVIEW

This section provides an overview of the activities and achievements of the Information and Communication Technology (ICT) unit within the Agency, for the 2022/23 fiscal year. The report highlights key projects, initiatives, and outcomes undertaken by the unit in support of the Agency's overall goals and objectives.

The ICT Unit at UMEDA is responsible for managing and maintaining the agency's IT infrastructure, systems, software, and data security. The department consists of a dedicated team of professionals with expertise in various areas of information technology.

4.2 OBJECTIVES AND INITIATIVES

The department's objectives for the year were aligned with the agency's broader goals and included the following key initiatives:

- a. **Enhance Network Security:** Strengthened network security measures by implementing advanced firewall systems, intrusion detection systems, and conducting regular security audits.
- b. **Upgrade Hardware and Software:** Upgraded aging hardware and software systems to improve performance and reliability, resulting in increased productivity and reduced downtime.
- c. **Maintain Cloud Solutions:** Successfully migrated a portion of the company's infrastructure to cloud-based solutions, resulting in cost savings and improved scalability.
- d. **Improve Help Desk Services:** Enhanced the help desk services by implementing a new ticketing system, reducing response time, and providing timely resolutions to user issues.

4.3 IT GOVERNANCE

IT Governance Framework was adopted by the Board on the 14th of July 2022, and gives due considerations to IT risks, adequate controls in terms of reporting and oversight structures to ensure value and improved service delivery.

As a result, the IT Strategic Plan was developed with an aim on supporting UMEDA business requirements and ensuring that IT investments remain in line with the approved organizational strategy/business plan.

The IT is governed by the following structures:

- **IT Steering Committee (Tactical Level)** The Agency has a functional IT Steering Committee which is integrated with the projects committee. The membership for the committee comprises of 06 members and chairperson. The committee sits on a quarterly basis.
- **Audit and Performance Committee (Strategic Level)** The Audit Committee consist of a minimum of five independent members, with a minimum of five (5) meetings held per annum to give effect to the responsibilities assigned to the Audit Committee in its Charter.
- **Board of Directors (Strategic Level)** The Board of Directors consist of four members, with a minimum of four (4) meetings held per annum to give whose responsibility is to direct, monitor, and evaluate.

4.4 IT PROJECT HIGHLIGHTS

Due to budgetary constraints, the ICT unit could only complete two projects during the financial year under review:

- a. **ICT Infrastructure Relocation:** The Agency relocated its headquarters from (191 Burger Street, Pietermaritzburg, 3201) to (UMEDA House, Royal Showgrounds, Chief Albert Luthuli St, Townhill, 3201) – the ICT Unit was then tasked with a responsibility to migrate the ICT Infrastructure to the new premises, taking into consideration Business Continuity Management (BCM) processes. The migration was successfully completed within one week.

- b. Website Redesign:** In collaboration with the Marketing Unit, the ICT Unit embarked on a project to redesign the Agency's website, improving user experience, search engine optimization, merging previously broken-down domains, and overall brand image.

Operating System (OS)

The Agency currently uses Microsoft Windows as its core Operating System (OS) across the organization. We have recently upgraded UMEDA computers to latest Windows 11, offering more capabilities (i.e., computer/ phone integration)

Datacentre / Storage Facilities

UMEDA Datacentre is located on its main offices (UMEDA House, Royal Showgrounds, Chief Albert Luthuli St, Townhill, 3201). The Agency has multiple storage facilities:

- **Shared Folder** - On the backup server, we have a Shared-Folder that is accessible to all authenticated users, users can only access designated folders as per access control parameters.
- **OneDrive** – UMEDA uses Microsoft OneDrive as a cloud-based platform.

Disaster Recovery (DR) testing is performed on a bi-annual basis to ensure security, integrity, and reliability of data and information.



Chapter 5 -

PROJECTS DEVELOPMENT & INVESTMENT

5.1 OVERVIEW

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

The portfolio of projects that UMEDA is facilitating are mainly greenfield, thus requiring 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. Several leads are currently being 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.

5.1 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.

5.2 INBOUND

During the 2022/23, UMEDA hosted fact-finding mission with delegates:

Date	Country	Organization	Delegation Focus	OUTCOME
10/03/2023	Netherlands (Johannesburg Branch)	Heineken	Investment opportunity/expansion	A consensus was that; Heineken be granted options of sites to choose from for their new business establishment.
21/03/2023	Germany	Germany Delegation	Investment Collaboration between Pietermaritzburg and Stuttgart City	Signed Memorandum of understanding (MOU)

5.3 CONFERENCES/ FORUM/ WORKSHOPS/ SEMINAR

To create awareness of Agency's services and programs and promote the district as a business and investment destination, the Agency participated in the following Conferences/ forums/ workshops/ seminars during 2022/23:

DATE	TYPE	NAME	HOST	VENUE	STAFF MEMBER
17/08/2022	Summit	Stop Hidden Hunger Summit	uMshwathi Local Municipality	Albert Falls Dam/Hall	Mr Newton (CEO)
27/10/2022	Workshop	Investor Workshop	UMEDA	Royal Show Ground Hall	Mrs Z. Sokhela (Board member)
02/11/2022	Launch	One Stop Shop Launch	UMEDA	UMEDA boardroom	Mr J. Martin
14/02/2023	Launch	Social Compact Launch	UMEDA	Pietermaritzburg & Midlands Chamber of Business (PMCB)	Mr J. Martin (GM: Projects)
08/03/2023	Research Forum	University of Notre Dame	UMEDA	UMEDA Boardroom	Mr Gabela (GM: Trade and Investment)
10/05/2023	Summit	Energy Summit	UMEDA/PMCB	PMCB	Mr S. Gabela (GM: Trade and Investment)

01/06/2023	Workshop	Farmers' Information Day	Richmond Local Municipality	Richmond Sport complex	Mr H. Khumalo
22-23 /06/2023	Summit	LED Youth Summit	uMgungundlovu District Municipality	Richmond Sport Complex	Mr S. Gabela
24/06/2023	Seminar	Youth Career Expo	Umkhambathini Local Municipality	Ophekweni Sport Field Hall	Mr S. Gabela

5.4 PROJECTS

NO	PROJECT NAME	DESCRIPTION	FUNDER	PROJECT SITE	PROJECT VALUE	STATUS
1.	Social Compact	The establishment of a "Platform of Accountability" between the Private Sector, Civil Society, Organised Labour, and Government. 8 Subcommittees to report Quarterly	N/A	District-wide	N/A	SLA Signed. 8 Sub-Committee Chairs elected & members chosen. Sub - Committees have begun and have been meeting. Social Compact Committee sit on a quarterly basis.
2.	District Energy Programme	The appointment of IPPs to supply renewable energy to the bulk / industrial consumers, by wheeling through Eskom and Municipal infrastructure.	Private Sector	District-wide	R 400 million	5 IPPs have been signed up, 12 industrial nodes have been identified, the business chamber and members are on board. This model of Development Agency brokering energy is being explored as a pilot for SA.
3.	Howick Falls Upgrade	The upgrading of the Howick Falls Tourism Precinct including area around the Falls	EDTEA	uMngeni	R 5 million	Overall Concept Design Complete Branding complete Detailed building designs to be complete Once uMngeni Council Approves, on 31st October, contract will be tendered.
4.	Mpofana Agri-Park	Establishment of 40ha Agric park (including abattoir)	DARDLR	Mpofana	R 150 million	The site for the abattoir has been identified (in 2017) and the landowner is willing to donate. DARDLR has indicated that a budget for the construction of the abattoir is available. The feasibility for a feedlot is being undertaken by UMEDA A livestock support Programme is also being developed by UMEDA for submission to DARDLR.
5.	Midlands Capture Site Film Studio	Construction of a themed film studio at Nelson Mandela Capture Site	International Funder	UMsunduzi	R 60 million	Site in Ashburton has been identified. Landowner visited UK to meet with investors. Legal teams from both sides now working on formalising the relationship so that the UK firm can launch on London Stock Exchange



Chapter 6 -

SERVICE DELIVERY PERFORMANCE

6.1 PERFORMANCE OVERVIEW

This section of the report is an analysis of the Annual performance data 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 key 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 2022 to 30 June 2023.

6.2 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 2022/23 financial year.

- a) Summary of the overall performance of the Municipal Entity in terms of the Entity's Key Performance Areas (KPA's) 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
Green	KPI Met / or achieved	Actual vs target is 100% achieved.
Yellow	KPI not fully met / or partially achieved	Actual vs target not 100% achieved, but above 50% achieved.
Red	KPI not met / or not achieved	Actual vs target not met/ or below 50% achieved.

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.

KPA REF	STRATEGIC PLAN REF	STRATEGIC OBJECTIVE	PROJECT	KEY PERFORMANCE INDICATOR (KPI)	ANNUAL TARGET	ANNUAL ACTUAL	REASONS FOR VARIANCE	MEASURES TAKEN TO IMPROVE
SOCIO-ECONOMIC SERVICES								
SOCIO-ECONOMIC SERVICES	INV/01	Increase facilitated direct investments	Provide promotion, marketing and facilitation of investment opportunities and development of projects within uMgungundlovu District	Investment opportunities packaged, promoted, and facilitated Investment opportunities facilitated.	5	5	N/A	N/A
	INV/02			Number of 11-A-SIDE Committee meetings held between Private and Public Sector stakeholders Number of Social Compact meetings held between Private sector, public sector, civil society, and organised labour.	4	4	N/A	N/A
	INV/03			Collaboration on economic opportunities and initiatives	4	4	N/A	N/A
	INV/04			Number of offices setup for OSS Satellite within UMEDA	1	1	N/A	N/A
	INV/05			Number of OSS Satellite launched	1	1	N/A	N/A
	INV/06			Appointment of Service Providers (Team of Experts) appointed for Howick Falls upgrade construction	1	0	Due to SCM capacity constraints, the Agency could not form bid committees for the appointment of the service provider.	The Agency will look at avenues of shared SCM services with other local municipalities within the district by end of quarter one.
	INV/07			Number of Industrial Hemp market research/ feasibility studies conducted	1	1	N/A	N/A
	INV/08			Number of potato farmers supported with Frimax market access [Target discontinued]	3	3	N/A	N/A
INSTITUTIONAL TRANSFORMATION & DEVELOPMENT								
INSTITUTIONAL TRANSFORMATION & DEVELOPMENT	CORP/01	To build an efficient and productive administration	Provide leadership, strategic management in accordance with the legislation, regulations, and policies to ensure appropriate support service to all core programmes within the Agency.	Training and development of UMEDA staff members	9	9	N/A	N/A

FINANCIAL VIABILITY & MANAGEMENT								
FINANCIAL VIABILITY & MANAGEMENT	FIN/01	Achieve financial compliance with regulatory requirements	Provide leadership, strategic management in accordance with the legislation, regulations, and policies to ensure appropriate support service to all core programmes within the Agency	Number of section 87 reports to be submitted to the Parent Municipality within the MFMA deadline.	12	12	N/A	N/A
	FIN/02			Number of section 87 reports to be submitted to the Board Number of quarterly section 87 reports submitted to the Board.	31/Jan/23	31/Jan/23	N/A	N/A
	FIN/03			Submission of mid-term report to the Board within the MFMA deadline	31/Jan/23	31/Jan/23	N/A	N/A
	FIN/04			Submission of mid-term report to the Board within the MFMA deadline	31/Jan/23	31/Jan/23	N/A	N/A
	FIN/05			Submission of draft budget to the Board within the MFMA deadline	31/Jan/23	31/Jan/23	N/A	N/A
	FIN/06			Submission of draft budget to the parent municipality	31/08/23	31/08/23	N/A	N/A
	FIN/07			Submission of Annual Financial Statements (AFS) to AG within the MFMA deadline	31/08/22	31/08/22	N/A	N/A
	FIN/08			Submission of Annual Financial Statements (AFS) to the Parent Municipality	31/08/22	31/08/22	N/A	N/A
	GOOD GOVERNANCE							
GOOD GOVERNANCE	CEO/01	Ensure compliance to all applicable regulatory requirements	Provide leadership, strategic management in accordance with the legislation, regulations, and policies to ensure appropriate support service to all core programmes within the Agency.	Number of risks identified and mitigated	19	17	N/A	N/A
	CEO/02			Submission of quarterly PMS reports	4	4	N/A	N/A



ANNEXURE A -

AUDITOR GENERAL REPORT

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on 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 2023, 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 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 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 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 responsibilities of the auditor-general 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.

Other matter

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

Unaudited disclosure notes

7. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed 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 municipal entity for the financial statements

8. 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 and the 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.
9. 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.

Responsibilities of the auditor-general for the audit of the financial statements

10. 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.
11. 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 annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to socio-economic services presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Investment opportunities facilitated
 - Number of social compact meetings held between private sector, public sector, civil society and organised labour
 - Collaboration on economic opportunities and initiatives
 - Number of offices setup for OSS satellite within UMEDA
 - Number of OSS satellites launched

- Appointment of service providers (team of experts) for Howick Falls upgrade construction
 - Number of industrial hemp market reaserch/ feasibility studies conducted
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and measures taken to improve performance.
16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Financial statements

24. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, cash flow statement 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.

Other information in the annual report

25. The accounting officer is responsible for the other 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. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. 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

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. The matters reported below are limited to the significant internal control deficiency that resulted in the material finding on compliance with legislation.
31. Management did not implement adequate controls over the review of the annual financial statements to ensure that they were accurate and consistent with the applicable GRAP standards.

Auditor-General
Pietermaritzburg

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 selected material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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 ability of the municipal entity 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

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 87(6)(c), 87(8), 95(d), 99(2)(a), 99(2)(b), 99(2)(c), 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 88(1)(a), 102(1), 102(2)(a), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulation 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulation 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 19(b), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a) and (b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Section 93B(a), 93C(a)(iv)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Preferential Procurement Policy Framework Act 5 of 2000	Section 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulation 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulation 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Act 71 of 2008	Section 46(1)(a), 46(1)(b), 46(1)(c)



ANNEXURE B -

AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2023

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

General Information

Business address

UMEDA House
Royal Show Grounds
Chief Albert Luthuli Street
Pietermaritzburg
3201

Postal address

PO Box 3174
Pietermaritzburg
3201

Controlling entity

uMgungundlovu District Municipality

Bankers

First National Bank

Auditors

Auditor General South Africa (AGSA)
Registered Auditors

Preparer

The annual financial statements were internally compiled by:
Mpumelelo Hadebe
Chief Finance Officer

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

Index

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

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Statement of Financial Position	4
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Abbreviations used:

SA GAAP	South African Statements of General Accepted Practices
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
RASET	Radical Agrarian Socio-Economic Transformation

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

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 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 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 June 30, 2024 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 page 4, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:



Mr Michael Newton
CEO

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Position as at June 30, 2023

		2023	2022
	Note(s)	R	Restated* R
Assets			
Current Assets			
Receivables from exchange transactions	7	-	249,404
Receivables from non-exchange transactions	8	449,481	3,979,037
VAT receivables	9	1,347,724	725,544
Prepayments	6	284,726	295,098
Cash and cash equivalents	10	4,492,094	2,856,671
		6,574,025	8,105,754
Non-Current Assets			
Property, plant and equipment	3	2,210,148	2,158,026
Total Assets		8,784,173	10,263,780
Liabilities			
Current Liabilities			
Payables from exchange transactions	5	214,116	342,107
Provisions	12	180,755	178,285
		394,871	520,392
Non-Current Liabilities			
Unspent conditional grants and receipts	11	6,750,996	6,816,546
Total Liabilities		7,145,867	7,336,938
Net Assets		1,638,306	2,926,842
Accumulated surplus		1,638,306	2,926,842
Total Net Assets		1,638,306	2,926,842

* See Note 27

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

Statement of Financial Performance

		2023	2022
	Note(s)	R	Restated* R
Revenue			
Revenue from exchange transactions			
Other Income		-	11,481
Interest received	16	335,159	183,732
Total revenue from exchange transactions		335,159	195,213
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	17	9,895,550	9,271,474
Total revenue	13	10,230,709	9,466,687
Expenditure			
Employee related costs	18	(6,334,516)	(5,413,888)
Remuneration of Non - Executive Directors	19	(143,325)	(142,503)
Depreciation and amortisation	20	(183,291)	(169,060)
Lease rentals on operating lease	14	(305,900)	(376,312)
Debt Impairment	21	(264,404)	-
Loss on disposal of assets and liabilities		(48,167)	-
General Expenses	22	(4,239,639)	(1,801,925)
Total expenditure		(11,519,242)	(7,903,688)
(Deficit) surplus for the year		(1,288,533)	1,562,999

* See Note 27

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
Opening balance as previously reported	527,782	527,782
Adjustments		
Prior year adjustments	153,070	153,070
Balance at July 1, 2021 as restated*	680,852	680,852
Changes in net assets		
Surplus for the year	1,562,999	1,562,999
Total changes	1,562,999	1,562,999
Adjustments		
Correction of errors 27	682,991	682,991
Restated* Balance at July 1, 2022	2,926,841	2,926,841
Changes in net assets		
Surplus for the year	(1,288,533)	(1,288,533)
Total changes	(1,288,533)	(1,288,533)
Balance at June 30, 2023	1,638,308	1,638,308
Note(s)		

* See Note 27

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

Cash Flow Statement

	2023	2022
Note(s)	R	Restated* R
Cash flows from operating activities		
Receipts		
Grants	12,011,880	5,292,437
Interest income	335,159	183,770
Other receipts	-	11,481
	<u>12,347,039</u>	<u>5,487,688</u>
Payments		
Employee costs	(6,475,371)	(5,790,330)
Suppliers	(4,574,846)	(3,413,793)
Taxes on surpluses	645,528	725,544
Taxes on surpluses	(23,348)	-
	<u>(10,428,037)</u>	<u>(8,478,579)</u>
Net cash flows from operating activities	23	(2,990,891)
Cash flows from investing activities		
Purchase of property, plant and equipment	3	(21,900)
	<u>(283,579)</u>	<u>(21,900)</u>
Net cash flows from investing activities		(21,900)
Net increase/(decrease) in cash and cash equivalents		
	1,635,423	(3,012,791)
Cash and cash equivalents at the beginning of the year	2,856,671	5,857,031
Effect of exchange rate movement on cash balances	-	12,431
Cash and cash equivalents at the end of the year	10	2,856,671

The accounting policies on pages 9 to 20 and the notes on page 21 form an integral part of the annual financial statements.

* See Note 27

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2023

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	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - investment	70,000	240,000	310,000	335,159	25,159	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	7,500,000	2,330,000	9,830,000	9,895,550	65,550	
Total revenue	7,570,000	2,570,000	10,140,000	10,230,709	90,709	
Expenditure						
Personnel	(4,954,093)	(1,216,371)	(6,170,464)	(6,334,516)	(164,052)	
Remuneration of Non Executive Directors	(290,000)	20,000	(270,000)	(143,325)	126,675	
Depreciation and amortisation	(150,000)	-	(150,000)	(183,291)	(33,291)	a
Lease rentals on operating lease	(320,000)	120,000	(200,000)	(305,900)	(105,900)	
Debt Impairment	-	-	-	(264,404)	(264,404)	
General Expenses	(1,875,907)	(1,473,629)	(3,349,536)	(4,239,639)	(890,103)	b
Total expenditure	(7,590,000)	(2,550,000)	(10,140,000)	(11,471,075)	(1,331,075)	
Operating deficit	(20,000)	20,000	-	(1,240,366)	(1,240,366)	
Loss on disposal of assets and liabilities	-	-	-	(48,167)	(48,167)	
Deficit before taxation	(20,000)	20,000	-	(1,288,533)	(1,288,533)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(20,000)	20,000	-	(1,288,533)	(1,288,533)	
Reconciliation						

a - Review of the useful lives and correct armotisation of intangible assets

b - the letigation caused the legal fees to increase

uMgungundlovu Economic Development Agency

(Registration number 2017/247144/30)

Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

	Note(s)	2023 R	2022 R
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1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

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.

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 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.

1.4 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.

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 12 - Provisions.

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2023

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

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 2022 to 30 June 2023.

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 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.

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.

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2023

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	5 - 15 years
IT equipment	Straight-line	5 - 15 years
Other equipment	Straight-line	5 - 15 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.

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 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.

uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2023

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.

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Annual Financial Statements for the year ended June 30, 2023

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 unutilised 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.

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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.

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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

Current tax assets and liabilities

The entity's income is exempt from taxation in terms of Section 10(1)(cA) of the income tax Act.

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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.

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 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 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 the employee benefits relating to employee service in current and prior periods"

The conclusion that was obtained from the actuarial valuations are that for Defined Contribution Plans the entity's legal or constructive 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. The Professional opinion obtained from the Actuarial Valuations is that no Actuarial valuation of the liability is required for GRAP 25 disclosure purposes.

1.11 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 deficit.

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Accounting Policies

1.11 Provisions and contingencies (continued)

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 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.

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 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.

1.12 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.

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Accounting Policies

1.12 Commitments (continued)

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.

1.13 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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality 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 municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.14 Revenue from non-exchange transactions

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.

1.15 Expenses

Expenses are recognised when they are incurred and not necessary when they are paid..

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Accounting Policies

1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statements 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.

1.17 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.

1.18 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 municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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1.18 Related parties (continued)

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 municipality.

The municipality 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 municipality 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 municipality is exempt from the disclosures in accordance with the above, the municipality 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.

1.19 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 adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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.

1.20 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.

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Notes to the Annual Financial Statements

2023	2022
R	R

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

:

GRAP 1 (amended): Presentation of Financial Statements 01 April 2023

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2023 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Revised GRAP 25 on Employee Benefits	To be determined	Unlikely there will be a material impact
GRAP 1 on Presentation of Financial Statements	To be determined	Unlikely there will be a material impact
Improvements to the Standards of GRAP, 2020.	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

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Figures in Rand

3. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	686,872	(139,067)	547,805	485,068	(97,972)	387,096
Motor vehicles	950,891	(207,062)	743,829	950,891	(143,669)	807,222
IT equipment	647,105	(147,884)	499,221	584,406	(108,981)	475,425
Other equipment	560,771	(141,478)	419,293	602,393	(114,110)	488,283
Total	2,845,639	(635,491)	2,210,148	2,622,758	(464,732)	2,158,026

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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	387,096	201,803	-	(41,094)	547,805
Motor vehicles	807,222	-	-	(63,393)	743,829
IT equipment	475,425	72,999	(7,490)	(41,713)	499,221
Other equipment	488,283	8,777	(40,676)	(37,091)	419,293
	2,158,026	283,579	(48,166)	(183,291)	2,210,148

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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	419,455	-	(32,359)	387,096
Motor vehicles	870,615	-	(63,393)	807,222
IT equipment	485,108	21,900	(31,583)	475,425
Other equipment	527,120	-	(38,837)	488,283
	2,302,298	21,900	(166,172)	2,158,026

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Notes to the Annual Financial Statements

Figures in Rand

4. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	995,847	(995,847)	-	995,847	(995,847)	-

Reconciliation of intangible assets - 2023

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	2,662	(2,662)	-

5. Payables from exchange transactions

Trade payables	214,116	342,107
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6. Prepayments

Software licences	284 726	295 098
Total	284 726	295 298

7. Receivables from exchange transactions

Trade debtors	-	249,404
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uMgungundlovu Economic Development Agency

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
7. Receivables from exchange transactions (continued)		
Statutory receivables included in receivables from exchange transactions above are as follows:		
120 - 180+ Days	264,404	249,404
Financial asset receivables included in receivables from exchange transactions above	(264,404)	-
Total receivables from exchange transactions	-	249,404

Trade and other receivables impaired

As of June 30, 2023, trade and other receivables of R264 404 - (2022: R249 404) were impaired and provided for.

The amount of the provision was R264 404 as of June 30, 2023 due uncertainty of collection.

8. Receivables from non-exchange transactions

uMgungundlovu District Municipality	449,481	3,979,037
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At the end of the financial year, uMgungundlovu District Municipality owed the agency an amount of R449 481.

9. VAT receivables

VAT receivable	1,347,724	725,544
VAT is payable on the receipts/payment basis.		

Current assets	1,347,724	725,544
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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	977	1,870
Bank balances	22,654	2,838,678
Short-term deposits	4,452,602	-
Other cash and cash equivalents	15,861	16,123
Total	4,492,094	2,856,671

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2023	June 30, 2022	June 30, 2021
First National BANK - Cheque account - 627 1166 5177	22,654	2,838,878	5,840,252	22,654	2,838,878	5,840,252
First National BANK - Cheque account - 62838452605	15,861	16,065	16,759	15,861	16,065	16,759
First National BANK - Cheque account - 63026183846	4,452,602	-	-	4,452,602	-	-
Total	4,491,117	2,854,943	5,857,011	4,491,117	2,854,943	5,857,011

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	2023 R	2022 R
11. 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 Grant	179,946	179,946
Howick Falls Grant	4,821,050	4,886,600
	6,750,996	6,816,546
Movement during the year		
Balance at the beginning of the year	6,816,546	6,929,946
Income recognition during the year	(65,550)	(113,400)
	6,750,996	6,816,546

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 municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

12. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Leave Provision	178,285	53,358	(50,888)	180,755

Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Leave Provision	100,868	77,417	178,285

The leave pay provision represents managements best estimate of the entity's liability in respect to leave days owing to staff.

13. Revenue

Other income	-	11,481
Interest received - investment	335,159	183,732
Government grants & subsidies	9,895,550	9,271,474
	10,230,709	9,466,687

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	-	11,481
Interest received - investment	335,159	183,732
	335,159	195,213

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Notes to the Annual Financial Statements

	2023 R	2022 R
13. Revenue (continued)		
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	9,895,550	9,271,474
14. Lease rentals on operating lease		
Premises		
Contractual amounts	211,840	355,687
Equipment		
Contractual amounts	94,060	20,625
	305,900	376,312
15. Other revenue		
Other income	-	11,481
16. Investment revenue		
Interest revenue		
Bank	335,159	183,732

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Notes to the Annual Financial Statements

	2023 R	2022 R
17. Government grants & subsidies		
Operating grants		
Transfers from controlling entity	9,500,000	9,158,074
TIKZN Grant	330,000	-
Howick Falls Grant	65,550	113,400
	9,895,550	9,271,474
N3 Corridor Development		
Balance unspent at beginning of year	1,750,000	1,750,000
Conditions still to be met - remain liabilities (see note 11).		
The close out report was sent to the relevant department and awaiting approval to recognise revenue the revenue.		
Rasset Grant		
Balance unspent at beginning of year	179,946	179,946
Conditions still to be met - remain liabilities (see note 11).		
Awaiting confirmation from the COGTA to expense the grant as the was an prior period error when the conditions were met .		
Howick Falls Grant		
Balance unspent at beginning of year	4,886,600	5,000,000
Conditions met - transferred to revenue	(65,550)	(113,400)
	4,821,050	4,886,600
Conditions still to be met - remain liabilities (see note 11).		
TIKZN Grant		
Current-year receipts	330,000	-
Conditions met - transferred to revenue	(330,000)	-
	-	-

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Notes to the Annual Financial Statements

	2023 R	2022 R
18. Employee related costs		
Basic	5,423,770	4,531,233
Bonus	110,069	98,260
UIF	19,707	18,857
Leave pay provision charge	53,440	77,417
Travel, motor car, accommodation, subsistence and other allowances	-	304,929
Acting allowances	248,165	-
Car allowance	108,354	-
Cell Phone Allowance	132,100	126,850
Backpay	5,834	61,412
Pension Fund	233,077	194,930
	6,334,516	5,413,888
Remuneration of CEO - M Newton		
Annual Remuneration	1,206,835	256,821
Contributions to UIF, Medical and Pension Funds	2,125	84,215
Cellphone Allowance	27,600	6,900
	1,236,560	347,936
Remuneration of Chief Financial Officer - NK Sibobi		
Annual Remuneration	190,874	563,707
Car Allowance	108,354	304,929
Contributions to UIF, Medical and Pension Funds	708	265,961
Cellphone Allowance	7,600	22,800
Backpay	-	13,717
	307,536	1,171,114
Terminated on 31 October 2022		
Remuneration of Acting CEO - B Nqaimbane		
Annual Remuneration	-	876,052
Contributions to UIF, Medical and Pension Funds	-	1,544
Cellphone Allowance	-	23,000
Backpay	-	16,635
	-	917,231
Terminated on 11 April 2022		
Remuneration of GM Projects - G Mazibuko		
Annual Remuneration	678,036	815,702
Performance Bonuses	-	238,634
Contributions to UIF, Medical and Pension Funds	1,771	-
Cellphone Allowance	17,977	22,800
Leave Pay	37,849	-
	735,633	1,077,136
Terminated on 15 April 2023		
Remuneration of GM Trade and Investments - S Gabela		

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Notes to the Annual Financial Statements

	2023 R	2022 R
18. Employee related costs (continued)		
Annual Remuneration	650,671	-
Contributions to UIF, Medical and Pension Funds	2,125	-
CellPhone Allowance	20,900	-
Acting Allowance	46,089	-
	719,785	-
Remuneration of Head of Economic Recovery - J Martin		
Annual Remuneration	1,112,327	-
Contributions to UIF, Medical and Pension Funds	2,125	-
Cellphone Allowance	21,600	-
	1,136,052	-
Acting CFO - Mpumelelo Hadebe		
Acting Allowance	202,076	-
19. Remuneration of Non - Executive Directors		
Board fees	143,325	142,503
20. Depreciation and amortisation		
Property, plant and equipment	183,291	166,398
Intangible assets	-	2,662
	183,291	169,060
21. Debt impairment		
Contributions to debt impairment provision	264,404	-

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Notes to the Annual Financial Statements

	2023 R	2022 R
22. General expenses		
Advertising	52,448	-
Auditors remuneration	422,052	645,341
Bank charges	10,812	11,629
Consulting and professional fees	900,260	792,756
Transport Hire	20,474	-
Insurance	80,461	66,190
IT expenses	621,732	69,905
Fleet	1,212	-
Levies	8,046	2,807
Fuel and oil	21,200	-
Printing and stationery	33,508	22,179
Repairs and maintenance	260,826	150
Security (Guarding of municipal property)	8,696	3,240
Subscriptions and membership fees	41,365	10,393
Telephone and fax	102,048	34,689
Transport and freight	2,464	22,151
Training	29,195	-
Travel - local	33,853	21,720
Electricity	9,645	52,701
Entrance Fees	200	-
Legal fees	1,552,571	18,454
Interest on accounts	359	-
Stock adjustment	-	12,335
Consumables	26,212	15,285
	4,239,639	1,801,925
23. Cash generated from (used in) operations		
(Deficit) surplus	(1,288,533)	1,562,998
Adjustments for:		
Depreciation and amortisation	183,291	169,060
Debt impairment	264,404	-
Movements in provisions	2,470	77,417
Changes in working capital:		
Inventories	-	-
Receivables from exchange transactions	(15,000)	-
Other receivables from non-exchange transactions	3,577,719	(3,979,037)
Statutory receivables	(622,180)	(394,608)
Prepayments	10,372	(295,098)
Payables from exchange transactions	(127,991)	(18,223)
Unspent conditional grants and receipts	(65,550)	(113,400)
	1,919,002	(2,990,891)

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Notes to the Annual Financial Statements

	2023 R	2022 R
24. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• Accounting and Business support	651,170	570,613
• Operating Leases	123,951	238,670
• Insurance	21,395	18,956
• Security	500	-
• Broadband Provision	16,790	-
	813,806	828,239
Total operational commitments		
Already contracted for but not provided for	813,806	828,239
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	111,325	17,825
Operating lease payments represent rentals payable by the municipality 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.		
25. Contingencies		
There were no contingencies for the year under review.		
26. Related parties		
Relationships		
Controlling entity		uMgungundlovu District Municipality
Directors		Sihle Ndlovu
Directors		Mpumelelo Zikalala
Directors		Dulicie Zinhle Sokhela
Directors		Albert Modi
Related party balances		
Mr S Ndlovu	64,775	52,152
Mrs DZ Sokhela	23,551	21,480
Mr M Zikalala	18,333	23,919
Prof A Modi	36,666	26,358
	143,325	123,909
Amounts included in Trade receivable (Trade Payable) regarding related parties		
uMgungundlovu District Municipality	449,481	3,979,037
Operational Grant		
Operational Grant Revenue	9,500,000	9,193,802

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Notes to the Annual Financial Statements

	2023 R	2022 R
27. Prior period errors		
Property, plant and equipment were depreciated at the tax rates. The useful lives and residual values were not appropriately considered. The assets were incorrectly depreciated by the system and been corrected.		
Software licenses were incorrectly capitalised to intangible assets instead of being recognised as pre-payments.		
Audit committee fees and consultants fees were incorrectly disclosed under remuneration of non-executive directors, this has been corrected.		
The correction of the error(s) results in adjustments as follows:		
	Currently Reported	Previously Reported
Statement of financial position		
Property, plant and equipment	2,158,026	976,430
Prepayments	295,098	-
Intangible assets	-	297,760
Statement of financial performance		
Depreciation expense	169,060	581,932
General Expenses	1,801,925	1,498,082
Remuneration of non executive	142,503	376,442

28. Risk management

Liquidity risk

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.

Credit risk

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.

Credit risk

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Management evaluated credit risk relating to customers on an ongoing basis. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Cash and cash equivalents	4,492,094	2,856,671
Receivables from non-exchange transactions	449,481	3,979,037
Receivables from exchange transactions	-	249,404
Current tax receivable	1,347,724	725,544

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

2023	2022
R	R

29. Going concern

We draw attention to the fact that at June 30, 2023, the municipality had an accumulated deficit of R 1,288,533 and that the municipality's total assets exceeds its liabilities by R 1,638,306

The current assets exceeded the current liabilities by R6,179,154 and the entity realised a Deficit of R 1,288,533 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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality 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 municipality.

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 appointed 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.

30. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	7,446,397	7,123,741
Fruitless and wasteful expenditure	41,141	40,779
Closing balance	7,487,538	7,164,520

31. Fruitless and wasteful expenditure

Opening balance as previously reported	40,779	37,279
Add: Fruitless and wasteful expenditure identified - current	362	3,500
Closing balance	41,141	40,779

32. Irregular expenditure

Opening balance as previously reported	7,123,741	6,940,221
Add: Irregular expenditure - current	322,656	183,520
Closing balance	7,446,397	7,123,741

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Notes to the Annual Financial Statements

2023	2022
R	R

33. 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 Board and includes a note to the annual financial statements.

Supplier	Date of Award	Description of goods	Reason for deviation	Award value
National Security	02 August 2022	Armed response	Only one supplier responded	6 699.00
The Royal Agricultural Showgrounds	01 August 2022	Accommodation	Only two suppliers responded.	213 900.00
Computer Artworks	06 August 2022	Howick Falls logo	Only one supplier Responded	148 925.00
Computer Artworks	08 August 2022	OSS logo signage	Only one supplier Responded	38 925.00
Serenity Financial Services	03 October 2022	Asset Insurance	Only one supplier Responded	85 778.72
Adapt IT	08 November 2022	CaseWare Training	Only one supplier responded	19 865.79
Yaku Trading Enterprise	24 August 2022	Supply and install all plumbing and fittings of toilets	As a condition of the Landlord to install toilets	43 205.50

The above services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the Board accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

34. Segment information

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Figures in Rand

34. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Administration and Governance	Socio - Economic Services	Total
Revenue			
Revenue from non-exchange transactions	9,830,050	65,500	9,895,550
Interest revenue	335,159	-	335,159
Total segment revenue	10,165,209	65,500	10,230,709
Entity's revenue			10,230,709
Expenditure			
Salaries and wages	6,334,516	-	6,334,516
Remuneration of Non-Executive Directors	143,325	-	143,325
Depreciation and Amortisation	183,291	-	183,291
Lease rentals on operating lease	305,900	-	305,900
Loss on Disposal of Assets	48,167	-	48,167
Debt Impairment	264,404	-	264,404
General Expenditure	4,174,139	65,500	4,239,639
Total segment expenditure	11,453,742	65,500	11,519,242
Total segmental surplus/(deficit)	(1,288,533)	-	(1,288,533)
Assets			
Current Assets	6,574,025	-	6,574,025
Non-Current Assets)	2,210,148	-	2,210,148
Total segment assets	8,784,173	-	8,784,173
Total assets as per Statement of financial Position			8,784,173

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Annual Financial Statements for the year ended June 30, 2023

Notes to the Annual Financial Statements

Figures in Rand

	Administration and Governance	Socio - Economic Services	Total
34. Segment information (continued)			
Liabilities			
Current Liabilities	394,871	-	394,871
Non-Current Liabilities	-	6,750,966	6,750,966
Total segment liabilities	394,871	6,750,966	7,145,837
Total liabilities as per Statement of financial Position			7,145,837

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2022

	Administration and Governance	Socio - Economic Services	Total
Revenue			
Revenue from non-exchange transactions	9,158,074	113,400	9,271,474
Interest Revenue	183,732	-	183,732
Other	11,481	-	11,481
Total segment revenue	9,353,287	113,400	9,466,687
Entity's revenue			9,466,687
Expenditure			
Salaries and wages	5,413,888	-	5,413,888
Remuneration of Non - Executive directors	142,503	-	142,503
Depreciation and Amortisation	169,060	-	169,060
Lease rentals on operating lease	376,312	-	376,312
General Expenses	1,801,925	113,400	1,915,325
Total segment expenditure	7,903,688	113,400	8,017,088

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Figures in Rand

34. Segment information (continued)

Total segmental surplus/(deficit)	1,449,599	-	1,449,599
Assets			
Current Assets	8,105,754	-	8,105,754
Non-Current Assets	2,158,026	-	2,158,026
Total segment assets	10,263,780	-	10,263,780
Total assets as per Statement of financial Position			10,263,780
Liabilities			
Current Liabilities	520,392	-	520,392
Non-Current Liabilities	-	6,816,546	6,816,546
Total segment liabilities	520,392	6,816,546	7,336,938
Total liabilities as per Statement of financial Position			7,336,938



UMgungundlovu economic development Agency

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