



ANNUAL REPORT

2023/2024

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 (2023/24) 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 third 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 2023 to the 30 June 2024. 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), we ensured that our IDP is aligned to the Eastern Cape Provincial Growth & Development Plan (PGDP) priorities. This report further gives a detailed progress undertaken in correcting areas of poor performance as indicated in the IDP and the previous Annual Report. The municipality has made significant progress in providing basic services to all six municipalities under the district, this happened with the support of other organs of state at provincial and national government.

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 and sanitation. 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 seen better collaboration with all our customers and residents in ensuring progress in our towns and rural villages. I wish to thank our customers for continuing to pay their municipal service bills against the harsh economic conditions we all face as South Africans. I want to assure you that we are equally doing our best in ensuring proper and valuable usage of every rand at our disposal for social and economic growth of our communities.

The DDM Political and Technical Hubs must be applauded for the significant progress they have made in producing a credible DDM One Plan document. This district operational model embodies an approach by which the three spheres of government and state entities work collaboratively in an impact-oriented way. A high-performance culture anchored on accountability and coherence regarding service delivery is deepening within our district, and through various catalytic projects more economic opportunities have been created.

As we continue to review the district DDM One Plan our developmental trajectories as a district will be defined by the following key features: maximization of social development and economic transformation, the democratization of development, empowerment and eradication of gender-based violence, quality leadership and continuous learning. Furthermore, the willingness of the upper spheres of government to align their budgets with the one plan, and to support and strengthen the capacity of our district to execute its Constitutional mandate.

We continuously improve our public participation mechanisms in order to ensure that all community members across the age divide are able to talk to us. We have improved our social media platforms and municipal website for the benefit of the public, we have improved our response time to encourage and nurture communication. The Mayor has participated in radio and TV slots, such programmes 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 truly appreciate the cooperation received from all our local municipalities, our public participation mechanisms were indeed successful, educating and rewarding. 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. The Mayoral Imbizo meetings are receiving further community development needs and get feedback on the quality of services the municipality provides, this improves our Back2Basics programme.

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 SMME Support programme was a success. All local mayors and Councillors were invited to join the district SMME handover and presented 310 beneficiaries with different equipment on the 17 May 2024 at the Harry Gwala stadium precinct.

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 privileged and honoured to serve you!!!



Ollr M Zuma
District Mayor
uMgungundlovu District Municipality

1.2 COMPONENT B – EXECUTIVE SUMMARY

(a) Municipal demographics overview

uMgungundlovu District Municipality 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 Okhahlamba-Drakensberg World Heritage Site and the Uthukela District to the north.

The District consists of seven Local Municipalities, namely: Msunduzi; Impendle; 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 kilometers, 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), iLembeU 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 other.

(b) Good governance and Intergovernmental relations

The current Municipal full Council is composed of 47 councillors from eight (4) political parties. The Municipal Council at its meeting in May 2023 approved a revised Integrated Development Plan (IDP) for implementation, the approval was done after extensive consultation with internal and external stakeholders. The IDP as the strategic plan for development informs the Municipal Budget and the annual Service Delivery and Budget Implementation Plan (SDBIP). The planning and implementation processes are guided by the assigned Powers & Functions of our municipality, which are listed below:-

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 and Regulations relating to passenger services

This Annual Report for 2023/2024 presents work done during the financial year in implementing the assigned Powers and Functions as listed above. We can confirm to the community and readers of this report that we did all possible within the limits of the resources available to implement our legal mandate. We implemented the priorities of the community under the guidance of the Municipal Council approved IDP. We enjoyed better coordination and support of sector departments and State-owned entities through the

Intergovernmental relations (IGR) and the District Development Model (DDM). We witnessed improvements in our IGR systems through enhanced projects planning, implementation and reporting. We have implemented enhanced public participation mechanisms in order to ensure vibrant community participation especially the youth and women who are the majority victims of poverty and unemployment.

(c) Local Economic Development

Our main economic drivers as prioritised in the LED strategy all require extensive investment for improved development and productivity. We have implemented various interventions in support of Small, Medium and Micro Enterprises (SMME) development and continued to maintain functional LED and forum. The Municipality in collaboration with other key stakeholders supported SMMEs in all sectors through provision of training, funding, marketing, and creating access to markets and information. The uMgungundlovu District SMME Support programme was a success. All local mayors and Councillors were invited to join the district SMME handover and presented 310 beneficiaries with different equipment on the 17 May 2024 at the Harry Gwala stadium precinct.

(d) Institutional Development & Transformation

The municipality conducted an extensive review and thereafter approved necessary institutional policies meant to ensure compliance with laws and regulations as well as to ensure business controls. The main Council structures included the Executive Committee, Portfolio Committees, Municipal Public Accounts Committee, the Audit Committee covering all Key performance areas and administrative departments. Executive Committee Members are chairpersons of portfolio committees. The Municipal Council meets monthly to consider recommendations from the Executive Committee and/or the Portfolio Committees through the Executive Committee report that gets tabled at Council by the Honourable Mayor. The Executive Committee meets on a monthly basis to consider matters tabled to it by the Municipal Manager together with the management team.

The Organisational Structure for 2023/2024 was designed to achieve the strategic objectives of the municipality with a total of 823 positions and 609 positions filled and 214 vacant positions. The administration is clustered into six areas of service delivery or departments. There are five Section 56 Managers reporting to the Municipal Manager.

(e) Financial Viability and Management

The 2023/24 Annual adjusted budgets were funded by both grant and own generated funding. We also report that the main budget together with the Adjustments budgets for the year were assessed by National Treasury as compliant and funded.

The municipality's financial health has shown signs of improvement over the last two years. 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 the second phase increase in tariffs to ensure that billed tariffs are cost reflective based on expenditure incurred to provide 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 47% in 2024 compared to 55% in the 2023 financial year. This directly impacts the interest charged on overdue accounts which increased in 2024.

The debt to revenue ratio was at 21% for the 2024 financial year down from 42% for the 2023 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.

Risk registers were developed for all departments within the municipality detailing the risks identified on all the strategic objectives outlined in the Integrated Development Plan, root causes and the rating of the effectiveness of the existing internal controls for the risks identified was performed.

(f) The top ten (5) risks faced by the municipality were identified:

No.	Risk Type/ Category	Risk Description
1.	Information Technology: Business Continuity and disaster recovery	Inability to timeously resume business operations in the event of a disaster.
2.	Information Technology: ICT Governance	Ineffective governance of ICT
3.	Local Economic Development: Sustainable Economic Growth	Inability to create an enabling environment to develop and grow the local economy
4.	Fraud Management: Fraud Prevention, Detection and Response	Vulnerability to Fraud and Corruption
5.	Basic Service Delivery: Water and Sanitation Services	Inability to meet current water and sanitation services demand across the district areas

This report records all mitigating measures that have been effectively implemented and such has seen a reduction in the number of risks identified in our risk profile. However, the municipality is mindful of the fact that some of the risks identified are inherent to the nature of the functions performed.

(f) Basic Service Delivery

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 2023/2024 several projects were Implemented in communities that are living under without services and some projects as refurbishment and as well completed projects.

The municipality does involve all sector departments' in the IDP Representative Forum in order to integrate our infrastructure plans. This integration of work has led to notable improvement though more work still needs to be done in order to attain total alignment of work programmes/ projects. The introduction of the District Development Model (DDM) as a government wide intergovernmental relations coordination mechanism promises better results in our public service function.

We are determined to serve our community better.



Acting Municipal Manager

DR EX Muthwa

VISION, MISSION AND CORPORATE VALUES



VISION

UMDM is geared towards creating an economically vibrant, socially inclusive, environmentally resilient district with thriving communities and universal infrastructure for all by 2027 and beyond.



MISSION

The 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 vision and mission through:

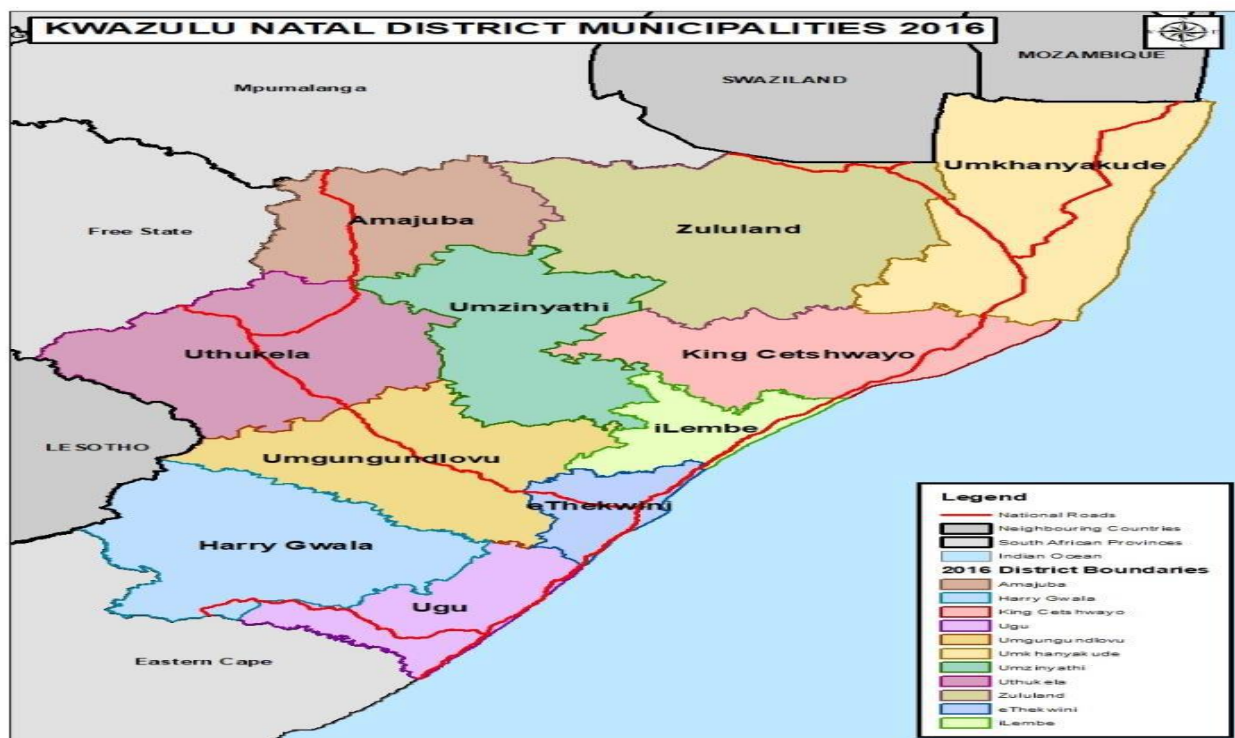
- 1) Providing services according to the Principles of Batho Pele (People First)
- 2) Practicing Ubuntu
- 3) Accepted codes of practices and standards of professionalism
- 4) Teamwork and commitment,
- 5) A high standard of work ethic, and
- 6) Constant engagement with stakeholders.

UMGUNGUNDLOVU DISTRICT MUNICIPAL GOALS (TEN POINT PLAN):

- Metro (step by step roadmap to our common vision)
- Universal access to services (100%access)

- Maintenance plan (reliable provision of services)
- Radical Economic Transformation (setting up of a functional Developmental Agency)
- Community Partnerships (EPWP and Co-operatives)
- Good governance (sustaining the clean audit)
- Sustainable IGR (a structured Mayors Forum)
- Monitoring and Evaluation (through the SDBIP's)
- Special Programmes (for the vulnerable communities)
- Achieving sustainable development and climate change mitigation

1.3 OVERVIEW OF THE DISTRICT MUNICIPALITY



WHO ARE WE?







uMgungundlovu District Municipality 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 Okhahlamba-Drakensberg World Heritage Site and the Uthukela District to the north.

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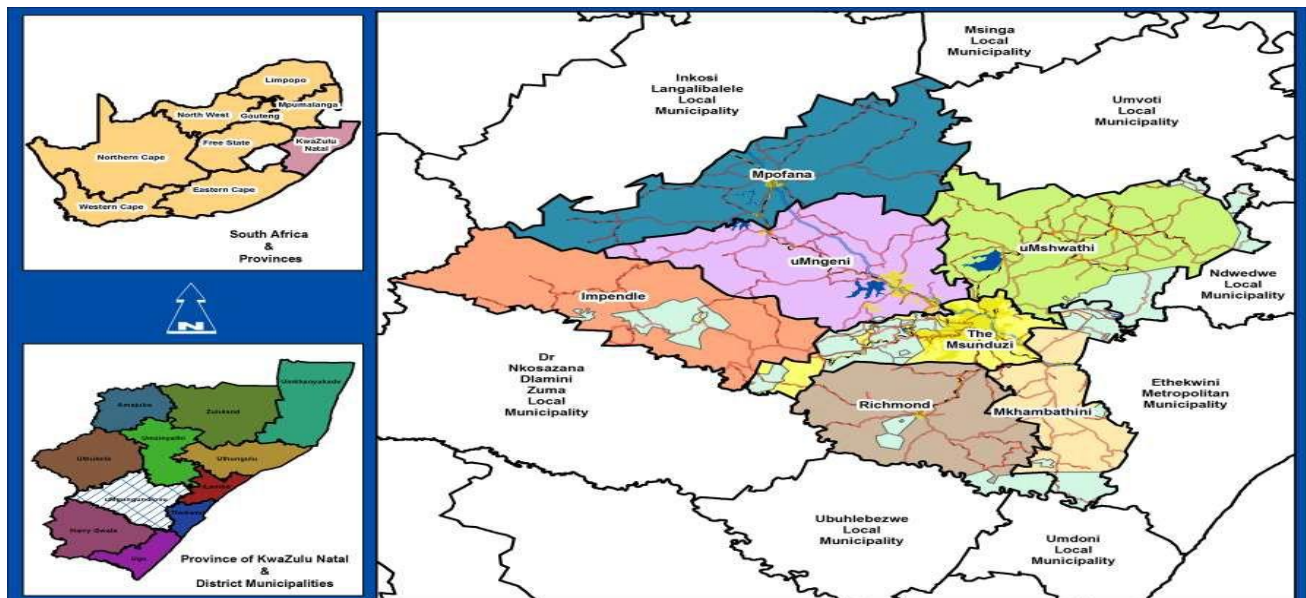
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	<p>KZ221 UMSHWATHI MUNICIPALITY: in square kilometres uMshwathi Municipality is the largest of the six Local Municipalities in the District with major urban centres in New Hanover, Wartburg, Dalton and Cool Air. Substantial rural residential settlements are to be found at Swayimane, Mpolweni, Thokozani and Ozwathini.</p>	
	<p>KZ222 UMNGENI MUNICIPALITY: incorporates 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.</p>	
	<p>KZ223 MPOFANA MUNICIPALITY: 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</p>	
	<p>KZ224 IMPENDLE MUNICIPALITY: In Impendle, the World Heritage Site and the Drakensberg-Ukhahlamba Mountain Park accentuates the immense potential in the area for tourism, community based craft endeavours and micro enterprises. An abundance of water allows for a mixed agricultural economy, while the cold winters indicate opportunities for a deciduous fruit industry</p>	

	<p>KZ225 MSUNDUZI MUNICIPALITY: Situated in Msunduzi, Pietermaritzburg, is not only the District's primary urban centre and seat of the uMgungundlovu District Municipality's administration, but is the thriving, modern capital of KwaZulu-Natal. The city is a dynamic commercial and industrial centre and is also recognized as a seat of academic excellence.</p>	
	<p>KZ226 MKHAMBATHINI MUNICIPALITY: Significantly located on the N3 corridor. The municipality has a potential to grow through a diversified economy and on bridging the rural-urban divide.</p>	
	<p>KZ227 RICHMOND MUNICIPALITY: Has potential with a diversified economy in agriculture, tourism as it's endowed with rich natural resources. opportunities in manufacturing; timber and agro-processing.</p>	

uMgungundlovu District Municipality Locality Map



1.3.1 POPULATION, SOCIO ECONOMIC OVERVIEW

DEMOGRAPHIC CHARACTERISTICS

The Statistical information contained in this report come from Statistics South Africa (StatsSA) based on the recent Census 2011 and 2016 Community Survey results. Some of the economic information is from KZN Treasury based on Global Insight 2010.

Facts	Issues	Strategic response and pointers	Other comments
For general statistics in the District- refer to the following Tables			
<p>Increase per annum in the District population of 0.88% between 2001-2011. Now we are 1,017,763 (one million, 17 thousand, seven hundred and sixty three) in uMgungundlovu District Municipality. The District constitutes about 10% of the Province of KwaZulu-Natal. The District is now number two in size after Ethekwini Metro.</p> <p>From Community Survey 2016:</p> <p>Between 2011 and 2016, the uMDM population grew by 0.020% where in 2011 the total population was</p>	<p>What will this mean for equitable share? What age group is affected by population increase? The statistics shows that there is slight decrease of fertility rate in 2011 census as compared to 2001; this is proved by age structure <15 presentation The municipality must have a plan in place for the age group 0-4 The age structure/category from 15 to 65 has increased from 2001 to 2011. This means most children from 2001 have graduated to economic active group or youth. 2007 community</p>	<p>On Equitable Share: depending on the accepted formula but it expected to improve, looking at the increase population and the ward ratings as per the multiple deprivation index coordinated by the Office of the Premier. A link to Early Childhood Development as this will address goal 2 of MDG and address goal 1. The municipality need to develop strong partnership with Social Development to ensure that children enrolled to address illiteracy and poverty. What does this mean in terms of our planning for this particular group? i.e. skills development, education, employment opportunities and also</p>	<p>Questions have been asked already on what type of questions were asked by enumerators especially on permanent residents of respondents. Planning for programmes should be informed by the following: Unemployment rate, Gender-how many women, widows, OVC, disabled. Must also look at education level and pass rate. Include health issues e.g. HIV/AIDS, maternal mortality, and social ills: teenage pregnancy, substance abuse and environment. municipality must also look at available government services within LM's and their accessibility</p>
<p>1017763 and in 2016 it is now 1111872 Youth: Population by sex: Education: only 24.6% of the youth in 2011 completed Grade 12. since 38% of the total population is young people aged 15-35 years , this is a cause for concern and a need Poverty: Flush/chemical toilets: in 2011 54% of the households (272666) had flush toilets, in 2016 58% (300953) have</p>	<p>survey indicate that the DM is youthful, this is still proven by 2011 census The District is also experiencing population aging; there is an increase and stable life expectancy in most local municipalities except Richmond 5.1 in 2001 and 4.7 in 2011 census. The average life expectancy age in South Africa is 57 years.</p>	<p>incorporation gender issues into our planning What plans are in place for older person as the District seem to have aging population, furthermore what programmes are in place for municipalities like Richmond where the LM seem to have low expectancy. Overall, what programmes are in place to combat diseases like HIV/AIDS, TB which mostly affects population growth and life expectancy.</p>	

flush toilets. The figures show an increase, however it should be noted that the number of households have also increased.			
uMshwathi and Impendle being the rural municipalities experienced a decline -0.19% and -1.34% respectively between 2001-2011.	What caused this decline? and where did the people migrate to? Need to compare with other variables such as mortality rates in these municipalities and inter-municipal migration.	Implementation the Comprehensive Rural development Programme	
uMngeni Municipality experienced the highest population growth in the District, with 2.27% between 2001 and 2011.	What caused this growth at uMngeni Municipality? What does this mean for uMngeni Municipality when compared with	Will it be the new housing projects? uMngeni is strategically located on the N3 movement corridor between Durban and Gauteng.	
Msunduzi Municipality experienced 1.12 growth between the same period than it was expected.	A comparative analysis between mortalities – especially due to HIV/AIDS and other causes will assist to see what caused this growth in a growing urban area.	District to participate in the process of formulating the Citywide Development Plan. In addition, on catalytic projects.	
Economically (further analysis to be done on economic and employing sectors with absorption capacity)			
There are 65% who are economically active and 29.1% unemployment rate as calculated as an average of the Local Municipalities.	Further calculations need to be done to compare the jobs that have been created through the capital works programmes including the EPWP and others.	Planning and implementation of labour intensive programmes and report accordingly. Boost investor confidence.	
Service delivery findings-please see relevant charts			
80.4% of the District's population have their water source as that of "Regional/local water scheme (operated by municipality or other water services provider". The remaining 19.6% have their water source as Borehole, Spring	The District need to concentrate on the 19.6% especially the 5.3% still obtaining water directly from rivers, 1% rain harvesting, 2.5% from springs and 1.4% from water vendors. The Table is also useful as it allows a	Water Services Development Plan (WSDP) review must respond. Also in terms of a comparative review of information to give an accurate picture on the reduction of backlogs.	
Facts	Issues	Strategic response and pointers	Other comments
Rain water tank, Dam/pool/stagnant water, River/stream & Water vendor	comparative analysis between the District Municipalities in KwaZulu-Natal.		
uMngeni is leading in flush toilets: 54.8%, followed by Mpofana: 51.6% and these are supported by the District. Msunduzi is at 51.6%. on flush toilets. Rural municipalities have lowest flush toilets but highest percentage of VIPs.	A need for a further comparative analysis using existing documents that have quantification of backlog reduction.	Reviewed WSDP to respond.	

Refuse removal	A need to implement the plans	Environmental Health and Technical Department to respond.	
86.1% of uMgungundlovu District uses electricity and 14% use other means as explained on the Table for lighting purposes.	The District needs to collaborate with Department of Energy, Eskom and other energy service providers including renewable energy in addressing the 14% segment of the population. This picture can also be translated to the energy types that are used for cooking, warming and other energy needs in the District.	Integrated Energy sector plan...	
HIV/ AIDS Prevalence uMgungundlovu District 2007 – 40.8%	A reported is required indicating progress on the fight against HIV/AIDS.	A need for HIV/AIDS mainstreaming in all programmes of Council. Through the District Aids Council, there must be collaboration with stakeholders and municipalities in benchmarking best	

The IDP responds to the triple challenges of poverty, inequality and unemployment. This is in line with the National and Provincial spheres of Government's priorities in addressing this triple challenge. The focus is also that of being citizen-centric while carrying out the core mandates in the area of water and sanitation provision. This particular section of the IDP presents an analysis of data from primary sources such as Census 2011 (by Stats SA) and from secondary sources such as KZN Treasury, Umgeni Water, Eskom and others. The analysis is going to be in the following areas:

- 1) Demographic profile (population size, age, gender, etc. Also this will incorporate some Economic analysis and other indicators such as Health and Education)
- 2) Spatial and Settlement analysis-higher-level (detailed in a relevant sector plans)
- 3) Environmental analysis-higher-level (detailed in relevant sector plans)
- 4) Institutional analysis.

The above will inform the next Phase, which is the review of development objectives and strategies. It is worth mentioning that Council adopted its Vision with associated objectives in 2016 and again as part of this draft IDP in March 2019. This phase will be followed by the identification of projects, budget allocations and development of performance measures. Thereafter, it will be the integration of sector plans and approval.

Furthermore, the IDP is aligned with the International: SDGs, Regional: AU Agenda, Nationally: NDP, Provincially: PGDS/PGDP and DGDP.

Facts	Issues	Strategic response and pointers	Other comments
2008 – 45.7% 2009 – 40.9% 2010 – 42.3% 2012-39.8% 2013:42% / current Source : KZN Department of Health		Practices on programmes/ projects. A need to implement the Understanding on Benchmarking Municipal Centre for Municipal Advice (CMRA).	

PROVINCE	POPULATION 1996	POPULATION 2001	POPULATION 2011
Eastern Cape	6147240	6278650	6562050
Free State	2633500	2706780	2745590
Gauteng	7834120	9388850	12272300
KwaZulu-Natal	8572300	9584130	10267300
Limpopo	4576570	4995460	5404870
Mpumalanga	3123870	3365550	4039940
North West	2727220	2984100	3509950
Northern Cape	1011860	991919	1145860
Western Cape	3956880	4524340	5822730

	POPULATION 1996	POPULATION 2001	POPULATION 2011
SOUTH AFRICA	40583560	44819779	51770590

GENERAL STATISTICS OF THE DISTRICT

The District is now second in population size with 1 017 763 (one million, 17 thousand, seven hundred and sixty-three) in the Province after eThekweni Metro Table 12 Population of the District and its municipalities.

Municipality	Population						
	Census 1996	Census 2001	CS 2007	Census 2011	% change 1996/2001	% change 2001/2011	% change 2007/2011
DC22: uMgungundlovu	881,674	932,121	992,524	1,017,763	5.7	9.2	2.5
KZN221: uMshwathi	114,924	108,422	113,054	106,374	-5.7	-1.9	-5.9
KZN222: uMngeni	69,742	73,896	84,781	92,710	6.0	25.5	9.4
KZN223: Mpofana	25,512	36,832	31,530	38,103	44.4	3.5	20.8
KZN224: Impendle	39,957	37,844	43,087	33,105	-5.3	-12.5	-23.2
KZN225: The Msunduzi	524,266	552,837	616,730	618,536	5.4	11.9	0.3
KZN226: Mkhambathini	45,174	59,067	46,570	63,142	30.8	6.9	35.6
KZN227: Richmond	62,099	63,223	56,772	65,793	1.8	4.1	15.9

The table above shows 5.7 growth change between 1996 and 2001; 9.2% change between 2001 and 2011 and 2.5% change between 2007 and 2011. The declaration of Pietermaritzburg as the Capital of KwaZulu-Natal has a direct impact in the 9.2% population growth between 2001 and 2011. The other growths and declines inter- municipalities is due to the dynamic pull and push factors such as communities migrating to seek better work or facilities opportunities. Rural to urban areas trend is dominant.

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
Population Composition	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	Male	5306295	528727	53665	53071	14367	326997	27736	35254	17636
	Female	5758945	567138	57980	56796	15159	352042	29339	36068	19755
Population 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
	Yes	4312754	410747	54356	37482	13264	244744	19566	28222	13114

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
Current school attendance	No	67446	684295	57252	72326	16252	433659	37509	43100	24197
	Do not know	72	714	37	59	10	528	0	0	80
Current school attendance (by	Yes (Male)	21365	200616	26959	18614	6866	118038	9659	14183	6297
	No (Male)	31656	327553	26687	34397	7501	208544	18078	21071	11276

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
gender)	Do not know	38	482	19	59	0	341	0	0	63
	Yes (Female)	21762	210131	27397	18867	6398	126705	9907	14039	6817
	No (Female)	35789	356742	30566	37929	8750	225115	19431	22029	12921
	Do not know	33	232	17	0	10	187	0	0	17
Current school attendance (by race)	Yes (Black African)	39621	363101	52539	30357	13160	208445	18729	27598	12273
	No (Black African)	56571	561526	52626	52953	16035	342315	35478	41058	21061
	Do not know	62	584	37	32	10	425	0	0	80
	Yes (Coloured)	399	6516	129	700	13	5514	24	96	39
	No (Coloured)	940	14346	408	840	2	12576	54	374	92
	Do not know	23	7	0	0	0	7	0	0	0
	Yes (Indian/Asian)	2070	23228	923	1194	0	20578	335	62	136
	No (Indian/Asian)	6654	61605	2400	2969	0	54467	656	516	596
	Do not know	5	107	0	27	0	81	0	0	0
	Yes (White)	1035	17902	764	5231	90	10207	479	466	666
	No (White)	3279	46818	1819	15564	215	24300	1320	1152	2448
	Do not know	4	16	0	0	0	16	0	0	0

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
Highest level of education	No schooling	18166	158656	19323	13544	5115	89652	10860	14587	5576
	Primary schooling	32397	302649	38292	28135	11551	171771	17082	23965	11853
	Some secondary	29689	293921	32316	29677	8154	177974	16202	19378	10222
	Matric	23830	249361	15461	25630	4049	175697	10964	10370	7191
	Tertiary	5764	81791	4877	10896	360	59198	1870	2503	2087
Highest level of education (by gender)	No schooling	8464	75165	8832	6588	2397	43390	4819	6717	2422
	No schooling	9702	83491	10491	6956	2719	46262	6041	7870	3154
	Primary Schooling	1592954	148562	19022	13967	5712	83855	8139	12424	5444
	Primary Schooling	1646796	154087	19270	14169	5838	87916	8943	11542	6409

	Some	14320	145075	15775	14585	4026	87544	8439	9710	4995
	Some Secondary	1536918	148846	16540	15092	4127	90430	7762	9667	5227
	Matric (Males)	11349	118213	7172	11835	1898	83342	5461	4857	3648
	Matric	12480	131148	8288	13795	2151	92355	5503	5513	3543
	Tertiary	2595	36649	2287	5146	122	26089	840	1281	884
	Tertiary	3168	45142	2590	5750	238	33109	1031	1222	1203
Highest level of education (by race)	No schooling	16953	144916	18785	11688	5115	78690	10823	14453	5362
	No schooling	137	1844	69	146	0	1543	0	43	42
	No schooling	777	8181	327	196	0	7517	0	48	94
	No schooling	297	3715	142	1514	0	1902	37	43	78

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msu	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
	Primary Schooling (Black African)	2993984	274651	37272	24529	11522	149789	16579	23630	11329
	Primary Schooling (Coloured)	27964	4015	109	400	0	3424	0	63	19
	Primary Schooling (Indian/Asian)	164100	14833	566	664	0	13341	150	58	54
	Primary Schooling (White)	53702	9151	345	2542	28	5218	352	215	450
	Some Secondary (Black African)	2643775	259574	30755	24733	8070	152137	15262	18682	9933
	Some Secondary (Coloured)	36154	5130	173	527	15	4156	79	165	14
	Some Secondary (Indian/Asian)	211239	18893	1159	1083	0	15956	435	127	134
	Some Secondary (White)	77770	10324	228	3333	68	5724	426	403	141
	Matric (Black African)	1866905	194472	13759	17914	3991	133639	10074	9499	5596
	Matric (Coloured)	40433	6549	169	352	0	5841	0	152	34
	Matric (Indian/Asian)	321709	29557	955	1618	0	26060	275	199	451
	Matric (White)	153973	18783	577	5746	58	10157	616	520	1110
	Tertiary (Black African)	360691	44058	3342	3298	240	33187	1377	1884	731

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msu	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
	Tertiary (Coloured)	14613	3170	16	84	0	3001	0	47	22
	Tertiary (Indian/Asian)	90139	12759	294	449	0	11744	126	147	0
	Tertiary (White)	110961	21803	1225	7065	120	11267	368	425	1334
Matric (20+ age group)		2243251	231902	14704	23900	3745	162773	10463	9583	6735
	Male	1076892	110535	6770	11066	1779	77757	5317	4469	3378

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
Matric (20+ age group by gender)	Female	1166359	121367	7934	12834	1966	85016	5146	5114	3357
Matric (20+ age group by population group)	Black african	1755883	181345	13106	16807	3687	124076	9605	8766	5299
	Coloured	37784	6060	169	352	0	5352	0	152	34
	Indian/asian	301653	26904	851	1466	0	23791	243	174	379
	White	147930	17593	577	5275	58	9554	616	490	1023
Number of households	Number of households	2875843	298463	29082	37943	7011	180469	15460	17570	10927
Household percentage share by population group	Black/African	2443359	250388	27336	28673	6910	146195	14694	16840	9739
	Coloured	50955	7262	272	545	15	6089	76	210	55
	Indian/Asian	246441	21977	843	1042	0	19473	225	207	188
	White	168005	23081	896	8186	135	11681	682	481	1019
Head of household (gender)	Male	2414213	248387	23898	31547	5945	150654	13028	14515	8801
	Female	2249740	235369	22441	29149	5635	145469	11467	12586	8622
Main dwelling	Formal	2090067	228768	16369	32904	4082	144432	9648	12182	9150
	Informal	246272	22387	1797	3052	325	15138	669	1286	120
	Traditional	520244	45826	10900	1563	2570	19956	5143	4092	1603
	Other	19062	1424	16	374	35	935	0	10	55

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
Main source of drinking water	Piped (tap) water inside dwelling	1076667	112615	3205	23333	241	75218	1428	3328	5861
	Piped (tap) water	828016	123356	10368	7534	2711	89428	5730	4956	2629
	Piped water on communal stand	371943	22292	3357	647	2661	7869	2194	5254	311
	Borehole in yard	22159	1783	157	428	15	260	213	710	0
	Rain-water tank	28880	1398	778	131	17	235	212	10	14
	Neighbours tap	51864	5499	1464	400	94	2898	545	97	0
	Public/communa	128860	9365	658	1517	41	2661	2592	1880	17
	Water-	86012	8018	2209	2152	176	951	858	491	1181
	Borehole outside	63632	1532	493	249	292	114	162	175	46
	Flowing	182727	9858	5404	994	448	319	1439	613	641
	Well	4617	104	0	0	0	80	11	13	0
	Spring	18431	1271	857	42	247	50	0	11	65
	Other	12036	1372	132	515	68	386	75	33	162
Main type of toilet facility used	Flush toilet (Sewage	1345349	142369	4784	27305	287	96984	1784	3793	7433
	Chemical toilet	421037	33267	6812	3727	441	20738	97	1451	0
	Pit latrine (with/without)	876969	97032	12189	4109	5459	49975	10577	11877	2846
	Ecological toilet (e.g. urine	20299	2740	23	66	0	496	2118	37	0

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msu	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
Household access to electricity	In-house	6269	75847	4128	9517	447	56740	1344	2048	1622
	In-house prepaid	18350	192736	18811	232	6175	111130	12147	13521	7745
	Connected to other source	45025	5088	391	436	82	3712	223	245	0
	Connected to other source which household	44654	3266	79	497	43	2181	314	152	0
	Solar home	104	611	517	40	17	25	2	11	0
	Other	275	2241	430	450	0	1028	45	116	172
	No electricity	2862	1	4	3796	246	5653	1385	1477	1388
Refuse removal	Local authority/Private/community members at	1372467	123619	2391	25269	73	85517	1302	2559	6507
	Local authority/Private/community members less	92244	10867	926	1378	16	7803	407	79	259
	Communal	1419	8201	1	719	116	3938	555	1001	136
	Own refuse	11146	14	22	9	6762	73299	12398	12761	3945
	Dump or leave rubbish anywhere (no	117702	10387	837	358	32	7159	768	1153	80
	Other	368	4148	632	705	13	2753	29	16	0

Indicator	Sub-indicator	KwaZulu - Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN2 25: The	KZN226: Mkhambathini	KZN227 : Richmon	KZN223: Mpofana
Main source of energy for cooking	Electricity from	23465	261312	20727	306	4901	170189	12693	15009	7120
	Other source of electricity (e.g.	13504	810	56	181	0	506	0	21	45
	Gas	67133	7979	749	3063	88	3011	318	111	638
	Paraffin	84643	9045	929	2387	54	4642	651	249	134
	Wood	347804	18552	6481	1600	1955	1664	1798	2114	2941
	Coal	6332	102	35	0	0	66	0	0	0
	None	9277	523	104	38	15	252	0	65	50
Main source of energy for water heating	Electricity from	2308619	259013	19396	32188	4505	169535	12607	13690	7091
	Other source of electricity (e.g.	21094	1534	292	383	52	513	142	92	61
	Gas	31732	2885	394	734	12	1337	119	31	257
	Paraffin	70593	6887	535	1289	40	4384	289	199	151
	Wood	365252	23893	7678	2416	2322	3162	2119	3340	2856
	Coal	6836	284	163	90	0	20	12	0	0
	Solar	13807	786	66	218	0	289	29	9	175
	None	55229	2884	535	579	79	1051	144	159	336
Main source of energy for space heating	Electricity from	1841798	220145	15327	23777	2229	152026	12188	11871	2728
	Gas	16388	2147	142	731	25	937	71	24	218
	Paraffin	42507	3066	163	412	1	2274	22	60	134
	Wood	383222	35280	8622	5343	4059	5496	2443	3831	5486
	Coal	12041	847	378	204	0	137	69	22	37

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduz	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
	Other	83592	4991	1489	1332	213	1523	193	209	33
	None	494034	31636	2961	6129	486	17825	471	1472	2292
Main source of energy for lighting	Electricity from	2535270	275910	23256	33550	6689	173463	13856	15759	9338
	Other source of electricity (e.g.	9678	908	147	196	5	405	36	11	108
	Gas	4618	314	14	59	0	219	2	0	19
	Paraffin	20266	2919	144	410	3	2067	285	9	0
	Candles	283043	17204	5379	3375	283	3797	1240	1687	1443
	Solar	13140	204	44	115	17	15	0	12	0
	None	5856	489	67	146	15	223	8	19	11
Household goods	Air conditioner	252353	24515	1225	3107	87	17639	1094	774	589
	Cellphone	2651310	271343	26551	35405	6325	163450	13665	15955	9991
	Computer/Laptop	521013	61757	2364	10996	424	42775	1694	1693	1811
	DVD	1383755	165742	11481	20397	3719	110801	7219	6801	5324
	Geyser	656229	81238	2532	12079	263	59784	1685	2307	2588
	Home Theatre	627508	67445	3700	6782	503	48928	3147	3113	1271
	Landline	359298	40650	1236	7896	164	29214	728	566	847
	Microwave oven	1384214	161667	8544	21859	2155	112466	5814	6225	4604
	Motor Vehicle	765298	91394	5304	14891	1259	61057	3231	3273	2379
	Radio	2037409	220517	20500	27211	5135	136957	11655	11921	7139
	Refrigerator	2170598	238947	18575	29477	5466	154062	11558	12656	7154

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msunduz	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
	Satellite decoder	1019427	120313	5641	18640	2398	81618	4063	5098	2854
	Stove	2223584	240138	18918	31913	4990	151392	11420	13268	8237
	Tablet of Phablet	48813	57097	2233	9270	280	40109	2109	1612	1484
	Television	2262638	249246	20033	30705	5333	159317	12279	13316	8262
	Vacuum cleaner	347619	43471	2174	8184	298	29593	909	1161	1152
	Washing machine	584699	71714	2027	14270	399	49253	1282	2098	2386

	Internet Services - Connected in the	254100	27830	1718	5781	156	16570	2258	506	841
Run out of money to buy food in past 12 months	Yes	667625	59164	6117	11505	3223	26601	1393	4439	5886
	No	2202001	238388	22959	26332	3764	153198	14048	13075	5010
	Do not know	5227	689	5	97	24	482	19	31	31
Skipped meal in the past 12 months	Yes	425660	36577	4871	7178	2027	15818	881	2585	3216
	No	2444362	261129	24179	30695	4961	164131	14574	14909	7680
	Do not know	5468	694	32	70	24	469	5	64	31
Run out of money to buy food for 5 or more days in the past 30	Yes	250441	23273	3570	5431	901	9603	578	736	2455
	No	173285	13054	1282	1655	1126	6101	304	1849	738
	Do not know	1771	228	19	92	0	93	0	0	24
Household involved in agriculture	Yes	536225	54670	9527	8304	4303	21738	2915	3639	4243
	No	2339618	243793	19555	29638	2709	158731	12545	13931	6684
	Livestock	256045	19071	3202	2109	3118	5831	1672	1054	2085

Indicator	Sub-indicator	KwaZulu-Natal	DC22: uMgungundlovu	KZN221: uMshwaathi	KZN222: uMngeni	KZN224: Impendle	KZN225: The Msund	KZN226: Mkhambathini	KZN227: Richmond	KZN223: Mpofana
Type of agricultural activity	Poultry	31045	23248	4393	26	28	86	1	1330	1553
	Grains and	14347	15498	3862	18	8	55	397	2103	826
	Industrial	23	628	156	34	0	155	70	32	182
	Fruit	5592	6240	600	5	59	27	161	1492	601
	Vegetable	18844	28650	3522	52	23	127	1	1511	2109
	Other	84	1191	256	1	38	500	23	10	186
Death in household	Yes	8777	10678	1587	22	5	48	475	416	431
	No	278806		274	356	64	1755	149	17154	10496
Ever given birth	Yes	128887	134128	129	176	35	806	6	6515	6237
	No	106575	111739	103	105	24	737	5	6019	2875
	Do not	5993	347	0	23	0	291	0	34	0

KZN223: Mpofana	36832	38103	31.2	30.2	64.6	65.7	4.2	4.2	54.8	52.3	107.0	94.2	7.34	0.34
KZN224: Impendle	37844	33105	41.3	37.7	52.1	55.8	6.6	6.5	92.1	79.1	81.4	88.0	-1.09	-1.34
KZN225: The Msunduzi	552837	618536	29.2	26.6	66.0	68.4	4.8	5.0	51.5	46.2	88.2	90.9	1.06	1.12
KZN226: Mkhambathini	59067	63142	36.2	31.7	59.1	63.5	4.8	4.8	69.3	57.6	90.9	92.1	5.36	0.67
KZN227: Richmond	63223	65793	34.6	33.5	60.3	61.7	5.1	4.7	65.9	62.0	88.9	94.0	0.36	0.40

Notes: 0.88% growth per annum between 2001 and 2011. uMshwathi and Impendle municipalities experienced and decline or negative growth. uMngeni has highest population growth in the District. Economically 65.5% are economically active in 2011

Dwellings								
Counting: Household weighted								
Layer:								
Household size by Geography								
Filters:								
# of people in household	KZN221: uMshwathi	KZN222: uMngeni	KZN223: Mpofana	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkhambathini	KZN227: Richmond	DC 22
1	9 674	12 021	3 904	2 174	45 196	4667	5 273	82 909
2	4 296	6 683	1 689	1 232	29 455	2 366	2 577	48 297
3	3 104	3 484	1 186	976	23 226	1 557	1 852	35 384
4	2 873	3 298	1 226	1 015	22 662	1 534	1 770	34 378
5	2 294	1 890	783	909	15 442	1 347	1 392	24 058
6	1 841	1 160	506	621	10 355	1 056	1 073	16 611
7	1 245	723	412	426	6 370	702	803	10 681
8	915	443	289	305	4 063	527	563	7 106
9	612	303	162	194	2 689	422	405	4 787
10+	1 270	485	295	350	4 536	786	732	8 456
Total	28,124	30,490	10,452	8,203	163,993	14,964	16,440	272,666

MUNICIPALITY	TOTAL POPULATION (CS 2016)
DC22: UMgungundlovu	1 095 865
KZN221 : uMshwathi	111 645
KZN222 : uMngeni	109 867
KZN224 : Impendle	29 526
KZN225 : The Msunduzi	679 039
KZN226 : Mkhambathini	57 075
KZN227 : Richmond	71 322
KZN223 : Mpofana	37 391

POPULATION BY SEX

Location	Male	Female	Total
KwaZulu-Natal	5 306 295	5 758 945	11 065 240
DC22: Umgungundlovu	528 727	567 138	1 095 865
KZN221 : uMshwathi	53 665	57 980	111 645
KZN222 : uMngeni	53 071	56 796	109 867
KZN224 : Impendle	14 367	15 159	29 526
KZN225 : The Msunduzi	326 997	352 042	679 039

KZN226 : Mkhambathini	27 736	29 339	57 075
KZN227 : Richmond	35 254	36 068	71 322
KZN223 : Mpofana	17 636	19 755	37 391

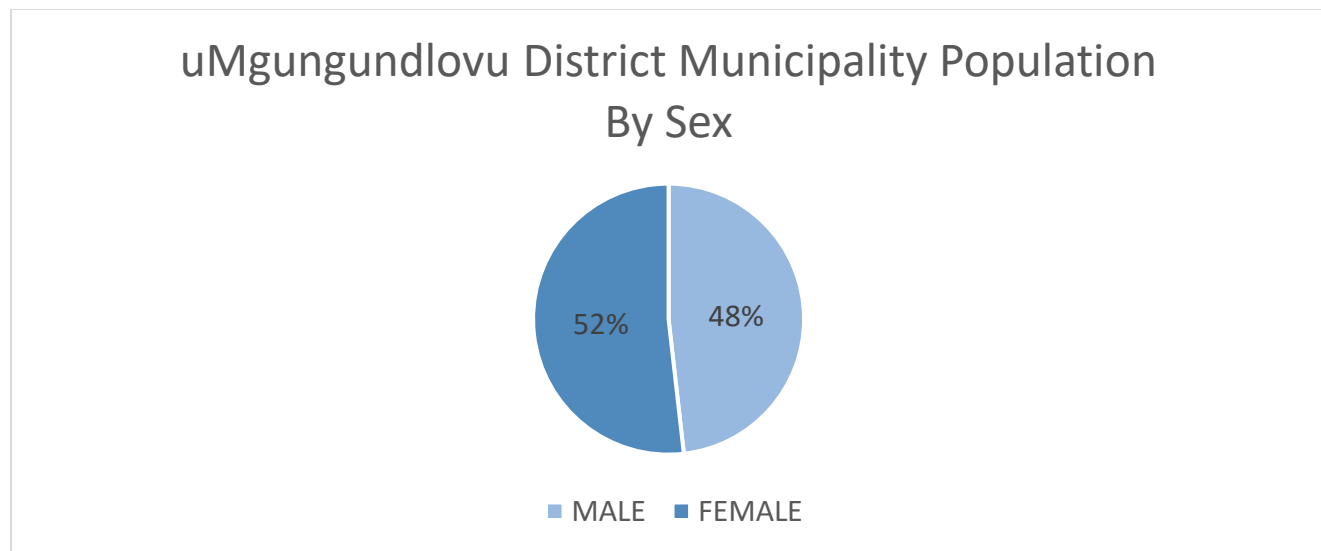
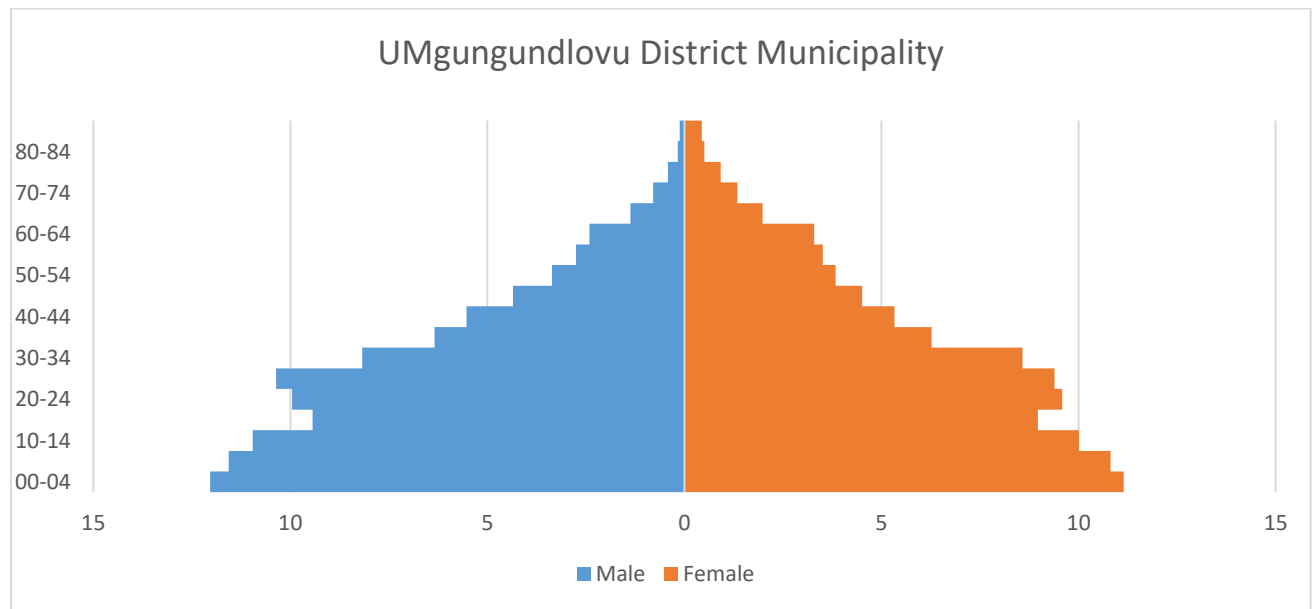


Figure 12 Population by Sex

There are 52 % females and 48% males.

POPULATION BY AGE GROUP



The Data is obtained from StatsSA. UMDM’s population in 2016 was 1 095 865 and is estimated to grow to 1 187 861 in the year 2024.

POPULATION DIVIDEND

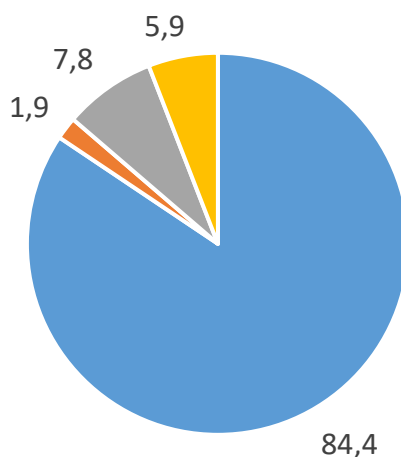
As the leading international agency on population and development issues, the United Nations Population Fund (UNFPA) developed the Demographic Dividend (DD) Programme Guide, which provide guidance on measures that countries need to implement to draw benefits from its demographic trends. There are two types of dividends the demographers have identified, both initially emanating from a sustained reduction in fertility. The first dividend is when the share of the population 15-64 years starts to rise, resulting in a 'youth bulge'. The second occurs when this bulge moves to older ages, where the share of the aging population become large.

The Graph above depicts how the uMgungundlovu District Municipality population dividend in bulging in the young population. Where we see a bulge between the 10-14 up until 30-34 years. This therefore impacts the municipality in terms of catering for the young community and ensuring that planning is influenced by the needs of this growing population.

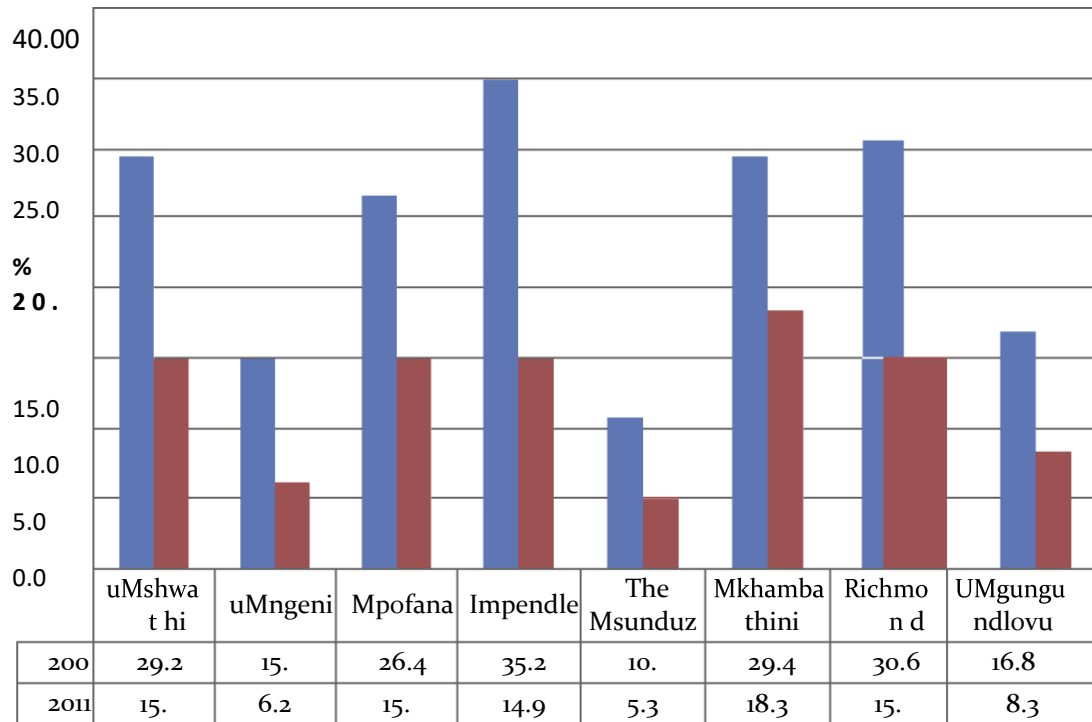
POPULATION BY RACE

Municipality	Black african	Coloured	Indian/asian	White	Total
DC22: Umgungundlovu	925 270	20 887	84 941	64 767	1 095 865
KZN221 : uMshwathi	105 201	538	3 323	2 583	111 645
KZN222 : uMngeni	83 343	1 540	4 190	20 795	109 867
KZN224 : Impendle	29 205	15	-	305	29 526
KZN225 : The Msunduzi	551 244	18 114	75 126	34 554	679 039
KZN226 : Mkhambathini	54 207	79	991	1 799	57 075
KZN227 : Richmond	68 656	470	578	1 617	71 322
KZN223 : Mpofana	33 414	131	733	3 114	37 391

uMgungundlovu District by Race (%)



■ Black African ■ Coloured ■ Indian/Asian ■ White



UMGUNGUNDLOVU LABOUR FORCE

Table on unemployment

	KZN221: uMshwathi	KZN222: uMngeni	KZN223: Mpofana	KZN224: Impendle	KZN225: The Msunduzi	KZN226: Mkham bathini	KZN227: Richmond	uMgungundlo vu
Employed	32.3	49.4	40.7	12.7	36.4	33.5	32.8	36.3
Unemployed	10.7	15.5	12.8	10.4	17.9	12.3	11.7	15.9
Discouraged work-seeker	6.7	4.7	8.7	12.4	6.0	7.9	9.9	6.5
Other not economically active	50.3	30.4	37.8	64.5	39.7	46.3	45.6	41.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The above Table simply breaks down the Labour Force, which is explained as the number or percentage of the population between age 16-64 or the economically active irrespective of whether they are employed or not. The Table delineates between the categories.

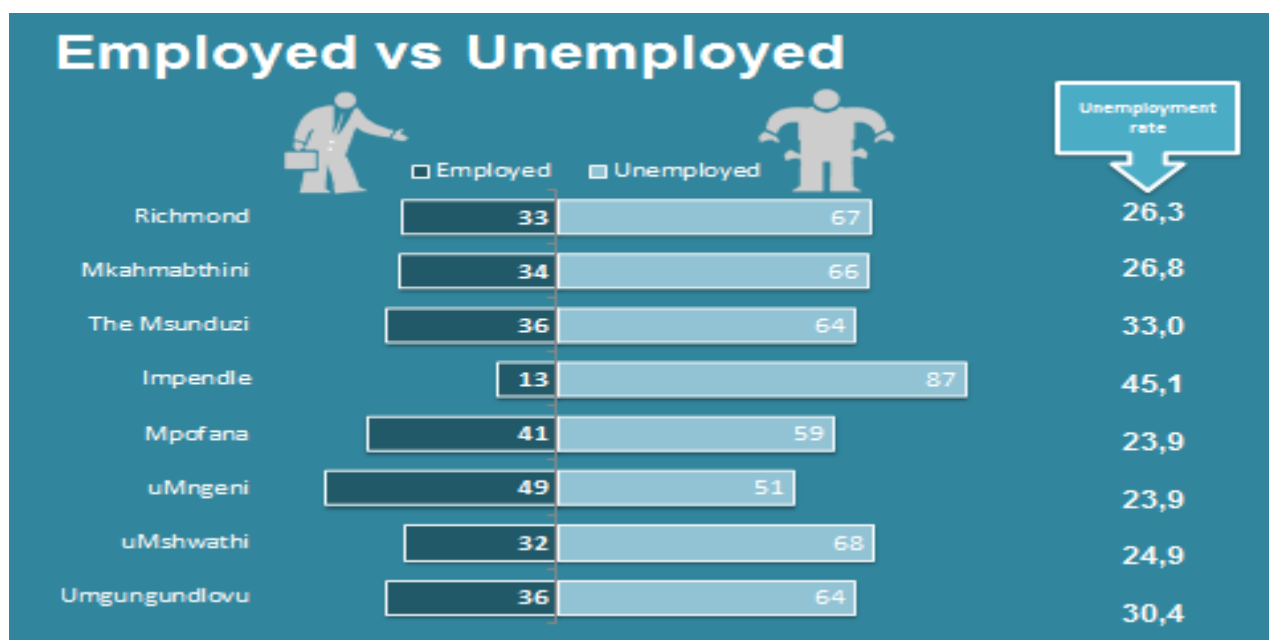


FIGURE 15 LABOUR STATS AND UNEMPLOYMENT RATE, SOURCE: STATSSA, 2014

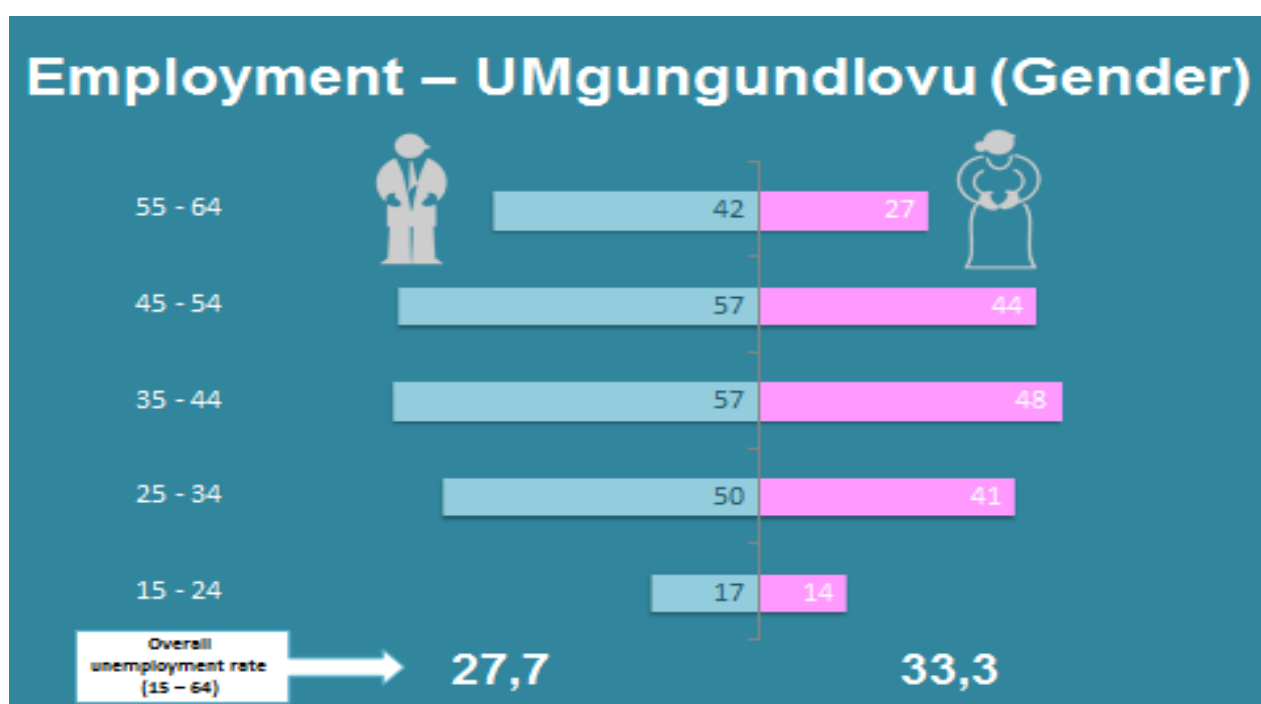


Figure 16 Unemployment by Gender, Source: StatsSA (2014)

33.3% are females and 27.7% are males of the total unemployed.

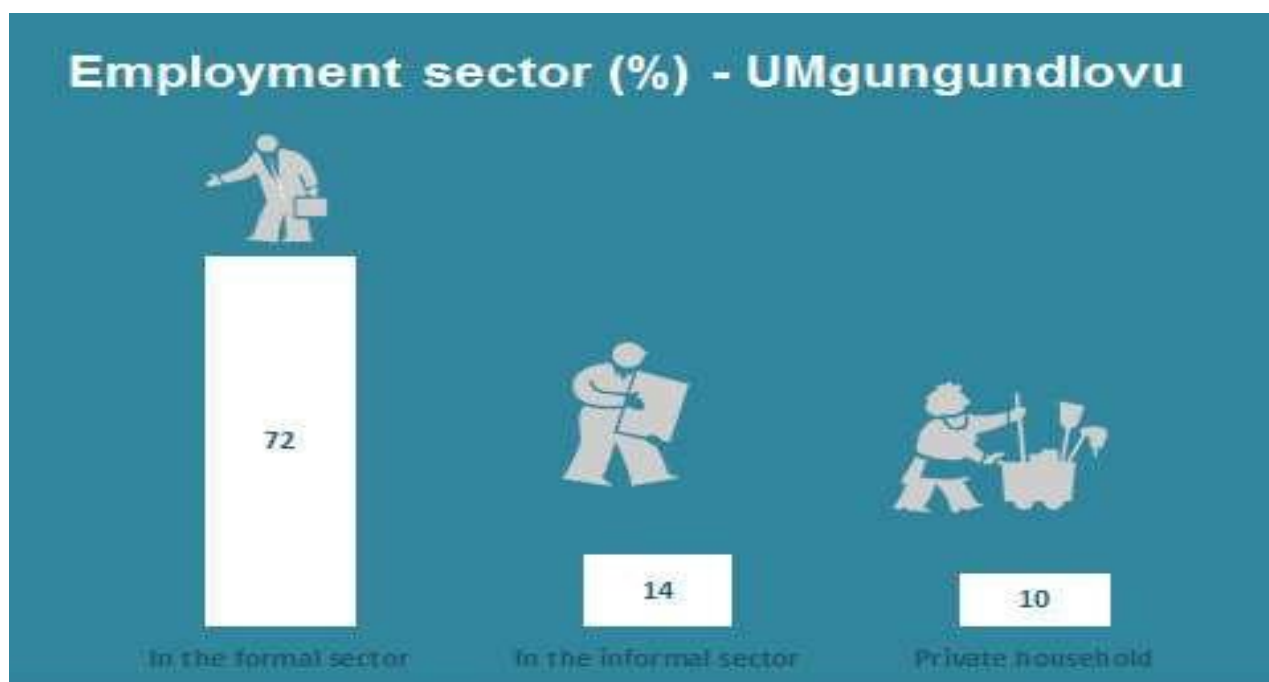


FIGURE 17 EMPLOYMENT BY SECTOR (%), SOURCE: STATS SA (2014)

There is still a need to focus on the informal sector in order to develop it as it employs 14% of the working age population.

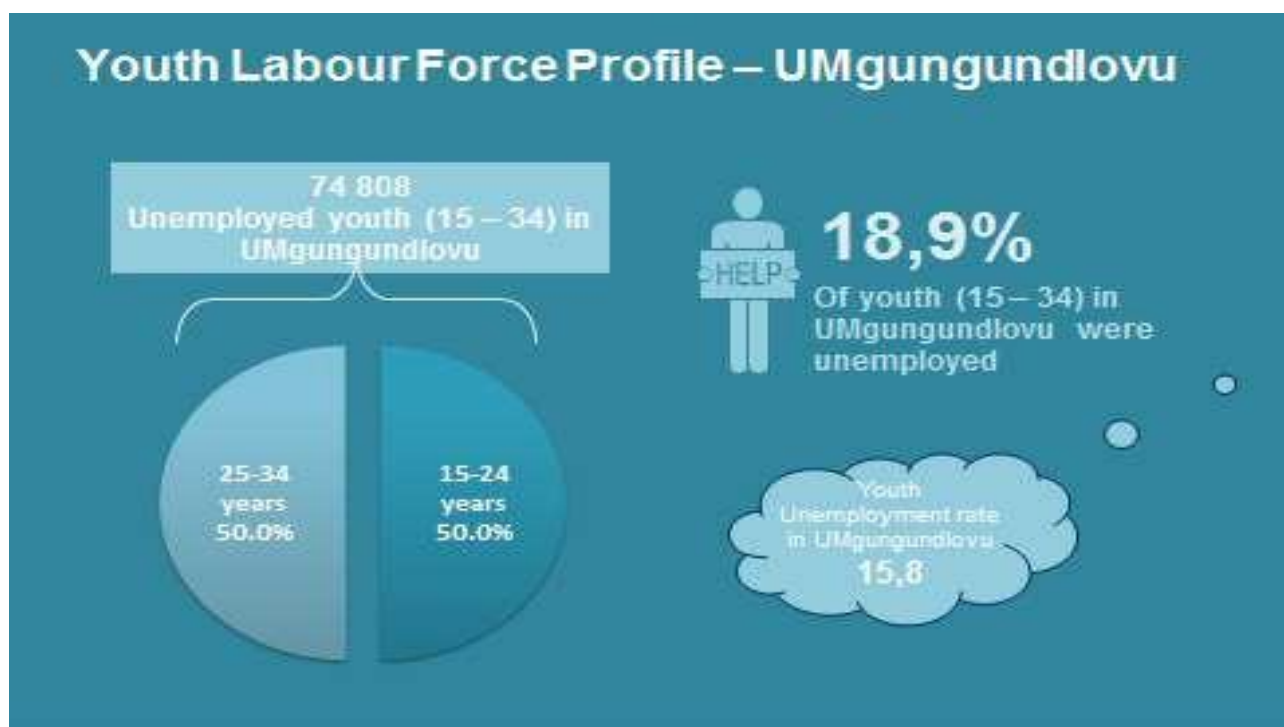


FIGURE 18 YOUTH LABOUR FORCE PROFILE, SOURCE: STATS SA (2014)

Youth unemployment is a challenge and calls for a need for partnerships with the Office of the Premier, other State Organs and the Private Sector on consolidating efforts that are directly aimed at youth economic empowerment.

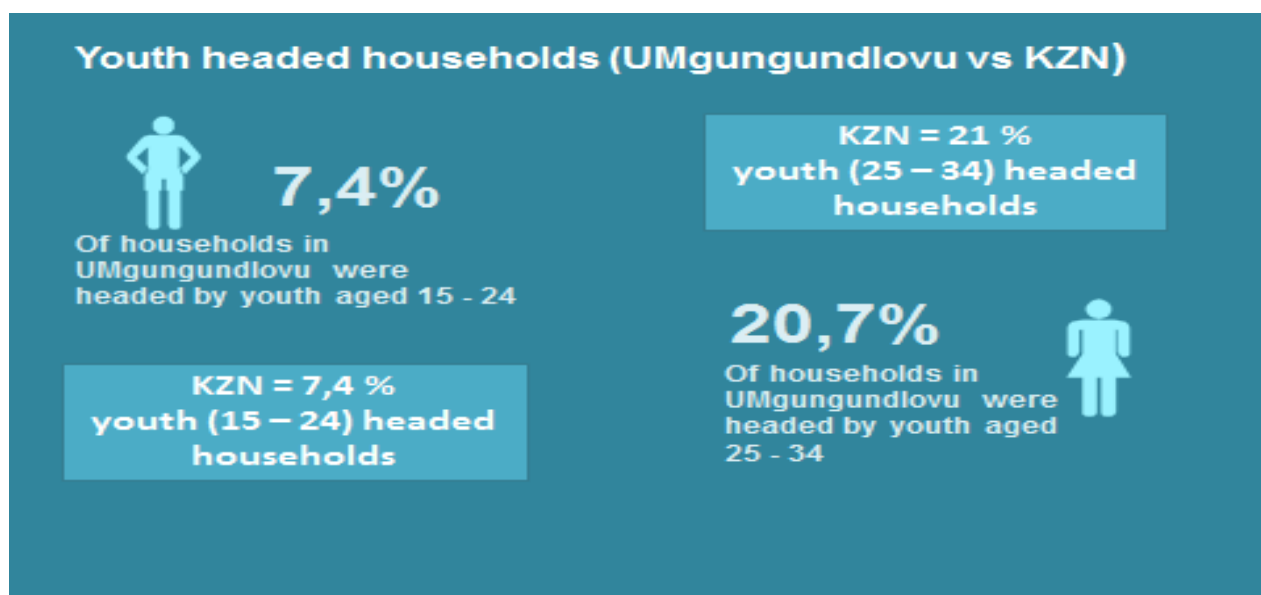


FIGURE 19 YOUTH HEADED HOUSEHOLDS, SOURCE: STATS SA (2012)

POVERTY

There is a need to deal with the dimensions of poverty as depicted on the diagram show below:

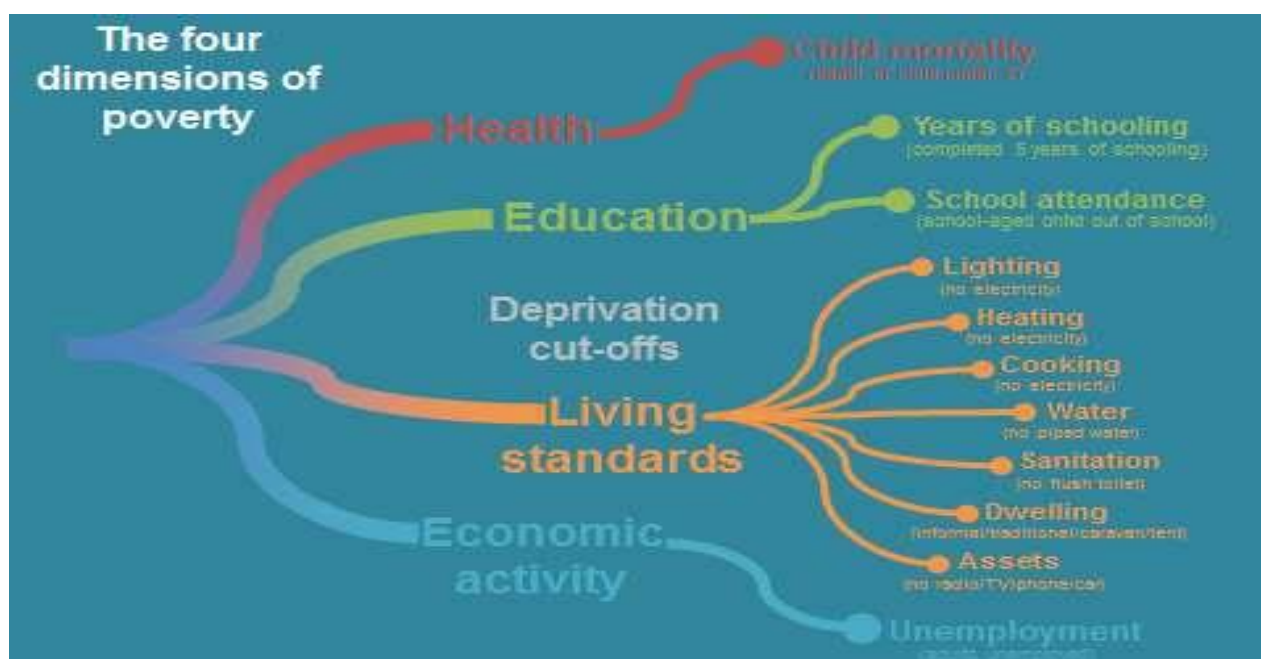


FIGURE 20 POVERTY DIMENSIONS

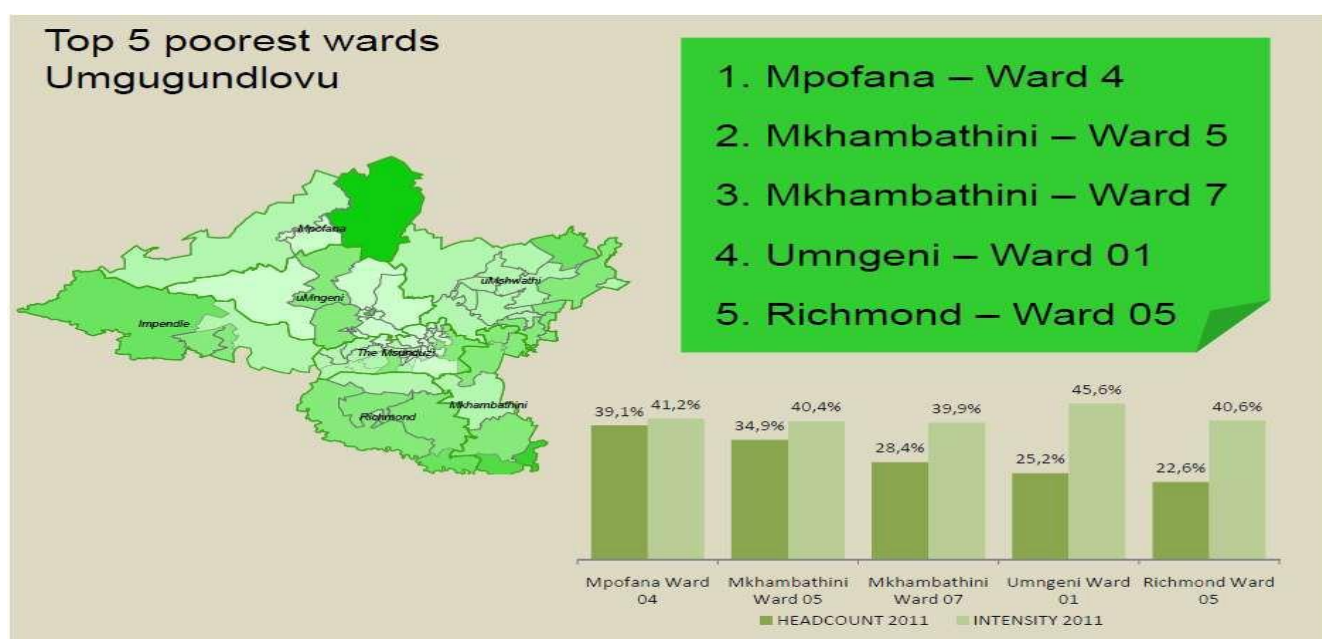
POOREST WARDS IN THE DISTRICT

LABOR INDICATORS AND STATISTICS

Unemployment Rate 2011	
KZN221: uMshwathi	24.9
KZN222: uMngeni	23.9
KZN223: Mpofana	23.9
KZN224: Impendle	45.1
KZN225: The Msunduzi	33.0
KZN226: Mkhambathini	26.8
KZN227: Richmond	26.3
uMgungundlovu	30.4

UMDM in 2001 it was 46.3%, in 2011 its 30.4%. In South Africa: 2001 it was 41.6%, in 2011 it was: 29.8%; In KZN in 2001 it was 49%, in 2011 it was: 33%. According to Census 2011 official results, the unemployment rate of the District is at 30.4 %, which makes it to be lower than the KZN Province by 2.6% but slightly higher than RSA's by 0.6% in 2011. The positive thing is that unemployment is reducing however the District economy would need to work even harder to reduce unemployment further. The targeted economic sectors among others that need more attention are manufacturing and agriculture and also the informal sector.

According to the South African multidimensional poverty index (SAMPI: 2014) conducted by StatsSA, unemployment remains the major driver of poverty.



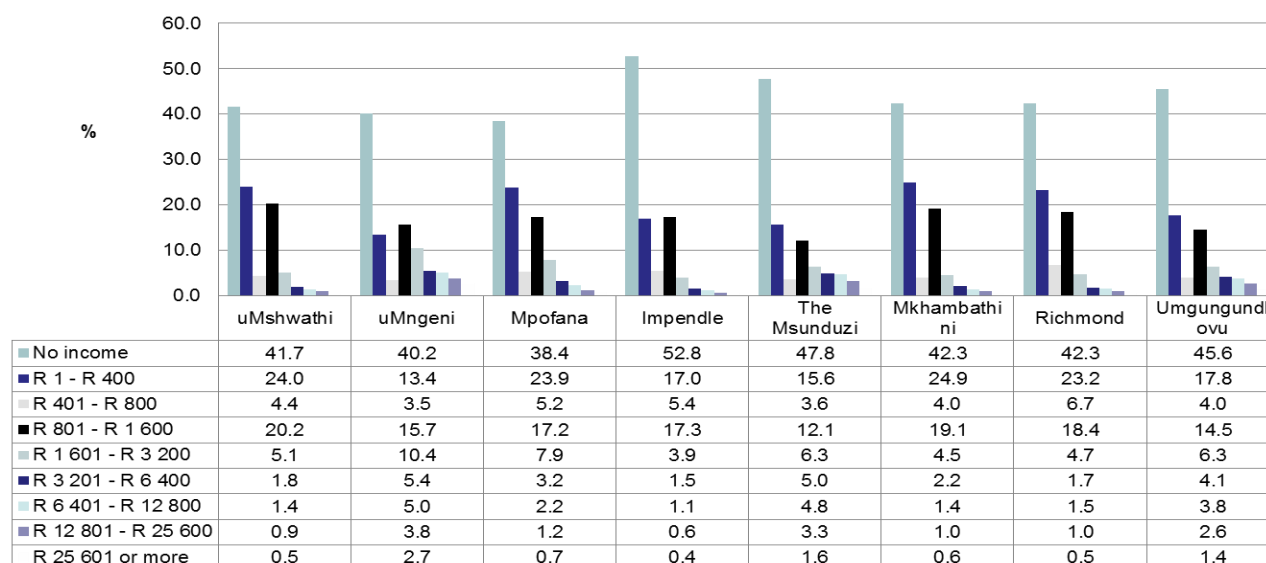


Figure 22 Monthly income levels amongst the population (age 15-65) uMgungundlovu District in 2011

45.6% are within the below the poverty line (food poverty line) as they get between R1-R400 per month income. Also 17.8% are in lower bound and upper bound poverty lines with R401-R800 per month. The StatsSA'SAMPI definitions and thresholds are that R321 means lower bound- based on food where some people go to bed hungry, R620 means upper bound poverty line where people choose between food and other important non-food items). The rest above R620 means they cannot afford the lifestyle they want.

DISTRICT ECONOMIC OUTLOOK

Economic Sectors

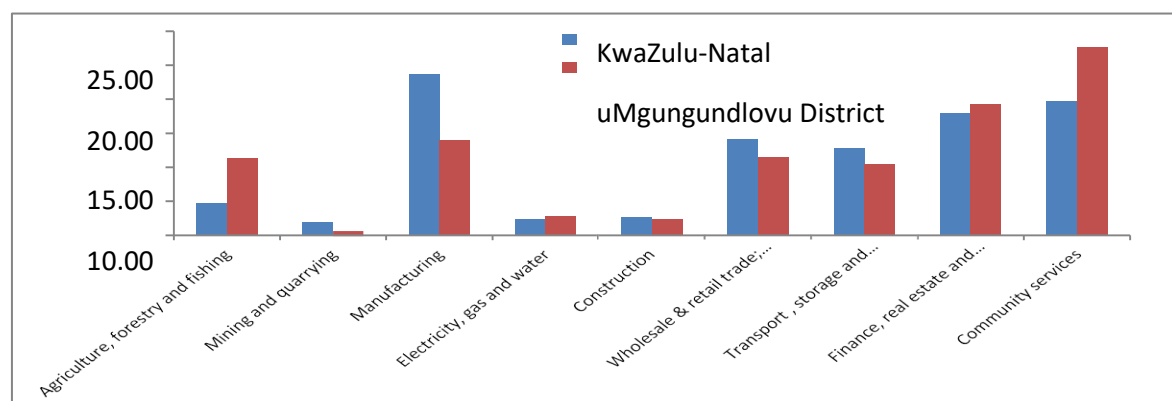


Figure 23 Average Annual Economic Sector GDP Contributions, 1996-2012
Global Insight, 2013, Coetzee 2013, Own calculations

The above Chart on the other had suggests that the district economy is relative well-endowed in the agriculture, finance and community sectors, but very poorly endowed in the manufacturing sector.

Community Services have been leading in the GDP of the District in 2010 measured to have contributed 30%. In addition, this has been the trend since 2006 to 2010. Why? And where? When? And how?

Why? =it resembles the rest of the country where the Public sector has shown resilience in labor absorption capacity.

Where? when? and how? = This trend and phenomenon can be observed throughout the District Municipality. However, largely at Msunduzi Municipality since there is a higher concentration of Government services. Msunduzi is the Capital city of the Province of KwaZulu-Natal.

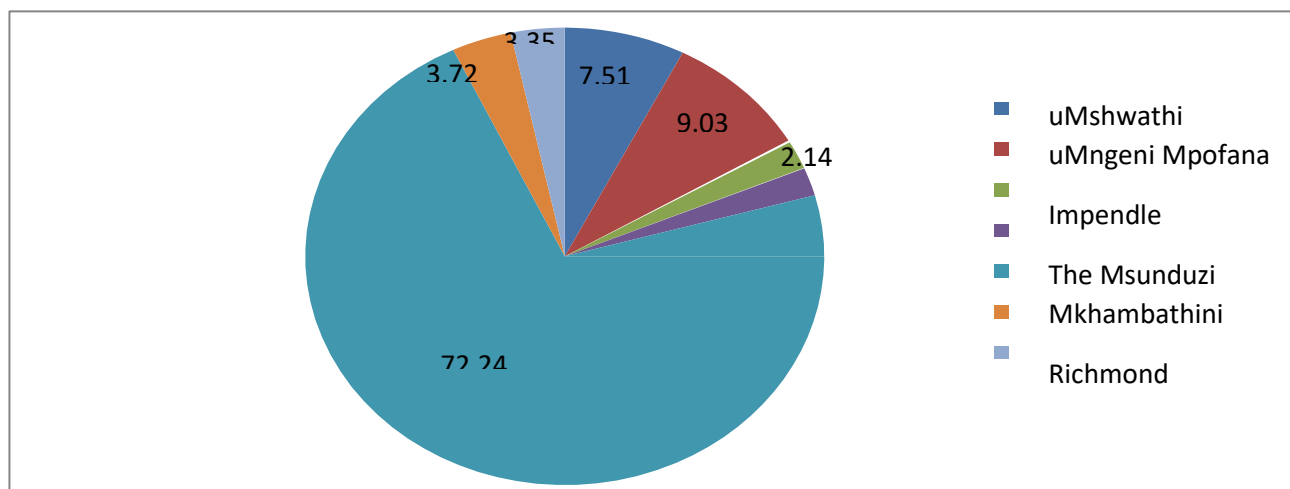


Figure 24 uMgungundlovu District Municipality's Gross Domestic Product Contribution Rates (% point, 2012)
Global Insight, 2013, Coetzee 2013, Own calculations

Msunduzi is the largest municipality within the district contributing about 73 per cent to the districts' GDP. This is followed by uMngeni (9 per cent) and thereafter uMshwathi (7 per cent). The economic contributions of the various local municipalities towards the district economy have stayed fairly constant from 1996 to 2012.

POPULATION ESTIMATES

The table below depicts population estimates (StatsSA) in KZN and Population estimates in uMgungundlovu.

	2020		2021		2022		2023		2024	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
KwaZulu-Natal	5 445 771	5 965 866	5 508 347	6 024 757	5 569 465	6 084 248	5 629 556	6 142 550	5 689 950	6 200 230
DC22: Umgungundlovu	537 436	596 277	543 638	603 402	549 666	610 319	555 969	617 561	562 675	625 186

1.3.2 SERVICE DELIVERY OVERVIEW

Water Provision

The table below further details projects implemented by the Municipality under MIG

No	Project name	Project Description	Beneficiaries	Project Location	Actual Project status Progress %
1	Upgrading of the Nkanyezini Community Water Supply Scheme (AFA) MIS 306637	Construction of approximately: • 10km of uPVC / Steel pipeline. • Construction of 1Nø 10MI Post-tensioned Reinforced Concrete reservoir. • Associated valves, chambers, and fittings.	3078 Homesteads and 24 624 people	Ward3&5(Mkhambathi LM-Nkanyezini)	99%
2	Upgrading of the Manyavu Community water supply scheme: Covid-19 projects (Mkhambathini LM)	The construction of approximately 98 km of HDPE, uPVC and steel pipelines ranging from 20mm-250mm in diameter	885 Households and 7 080 people	Ward 5 (Mkhambathini LM-Manyavu)	100%
3	Community water supply to Trustfeed Phase 2 (AFA) MIS 457197	Construction of approximately: • 16.065km of reticulation. • 695 Connections. • Meter/PRV/FC/PSV Chambers. • 1*500KL reservoir.	Estimated 970 houses and 5820 people	Ward 9(uMshwathi LM-Trustfeed)	93%
4	Mpolweni, Thokozani and Claridge Ext. Water Supply Phase 2	Construction of approximately: • 167km of HDPE/uPVC/ Steel pipeline. • Construction of 1Nø 3MI concrete reservoir. • Refurbishment of the two existing 400kl reservoirs. • 1Nø 200KI elevated steel tank. • Associated valves, chambers, and fittings.	2712 households and 21696 people.	Ward 10 (Umshwathi LM-Mpolweni)	99%
5	Mbava and Mpethu-Swayimane Water Supply Scheme Extension Phase2 Covid 19 (Budget	Construction of approximately: • 12km of uPVC/steel bulk water pipelines. • Construction of inlet chambers at reservoir sites and pipe-work	1779 households and 14904 people.	Ward 6,12,13 (uMshwathi LM-Mbava,Mpethu and Swayimane)	100%

	Adjustment) AFA 413484, 422485 (AFA) MIS 457196	into existing reservoirs. • Construction of offtake chambers. • Upgrading of 2 existing booster pump stations. • Upgrading of access roads to pump stations and reservoir sites.			
6	Enguga Entshayabantu & Macksam CWSS Phase5 - Covid-19 Project (AFA) MIS 390548	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	Ward 1,2 (Impendle LM- Enguga Entshayabantu, Inzinga, Swampo & Macksam)	100%
7	KwaMathwanya Water Reticulation Scheme Covid-19 Projects (AFA) MIS 423726	• 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	40 households, 288 people.	Ward 4 (Mpofana LM- Kwamathwanya)	95%
8	KwaMathwanya Water Reticulation Scheme (Mpofana LM) Phase 2	Additional work which is to construct 40 metered household connections;	40 households, 288 people.	Ward 4 (Mpofana LM- Kwamathwanya)	95%
9	uMgungundlovu District Replacement Toilets Area Sanitation	<p>Mpofana Local Municipality Seseli/Groove 37 units (ward 1)</p> <p>Richmond Local Municipality Nhlazuka 80 units (ward 4) Nkomani 80 units (ward 5)</p> <p>Umngeni Local Municipality Ledgeton 40 units (ward 4) Mpophomeni 80 units (ward 8&10) Nxamalala 40 units (ward 3) Shiyabazali 40 units (ward 1) Mackenzie Farm 40 Units (Ward 5)</p> <p>Mkhambathini Local Municipality Nsongeni 99 units (ward 3) Smointi 99 units (ward3)</p>	<p>37 households</p> <p>160 households</p> <p>240 households</p> <p>198 households</p>	1,2,3,4,5,6,7,8,9,10, 11,12,13,14 (Mkhambathini LM, uMshwathi LM, Impendle LM, Mpofana LM, uMngeni LM, Richmond LM)	27%

		uMshwathi Local Municipality Tomu 109 units (ward 1)	109 households		
		Impendle Local Municipality kwaNkosi Area, iVanhoe location, Nhlabamkhosi location, Willow location, KwaKhetha location (Lungo), KwaGasa location, KwaMlaba and KwaKhetha location. 100 units (ward 4)	100 households		

The table below further details projects implemented by the Municipality under WSIG

Name of project	Project stage (planning, construction, completed)	Project location	Scope of work	Actual progress on site	Number of households served for the quarter	Comments (Challenges, Solutions, Etc.)
uMshwathi Phase 4 – Greater Efaye Reticulation Scheme	Complete	Mt Elias Mtulwa Njengabantu Njebantu Efaye Kwazibusele Mbulwane	Construction of: Pipelines: 227.33km in Mtulwa, Mt Elias, Njengabantu, Efaye, Kwazibusele and Mbulwane. Chambers: 595 Yard Taps: 2103 Reservoirs: 2 Steel tanks: 5	Mt Elias 100% complete Mtulwa 100% complete Njengabantu 100% complete Efaye 100% complete Kwazibusele 100% complete Mbulwane 100% complete	2026	The following social risks that are being experienced onsite have the potential of delaying the project: 1. One house in the area is badly affected by 2 X Chambers within their yard and is being evaluated for relocation. Currently the house is under construction on the new site. Ongoing engagements through PSC, local Traditional and Political Leadership are taking place.
Extension of Efaye & Mt Elias Reticulation	Construction	Mt Elias Mtulwa	Construction of water reticulation pipeline of Efaye and Mt Elias, Approximately 30,6km of pipeline ranging from diameter 20mm to 90mm Hdpe, Construction of 60 Valve Meter Chambers, Construction of 177 Yard Taps,	Efaye & Mt Elias 100% complete	117	Project completed.

Extension of Kwazibusele & Mbulwane Reticulation	Construction	Kwazibusele Mbulwane	Construction of water reticulation pipeline of Kwazibusele and Mbulwane, Approximately 39 km of pipeline ranging from diameter 20mm to 90mm Hdpe, Construction of 60 Valve Meter Chambers, Construction of 204 Yard Taps,	Kwazibusele & Mbulwane – 100% complete	135	Project completed.
Nadi Reticulation Phase 1 & Phase 2	Planning and Design	Phase 1 Phase 2	<p>Phase 1</p> <p>1,3 km of 110mm diameter uPVC gravity main.</p> <p>22,1 km of gravity reticulation pipeline.</p> <p>1No 50kl Reinforced Concrete Break Pressure Tank,</p> <p>75No valves and chambers.</p> <p>105No of yard taps.</p> <p>Fencing.</p> <p>Phase 2</p> <p>31,8 km of gravity reticulation pipeline</p> <p>Supply and Install 94 No Valves and chambers,</p> <p>205No of yard taps.</p>	Detailed Design at 95%	0%	Upon detailed design presentation, it was discovered that Ekhamanzi reservoir will not be able to meet the demand. As a result data logging is currently underway to verify the quantity from Nadi reservoir.
Mpofana Bulk Connection and Bruntville/Phumlas Upgrade	Planning and Design	Mpofana/Bruntville	<p>Construct: 250mm and 315mm diameter UPVC pipeline between Phumlas and Mooiriver. 250mm diameter UPVC by pass pipeline to supply Bruntville ground level reservoir.</p> <p>110mm diameter UPVC by pass pipeline from the Umgeni Water</p>	Detailed designs at 90%	0	<p>Sanral application to cross N2 underway.</p> <p>Service Provider to present Epanet Model of the design for approval prior to starting tender stage.</p>

			<p>Reservoir to Bruntville high-lying supply zone reticulation.</p> <p>110mm diameter UPVC/ 100mm Steel pipework</p> <p>Decommission existing Bruntville Pump Station and Booster Pump Station 1.</p> <p>120kl elevated tank</p>			
Phase 2 AC Pipeline Replacement Programme	Planning	Howick	<p>Construct: Previous Phase 1 works inter-connections.</p> <p>14No Zonal Meters/Chambers.</p> <p>19km Pipeline replacements ranging from 25mm dia to 75 mm dia.</p> <p>3731 No of customer Metered connections</p>	Preliminary designs underway	0	None
Borehole & Spring Protection Programme Phase 1	Planning and Construction	<p>Construct: 60 Boreholes to be drilled, 24hrs pump testing and Water quality testing.</p> <p>Protection of 5x existing Springs within Richmond.</p> <p>Installation of 2x steel Elevated Tanks</p>	<p>Geohydrologist Investigation – 60% Siting to Drill – 35% Drilling completed - 9.5% Testing – 0%</p> <p>0%</p> <p>50%</p>	<p>Richmond LM: Ndahleni-Congo, Nhlazuka, Moyeni and kwashoba.</p> <p>Mngeni LM: Lidgeton</p> <p>Mpofana LM: Maxhakeni, Marikana, Sgubudo, Bhumaneni, Shezi Drayini, Alyane, Fenyani, Weston College, Glenside</p> <p>Mshwathi LM: Swayimane Ekupholeni</p> <p>Mkhambathini LM: Kwagcina, Mboyi and Amakholwa</p>	TBC	<p>One borehole out of the 5 that have been drilled did not have water supply. New portion will be determined if required.</p> <p>Property owner is not granting permission to install the new tank, negotiations are underway</p>

		(200 &300kl)		Impendle LM: Sidakeni, Lower Mlaba, Mpendle village, Nhlabamkhosi, Camnden, Fikesuthi, Deepdale, Gomane, Ncwadi, Boston, Nkangala		
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Sanitation Provision

During 2023/24 fin year the municipality has installed and completed 1166 (VIP) toilets across the six local municipalities.

Richmond Local Municipality	Ward 2 Richmond (114)	114 households
Mkhambathini Local Municipality	Ward 7 Ntsongeni (70) Ismont (135) Ward 1 Mkhambathini (114)	319 households
uMshwathi Local Municipality	Ward 1 Fairview Farm (19) KwaMdade Farm (17) Crammond Farm (37) Ottos Bluff Farm (36) Ward 2 Umshwathi (114) Ward 12 Umshwathi Windy Hill-Mphelandaba Area (64) Ward 14 Umshwathi (5)	292 households

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.

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 2023/2024 financial year detailed in the table below.

FINANCIAL HEALTH ASSESSMENT			
		30 June 2024	30 June 2023
Revenue Management			
1.	Revenue from exchange transactions	R 629 865 869	R 529 452 163
2.	Debt collection rate	47%	55%
3.	Debt-collection period (after impairment)	25 days	46 days
4.	Debt impairment provision as a percentage of accounts receivable	96%	91%
	• Amount of debt impairment provision	R 1 190 066 865	R 826 269 699
	• Balance of accounts receivable	R 1 238 760 360	R 904 029 806
5	Percentage distribution losses - water	36%	30%
	• Number of available for distribution	30 339 002 kL	28 057 394 kL
	• Number of units sold to consumers	9 977 135 kL	10 011 196 kL
	• Number of units non-revenue water	9 395 124 kL	8 245 366 kL
Expenditure Management			
6.	Creditor-payment period	17 days	74 days
7.	Employee related costs	R 324 412 743	R 287 781 601
8.	Remuneration of Councillors and Board Members	R 16 620 192	R15 668 843
9.	Percentage of remuneration (employees and councillors) to total expenditure	24%	25%
10.	Percentage of capital expenditure to total expenditure	14%	22%
Asset and Liability Management			
11.	Amount of the surplus / (deficit) for the year	R 158 109 649	R 311 891 814
12.	Amount of the net current assets / (liability) position	R 51 251 438	R 15 685 683
13.	Current Ratio (current assets to current liabilities)	1.21: 1	1.04: 1

FINANCIAL HEALTH ASSESSMENT			
		30 June 2024	30 June 2023
14.	Amount of the net asset / (liability) position	R 2 522 733 544	R 2 364 626 979
15.	Debt to Revenue	21%	42%
16.	Solvency ratio	88%	52%
Cash Management			
17.	Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R 238 734 485	R 333 152 099
18.	Amount of net cash in / (out)flows for the year from operating activities	R 146 931 216	R 548 670 028
	Average cash coverage ratio	2.6 months	4.1 months
19.	Creditors as a percentage of cash and cash equivalents	22%	71%
	Amount of trade creditors (accounts payable)	R 51 989 991	R 235 091 393
	Amount of cash and cash equivalents / (bank overdraft) at year-end	R 238 734 485	R 333 152 099

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 the second phase increase in tariffs to ensure that billed tariffs are cost reflective based on expenditure incurred to provide 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 47% in 2024 compared to 55% in the 2023 financial year. This directly impacts the interest charged on overdue accounts which increased in 2024. The net debt collection period improved from 46 days in 2023 to 25 days in 2024, however, this ratio is distorted by to the higher provision for doubtful debts. Debt impairment increased to 96% from 91% in the prior year. The increase in the provision for doubtful debts illustrates the behaviour of consumers in terms of honouring their water accounts and the challenge the municipality experiences in terms of cash inflows.

The municipality continues to pursue the impaired amounts owing through the Revenue Enhancement Programme and will not write these amounts off until all recovery efforts are exhausted in line with the credit control and debt collection policy as well as the debt write-off policy. The Revenue Enhancement Programme which includes the ongoing meter audit, remains a priority with meaningful outputs anticipated on conclusion of the project. Furthermore, regular meter reading, enforcement of the credit control and debt collection policy,

indigent customer registration, timeous resolution of customer queries and capacitation of the Revenue Division and the use of debt collectors are also anticipated to add value to the process. The municipality believes the combination of such efforts will ultimately yield an improved collection rate in the years to come.

The creditors' payment period has improved in 2024 to 17 days when compared to the 74 days in the prior year. The creditors payment period now falls within the prescribed 30 days due to enhanced efforts to enforce of controls.

The economic entity had adequate investment activities in the form of capital expenditure at 14% which is withing the prescribed norm of 10% to 20%..

The economic entity's operations resulted in with a surplus of R 158 109 649 in the 2024 financial year, a decrease from a surplus of R 311 891 814 in the prior year. This is attributable to the reduction in government grants and subsidies coupled with and increase in expenditures.

The current ratio of 1.21:1 shows an improvement from 1.04:1 in the prior year. It is however still below the norm of 1.5 -2: 1. This means that the economic entity had sufficient liquid assets (easily convertible into cash) available to cover short-term obligations as of 30 June 2024, however, with little room for error.

The economic entity had sufficient operating revenue to meet the current payment obligations with a debt/revenue ratio of 21% and 42% in 2024 and 2023, 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 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 2024 financial year when compared to 2023 at 88% and 52%, respectively.

The cash coverage ratio remained healthy against the norm of 1 to 3 months at 2.63 months, indicating that the economic entity has adequate capacity to fund monthly fixed operational expenditure.

The table below reflects employee related costs for the uMgungundlovu District Municipality and its entity for the 2024 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

Description	Legislation	Deadline	Responsible Department
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
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 2023/2024 financial year and previous years.

FINANCIAL YEARS			
Year	2023/2024	2022/2023	2021/2022
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.

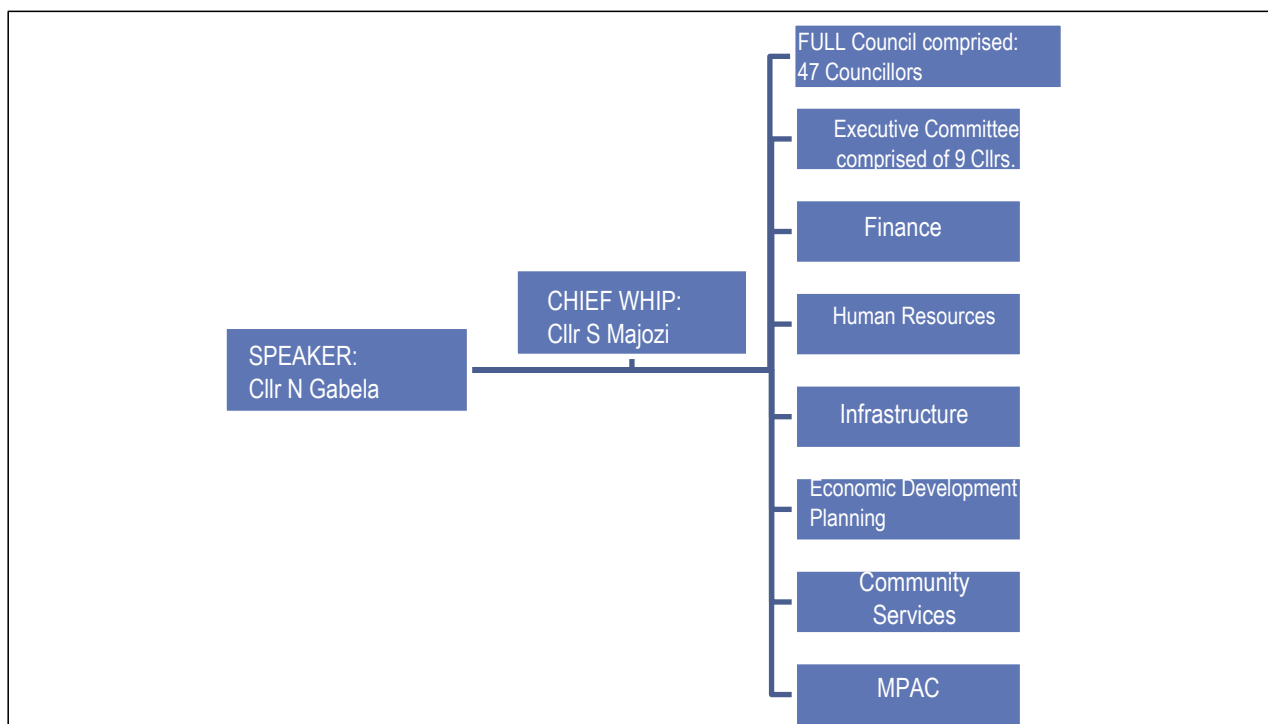


Diagram 1: Political Structure

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 EX Muthwa (Acting -01 July 2023 - 30 June 2024)	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	Yes

			Water Services Authority	
Mr. J Dlamini (Acting-08 September 2023 - 30 June 2024)	Male	Executive Manager: Technical Services (Acting)	Provision and Management of Water and Sanitation. Water and Sanitation Infrastructure Development and Maintenance.	No
Mr. V Kunene (Acting- 01 October 2023 - 30 June 2024)	Male	Chief Financial Officer	Financial Services: Budget, Financial Reporting, Revenue and Expenditure Management, Asset Management, Supply Chain Management	Yes
Dr EX Muthwa (01 July 2023 – 30 June 2024)	Male	Executive Manager: Community Services	Environmental Health Services, Local Economic Development, Fire and Disaster Management.	Yes
Ms L Hadebe (Acting 01 July 2023 – 30 June 2024)				Yes
Mrs. Nosipho Mkhize (01 July 2024 – 29 February 2024)	Female	Executive Manager: Corporate Services	Human Resources Development and Administration, Secretariat and Auxiliary Services, ICT, Fleet Management.	Yes
Mrs Phumzile Mncwabe (Acting 01 March 2024 – 30 June 2024)				Yes

Mr Mbongiseni J. Sithole (01 July 2023 – 30 June 2024)	Male	Executive Manager: Economic development and Planning	GIS, Planning, Umngeni Resilience Program and Local Economic and Development	Yes
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Diagram 2: Top Organisational Structure Level

2.3 COMPONENT B – INTERGOVERNMENTAL RELATIONS

2.3.1 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.

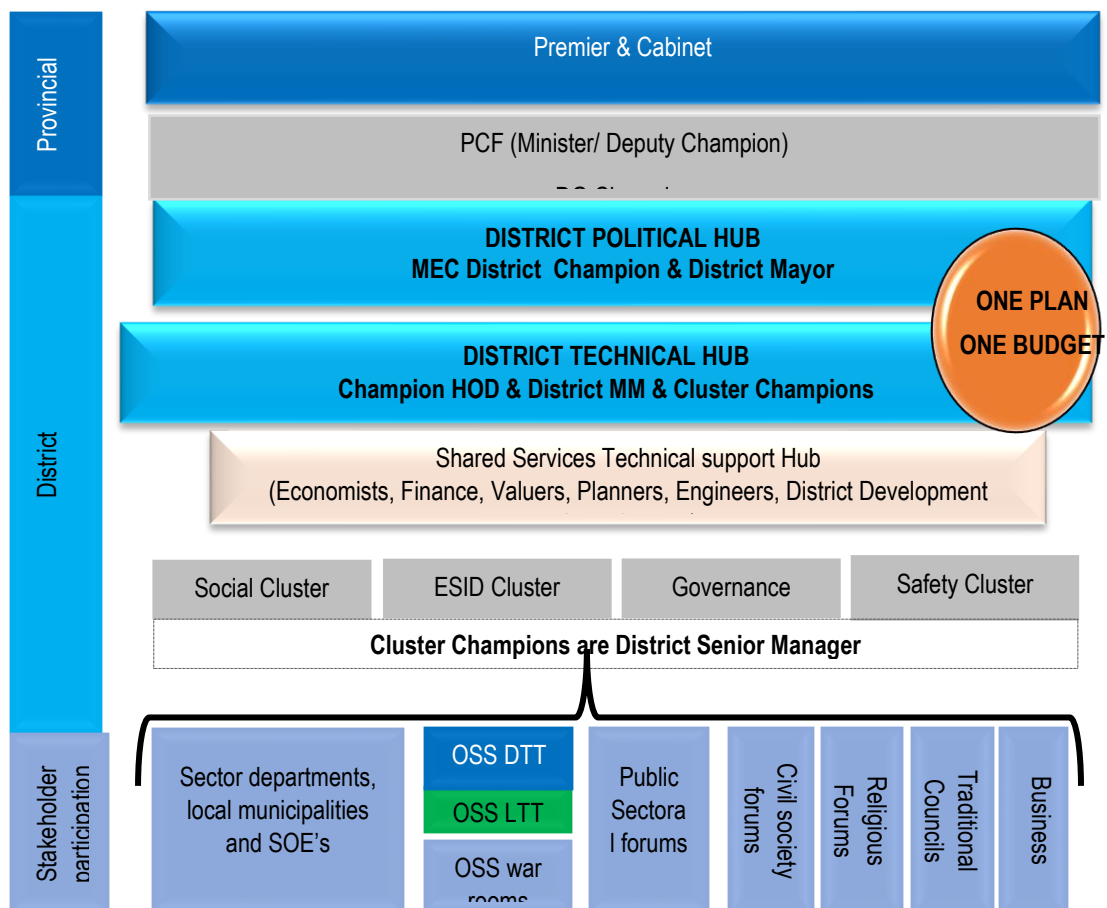
The coordination of all spheres has also incorporated the **Operation Sukuma Sakhe** programme.

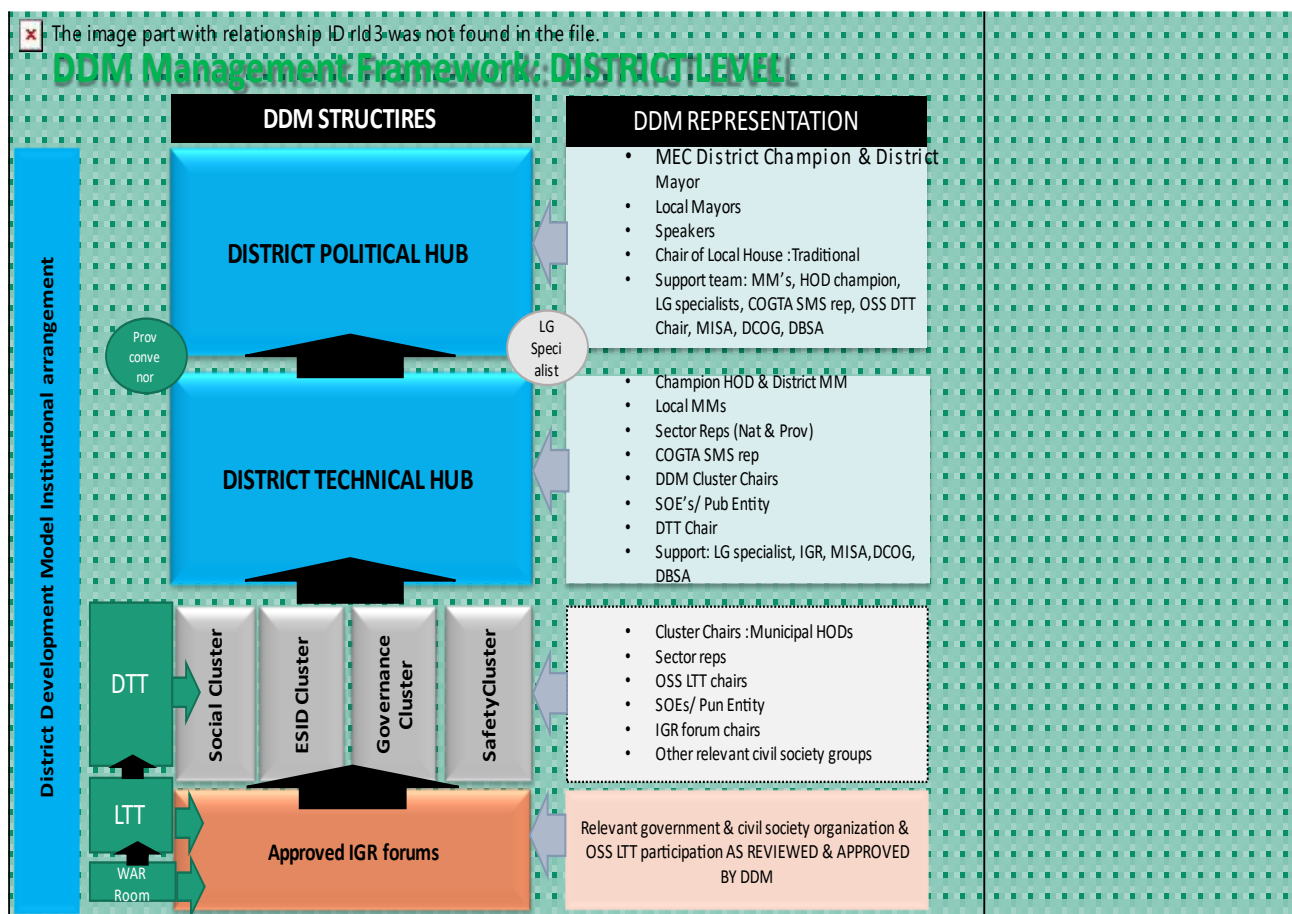
DDM OBJECTIVES

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> <p>Accounts to PCF with District Mayor</p> <p>Elevates issues to provincial clusters where required</p>

Position	Function
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, Púb 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.

- Oversee the development & approval of ONE PLAN & ONE BUDGET
- Promote greater accountability.
- Ensure inclusion of community needs and closer monitoring of government by community through active engagement with OSS structures – facilitated by Mayor and DTT chair.
- 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 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. The District leadership and management attend the public participation meetings held by local municipalities to ensure alignment.
- 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.

Based on the continuous engagements with the public, eminent issues include, but not limited to:

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

UMgungundlovu District Municipality held a public engagement meeting on 21 May 2023 in Emakholweni sportfield, Mkhambathini Municipality. The municipality also transported ward committees and the general public to the same date to ensure that the entire District is well represented. Below are the pictures from this engagement.



Picture showing The Speaker Cllr Gabela addressing the people at the UMDM Imbizo held on 21 May 2023.



Picture showing the Mayor Cllr Zuma presenting the Draft IDP and Draft Budget at the Imbizo held on 21 May 2023



The pictures below will show the different mechanisms used by uMgungundlovu District Municipality to engage the public.



Picture: 1. UMDM together with the Human Rights Commission and other relevant stakeholders investigating challenges faced by community to access water within Municipality's in the District at a systematic level and the rights relating to access to clean drinking water.



Picture 2: Hope for small businesses as UMDM in partnership with the department of small Business Development attends to assisting small businesses that were affected by the Covid-19 pandemic



Picture 3: uMgungundlovu District Municipality Mayor, Councilor Mzi Zuma went to do bridge inspection that is located between Sobantu and Scottsville area to alert residents on using it as



Picture 4,5: Radio Interviews as Mayor Cllr M Zuma reached out to the public.



MEANINGFUL ENGAGEMENT WITH AMAKHOSI

Section 29(1) of the Municipal Systems Act, No 32 of 2000 and Regulations stipulate that the process followed by a municipality to draft its Integrated Development Plan, including its consideration and adoption of the draft plan, should, "(b) through appropriate mechanisms, process and procedures established in terms of Chapter 4, allow for (iii) organs of state, including traditional authorities and other role players to be identified and consulted on the drafting of the Integrated Development Plan"

It is against this background that uMgungundlovu District Municipality held an engagement session with the Local House of Traditional Leaders for uMgungundlovu District to present the IDP, the Budget and the DDM and to solicit input into these documents. This session was held on 22 May 2023 (Annexure 28) at the municipal council chamber and is an addition to having amakhosi sitting in the municipality's Representative Forum and Council.

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.

2023/2024 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 remains one of management's core responsibilities in terms of section 62 of the Municipal Finance Management Act (MFMA) and is an integral part of the internal processes of a municipality. It is a systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of a municipality.

When properly executed, risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives.

The Municipality conducts risk assessments (enterprise wide, IT and fraud risk assessments) annually and develops an enterprise-wide risk register, which is monitored quarterly as legislated.

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

UMDM RISK REGISTER

Table below highlights strategic risks identified during risk assessment session held on the 16 April 2024.

No.	Risk Type/ Category	Risk Description
1	Information Technology: Business Continuity and disaster recovery	Inability to timeously resume business operations in the event of a disaster.
2	Information Technology: ICT Governance	Ineffective governance of ICT
3	Local Economic Development: Sustainable Economic Growth	Inability to create an enabling environment to develop and grow the local economy
4	Fraud Management: Fraud Prevention, Detection and Response	Vulnerability to Fraud and Corruption
5	Basic Service Delivery: Water and Sanitation Services	Inability to meet current water and sanitation services demand across the district areas

No.	Risk Type/ Category	Risk Description
6	Environmental Management: Air Quality Compliance	Failure to achieve air quality compliance in line with the requirements of the environmental Management Act (75%)
7	Community Services: Disaster Management	Non-compliance with a Disaster Management Act
8	Good Governance: Clean Administration	Inability to achieve clean audit and administration
9	Financial Management: Financial Sustainability	Inability to manage and sustain municipal finances
10	Strategic Mandate: Achievement of Municipal Goals	Inability to achieve the goals as set on the 5-year strategy (IDP)
11	Institutional Development: Human Capital Management	Inability to attract and retain critical/scarcely/technical and suitable skills to the municipality to fulfil the mandate
12	Cross Cutting Issues: Planning and Development	Uncoordinated planning to guide future developments

Top Five 05 Fraud Risks identified.

No.	Risk Type/ Category	Risk Description
1	Human Resources – Leave Management	Abuse of leave
2	Human Resource Management	Misrepresentation of experiences and fabrication of qualifications by candidates during the recruitment process to be appointed by the Municipality
3	Supply Chain Management	Conflict of interest by employees and councillors where financial interests in suppliers is not declared which results in the employee favouring such suppliers
4	Information Technology:	Unauthorized access to the municipal data with the intent to manipulate information for financial gain
5.	Human Resources: Overtime	Abuse of overtime by claiming overtime that has not been worked or inflating of overtime worked

The table below depicts the number of risks identified for each department within the municipality through the risk assessment process.

No.	Department	No. of Risks identified
1	Office of the Municipal Manager	08
2	Corporate Services	09
3	Infrastructure Services	06
4	Community Services	08
5	Economic Development and Planning Services	02
6	Budget and Treasury Services	09
TOTAL		42

The approved risk register for the period contains proposed actions and deadlines for each action plan. Progress on the implementation on these action plans will be monitored and presented to the oversight committees to enhance culture of risk management, performance management, accountability, informed decision-making and identify early signs of inefficiencies in service delivery.

2.5.2 ANTI-CORRUPTION AND FRAUD

Section 83(c) of the MSA refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices.

Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

The following strategies were in place to prevent likelihood of fraud and corruption

Strategy	Developed (Yes/No)
Anti- Fraud and Corruption Strategy / policy	Yes
Declaration of Interest forms/ Code of ethics	Yes, Declarations of interest signed annually by councillors and staff.
Whistle-blower Policy	Adopted

RISK MANAGEMENT COMMITTEE

The UMgungundlovu District Municipality Risk Management committee consist of the following members as of 30 June 2024.

1. Ms Zama Lugongolo (Committee Chairperson)
2. Dr EX Muthwa - Municipal Manager
3. Mr Vusi Kunene – Chief Financial Officer
4. Ms Lihle Hadebe – Acting HOD: Community Services
5. Ms Phumzile Mncwabe – Acting HOD: Corporate Services
6. Mr Jabulani Dlamini – Acting HOD: Infrastructure Services
7. Mr MJ Sithole – HOD: Economic Development and Planning
8. Ms Adele Dorasamy – Manager: Internal audit
9. Ms Andile Shezi – Manager: Risk and Compliance
10. Ms Zamangwe Mazibuko – Risk Management Advisor
11. Miss Sindi Ngcobo - Risk Management Intern
12. Mr Seluleko Mkhize – Risk Management Intern
13. Miss Nokulunga Mdunge - Risk Management Intern

2.5.3 SUPPLY CHAIN MANAGEMENT POLICIES AND PROCESSES

The uMgungundlovu District Municipality's Supply Chain Management (SCM) 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.

The SCM unit continues to oversee the procurement and provisioning of goods and services on behalf of the municipality. These responsibilities encompass a wide range of activities, such as the solicitation of construction projects, engagement of consultant services, and the selection of contractors to support municipal service delivery.

SCM is committed to ensuring that the municipality's supply chain processes are robust, sustainable, and transparent. 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. 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 National Treasury promulgated the PPPFA Regulations (2022) and the rollout of the regulations was conducted by the KZN Provincial Treasury. The new regulations introduced the specific goals points system which allowed for transformative measures for the municipality's procurement process. This has seen a significant increase in the number of awards to uMgungundlovu-based service providers, SMMEs and the companies owned by the youth. The revised SCM Policy was approved by Council on 23 May 2024 which considered the amendments to the Municipal SCM Regulations. The municipality further introduced a Contracts Management Policy and Procedure Manual in order to enhance the controls regarding contracts.

As an assurance provider, SCM is dedicated in promoting good governance while facilitating efficient service delivery. Internal control framework is constantly being reviewed and enhanced where necessary, thus ensuring compliance with the pertinent laws and regulations governing local government supply chain processes. This has proven to be highly effective in the municipality's pursuit of a clean audit outcome. This success is reflected in the improved audit result over the year.

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.undm.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. There has been issues of capacity previously but they have been addressed, the functioning of customer care centres and efficiency in dealing with queries has improved.

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 (PERFORMANCE REPORT PART I)

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 2023/2024 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 .

COMPLETED PROJECTS		
Project Name	Implementation Status	Local Municipality
Manyavu Water	The project is completed. Project scope included: The construction of approximately 98 km of HDPE, uPVC and steel pipelines ranging from 20mm-250mm in diameter. Construction of 3 ground storage steel tanks ranging from 20kl – 80kl. Refurbishment of existing 250kl concrete reservoir 9. Total Project Budget: R 64 031 593.81	uMkhambathi Wards 2 & 5 Household connections: 855
uMshwathi Phase 4 – Greater Efaye Reticulation Scheme	Construction of approximately: <ul style="list-style-type: none">• 227km reticulation water pipelines• 1no. 50KL reinforced concrete reservoir• 1no. 400KL reinforced concrete reservoir• 5 no. pressed steel water storage tanks• Associated chambers and assemblies Total Project Budget: R 233 005 985.01	Umshwathi Wards 3&4 Household connections: 2176

3.1.1 WATER AND WASTE- WATER QUALITY

Water and Wastewater Quality Performance at uMgungundlovu District Municipality for 2023/2024

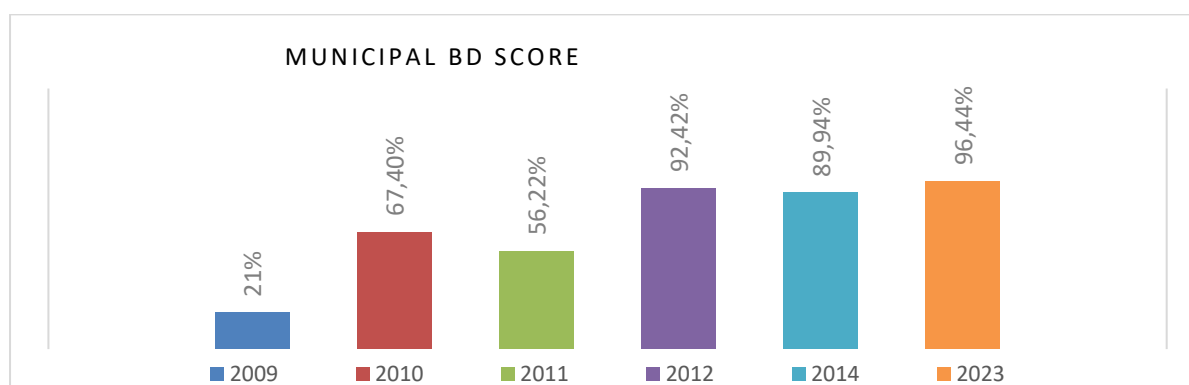
The uMgungundlovu District Municipality is responsible for supplying potable water to six local municipalities (LMs) within its designated operational areas. Potable water supplied to these LMs is monitored according to an annual monitoring program aligned with the water safety plan. The municipality also manages six wastewater treatment works, maintained by Umngeni-Uthukela Water on behalf of the

District Municipality. The final effluent from these wastewater treatment works is monitored according to Water Use Licenses or General Authorizations.

In partnership with Umngeni-Uthukela Water, the District Municipality has developed wastewater risk abatement plans to minimize risks associated with poor performance of the wastewater treatment works. Both water and wastewater quality results are uploaded monthly to the Integrated Regulatory Information System (IRIS) at <https://ws.dws.gov.za/IRIS/mywater.aspx>, where they are accessible to the community, regulatory authorities, and stakeholders.

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 for the first time. Again in 2014 and 2023, the District Municipality was able to retain its Blue Drop status through Umgeni water supply system and this is an indication of commitment shown by the District Municipality towards better service delivery.

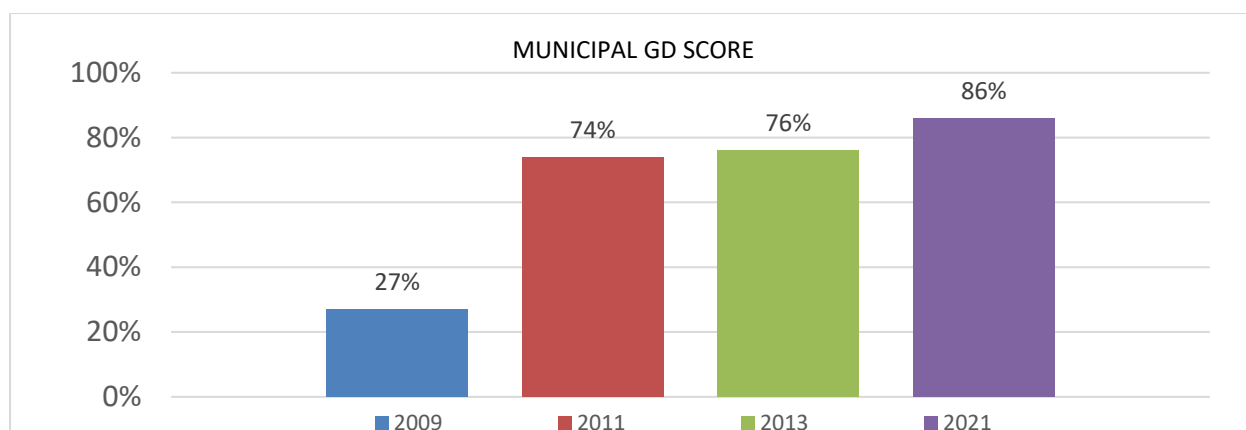


Graph 2: Municipal Blue Drop scores

The District Municipality has been showing an improved performance from overall Municipality score of 21% to 96.44% in 2023.

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

Cool Air Wastewater Works achieved 91% and it was awarded with prestigious Green Drop status for 2021/2022 assessment.

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					
Water Supply Systems	Acute Health	Acute Health	Chronic Health	Aesthetic	Operational
	Microbiological	Chemical	Chemical	Chemical - Non Health	
	Compliance	Compliance	Compliance	Compliance	Compliance
<u>Boreholes (Untreated)</u>	100%	100%	96%	100	97%
<u>Gomane Boreholes</u>	86%	100%	97%	100%	98%
<u>Impendle Spring</u>	99%	100%	100%	99%	92%
<u>Lidgeton West</u>	98%	100%	100%	100%	100%
<u>Mpofana</u>	99%	100%	100%	100%	100%
<u>Nzinga</u>	96%	100%	99%	96%	45%
<u>UW/Mpofana Bulk</u>	100%	100%	100%	100%	100%

Umgeni Bulk Supply	99%	100%	100%	100%	100%
uMgungundlovu District Municipality	97%	100%	99%	99%	92%

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

Acute Health Microbiological Compliance: Out of eight water supply systems, seven achieved over 95% compliance, with the exception of Gomane Borehole. Microbiological quality at Gomane was compromised due to inadequate chlorine levels, resulting in poor disinfection. This issue was caused by a leak in the chlorine pipe.

In accordance with the incident management protocol, corrective measures were implemented to resolve the problem. Plans are also in place to construct the Impendle Bulk Water Supply Scheme to improve water supply in the Impendle area.

Acute Health Chemical Compliance: All water supply systems in this category met the standards for drinking water quality.

Chronic Health Chemical Compliance: All water supply systems in this category met the standards for drinking water quality.

Aesthetic Compliance: All water supply systems in this category met the standards for drinking water quality.

Operational Compliance: The Nzinga system did not meet drinking water quality standards in this category, primarily due to turbidity issues. When water quality did not meet operational standards, the affected water was withheld from distribution, and the treatment process was optimized to restore quality to required standards.

Overall, drinking water quality within the uMgungundlovu District Municipality meets good standards. The District Municipality has achieved 97% microbiological compliance, 100% acute health chemical compliance, 99% chronic health chemical compliance, 99% aesthetic non-chemical health compliance, and 92% 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	100%	92%	89%
Camperdown	92%	100%	96%
Cool Air	93%	98%	98%

Howick	71%	84%	92%
Mooi River	92%	100%	97%
Richmond	100%	93%	74%
uMgungundlovu District Municipality	91%	95%	91%

Table 21: Wastewater quality compliance for each wastewater treatment works

Appelsbosch: - The plant met the standards for excellent final effluent regarding microbiological and chemical compliance. However, physical compliance was not achieved due to the Chemical Oxygen Demand (COD) being out of range. Appelsbosch College and Appelsbosch Hospital need to maintain and clean their grease traps before discharging their influent into the municipal sewer line.

Camperdown: - The plant met the standards for excellent final effluent in all compliance categories.

Cool Air: - The plant is performing well and has met all standards for excellent final effluent. Cool Air Wastewater Treatment Works also achieved Green Drop status in 2021.

Howick: - The plant met the standards for excellent final effluent in terms of physical compliance. However, it faces issues with excessive scum in the chlorine contact chamber, and poor solids settling in the clarifiers, resulting in carryover. Mpophomeni Wastewater Treatment Works is currently being upgraded, with completion expected in 2025. This upgrade will reduce the flow to Howick Wastewater Treatment Works, which should also improve the quality of the final effluent.

Mooi River: - The plant met the standards for excellent final effluent in all compliance categories.

Richmond: - The plant met the standards for excellent final effluent in microbiological and chemical compliance. However, physical compliance was not achieved due to out-of-range chlorine levels.

3.2 INDIGENT REGISTRATION PROCESS

The district has an indigent policy which is a subsection of the credit control policy, a database is then created where customers are added when they make an application, the Municipality then goes through various verification methods to ensure that the information provided is true and correct. The Municipality received over 15 thousand applicants there various campaigns thought the implementation of but not limited to the following indigent registration programs (indigent registration programs, door to door campaigns etc...). However this number was reduced to a total of 10079 , this number had to be reduced further to give time for revenue purposes to take plan, a total of 6491 x indigent households were then provided with access to free basic water services by the end of June 2024.

The rest of the applicant were then rolled over to receive the rebate on the following Financial Year. It must be noted that approved the customers indigent status is valid for 5 years from the date of approval, subject to annual desktop verification by the Municipality.

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. The Municipality is looking for different methods of monitoring the use of water and enforcement of the minimum supply as stipulated in the 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, an 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 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 2023/2024 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	144
Inspection and certification of premises	691

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.

In 2023/2024 there was great national focus on the safety of food from Spaza shops with several cases reported of children falling seriously ill after eating different types of snacks purchased from Tuckshops. Whilst these reports emanated outside of this Province, UMDM took a proactive approach and intensified inspection of tuckshops. Some of these inspections were conducted as part of joint operations with different stakeholders inclusive of Local municipalities' LED and their law enforcement units; EDTEA, Home Affairs (Immigration) and SAPS. Our main focus was to ensure that:

- The Business owners and Consumers understand the markings that can be used to identify whether food stuff is still suitable for consumption or not.
- Food items are packaged such that they cannot be contaminated or adulterated in any way.
- Food products are purchased from reputable wholesalers or sources.
- All foods are properly labelled in terms of nutritional value, ingredients and place of production.

- Food is stored under proper conditions within proper heating and cooling appliances and that the correct temperatures is constantly maintained to prevent food items from spoiling.
- That the facilities confirm to, at the least, the minimal standards for a food premises.
- That service and display areas are cleaned and disinfected daily.
- There is no sale of counterfeit goods and stale/expired foodstuff
- That these trading spaces are not used as sleeping quarters

These intensive inspections have been accompanied by health education and awareness for both shop owners and consumers.



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

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. Non-structural compliance – premises failing to meet the minimum hygiene requirements for food premises.
4. Poor and improper food labelling of foodstuffs
5. Inability to conduct chemical analysis due to financial and laboratory constraints.

Water Quality Monitoring

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

534 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 321 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 2023/2024. 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 62 public sites were baited to assist with eradication of rodents.

Health Education and awareness raising on various Environmental Health issues.

A 138 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: Mpox, 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 Licenses (AEL) are required to submit annual atmospheric emission reports. In addition to reviewing these reports for compliance, the AQO also audited all 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 **2023/2024** 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 is currently reviewing the adopted bylaws. The District has also reviewed the Air Quality Management Plan which now includes and updated baseline report and an emissions inventory as well as dispersion modelling** . 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	4
New AELS	0
Conversion AEL	1
Renewal of AEL	4
Total	9

3.3.2 CEMETERIES AND CREMATORIA

The Municipal Structures Act of 1998, Section 84 (l) grants a District Municipality the powers and functions to establish, conduct and control of cemeteries and crematoria serving the district. During the 2023/24 financial year uMDM developed a 30-year cemetery and crematoria masterplan that identified short-, medium- and long-term challenges that confront the District and its LMs with regards to cemeteries and crematoria. The draft plan has been circulated to all LMs and sector Departments for their inputs and comments. During the 2024/25 financial year the Draft Masterplan will be distributed to other key stakeholders like the funeral industry, religious, cultural and traditional leaders. Once their inputs have been obtained and processed a final draft masterplan will be made available to the public for comment prior to uMDM formally approving the Masterplan, its projects and their timeframes. uMDM is of the view that this entire process, most of which was achieved in the 2023/2024 financial year provides very clear plans for what government at all levels within

uMDM need to do over the next three decades to adequately provide burial spaces and cremations that would be desirable and meet the needs of the citizens of this district.

UMDM has also awarded a tender to obtain cemetery management software application or App to improve recordkeeping and administration of burials and cremations across all LMs that are part of uMDM. The lack of records, loss of records and the long periods of time it takes to search through paper-based burials records and the lack of regular monitoring of available gravesites convinced the uMDM and all its LMs that the need to move into the digital era was urgent.

Since the Cemetery Management App has been procured, the service provider has provided introductory training to all the LMs in the uMDM. It is important to note that the training event for the LMs regarding this Cemetery App was the first event where all seven LMs attended in person since we began doing work on cemeteries and crematoria almost two decades ago. This achievement indicates that LMs are facing huge challenges with regards to recordkeeping and cemetery management issues and the ability of the App to assist them in this regard is recognised and they all want to be part of this solution. This is indeed a very positive indicator that the project will eventually work effectively across the uMDM. During the 2024/25 financial year, LMs will all be trained in using the app and all of them will begin using the app to record burials, cremations and other cemetery management information by the end of the financial year.

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 that confronted uMDM and its LMs was the lack of Integrated Waste Management Plans (IWMP) for the uMDM and many 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. UMDM completed a final draft of its own IWMP during the 2023/24 financial year, obtained input from all stakeholders including the public and submitted the plan for approval to the uMDM Full Council. Once the IWMP was approved by uMDM it was submitted to the MEC for Economic Development, Environmental Affairs and Tourism for endorsement as part of the legislative requirements for a proper IWMP. UMDM was therefore able in the 2023/24 financial year to achieve an endorsed IWMP which is now a legal instrument that must be used to improve service delivery and build new infrastructure and equipment to achieve the targets set in the five-year IWMP.

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 must be implemented across a District spatial area. 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 on solid waste management provided input during the 2023/24 financial year on the uMDM IWMP. It was also agreed that all the IWMPs from the District level to the LM level will during the 2024/25 financial year, need to be aligned so that a one joined up plan can be presented for this service delivery sector. This will ensure that planning, budgeting and project implementation

takes place in a collaborative manner wherein the different parts of the state participate to ensure co-ordination of planning, budgeting, project implementation and the avoidance of duplication and lack of integration at a district spatial level for an essential service to be provided. This type of process ensures that planning and interventions are in place for improvements to service delivery that makes developmental sense and use financial resources efficiently.

3.3.4 SPORTS, ARTS AND CULTURE

Overview of projects and programs conducted for 2023/ 2024

Highlights and Achievements

3.3.4.1 SALGA KZN DSAC GAMES

uMgungundlovu District Municipality successfully coordinated and delivered SALGA KZN DSAC Games 2023 in partnership with all seven Local Municipalities, Sport federations and Confederations. uMgungundlovu District Municipality participated in 10 sport codes out of 16 sport codes. There were 269 athletes including technical officials that participated as team uMgungundlovu District Municipality and there were necessary preparations that had to be done for proper planning. This includes the securing of accommodation for Athletes, Technical Officials, Councilors, and Support Staff as well as selection of teams, training sessions and other logistics such as clothing and transport. Team uMgungundlovu District Municipality on overall results was placed in position FOUR. There were two gold medals in Basketball Males and Females; One silver medal in Table Tennis and one bronze medal in Indigenous Games.

uMgungundlovu District Municipality's team SALGA KZN DSAC Games 2023 obtained the following positions as per code:

NUMBER	SPORT CODE	POSITION
01.	Athletics	Two athletes obtained gold medals
02.	Basketball Males	1
03.	Basketball Females	1
04.	Boxing	Knocked down in group stages
05.	Chess	Only one athlete went through to the final
06.	Football Males	Knocked down in group stages
07.	Football Females	Knocked down in group stages
08.	Indigenous Games	3
09.	Netball Females	4
10.	Rugby Males	Knocked down in group stages
11.	Rugby Females	Knocked down in group stages
12.	Table Tennis	2
13.	Volleyball Males	Disqualified, due to protests against eThekweni



Team UMDM at the KZN DSAC SALGA Games 2023

3.3.4.2 GOLDEN GAMES

uMgungundlovu District Municipality managed to successfully implement and support sports in a form of Golden games for Senior Citizens in line with the Older Persons Act's (Act No. 13 of 2006) objective of promoting and maintaining the rights, wellbeing, safety and security of older persons. UMDM partnered with the Department of Sport, Arts and Culture, Department of Health (Five Nurses), Department of Social Services Development, Local Municipalities, District Municipality, Age-in-Action and uMgungundlovu Senior Citizens Forum to successfully host the District games which then culminated into selection of a district team that went on to represent the district in the Provincial games.

Having excelled in the Provincial games, a total of 24 Senior Citizens from the District team were selected to participate in the National games as part of a Provincial team. This is a huge achievement for the district to have supported and implemented Golden games from the grassroots level, then seeing them off to represent the Province in the National games



3.3.4.3 DISABILITY GAMES

uMgungundlovu District Municipality successfully coordinated and delivered the Disability Games 2023 in Provincial level partnership with all seven Local Municipalities, Department of Sport, Arts and Culture, Department of Social Development, Department of Health and uMgungundlovu District Disability Forum. The UMDM Disability Sector represented uMgungundlovu District Municipality at Provincial Disability Games 2023 through the following sports codes and obtained position SIX in the overall results:

- i. Athletics
- ii. Basketballs (wheelchair)
- iii. Chess
- iv. Football
- v. Goalball
- vi. Umlabalaba
- vii. Netball
- viii. Table Tennis



3.3.4.4 ARTS AND CULTURE AWARDS

uMgungundlovu District Municipality successfully hosted the district arts and culture awards in partnership with Department of Sports, Arts and Culture, Impendle Local Municipality and Impi Enhle Yamaciko. The Awards were purposed to support and encourage upcoming artists within the district. Trophies accompanied by Prize money were awarded to these artists. These awards focused on artists in various art forms such as izinkondlo, indlamu, ingoma, gospel etc. Therefore, such recognition went a long well in encouraging the artists, providing a platform for talent identification and development of performing and non-performing arts in uMgungundlovu district area of jurisdiction. Arts and culture can also be used as an important tool in promoting the district as a tourist destination. The following are genres were awarded in the uMgungundlovu District Artists Award Ceremony 2023 and their respective Local Municipalities where they come from.

NO.	GENRES	LOCAL MUNICIPALITY
01.	Best Gospel	Richmond Local Municipality
02.	Best Masikandi	Impendle Local Municipality
03.	Best Isicathamiya	Msunduzi Local Municipality
04.	Best Ingoma Female	Msunduzi Local Municipality
05.	Best Ingoma Males	Msunduzi Local Municipality
06.	Best Intombi	Richmond Local Municipality
07.	Best Hip Hop	Impendle Local Municipality
08.	Best Insizwa	Msunduzi Local Municipality
09.	Best Poetry	Impendle Local Municipality
10.	Best Theatre	Impendle Local Municipality



UMDM Arts and Culture Awards

uMgungundlovu District Municipality also successfully hosted the Ingoma and Isicathamiya festival for moral regeneration and social ills awareness in an African Month (May 2024) in partnership with CCIFSA uMgungundlovu District and Department of Sports, Arts and Culture



Ingoma and Isicathamiya Festival

3.3.4.5 UMKHOSI WOMHLANGA

Umkhosi Womhlanga is an Annual Reed Dance taking place in September, Kwa Nongoma in Zululand District Municipality. Umkhosi womhlanga remains an important programme that encourages self-preservation in young women particularly at the time where teenage pregnancy is high, there is ongoing HIV infections and sexual abuse in communities. In support of this cultural practice. UMDM ensured provision of transport for maidens from all around the district (7 buses) to enable greater attendance of district maidens in this programme.



Other Highlights and Achievements

- 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 support of the Department of Sport, Arts and Culture
- uMgungundlovu District Municipality ensured attendance of Persons with Disability in the Disability Parliament held at Amajuba District Municipality in December 2024.
- 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.
- uMgungundlovu District Municipality held a Centenarian programme where Senior Citizens who are 100 years and older were honoured and gifted by the District Mayor.

CHALLENGES

There was no budget allocation by Department of Sport, Arts and Culture to support the uMgungundlovu District Municipality to deliver the Provincial SALGA KZN DSAC Games 2023

Insufficient resources to support federations and confederation to develop sports and lack of maintenance of sport facilities by the local municipalities

3.3.5 YOUTH

Overview of projects and programs conducted for 2023/ 2024

Highlights and Achievements

uMgungundlovu District Municipality is mandated amongst other things to lobby and advocate for the integration and mainstreaming of youth development within the district guided by the National Youth Policy 2020-2030. The policy advocates for integrated youth development and its primary goal is to build and enhance the capabilities of young people, so that they are responsible and contributing members of their communities and society. The uMgungundlovu District Municipality also considers the five pillars of the National Youth Strategy 2020-2030 which are-

- Pillar 1: Quality Education, Skills and Second Chance
- Pillar 2: Economic Transformation Entrepreneurship and Job Creation
- Pillar 3: Physical and Mental Health Promotion including mitigating against pandemics
- Pillar 4: Social Cohesion and Nation Building
- Pillar 5: Effective and Responsive Youth Development Machinery

uMgungundlovu District Municipality managed to successfully coordinate the youth entrepreneurship development workshops in three local municipalities namely: Impendle, Mpofana and Msunduzi. The workshops were for information sharing aimed at assisting aspiring entrepreneurs or young businesspeople to start or grow their businesses; these interventions were strengthened by presentations from

the governments departments. All presentations from the stakeholders were focused on the opportunities for emerging youth entrepreneurs across the public and private sector e.g., Business registrations, business funding and support.



Figure 2 and 2: NYDA and SEDA sharing information to young entrepreneurs about business fundings and offerings.

The uMgungundlovu District Municipality implemented a Co-operative support programme. The purpose of the Co-operatives support programme was to support informal and micro business enterprises to stimulate local economic development and to create job opportunities. uMgungundlovu District Municipality managed to identify two potential Co-operatives from the Co-operatives Database and both Co-operatives were supported with raw materials worth R50 000.00 each.



Figure 3 and 2: Hand over to Masopenu primary co-operative by Cllr S. Ngidi of Mkhambathini Local Municipality and Mrs. N Chapi.

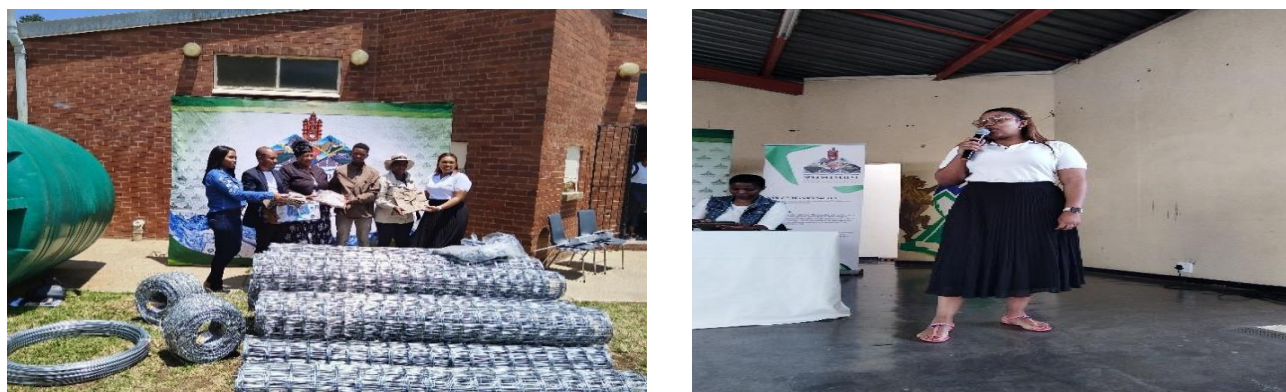


Figure 3 and 4: Hand over to Abalimi Multipurpose Primary Cooperatives Limited by the Community services Portfolio Chairperson Cllr S Zungu and Former acting HOD Ms L Hadebe

uMgungundlovu District Municipality responded to pillar 1 of the National Youth policy 2020-2030 which refers to the importance of quality education and its outcomes. Which also outlines and implements the NDP's education vision 2030 that is, South Africans should have access to high quality education and training to produce significantly improved learning outcomes. The uMgungundlovu District Municipality made available a budget R300 000.00 to assist young people from disadvantaged backgrounds who had been enrolled at tertiary institutions but could not afford registration fees. Twenty-two Students benefitted on this programme.

Institution	Number of Students
University of KwaZulu Natal	10
Durban university of Technology	6
University of Witwaterand	3
Nelson Mandela University	1
University of Pretoria	1
University of Zululand	1
Total	22

uMgungundlovu District Municipality closed the 2023/2024 financial year with the Youth Month Celebration as the month of June is the time to recognize the contribution of young people to the society and to raise awareness of the challenges they face. Hence the uMgungundlovu District Municipality made a resolution to commemorate Youth Month under theme "ACTIVELY ADVANCING SOCIO-ECONOMIC GAINS OF OUR DEMOCRACY". The Commemoration was also the information sharing aimed at assisting aspiring entrepreneurs or young businesspeople to start or grow their businesses; this intervention was strengthened by presentations for the government's entities. All presentations from the stakeholders were focused on the opportunities for emerging youth entrepreneurs across the public sector e.g., Business registrations, business funding and support.





Figure 4 and 2: Dr. EX Muthwa and Her worship the Mayor of Mpofana Local Municipality addressed young people

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 2023/24

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
1	IG/Revenue Enhancement Program	1 July 2023	30 June 2024	30	infrastructure
2	IG/UMDM Working On Fire Program	1 July 2023	30 June 2024	31	Environment & Culture
3	IG/UMDM Cleaners	1 July 2023	30 June 2024	05	Social

No	NAME OF PROJECT	START DATE	END DATE	NO OF PARTICIPANTS	SECTOR
4	IG/ UMDM Nonguqa Water Treatment Works Plant Assistants	1 July 2023	30 June 2024	04	Infrastructure
5	IG/ UMDM Data Capturers & Admin	1 July 2023	30 June 2024	05	Social
6.	IG/Creative Arts Program			27	Environment & Culture

UMDM INTERNAL FUNDING/ MIG / WSIG FUNDED PROJECTS REPORTING ON EPWP 2023/24

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	Infrastructure
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
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	UMDM Internship Program			06	Social

New MIG / WSIG Funded Projects:

- 1) SANITATION VIP Toilets Project
- 2) Construction Of Boreholes
- 3) Mpofana Bulk Water Supply Project
- 4) AC Replacement Project – Howick

- 5) Nyamvubu Water Supply Scheme
- 6) KwaMathwanya Water Supply Scheme

Training Program – Planning Phase:

EPWP Training Program – Plumbing (NQF Level 4) – Revenue Enhancement Program

Successes

- 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	PERMANENT 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
UMNGENI	J	21	0	J NOT YET	L	J	J	K	J
MPOFANA	J	17	0	J NOT YET	L	J	J	K	J
IMPENDLE	J	19	0	J NOT YET	L	J	J	K	J
MKHAMBATHINI	J	23	0	J NOT YET	L	J	J	K	J
UMSHWATHI	J	17	0	J NOT YET	L	J	J	K	J
RICHMOND	J	17	0	J NOT YET	L	J	J	K	J

MUNICIPALITY	VEHICLES	CONDITION	NO OF PERSONNEL
Umgengi	1 x medium pumper – mercedes atego 2008 1 x medium pumper – isuzu 750 2020	poor and high mileage exceeding water capacity – 3000l vehicle is still brand new water capacity – 3000l	s/o – 1 w/c – 2(1 X wc transferred to ECC) p/o – 4 f/f - 14
Mpofana	1 x medium pumper 2xmajor pumper(mercedesartego)both are out of commission. Isuzu NP 400	poor and high mileage 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	1x isuzu 750medium 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 Mercedes medium pumper(3000l) OOC at the moment	fairly new isuzu. 2016 model. 2000l water capacity	s/o – 1 w/c – 0 p/o – 1 f/f - 15
Richmond	1x light pumper isuzu 400	extremely old vehicle still new water capacity 200l	s/o – 1 w/c – 3 p/o – 3 f/f - 11

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



3.6 DISASTER MANAGEMENT SERVICES

3.6.1 DISASTER MANAGEMENT CENTRE

Key performance area 1

Objective: To establish the necessary institutional arrangements for implementing disaster risk management in terms of the Disaster Management Act, 57 of 2002.

Establishment of the Disaster Management Centre

Section 43 (1) of the Disaster Management Act 57 of 2002, provides that each metropolitan and district municipality must establish in its administration a disaster management centre for its municipal area.

A DMC must at least have the following well-maintained facilities to operate effectively.

- ☐ Disaster Operations Centre (DOC).
- ☐ Central Communications Centre (COC).
- ☐ Training, Media and Public Information Centre.
- ☐ Administrative offices.
- ☐ Information Technology and Communication System
- ☐ Security and parking.
- ☐ Open area.

The following milestones were achieved towards the construction of the DMC:

- ☐ Site identified, secured, fenced and zoned.
- ☐ Topographic survey completed.
- ☐ Water connection completed.
- ☐ Preliminary designs (stage 2) completed.

- ☐ An order of magnitude estimate, also known as a Rough Order of Magnitude (ROM) estimate, (rough estimate of a project's cos) completed
- ☐ Application for electricity supply pending
- ☐ SPLUMA application pending
- ☐ Environmental scoping pending



The designated site is situated at 2 Scott Street, Camperdown, strategically positioned approximately 1.2 kilometers from the N3 highway, accessible via the R103. Presently, the site shares its vehicular and pedestrian access road with the Camperdown Town Hall, establishing a notable point of reference within the locale.

Access to the site is facilitated through Scott Street, with its immediate surroundings featuring prominent landmarks such as Camperdown Primary School, the town hall, a railway line, and residential structures in close proximity. Furthermore, situated within a one-kilometer radius are retail amenities, encompassing a supermarket, butchery, pharmacy, and assorted stores.



Integrated Institutional Capacity for Disaster Risk Management

- Meetings of the Disaster Management Advisory Forum and the Disaster Management Practitioners Forum held during the 2023/24 Financial Year are shown in the table below:

DMPF	DMAF
22 August 2023	08 September 2023
27 November 2023	01 December 2023
16 February 2024	23 February 2024
28 May 2024 (Virtual- Teams)	23 April 2024

Key performance area 2

Objective: Establish a uniform approach to assessing and monitoring disaster risks that will inform disaster risk management planning disaster risk reduction undertaken by organs of state and other role players.

Results of Ward-based risk assessments

Ward based disaster risk assessments will be undertaken as part of the review of a Disaster Management Plan during the 2025/2026 Financial Year.

During the 2023/24 Financial Year, the uMgungundlovu District Municipality provided technical support to Municipalities within its sphere of authority in the process of conducting Ward Based Disaster Risk Assessments.

Listed below are the hazards found to be significant during the Ward-based risk assessments conducted during the 20223/2023 financial year:

High risks

- Heavy rainfall
- Strong winds
- Veld / Forest fires

Medium risks

- House fires
- Tornado
- Lightning
- Drought
- Hail
- Flash floods / River floods

Low risks

- Snow

Key performance area 3

Objective: To ensure all disaster risk management stakeholders develop and implement integrated disaster risk management plans and risk reduction programmes in accordance with approved frameworks.

Capacity building / trainings conducted

- Capacity building / training conducted

MUNICIPALITY	DATES	ACTIVITY	TARGETED AREAS /GROUPS
uMDM	07-08 March 2024	Flood Risk Assessment	All Stakeholders who deal with floods and flood risk assessments.
uMDM	07 March 2024	1 Day Workshop for Integrated Climate-Driven Multi-Hazard Early Warning Project	All uMDM DMAF stakeholders
uMDM	22-26 April 2024	Integrated Climate-Driven Multi-Hazard Early Warning Project	All uMDM DMAF stakeholders
uMDM	25 April 2024	Community Awareness at Thembaletu Community Hall by SAWS (Integrated Climate-Driven Multi- Hazard Early Warning Project	Community members of Thembaletu
uMDM	26 April 2024	SAWS Integrated Climate-Driven Multi- Hazard Early Warning Workshop	Educators (All Circuits were represented under uMDM)
uMngeni LM	14-16 November 2023	1 st Aid and Basic Fire Fighting Training	DM Volunteers
Mpofana LM	28 November 2023	First Aid Level 1	CWP Volunteers
	29 November 2023	First Aid Level 1	CWP Volunteers
	30 November 2023	Basic Fire Fighting Level 1	CWP Volunteers
Impendle LM	05-07 December 2023	1 st Aid and Basic Fire Fighting Training	DM Volunteers
	24,25,26 January 2024	1 st Aid and Basic Fire Fighting Training	DM Volunteer

Mkhambathini LM	4 November 2023	Training of Volunteers	Camperdown Hall, Ward 3
Richmond LM	21-24 November 2023	1 st Aid and Basic Fire Fighting Training	DM Volunteers
uMshwathi LM	12-14 December 2023	1 st Aid and Basic Fire Fighting Training	DM Volunteers
Msunduzi LM	12-14 February 2024	1 st Aid and Basic Fire Fighting Training	DM Volunteers

Public education and awareness programmes undertaken

- Public education and awareness campaigns

The table below shows a list of public awareness campaigns conducted in conjunction with the Local Municipalities in the 2023/2024 Financial Year.

Municipality	Dates	Program	Area
uMngeni LM	20 July 2023	Fire Awareness Campaign	Shiyabazali & Sphumelele Creche – ward 01
	08 August 2023	Health and safety Inspection	Mpophomeni – ward 10
	10 August 2023	Fire awareness campaign	Lidgetton – ward 04
	16 August 2023	Fire safety awareness	Lions River Creche and Primary School – ward 09
	27 September 2023	Summer seasonal awareness	Lidgetton west – ward 04
	28 September 2023	Summer season awareness	Transnet informal settlement – ward 03
	08 November 2023	Fire safety awareness campaign	Ward 12 Jabavu Informal Settlement
	07 February 2024	Fire safety awareness	Ethem College
	07 February 2024	Wetland awareness	Ethem College
	21 January 2024	Fire Safety Education	Ward 11 eMpophomeni
	April 2024	Education and Training	Ward 12 Howick West Creche
	April 2024	Fire Safety Awareness	Ward 12 Howick West Creche
Mpofana	19 July 2023	Fire education and safety	CWP Supervisors
	15 August 2023	Fire awareness programs With Working On Fire	Themba church/ Birdspruit
	21 September 2023	Fire Education program	NCD Informal Settlements
	29 February 2024	Search and seizer	eMnyezaneni High School
	06 March 2024	Safety Campaigns	Senzokuhle and Tauricus
	29 January 2024	Pedestrian education	National Road (N3)
	27 February 2024	Pedestrian education	National Road (N3)
	27 March 2024	Pedestrian education	National Road (N3)
	14 May 2024	Fire safety workshop	Kwa- Mqenula in ward 4
Mkhambathini	22 May 2024	Door to Door fire awareness campaign	Rosetta informal settlements in ward 2
	18 March 2023	Awareness campaign regarding Fire Safety, HIV, and Waste Management as part of capacity building	Mbutho Primary School
	6 July 2023	Fire safety workshop and cleanup campaign	Emabhodini, Ward 3

Municipality	Dates	Program	Area
	22 November 2023	Business inspection	Nkanyezini, Ward 5
	22 March 2024	Easter Holiday Safety awareness campaign	Camperdown Taxi Rank
Msunduzi	27/07/2023	Fire Awareness	Nyanda Primary school
	28/07/2023	Fire Awareness/Safety	Thandokuhle Creche /Pre school
	11/08/2023	Fire Awareness	Fezokuhle Primary school
	17/08/2023	Fire Awareness/Safety	Selby Msimang Creche /Pre school
	18/08/2023	Career Day/Fire Awareness	Stafford Academy
	30/08/2023	Fire Awareness	Mountain Rise Primary School
	31/08/2023	Career Day	Nkabini Primary School
	01/08/2023	Career Day/Fire Awareness	Phomoroyi Primary School
	08/09/2023	Awareness	Bhekamatshe Primary School
	28/09/2023	Floods Awareness	KwaNoshezi Area Ward 05
	20/10/2023	Floods/Lightning Awareness	Thamboville Ward 38
	27/10/2023	Fire Awareness	Isicelakukhanya Primary School
	15/11/2023	Community Awareness	KwaShange – Ward 4
	17/11/2023	Community Awareness	Ncedemhlophe Hall Emafakatini – Ward 9
	01/12/2023	Community Awareness	Unit J Hall
	06/12/2023	Community Awareness	Eastwood Social Centre
	15/02/2024	Community Awareness	Jika Joe Informal Settlement
	16/02/2024	Community Awareness	Thuthuka Hall
	07/03/2024	Veld Fire Awareness	KwaNoshezi area
	17/04/2024	Community Awareness	Baffour Hall
	18/04/2024	Community Awareness	Mzimba Primary School
	07/05/2024	Community Awareness	Celani Primary School
	14/05/2024	Community Awareness	Maqongqo Primary School
	23/06/2024	Community Awareness	Isiqalo Thamboville Primary School
	26/07/2023	Major Hazard Risk	Total Energies service station
	19/09/2023	Major Hazard Risk	Shining Star- Sunfresh Baker
	16/10/2023	Major Hazard Risk	Hazclean Environmental
	14/11/2023	Major Hazard Risk	Emerald Auto
	28/11/2023	Major Hazard Risk	Vexica
	29/01/2024	Major Hazard Risk	China Hypermarket
	30/01/2024	Major Hazard Risk	Builders Supplies
	15/02/2024	Major Hazard Risk	Shanbar Property
	29/02/2024	Major Hazard Risk	Isibaya
	22/03/2024	Major Hazard Risk	Value Co
	22/03/2024	Major Hazard Risk	Bawas Superstore PMB
	22/03/2024	Major Hazard Risk	Tupntile Hyper
	19/04/2024	Major Hazard Risk	Shanbar Property Development
	29/04/2024	Major Hazard Risk	Eagle Auto Sales
	25/04/2024	Major Hazard Risk	Astron
	05/05/2024	Major Hazard Risk	Imvelo Beauty Square
	30/05/2024	Major Hazard Risk	AA Clothing Retailers CC
	21/06/2024	Major Hazard Risk	Coffee Berry
	24/06/2024	Major Hazard Risk	Auto Cars
	19/06/2024	Major Hazard Risk	Bluff Meat Supply
uMshwathi	14 September 2023	Coping Capacity Awareness	5-Mathulini Community Hall
	12 October 2023	Summer Season Awareness Campaign	8-Swayimane High School
	13 October 2023	Summer Season Awareness Campaign	8-Sgqumeni Open Centre

Municipality	Dates	Program	Area
	20 October 2023	Summer Season Awareness Campaign	13-Moraneni Creche (Ndlaveleni)
	11 November 2023	Disaster Management Prayer Meeting and Awareness Campaign	3-Efaye Community Hall
	25 January 2024	Summer Season Awareness Campaign	6- Mbava Community Hall
	26 January 2024	Summer Season Awareness Campaign	6-Kwamaphumulo Community Hall
	31 January 2024	Summer Season Awareness Campaign	4-Mkhasini Creche
	11 April 2024	Climate Change/Clean-up Campaign	12-Windy Hill Community Hall
	26 April 2024	Winter Season Awareness Campaign	9-Trustfeed Community Hall
	30 April 2024	Integrated Training on Recycling and Waste Management and Fire Safety	13-MaMbedwini Community Hall
	27 June 2024	Winter Season Awareness Campaign	3-Elias Community Hall
Richmond	13 July 2023	Awareness Campaign	1-Mkhobeni Area
	13 July 2023	Motorcade Awareness Campaign	4-Hopewell
	01 August 2023	Disaster Management Volunteer Programme	1-Testing Ground Boardroom
	18 August 2023	Motorcade Awareness Campaign	1, 2, 7 CBD, Greater Ndaleni and Maswazini
	September 2023	Clean- up Campaign	1-Richmond CBD
	04 October 2023	Food Inspection	1-Richmond CBD
	21-24 November 2023	Fire and First Aid Training for DM Volunteers	1-Richmond Sports Grounds
	18 December 2023	Loud Hailing Awareness Campaign	6-Phatheni Area
	18 December 2023	Heavy Rainfall Loud Hailing Awareness	2-Siyathuthuka
	18 March 2024	Health and Safety	1-Bhongoza
	February 2024	Clean-up Campaign	1-Mshaye-azafe
	24 June 2024	Disaster Awareness Campaign	1-Magoda Hall
	16 May 2024	Safety Awareness	7-Ndabikhona Primary School
	24 June 2024	Fire Safety Awareness	5-Nhlazuka-Nkumane
Impendle	13 Sept 23	Fire awareness campaign	Macksam area
	20 Sept 23	Fire awareness campaign	Mbaliyezwe Community Hall
	08 February 2024	Fire safety education	Mahlutshini Area, Ward 1
	9 March 2024	Awareness campaign	Kwa-Khetha area – Ward 4

PICTURES OF COMMUNITY EDUCATION AND AWARENESS CAMPAIGNS AND CAPACITY BUILDING PROGRAMMES

Summer season awareness, Mbhava Comm Hall, Ward 6, uMshwathi



Disaster awareness campaign at Richmond Sports Complex on 20 December 2023



Disaster volunteer training in Richmond held from 21 to 23 November 23



Fire safety workshop at Kwa-Khetha Community Hall in Ward 4 on the 30 March 2024.





The South African Weather Services received funding from the government of Flanders to implement the Integrated Climate-Driven Multi-Hazard Early Warning System (ICMHEWS).

The main objective of the project is to develop an integrated, climate-driven multi-hazard early warning system for the identified local climate and hydrometeorological risks and hazards such as drought, lightning, and flooding, among others.

Concurrent with the development of technical and scientific information, the SAWS, together with partners will be conducted several workshops and interviews with communities and municipal stakeholders to co-design and co-develop the ICMHEWS based on the derived risk knowledge that will also support municipal disaster preparedness and response.

Implementation of the other Disaster Risk Reduction Programmes

☐ Installation of lightning conductors

The disaster risk reduction strategies for lightning include education and awareness campaigns and structural mitigation activities such as installation of lightning conductors.

The rural communities of uMshwathi, Mpofana, uMngeni, Mkhambathini, Msunduzi, uMngeni, Impendle and Richmond Local Municipalities are prone to lightning. Several incidents reported during the summer seasons of the previous years were a cause for concern. Emanating from that, lightning conductors were allocated to various households during the reporting period.

☐ Dissemination of Early Warning Messages

The uMgungundlovu District Disaster Management Centre partnered with SAWS and other stakeholders, to implement the Integrated, Climate-driven, Multi-hazard Early Warning System (ICMHEWS) within the area of jurisdiction of uMgungundlovu District Municipality.

Adequate early warning information can increase awareness of disasters and prevent loss of life and reduce the economic and material impact of disasters through proactive disaster preparedness and post-disaster recovery efforts.

- ❑ Other non-structural measures include building codes and land-use planning laws and their enforcement.

Key performance area 4

Objective: To implement immediate integrated and appropriate response and relief measures when significant events or disasters occur or are threatening to occur.

DISASTER RESPONSE: Disaster response is the immediate action taken after a disaster occurs such as search and rescue operation, firefighting, providing food, water, and shelter etc. Actions planned during preparedness are executed in response phase

DISASTER RECOVERY: UNISDR has defined disaster recovery as the process of 'restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and "build back better" to avoid or reduce future disaster risk.

Emergency relief provided by multiple stakeholders

- **DISASTER RESPONSE:** Measures taken during or immediately after a disaster in order to provide assistance and meet the basic needs of those affected.

Municipality	Period	Blankets	Tents	Food parcels	Box B/ Kitchen set	Sponges	Plastic Sheets	Tarpaulins
Mpofana	July 2023 to June 2024	311	5	21	14	96	121	22
Impendle	July 2023 to June 2024	486	0	2	23	171	43	0
Msunduzi	July 2023 to June 2024	1018	5	261	5	954	503	0
uMshwathi	July 2023 to June 2024	89	0	73	0	31	39	0
Richmond	July 2023 to June 2024	823	0	161	0	371	195	0
Mkhambathini	July 2023 to June 2024	200	0	39	7	67	75	0
uMngeni	July 2023 to June 2024	408	0	0	18	411	159	0
TOTAL		3335	10	557	67	2101	1135	22

In accordance with the Act, municipalities must establish their level of capacity to deal with disaster risk reduction, response and recovery. Where necessary, and to strengthen this capacity, they must enter into mutual assistance agreements with their neighbours, the private sector, other organs of state and communities.

The uMgungundlovu District Municipality enjoys support from the social partners and humanitarian organizations such as SANTAM, Gift of the Givers, Al Imdaad Foundation and Red Cross.

These social partners / humanitarian organizations provided relief and assistance to people affected by disasters. The objective of humanitarian action is to save lives, alleviate suffering and maintain human dignity during and in the aftermath of man-made crises and natural disasters, as well as to prevent and strengthen preparedness for the occurrence of such situations.

Results of Monitoring of Prevention and Mitigation Initiatives

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 Advocacy and Awareness Campaigns conducted

Public advocacy and awareness campaigns have been very key in reducing loss of life, personal injuries, and damage from natural disasters. People must be made aware of what natural hazards they are likely to face in their own communities.

The district of uMgungundlovu and its family of Municipalities and social partners such as Working on Fire have intensified Public Awareness Raising Campaigns. These campaigns were characterized by good attendance which is seen in the pictures provided.

Through public education and awareness campaigns the people living in areas prone to hazards such as lightning, fires and floods were sensitized regarding specific dangers of such hazards. It included 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.

Analysis of the monitoring of prevention and mitigation initiatives

No formal analysis of the impact of mitigation strategies has been undertaken. However, it can be said that the lightning rods and fire breaks have resulted in decreased exposure and less vulnerability of houses, buildings and all other elements at risk of lightning and veld / forest fires. The awareness campaigns through loud hailing were a resounding success. The uMgungundlovu District and its family of Municipalities, however, need to invest more on such mitigation initiatives. There is a need to intensify advocacy and public awareness campaigns given that they can be conducted with no or minimal financial costs.

Disaster that occurred during the year in the Municipal Area

Disasters declared during the Financial Year and incidents that occurred during the Financial Year.

CLASSIFICATION OF DISASTERS AND THE DECLARATION OF STATES OF DISASTER

The District Disaster Management Centre continues to address disaster-related matters through the DMA.

The classification of disasters by the NDMC is executed in terms of section 23 of the DMA with the main aim being to:

- (i) Formally determine that a disaster exists.
- (ii) Assign primary responsibility to a particular sphere of government for the coordination and management of the disaster.
- (iii) Ensure that a sphere of government is accountable for the disaster.
- (iv) Enable organs of state in other spheres to assist the sphere having primary responsibility, to deal with the disaster or its consequences.

For the period of reporting, the NDMC classified some of the occurrences as per the DMA to provide support to the affected organs of state. The information for classification of disasters by the NDMC is detailed in the table below.

Classification Status	Type of disaster	Details on the Classification by the NDMC	Publication of classification
National	Severe Weather Events	Classification of a national disaster on 02 November 2023: KZN Province	A notice was published in Government Gazette No. 49611 – 4034 of 07 November 2023
National	Severe Weather Events	Classification of a national disaster on 15 January 2024: KZN	A notice was published in Government Gazette No. 50027 – 4269 of 26 January 2024

Classification of a disaster gives effect to the following:

- Formal determination that a disaster may occur/ is occurring/ has occurred;
- Assignment of primary responsibility for the coordination and management of the disaster to a particular sphere of government; and ensuring that a sphere of government is accountable for the disaster;
- Enable organs of state in the other spheres of government to assist the spheres having primary responsibility to deal with the disaster or its consequences;

- Enable affected municipalities, provincial and national departments to reallocate funds from own applicable grants to augment the resources for intervention measures as per Section 19 of the Division of Revenue Act (DORA); and
- Enable support to affected organs of state through augmentation of resources from the Disaster Response Grants, in case grant conditions as set in the grant frameworks are met and funds are available.

Municipal Disaster Response Grant: 2023 floods (2023/2024)

Through the NDMC, DCoG transferred a total amount of R873 172 000 to 75 municipalities in provinces, Eastern Cape, Free State, Gauteng, KZN, Limpopo, Mpumalanga, Northern Cape, Northwest and Western Cape between the period of June 2023-March 2024.

The funds were transferred from the Municipal Disaster Response Grant (MDRG) to assist municipalities affected by disasters to repair damaged municipal infrastructure.

Municipalities	Allocation R'000	Expenditure R'000	% Spent
Mpofana	R10 000	0	0%

Municipal Disaster Recovery Grant: 2023/2024

The DCoG supported 49 municipalities in the Eastern Cape, KZN, Limpopo and Mpumalanga provinces during the financial year by transferring a total amount of R1 184 742 000 to affected municipalities to rehabilitate and reconstruct damaged municipal infrastructure because of the February 2023 floods that took place in the provinces. The Department requested additional funding through the Unavoidable and Unforeseeable process of the National Treasury. The funds were allocated to the municipalities in March 2024.

Municipalities	2023/2024 Response & Recovery allocation R'000	Cumulative Expenditure R'000	%
uMngeni LM	7 418	0	0%
Msunduzi LM	39 600	0	0%
Impendle LM	46 629	0	0%

4.1 (a) Incidents that occurred during the financial year

DISTRICT SUMMATIVE INCIDENT STATISTICS: July 1023 to June 2024

Municipalities	Period July 23 – Jun 24	Number of Incidents	Households Affected	Houses Destroyed	Homeless		People Affected	Fatalities	Injuries	Missing persons
				Totally Destroyed	Partially Damaged					

uMshwathi	July 23 – Jun 24	39	219	68	134	25	1076	1	8	0
Mpofana	July 23 – Jun 24	61	313	128	411	25	1939	3	37	
uMngeni	July 23 – Jun 24	61	198	98	87	150	622	1	5	0
iMpendle	July 23 – Jun 24	74	295	119	275	95	1957	2	9	0
Msunduzi	July 23 – Jun 24	172	977	386	653	221	3909	10	8	2
Mkhambathini	July 23 – Jun 24	17	86	57	66	36	360	5	0	0
Richmond	July 23 – Jun 24	66	119	37	97	3	1234	0	8	0
TOTAL		490	2207	893	1723	555	11097	22	75	2

INCIDENTS BY TYPE: July 1023 to June 2024

MUNICIPALITY	MVA	Strong Winds	Lightning	Structural Fires	Heavy Rains	Hailstorm	Floods/ Drowning	TOTAL
uMshwathi	0	4	4	19	11	1	0	39
Mpofana	0	13	11	20	15	1	1	61
uMngeni	0	1	0	51	9			61
iMpendle	0	33	6	5	28	1	1	74
Msunduzi	1	10	2	128	24	1	4	172
Mkhambathini	0	1	0	1	15	0	0	17
Richmond	0	6	6	24	30	0	0	66
TOTAL	1	68	29	248	132	4	6	490

3.7 ANNUAL PERFORMANCE REPORT 2023-2024

DEPARTMENT: TECHNICAL SERVICES																												
IDP PRIORITY: WORK TOWARDS ELIMINATION OF BACKLOGS ON BASIC ACCESS TO ACHIEVE UNIVERSAL ACCESS																												
K Z N P G D S G o a l s	N a t i o n a l K P A R e f	B2 B P i l l a r	ID P / S D B I P R e f	Str a t e g i c O b j e c t i v e	Stra t e g i e s	Proje ct Name	Revi sed Proje ct Nam e	Ann ual Key Perf orm ance Indi cator / Out put (2023/2024)	Revis ed Ann ual Key Perf ormanc e Indica tor / Outpu t (2023/2024)	Perf orm anc e Mea sur e/ unit of mea su re	Preceeding Year Performance		Ann ual Targ et (2023/2024)	Revis ed Ann ual Targe t (2023/2024)	2023/ 2024 Fin Year Actua l perfor manc e	St at us	Rea son s for Vari anc e	Plan ned Impr ove men t	Ann ual Bud get	Adj ust ment Bud get (Feb)	Adj ust ment Bud get (June)	Exp end itur e	B u d get S o ur ce	PO E	RE VIS ED PO E	War d / Mun icip ality	Res pon sibl e Unit	St at us on the In di ca tor
											2022 - 2023 Ann ual Targ et	2022 - 2023 Actu al																
Strategic Infrastructure	Basic Service Delivery	Pillar 2: Delivering Basic Services – Infrastructure Delivery and maintenance and reduced losses wrt Water	TEC 1, IDP REF T E C 1	To ensure provision of services in sustainable manner.	Implementation of infrastructure projects through conditional grants	Nkanyezini Water - Construction of a 10ML reservoir and 9,2km of bulk pipelines and 49km reticulation pipelines.	Upgrading of the Nkanyezi community water supply scheme (AFA) MIS 3066 37	Construction of the 10ML reservoir - 100% of pipeline construction of 9,2km of pipelines - 100% Construction of 49km of reticulation pipelines.	Constructed 10ML reservoir - 100%, Constructed 9,2km of pipelines - 100%, Constructed 35km of reticulation pipelines - 100% for Upgrading of the Nkanyezi	Percentage KM ML	Completion of construction of the 10ML reservoir - 60% construction of 9,2km of pipelines - 100% by 30 June 2023	10ML Reservoir - 52% Construction of 9,13 km of pipelines - 99%.	100% construction and commissioning completed by 30 June 2024	Constructed 10ML reservoir - 100%, Constructed 9,2km of pipelines - 100%, Constructed 35km of reticulation pipelines - 100% for Upgrading of the Nkanyezi	Construction of 10ML reservoir - 93%, Construction 9,2km of pipelines - 99%, Construction 35km of reticulation pipelines - 96% for Upgrading of the Nkanyezi	Partially achieved	Scope increase and extension of time	Project is planned to be completed by the end of October 2024	33 180 205	33 607 857 ,00	33 607 857 ,00	31 974 878 ,23	MIG	Signed monthly reports Completion certificate	Signed monthly reports	uMkhambathini LM - Ward 3 & 5	Infrastructure Planning & Development	Target revised during mid-term

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			P R E F 12	ma ne r.	al gran ts	WSIG Fund ing		ment Proj ect	t constr ucted, compl eted and commi ssione d				June 2024	t constr ucted, compl eted and commi ssione d by 30 June 2024	t constr ucted, compl eted and commi ssione d by 28 June 2024																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								</
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			able ma nne r.	cond ition al gran ts			for Nadi Reticu lation Phase 1 and Phase 2	ed con struc tion tender docu ment			ation approved by 30 June 2024	for Nadi Reticu lation Phase 1 and Phase 2 by 30 June 2024	n not done and not approved for Nadi Reticu lation Phase 1 and Phase 2 by 30 June 2024		phy for ope ratio nal & mai nten ance reaso ns.	2024 -25 Fin Year						se 1 con struc tion tender docu ment.				term
			T E C 22	To ens ure pro vision of service s in sust ain able ma nne r.	Impl eme ntati on of infra struc ture proj ects throu gh cond ition al gran ts	Mpof ana bulk conne ction and Brunt ville/P humla s upgra de	N/A	50% Com pleti on of the bulk water infra struc ture upgra de from Brun tville to Mooi Rive r Tow n.	Detail ed design - 30% comple ted for Mpofa na bulk conne ction and Bruntv ille/Ph umlas upgra de	Detail ed design - 30% comple ted for Mpofa na bulk conne ction and Bruntv ille/Ph umlas upgra de by 30 June 2023	Project was remo ved from the SDB IP at Mid term review due to budg et con strain s and delays in proj ects appr oval s from DW S	Con struc tion proj ect 50% comple ted by 30 June 2024	Detail ed design - 30% comple ted for Mpofa na bulk conne ction and Bruntv ille/Ph umlas upgra de by 31 May 2024	Ac hie ved and ex ce ded	Con sult ants had more reso urces and did more than was plan ned	N/A	20 338 098	R1 3 263 914 ,00	R24 6 286 997, 00	R2 462 869 ,58	W S I G	App oint ment letter Sig ned mon thly rep orts	sig ned mon thly pro gress rep ort	Mpo fana LM War d 1 and 3	Infr astr uctu re Pla nnin g & Dev elop ment	Ta rg et re vis ed dur ing mi di - term

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			T E C 9	To ensure provision of services in sustainable manner.	Implementation of infrastructure projects through conditional grants	Mbha va Mpet hu Phase 3	Mbha va and Mpet hu - Swayi mane water supply scheme extension phase 2 covid 19	N/A	Prepared and submitted close out report for Mbha va and Mpet hu - Swayi mane water supply scheme extension phase 2 covid 19	Clo se out rep ort	Com pleti on Mbha va/ Mpet hu Com muni ty Wat er Sup ply Sche me Phas e 2 by 30 Sept emb er 2022	Proj ect 100 % com ple te with com pleti on on the 20 July 2022	N/A	Prepared and submitted close out report for Mbha va and Mpet hu - Swayi mane water supply scheme extension phase 2 covid 19 by 30 June 2024	Prepared and submitted close out report for Mbha va and Mpet hu - Swayi mane water supply scheme extension phase 2 covid 19 by 26 February 2023	Ac hie ve d	N/A	N/A	0	R1 11 428 ,00	R11 1 428, 00	R11 1 428 ,00	MI G	N/A	Clo se out rep ort	uMs hwa ti War d 6,12 and 13	Infr astr uctu re Pla nnin g & Dev elop men t	Ad de d pro je ct du rin g mi di ter m
			T E C 10	To ensure provision of services in sustainable manner.	Implementation of infrastructure projects through conditional grants	Maya vu	Upgr adin g of Man yavu com muni ty wa ter sup pl y sche me covid 19 proje ct	Clo se out rep ort - 100 %	Clo se out rep ort - 100% for Upgra ding of Manya vu comm uni ty wa ter suppl y sche me covid 19 proje ct	Fina l clo se out rep ort	N/A	N/A	Clo se out rep ort - 100 % by June 2024	Clo se out rep ort - 100% for Upgra ding of Manya vu comm uni ty wa ter suppl y sche me covid 19 proje ct	Clo se out rep ort - 100% for Upgra ding of Manya vu comm uni ty wa ter suppl y sche me covid 19 proje ct	Ac hie ve d	N/A	N/A	434 783	323 355	323 355	323 350	MI G	Clo se rep ort	Clo se out rep ort	Mkh amb athin i ward 2&5	Infr astr uctu re Pla nnin g & Dev elop men t	Ta rg et re vis ed du rin g mi di ter m

[illegible]

[illegible]

[illegible]

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								and 9 Boreholes at Mpofana LM						and 9 Boreholes at Mpofana LM by 30 June 2024	and 8 Boreholes at Mpofana LM by 30 June 2024		Impendl e 1x Mpofana	investigation before proceeding to construction by Quarter 2 of 2024 - 2025 Fin Year									d 4, 6 and 8		
Strategic Infrastructure	Basic Service Delivery	Pillar 2: Delivering Basic Services - Infrastructure Delivery and maintenance wrt Roads	TEC 15 IDP REFTEC 14	Rural roads study to inform road maintenance	Assessment of road conditions using conditional grants	Rural Roads Asset Management System - Assessment of the condition of rural roads	N/A	Collection of road condition data in uMngeni, Msunduzi, Impendle and Mpofana. Burrow pit data base in all seven LMs	Collection of road condition data in Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini and Burrow pit database compiled for	Kms of roads assessed	Road condition survey and Road asset inventory conducted in UMs hwathi, Richmond, and Mkhambathini LMs	Road condition survey and Road asset inventory conducted in UMs hwathi, Richmond, and Mkhambathini LMs	Visual Road condition assessments conducted in Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini LMs by 30 June 2024.	Visual Road condition assessments conducted in Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini LMs done and Burro	Partially Achieved	None of the burrow pits were identified	Borrowpits is planned to be investigated by Q2 of 24/25 FY.	2 363 478	2 363 478	2 363 478	2 363 478	R R A M S	Assessment reports and data	N/A	Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini	Technical Support Services	Target revised during mid-term		

					tate regi- onal integ- ratio- n								Mar- ch 2024	June 2024	by 30 June 2024. Still under investi- gation		art- men- t of Tra- ns- por- t was not done due to una- vail- abili- ty of rele- vant offic- ials with in the dep- art- men- t of tran- spor- t	-25 Fin- Year															
Strategic Infrastructure	Basic Service Delivery	Pillar 2: Delivering Basic Services – Infrastructure Delivery and mai	TEC 16 - 23	To ensure provision of services in sustainable manner.	Implementation of infrastructure projects through conditional grants	Installation of VIP toilets	N/A	Installed and Completed 746 VIP Toilets within uMgungundlovu District Municipality	Installed 844 VIP toilets within uMgungundlovu District Municipality	Number	Completion of 397 VIP Toilets within uMgungundlovu District Municipality by	Completed 397 VIP Toilets within uMgungundlovu District Municipality by	Installed and Completed 746 VIP Toilets within uMgungundlovu District Municipality	Installed 844 VIP toilets within uMgungundlovu District Municipality	Installed 746 VIP toilets within uMgungundlovu District Municipality	Partially Achieved	No funding available for VIP toilets not done for Impendle LM, as	VIP toilets are planned for installation in the 2024-25 Financial Year. Impe	R13 468 477	R13 610 585	677 263 3.74	R6 772 582	MLG	Invokes; close out report	N/A	uMngeni - Ward 1, 3, 4, 5 and 8 Impendle - Ward 5 Mpozana - War	Infrastructure Planning & Development	Target reviewed during mid-term					

		nte nan ce and red uce d loss es wrt Wat er and San itati on						Muni cipali ty	wathi, 204 VIP toilets in Impen dle, install ation of 198 VIP toilets in Mkha mbathi ni, 48 VIP toilets in Umng eni, 180 VIP toilets in Richm ond, 48 VIP toilets in Mpofa na by 30 June 2024		31 Marc h 2023	31 Marc h 2023	Muni cipali ty by 30 Sept emb er 2023	wathi, 204 VIP toilets in Impen dle, install ation of 198 VIP toilets in Mkha mbathi ni, 48 VIP toilets in Umng eni, 180 VIP toilets in Richm ond, 48 VIP toilets in Mpofa na by 30 June 2024	wathi, 0 VIP toilets in Impen dle, install ation of 200 VIP toilets in Mkha mbathi ni, 240 VIP toilets in Umng eni, 160 VIP toilets in Richm ond, 37 VIP toilets in Mpofa na by 30 June 2024		dem and was high for Mkh amb athi ni LM and Um nge ni LM	LM VIP toilet s insta llatio n will be priori tised in 2024 -25 Fin Year										d 1 Rich mon d - War d 4&5 Mkh amb athin i - War d 7 uMs hwat i LM - War d 1		
	Pilla r 2: Deli veri ng Bas ic Ser vice s – Infr astr uct	T E C 16 - 24	To ens ure pro visi on of ser vice s in sust ain abl	Impl eme ntati on of infra struc ture proj ects thro ugh cond	N/A	Instal lation of VIP toilet s .	N/A	Install ed 861 VIP Toilets within uMgu ngundl ovu Distric t Munici pality	Nu mbe r	590 VIP Toile ts insta lled withi n uMg ungu ndlovu Distri		590 VIP Toile ts insta lled withi n uMg ungu ndlo	N/A	Install ed 861 VIP Toilets within uMgu ngundl ovu Distric t Munici pality -	Install ed 420 VIP Toilets within uMgu ngundl ovu Distric t Munici pality -	Pa rtia lly ac hie ved	Del ay in mat erial fro m sup plier s	VIP toilet s is plan ned for insta llatio n by end of Quar ter 3	N/A	R1 5 000 000	R15 000 000	R10 323 584	Int er na l F un di ng	N/A	App oint me nt lett er, Inv oic es; clos e out	uMn geni - War d 3 & 5 Imp endl e - War d 5 Mpofa	Infr astr uctu re Pla nnin g & Dev elop men t	Ta rg et ad ded dur ing mi d- ter m		

		ure Deli very and mai nte nan ce and red uce d loss es wrt Wat er and San itati on		e ma nne r.	ition al gran ts				uMsh wathi 143, Umng eni 143, Mkha mbathi ni 143, Richm ond 143, Mpofa na 143 and Impen dle 146		ct Muni cipal Area by 31 Marc h 2023	vu Distri ct Muni cipal Area by 31 Marc h 2023		uMsh wathi 143, Umng eni 143, Mkha mbathi ni 143, Richm ond 143, Mpofa na 143 and Impen dle 146 by 30 June 2024	Umng eni 70 , Mpofa na 70, Impen dle 70, Umsh wathi 70, Mkha mbathi ni 70, Richm ond 70 by 30 June 2024			of 2024 -25 F/Y. To mak e provi sion for an alter nativ e mate rial supp liers							rep ort	- War d 4 Rich mon d - War d 2 Mkh amb athin i - War d 1 uMs hwat i - War d 2 & 12		
Strategic Infrastructure	Basic service delivery	Pillar 2: Deli very Bas ic Ser vice s – Infr astr uct ure Deli very and mai nte nan ce and red uce d loss	T E C 26 ID P R E F T E C 15	To ens ure the pro visi on of ser vice s in sust ain abl e ma nne r.	To ensu re that Umg eni Wat er boar d provi des ade quat e bulk water supp ly	Bulk water purch ases	N/A	27 549 924 KL bulk water purch ase d	N/A	KL of bulk water purch ased	27 549 924 KL of bulk water to be purch ased by 30 June 2023	26 696 530 KL of Bulk water purch ased by 30 June 2023	27 549 924 KL bulk water purch ase d by 30 June 2024	N/A	28 643 461 KL of Bulk Water purch ased by 30 June 2024	Ac hie ved	N/A	N/A	R24 4 845 046, 00	263 015 317	263 394 601. 41	263 394 601	Int er na l	Pur chase Inv oice s (Pr oof of act ual KL deli ver ed)	N/A	Mpo fana LM, Umn geni LM, uMs hwat hi LM, Mkh amb athin i LM, Rich mon d LM.	Infr astru cture, Ope ratio ns & Mai nten ance	No chan ges on the tar gets do ne dur ing Mid term re vie w

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		astr uct ure Del ivery and mai nte nan ce and red uce d loss es wrt Wat er and San itati on	C 17 , 18 & 19	ain abl e ma nne r.	d on a regu lar basi s	servic es		pme nt and plant acco rding to the Main tena nce prog ram me for the year (Mkh amb athin i= 48 days , uMn geni =144 days , Rich mon d =240 days , Mpof ana= 156 days , Impe ndle =240 days , uMs hwat hi= 144		pme nt and plant acco rding to the Main tena nce prog ram me for the year (Mkh amb athin i= 48 days , u UMn geni =144 days , Rich mon d =240 days , Mpof ana= 156 days , Impe ndle =240 days , uMs hwat hi= 144	pme nt and plant acco rding to the Main tena nce prog ram me for the year (Mkh amb athin i= 50 days , u UMn geni = 156 days , Rich mon d =253 days , Mpof ana= 167 days , Impe ndle = 244 days , uMs hwat hi= 144	pme nt and plant acco rding to the Main tena nce prog ram me for the year (Mkh amb athin i= 48 days , uMn geni =144 days , Rich mon d =240 days , Mpof ana= 156 days , Impe ndle =240 days , uMs hwat hi= 144		accord ing to the Main tena nce progra mme for the year (Mkha mbathi ni= 51 days, uMng eni =144 days, Richm ond =253 days, Mpofa na=16 4 days, Impen dle=25 6 days, uMsh wathi= 150 days) by 30 June 2024		day s com par ed to othe r mon ths								den t regi ster		Mkh amb athin i, uMs hwat i	anc e	ter m
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Strategic Infrastructure	Basic Service Delivery	Pillar 2: Delivering Basic Services – Infrastructure Delivery and maintenance and reduced losses wrt Water and Sanitation	T E C 29 ID P R E F T E C 20	To provide access to sustainable quality drinking water	Ensure water quality monitoring regularly	Water Quality compliance inline with SANS 241 - 2015 drinking water standards	N/A	Percentage of water quality compliance for micro biological compliance, east ethic compliance and operational compliance	N/A	Percentage	Water quality compliance to ensure 95% micro biological compliance, 90% east ethic compliance and 90% operational compliance by 30 June 2023	Water quality compliance to ensure 98,6% microbiological compliance, 98,9% east ethic compliance and 95% operational compliance by 30 June 2023	Water quality compliance to ensure 95% microbiological compliance, 90% aesthetic compliance and 90% operational compliance by 30 June 2024	N/A	Water quality compliance achieved is: Microbiological compliance= 98.8% Aesthetic compliance = 99.4% Operational compliance = 94.9% by 30 June 2024.	Achieved	N/A	N/A	R 1,89 5,40 0.00	R2 028 592 ,00	139 553 3.08	R1 395 533 ,08	Inter nal	Water quality monthly reports	N/A	uMngeni, Impendle, Mpo fana Richmond, Mkhambathini, uMshwati	Scientific Services	No changes on the targets done during Mid term review
			T E C 30 ID P R E F T	To provide access to sustainable quality	Ensure water quality monitoring regularly	Water treatment chemicals	N/A	Number of kg of Water Treatment Chemicals	N/A	Number kg's	46 000 kg of Water Treatment Chemicals	54 420kg of water treatment chemicals purchased	36 000 kg of Water Treatment Chemicals	N/A	51 930 kg of water treatment chemicals purchased by 30	Achieved	N/A	N/A	R84 2 400, 00	842 400	842 400	842 400 ,00	Inter nal	Invoices for chemicals purchased Sig	N/A	uMngeni, Impendle, Mpo fana, Richmond,	Scientific Services	No changes on the targets

			E C 21	lity drinking water			Is purchased			purchase d by 30 June 2023	hase d by 30 June 2023	purchase d by 30 June 2024		June 2024								ned stock taking report		Mkhamathi, uMshwati		done during Mid term review		
			T E C 34	To ensure the final effluent meet the discharge limits	Ensure monitoring of wastewater quality regularly	Wastewater Effluent Quality Compliance inline with Water Use Licence and/or General Authorization Requirements.	N/A	Percentage of Wastewater Works Final Overall Effluent Quality Compliance	N/A	Percentage	Operations & maintenance of Wastewater Works with overall wastewater quality compliance of 80% by 30 June 2023	Operations & maintenance of Wastewater Works with overall wastewater quality compliance of 94,9 % by 30 June 2023	Wastewater Works with overall wastewater quality compliance of 80% by 30 June 2024	N/A	Wastewater Works Final Overall Effluent Quality Compliance is 95,6% by 30 June 2024.	Achieved	N/A	N/A	R 63,180,000.00	R81 000 000,00	988 336 65.87	R76 033 607,80	Internal	Monthly Wastewater quality reports	N/A	uMngeni LM, Mpozana, Richmond Mkhamathi, uMshwati	Scientific Services	Target revised during mid-term
Strategic	Basic Service Delivery	Pillar 2: Delivering Basic	T E C 30	Ensure that water loss	Monitoring of bulk water	Compilation and submission of		Number of monthly Wat	N/A	Number	12 x monthly Water Bala	12 x monthly Water Bala	12 x monthly Water Bala	N/A	12 x monthly Water Balances	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12 x monthly Wat	N/A	uMngeni, Impendle, Mpo	Water Conservation	No changes on

		ic Service – Infrastructure Delivery and maintenance and reduced losses wrt Water and Sanitation		es is reduced to a minimum standard	eters and pressure management	water balance report to DWS.		er Balances reports completed		nces reports. by 30 June 2023	nces reports. by 30 June 2023	nces reports completed by 30 June 2024		reports completed by 30 June 2024									er Balances reports		fana, Richmond, Mkhambathini, uMshwati	and Water Demand Management	the targets done during Mid term review
		TEC 30 A	Ensure that water losses is reduced to a minimum standard	Monitoring of bulk water meters and pressure management	Development of Non-Revenue Water Reduction Strategy	Approved Non-Revenue Water Reduction Strategy	Approved Non-Revenue Water Reduction Strategy	N/A	Approved Non - Revenue Water Reduction Strategy	N/A	N/A	Approved Non-Revenue Water Reduction Strategy by 30 June 2024	N/A	Target was removed during mid term. It is planned for 2024-25 Fin Year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Invite, Attendance register	N/A	uMngeni, Impendle, Mpo fana, Richmond, Mkhambathini, uMshwati	Water Conservation and Water Demand Management	Target removed due to no budget available	

			T E C 32	Ens ure that wat er loss es is red uce d to a mini mu m sta nda rd	Moni torin g of bulk water r met ers and pres sure man age men t	Redu ction of non-reven ue water losse s	Redu ction of non-reven ue water r losse s to allow able mini mu m stan dard.	Redu ction of non-reven ue water r by 4%.	Non reven ue water losses reduct ed to 30%	Per cent age	N/A	N/A	non-reven ue water r reduct ed by 4% by 30 June 2024	Non reven ue water losses reduct ed to 30% by June 2024	Non reven ue water losses reduct ed to 36.1% by June 2024	No t ac hie ve d	Hig h wat er loss es due to inter nal leak s	Non-Rev enue Water Redu ction Strat egy is plan ned to be deve lope d by 3rd Quar ter of 2024 -25 Fin Year	N/A	N/A	N/A	N/A	N/A	Wat er bal anc e rep orts	N/A	uMn geni, Imp endl e, Mpo fana , Rich mon d, Mkh amb athin i, uMs hwa ti	Wat er Con serva tion and Water De man d Man age men t	Ta rg et re vis ed dur ing mi d- ter m
			T E C 33	Ens ure that wat er loss es is red uce d to a mini mu m sta nda rd	Moni torin g of bulk water r met ers and pres sure man age men t	Devel opme nt of water conse rvatio n and water dema nd busin ess plan	N/A	Dev elop ed and sub mitte d busi ness plan for fundi ng appr oval	N/A	Cou ncil App rove d Busi ness Pla n sub mitt ed to DW S	N/A	N/A	Dev elop ed and sub mitte d busi ness plan for fundi ng appr oval by 31 Marc h 2024	N/A	Devel oped and submit ted busine ss plan to Depart ment of water and sanitat ion for fundi ng appr oval by 20th Nove mber 2024	Ac hie ve d	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Fin al Busi ness Pla n, Cou ncil Rep orts and pro of of sub mis sion to DW S	N/A	uMn geni, Imp endl e, Mpo fana , Rich mon d, Mkh amb athin i, uMs hwa ti	Wat er Con serva tion and Water De man d Man age men t	No ch an ge s on the tar get s do ne dur ing Mi d ter m re vie w

DEPARTMENT: COMMUNITY SERVICES																															
IDP PRIORITY : INTERVENTIONS TO ENSURE ENVIRONMENTAL SUSTAINABILITY AND RESILIENCE TO FUTURE SHOCKS																															
Funct ion	K Z N P G D S G o a l s	N a t i o n a l K P A R e f	B2 B Pill ar	I D P / S D B I P R e f	Str at eg ic Ob j ec t iv e	Str at eg ie s	Pro j ec t Na me	Re vis ed Pro j ec t	Ann ual Key Perf orm anc e Indi cat or / Out put	Re vis ed Ann ual Key Perf orm anc e Indi cat or / Out put (202 3/20 24)	Per for man ce Me as ure / uni t of me as ure	De ma nd	Bas el ine	Bac kl og	Preceedin g Year Performan ce		Ann ual Targ et (202 3/20 24)	Re vi sed Ann ual Targ et (202 3/20 24)	202 3/20 24 Fin Yea r Act ual perf orm anc e	St at us	Rea son s for Var ian ce	Pla nn ed Im pro ve me nt	An nua l Bud ge t	Adj ust me nt Bud ge t (Feb)	Ex pe ndi tur e	B ud get S ou r c e	POE	Revi sed POE	Ward / Municipa lity	Res p on sib le uni t	Sta tus
															20 22 - 20 23 Ann ual Targ et	202 2 - 202 3 Act ual															
Environmental Health			Pillar 3: Good Governance – Compliance with legislation and by-laws	Com 1	Ensure that factors in the environment that could adversely affect human health	To implement annual operational plan to guide delivery of municipal health services	Food Safety -- Monitoring	N/A	Number of samples taken from food suppliers, restaurants, dairies and food poisoning outbreaks	N/A	Number	120	0	120	120 x Food Samples - taken within the district by 30 June 2023	157 x Food Samples - taken within the district by 30 June 2023	120 x Food Samples - taken within the district by 30 June 2024	N/A	144 x Food Samples - taken within the district by 30 June 2024	Achieved and exceeded	A presidential visit event which had a large number of service providers serving food at the	Nil	R50 000 ,00	R101 328 ,00	R121 40 6.2 3	Internal	Laboratory Reports payment voucher	N/A	All LMs except Ms unduzi LM	Social Services	No changes on the targets done during Mid term review

				C o m 3	En sur e tha t fact ors in the env iro nm ent tha t cou ld adv ers ely aff ect hu ma n he alth are ass ess ed, cor rec ted , pre ven ted , and con troll ed to cre ate he	To impl em ent ann ual ope rati ona l pla n to gui de deli ver y of mu nici pal hea lth ser vice s	Wat er Qual ity Mo nito ring	N/A	Num ber of Wat er Qual ity Moni torin g – wate r quali ty testi ng routi ne sam pling from non WS A wate r sour ces and pollu tion pron e sour ces	N/A	Nu mb er	12 0	48	72	11 2 x Wa ter Qual ity Mo nit orin g – wate r quali ty testi ng routi ne sam plin g rou tin e sa mp ling fro m no n W SA wat er so urc es and poll uti on pro ne so urc es by	122 x Wat er Qual ity Mo nit orin g – wate r quali ty testi ng routi ne sam pling from non WS A wate r sour ces and pollu tion pron e sour ces by 30 June 202 4	120 x Wat er Qual ity Moni torin g – wate r quali ty testi ng routi ne sam pling from non WS A wate r sour ces and pollu tion pron e sour ces by 30 June 202 4	N/A	122 x Wat er Qual ity Moni torin g – wate r quali ty testi ng routi ne sam pling from non WS A wate r sour ces and pollu tion pron e sour ces by 30 June 202 4	Ac hi ev ed and ex ce ed ed	Add ition al sam ples tak en in res pon se to pos sibl e con tam inati on con cer ns	Nil	R3 5 000 ,00			In te mal	Labo rator y Repo rts paym ent vouc her	N/A	All LM s exc ept Ms und uzi LM	So cial Ser vics	No ch an ge s on the tar get s do ne dur ing Mi d ter m rev iew
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				C o m 7	En sur e tha t fact ors in the env iro nm ent tha t cou ld adv ers ely aff ect hu ma n he alth are ass ess ed, cor rec ted , pre ven ted , an d con troll ed to cre ate he	To impl em ent ann ual ope rati ona l pla n to gui de deli ver y of mu nici pal hea lth ser vice s	Vec tor Con trol	N/A	Num ber of publi c sites che mica lly treat ed for vect ors and pest s	N/A	Num ber of infe sted pu blic site s tre ate d for vec tor s	50	15	50	N/ A	N/A	60 x publi c sites che mica lly treat ed for vect ors and pest s by June 202 4	N/A	62 x publi c sites che mica lly treat ed for vect ors and pest s by June 202 4	Ac hi ev ed	Nil	Nil	R1 0 000 ,00	R2 0 000 ,00	R2 0 00 0	In te m al	Repo rts and pictur es	N/A	All LM s exc ept Ms und uzi LM	So cial Ser vic es	No ch an ge s on the tar get s do ne dur ing Mi d ter m rev iew
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achieved since the IWMP needs to be subject to public consultation and then for Full Council to approve the IWMP. Only then can the plan go forward for endorsement.

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election period caused delays in the endorsemment. Changes in political leadership has further delayed this process

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				na ge me nt pla n of the mu nici pali ty	the IW MP	and oth er adv anc ed soli d was te ma nag em ent infr astr uct ure and facil ities		n com plete d and Sco ping Rep ort for WM L proc ess is com plete d		Lic ens e ap pli catio n				fun din g agr ee me nt bet we en UM DM and Ext ern al fun der s by 30 Ju ne 20 23	ext ern al fun der s to lice nse and deve lo p a Dist rict Land fill Site .	appli cation by 30 June 202 4		Ten der for Was te Man age men t Lice nse Proc ess not don e										Wast e Man aghe ment Licne se (WM L) Appli catio n. Scop ing Repo rt on WML proc ess					ch alle ng es wit h pos sible du al ap plic ati on proc ess for was te ma na ge ment lice nse (u Ms un du zi and UM DM)
				C o m 1 0	To impl em ent the ann ual targ ets	Est abli sh me nt of Dist rict Co-	N/A	Num ber of Dist rict DD M Teh chni	N/A	Nu mb er	1	N/ A	N/ A	De vel op me nt and ap pro	The Ter ms of Ref erence for the	6X Dist rict DD M Teh cnic al Hub	N/A	5X Dist rict DD M Teh cnic al Hub	P art ial ly ac hi ev ed	Me tin gs sch edu led for Sep tem	Offi ce has bee n stre ngt hen ed	N/A	N/A	N/ A	N / A	Term s of Refer ence for Solid Wast e Man	N/A	All LM s	So cial Ser vices	No ch ange s on the tar get			

					ma na ge me nt pla n of the mu nici pali ty	of the IW MP	ordi nati on Stru ctur es for Soli d Wa ste Ma nag em ent		cal Hub Mee tings for Soli d Was te Ma nag em ent						val of TO R for poli tica l and Te ch nic al wo rki ng gro up s and 2x qu art erl y mee ti ng s faci litat ed by 30 Ju ne 20 23	Tec hnc ial Wo rkin g Gro up has bee n co mpl ete d. On e (1) mee tin g of the Tec hni cal Wo rkin g Gro up was hel d on the 25 Ma y 202 3	Mee tings for Soli d Was te Ma nag em ent by 30 June 202 4		Mee tings for Soli d Was te Ma nag em ent by 30 Jun e 202 4		ber 202 3 could not sit due to the ill hea lth of res pon sibl e offic ial	wit h an add ed offic al. Me etin gs has bee n pla nned for 202 4- 25 Fin anc ial Ye ar						age ment Work ing Grou p Invita tions, Agen da and Minut es of Meeti ngs, Atten danc e Regi sters					s do ne dur ing Mi d ter m rev iew
Cemetery and	Spatial Equity	Basic Service Delivery	Pillar 2: Delivering Basic	Community 1	To implement the integrated	To develop integrated	District Task Team on Ce	N/A	Number of District Task Team	N/A	Number	1	0	1	12 X District Task Team	4x District Task Team meetings	6X District Task Team meetings	N/A	5X District Task Team meetings	Partially achieved	Meetings scheduled for Sep	Office has been strengthened	N/A	N/A	N/A	N/A	Invite , Agenda and Minutes of DTT	Group Invitations, Agenda, Minu	All LMs	Social Services	No changes on the tar		

			sic Ser vic es - Fu nd abl e co ns olid ate d infr ast ruc tur e pla ns. Pill ar 3: Go od Go ver na nc e – Co mp lian ce wit h legi slat ion and by- law s		ce me ter y and cre ma tori a pla n	met ery and cre mat oria Pla n	met erie s and Cre mat oria is fun ctio nal		mee tings and Site Visit s don e					am me eti ng s and Sit e Vis its do ne by 30 Ju ne 20 23	etin gs hav e bee n hel d	and Site Visit s don e by 30 June 202 4		tings and Site Visit s don e by 30 June 202 4		tem ber 202 3 coul d not sit due to the ill hea lth of res pon sibl e offic ial	ed wit h an add ed offic al. Me etin gs has bee n pla nne d for 202 4- 25 Fin anc ial Ye ar					on ceme teries meet ings Quar terly Statu s of uMD M Cem etery and Crem atori a Repo rts	tes of Mee tings and Atte nda nce Regi sters			get s do ne dur ing Mid ter m rev iew
			C o m 1 2	To im ple ment the inte grate d ce me ter y and cre ma tori a pla n	To de vel op inte grate d ce me ter y and cre mat oria Pla n	App for ce met ery and cre mat oria ma nag em ent	N/A	Cem eter y and Cre mat oria Man age men t App is acq uired and oper ation al and byla w	Cem eter y and Cre mat oria Man age men t App acq uired	Cem eter y and Cre ma tori a Ma na ge men t App acq uired	1	0	1	Cem eter y and Cr em ato ria Ma na ge men t App ac qui red and	The app was not acq uire d nor roll ed out to 3 LM s by June 202 3	Cem eter y and Cre mat oria Man age men t App acq uired and oper ation al in 1 LM with in	Cem eter y and Cre mat oria Man age men t App acq uired in 1 LM with in uMD M by	Cem eter y and Cre mat oria Man age men t App acq uired in 1 LM with in uMD M by	Ac hi ev ed	Nil	Nil	R 1,0 00, 000	R1 000 000 ,00	R8 60 00 0,0 0	In te m al	BID docu ment s, Awar d Lette r, Regi ster, Repo rts from App on burial s, crem ation s and avail able	Awar d Lett er and Rep ort	Ms und uzi LM	So cial Ser vic es	Tar get rev ise d dur ing mi d- ter m

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HIV/AIDS	Human and Community Development																			Local Economic Development and Social Development																		
Pillar 3: Good Governance – Interventions Pillar 3: Good Governance – Regular Engagement with Communities	Com 14	To align to the Provincial / District HIV/AIDS, STIs & TB Plan for 2023 - 2027 and implement programmes contained in the multi-stakeholder district implementation strategy,	To implement and foster enabling environment in the implementation of strategies, projects and programmes contained in the multi-stakeholder district implementation strategy,	Behavioural change in communities on HIV/AIDS	N/A	Number of HIV/AIDS, STIs &TB awar enes s & educational campaigns	N/A	Number	7	2	5	2 x HIV/AIDS behavioural change campaign supported with in the district by 30 June 2023	4 HIV/AIDS behavioural change camps supported with in the district by 30 June 2023	4 x number of HIV/AIDS, STIs &TB awar enes s & educational campaigns by 30 June 2024	4 x HIV/AIDS behavioural change camps supported with in the District by 30 June 2024	6 x HIV/AIDS behavioural change camps supported with in the District by 30 June 2024	Achieved and exceeded	Responding to community and DAC stakeholder demand for behaviour change programmes	Nil	R200 000	R671 000	R14 750	Internal	Minutes of quarterly meetings, photos and attendance registers	Photos and attendance registers	All LMs	Social Services	Target revised during mid-term										

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				C o m 1 7	To al ig n to the Pro vin cial / Dis trict HI V/A ID S, STI s & TB Pla n for 20 23 - 20 27 and im ple ment pro gra m es in the mul ti- pro ject s aim ed at red uci ng the	To im ple ment and fost er an ena blin g envi ron ment in the impl em ent atio n of stra tegi es, proj ects and pro gra m es con tain ed in the mul ti- stak eho lder dist rict impl em ent atio	Ben ch mar king bes t expe rien ces on the HIV /AI DS/ STI s & TB res pon se.	N/A	Num ber of Iden tified and docu men ted best expe rien ces for the Distr ict AID S Cou ncil withi n the Distr ict	N/A	Num ber	5	0	5	N/ A	N/A	Iden tified and docu men ted 2 best expe rien ces for the Distr ict AID S Cou ncil withi n the Distr ict by 30 June 202 4	N/A	Iden tified and docu men ted 2 best expe rien ces for the Distr ict AID S Cou ncil withi n the Distr ict by 30 June 202 4	Ac hi ev ed	Nil	Nil	R5 0 000		R1 1 20 0,0 0	In te mal	Repo rt on best expe rien ce/pr actice s	N/A	All LM s	So cial Ser vices	No ch an ges on the tar get s do ne dur ing Mid ter m rev iew
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Sports and Recreation			Pillar 1: Public participation programs	Commitment 20	Ensure that sports and recreation are supported and developed through out the district	To work with district sport confederation and sport federations in the delivery of sports and recreation in the district as per approved annual Plan. To implement the dist	Salga Games	N/A	Number of SALGA Games event conducted	N/A	Number	1 SALGA GAMES event	1 x salga games event	0	N/A	N/A	1 x SALGA Games event by 31 December 2023	N/A	1 x SALGA Games event by 31 December 2023	Achieved	Nil	Nil	R3 500 000	R4 207 037	21 735.00	Internal	Number of sports codes prepared through a report to Committees and report for Salga games	Report and attendance registers	All LMs	Social Services	Target revised during mid-term
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					Ensur e that elderly persons and the disabled are active in sport and live healthy lifestyle	Imple ment the golden games for older persons revised rule book 2020/2025 and Imple ment ga mes for disabled persons in line with the disabili ty plan	Disabi lity Ga mes	N/A	Num ber of Disabi lity Gam es even t held and proc ure men t of equi pment & pro moti onal mat erial	N/A	Num ber	1	1	0	N/A	N/A	1x Disa bility Games event and proc ure men t of equi pment & pro moti onal mat erial by June 202 4	N/A	1x Disa bility Games event and proc ure men t of equi pment & pro moti onal mat erial by June 202 4	Achieved	Nil	Nil	R100 000 ,00		55 87 5.6 3	Inter nal	Team list / Atten danc e regis ter, Pho tos, Repo rt, Requ isition and paym ent vouch er	N/A	All LMs	Social Services	No chan ges on the tar get s do ne dur ing Mid term review
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				C o m 2 5	To harness the potential of young people to enable them to play a meaningful role in the society	Capacitate young entrepreneurs through innovative workshops and Development of funding agency for youth businesses	Youth economic empowerment	Youth economic empowerment	Number of cooperatives supported	N/A	Number	7 LM cooperatives	0 LM cooperatives	7 LM cooperatives	N/A	N/A	2 x cooperatives supported by 31 December 2023	3 x cooperatives supported by 31 March 2024	6 x cooperatives supported by 31 March 2024	Achieved and exceeded	Support offered to cooperatives was divided into two parts. One was capacity building in a form of workshop which drew in more cooperatives or budding cooper	Nil	R200 000,00		0	Integral	Report	Report and Payments Vouchers	All LM s	Social Services	Target revised during mid-term
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				C o m 2 7	To enhance participation of community structures in governance for strengthening social programmes	Collaboration with community structures on matters of moral regeneration	7 x LMs faith based organisations supported for societal development on moral regeneration	LMs faith based organisations supported for societal development on moral regeneration	Number of FBOs in 2022 met for moral regeneration	Number of programmes done with FBO's on societal development for moral regeneration	Number	7 LMs	0 LMs	7 LMs	N/A	N/A	7 LMs faith based structures visited for societal development on moral regeneration by 30 June 2024	7 LMs FBO's supported on societal development and moral regeneration by 30 June 2024	7 LMs FBO's supported on societal development and moral regeneration by 30 June 2024	Achieved	Nil	Nil	R3 00 000		0	Internal	Attendance registers and report	N/A	All LMs	Social Services	Target revised during mid-term
				C o m 2 8	To enhance participation of community structures	Collaboration with community structures for mat	Identification of 7 x LMs main structures for NG	Identification of NG Os/ CB Os for collaborative	Number of formal NG Os/ CBOs structures established	Number of NG Os/ CB Os identified for collaborative work	Number	7 x LMs NG Os/ CB Os structures	0 structures	7 x LMs Structures of NG Os/ CB Os	N/A	N/A	7 x NG Os/ CBOs identified or formed for collaborative	7 x NG Os/ CB Os identified for collaborative work on matt	7 LMs FBO's supported on societal development	Achieved	Nil	Nil	R3 50 000			Internal	Attendance registers of meetings and minutes	Attendance registers and report	All LMs	Social Services	Target revised during mid-term

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				C o m 3 4	To red uce the pro ba bilit y of dis ast er occ urr enc es and ens ure eff ecti ve and ap pro pri ate dis ast er res po nse and rec ove ry	Est abli sh the disa ster ma nag em ent cen ter, pro mot e disa ster awa ren ess and tak e effe ctiv e acti on duri ng disa ster s	Em erg enc y reli ef (bla nke ts)	N/A	Num ber of blan kets proc ured	N/A	Num ber	50 0	0	50 0	N/ A	N/A	500 x blan kets proc ured by 31 Dec emb er 202 3	700 x blan kets proc ured by 30 Jun e 202 4	700 x blan kets proc ured by 30 Jun e 202 4	Ac hi ev ed	N/A	N/A	R3 75, 000 ,00	R5 27 940 ,00	R4 37 10 0,0 0	In te m al	Requ isitio n and paym ent vouc her	N/A	All LM s	Dis ast er Ma na ge me nt Ser vic es	Tar get rev ise d duri ng mi d-ter m
				C o m 3 5	To red uce the pro ba bilit y of dis	Est abli sh the disa ster ma nag em	Em erg enc y reli ef (pla stic	N/A	Num ber of plast ic shee ts proc ured	N/A	Num ber	50 0	20 0	30 0	38 0 x plast ic shee ts pro cur	200 x plast ic shee ts pro cur ed	500 x plast ic shee ts proc ured by	700 x plast ic shee ts proc ured by	700 x plast ic shee ts proc ured by	Ac hi ev ed	N/A	N/A	R4 10 000 ,00	R5 76 000 ,00	R5 32 00 0,0 0	In te m al	Requ isitio n and paym ent vouc her	N/A	All LM s	Dis ast er Ma na ge me nt Ser	Tar get rev ise d duri ng mi d-

					aster occurrences and ensure effectiveness and appropriate disaster response and recovery	enter center, promote disaster awareness and take effective action during disasters	assets)							ed by 30 June 2023	by 31 December 2022	31 December 2023	30 June 2024	30 June 2024												vices	term
Fire Services	Strategic infrastructure	Cross Cutting Interventions	Pillar 3: Good Governance – Compliance with legislation	Column 36	Provide sufficient Emergency Response Equipment to	To implement outcomes of Standard Operating Procedures	Provision of Jaws of Life set	N/A	Number of Set of Jaws of Life procured	N/A	Number	1	0	1	1 Set of Jaws of Life procured by 30 June 2023	1 Set of Jaws of Life was not procured, however 40 Foam Dru	1 Set of Jaws of Life procured by 31 September 2023	N/A	1 Set of Jaws of Life procured by 31 December 2023	Achieved	N/A	N/A	R450 000 ,00	R750 000 ,00	R799 841,00	Integral	Requisition and payment voucher	N/A	All LMs exc Ms unduzi	Fire Services Unit	No changes on the targets done during Mid term

				ion and by- law s		co m mu niti es								ms wer e pro cur ed															rev iew		
				Com 3 7	Pro vid e suff icie nt Em erg enc y Re spo nse Eq uip me nt to co m mu niti es	To impl em ent out co me s of Sta nda rd Op erat ing Pro ced ure s	Pub lic Aw are nes s	N/A	Num ber of train ings / awar enes s and Proc ure men t of train ing/p ubli c awar enes s mat erial s	Num ber of train ings / awar enes s and Proc ure men t of train ing/p ubli c awar enes s mat erial s	Nu mb er	50	50	0	Pro cur em ent of train ing and pub lic aw are nes s ma teri al by 31 st of De ce mber 20 22	Pro cur em ent of train ing and pub lic aw are nes s ma teri al not done	50 train ings cond ucte d and Proc ure men t of train ing/p ubli c awar enes s mat erial s by 30 June 202 4	50 train ings / awar ene ss con duct ed and Proc ure men t of train ing/ publi c awar ene ss mat erial s by 30 June 202 4	67 train ings / awar ene ss con duct ed and Proc ure men t of train ing/ publi c awar ene ss mat erial s not done by 30 June 202 4	P art ial ly Ac hi ev ed	Add ition al awar en ess was con duct ed in res pon se to nee d and de mand. Pro cur em ent of train ing/p ubli c awar en ess mat erial s not done due to	Pro cur em ent of train ing/p ubli c aw are nes s mat erial s will be done by 1st qua rter of 202 4- 202 5 Fin Ye ar	R5 0 000 ,00	R0, 00	Nil	In te rn al	Requ isitio n and paym ent vouc her, Regi sters	N/A	All LM s exc Ms und uzi	Fir e Ser vices	Tar get rev ise d dur ing mi d- term

				C o m 3 9	Pro vid e suffi cie nt Em erg enc y Re spo nse Eq uip me nt to co m mu niti es	To impl em ent out co me s of Sta nda rd Op erat ing Pro ced ure s	Pro visi on of fire res pon se mat eria l	N/A	Num ber of Brea thing Apar atus sets be proc ured	N/A	Num ber	24	6	18	24 BA set s to be pro cur ed by 31 Ma rch 20 23	Du e to the exis ting Bud get whi ch was ins uffi cie nt, onl y 6 x BA set s wer e pro cur ed	24 Brea thing Apar atus sets to be proc ured by 31 Dec emb er 202 3	N/A	24 Brea thin g Apar atus sets to be proc ured by 31 May 202 4	Ac hi ev ed	N/A	N/A			R5 75 48 8,9 4		Requ isitio n and paym ent vouc her	N/A	All LM s exc Ms und uzi	Fir e Ser vic es	No ch an ge s on the tar get s do ne dur ing Mid ter m rev iew
				C o m 4 0	Pro vid e suffi cie nt Em erg enc y Re spo nse Eq uip me nt to co m mu niti es	To impl em ent out co me s of Sta nda rd Op erat ing Pro ced ure s	Sou rcin g of fun din g fro m Cog ta	N/A	Num ber of fire stati ons sour ced for fundi ng	Num ber of busi ness plan s sub mitt ed to sour ce fundi ng	Num ber	6	0	6	So urc ing of fun din g to buil d 3 fire sta tio ns by 31 De ce mb er 20 22	Busi ness Pla n dev elo ped	Sour cing of fundi ng to buil d 3 fire sta tio ns by 30 Sept emb er 202 3	N/A	Busi ness plan not sub mitt ed to Cogt a by 30 Sept emb er 202 3	Not Ac hi ev ed	Busi ness pla n not sub mitt ed to Cog ta due to the real isati on that it is pru den t to	Fir e and Resc ue Uni t / Dis ast er hav e real ise d that it is pru den t to aqu ire	N/A	N/A	N/ A	N / A	Ackn owle dge ment by Cogt a	Busi ness Plan and Ack nowl edg eme nt by Cogt a	Imp end le Mk ha mb athi ni Mp ofa na	Fir e Ser vic es	No ch an ge s on the tar get s do ne dur ing Mid ter m rev iew

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DEPARTMENT: ECONOMIC DEVELOPMENT AND PLANNING																															
IDP PRIORITY: ACHIEVE ECONOMIC TRANSFORMATION AND JOB CREATION																															
Function	KZN PGDS Goals	National KPA Ref	B2B Pillar	IDP / SDB IPR Ref	Strategic Objective	Strategies	Project Name	Revised Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output (2023/2024)	Performance Measure / unit of measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2023/2024)	Revised Annual Target (2023/2024)	2023/2024 Financial Year Actual performance	Status	Reasons for Variance	Planned Improvement	Annual Budget	Adjusted Budget (Feb)	Expenditure	Budget Source	POE	REVISITED POE	Ward / Municipality	Responsible Unit	Status
															2022 - 2023 Annual Target	2022 - 2023 Actual															
PLANNING	Spatial Equity	Cross cutting interventions	Pillar 3: Good Governance	EDP 1	To ensure sustainable and coordinated development through out the UMD	To support municipalities in the implementation of SPUMA and Facilita	Operational joint municipal planning tribunal	N/A	Number of Meetings of Operational (JMP T) Joint Municipal Planning Tribunal Committee	N/A	Number	8* JMP T meetings to be held	0	8* JMP T meetings to be held	8 x Meetings of Operational (JMP T) Joint Municipal Planning Tribunal Committee as per	12 JMP T meetings and resolution of JMP T	8 x Meetings of Operational (JMP T) Joint Municipal Planning Tribunal Committee as per	N/A	11 x Meetings of Operational (JMP T) Joint Municipal Planning Tribunal Committee as per	Achieved and Exceeded	There were many developments anticipated and received from	N/A	R300000	R300000	R10920290	Internal	Attendance Registers, and / or resolutions of the JMPT	N/A	uMngeni Impe ndle Mpofana Richmond Mkhamathi uM	Development Planning	No changes on the targets done during Midterm review

						te inte grat ed spa tial pla nni ng and lan d use ma nag em ent		e as per Spati al Plan ning Land Use Mana geme nt Act					is p er iod	Spati al Plan ning Land Use Man age ment Act by 30 June 2023		Spati al Plan ning Land Use Mana geme nt Act by 30 June 2024		Spati al Plan ning Land Use Mana geme nt Act by 30 June 2024		m Lo cal mu nici pal itie s									sh wat hi		
ENV IRO NME NTAL MANAGEMENT	En viro nm ent al Su stai na bilit y	Cr os sin g cut tin g int erv ent ion s	Pill ar 3: Go od Go ver na nce	ED P 2	To ens ure that natu ral capi tal of the Dist rict is rest ore d and man age d so as to opti mall y cont ribut e to the well bein	Ma nag e and prot ect the nat ural env iron me ntal res our ces of the Dist rict.	Revi ew and upda te of Envir onm ental Man age ment Fram ewor k as per secti on 5 of Natio nal Envir onm ental Man age ment Act : EMF regul ation	N /A	EMF Decis ion Supp ort Tool updat ed and revie wed	N/ A	Revi ewe d EM F De cisi on su pp ort To ol	N/ A	N/ A	N/ A	EMF Decis ion Supp ort Tool updat ed and revie wed by 30 June 2023	EMF Decis ion Supp ort Tool was not revie wed and updat ed	EMF Decis ion Supp ort Tool updat ed and revie wed by 30 June 2024	N/A	In mid- term proje ct was remo ved and buget was alloc ated to anoth er progr amm e due to delay s in empl oyme nt of Envir onme ntal speci alist respo	N/ A	N/ A	N/ A	R6 00 00 0, 00	R0	R0	Int er nal	Qu art erly progre ss report s	N/A	uM ng eni lm pe ndl e Mp ofa na Ric hm on d Mk ha mb ath ini uM sh wat hi	De vel op me nt Pla nni ng	Tar get re mo ved unti l env iro nm ent al spe cial ist is ap poi nte d

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				EDP 5	Spatial Information Maintenance, Integration & Business Units User Support	To respond to effective and efficient decision support (Facilitate Integrated Land Management & Spatial Planning) across all Business Units of the District and	Hardware Renewals	N/A	Number of Specialised GIS Hardware to replace redundant/broken/end of life/discontinued unsupported Operational Items acquisitioned	N/A	Number	2	2	2	N/A	N/A	5 Specialised GIS Hardware to replace redundant/broken/end of life/discontinued unsupported Operational Items acquisitioned by 31 December 2023	N/A	3 Specialised GIS Hardware to replace redundant/broken/end of life/discontinued unsupported Operational Items acquisitioned by 31 December 2023 1x Acquisition of Workstation Laptops (2) 1 Acquisition of Staff Laptop	Partially Achieved	Global short age and delays on specialised IT equipment (Colour A3 printer)	Reengage suppliers on newer models regarding the AO PLOTter	R55000,00	R55000,00	R396191	Internal	Procurement confirmations	N/A	UM DM	Development Planning	No changes on the targets done during Midterm review
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				EDP 9	Enhance sectoral development through trade and investment	Develop, diversify and market tourism to increase domestic and foreign visitors.	Tourism Forum	N/A	Number of Sittings of the Tourism Forum	N/A	Number of reports produced	4	4	N/A	4 quarterly reports to EDP committee of the outcomes and deliberations of the Tourism forum by 30 June 2023	Only two reports of the same quarter were submitted, August and September 2022	4 quarterly reports to EDP committee of the outcomes and deliberations of the Tourism forum by 30 June 2024	N/A	3 quarterly reports to EDP committee of the outcomes and deliberations of the Tourism forum was tabled before the committee. Tourism Forum conducted on the 26 September 2023.	Partially Achieved	Technical glitches	The meeting will be rescheduled.	N/A	N/A	N/A	N/A	Quarterly Reports to the EDP Committee and Attendance Registers	N/A	AL LMS	LED	No changes on the targets done during Midterm review
				EDP 10	Promote SME Entr	Increase support to	Capacity Building	N/A	Number of Training for	N/A	Number	4	4	0	8x trainings conducted for	7x trainings conducted for	4 Training for Co-oper	N/A	4 Training for Co-oper	Achieved	N/A	N/A	N/A	N/A	R2 8,500	N/A	Reports and Att	Attendance register	AL LMS	LED	No changes on the

					epreneurship development	Co-operatives and SMEs			Co-operative s/SME						co-opts / SMM E's by 30 June 2023	co-opts / SM ME's	Adoptive s/SM ME by 30 June 2024		ative s/SM ME by 30 June 2024									endanc e registe r	and Pro gram			target s done during Mid term review
				ED P 1 1	Develop knowledge base to enhance the knowledge economy	Establish mechanism for strengthening partnerships with stakeholders.	LED Strategy review	N /A	Development and adoption of the LED Strategy	Development / Review of the LED Strategy	Final LED strategy	1	1	1	Development of the Inception Report of the LED Strategy by June 2023	Development of the Inception Report of the LED Strategy was not done	Adoption of the LED Strategy by Council by 31 March 2024	Final LED Strategy developed / reviewed by 30 June 2024	Final LED Strategy reviewed and submitted on the 28th June 2024.	Achieved	N/ A	N/ A	R350000	R518000	R267000,00	Internal	Appointment / Inception Report Draft and Final LED Strategy Council Resolution	Appointment / Inception Report Draft and Final LED Strategy	AL LMs	LED	Target revised during mid-term	

				EDP 12	Enhance sector development through trade and investment	Develop, diversify and market tourism to increase domestic and foreign visitors.	Tourism Strategy Review	N/A	Development and adoption of the Tourism Strategy	Development of the inception report on the Tourism Strategy	Inception report on the Tourism Strategy	1	1	0	N/A	N/A	Adoption of the Tourism Strategy by Council by 30 June 2024	Inception report on the Tourism Strategy developed by 30 June 2024	Development of the inception report on the Tourism Strategy has been done on the 24th May 2024. Tourism Strategy was developed and completed by 30 June 2024	Achieved	N/A	N/A	R45000	R45000	28552,00	Internal	Appointment letter Inception Report Draft and Final Tourism Strategy Council Resolution	Appointment letter and Inception Report	ALLMs	LED	Target revised during mid-term
				EDP 13	Promote SME Entrepreneurship development	Increase support to Cooperatives and SMEs	SMM E/Cooperatives Support Programme	N/A	Number of SMM E/Cooperatives Supported	N/A	Number	2000	0	0	20 SMM E/Cooperatives Supported by 30 June 2023	Service Providers have been appointed and the delivery	200 SMM E/Cooperatives Supported by 31 March 2024	150 SMM E/Cooperatives Supported by 30 June 2024	310 SMM E/Cooperatives Supported by 30 June 2024	Achieved and Exceeded	The budget was able to reach	N/A	R500000	R556940	R494526,20	Internal	Report to EDP Committee Pictures Procur	N/A	ALLMs	LED	Target revised during mid-term. Q3 moved

EP WP	Job Creation		Local Economic Development																										
Pillar 2: Delivering Basic Services – Community Works Program (& EPWP)	EDP 15	Integration of service delivery and job creation, eradicate poverty and improve quality of life for all people with in uMgungundlovu District.	Adopting the EPWP as an approved delivery strategy for project implementation through EPWP guidelines and principles	Job creation through EPWP initiatives	N/A	Number of Job opportunities created through EPWP initiatives	N/A	Number	N/A	N/A	N/A	N/A	65x Job opportunities created through EPWP initiatives by 30 September 2022	65 Job opportunities created through EPWP initiatives	65x Job opportunities created through EPWP initiatives by 30 September 2023	N/A	112 Job opportunities were created through EPWP initiatives by 30 September 2023	Achieved and Exceeded	6 Projects were implemented and funded by the Integrated Grant, hence more jobs were created.	N/A	R2 959 000,00	R2 794 000,00	R2 794 000,00	National Department of Public Works	Appointment letters / contracts	N/A	All	EPWP	No changes on the targets done during Midterm review. EPWP has been moved from M's Office as it is an EPWP function
	EDP 16	Integration of service delivery and	Adopting the EPWP as an approved	Expanded Public Works Programme Job	N/A	Percentage expenditure spent on the	N/A	Percentage Spent on EPW	100%	0%	100%	100%	100% Expenditure of the EPWP annual	100% Expenditure of the annual	100% Expenditure of the EPWP annual	N/A	100% Expenditure of the EPWP annual	Achieved	N/A	N/A					Monthly Pro of of paym	N/A	All	EPWP	No changes on the targets

					job crea tion, era dica te pov erty and impr ove qual ity of life for all peo ple with in uMg ung undl ovu Dist rict.	rov ed deli ver y stra teg y for proj ect imp lem ent atio n thro ugh EP WP gui deli nes and prin cipl es	Creat ion using Incen tive Gran t		EPW P annu al grant		P gra nt					al grant by 30 June 2023	gran t by 30 June 2023	al grant by 30 June 2024			al grant by 30 June 2024								ent s				do ne dur ing Mid ter m revi ew. EP WP has be en mo ved fro m M M's Offi ce as it is an ED P fun ctio n
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DEPARTMENT: CORPORATE SERVICES																																					
IDP PRIORITY: EDUCATION, SKILLS AND HEALTH																																					
Funct ion	KZ NPGDSS Goals	N at ion al KPA	B2 B Pillar	ID P/SD BPRE F	Strategic Objective	Strategies	Project Name	Revised Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output (2023/2024)	KPI/ Unit of Measure	Demand	Baseline	Backlog	Preceeding Year Performance		Annual Target (2023 /2024)	Revised Annual Target (2023/ 2024)	2023/ 2024 Financial Actual performance	Statistics for Variance	Planned Improvement	Annual Budget	Adjusted Budget (Feb)	Expenditure	Budget Source	POE	Revised POE	Ward / Municipality	Responsible Unit	Status							
															2022 - 2023 Annual Target	2022 - 2023 Actual																					
HUMAN RESOURCES MANAGEMENT				Human Resources Development		Municipal Transformation and Development		Pillar 5: Building Capacity – Filling of Senior Managers	Corporation	Ensure provision of Human Capital in line with the Strategy	To develop and implement plans and procedures	Organogram Review	N / A	Review and adoption of the organogram by Full Council	N/ A	Date of Adoption	N/A	N/A	N/ A	Approval and Adoption of Municipal Organogram by 30 June 2023	Organogram approved and adopted by council on 30 May 2023	Approval and Adoption of Municipal Organogram by 30 June 2024	N/ A	Approval and Adoption of Municipal Organogram not done by 30 June 2024	Draft Organogram	Partially Achieved	Currently awaiting finalisation of appointment of new	Approval and adoption to be completed in Q1 of the	N/A	N/ A	N/ A	N / A	Resolution by Full Council, Reviewed Organogram	N/ A	All	Human Resources	No changes on the targets done during Mid term

			gement Posts Pillar 5: Building Capacity – Municipal Organisations Pillar 5: Building Capacity – HR Development and Management		ategic Objectives	within laid down HR legislation with an aim of achieving Municipal objectives											nogra m is in place		w HO D, which is in the final stages for the input since the post is now permanent.	20 24/ 25 Financial year.										review
				C or p 1			Effective and Efficient HR practices and systems	To de vel op and im ple me nt plans and pro ce dur es	Review of Gap Identified HR Policies	N / A	Reviewing, adoption and approval of gaps identified in HR policies in line with legislation	N/ A	D ate of Ad op tion	N/A	N/A	N/ A	Approval and Adoption of gap identified in HR policies by Full council by 30 June 2023	Gaps have been identified and Policies are in Draft Stage	Approval and Adoption of gap identified in HR policies by Full council by 30 June 2024	N/ A	Approval and Adoption of gaps identified in HR policies by Full council not done by 30	P ar ti all y A c hi e v e d	Cu ren tly aw aiting fin an li sati on of ap poi nt me nt of ne	Ap pro val and ad opt ion to be com plet ed in Q1 of the	N/A	N/ A	N/ A	N / A	Resolution by Full Council, Reviewed Policy Document	N/ A

					with in laid down HR legi slat ion s with an aim of achie vin g Mu nici pal obj ecti ves			and other relev ant chan ges by coun cil									June 2024 HR Polic ies revie wed and a Draft is in place		w HO D, whi ch is in the fin al sta ge s for the ir inp ut sin ce the po st is no w per ma ne nt.	20 24/ 25 Fin an cial ye ar.											rev ie w
				C or p 2	Eff ecti ve and Effi cie nt HR pra ctic es and sys te ms	To de vel op and im ple me nt pla ns and pro ce dur es	Recr uitm ent of Hum an Capi tal	N / A	Fillin g of Prior itized Vaca nt Positi ons as per requi sition recei ved	N/ A	N u m be r	N/A	N/A	N/ A	Fillin g of Prior itized Vaca nt Positi ons as per requi sition recei ved by 30 June 2023	72x new positi ons filled as per requi sition recei ved by 30 June 2023	Fillin g of Prior itized Vaca nt Positi ons as per requi sition recei ved by 30 June 2024	N/ A	157x positi ons filled as per requi sition s recei ved by 30 June 2024	A c hi e v e d	N/ A	N/ A	R28 0 000, 00	R2 50 00 0,0 0	R1 94 94 5, 92	I n t e r n al	Adv erts /Int ern al Memo, Res oluti ons, Appoi nt me nt Let ters	Ad verts/ Inte rna l Memo , Res olutio ns, Ap poi nt me nt	All	Hu man Re sour ces	No ch an ge s on the tar get s do ne dur ing Mid term

						with in laid do wn HR legi slat ion s with an aim of achie vin g Muni cipal obj ectives																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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					s, and development best talent to enhance organizational performance	wn HR legislations with an aim of achieving Municipal objectives												P Sector Plans												
			Pillar 5: Building Capacity – Organised Labour engagements	Corp 4	To maintain sound labor relations and Workplace discipline	Labour Relations and Facilitation of Disciplinary Processes	N/A	Facilitation of received disciplinary matters	N/A	Number	N/A	N/A	N/A	Facilitation of received disciplinary matters by 30 June 2023	8x cases facilitated and 2x cases finalized by 30 June 2023	Facilitation of received disciplinary matters by 30 June 2024	N/A	17x Disciplinary matters facilitated and 12 finalized matters by 30 June 2024	Accomplished	N/A	N/A	N/A	N/A	R0,00	N/A	Monthly DC Reports	N/A	All	Human Resources	No changes on the targets done during Mid term review

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			Capacity – Municipal Organograms Pillar 5: Building Capacity – HR Development and Management		h an ai m of ac hie vin g Mu nici pal obj ecti ves							June 2023		June 2024	ploye e We llne ss Int erv ent ion s as per ref err als by 30 Ju ne 20 24																
			Cor p 6	Early detection of health impairment through a planned program of a per	To develop and implement plans and procedures with laid down HR legisla	Annual Medical Surveillance for all Water and Sanitation employees and Fire Fighters	N / A	Perc entag e Provi sion of Medi cal surve illanc e for all WSA Empl oyee s and Fire Fight ers	N/ A	Pe rc en ta ge	N/A	N/A	N/ A	100% Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2023	100% Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2023	100% Provision of Medical surveillance for all WSA Employees and Fire Fighters by 31 March 2024	100% Medical surveillance conducted for all Fire Fighters and WSA employees by 31 March 2024	A c h i e v e d	N/ A	N/ A	R90 0 000, 00	R1 00 0 00 0,0 0	R4 30 50 0, 00	I n t e r n a l	Reg ister , Sch edul e of App oint me nts	N/ A	All	Hu ma n Re so urc es	Ta rge t rev ise d dur ing mi d- ter m		

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ADMINISTRATION AND SOUND GOVERNANCE																																
Governance & Policy																																
Municipal Transformation and Development																																
			Pillar 3: Good Governance – Council meetings	Corp 15	To ensure auxiliary support to department and improved sound governance	h an ai m of ac hie vin g Mu nici pal obj ecti ves	Provision of Secretariat Support to Section 79/80 committees	N / A	Perc entag e Provi sion of Secr etaria t Supp ort to Secti on 79/80 com mitte es as per Cale ndar of meeti ngs	N/A	Per c en ta ge	Provi sion of Secr etaria t Supp ort to Secti on 79/80 com mitte es	Provi sion of Secr etaria t Supp ort to Secti on 79/80 com mitte es	0	100% Provi sion of Secr etaria t Supp ort to Secti on 79/80 com mitte es as per Cale ndar of meeti ngs by 30 June 2023	100% Provi sion of Secr etaria t Supp ort to Secti on 79/80 com mitte es as per Cale ndar of meeti ngs by 30 June 2023	100% Provi sion of Secr etaria t Supp ort to Secti on 79/80 com mitte es as per Cale ndar of meeti ngs by 30 June 2024	N/A	100% Secr etaria t Supp ort provi ded to Secti on 79/80 com mitte es as per Cale ndar of meeti ngs by 30 June 2024	A c h i e v e d	N/A	N/A	N/A	N/A	N/A	R0 ,0 0	N / A	Cal end ar of Me etin gs; Age nda , Min utes , Res oluti on Mat rix	N/A	All	Ad mi nis trat ion & So und Go ver nanc e	No ch an ge s on the tar get s do ne dur ing Mid ter m rev iew
			Pillar 3: Good Governance	Corp 16	Cost and effective fleet	Provi sion of fle et to us	Fleet Management	N / A	Perc entag e Provi sion of effect ive	N/A	Per c en ta ge	Provi sion of effect ive Fleet mana geme	Provi sion of effect ive Fleet mana geme	0	100% Provi sion of effect ive fleet mana	100% provi sion of effect ive fleet mana	100% Provi sion of effect ive fleet mana	N/A	100% effect ive fleet mana geme nt provi	A c h i e v e d	N/A	N/A	R12 000 000, 00	R1 4 93 5 37 1,0 0	R1 6 23 4 03 4, 20	I n t e r n al	Mon thly Rep orts , Invo ices	N/A	All	Ad mi nis trat ion & So un	No ch an ge s on the tar	

			nc – Co mp lia nc e wit h leg isl ati on and by- la ws	t Ma na ge me nt and pro visi on to all use r de par tm ent s	er de par tm ent s and en sur ing co mp lian ce wit h fle et ma na ge me nt poli cy		fleet mana geme nt for servi ce Deliv ery			nt for servi ce deliv ery	nt for servi ce deliv ery		geme nt for servi ce Deliv ery by 30 June 2023	geme nt for servi ce Deliv ery by 30 June 2023	geme nt for servi ce Deliv ery by 30 June 2024		ded for servi ce Deliv ery by 30 June 2024											d Go ver na nc e	get s do ne dur ing Mid ter m rev ie w	
			C or p 17	Eff ecti ve mai nte nan ce of mu nici pal bui ldi ngs in line wit h the Oc cup atio	De vel op me nt and im ple me nta tio n of bui ldi ng ma int en an ce	Main tena nce of Muni cipal Build ings	N / A	Perc entag e Maint enan ce of muni cipal bui ldi ngs as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint	N/ A	Per c en ta ge	Time ous Maint enan ce of muni cipal bui ldi ngs as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint	Maint enan ce of muni cipal bui ldi ngs as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint enan ce	Det eri ora tin g Bui ldin gs	100% of the Maint enan ce of muni cipal bui ldi ngs as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint enan	100% of muni cipal bui ldi ngs main tained as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint enan ce 30	100% of the Maint enan ce of muni cipal bui ldi ngs as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint enan	N/ A	100% of muni cipal bui ldi ngs maint ained as per the Maint enan ce Plan/ Emer genc y/Ro utine Maint enan ce by	A c hi e v e d	N/ A	N/ A	R1 800 000, 00	R2 00 00 0,0 0	R1 06 2 81 3, 06	I n t e r n al	Mo nthl y Rep orts , Req uisit ions and Mai nten an ce Pla n	N/ A	All	Ad mi nis trat ion & So un d Go ver na nc e	No ch an ge s on the tar get s do ne dur ing Mid ter m rev ie w

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INFORMATION & COMMUNICATION TECHNOLOGY																												
Strategic Infrastructure																												
Municipal Transformation and Development																												
Pillar 5: Building Capacity – Establish , Resilient systems , ie. Billing	Corporation 19	Ensure Stable, Secure and Reliable Provision of Information & Communication Technology Services	Implement Master Systems Plan (IT Strategy)	IT Infrastructure Upgrade	N / A	Percentage IT Infrastructure Upgraded	N/A	Delivery Note	99%	99%	0	N/A	N/A	80 % of IT Infrastructure Upgraded by 31 December 2023	80 % WAN and PABX (Telephonic System) Upgrade by 30 June 2024	80% WAN and PABX (Telephonic System) Upgrade not done by 30 June 2024	Partially Achieved	Service provider performance challenges. Service Provider could not deliver the goods within the agreed timeframe.	Reporting the service provider to Provincial treasury through SCM, Contract Management Cancellation of the project and awarding	R2 800 000 (Vote IT Equipment)	N/A	R4 159 659, 85	Internal	QTR1 - Purchase Order QTR2 - Delivery Note	QTR3 - WAN (Network) Diagram QTR4- Closeout Report	All	ICT	Target revised during mid-term

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				C or p 21	En sur e tha t ICT is an en abl er to op era tion al effi cie ncy	Im ple me nt Mas ter Sys tems Plan (IT Str ate gy)	Pap erles s Cou ncil	W A N U p gr ade	Auto mate d of Agen da Com pilati on and Distri bution	N/ A	N u m ber of Pap erles s (Not Pri nting Agen das) C o m mit tees	100%	0	0	Laun ch Intran et Porta l by 30 June 2023	User awar enes s coon ducte d and Intran et Porta l launc hed by 30 June 2023	100% Auto mate d Coun cil Meeti ngs by 31 Marc h 2024	N/ A	Targ et remo ved at mid term The Panel of ICT Servi ce Provi ders was appoi nted in QTR 2 Nove mber 2023	N/ A	N/ A	N/ A	R 1 250 000 (Vote ICT Proj ect Man age ment) R 6 000 000 (Vote Soft ware Lise ncin g)	N/ A	R3 22 96 3, 02	I n t e r n a l	1. QT R1: Pur cha se Ord er 2. QT R 2: Rep ort on Digi tal Pen s Con figu rati on 3. QT R 3: Evi den ce of Digi tally Sig ned Age nda s	N/ A	All	IC T	Ta rge t re mo ve d du e to ac com mo date the LAN and Com pute r eq ui p me nt proj ects to be fin ali sed in lig ht of bu dg et co nst rai
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DEPARTMENT: BUDGET AND TREASURY UNIT																															
IDP PRIORITY: ACHIEVE CLEAN AUDIT OPINION																															
Function	KZNP GDS Goals	National PKPA	B2B Pillar	IDP/SDBP Ref	Strategic Objective	Strategies	Project Name	Revised Project Name	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output (2023/2024)	KPI/Unit of Measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2023/2024)	Revised Annual Target (2023/2024)	2023/2024 Financial Year Actual performance	Status	Reasons for Variance	Planned Improvement	Annual Budget	Adjustment Budget (Feb)	Expenditure	Budget Source	POE	REVISED POE	Ward / Municipality	Responsible Unit	Staff
															2022 - 2023 Annual Target	2022 - 2023 Actual															

Financial Management/Budget			Pillar 4: Sound Financial Management – Realistic and cash backed budget.	FIN 01	To ensure effective financial reporting by providing direction and leadership with in the Financial Services Department	To ensure that the financial function is capacitated with all key positions filled and ensure the development and implementation of Standard Operating Procedures	mSCOA Management	N/A	Number of quarterly meetings held for MSCOA Steering Committee	Establishment of the MSCOA Steering Committee and 1 workshop conducted	Number	4	0	4	4x quarterly meetings of MSCOA Steering Committee by 30 June 2023	0x quarterly meetings of MSCOA Steering Committee by 30 June 2023	4x quarterly meetings of MSCOA Steering Committee by 30 June 2024	Establishment of the MSCOA Steering Committee and 1 workshop conducted by 30 June 2024	Establishment of the MSCOA Steering Committee was done and 0 workshop conducted by 30 June 2024	Partially Achieved	Awaiting dates for workshop / training to be facilitated by Provincial Treasury	1x workshop / training to be facilitated by Provincial Treasury in 2024/25	N/A	N/A	N/A	N/A	Agenda, Minutes and Registers	Appointment letters, Draft TOR, Agenda and Registers	All	Budget & Reporting	Target revised during mid-term
Governance & Policy		Municipal Financial Viability and Management																													

			Pillar 4: Sound Financial Management – Address Post Audit Action Plan	FIN 02	To ensure effective financial reporting	To ensure that the reporting function is well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	Annual Financial Statements	N/A	Annual Financial Statements submitted to AG	N/A	Date AFS submitted to AG	1	1	Nil	Annual AFS submitted to AG by 31 August 2022	Annual AFS submitted to AG by 31 August 2022	Annual AFS submitted to AG by 31 August 2023	N/A	Annual AFS submitted to AG by 31 August 2023	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	Annual Financial Statements and Acknowledge letter	N/A	All	Budget & Reporting	No changes on the targets done during Mid term review
			Pillar 4: Sound Financial Management	FIN 03	To ensure effective financial reporting	To ensure that the reporting function is	Consolidated Annual Financial Statement	N/A	Submission of the consolidated AFS	N/A	Date Consolidated AFS submitted	1	1	Nil	Annual Consolidated AFS submitted	Annual Consolidated AFS submitted	Annual Consolidated AFS submitted	N/A	Annual Consolidated AFS submitted	Achieved	N/A	N/A	N/A	N/A	N/A	Consolidated Annual Financial Statements	N/A	All	Budget & Reporting	No changes on the targets	

			ement – Address Post Audit Action Plan		orting	well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	ements		to Auditor General		to AG				to AG by 30 September 2022	to AG by 30 September 2022	to AG by 30 September 2023		to AG by 30 September 2023								and Acknowledgment Letter					gets done during Mid term review
			Pillar 4: Sound Financial Management – Functional Financial Ma	FIN 04	Compliance with the Municipal Finance Management Act and Municipi	To ensure that the finance function is well resourced and provided with ongoing	Budget Compilation and Approval	N/A	Annual Budget adopted	N/A	Adoption date for Budget	1	1	NIL	Annual Budget adopted by the 31 May 2023	Annual Budget adopted by the 31 May 2023	Annual Budget adopted by the 31 May 2024	N/A	Annual Budget adopted by 23 May 2024	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	Council resolution and Adopted draft budget	N/A	All	Budget & Reporting	No changes on the targets done during Mid ter	

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			Pillar 4: Sound Financial Management – Functional Financial Management System and Rigorous Controls	FIN 11	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	To ensure that the financial function is well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	Assessment of liquidity	N/A	Minimum liquidity (current) ratio of 1.5:1	N/A	Ratio of current assets against current liabilities	1.5:1	N/A	N/A	Minimum ratio of 1.5:1 by 30 June 2023	1.27	Minimum ratio of 1.5:1 by 30 June 2024	N/A	Ratio of 1.19:1 by 30 June 2024	Partially Achieved	Ratio decreased due to decrease in cash and cash equivalents	To improve collection rate	N/A	N/A		N/A	Ratio Analysis Report	N/A	All	Budget & Reporting	No changes on the targets done during Mid term review
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			Pillar 4: Sound Financial Management – Functional Financial Management System and Rigorous Controls	FIN 12	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	To ensure that the financial function is well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	Assessment of cash coverage	N/A	Cash coverage ratio between 30 and 90 days	N/A	N/A	N/A	Cash coverage ratio between 30 and 90 days by 30 June 2023	131.92	Cash coverage ratio between 30 and 90 days by 30 June 2024	N/A	Cash coverage of 79 days by 30 June 2024	Achieved	N/A	N/A	N/A	N/A		N/A	Ratio Analysis Report	N/A	All	Budget & Reporting	No changes on the targets done during Mid term review
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			Pillar 4: Sound Financial Management – Functional Financial Management System and Rigorous Controls	FIN 13	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	To ensure that the financial function is well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	Monitoring of capital project implementation	N/A	Percentage spending on capital budget	N/A	Percentage	100%	N/A	N/A	100% Spend of Capital Budget by 30 June 2023	98%	100% Spend of Capital Budget by 30 June 2024	N/A	100% Spend of Capital Budget by 30 June 2024	Achieved	N/A	N/A	N/A	N/A		N/A	Ratio Analysis Report	N/A	All	Budget & Reporting	Target revised during mid-term
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			Pillar 4: Sound Financial Management – Functional Financial Management System and Rigorous Controls	FIN 14	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	To ensure that the financial function is well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	Assessment of debt coverage	N/A	Debt coverage ratio below 45%	N/A	% Borrowings against total operating revenue	45%	N/A	N/A	Debt coverage ratio below 45% by 30 June 2023	14%	Debt coverage ratio below 45% by 30 June 2024	N/A	Ratio of 22% by 30 June 2024	Achieved	N/A	N/A	N/A	N/A		N/A	Ratio Analysis Report	N/A	All	Budget & Reporting	No changes on the targets done during Mid term review
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			Pillar 4: Sound Financial Management – Functional Financial Management System and Rigorous Controls	FIN 15	Compliance with the Municipal Finance Management Act and Municipal Budget and Reporting Regulations	To ensure that the financial function is well resourced and provided with ongoing training to remain abreast with all the compliance reporting requirements	Assessment of solvency	N/A	Minimum ratio of 20%	N/A	% net operating income (excluding non-cash items) against total liabilities	20%	N/A	N/A	Minimum ratio of 20% by 30 June 2023	70%	Minimum ratio of 20% by 30 June 2024	N/A	Ratio of 93% by 30 June 2024	Achieved	N/A	N/A	N/A	N/A		N/A	Ratio Analysis Report	N/A	All	Budget & Reporting	No changes on the targets done during Mid term review
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			Pillar 4: Sound Financial Management – Culture of Payment for Services Campaigns	FIN 18	Payment of creditors considering all related legislative provisions including compliance with the VAT Act.	Perform weekly monitoring of invoice tracking report and follow up by sending the reminders to the responsible officials. Perform monthly supplier reconciliation. Perform the refresher train	Payment of Creditors	N/A	Creditors Days Ratio not exceeding 30 days	N/A	Number of creditors days	30 days	NIL	NIL	N/A	N/A	<= 30 days by 30 June 2024	N/A	Target removed	N/A	N/A	N/A	N/A	N/A	N/A		N/A	Accounts Payable Age Analysis	N/A	All	Expenditure	Target removed as it is a duplicate
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			Pillar 4: Sound Financial Management – Address Post Audit Action Plan	FIN 20	Employee related costs payable with in the legislative pre scriptions	Bi-annual training of payroll employees on payroll legislation as well as VIP system Development a circular stating the cut off time for all the salary amendment transactions .	Prescribed monthly returns to comply with Income Tax Act	N/A	Number of Monthly EMP201 returns prepared , reviewed and submitted	N/A	Number	12	12	NIL	12 x Monthly EMP201 returns prepared , reviewed and submitted by 30 June 2023	12x Monthly EMP201 returns were prepared reviewed and submitted to SARS	12 x Monthly EMP201 returns prepared , reviewed and submitted by 30 June 2024	N/A	12 x Monthly EMP201 returns prepared , reviewed and submitted by 30 June 2024	Accomplished	N/A	N/A	N/A	N/A	N/A	N/A	N/A	EMP 201 returns	N/A	All	Expenditure	No changes on the targets done during Mid term review
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			Pillar 4: Sound Financial Management – Address Post Audit Action Plan	FIN 23	Employee related costs payable with in the legislative pre scriptions	Bi-annual training of payroll employees on payroll legislation as well as VIP system Development a circular stating the cut off time for all the salary amendment transactions	GR AP 25 compliance, Actuarial Valuations	N/A	Number of Actuarial Valuation Report prepared	N/A	Number	1	1	NIL	1 x Actuarial Valuation Report prepared by the 30 July 2022	1x Actuarial valuation report for the period 2021/2022 was done	1 x Actuarial Valuation Report prepared by the 30 July 2023	N/A	1 x Actuarial Valuation Report prepared by 30 July 2023	Achieved	N/A	N/A	R 28 000 000,00	28 000	25530	Internal	Actuarial Reports	N/A	All	Expenditure	No changes on the targets done during Mid term review
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Revenue Management	Governance & Policy		Pillar 4: Sound Financial Management – Extent to which Debt is Serviced	FIN 26	Maximize revenue generation to facilitate financial sustainability through a cost reflective tariffs and strong revenue raising strategies	To ensure that all metered properties are registered on the system as soon as possible to enable them to be billed.	Billing, Printing and Posting of Statements	N/A	Number of Monthly Billing reports produced	N/A	Number	12	12	NIL	12 x Monthly Billing reports produced by 30 June 2023	12 x Monthly Billing reports produced by 30 June 2023	12 x Monthly Billing reports produced by 30 June 2024	N/A	12 x Monthly Billing reports produced by 30 June 2024	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Billing Reports	N/A	All	Revenue	No changes on the targets done during Mid term review

			Pillar 4: Sound Financial Management – Percentage Revenue Collected	FIN 27	Maximize revenue collection and reduce number of days for revenue collection.	To ensure that all metered properties are registered on the system as soon as possible to enable them to be billed.	Debtors Collection	N/A	Percentage of Revenue collection rate	N/A	Percentage	95% Collection Rate	37% collection	58%	60% Revenue collection rate by 30 June 2023	56%	60% Revenue collection rate by 30 June 2024	N/A	49% Revenue collection rate by 30 June 2024	Not achieved	Delays in acquisition of tools of trade for plumbing personnel	Tools of trade for plumbing personnel have been acquired and this should lead to improvements	N/A	N/A	N/A	N/A	Collection Rate Calculation	N/A	All	Revenue	No changes on the targets done during Mid term review
			Pillar 4: Sound Financial Management – Illegal Connection	FIN 28	Reduce customer query turnaround time and improve customer	To ensure that normal customer queries are addressed within 10	Query Resolving	N/A	Number of days on resolving customer Query after receipt	N/A	Turnaround time of Customer Query Resolving	5	15	10	Customer Query Resolving within 10 days after receipt by 30	Customer Query not resolved within 5 days after receipt by the	Resolving of minor Customer Queries within 5 days after receipt	N/A	Resolving of minor Customer Queries within 5 days after receipt	Achieved	N/A	N/A	N/A	N/A	N/A	Query Logs	N/A	All	Revenue	No changes on the targets done during	

			ctions, Cable Theft, Manhole Covers Campaigns	omer satisfaction	working day and complex queries are addressed within 3 months									June 2023	30th of June 2023	ipt and Complex Customer Queries within 3 months by 30 June 2024		ipt and Complex Customer Queries within 3 months by 30 June 2024														Mid term review
			Pillar 4: Sound Financial Management – Address Post Audit Action Plan	FIN 29	To ensure effective financial reporting	To ensure that all reconciliations are done timeously.	Acquisition updates on the assets register	N/A	Number of Monthly Debtors Reconciliations	N/A	Number of GL and assets registers reconciled	12	12	NIL	12 x Debtors Reconciliations by 30 June 2023	12 x Debtors Reconciliations by 30 June 2023	12 x Debtors Reconciliations by 30 June 2024	N/A	12 x Debtors Reconciliations by 30 June 2024	Achieved	N/A	N/A	N/A	N/A		N/A	Debtors Reconciliations	N/A	All	Assets Management	No changes on the targets done during Mid term review	

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				FI N 33	To ensure acquisition delegation processes are in place for the organisation. Ensure the market assessed and a sourcing (procurement) strategy is determined	Streamlining of payments, Monitoring and reporting on the incident management system for invoices captured and Consequence management process for officials found	Supply Chain Management	N/A	Number of days Conversion to Order progression of all requisitions below R30 000.00	N/A	Number	7	7	N/A	7-day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2023	5-day Conversion to Order progression of all requisitions below R30 000.00 by the 30th of June 2023	7-day Conversion to Order progression of all requisitions below R30 000.00 by the 30 June 2024	N/A	4-day Conversion to Order progression of all requisitions below R30 000.00 by the 30 June 2024	Ac hi ev ed	N/A	N/A	N/A	N/A	N/A	N/A	Syst em log	N/A	All	SC M	No changes on the targets done during Mid term review
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DEPARTMENT: OFFICE OF THE MUNICIPAL MANAGER																															
IDP PRIORITY: SOCIAL COHESION AND SAFE COMMUNITIES																															
Function	KZN PGDS Goals	National KPA	B2B Pillar	IDP / SDB I P R E F	Strategic Objective	Strategies	Project	Revised Performance Indicator / Output	Annual Key Performance Indicator / Output	Revised Annual Key Performance Indicator / Output (2023/2024)	Unit of Measure	Demand	Baseline	Backlog	Preceding Year Performance		Annual Target (2023/2024)	Revised Annual Target (2023/2024)	2023 /2024 Financial Year Actual performance	Status	Reasons for Variance	Planned Improvement	Annual Budget	Adjusted Budget (Feb)	Expenditure	Budget Source	POE	Revised POE	Ward / Municipality	Responsible Unit	Status
															2022 - 2023 Annual Target	2022 - 2023 Actual															
Council Support	Governance & Policy	Good Governance and Public Participation	Pillar 1: Putting people first – Public Participation programmes	OMM 1	Integrated growth and development coordinated at administration and political	Implementation of the District Development Model One Plan	Council Support and oversight focused - Speakers	N/A	Number of Speakers Forums coordinated	N/A	Number	4	0	4	4 x DDM Political meetings (Speakers Forums) coordinated by 30 June 2023	1x UMD District speakers forum meeting coordinated on the 12th of August	4 x Speakers Forums coordinated by 30 June 2024	N/A	2 x Speakers Forums coordinated by 30 June 2024	Partially Achieved	Due to IDP roadshows that were conducted in LMs throughout 2nd quarter	Speakers forums have been planned for 2024-25 Financial Year	R1 200 000,00	R3 000 000,00	R4 557 718,67	Interim budget	Attendance register, minutes and agenda	N/A	All	Council Support	Non-changes on the targets done

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				O M M 4	To stre ngt hen pub lic part icip atio n with in the Mu nici palit y	Impl em ent atio n of the pub lic part icip atio n stra tegy	District Public participa tion forum	N/ A	Num ber of sittin gs of the distri ct publi c participati on foru m coor dinat ed	N/ A	Nu mb er	1	0	1	4x sittin g of the distri ct publi c participati on foru m coor dinat ed by 30 June 2023	5 UMD M Distri ct Publi c Parti cipati on Distri ct Foru m Meet ing cond ucte d on the ff date s: - 29 July 2022 - 26 Augu st 2022 - 09 Sept emb er 2022 - 2 Dece mber 2022 - 24 Marc h 2023	4x sittin g of the distri ct publi c participati on foru m coor dinat ed by 30 June 2024	N/ A	3x sittin g of the distri ct publi c participati on foru m coor dinat ed by 30 June 2024	P art ial ly Ac hi ev ed	Pub lic part icipai on foru m could not be con duc ted due to ma ny pro gra ms hap pen ing by the end of the finan cial yea r	Pub lic Parti cipati on Foru m is plann ed to be con duc ted on the 1st Quar ter of 202 4- 25 Fin Ye ar							Atte nda nce regi ster, min utes and age nda	N/ A	All	Cou ncil Sup port	N o c h a n g e s o n th e ta rg et s d o n e d ur in g M id te r m re vi e w
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Integrated Development Plan	Governance & Policy	Good Governance and Public Participation	Pillar 3: Good Governance – Compliance with legislation and by-laws Pillar 3: Good Governance – Regular Engagement with Communities Pillar 1: Putting people	OMM5	To develop a credible Integrated Development Plan as the basis and the roadmap for sustainable development	To develop annual operational plans to guide the IDP development and reviews	To develop the IDP Framework and Process Plan for 2022/23	N/A	IDP Process Plan developed and submitted to Full Council for adoption	N/A	Adoption date of the IDP Process plan	1	0	1	Adopted IDP Framework and Process Plan by 30 September 2022	2023/2024 Draft IDP Framework and process plan was adopted on the 30 August 2022	Adopted IDP Framework and Process Plan by 30 September 2024	N/A	Adopted IDP Framework and Process Plan adopted by Council on the 30 August 2023	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	Council resolution	N/A	All	IDP	Not changes on the targets done during Mid-term review
				OMM6	To develop a credible Integrated Development Plan	To develop annual operational plans to guide the IDP	Adoption of the Final IDP for 2024/25	N/A	Adoption of the Final IDP for 2024/25	N/A	Date of Adoption of the Final Reviewed	1	1	0	Adopted Final IDP 2023/24 by 31st May 2023	Final IDP 2023/24 was adopted by Council on the 30th May 2023	Adopted Final IDP 2024/25 by 31st May 2024	N/A	Adopted Final IDP 2024/25 by 31st May 2024	Achieved	N/A	N/A	R6000,00	R4500,00	R0,00	Interim budget	Minutes and Attendance Registers Council Resolution	N/A	All	IDP	Not changes on the ta

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					abl e dev elo pm ent										May 2023															r m re vie w	
Wat er Ser vices Auth ority			Pill ar 2: Deli vering Bas ic Ser vice s – Fre e Bas ic Ser vice s and In digen t Reg ister	O M M 8	To pro vide ac cess to sustai nabl e quali ty drink ing wa ter	Impl ement atio n of the Wat er Ser vice s Deve lopme nt Pla n	Approva l and Re viewa l of Water Service Deve lopment Plan (WSDP)	N/ A	Percen tage of Coun cil app roved Water Ser vice s Deve lopment Plan (WS DP)	N/ A	Perce ntage Re vie w of the WSD P and Su bmis sion to Co un cil for ap pr oval	N/ A	N/ A	N/ A	Revi ewed Water Ser vices Deve lopment Plan (WS DP) by the 30th of June 2023	20% Appo intm et of Ser vice Provi der Gran ting PSP onlin e syste m acce ss, traini ng Profe ssional Ser vice Provi der and inter nal staff on the onlin e	100 % Coun cil ap proved Water Ser vices Deve lopment Plan (WS DP) by the 31 Decem ber 2023	N/ A	100 % Coun cil ap pr ovee d Water Ser vices Deve lopment Plan (WS DP) by the 30th June 2024	Ac hi ev ed	N/A	N/A	R 1 0 0 0 0 0 0	R1 00 0 00 0,0 0	R9 55 99 9,1 5	In te rmal bud get	Pro gres s re port Cou ncil Res oluti on	Co un cil Re solu ti on WS D P Pro gre ss and Cl ose ou t re po rt	All	WS A	N o c h a n g e s o n the tar ge t s d o n e dur ing M id te r m re vie w

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				OMM10	To provide access to sustainable quality drinking water	Implementation of the Water Services Development Plan	Verification of households with access to basic (levels of sanitation.)	N/A	Number of households to be provided with sanitation access	Percentage of households with access to basic level of sanitation the by reducing backlogs	Percentage Number	117993 (100%)	89914 (76%)	28079 (24%)	670 households to be provided with access to sanitation services by 30 June 2023	987 households provided with access to sanitation services	746 households to be provided with access to sanitation services by 30 June 2024	1705 (1.4%) households to be provided with access to sanitation services by 30 June 2024	1166 (0.98%) households provided with access to sanitation services by 30 June 2024	Partially Achieved	The Implementation department did not achieve the targeted number of VIP units.	Constant liaison with the implementing department to ensure commitment s are timely met and there are rectification majors in place.	N/A	N/A	N/A	N/A	Progress Report Project - Close out report	Beneficiary List	N/A	WSA	Target reviewed during mid-term, Q3 target moved to Q4
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				OMM11	To provide access to sustainable quality drinking water	Implementation of the Water Services Development Plan	Provision of quality free basic services and infrastructure	N/A	Number of indigent households provided with access to free basic water services	N/A	Number	10000	3185	6815	2000x indigent households with access to free basic water services by 30 June 2023	3185x indigent households had been provided with access to free basic water services by 30 June 2023	2000x indigent households with access to free basic water services by 30 June 2024	6815x indigent households with access to free basic water services by 30 June 2024	6491x indigent households with access to free basic water services by 30 June 2024	Partially Achieved	Customers who have since been Dec eased Customers who have since been removed from the SASSA system (due to change in economic conditions).	IEC checks are currently being done and will be done on an ongoing basis.	N/A	N/A	N/A	N/A	Indigent register	N/A	Mpofana LM, Umngeni LM, uMshwati LM, Mkhambathi ni LM, Richmond LM, Impendle LM	WSA	Target revised during mid-term
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				OMM13	Integrated growth and development coordinated at administrative and political level	Implementation of the District Development Model One Plan	IGR Framework focused on Municipal Managers and other stakeholders	N/A	Number of DDM Technical Meetings coordinated	N/A	Number	4	0	0	9x DDM Technical Meetings coordinated by 30 June 2023	12x DDM Technical Meetings were coordinated on the following dates: - 19 August 2022 - 08 September 2022 - 22 September 2022 - 21 October 2022 - 09 November 2022 - 06 December 2022 - 13 March 2023 - 20 April 2023	4x DDM Technical Meetings coordinated by 30 June 2024	N/A	7x DDM Technical Meetings coordinated by 30 June 2024	Achieved and Exceeded	Terms of reference are subject to discretion of chairperson that can call meeting anti-me when there are programs that need to be discussed. The reserves many programs	N/A	N/A	N/A	N/A	N/A	Attendance register, minutes and agenda	N/A	All	IGR	No changes on the targets done during Mid-term review
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Internal Audit			Pillar 3: Good Governance – Compliance with legislation and by-laws	OMM14	To provide reasonable assurance on the adequacy & effectiveness of the systems of internal controls, risk and performance management	To develop an annual approved audit plan	Report to the Audit Committee on implementation of the Annual Risk Based Internal Audit Plan	N/A	Number of Audit Committee meetings coordinated	N/A	Number	4	0	4	4 x Audit Committee meetings coordinated by the 30th of June 2023	6 x Audit Committee meetings coordinated as at 30th of June 2023 25 August 2022 28 September 2022 23 November 2022 20 February 2023 24 May 2023 26 June 2023	4 x Audit Committee meetings coordinated by 30 June 2024	N/A	6 x Audit Committee meetings coordinated by 30 June 2024	Achieved and Exceeded	special meetings to deal with compliance matters	N/A	R121247,00	R127673,00		Internal budget	Audit Committee attendance registers and Audit Committee minutes	N/A	All	Internal Audit	Non-changing soon the targets do not end during Mid term review
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				O M M 1 4 .1	To provide reasonable assurance on the adequacy & effectiveness of the systems of internal controls, risk and performance management	To develop an annual approved audit plan	Report to the Performance Committee on the audit of Performance Management	N/A	Number of Performance Committee meetings coordinated	N/A	Number	2	0	2	2x Performance Committee meetings coordinated by the 30th of June 2023	4x Performance Committee meetings coordinated AS AT 30th of June 2023 23 November 2022 20 February 2023 24 May 2023 26 June 2023	2x Performance Committee meetings coordinated by the 30 June 2024	N/A	3x Performance Committee meetings coordinated by the 30 June 2024	Achieved and Exceeded	special meetings to deal with compliance matters	N/A						Performance Committee attendance registers and Performance Committee minutes	N/A	All	Internal Audit	No changes on the targets done during Mid term review
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				OMM14.2	To provide reasonable assurance on the adequacy & effectiveness of the systems of internal controls, risk and performance management	To develop an annual approved audit plan	Implementation of Internal Audit Plan	N/A	Number of Internal Audit reports Finalized	N/A	Number	4	0	4	4 x Internal Audit reports Finalized by the 30th of June 2023	4 x Internal Audit reports Finalized as at 30th of June 2023	4 x Internal Audit reports Finalized 30 June 2024	N/A	4 x Internal Audit reports Finalized by 30 June 2024	Achieved	N/A	N/A						Quarterly Internal Audit report	N/A	All	Internal Audit	No changes on the targets done during Mid term review
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				OMM14.3	To provide reasonable assurance on the adequacy & effectiveness of the systems of internal controls, risk and performance management	To develop an annual approved audit plan	Implementation of Internal Audit Plan	N/A	Number of UIF WE investigations concluded	N/A	Number	1	0	1	1x UIF WE investigation concluded by 30 June 2023	1x UIF WE investigation concluded as at 30 June 2023	1x UIF WE investigation concluded by 30 June 2024	N/A	1x UIF WE investigation concluded by 30 June 2024	Achieved	N/A	N/A						UIF WE investigation report	N/A	All	Internal Audit	No changes on the target score during Mid term review
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Risk Management	Governance & Policy	Good Governance and Public Participation	Pillar 3: Good Governance – Compliance with legislation and by-laws Pillar 3: Good Governance – Anti-corruption measures	OMM15	To ensure effective risk management and compliance with the municipality	Implementation of the risk management, fraud and corruption strategies	Operational - Implementation of Risk Management Plan	N/A	Approval of the risk and fraud assessment report for 2024 /2025 financial year by Council	N/A	Date of risk assessment report approved	Approval of 2023/2024 risk and fraud assessment report by 30 June 2023	Approval of risk assessment report for 2022/2023 financial year	0	Conducting risk assessment for 2023 /24 financial year by 30 June 2023	Enterprise wide risk assessment conducted on the 02 and 05 June 2023	Approval of the risk and fraud assessment report for 2024 /2025 financial year by Council on 31 May 2024	N/A	Approval of the risk and fraud assessment report for 2024 /2025 financial year by Council on 31 May 2024	Not achieved	Initial date for the risk assessment workshop was postponed due to the unavailability of Management.	24/25 Risk assessment report to be discussed in Council during its meeting in July 2024.	N/A	N/A	N/A	N/A	Approved risk and fraud assessment report and council resolution	N/A	UM DM	Risk and compliance	Non change so the target is done during Mid term review
			OMM16	To ensure effective risk management and compliance	Implementation of the risk management, fraud and	Operational - Implementation of Risk Management Plan	N/A	Number of Risk and fraud Report concluded and submitted to	N/A	Number	4	4	0	4 x Risk Report concluded and submitted to the Risk Committee	3 x Risk Report concluded and submitted to the Risk Com	4 x Risk and fraud Report concluded and submitted to the Risk	N/A	4 x Risk and fraud Report concluded and submitted to the Risk	Achieved	N/A	N/A	N/A	N/A	Quarterly risk and fraud reports, Risk management	N/A	UM DM	Risk and compliance	Non change so the ta			

					anc e with in the mu nici palit y	corr uption stra tegi es		the Risk Com mitte e					e by the 30th of June 2023	mitte e	Man age ment Com mitte e by the 30 June 2024		Man age ment Com mitte e by the 30 June 2024								com mitt ee age nda and min utes (Ref er to OM M 18 for age nda and min utes)					rg et s don e dur ing M id ter m revi ew	
				OM M 1 7	To ens ure effe ctiv e risk ma nag em ent and com pli anc e with in the mu nici palit y	Impl em ent atio n of the risk ma nag em ent, fraud and corr uption stra tegi es	Operatio nal - Complia nce Manage ment monitori ng	N/ A	Num ber of Com plian ce repor ts concl uded and sub mitte d to the Risk Man age ment Com mitte e	N/ A	Nu mb er	4	4	0	N/A	N/A	4 x Com plian ce repor ts concl uded and sub mitte d to the Risk Man age ment Com mitte e by the 30 June 2024	N/ A	4 x Com plian ce repor ts concl uded and sub mitte d to the Risk Man age ment Com mitte e by the 30 June 2024	Ac hi ev ed	N/A	N/A	N / A	N/ A	N/ A	N / A	Quar terly com pli anc e repor ts, RM CO age nda and min utes (Ref er to OM M 18 for age nda and min utes)	N/ A	UM DM	Risk and com pli anc e	N o c h a n g e s on the tar get s don e dur ing M id

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Legal Services			Pillar 3: Good Governance – Compliance with legislation and by-laws	OMM19	To provide legal support services to the organization	Provision of proactive legal and administrative solutions - driven services to both the Council and the Administrative arm of the municipality	Functionality of Disciplinary Boards	N/A	Number of Disciplinary Boards coordinated	N/A	Number	4	0	4	4X Disciplinary Boards by the 30th of June 2023	4 x Disciplinary Board meetings coordinated on : 30 September 2022 09 December 2022 28 March 2023 18 May 2023	4X Disciplinary Boards coordinated by the 30 June 2024	N/A	4X Disciplinary Boards coordinated by the 30 June 2024	Achieved	N/A	N/A	R7897500,00	R1149159,00	R1149159,00	Interim budget	Minutes, attendance registers and agenda	Attendance registers and agenda	All	Legal services	No changes on the targets done during Mid term review
----------------	--	--	---	-------	---	--	--------------------------------------	-----	---	-----	--------	---	---	---	---	---	--	-----	--	----------	-----	-----	-------------	-------------	-------------	----------------	--	---------------------------------	-----	----------------	---

				OMM20	To provide legal support services to the organization	Provision of proactive legal and administrative solutions - driven services to both the Council and the Administrative arm of the municipality	Legal Services	N/A	Number of Quarterly reports on legal services submitted to Council	N/A	Number	4	0	4	4x Quarterly reports on legal services submitted to Council by 30 June 2023	4x Quarterly reports on legal services submitted to Council on: 06 October 2022 02 December 2022 11 April 2023 30 June 2023	4x Quarterly reports on legal services submitted to Council by 30 June 2024	N/A	4x Quarterly reports on legal services submitted to Council by 30 June 2024	Accomplished	N/A	N/A					Council Resolution	N/A	All	Legal services	Non-changes on the target side during Mid-term review
Communications	Governance & Policy	Good Governance and	Pillar 3: Good Governance	OMM21	Ensure effective and focus	To implement the communication	Media Management: releases or adverts pertaining to	N/A	Number of Media releases/a	N/A	Number	N/A	N/A	N/A	12x Media releases/adverts by 30	16x Media releases and 7 Adverts	12x Media releases/adverts by 30	N/A	17x Media releases/adverts by 30	Accomplished and Exceeded	Improved communication	N/A	10000	89830	43769	Internal budget	News paper cuttings with media	N/A	UMDM. All affected wards.	Communications	Non-change

				e – Regular Engagement with Communities	d communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and Vision.	tion strategy	municipal governance.		dverts						June 2023	rts published externally by 30 June 2023	June 2024		June 2024	ed ed	activities building up to elections.						g et	ia release s/adverts					s on the target s done during Midterm review
			O M M 2 2	Ensure effective and focused communication	To implement the communication	Branding and Marketing: Posting/live streaming of projects/programmes/ca	N/A	Number of social media posts	N/A	Number	N/A	N/A	N/A	N/A	144x social media posts by 30 June 2023	442 social media posts and 15 branded	144x social media posts and four branded even	N/A	494x social media posts and 25 branded	Achieved and Exceeded	Improved communication activities	N/A	N/A	N/A	R58536,00	N/A	Social media screenshots and pictures	N/A	UMDM. All wards	Communications	No change s on		

					unic atio n, bot h with in and out side the Mu nici palit y. Stra tegi call y prof ile the Mu nici palit y in line with the Mis sion and Visi on.	stra tegy	mpaigns on UMDM Social media platform s									even ts	ts by 30 June 2024		even ts by 30 June 2024		buil din g up to elec tion s.						of eve nts				th e ta rg et s do n e d ur in g M id te r m re vie w
					O M M 2 3			N/ A	Num ber of muni cipal buildi ngs bran ded	N/ A	Nu mb er	N/ A	N/ A	N/ A	1x bran ded 176 buildi ng and proc urem ent of bran ding mate rial for mark eting purp oses by 30 June 2023	1x bran ded 176 buildi ng and proc urem ent of bran ding mate rial for mark eting purp oses	1x bran ded 242 buildi ng and proc urem ent of bran ding mate rial for mark eting purp oses by 30 June 2024	N/ A	1 X bran ded buildi ng 242 and servi ce deliv ery bookl et for mark eting purp oses by 30 June 2024	Ac hi ev ed	N/A	N/A	2 0 0 0 0 0	17 1 07 0	60 53 0	In te rn al b u d g et	SC M doc ume ntati on, invo ices , rep ort and date d pict ures	N/ A	UM DM	Co mm unic atio ns	No c h a n g e s o n th e ta rg et s do n e d ur in g

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[illegible]

[illegible]

[illegible]

					as a tool to monitor performance, evaluate and report on service delivery programs			cipal oversight report by council by 31 March 2024	2024, Ad option of the Municipal oversight report by council by 31 March 2024	oversight report Date of submission of APR to AG				report by council by the 31st of March 2023	by council by the 31st of March 2023	report by council by the 31st of March 2024	option of the oversight report by council by the 31st of March 2024	report by council by the 31st of March 2024								ht report with council resolution					
				OMM 31	To maintain an organizational performance management system as a tool	Implementation of the performance management system policy	Quarterly Performance Reports	N/A	Number of Quarterly Performance Reports tabled to Council	N/A	Number	4	3	0	N/A	N/A	4 Quarterly Performance Reports tabled to Council by 30 June 2024	N/A	4 Quarterly Performance Reports tabled to Council by 30 June 2024	Achieved	N/A	N/A	N/A	N/A	N/A	N/A	4 Quarterly Performance Reports and Council Resolution	N/A	All	Performance Management	No changes on the targets done

[illegible]

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1 COMPONENT A – INTRODUCTION OF MUNICIPAL PERSONNEL

The table below indicates the total number of approved posts within the organisational structure being 823. Out of the total of 823 posts 54 are management level posts.

TOTAL NUMBER OF EMPLOYEES				
		2023/2024		
Department	Approved Posts	Filled Posts	Number of Management Levels	Number of vacancies
Office of the Municipal Manager	83	44	12	39
Finance (Budget & Treasury) Department	163	136	6	27
Community Services Department	233	182	9	51
Corporate Services Department	85	66	4	19
Technical Services Department	240	171	14	69
Economic Development	19	10	3	9
Total	823	609	54	214

Table 30: Staffing Status Per Department

The following table indicates vacancy rate for the period

VACANCY RATE 2023/2024			
Designation	Total approved posts as per Organogram	Filled	Vacant
Municipal Manager	1	1	0
CFO	1	1	0

Other Section 57 Managers (Excluding Finance posts)	4	3	1
Other Section 57 Managers (Finance Posts)	0	0	0
Fire Fighters	125	114	11
Senior Management Levels (Excluding Finance Posts)	48	35	13
Senior Management Levels (Finance Posts)	6	4	2
Highly Skilled Supervision Levels (Excluding Finance posts)	54	36	18
Highly Skilled Supervision Levels (Finance Posts)	14	9	5
Total	253	203	50

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%
2023/2024	185	31	5%

COMMENTS ON VACANCIES AND TURNOVER RATE

The total number of posts in the organogram is 823, and the number of filled positions is 609. The total number of vacant positions remained at 214.

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
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
Telecommunication Policy	Corporate Services	11/06/2021	Approved
Security and Access Control Policy	Corporate Services	01/11/2019	Approved

Name of Policy	Department	Last adopted	Status of policy
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	11/06/2021	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	27/06/2024	Approved
EPWP Recruitment and Selection Policy	Office of the Municipal Manager	31/07/2018	Approved
Whistle Blower Policy	Office of the Municipal Manager	27/07/2023	Approved
Risk Management Policy	Office of the Municipal Manager	27/07/2023	Approved
Revenue Enhancement Strategy	Budget & Treasury	14/09/2018	Approved
Fixed Assets Policy	Budget & Treasury	23/05/2024	Approved
Cash Management, Banking and Investment Policy	Budget & Treasury	23/05/2024	Approved
Tariff Policy	Budget & Treasury	23/05/2024	Approved
Budget Policy	Budget & Treasury	23/05/2024	Approved
Indigent Policy	Budget & Treasury	23/05/2024	Approved
Supply Chain Management Policy	Budget & Treasury	23/05/2024	Approved
Credit Control and Debt Collection Policy	Budget & Treasury	23/05/2024	Approved
Petty Cash Policy	Budget & Treasury	23/05/2024	Approved
Cost Containment Policy	Budget & Treasury	23/05/2024	Approved
Debt Management & Credit Control Policy	Budget & Treasury	23/05/2024	Approved
Debt Write-off Policy	Budget & Treasury	23/05/2024	Approved
HR Related Policies	Budget & Treasury	23/05/2024	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 2023/24 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	1470 Days

Table 34: Injuries, Sickness Information

SUSPENSIONS/ CONSEQUENCE MANAGEMENT

During the 2023/24 Financial year, 6 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	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized – Settlement
2	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement
3	Plumber	Damage to Council property	N/A	N/A	Matter finalized – Settlement Agreement
4	IT Technician	Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement
5	Plumber	Gross Misconduct / Vehicle Abuse	N/A	N/A	Matter finalized – Settlement Agreement
6	Plumber	Vehicle Abuse	N/A	N/A	Matter finalized, Settlement Agreement

4.3 COMPONENT C – CAPACITATING THE MUNICIPAL WORKFORCE

SKILLS DEVELOPMENT AND TRAINING

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

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

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

Position	Programme Name	Type of programme
HR Manager and Benefit Officer	Conditions of Service Collective Agreement	Visual Workshop
Councillors	Municipal System Regulations	Workshop
Unemployed Youth	New Venture Creations	Skills Programme
Senior Managers and Councillors	Disciplinary Collective Agreement	Visual Workshop

Debtors Clerk	Contact Centre Support	Skills Programme
Executive councillors, Chairperson of the portfolio committee, IDP Manager and Planning Senior Managers	Land Governance Training	Short Course
Senior Managers and Councillors	Disciplinary Regulations	Workshop
HR Staff	Sage VIP	Skills Programme
HR Chairperson Commit, Corporate HOD, HR Manager, OHS, Skills Development Facilitator	50 th Local Government Talent management seminar	Visual Workshop
Unemployed Youth	Plumbing	Skills Programme
Councillors and Senior Managers	Cybersecurity Awareness Session	Workshop
Supply Chain Management	Supply chain Management and Practitioner	Skills Programme
Risk Manager, Internal Audit, District Commander, Divisional Manager Administration, IT Manager, Senior HR Clerk: OD and Job Evaluation	Evidence based policy Making and Implementation	Skills Programme
Divisional Manager: Budget, COO, HOD: Economic Development and Planning, Acting Head of Disaster and IT Manager, PMS Manager	Coaching for Leadership Development	Skills Programme
Skills Development, HIV Co-ordinator, EPWP Co-ordinator and IGR Manager	Citizen Centre Service Delivery	Skills Programme
Environmental Heath Practitioners and Assistants	Peace Officer	Skills Programme
HR, Internal Audit, WSA and IDP	Microsoft Excel Training	Skills Programme
Technical Services, General Workers, Fire Fighters, PA	First Aid	
Unemployed Youth	Bricklaying and Plastering	Learnership & Skills Programme
Unemployed Youth	Environmental Practice	Learnership
Unemployed Youth	Building and Civil Construction	Learnership
Unemployed Youth	Nated Work Integrated learning	Internship
Unemployed Youth	National Certificate Vocational	Internship

Unemployed Youth	Cell phone Repairs	Skills Programme
Municipal Manager, Corporate Manager, HR Officials, HR and LLF Portfolio	HR/LR Masterclass	Visual Workshop
Finance Unit	Microsoft Excel	Skills Programme

BURSARIES

A total of 5 internal employee bursaries were awarded to staff during the financial year of 2023/24 and are as follows:

Position	Programme Name	Duration
IT Manager	ITAL 4	One Month
Watch Commander	Public Management	One Year
Fire Fighter	Master Public Administration	One Year
Tourism Coordinator	Bachelor of Commerce in Tourism and Hospitality Management	Three Years
Acting Head of Disaster	Postgraduate Diploma in Public Administration	One Year

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	110	1	111	16	-	16
Accounting Officer	1	1	2	1	2	2
Chief Financial Officer	1	1	2	1	2	2
Managers	3	0	3	2	-	2

Any other financial officials	3	0	3	3	-	3
Supply Chain Management Officials	4	1	5	3	-	3
Supply chain Management managers	1	0	1	1	-	1
TOTAL	123	4	127	27	4	29

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 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
25. Employee related costs				
Basic	184 713 165	166 415 363	178 465 371	160 991 597
Bonus	14 028 446	13 597 898	13 763 616	13 487 829
Medical aid - company contributions	15 171 956	14 383 557	15 139 253	14 383 557
UIF	1 141 805	1 196 490	1 205 866	1 085 333
WCA	2 010 161	1 508 939	2 010 161	1 508 939
SDL	2 441 556	2 111 972	2 391 344	2 111 972
Other - Bargaining Council	91 667	67 964	91 667	67 964
Leave pay provision charge	4 477 302	3 909 006	4 282 121	3 855 566
Cellphone Allowances	367 151	200 600	228 052	68 500
Group Life Contributions	4 693 303	3 892 343	4 693 303	3 892 343
Standby Allowances	9 253 625	5 639 372	9 253 625	5 639 372
Other - Tool Allowances	1 277 309	1 250 305	1 277 309	1 250 305
Defined contribution plans	37 148 509	31 971 345	36 804 933	31 708 476
Travel, motor car, accommodation, subsistence and other allowances	13 860 717	13 499 419	13 860 717	13 391 065
Overtime payments	8 267 450	5 524 749	8 267 450	5 524 749
Long-service awards	3 916 472	4 784 462	3 916 472	4 784 462
Acting allowances	1 938 843	1 408 372	1 935 214	1 160 207
Car allowance	59 400	77 400	59 400	77 400
Housing benefits and allowances	1 258 842	1 387 278	1 258 842	1 387 278
Uniforms & Clothing Allowances	23 703	55 612	23 703	55 612
Shift Allowance	12 909 124	9 712 583	12 909 124	9 712 583
Backpay	22 146	5 834	-	-
Termination benefits - Curtailment and Settlements	5 340 091	5 180 738	5 340 091	5 180 738
	324 412 743	287 781 601	317 177 634	281 325 847

Table 2: Employee Related Costs and Councillors' Remuneration

Comments on Employee Related Expenditure

The employee related expenditure (including Councillors' remuneration increased by 12% when compared to the 2023 financial year and remained within the norm, of 22% to 40%, at 24% in 2024 compared to 25% in the previous financial year.

CHAPTER 5: FINANCIAL PERFORMANCE

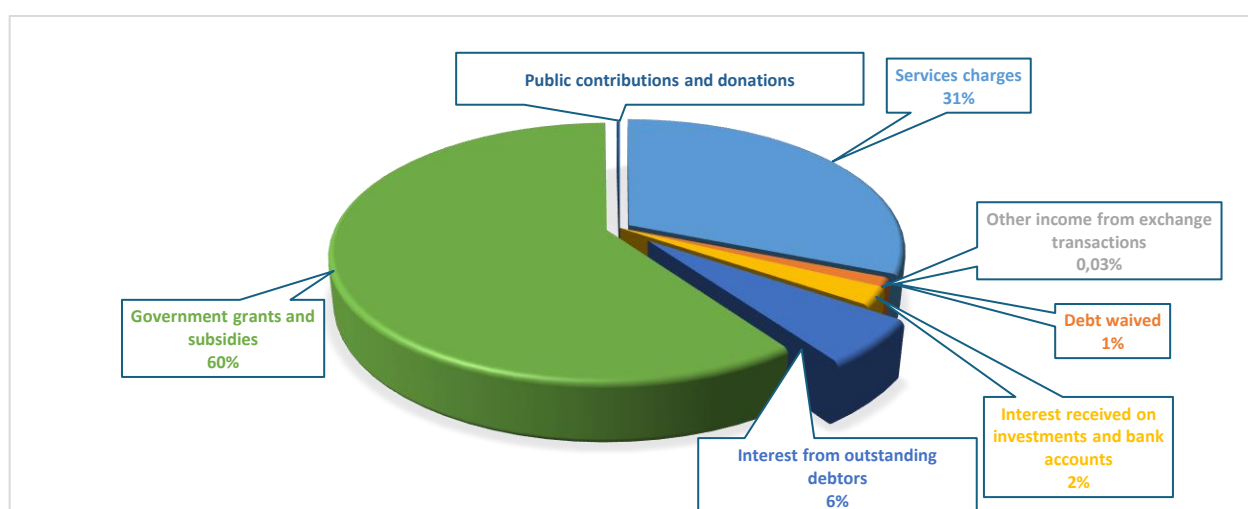
Statement of Financial Performance

5.1 Revenue

Revenue Source	Jun-24	Jun-23	Fluctuation
Services charges	487 382 051	446 991 227	9%
Rental of facilities and equipment	-	156 520	-100%
Debt waived	17 382 096	-	100%
Other income from exchange transactions	484 804	468 882	3%
Interest received on investments and bank accounts	35 417 211	18 969 960	87%
Interest from outstanding debtors	89 199 707	62 865 574	42%
Government grants and subsidies	932 973 062	1 018 870 724	-8%
Public contributions and donations	3 338 731	368 783	805%
Fines, penalties and forfeits	-	976 581	-100%
Total Revenue	1 568 177 662	1 549 668 251	1%

Table 3: Revenue Fluctuations by Source

The total revenue increased by 1% in the 2024 financial year where service charges revenue increased by 9% in the continued pursuit to achieve cost-reflective tariffs through a phased approach based on expenditure incurred to provide such services. With the debt collection rate 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 42% when compared to the previous year. The increase in interest earned on investments and bank accounts improved by 87% due to continued effective cash management with greater efforts made to invest surplus funds on a short term-basis. The government grants and transfers reduced by 8% as no additional grant allocations were received by the municipality when compared with the prior year.



Graph 1: Revenue Contributions Per Source

The major portion of revenue is from grants with improved grant dependency status from 66% in the previous financial year to 60% in 2024. This was followed by service charges at 31% and interest on outstanding debtors at 6%.

5.2 Consumer Debtors

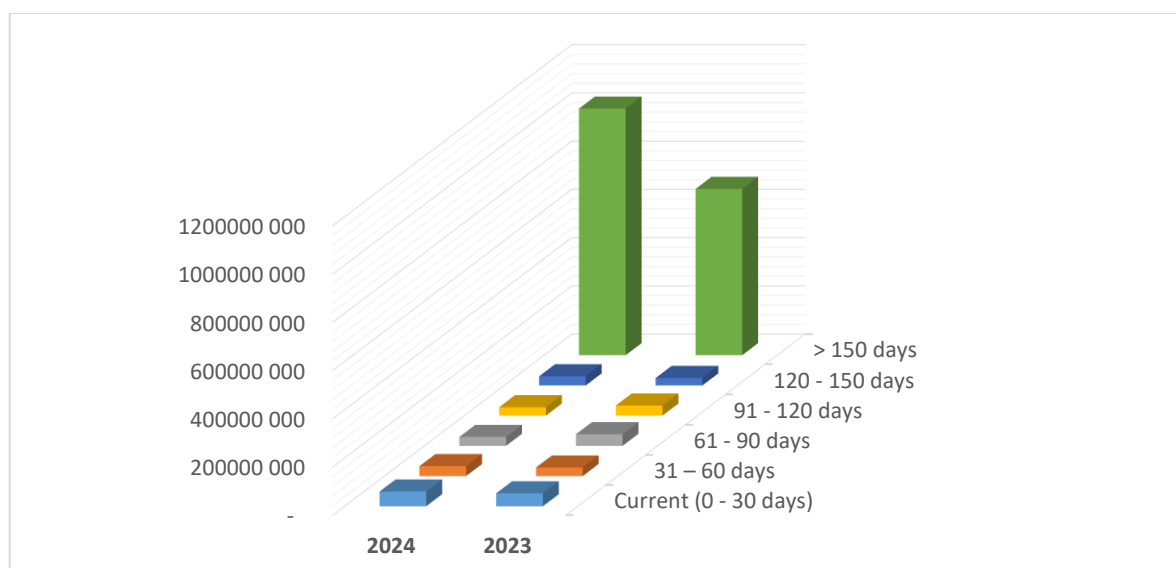
The debtors book closed at R 1.234 billion million when compared to the R 899.864 million in the prior year. A significant part of the outstanding debt is attributable to debt older than 150 days which accounts for 76% (2022: 87%) of the debtors' book.

Number of Days	2024 R	2023 R	% Contribution 2024	% Contribution 2023
Current (0 - 30 days)	61 121 154	53 875 868	5%	6%
31 – 60 days	41 259 063	35 432 511	3%	4%
61 - 90 days	37 110 251	48 300 327	3%	5%
91 - 120 days	35 100 170	41 893 806	3%	5%
120 - 150 days	37 876 870	31 110 178	3%	3%
> 150 days	1 022 267 788	689 251 098	83%	77%
Total	1 234 735 296	899 863 788	100%	100%

Table 4: Ageing of Consumer Debtors

The municipality persists in its efforts to strengthen its revenue base by implementing the following strategies, inter alia:

- A meter audit is currently underway to ensure that all who have access to water are billed; meters are allocated to the correct properties and to identify any faulty and/or dysfunctional meters.
- The debtors' database is being updated with information sourced from the meter audit findings as well as the indigent registration to ensure credibility.
- The indigent drive continues across the district.
- The capacity for purposes of meter reading has been improved on a regular basis as to achieve accurate and complete billing.
- The utilisation of debt collectors to assist in recoveries on long outstanding amounts.

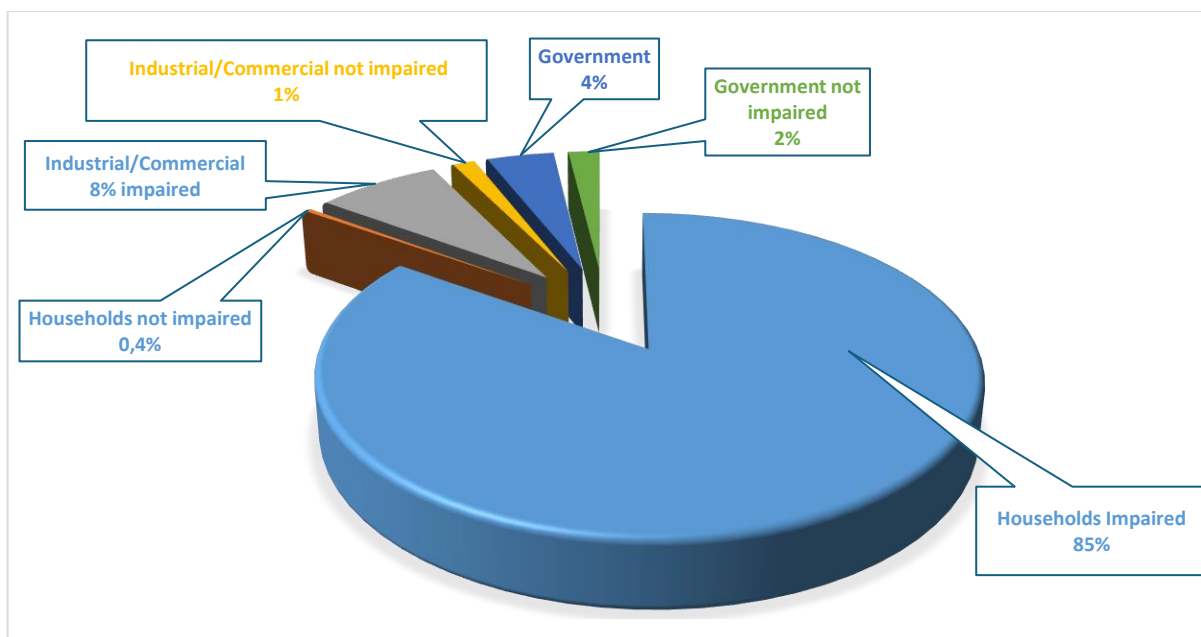


[Graph 2: Aging of Consumer Debtors](#)

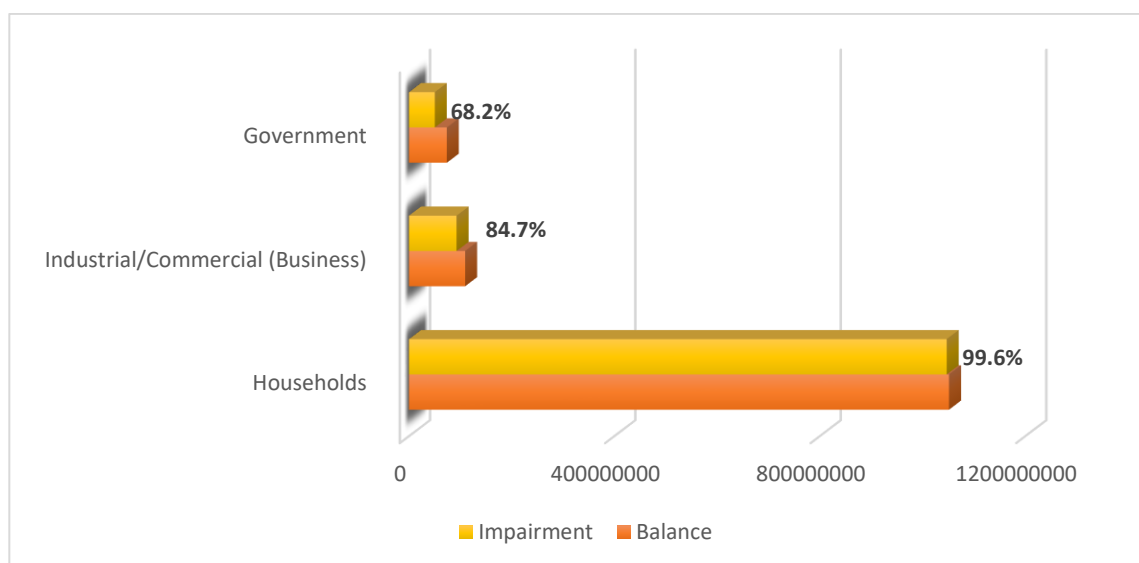
CONSUMER DEBTORS PER CATEGORY		
Debtors Categories	Total	% Contribution
Households	1 051 600 985	85%
Industrial/Commercial (Business)	109 436 269	9%
Government	73 697 604	6%
Gross Debtors	1 234 734 858	100%
Less: Accumulated Impairment	1 190 066 865	96%
As disclosed per note to AFS	44 667 993	4%

[Table 5: Debtors by Category](#)

The major contributor to the debtors' balance is households which constitute 85% of the total where 99.6% of such balance is impaired. A total of 96% of the debtors' balance, ageing at 150 days or more, has been impaired in line with the methodology applied by the municipality. This indicates that the municipality needs to remain committed to the strict enforcement of the Credit Control and Debt Collection Policy, Municipal By-laws and the developed strategies to improve collection.



Graph 3: Contributions to debtors balance



Graph 4: Balance Outstanding vs Balance Impaired by Debtor Category

5.3 Expenditure

Expenditure	2024	2023	Fluctuation
Employee related costs	324 412 743	287 781 601	13%
Remuneration of Councillors / Board of Directors	16 620 192	15 668 843	6%
Depreciation and amortisation	55 494 023	51 860 774	7%
Finance costs	16 859 324	20 702 484	-19%
Lease rentals on operating lease	21 130 901	24 259 558	-13%

Debt impairment	363 797 166	293 582 149	24%
Bad debts written off	8 290 617	-	100%
Inventory consumed	203 735 886	190 568 449	7%
Contracted services	252 235 277	219 602 757	15%
Transfers and subsidies	537 045	50 000	974%
General expenses	62 364 962	46 832 854	33%
Loss on disposal of assets and liabilities	118 786	79 402	50%
Actuarial gains / losses	1 163 000	- 7 063 098	-116%
Impairment of assets	35 423 368	13 909 037	155%
Inventories losses/write-downs	47 884 723	79 941 627	-40%
Total Expenditure	1 410 068 013	1 237 776 437	14%

Table 6: Expenditure Fluctuations by Type

The operating expenditure increased by 14% from the 2023 financial year. 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 26%; employee related costs (23%); inventory costs including water losses at 18%; and contracted services at 18%.

The increase in long outstanding debt in the 2024 financial year is due to the challenges faced in collections of amounts owed to the municipality for services provided. This resulted in the increase in the debt impairment provision. The debt write off related to a settlement agreement with a customer as well as amounts that related to closed accounts.

A 5.4% percentage increase from July 2023, new appointments, leave payouts as well increased allowances paid as a result of revenue enhancement implementation contributed to the variance in employee related costs between the 2023 and 2024 financial year.

Increased depreciation is due to additional assets in the 2024 year from acquisitions, donations and capitalisation of completed Work-In-Progress.

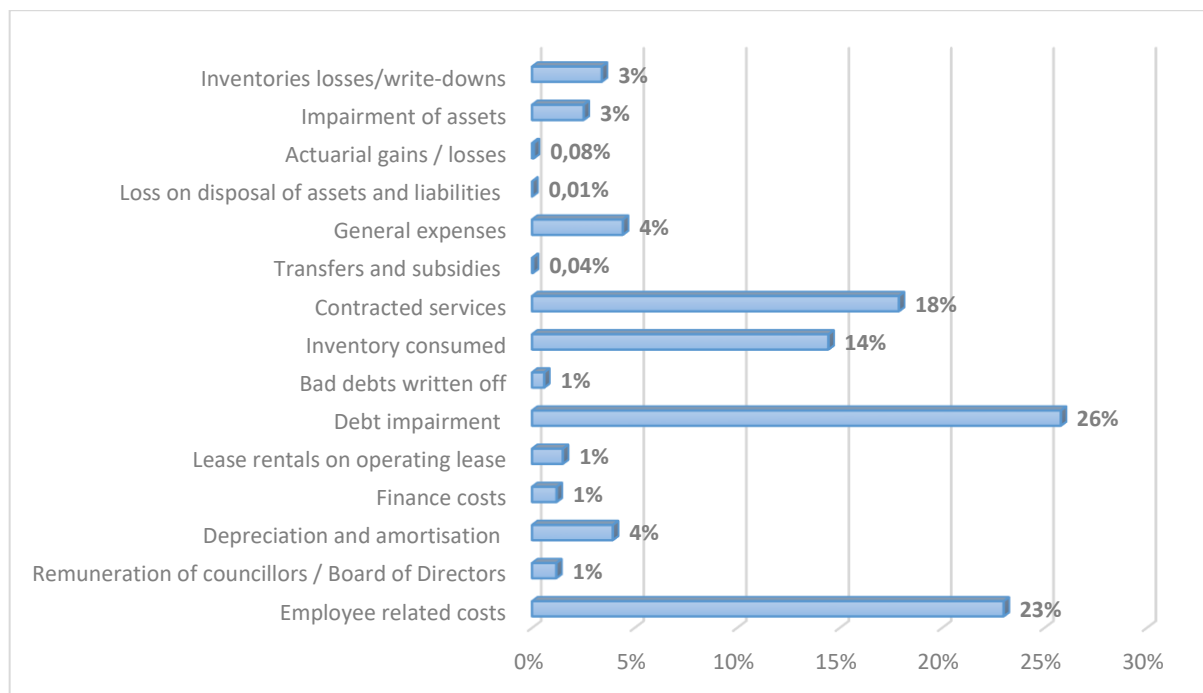
The reduction in finance costs is in line with the loan amortisation schedule where higher contributions are now being made to the capital component of the loan.

Higher contracted services costs were incurred because of increases in charged rates (mainly for security services and water tankers); increases in level of demand for sewerage services as well as repairs and maintenance.

The increase in general expenses cost is due to a higher demand of TLB Hire for purposes of repairs and maintenance.

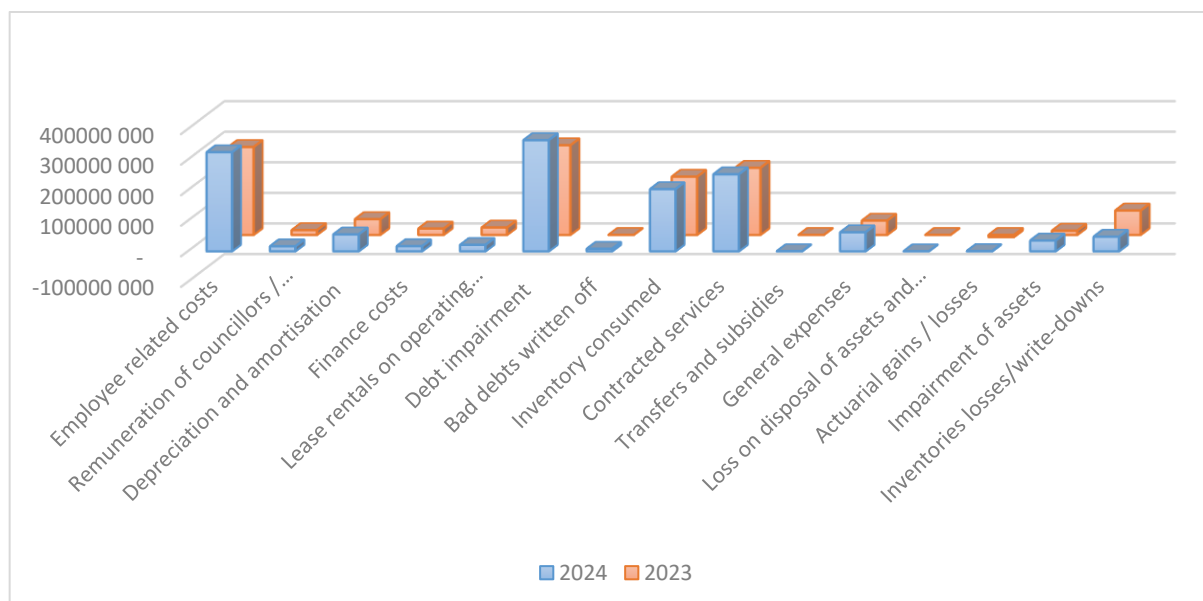
The municipality recognised an impairment loss of R35.4 million relating to the work in progress for the Impendle Bulk Water Works Project at R13.9 million; the Mpofana Wastewater Treatment Works Project at R8.5 million; the Mpophomeni Sanitation Plant Project

at R8.2 million and the Richmond Wastewater Treatment Works Project at R4.7 million due to these projects being handed over to Umngeni-Uthukela Water for review and implementation.



[Graph 5: Expenditure Contributions by Type](#)

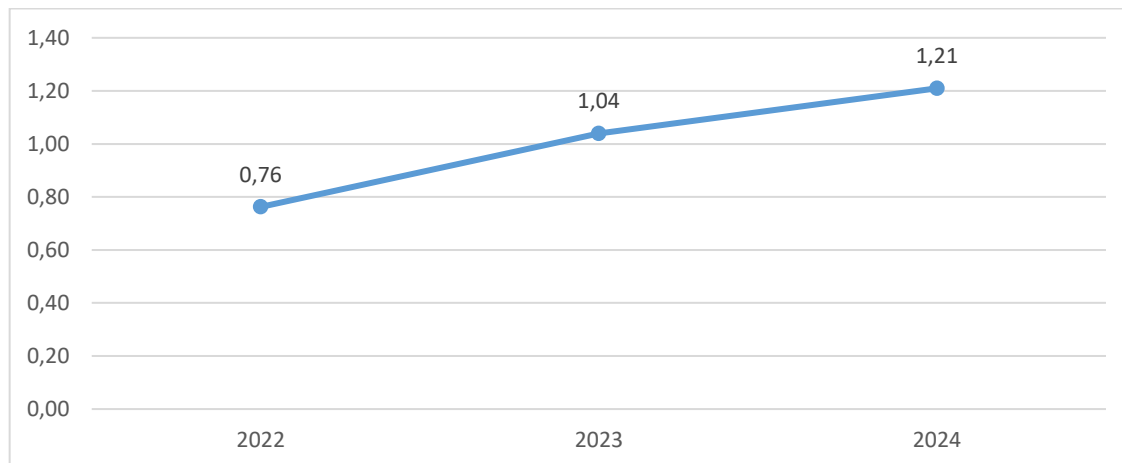
The entity continues in its efforts to achieve improved financial management by controlling and limiting non-core expenditure items and reducing operational costs through the implementation of the Cost Containment Measures as per MFMA Circular 97 as well as the entity's Cost Containment Policy.



[Graph 6: Operating Expenditure Comparison](#)

Cash flow Management and Investment

5.4 Liquidity Management

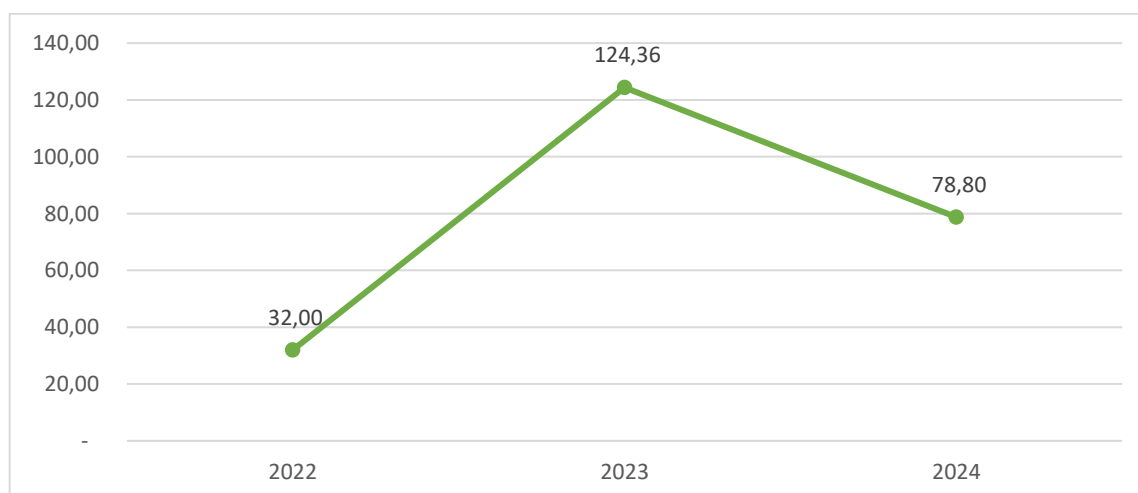


Graph 7: 3-year Liquidity Ratio Trend

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 0.76:1 in 2022 to 1.21:1 in 2024 indicating improvement in the liquidity of the economic entity, drawing closer to having sufficient short-term assets to comfortably 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 8: 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).

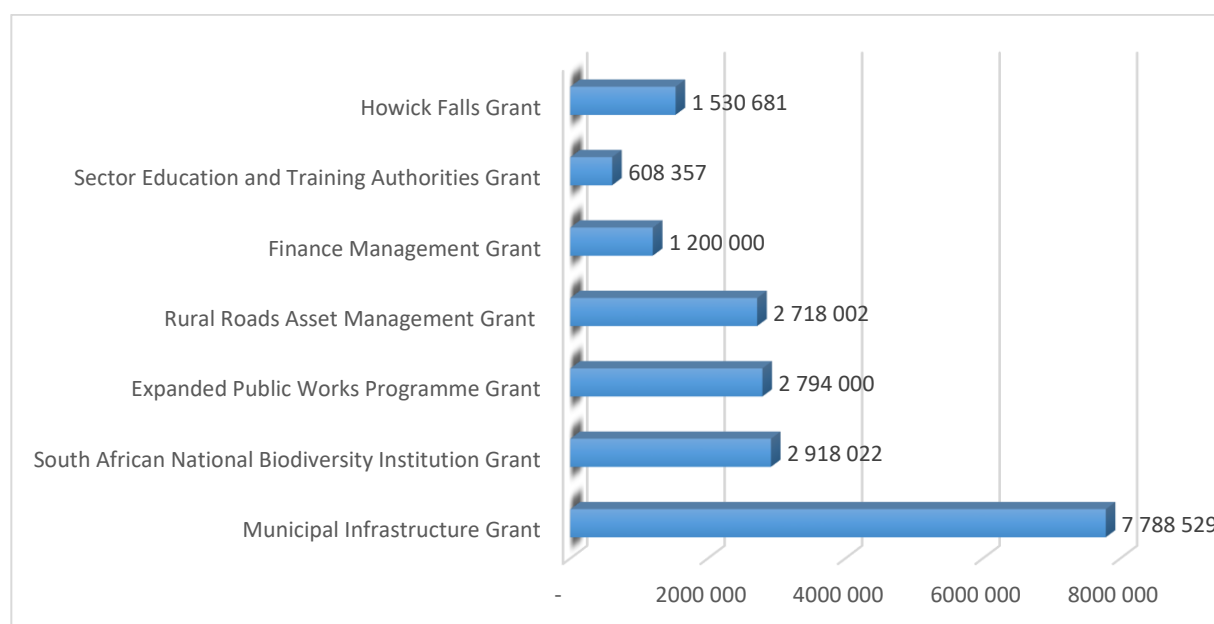
The economic entity had sufficient cash to fund monthly fixed operational expenditure and to continue rendering services with a ratio falling within the National Treasury norm of 1 to 3 months. The cash coverage ratio has been maintained within the norm from 1.07 months in the 2022 financial year to 2.63 months in 2024 financial year.

5.5 Borrowings

As at 30 June 2024, the loan balance was at a total value of R 149.542 million down from R 163.219 million in the prior year. The average interest rate on remaining loan is 10.889%. The debt to revenue ratio was at 21% for the 2024 financial year down from 42% for the 2023 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.

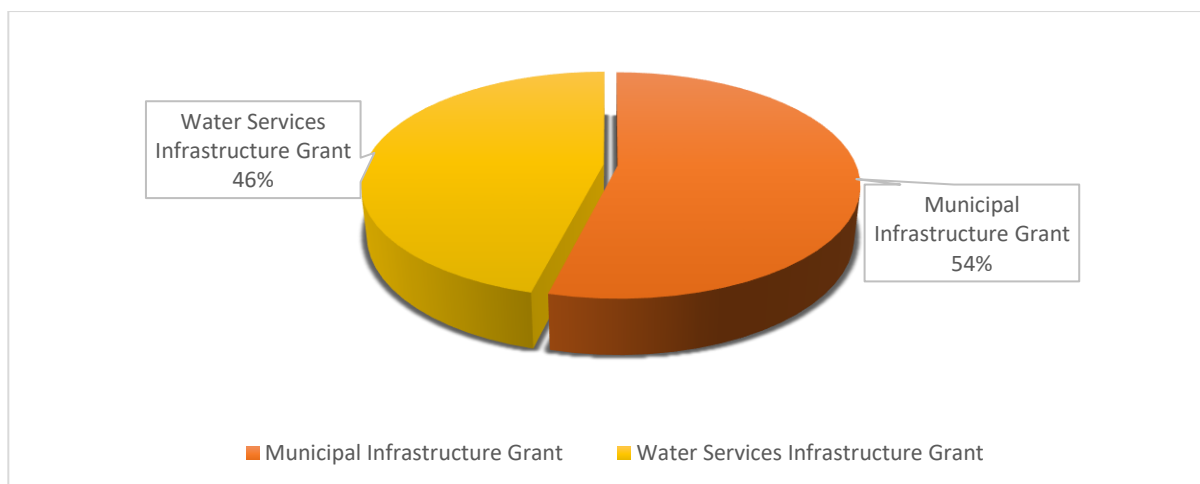
5.6 Grants: Government Grants and Subsidies

The total operating grants revenue for the 2024 financial year amounted to are R 19.558 million excluding the Equitable Share and RSC Levy which amounted to R 346.715 million and R 353.805 million, respectively. The breakdown of the conditional operational grant revenue is as follows:



Graph 9: Operational Conditional Grants

The capital grant revenue for the 2024 financial year was at a total of R 196.895 million compared to R312.139 million constituted as follows:



Graph 10: Capital Grant Contributions

5.7 Asset Management

	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
LAND	2 970 350	-	2 970 350
BUILDINGS	60 234 185	- 6 705 498	53 528 687
PLANT AND MACHINERY	21 467 241	- 6 686 607	14 780 634
FURNITURE AND FIXTURES	6 475 414	- 2 673 952	3 801 462
TRANSPORT ASSETS	13 868 709	- 3 347 902	10 520 807
IT EQUIPMENT	13 833 164	- 4 577 903	9 255 261
INFRASTRUCTURE	3 228 617 689	- 1 221 583 277	2 007 034 412
INFRASTRUCTURE WIP	609 606 087	- 45 419 326	564 186 761
OTHER EQUIPMENT	573 271	- 180 779	392 492
TOTAL PPE	3 957 646 110	- 1 291 175 244	2 666 470 866
INTANGIBLE ASSETS	7 978 866	- 7 943 583	35 283
HERITAGE ASSETS	4 000	-	4 000
TOTAL FIXED ASSETS	3 965 628 976	- 1 299 118 827	2 666 510 149

Table 7: Fixed Assets by Type as at 30 June 2024

The total carrying value of the economic entity's assets as at 30 June 2024 amounted to R 2.667 billion and comprises of property, plant and equipment; intangible assets; and heritage assets. 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 5.1% (2023: 4.4%) of the carrying value of fixed assets. Although this is below the norm of 8%, an amount of R 44.722 million was spent on the upgrading, renewal and/or rehabilitation of municipal infrastructure.

SPENDING AGAINST CAPITAL BUDGET

5.8 Capital Grants Expenditure

6.	2024			2023		
Grant Description	Allocation	Expenditure	% Spent	Allocation	Expenditure	% Spent
Municipal Infrastructure Grant (MIG)	90 650 000	90 650 000	100%	173 620 163	173 620 163	100%
Water Services Infrastructure Grant (WSIG)	106 245 471	106 245 471	100%	122 600 000	122 599 792	100%
Accelerated Water Intervention Grant	-	-	-	10 000 000	10 000 000	100%
Disaster Recovery Grant	-	-	-	10 000 000	5 919 821	59%
Total	196 895 471	196 895 471	100%	316 220 163	312 139 776	99%

Table 8: Capital Grant Expenditure

In the 2024 financial year, the economic entity spent 100% of all its capital grants compared 99% to 2023.

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.

PROJECT	GRANT	TOTAL
LINDOKUHLE/MPOLWENI WATER SUPPLY	MIG	60 506 978
NKANYEZI WATER SUPPLY	MIG	46 292 910
BOREHOLES	WSIG	29 106 579
HOWICK AC PIPELINES REPLACEMENT	WSIG	20 517 339
EXTENSION OF KWAZIBUSELE RETICULATION	WSIG	20 402 693
TOTAL		176 826 498

Table 9: Top 5 Capital Projects Expenditure

A total of 90% of the capital grant expenditure for the 2024 financial year is from the five major projects that were underway during the financial year.

5.10 Public, Private Partnership

The Municipality had Service Level Agreement (SLA) with the South African National Biodiversity Institute and University of KwaZulu Natal focusing on environmental management and climate change which terminated in September 2023. No new agreements have been entered into.

Component C: OTHER FINANCIAL MATTERS

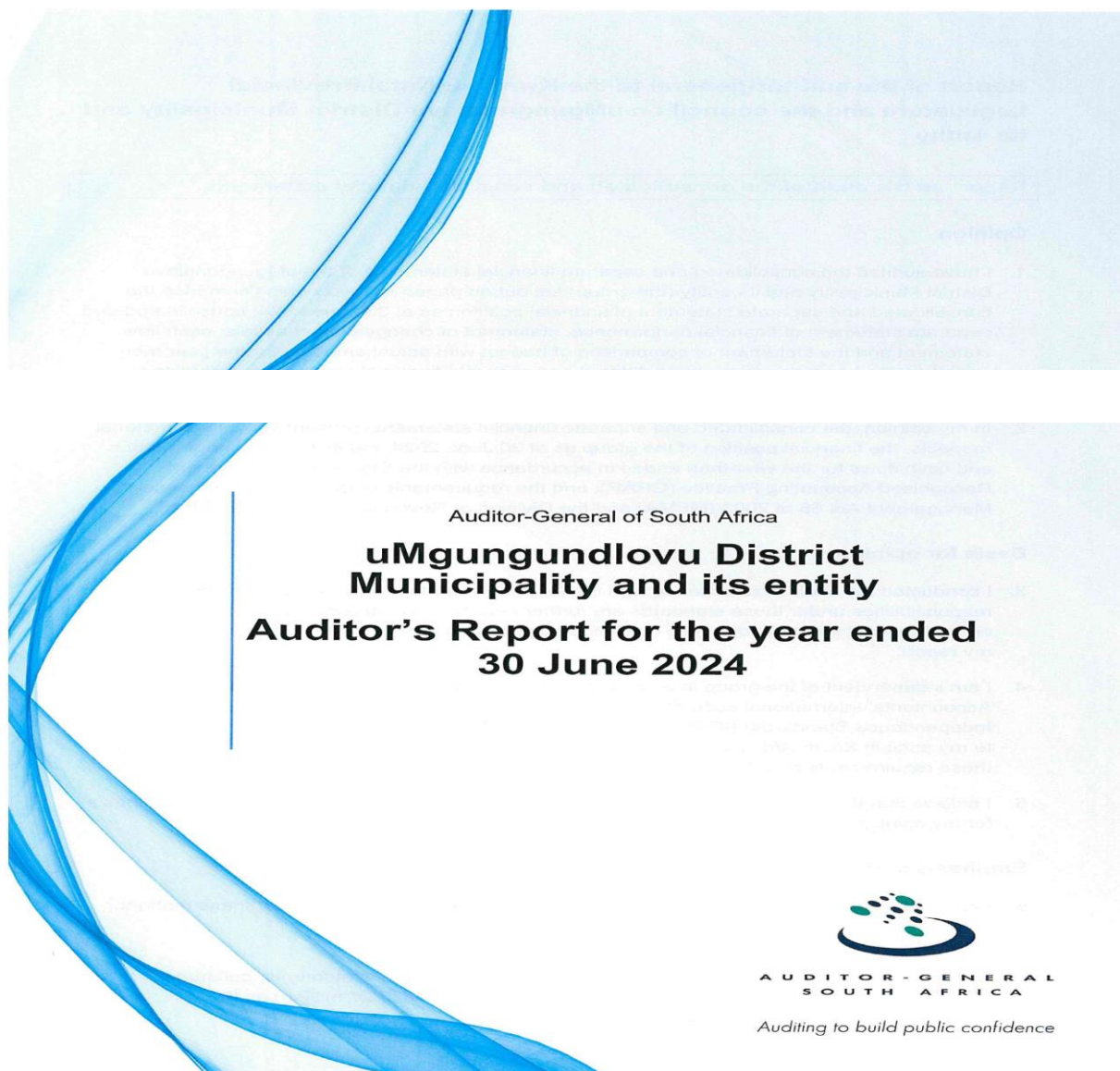
5.11 Supply Chain Management Processes

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 464 to 573, which comprise the consolidated and separate statement of financial position as at 30 June 2024, consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget with 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 2024 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 2023 (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 R1,19 billion (2022-23: R826,27 million) as the recoverability of these debts was doubtful.

Impairment loss – Property, plant and equipment

8. As disclosed in note 9 to the consolidated and separate financial statements, property, plant and equipment were impaired by a total of R35,42 million (2022-23: R13,91 million).

Material water losses

9. As disclosed in notes 32 and 44 to the consolidated and separate financial statements, material water losses of R100,31 million (2022-23: R70,19 million) was incurred by the group which represents 36% (2022-23: 30%) of total water purchased/ produced. The water losses were mainly due to water leakages, illegal connections, faulty meters and the increase in the number of customers that were charged a flat rate tariff for water consumption.

Contingent liabilities

10. As disclosed in note 41 to the consolidated and separate financial statements, the group is the defendant in a claim from a funder for R91,77 million. The claim is in relation to work done and damages relating to various water infrastructure projects. The ultimate outcome of this claim could not be determined thus no provision for any liability that may result from the claim was made in the consolidated and separate financial statements.

Restatement of corresponding figures

11. As disclosed in note 55 to the consolidated and separate financial statements, the corresponding figures for 30 June 2023 were restated as a result of an error in the consolidated and separate financial statements of the group at, and for the year ended 30 June 2024.

Other matter

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

Unaudited disclosure note

13. 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 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

14. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.
15. 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

16. 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 financial statements.
17. 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. This description, which is located at page xx, forms part of my auditor's report.

Report on the audit of the annual performance report

18. 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.
19. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 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	102-179	To ensure provision of services in a sustainable manner and measure access to sustainable quality drinking water and sanitation services to customers.

20. 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.

21. 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
- all the indicators relevant for measuring the group's performance against its primary mandated and prioritised functions and planned objectives are included
- 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 and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

22. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

23. I did not identify any material findings on the reported performance information for the basic service delivery key performance area.

Other matter

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

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.
26. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 102 to 296.

Basic service delivery

<i>Targets achieved: 64%</i> <i>Budget spent: 68%</i>		
Key indicator not achieved	Planned target	Reported achievement
Constructed 10ML reservoir - 100%, Constructed 9,2km of pipelines - 100%, Constructed 35km of reticulation pipelines - 100% for Upgrading of the Nkanyezi community water supply scheme (AFA) MIS 306637	Constructed 10ML reservoir - 100%, Constructed 9,2km of pipelines - 100%, Constructed 35km of reticulation pipelines - 100% for Upgrading of the Nkanyezi community water supply scheme (AFA) MIS 306637	Construction of 10ML reservoir - 93%, Construction 9,2km of pipelines - 99%, Construction 35km of reticulation pipelines - 96% for Upgrading of the Nkanyezi community water supply scheme (AFA) MIS 306637 by 28 June 2024
Constructed 53km of pipeline - 100%. Completed 3ML reservoir and 200kl elevated steel tank 100% for Mpolweni, Thokozani and Claridge extension water supply phase 2	Constructed 53km of pipeline - 100%. Completed 3ML reservoir and 200kl elevated steel tank 100% for Mpolweni, Thokozani and Claridge extension water supply phase 2 by 30 June 2024	Construction of pipeline - 99,74%. Completion 3ML reservoir and 200kl elevated steel tank - 99,73% for Mpolweni, Thokozani and Claridge extension water supply phase 2 by 28 June 2024
Appointed service provider for Community water supply to trust feed phase 2 (AFA) MIS 457197	Appointed service provider for Community water supply to trust feed phase 2 (AFA) MIS 457197 by 30 June 2024	Appointed service provider for Community water supply to trust feed phase 2 (AFA) MIS 457197 is not done by 30 June 2024 Tender documentation stage
Detailed design and construction tender documentation approved for Nadi Reticulation Phase 1 and Phase 2	Detailed design and construction tender documentation approved	Draft Detailed design completed, and Construction tender documentation not done and not approved for

<p><i>Targets achieved: 64%</i></p> <p><i>Budget spent: 68%</i></p>		
Key indicator not achieved	Planned target	Reported achievement
	for Nadi Reticulation Phase 1 and Phase 2 by 30 June 2024	Nadi Reticulation Phase 1 and Phase 2 by 30 June 2024
Developed and submitted business plan of pumpstation refurbishment for funding approval from Cogta	Developed and submitted business plan of pumpstation refurbishment for funding approval from Cogta by 30 June 2024	Developed business plan is done and submitted business plan of pumpstation refurbishment for funding approval from Cogta not done by 30 June 2024
Developed and submitted and Business Plan for Bulk services provision on housing development (Khayelisha, Hillside, Sedara, Lutchmans farm, Hilton Phase 4) for Council approval	Developed and submitted and Business Plan for Bulk services provision on housing development (Khayelisha, Hillside, Sedara, Lutchmans farm, Hilton Phase 4) for Council approval by 30 June 2024	Developed draft Business Plan for Bulk services provision on housing development (Khayelisha, Hillside, Sedara, Lutchmans farm, Hilton Phase 4) and not submitted for Council approval by 30 June 2024 Inception report has been prepared by May 2024.
Appointment of service provider for KwaMathwanya Water Reticulation Scheme (Mpofana LM)	Appointment of service provider for KwaMathwanya Water Reticulation Scheme (Mpofana LM) by 30 June 2024	Appointment of service provider for KwaMathwanya Water Reticulation Scheme (Mpofana LM) not done by 30 June 2024
100% Installed 4 boreholes at uMshwathi LM and refurbished/upgraded 9 Boreholes at Impendle LM and 9 Boreholes at Mpofana LM	100% Installed 4 boreholes at uMshwathi LM and refurbished/upgraded 9 Boreholes at Impendle LM and 9 Boreholes at Mpofana LM by 30 June 2024	94% Installed 4 boreholes at uMshwathi LM and refurbished/upgraded 8 Boreholes at Impendle LM and 8 Boreholes at Mpofana LM by 30 June 2024
Collection of road condition data in Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini and Burrow pit database compiled for 7 LMs (Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini)	Visual Road condition assessments conducted in Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathin LMs and Burrow pit database compiled for 7 LMs (Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini) by 30 June 2024	Visual Road condition assessments conducted in Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathin LMs done and Burrow pit database not compiled for 7 LMs (Mpofana, uMngeni, Msunduzi, Impendle, Richmond, uMshwathi and Mkhambathini) by 30 June 2024
Investigated the District Integrated Transport Plan and funding model by Department of Transport	Investigated the District Integrated Transport Plan and funding model by Department of Transport by 30 June 2024	Investigated the District Integrated Transport Plan and funding model by Department

<i>Targets achieved: 64%</i> <i>Budget spent: 68%</i>		
Key indicator not achieved	Planned target	Reported achievement
		of Transport not done by 30 June 2024. Still under investigation
Installed 844 VIP toilets within uMgungundlovu District Municipality and its entity - 166 VIP toilets in uMshwathi, 204 VIP toilets in Impendle, installation of 198 VIP toilets in Mkhambathini, 48 VIP toilets in Umngeni, 180 VIP toilets in Richmond, 48 VIP toilets in Mpofana by 30 June 2024	Installed 844 VIP toilets within uMgungundlovu District Municipality and its entity - 166 VIP toilets in uMshwathi, 204 VIP toilets in Impendle, installation of 198 VIP toilets in Mkhambathini, 48 VIP toilets in Umngeni, 180 VIP toilets in Richmond, 48 VIP toilets in Mpofana by 30 June 2024	Installed 746 VIP toilets within uMgungundlovu District Municipality and its entity - 109 VIP toilets in uMshwathi, 0 VIP toilets in Impendle, installation of 200 VIP toilets in Mkhambathini, 240 VIP toilets in Umngeni, 160 VIP toilets in Richmond, 37 VIP toilets in Mpofana by 30 June 2024
Installed 861 VIP Toilets within uMgungundlovu District Municipality and its entity uMshwathi 143, Umngeni 143, Mkhambathini 143, Richmond 143, Mpofana 143 and Impendle 146	Installed 861 VIP Toilets within uMgungundlovu District Municipality and its entity - uMshwathi 143, Umngeni 143, Mkhambathini 143, Richmond 143, Mpofana 143 and Impendle 146 by 30 June 2024	Installed 420 VIP Toilets within uMgungundlovu District Municipality and its entity - Umngeni 70, Mpofana 70, Impendle 70, Umshwathi 70, Mkhambathini 70, Richmond 70 by 30 June 2024
Non-revenue water losses reduced to 30%	Non-revenue water losses reduced to 30% by June 2024	Non-revenue water losses reduced to 36,1% by June 2024

Report on compliance with legislation

27. 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.
28. 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.
29. 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.

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

Annual financial statements

31. The consolidated and separate 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 current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

Expenditure management

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R169,45 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was due to non-compliance with supply chain management (SCM) regulations.
33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R186,53 million, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was due to actual expenditure exceeding the approved adjusted budget for different votes where debt impairment was the major contributing factor to this expenditure.

Procurement and contract management

34. Some of the goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of SCM regulation 17(1)(a) and (c).

Other information in the annual report

35. 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.
36. 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.
37. 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.

38. 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

39. 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.

40. 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.

41. The accounting officer and chief financial officer did not effectively oversee the financial reporting process. Key issues regarding the quality of financial statements and supporting evidence were not identified and corrected before the audit. Additionally, the audit action plan to address internal control deficiencies from the previous year was not monitored adequately and/or the actions taken were insufficient to resolve these deficiencies, resulting in repeat findings.

Material irregularities

42. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

43. The material irregularities identified are as follows:

Additional costs incurred and paid for partial suspension of projects due to budget constraints

44. I identified a material irregularity during the audit and notified the accounting officer on 31 January 2024, as required by material irregularity regulation 3(2). The group incurred and paid additional expenditure to multiple suppliers due to the partial suspension of works for water projects. This was caused by limited funds available for the infrastructure projects. The lack of proper project planning, including not conducting reasonable assessment of all projects and affordability thereof, has resulted in the group over committing and failing to meet some of its commitments.

45. The accounting officer failed to comply with sections 62(1)(a) of the MFMA which states that the accounting officer of the group is responsible for managing the financial administration of the group and must for this purpose take all reasonable steps to ensure that the resources of the group are used effectively, efficiently and economically.
46. A service provider was appointed to investigate whether anyone could be held accountable for the fruitless and wasteful expenditure, and it was concluded that no one was found liable. Based on the investigation report the group has received value for its money in all projects in which the fruitless and wasteful expenditure was incurred and there was no substantial hindrance to public service delivery. In other words, the group has not suffered any financial loss, and it follows that there is no expenditure to recover.
47. In a special council meeting held on 22 August 2024, the Council resolved that fruitless and wasteful expenditure is certified as irrecoverable and resolves that it be written-off and an application be submitted to NT to condone non-compliance with MFMA and/or regulations. Council also resolved that a project management unit that will be responsible for municipal infrastructure grant (MIG) funding for infrastructure projects, coordination of infrastructure projects, project feasibility/business plans, contract/project management, project related capacity building, monitoring and reporting and evaluation, including assessment of the impact of MIG programme be considered by the municipal manager. Council further resolved that the report be submitted to the disciplinary board for further investigation relating to consequence management against any official and to establish whether disciplinary action should be imposed.
48. I will do a further follow-up of the consequence management for any transgressions identified from the further investigations. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Failure to implement credit control policy and debt collection policy

49. The accounting officer did not implement the provisions of its credit control and debt collection policy to recover long outstanding debtors' balances, resulting in debtors amounting to R502,60 million (incl. VAT) being written off as irrecoverable in the 2021-22 financial year.
50. This is in contravention of 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 group and must for this purpose take all reasonable steps to ensure that the group has and implements a credit control and debt collection policy referred to in section 96(b) of the Municipal Systems Act No. 32 of 2000. The non-compliance has resulted in a material financial loss of R436,41 million (excl. VAT).
51. The accounting officer was notified of the material irregularity on 31 January 2023 and invited to make a written submission on the actions taken or to be taken to address the matter.
52. The accounting officer responded to the notification with actions that will be taken to address the material irregularity. The initial plan of updating customer information by the municipal staff was

abandoned and a decision was later taken to appoint three service providers at the end of June 2024 to perform customer audits and report back to the group.

53. Currently, the group is undergoing a data cleansing process for all affected customers to obtain relevant information for the correct application of the credit and debt collection policy. This process includes the assistance of all local municipalities and ward councillors and amakhosi within the district and the process is anticipated to be concluded by 30 June 2025.

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

Other reports

55. 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.

56. 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.

Pietermaritzburg

12 December 2024



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 consolidated and separate financial statements and the procedures performed on reported performance information for selected key performance area and on the group's compliance with selected requirements in key legislation.

Financial statements

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

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

separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

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 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)

Legislation	Sections or regulations
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2023	Regulations 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)

Legends		
	Resolved	
	Partially Resolved	
	Unresolved	
	To be confirmed	
	Total	

Audit Action Plan

N o	Nature of Audit Query	Audit Query	Root Cause	Recommendat ion 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 Responsi ble	Internal Audit Comments	Status of AG finding
MATTERS AFFECTING AUDITOR'S REPORT												

1	Financial statements submitted not prepared in accordance with GRAP.	<p>A high-level review of the financial statements submitted for audit revealed the following:</p> <p>a) VAT payable duplicated</p> <p>In terms of GRAP 1 – Presentation of Financial Statements: “Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires 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. 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 VAT payable balance amounting to R55,6 million is duplicated on the</p>	Due to a lack of adequate oversight, management did not ensure that financial statements were prepared in accordance with GRAP.	Management should prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information. The above errors and omissions should be corrected. All proposed adjustments should be provided for audit prior to the corrections being effected to the AFS.	<p>a) The 2023/24 Caseware file became corrupted for reasons unknown which resulted in the VAT payable appearing twice on the Statement of Financial Position. The backup from the morning of 31 Aug 2024 had to be restored to rectify the issue (I have attached the set that was initially submitted for signature on the morning of 31 Aug 2024 prior to the file being corrupted for reference.</p> <p>b) “Net cash from operating activities” and “Cash generated from operations” technically have the same meaning and as a result was not flagged as an error during the review process.</p> <p>c) i. The definition and measurement basis as stated in accounting policy 1.30 is applicable to Transfers and subsidies, i.e., “Expenses are decreases in economic</p>	<p>Management’s comments are noted.</p> <p>a) The suggested financial statements have been evaluated and the correction has been made. Final financial statements will be evaluated as well. The finding will be evaluated for material correction to the AFS.</p> <p>b) The specimen financial statements have been evaluated along with the response and the finding is resolved.</p> <p>c) (i) Transfers and subsidies are significant, thus the accounting policy should be disclosed to also ensure that users of the financial statements understand the financial statements as a whole. Not explicitly stating the accounting policy does not ensure that all the users of the financial statements understand the content of the financial statements relating to the</p>	<p>Management has already implemented the corrective measures, and further internal control will be put in place to ensure non recurrence.</p> <p>a) The set has been reprinted from the restored backup.</p> <p>b) We have updated the cashflow statement.</p> <p>c) i. N/A</p> <p>ii. N/A</p> <p>iii. The wording on the accounting policy has been updated</p> <p>d) A conversion of the AFS format will be explored to enable the application of a “spell check” functionality.</p> <p>e) A more rigorous approach will be taken going forward with regard to review.</p>	<p>Preparation of interim financial statements for period ending 31 March 2025</p> <p>Review of interim financial statements</p>	<p>31 May 2025</p> <p>13 June 2025</p>	AFS Preparer		
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		<p>Statement of Financial Position. The duplication results in total liabilities being overstated by R55,6 million and net assets being understated by the same amount on the Statement of Financial Position. Refer to the detailed AG Audit Report.</p> <p>b) Notes to the financial statements</p> <p>i) Cash flow statement inconsistent with note 39</p> <p>The Cash flow statement reflects the line item as "Net cash from operating activities" with a reference to note 30 however note 39 is titled "Cash generated from operations".</p> <p>c) Accounting policies</p> <ul style="list-style-type: none"> No accounting policies were included for the following material line items: <ul style="list-style-type: none"> i) Transfers and subsidies (SoFPer) ii) Transfers and Subsidies Unspent and Grants 			<p>benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decrease in net assets, other than those relating to distributions to owners.</p> <p>Generally, expenses are accounted for on an accrual basis at fair value... 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.". It must be noted that the definition only excludes expenditure relating to distribution to owners, where transfers and subsidies do not fall under such category.</p> <p>The accounting policy further states that, "Under the accrual basis of accounting, expenses are</p>	<p>transfers and subsidies.</p> <p>ii) Note 1.17 was evaluated and the findings has been resolved.</p> <p>iii) The suggested financial statements have been evaluated and the correction has been made. Final financial statements will be evaluated as well.</p> <p>d) The suggested financial statements have been evaluated and the correction has been made. Final financial statements will be evaluated as well.</p> <p>e) The suggested financial statements have been evaluated and the correction has been made. Final financial statements will be evaluated as well.</p>					
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		<p>received in advance (SoFPos)</p> <p>• In terms of GRAP 1.127- "An entity shall disclose its significant accounting policies comprising:</p> <p>a) the measurement basis (or bases) used in preparing the financial statements;</p> <p>b) the extent to which the entity has applied any transitional provisions of the Standards of GRAP; and</p> <p>c) the other accounting policies that are relevant to an understanding of the financial statements."</p> <p>The accounting policies of the following line items do not include the measurement basis of these line items:</p> <p>i) Debt waived</p> <p>ii) Interest from outstanding debtors</p> <p>Accounting policy note 1.16 for Revenue from exchange transactions only explains what revenue is, but does not provide specific details of</p>			<p>recognised when incurred, usually when goods are received, services are consumed." The word usually is not exhaustive and cannot be assumed to exclude transfers and subsidies which includes transfers to the municipal entity, allocations- in-kind and arbitration awards.</p> <p>ii. The accounting treatment of unspent grants is prescribed by GRAP 23: Revenue from Non-Exchange Transactions and the relevant accounting policy reference is 1.17 (page 31-32) of the AFS.</p> <p>GRAP 23 states:</p> <p>"49 ...Where a liability is required to be recognised it will be measured in accordance with the requirements of paragraph .57, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is</p>								
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		<p>the revenue generated by the municipality eg. revenue from the sale of water.</p> <p>d) Errors Refer to the detailed AG Audit Report for the following errors were identified on the financial statements submitted for audit.</p> <p>e) MFMA disclosures</p> <p>In terms of section 125(1)(a) of the MFMA: "The notes to the financial statements of a municipality must include a list of all municipal entities under the sole or shared control of the municipality during the financial year and as at the last day of the financial year."</p> <p>Disclosure note 42 to the financial statements incorrectly states that the municipal entity is the uMgungundlovu District Municipality instead of uMgungundlovu Economic Development Agency.</p>			<p>subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.</p> <p>.50 A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when: (a) it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and (b) a reliable estimate can be made of the amount of the obligation.</p> <p>.51 Present obligations may be imposed by stipulations in laws or regulations or similar binding arrangements establishing the basis of transfers. They</p>								
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					<p>may also arise from the normal operating environment, such as the recognition of advance receipts.</p> <p>.52(a)(i) In many instances, taxes are levied, and assets are transferred to entities in nonexchange transactions pursuant to laws, regulation or similar binding arrangements that impose stipulations that they be used for particular purposes. For example: (a) taxes, the use of which is limited by laws or regulations to specified purposes; (b) transfers, established by a binding arrangement that includes conditions: (i) from a national government to provincial, or local government.</p> <p>Please refer to para 48 - 56; 116(a) – (b) for full detail.</p> <p>iii. The</p>									
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					<p>Accounting policy for Revenue from exchange transactions detailed the recognition and measurement criteria under rendering of services and not under the general revenue from exchange transactions. This was due to management oversight on the layout and the wording for the accounting policy.</p> <p>d) The spelling errors were due to management oversight where a 'spell check' functionality is not available on Caseware and is solely reliant on human identification.</p> <p>e) The error was due to limited reviews on the final set of AFS.</p>							
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2	Debtors are duplicated as contingent assets and consumer.	In terms of GRAP 1: Presentation of financial statements, Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity. GRAP 19: Provisions, contingent liabilities and contingent assets defines a contingent asset as a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. GRAP 104: Financial instruments defines a financial asset as a contractual right to receive cash or another financial asset from another entity. In terms of paragraph 57 of GRAP 104, An entity shall assess at the end of each reporting period whether there is any objective	Management did not perform adequate reviews of the AFS to ensure that the amounts presented and disclosed are in accordance with GRAP 19 requirements .	The contingent assets disclosure note should be revisited to confirm that these meet the definition and recognition criteria in accordance with GRAP 19. All proposed adjustments must be provided for audit before these can be effected to the AFS. Management should ensure that the financial statements are prepared in accordance with the requirements of GRAP standards. Adequate reviews of the financial statements by management and oversight bodies should be conducted.	The amounts relating to debtors that were issued summons were erroneously included as contingent assets.	Management response is noted. The updated note was evaluated and accepted, this will be inspected in the adjusted financial statements The finding results in a material correction to the AFS and the non compliance is reported in the auditors report.	Contingent Assets Schedule updated and Contingencies note to be updated to exclude the amount of R39 725 969 relating to various debtors for debt referred by debt collectors as the amounts receivable are already included in the debtors age analysis having met the definition of a financial instrument. Contingent Assets Schedule updated and Contingencies note to be updated.					
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		<p>evidence that a financial asset or group of financial assets is impaired. If any such evidence exists, the entity shall apply paragraphs .61 to .63 (for financial assets carried at amortised cost) and paragraph .64 (for financial assets carried at cost) to determine the amount of any impairment loss.</p> <p>The municipality has a right to receive cash from the customers as a result of the sale of water which was consumed by the customers. The amounts owed by these customers are therefore assets of the municipality. The collectability of this financial asset is considered in the impairment test. The following consumer debtors were referred to the debt collector attorney, Mhlanga Inc, for collection through legal processes and are included in both the consumer debtors closing balance (note 4 to the AFS) and the contingent assets disclosure (note</p>										
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		<p>41.2): Refer to the detailed AG Audit Report.</p> <p>Consequently, the contingent assets are overstated by a projected misstatement of R38 784 983,34.</p>										
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3	Reasonable steps not taken to prevent unauthorised and irregular 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>a) Unauthorised expenditure As disclosed under note 47 to the financial statements, effective and appropriate steps were not taken to prevent the occurrence of unauthorised expenditure amounting to R186 531 936 relating to the non-cash and cash items as follows:</p> <p>Unauthorised expenditure Non-cash R244 750 376 Cash R58 218 440 Total R186 531 936</p> <p>The non-</p>	The accounting officer did not implement preventative measures to ensure that irregular and unauthorised expenditure was not incurred.	The accounting officer should investigate the above instances of non-compliance in accordance with section 32 of the MFMA.	<p>We understand the importance of adhering to these regulations and ensuring financial integrity within the municipality.</p> <p>Upon review, we would like to provide the following explanation and outline the measures we have put in place to address these issues:</p> <p>Current Controls and Financial Administration: The municipality has robust financial controls and procedures to manage and monitor expenditure. These controls include regular audits, stringent procurement policies, and comprehensive financial reporting mechanisms. The identified expenditures are anomalies and do not reflect the overall financial management and control measures implemented within our municipality.</p>	Management comments are noted. The finding remains and the non-compliance relating to the unauthorised and irregular expenditure that was not prevented will be reported in the auditor's report.	<p>Unauthorised Expenditure: The municipality is already several strategies to reduce debt impairment which include the conducting of a district-wide meter audit, the use of debt collectors as well as a planned roll-out of smart prepaid meters. We have instituted a review of the budgeting procedures to ensure accurate classification of all expenditures and to hold each user department accountable for unauthorised expenditure in their units. Training sessions will be conducted for staff to improve their understanding and handling of non-cash adjustments. Furthermore, a periodic internal audit will be</p>	<p>Management is awaiting for feedback from the Auditor-General on the matters relating to unauthorised expenditure relating to non-cash items.</p> <p>Irregular Expenditure: A tender for the provision of travel management services has been advertised. Anticipated award in Q3.</p> <p>The Wastewater management contract with uMngeni is to be finalise once the payment arrangements between the two parties have been finalised and possible payment options to be tabled to Council in January 2025 and thereafter Section 33 will kick in for public comments.</p>	<p>31 March 2025</p> <p>31 March 2025</p>	<p>Manager: Budget and Reporting</p> <p>HOD: Technical Services</p> <p>Manager: SCM</p>		
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		<p>compliance is assessed as material based on the following criteria:</p> <p>1) Overspending of the budget was identified in the current year.</p> <p>2) There was similar overspending on the budget in the previous year relating to cash and non-cash items.</p> <p>3) Non-compliance could have been prevented if adequate controls and processes were implemented to prevent the unauthorised expenditure through proper budgeting processes and regular monitoring of actual expenditure against the budget.</p> <p>4) The total value of the unauthorised expenditure is material.</p> <p>b) Irregular Expenditure As disclosed in note 46 to the financial statements, effective and appropriate steps were not taken to</p>					<p>instituted to identify and rectify any potential misclassifications promptly.</p> <p>Irregular Expenditure: Discussion have been conducted by the management of the municipality and Umgeni uThukela Water to finalise the contract tariff structure. Once this is agreed, the draft contract will be subjected to the requirements of Section 33 of the MFMA and thus prevent irregular expenditure from perpetuating. Additionally, the municipality is going out on competitive bid to appoint a service provider for travel management services on a contract basis. This will</p>					
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		<p>(implementation of adequate controls and processes) had been taken to prevent the re-occurrence (requirements of section 33(1) could have been complied with).</p> <p>4) The total value of the irregular expenditure is material.</p> <p>Consequently, material non-compliance will be reported in the audit report.</p>					<p>financial and procurement processes.</p> <ul style="list-style-type: none"> • Introducing a real-time monitoring system for all financial transactions to detect and address any irregularities immediately. • Ensuring all procurement processes and contract awards are subject to stringent reviews and adherence to established protocols. 					
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4	Reasons for obtaining less than three written quotations not approved.	<p>SCM regulation 17(1)(a) states that a supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity.</p> <p>SCM regulation 17(1)(c) states that that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.</p> <p>SCM regulation 17(2) states that a designated official referred to in sub-regulation (1)(c) must within three days of the end of each month report to the chief</p>	Management did not implement adequate processes to ensure that reasons recorded are appropriately approved where less than three quotations are received.	<p>The CFO should ensure that SCM regulation 17 is complied with.</p> <p>Management should revisit the population to identify awards of a similar nature and effect the necessary adjustments to the irregular expenditure register and related disclosure note.</p>	The finding is noted. The UIFW Register and disclosure will be updated.	Management comments are noted. The register submitted by the municipality and the additional disclosure of irregular expenditure is accepted and the note will be inspected once we received the updated AFS. The non-compliance is material will be reported in the auditor's report.	<p>Management has introduced a new process which requires approval from the CFO to be confirmed and attached to the evaluation bundle prior to an award being made. The Management will also review the existing system of delegations and update where/if necessary.</p> <p>Management has revisited the population, including from the past two prior years, and identified further instances of non-compliance. The UIFW Register, and disclosure will be updated to include these transactions. This will be shared with the AG.</p> <p>Prior Year: R 6 995 673.70 Current Year: R 4 899 990.96</p>	SCM to prepare memos for each transaction with less than 3 quotes. Letter of Delegation to be prepared.	Achieved	Manager: SCM		
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		<p>financial officer on any approvals given during that month by that official in terms of that sub-regulation.</p> <p>UMDM SCM policy paragraph 16(1)(c) states that if it not be possible to obtain at least three written quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.</p> <p>UMDM SCM policy paragraph 16(2) states that a designated official referred to in sub-regulation (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that sub-regulation.</p> <p>A. Less than three quotations were obtained for the following awards, however there was no approval by the chief financial officer or his designated official</p>										
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		<p>prior to awarding. Refer to the detailed AG Audit Report.</p> <p>Inspected and confirmed that the memorandums for the above-mentioned transactions were only reviewed by the Manager: SCM.</p> <p>Furthermore, it was noted that the Manager: SCM does prepare a report of transactions with deviations for the CFO to review at the end of the month.</p> <p>As a result, all payments made in respect of these awards (deviations) should be regarded as irregular expenditure.</p> <p>B. Less than three quotations were obtained for the following awards; however the approval was made by an official without obtaining a delegation from the chief financial officer. Refer to the detailed AG Audit Report.</p> <p>As a result, all payments made in respect of these</p>										
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		<p>awards (deviations) should be regarded as irregular expenditure.</p> <p>Inspected and confirmed that the memorandums for the above-mentioned transactions were only reviewed by the Manager: SCM. Furthermore, it was noted that the Manager: SCM does prepare a report of transactions with deviations for the CFO to review at the end of the month.</p> <p>As a result, all payments made in respect of these awards (deviations) should be regarded as irregular expenditure.</p>										
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5	Non-compliance with SCM requirements.	<p>A - Reasons for obtaining less than three written quotations not approved</p> <p>SCM regulation 17(1)(a) states that a supply chain management policy must stipulate the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity.</p> <p>SCM regulation 17(1)(c) states that that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.</p> <p>SCM regulation 17(2) states that a designated official</p>	Management did not implement adequate processes to ensure that SCM prescripts were complied with.	<p>Management should establish a comprehensive SCM checklist and confirm adherence before awards are approved.</p> <p>Management should revisit the population to identify awards of a similar nature and effect the necessary adjustments to the irregular expenditure register and related disclosure note.</p>	<p>Part A: The finding is noted. The UIFW Register and disclosure will be updated</p> <p>Part B: The finding is noted however the signing of the evaluation scoresheet does not imply an award being finalised. The award letter and contract documentation are signed by the Accounting Officer.</p> <p>Part C: Management disagrees with the finding. The Head of Department submitted a request to the Accounting Officer for approval for the shortened advert period. This will be submitted to the AG.</p>	<p>Management comments are noted.</p> <p>PART A - The register submitted by the municipality and the additional disclosure of irregular expenditure is accepted and the note will be inspected once we received the updated AFS. The non-compliance is material will be reported in the auditor's report.</p> <p>PART B - The appointment letter was inspected and confirmed that it was signed by the Accounting Officer - the matter is resolved</p> <p>PART C - The letter sent by the HOD for approval by Accounting Officer was inspected - Matter is resolved.</p>	<p>Part A: Management has introduced a new process which requires approval from the CFO to be confirmed and attached to the evaluation bundle prior to an award being made. The Management will also review the existing system of delegations and update where/if necessary.</p> <p>Part A: Management has revisited the population, including from the past two prior years, and identified further instances of non-compliance. The UIFW Register, and disclosure will be updated to include these transactions. This will be shared with the AG.</p> <p>Prior Year: R 6 995 673.70 Current Year: R 4 899</p>	UIFW Register to be updated with transactions with less than 3 quotes.	Achieved	Manager: SCM		
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		<p>referred to in sub-regulation (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that sub-regulation.</p> <p>UMDM SCM policy paragraph 16(1)(c) states that if it not possible to obtain at least three written quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer.</p> <p>UMDM SCM policy paragraph 16(2) states that a designated official referred to in sub-regulation (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that sub-regulation.</p> <p>Less than three quotations were obtained for the following panel</p>					<p>990.96</p> <p>Part B: The appointment letter and service level agreement was signed by the Accounting Officer will be shared with the AG.</p> <p>Part C: Management to submit the approval memos to the AG.</p>					
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		<p>awards, however there was no approval by the chief financial officer or his designated official prior to awarding. Inspected and confirmed that the memorandums for the following transactions were only reviewed by the Manager: SCM.</p> <p>Furthermore, it was noted that the Manager: SCM does prepare a report of transactions with deviations for the CFO to review at the end of the month. Refer to the detailed AG Audit Report.</p> <p>As a result, all payments made in respect of these awards (deviations) should be regarded as irregular expenditure.</p> <p>B - The final decision on which quotation to accept was approved by a non-delegated official or committee</p> <p>SCM regulation 5(1) states that an accounting officer may in terms of section 79 or 1 06 of the Act subdelegate any</p>										
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		<p>supply chain management powers and duties, including those delegated to the accounting officer in terms of regulation 4(1), but any such sub delegation must be consistent with sub regulation (2) and regulation.</p> <p>SCM regulation 5(2) states that the power to make a final award— (a) above R10 million (VAT included) may not be subdelegated by an accounting officer. (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to— (i) the chief financial officer. (ii) a senior manager; or (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member.</p> <p>UMDM SCM policy paragraph 5.1 states that the accounting officer may in terms of section 79 or 106 of the Act sub-</p>									
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		<p>delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub-delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.</p> <p>UMDM SCM policy paragraph 5.2 states that the power to make a final award –</p> <ul style="list-style-type: none"> • above R5 000 000 (VAT included) may not be sub-delegated by the accounting officer. • above R2 000 000 (VAT included), but not exceeding R5 000 000 (VAT included), may be sub-delegated but only to – <ul style="list-style-type: none"> o The Chief Financial Officer. o The Bid Adjudication Committee. <p>The below panel award was approved by the SCM manager instead of the accounting officer:</p> <p>Refer to the detailed AG Audit</p>										
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		<p>Report</p> <p>As a result, all payments made in respect of this award (deviations) should be reported as irregular expenditure.</p> <p>C - Procurement process not fair and competitive</p> <p>Treasury Regulation 16A3.1 (a) states that the accounting officer of an institution to which these regulations apply must develop and implement an effective and efficient supply chain management system in his institution for the acquisition of goods and services.</p> <p>Treasury Regulation 16A3.2 (a) states that a supply chain management system referred to in paragraph 16A.3.1 must be fair, equitable, transparent, competitive and cost effective.</p> <p>Municipality's panel rules paragraph 5.4.4.3 states that the advertising period for assignments</p>										
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		<p>more than R10 million must be at least 30 days. The accounting officer may permit a closure date for the submission of bids which is less than the 30-day requirement subject to written motivation application to be submitted by the relevant Executive Manager.</p> <p>The following awards exceeding R10 million were advertised for less than 30 days but there was no motivation and approval by the accounting officer permitting a closure date less than the 30 days.</p> <p>Refer to the detailed AG Audit Report.</p> <p>This results in the contravention of the Panel rules which was established to uphold the principles of competitiveness and fairness prescribed in the treasury regulations and results in non-compliance.</p>										
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MATTERS AFFECTING MANAGEMENT REPORT												
6	Bad debts: Amounts do not agree to the general ledger and bad debt written-off schedule.	In terms of GRAP 1 – Presentation of financial statements: "Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires 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. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation." Bad debts written off per the Statement of Financial Performance does not agree to the general ledger and the bad debts written off schedule	Management did not perform adequate reviews of the AFS to ensure that the amounts presented and disclosed agrees to the amount as per the general ledger and supporting schedule.	Management should ensure that the financial statements agree to the general ledger and/or listing that supports the transactions that took place during the financial period. Adequate reviews of the financial statements by management and oversight bodies should be conducted.	Table 1. In terms of GRAP 1 paragraph 104, An entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant. In terms of the MFMA SCOA Circular 1, the Municipal standard chart of accounts provides a uniform and standardised financial transaction classification framework. Essentially this means that mSCOA prescribes the method (the how) and format (the look) that municipalities and their entities should use to record and classify all expenditure (capital and	Management comments are noted. There is no misstatement to the AFS and the issue that remains relates to the internal control deficiency as there were errors in the mapping of accounts as well as the inclusion of VAT in the schedule that supports the AFS. The internal control deficiency will be reported in the management report.	Given that we do not agree with the findings, recommendation is not applicable	During AFS preparation AG will be included which shows much is vat and how much is the actual write off in the income statement	31-Jul-25	Manager: Revenue Services.		

		<p>submitted for audit on 31 August 2024. Refer to the detailed AG Audit Report.</p> <p>Inspection of the trade and other payables account number IE14077 on the general ledger it was noted that the R8 290 617 was erroneously included under payables with no corresponding payable on the AFS. Refer to the detailed AG Audit Report.</p> <p>The misstatement was as a result of an inclusion of VAT to the service charges amount of Tai Yuen account in the bad debt schedule which was not included in the financial statements.</p> <p>Consequently, the GL account for bad debts written off is misclassified as other payables and the supporting schedule for bad debts written off is overstated by R590 280.</p>			<p>operating), revenue, assets, liabilities, equity, policy outcomes and legislative reporting.</p> <p>The "ITEM" segment reflects the nature of the transactions to be recorded either being an asset, liability, net asset, gain or loss, revenue or expenditure.</p> <p>The item code IE14077 as per mSCOA is specifically for "Expenditure: Irrecoverable Debts Written Off: Exchange: Water (refer to MPBM Extract C). This indicates that the transactions were recorded correctly in terms of mSCOA. We have attached an extract from the Treasury GoMuni Local Government Portal to demonstrate correct classification in terms of item and therefore classification of the transactions.</p> <p>We would like to emphasize that the "Account</p>								
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					<p>Type" is not an mSCOA segment and is additional detail included for purposes of report design on SAGE Evolution. The municipality logged the issue of the account type reflecting as 'trade payables' on SAGE Evolution with system vendor which came about after the upgrade of the mSCOA version which went live on 01 July 2024. This issue was subsequently resolved (see email correspondence attached) and the General Ledger was re-extracted and submitted to AG on 27 September 2024.</p> <p>Therefore, the bad debts written off have been recorded correctly for purposes of MSCOA as "Expenditure: Irrecoverable Debts Written Off: Exchange: Water" and presented correctly as in terms of GRAP 1 as "Bad debts written off" on the face of the</p>							
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					<p>Statement of Financial Performance.</p> <p>Table 2. The Bad debts written off schedule submitted reflects the total debt write off (i.e., reduction in debtors balance at an amount of R 8 880 897.</p> <p>When the municipality raises billing to customers, the revenue (statement of financial performance) and VAT (statement of financial position) accounts are credited and the debtors (statement of financial position) account is debited except for the instance of interest charges where the revenue (statement of financial performance) account is credited, and the debtors account is debited. Similarly, when debtors' balances are written off the bad debts written off (statement of</p>								
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					<p>financial performance) and VAT (statement of financial position) accounts are debited and the debtors (statement of financial position) account credited except for instances where the balance relates to interest where the bad debts written off (statement of financial performance) account is debited, and the debtors (statement of financial position) account is credited.</p> <p>The amount of R590 280 is the VAT component of the bad debts that were written off hence it is included in the schedule.</p>							
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7	Assets depreciated over 100 years.	<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 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>Part 4 of the municipality's Fixed Assets Policy details the format of the Fixed Asset Register, which states that</p>	Management did not perform adequate reviews of the FAR to confirm that the useful lives are aligned to the accounting policy and that the calculations for depreciation were accurate.	Management should perform adequate reviews of the FAR and reconcile it to the AFS prior to submission for audit. Internal Audit should also assist with these reviews.	<p>The useful lives on the fixed asset register are correct. The acquisition dates of 1900 and 1905 were due to a formatting error on some of the dates on the fixed asset register.</p> <p>The last review of the useful lives of infrastructure assets was conducted in the financial year ended 30 June 2019 by a qualified engineer. The municipality places reliance on such report, more specifically in this case, for the useful lives reflected on the fixed asset. The Report on the Review of Useful Lives of Infrastructure Assets; the fixed assets register for the year ended 30 June 2019 and related assets reconciliation are attached, all of which were subjected to audit in the relevant year.</p> <p>The depreciation calculation/formula on the</p>	<p>Management comments are noted. We inspected the manual fixed asset register and the engineers report. We confirmed that for some of the assets, the acquisition date was different to the one in the 2023/24 asset register and thus are inclined to accept management's assertion that there might have been formatting errors when the information was transferred.</p> <p>Management should ensure that the asset register is updated with the correct acquisition dates going forward. Thus the finding will be reported as a control deficiency in the management report.</p>	<p>Management has implemented corrective measures, and further internal control will be put in place to ensure non-recurrence.</p> <p>The municipality has revised the acquisition dates by computing the year fraction the asset has been in use using the total useful life and remaining useful life as at the start of the financial period. This was then applied retrospectively to arrive at the acquisition date.</p>	A service provider will be appointed to re-assess the useful lives of municipal assets to ensure accurate valuation and depreciation of assets.	30-Jun-25	Manager: Budget and Reporting		
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		<p>the fixed asset register shall be maintained in the format determined by the Chief Financial Officer. The format shall comply with the requirements of generally recognised accounting practice (GRAP) and any other accounting requirements which may be prescribed. Sub-paragraph 4.2.2 provides that the date on which the asset was acquired or brought into use must be reflected.</p> <p>As per the accounting policy note 1.4 to the AFS and the Report on the Review of useful lives as at 30 June 2024, the maximum number of years that infrastructure assets can be depreciated over is 100 years. Per the Fixed Asset Register (FAR) submitted on 31 August 2024, there are infrastructure assets with acquisition dates in 1900 and 1905. In total, 2 635</p>			<p>infrastructure fixed asset register uses the opening book value and the remaining useful life of the asset at the start of the financial year to compute depreciation charges for the year on a straight-line basis (i.e., Opening Book Value/Remaining Useful Life). In the case of an asset addition within the financial year, depreciation is computed using the purchase price/fair value of the asset and the estimated useful life on acquisition/transfer date of the asset (i.e., Purchase Cost/Useful life).</p> <p>The depreciation charge, accumulated depreciation and book value are therefore correct.</p>							
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		<p>infrastructure assets have been in use for 119 to 124 years and have been depreciated in contravention of the municipality's accounting policy. Based on the acquisition dates in the FAR, the assets should have been fully depreciated, and the value of the assets should have been nil. It was also confirmed that these assets were disclosed as such in the prior year FAR. Please refer to the table in annexure A below for examples of the errors in calculating depreciation on infrastructure assets. Refer to the detailed AG Audit Report.</p> <p>Consequently, the misstatement in depreciation expense amounts to R32 025 587 and the Infrastructure Assets is overstated by R694 601 543.</p>										
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8	VAT payable overstated.	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. To fulfil this obligation, it is essential to maintain comprehensive and accurate records of the municipality's financial affairs in accordance with prescribed norms and standards. In terms of section 16(3) of the Value Added Tax (VAT) Act, a vendor is entitled to deduct input tax on goods or services supplied to them, provided that the vendor is registered for VAT, the goods or services were acquired for the purpose of making taxable supplies, and the vendor holds a valid tax invoice for the purchase. Furthermore, section 30 of the VAT Act specifies the information required on an invoice to support a VAT input claim. This includes the tax invoice itself,	Due to inadequate controls over VAT processing, management recorded expenses inclusive of VAT, causing an overstatement of both reported expenditure and VAT payable, as input VAT deductions were not appropriately applied.	Management should enhance VAT processing controls by developing and enforcing guidelines to ensure proper recording of VAT, allowing for accurate input VAT deductions and preventing the overstatement of reported expenditure and VAT payable. Training should be provided for management and staff on the importance of adhering to documented standards for invoice processing and VAT compliance to foster a culture of accountability and accuracy.	We would like to acknowledge the receipt of the Audit Findings and agree to 1 and 3, however we disagree with the finding relating to Taleni Godi Kapuso R444,460.63 (VAT Amount R57,973.13) on the grounds that these were the disbursements (expenses incurred by a law firm on behalf of the Municipality) Disbursements are outside the scope of VAT therefore not VATABLE. We have prepared proposed journal entries to correct the above-mentioned errors therefore correcting the expense account, inventory as well as the VAT payable.	According to Section 7(1)(a) of the VAT Act, a VAT-registered vendor should charge VAT on any supply of goods or services, provided it falls within taxable transactions. Since both Taleni Godi Kupiso Inc and Escience Association (Pty) Ltd are VAT vendors, their transactions do reflect VAT. The disbursement amount that was included in Taleni Godi Kupiso invoice is inclusive of VAT. The proposed journals is noted, however the misstatement was projected and management has not indicated if the population was investigated and thus the projected misstatement remains.	VAT Controls are already in place but an error that occurred was due to an unclear invoice template that did not indicate amounts that are inclusive of VAT and exclusive of VAT, the transaction was then processed exclusive of VAT. Proposed journals have been prepared to correct the above-mentioned errors.	Engage with service providers to submit clear, proper invoices that meet the requirements and the definition of a valid tax invoice in terms of the VAT Act. Provide VAT training to staff members involved.	Ongoing basis 30 April 2025	Acting Expenditure Manager		
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		<p>the VAT registration number of the supplier, a description of the goods or services, the amount charged, and the VAT amount.</p> <p>The following expenses were recorded inclusive of VAT, even though the service provider submitted a valid tax invoice displaying their VAT number, invoice number, VAT amount, and the total payable inclusive of VAT. Refer to the detailed AG Audit Report.</p> <p>Consequently, contracted services is overstated by a projected amount of R4 382 132,53 and the related input VAT is overstated by the same amount. Refer to the detailed AG Audit Report.</p> <p>Consequently, inventory consumable (VIP) is overstated by a projected amount of R280 235,96 and the related input VAT is overstated by the same amount.</p>										
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9	Payments not made within 30 days.	<p>Section 65(1) of the MFMA states that the accounting officer of a municipality is responsible for the management of the expenditure of the municipality. Section 65(2)(e) further states that the accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.</p> <p>The following payments to suppliers were not made within 30 days of receiving the invoices: Refer to the detailed AG Audit Report.</p> <p>This results in non-compliance with section 65(2)(e) of the MFMA.</p>	There were delays in processing invoices from the registry to the expenditure division and ultimately management failed to implement controls that ensure the timeous payment of suppliers due to the lack of adequate oversight to enable compliance with the MFMA.	Management should implement effective expenditure management processes to ensure that all obligations owed by the municipality are settled within 30 days of receiving the relevant invoice or statement from service providers. Further, compliance with applicable laws and regulations should be regularly monitored by the appropriate officials.	<p>We acknowledge the Audit Findings, however there was no interest charged for late payments. For audit finding 1, Umgeni Water Acc (6001665/10279 770) 90016229 2023/08/31 R1,095,309.86 2023/09/05 2023/10/13 38 Discussions were still in progress between uMgungundlovu District Municipality and Umgeni-uThukela regarding an interest waiver, an agreement was then reached, and the invoice was settled.</p> <p>For audit finding 2, Nguni Consulting NGU0022/2/2024 2024/03/28 R113,750,00 2024/03/27 2024/06/04 69 The user department was dissatisfied with the service received from the service provider, the service provider did not deliver everything as per</p>	<p>Management comments are noted.</p> <p>Umgeni Water Acc (6001665/10279 70), Finding is resolved as correspondence was inspected during the testing, suggesting that there were disputes between the district municipality and the supplier.</p> <p>Nguni Consulting and Forzar Projects The finding remains as no evidence of disputes was submitted with management responses therefore the reasons for the delay as asserted by management could not be confirmed. The non-compliance will be reported in the management report.</p>	N/A	<p>Monitor the invoice tracking tool, i.e the incident management</p> <p>Engage with stakeholders involved (user departments and service providers) to settle disputes within reasonable time as to meet the 30 day target.</p>	Daily Ongoing Basis	Acting Expenditure Manager		
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					<p>the agreement, invoice was paid after full delivery.</p> <p>For audit finding 3, Forzar Projects INV417 2023/12/08 R169,050.00 2023/12/08 2024/01/17 40 The user department was dissatisfied with the service received from the service provider, the service provider did not deliver everything as per the agreement, invoice was paid after full delivery.</p>							
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10	Reported achievement (boreholes) not valid.	<p>In terms paragraph 5.2.3 of the framework for managing performance information (FMPPi), 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.</p> <p>In terms paragraph 3.2 of the FMPPi, a good performance indicator should be:</p> <ul style="list-style-type: none"> • Reliable – the indicator should be accurate enough for its intended use and respond to changes in the level of performance. • Well defined – the indicator needs to have a clear unambiguous definition so that data will be collected consistently and be easy to understand and use. • Verifiable – it must be possible to validate the processes and 	Due to a lack of adequate oversight, management did not ensure that the boreholes which are supposed to provide water to the community are properly secured.	Management should develop and implement a plan to ensure that the assets of the municipality are not damaged and the community has access to water which is a basic necessity.	<p>At the time of consolidating Annual Performance Report, it must be noted that the work have been completed on the above sites and there were no damages. However, due to community theft of Jojo tanks had led to damages on the fence and also the copper taps have also been stolen, the solar panels have also been stolen on one of the sites.</p>	<p>Management response is noted, and a follow-up will be done in the next audit to assess controls to safeguard the boreholes.</p> <p>The impairment should not be processed as the population of boreholes would have to be revisited to determine the full extent of the impairment of the boreholes. This will be evaluated during the next audit cycle.</p> <p>The finding will be reported in the management report for follow-up in the next audit.</p>	<p>An Action plan is to be developed to mitigate Risks on Jojo Tanks, Solar Panels, Copper Taps and damages to fence. This will be by means of engraving our JoJo tanks with our Logos and writing and securing the Jojo with spring wire (Galvanized cable) and replacing our copper taps with plastic taps.</p> <p>Re-installation of Jojo tanks with engraved UMDM Logo and writing & securing the tanks with galvanized cable wire. Re-instatement of taps with plastic taps and replacement of copper taps with plastic taps. Re-installation of solar panel a and replacement of copper taps with plastic taps. Re-installation of solar panel and securing them.</p>	<p>An Action plan is to be developed to mitigate Risks on Jojo Tanks, Solar Panels, Copper Taps and damages to fence. This will be by means of engraving our JoJo tanks with our Logos and writing and securing the Jojo with spring wire (Galvanized cable) and replacing our copper taps with plastic taps.</p> <p>Re-installation of Jojo tanks with engraved UMDM Logo and writing & securing the tanks with galvanized cable wire. Re-instatement of taps with plastic taps and replacement of copper taps with plastic taps. Re-installation of solar panel a</p> <p>Further, management comments are being implemented on the current contracts to eliminate the risk of theft and vandalism.</p>	28 February 2025	HOD: Technical Services Manager: PMS		
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		<p>systems that produce the indicator.</p> <ul style="list-style-type: none"> • Cost-effective – the usefulness of the indicator must justify the cost of collecting the data. • Appropriate – the indicator must avoid unintended consequences and encourage service delivery improvements and do not give managers incentives to carry out activities to simply meet a particular target. • Relevant – the indicator must relate logically and directly to an aspect of the institution's mandate and the realization of strategic goals and objectives. <p>A physical verification of the following performance indicator: 60 boreholes installed as reported in the APR revealed inaccuracies between the reported achievement and the actual physical evidence.</p> <p>Refer to the detailed AG Audit Report.</p>									
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		<p>The following differences were identified between the reported achievement and the actual boreholes inspected.</p> <p>Refer to the detailed AG Audit Report.</p> <p>Please refer to the attached pictures: Refer to the detailed AG Audit Report.</p> <p>Consequently, the boreholes (assets) of UMDM are not in the state that was reported in the APR as they are impaired. Furthermore, the community which should be benefiting from the reported performance still does not have access to water, which is the basic service and thus the reported achievement is not valid.</p>										
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11	<p>Revenue from exchange transactions : Differences between billing report and general ledger.</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. To fulfil this obligation, it is essential to maintain comprehensive and accurate records of the municipality's financial affairs in accordance with prescribed norms and standards.</p> <p>The following table reflects the differences between the billing report and the general ledger. These differences totaling R75,8 million do not agree to the total adjustments processed to the GL of R63,1 million. Differences of R12,7 million have not been accounted for on the GL. Refer to the detailed AG Audit Report.</p> <p>Consequently, the service charges account is understated by R12,7 million and consumer debtors account is</p>	<p>Due to inadequate controls over billing recording processes, management did not record the service charges that were billed during 2023-24 causing an understatement of the service charges and consumer debtors.</p>	<p>Management should enhance the billing recording process by ensuring that all billed service charges are recorded and adjustments are accurate. A reconciliation of the billed amounts and the recorded amount should be done timeously to ensure that amounts that have not been recorded in the general ledger and financial statements have been detected and corrected timeously.</p>	<p>Management disagrees with the finding to an extent that the actual difference between billing monthly billing reports and the general ledger is not R12.7 million but is R41 912.19. The billing reports that AG used didn't include monthly rebates to customers and when the rebates of R10.2 million are considered, the difference as arrived at by the AG reduces to R3 999 260.16 which is also what management arrived at. Management went further to ascertain that service charges in the GL were reduced by two corrections which were done at year end. There was a correction of interest that was incorrectly charged on the service charges sanitation vote to an amount of R3 791 603.29 and another correction of refunds of R165 744.68 that also removed from the service</p>	<p>Management comments are noted, Below Management comments are noted, is the calculation after considering the management's comments: Difference between A and B (as per the communication: (R12 671 555.82) Rebates-No VAT as per s10 of VAT act R10 063 112 GL JNLS: R3 910 778 Difference: R1 302 334</p> <p>Based on the calculations, there is R1,3m that cannot be traced between the billing report and the general ledger which results in an understatement of general ledger by R1,3m. Therefore, the finding remains and the uncorrected misstatement of R1,3m will be included in the uncorrected misstatements schedule as it is not material individually, however, it will be</p>	<p>Management will strengthen existing controls to ensure that records of any correction in the GL which changes what was in the billing are kept and that general billing errors are detected timeously, corrected and well documented.</p>	<p>Monthly debtors reconciliation will be prepared and matched with the billing report.</p>	Monthly	Manager: Revenue Services.		y
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		understated by the same amount.			<p>charges. Schedules supporting these two figures are attached for ease of reference. These two amounts total to R3 957 347.97 and if this amount is subtracted from the difference of R3 999 260 that is mentioned above, the variance between billing reports and GL is R41 912.19.</p> <p>The table below illustrates what is mentioned above. Refer to the detailed AG Audit Report.</p>	<p>aggregated with the other misstatements to determine its materiality. The matter will be reported in the management report.</p>						
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12	Revenue from exchange transactions : Difference between interest received and bank confirmations.	Paragraph 17 of GRAP 1: Presentation of financial statements states that financial statements shall present fairly the financial position, financial performance and cash flow of an entity. Fair presentation requires 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. Bank confirmations for the municipal bank accounts revealed that the interest on investments and bank accounts	Due to a lack of adequate oversight, management did not ensure that interest on investments and bank accounts was timely reconciled to bank confirmations before submission of the financial statements for audit.	Management should ensure that processes are put in place to ensure that interest on investments and bank accounts is recorded accurately. The amount presented and disclosed in note 21 to the financial statements should be supported by appropriate schedules.	The reason for the variance between the Accounts Bank Statements and Bank Confirmation letters, is due to the timing or a timeline gap from when the Interest accrues to the Municipality and the time it is paid into the Municipality's Bank accounts, and prior year adjustments relating to salaries account.	Management comments are noted. The interest received as per the bank confirmations indicates interest for the period 1 July 2023 to 30 June 2024 and has no interest accrued. The proposed journal is not supported by any external information from the bank and thus is not acceptable. An adjustment to the bank account as per the proposed journal will result in a misstatement for the bank account. The misstatement will be included in the schedule of uncorrected misstatements and will be reported in the management report.	Pass adjusting journals on the system	Perform monthly reconciliations and record all accruals in periods that they relate to.	Monthly	Acting Expenditure Manager		
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		<p>earned by uMgungundlovu District Municipality (UMDM) for the year ended 30 June 2024 does not agree to the amount per UMDM's records. Refer to the detailed AG Audit Report.</p> <p>Consequently, interest on investments and bank accounts as stated on the Statement of Financial Performance is overstated by R1 344 871.</p>										
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13	Difference between contingent assets schedule and financial statements disclosure.	<p>Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flow of an entity. Fair presentation requires 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>GRAP 19: Provisions, contingent liabilities and contingent assets defines contingent asset as a</p>	Due to a lack of adequate oversight, management did not perform adequate reviews of the AFS to ensure that the amounts presented and disclosed agree to the amount as per the schedule.	<p>Management should ensure that the financial statements agree to the listing that supports the transactions that took place during the financial period. Adequate reviews of the financial statements by the management and oversight bodies should be appropriately conducted.</p> <p>The related disclosure note should be adjusted accordingly.</p>	The amount relating to Tai Yuen was erroneously not removed from the Contingent Assets Schedule.	Management response is noted. The internal control deficiency remains and the matter will remain in the management report.	<p>Contingent Assets Schedule updated to exclude the amount of R 9 745 143 relating to Tai Yuen Textiles.</p> <p>Remedial action has been taken (updated schedule).</p>	A reconciliation of the AFS and Contingencies Schedule will be performed and any differences rectified.	30-Jul-25	<p>Manager: Budget and Reporting</p> <p>Manager: Legal</p>		
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		<p>possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.</p> <p>Paragraph 38 of GRAP 19 stated that an entity shall not recognise a contingent asset.</p> <p>Paragraph 39 further states that: Contingent assets usually arise from unplanned or other unexpected events that are not wholly within the control of the entity and give rise to the possibility of an inflow of economic benefits or service potential to the entity. An example is a claim that an entity is pursuing through legal processes, where the outcome is uncertain.</p> <p>Paragraph 40: Contingent assets are not recognised in financial statements since this may result in the recognition of revenue that may never be realised. However, when</p>										
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		<p>the realisation of revenue is virtually certain, then the related asset is not a contingent asset, and its recognition is appropriate.</p> <p>Paragraph 41: A contingent asset is disclosed, as required by paragraph .106, where an inflow of economic benefits or service potential is probable.</p> <p>Paragraph 42: Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs. If an inflow of economic benefits or service potential has become probable, an entity discloses the contingent asset</p>										
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		<p>(see paragraph .106).</p> <p>The contingent assets schedule as at 30 June 2024 does not agree to the amount disclosed in note 41.2 (contingent assets) to the financial statements. The difference is as a result of incorrectly including the debtor that was written off during the financial period under review as disclosed in note 31 (R7m). The external confirmations with the attorney stated that this case was settled during the financial period 2023/24 and part of it was subsequently written off. Therefore, this item is not a contingent asset as the debt was written off and part of it is a consumer debtor as at 30 June 2024. Refer to the detailed AG Audit Report.</p> <p>Consequently, the contingent asset schedule is overstated by R9,7 million.</p>										
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14	PPE: Machinery and Equipment assets could not be verified.	Paragraph 17 of GRAP 1: Presentation of Financial Statements states that financial statements shall present fairly the financial position, financial performance and cash flow of an entity. Fair presentation requires 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. In terms of paragraph 28.1 of the UMDM Fixed Assets Policy - Every head of department working with the Assets	Due to a lack of adequate oversight, management did not ensure that assets are uniquely tagged and identifiable as per the asset IDs in the Fixed Asset Register. Furthermore, the internal asset verifications performed by the municipality are not efficient as they did not identify this control deficiency.	Management should conduct thorough and regular asset verifications and ensure that assets can be verified through the asset numbers on the Fixed Asset Register.	<p>The municipality notes the finding, however, disagrees that the fixed assets of the municipality and related depreciation are overstated.</p> <p>It must be noted that asset verifications of moveable assets (100%) are conducted quarterly and infrastructure assets (100%) annually with the last verification concluded in August 2024.</p> <p>The municipality uses metal barcoded tags which are mounted onto assets using acetone which activates the sticking capability of the tag. These are sequential. It must be noted that there are instances whereby asset tags fall off assets that are handled on a regular basis, especially machinery and equipment.</p> <p>As part of the verification procedures, tags</p>	<p>Management's comments are noted. The following has been considered by the auditors. Management has indicated that as part of the verification procedures, tags are checked and where an asset tag has fallen off, it is replaced with a new tag because once a tag falls off, it loses its sticking capability. We cannot confirm this process as when the physical verification was performed by the auditors on 08 November 2024, the asset numbers were hand-written and not the metal tags as management has stated.</p> <p>Management further provides that the FAR is updated with the "new" asset IDs of the assets, however, the asset IDs that were hand written on the assets are not "new" as there are assets already in the FAR at 30 June 2024 which have these asset IDs. Please see</p>	<p>It must be noted that asset verifications of moveable assets (100%) are conducted quarterly and infrastructure assets (100%) annually with the last verification concluded in August 2024.</p> <p>The Fixed Asset Register has been updated with assets tags replaced during the last verification. Furthermore, the asset tags that have fallen off will be replaced by the assets division and the Fixed Asset register updated with the new tag barcodes.</p> <p>An additional control will be implemented through the use of non-adhesive stickers detailing the asset ID while the municipality explores a more permanent</p>	<p>Serial numbers (where applicable) will be captured on the fixed asset register as an alternative identifier.</p> <p>A service provider will be appointed to engrave the assets where tags fall off frequently.</p>	Ongoing basis	30 June 2025	Manager: Budget and Reporting		
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		<p>Management Unit shall at least quarterly during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the department concerned. Paragraph 11.3 of the UMDM Fixed Assets Policy further states that: "The identification of assets will be clearly marked and clearly visible and promote the name of the Municipality clearly with the logo."</p> <p>A. Physical verifications performed on 25 October 2024 revealed that the following assets did not have asset numbers affixed to them:</p> <p>Refer to the detailed AG Audit Report.</p> <p>B. Physical verifications performed on 8 November 2024 revealed that the following assets did not agree to the details per the FAR:</p> <p>Refer to the detailed AG Audit Report.</p>			<p>are checked and where an asset tag has fallen off, it is replaced with a new tag because once a tag falls off, it loses its sticking capability. The asset register is then updated with the new asset ID.</p> <p>The asset tag of the Pump P635DG-DHR20 (S/N 36889400001) was replaced during the asset verification in August 2024 (see attached verification sheets) as it had fallen off, however, the asset register was erroneously not updated. The asset tags for the balance of the assets would have fallen off subsequently to the conclusion of the last verification without timeous communication to the assets division by the relevant user department. The invoice for the Cutter S788 (S/N 35704100041); Spreader SP555 (S/N 3568670006);</p>	<p>below:</p> <p>a) Asset ID was hand-written on the Pump P635DG-DHR20 as 41727 (refer to the table in the finding above) – however, this asset ID was already existing and allocated to the below asset in the FAR. Therefore, if the asset number was replaced in August 2024 by management, this was incorrectly done and we cannot confirm that this is the asset in the FAR. Refer to the detailed AG Audit Report.</p> <p>Asset verified on 8 Nov 2024 - Pump P635DG-DHR20 :Refer to the detailed AG Audit Report.</p> <p>b) Asset ID was hand-written on the Spreader SP555 as 41119 (refer to the table in the finding above) – however, this asset ID is also already existing and allocated to the below asset in the FAR submitted on 31 August 2024.</p>	<p>marking solution.</p> <p>The assets division will be commencing the 2024/25 second quarter asset verification on 20 November 2024 where all assets will be inspected for tags and replaced in instance that they have fallen off. During the verification additional identification details (such as serial numbers where applicable) will be documented on the Fixed Asset Register to provide alternate means of identification.</p> <p>Furthermore, going forward, an email will be sent to all user departments on a monthly basis enquiring of any assets requiring replacement tags.</p>				
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					<p>evidence of what happened to the assets i.e. Bunk Single bed and PSV mattress that are now updated as in the above screenshot. Furthermore, no representations have been made regarding assets 7530 and 7081 (Jaws of Life and Suppl Fire Engine) as detailed in the first table of the finding, as management has stated that they follow the process as they have described, these tags should also have been replaced with "new" asset IDs and subsequently replaced, however this was not done. The serial numbers on the assets and invoice provided could not be traced to the FAR as this detail was not included in the register and thus can not confirm that it relates to the asset selected for audit purposes. In conclusion, we cannot place reliance on the FAR and its</p>						
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						<p>accuracy with regards to asset IDs and asset descriptions, it is on this basis that the finding remains – furthermore management did not investigate the entire population and thus the projected misstatement of R5 790 363 remains and will be taken to the schedule of uncorrected misstatements.</p>						
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15	Payables: Retentions misstated.	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 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. In terms of the CIDB Act, Retention amounts are deducted from the value of the interim amounts inclusive of VAT due to contractors	There is an absence of standardised procedures for applying and recording retention percentages across contracts, leading to inconsistencies and non-compliance with CIDB requirements of 5 to 10% retention for liability defects. The internal controls around the review, reconciliation, and verification of retention amounts recorded against actual contract terms are not adequately adhered to.	Management should develop and enforce standardised procedures for applying and recording retention percentages across all contracts. This process should include clearly defined retention guidelines that align with CIDB requirements (5 to 10% retention for defects liability). A standardised approach will reduce inconsistencies, improve compliance, and help ensure that all contracts follow the same retention policies. To improve accuracy, management should implement periodic reconciliations of the retention register against contract terms and payment certificates. Designating responsible personnel to maintain and regularly review the retention	Refer to the detailed AG Audit Report.	<p>A) Differences between the retention register and auditors recalculation of retentions</p> <p>Management response is noted and was assessed as follows: Refer to the detailed AG Audit Report.</p> <p>Total of remaining differences R1 627 786.71</p> <p>The finding is partially resolved and the remaining misstatement will be reported in the management report.</p> <p>B) Construction contracts are not included in the retention register</p> <p>Management comment is noted.</p> <p>Through inspection of the contract register auditors confirmed that the appointment of Nyeleti Consulting, Jade Star Trading, Mathonsi Investments and Stoyi Consulting related to engineering consulting, hence</p>	The retention relating to the KwaMathwanya Water to Esethu Isipho contractor is no longer due to the contractor following the termination of the contract as a result of non-performance effective 13 June 2023. A downward adjustment of R976 580.79 (2022/23 FY) is proposed to account for the retention forfeiture. The retention register has been updated, and the correcting journal will be processed on confirmation of auditors.	The finance team and technical team reconcile documents and notes on a monthly basis to ensure that information is shared timeously with no omissions.	Ongoing - monthly	AFS Preparer HOD: Technical Services		
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		<p>in construction works contracts (retention amounts are financial arrangements between the parties to a contract and are therefore not subject to VAT). The General Conditions of Contract (GCC), used widely in South African construction, typically holds that retention monies can be released upon satisfactory completion of the "defects liability period", which is often a 12-month duration after practical completion of the work. Under the General Conditions of Contract (GCC) for Construction Works, retention is usually released in two stages: 50% after completion certification and the remaining 50% after the defects liability period, which is commonly 12 months from completion but may vary depending on the contract specifics. Furthermore, the supplier contract agreement and contract data, clause 1.1.1.13</p>		<p>register will ensure that any discrepancies are identified and corrected promptly. This practice will strengthen internal controls, reduce the risk of overstatement, and support accurate financial reporting. Management should investigate the population and make the appropriate adjustments to the AFS. All proposed adjustments together with supporting evidence must be provided for audit before they can be effected to the AFS.</p>		<p>no retention was held. Therefore the finding is resolved.</p>							
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		<p>specifies that the defects liability is 365 days (measured from the date of the certified completion.</p> <p>A) The following differences were identified on the retention register on recalculating</p> <p>Refer to the detailed AG Audit Report.</p> <p>Consequently, retentions as disclosed in note 13 to the AFS is materially overstated by R14 772 929.82.</p> <p>B) In addition, the following construction contracts are not included in the retention register.</p> <p>Refer to the detailed AG Audit Report.</p> <p>Consequently, retentions is understated by R2 057 631.</p>										
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16	No supporting documentation for prior-year adjustments.	<p>In terms of section 62(1)(b) 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 full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards</p> <p>a) Request for Information No. 36 was issued on 15 October 2024, requesting the prior year adjustment journal with supporting documents for General Expenditure and Contracted Services.</p> <p>b) Request for Information No. 45 was issued on 28 October 2024, requesting the prior year adjustment journal with supporting documents for VAT and Accounts Payable. Follow-ups were made on 5 November 2024 and again on 7</p>	Due to a lack of adequate oversight, management did not implement proper record keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting.	Management should have controls in place to implement proper record-keeping in a timely manner to ensure that complete, relevant, and accurate information is accessible and available to support financial reporting. It is recommended that management expedite the submission of the outstanding prior year adjustment journals and supporting documentation for General Expenditure, Contracted Services, VAT, and Accounts Payable. Delays in providing the requested information compromises the accuracy of information reported in the financial statements.	<p>The Audit Finding is noted; however the delay was due to some challenges that management had with regards to reconciling the required information, the expenditure manager left one month before the preparation of the of Annual Financial statements and a proper handover was not done so there has been some challenges in pulling and reconciling the information.</p> <p>The prior adjustments were due to the correction of the period in which the invoices relate to. The majority of these invoices relate to expenditure incurred on contracts where purchase orders are not issued (Umgeni Water, Aqua Transport and Mpofana Municipality), and accruals could not be raised at that time in the absence of invoices.</p> <p>The issue has been rectified in</p>	Management response is noted and the additional supporting evidence was assessed and accepted. The finding is resolved and the internal control deficiency will be reported in the management report and followed up in the next audit cycle.		<p>A proper filing system will be put in place to ensure that all documents are obtainable and tracable as and when required.</p> <p>Management will have to ensure that a proper handover is done before an official depart the Municipality.</p>	<p>Ongoing basis</p> <p>Ongoing/when required</p>	Acting Expenditure Manager		
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		<p>November 2024, as well as during the audit steering committee meetings held on 4 and 11 November 2024; however, the requested information for the below adjustments has not been submitted.</p> <p>Refer to the detailed AG Audit Report.</p> <p>Consequently, we were unable to confirm the accuracy, and validity of the prior period adjustments made by management.</p> <p>Additionally, this results in a material misstatement of Payables from exchange transactions and Vat payable.</p>			<p>the 2024 year going forward.</p> <p>Attached is the information as per the request.</p>								
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17	Inventory: Prior period adjustment not supported by reliable information.	Paragraph 18 of GRAP 1 – Presentation of financial statements, states that an entity whose financial statements comply with the Standards of GRAP must make an explicit and unreserved statement of compliance in the notes. Financial statements should not be described as compliant with GRAP standards unless they meet all applicable requirements. Furthermore, in line with GRAP 1, paragraph 19(b), fair presentation is generally achieved through adherence to the applicable GRAP standards. Fair presentation requires entities to present information, including accounting policies, in a manner that ensures relevance, reliability, comparability, and understandability. The journal entry number JNL0177 dated 30 June 2023, relating to the prior period adjustment for inventory consumed per	Financial and performance management : Management did not maintain proper documentation for the prior period adjustments to inventory consumed and inventory (assets), highlighting a significant internal control deficiency.	Management should implement stronger internal controls to ensure that all prior period adjustments are fully supported by proper documentation. This includes establishing a clear process for documenting, reviewing, and retaining records for all journal entries and adjustments to maintain the integrity of the financial statements. It is further recommended that management conduct regular internal audits to identify and address any gaps in the documentation and approval processes. Additionally, management should provide training to relevant staff on the importance of accurate record-keeping and compliance with GRAP	During the inventory review, it was identified that several inventory items had discrepancies between the financial statement and the amended trial balance. The initial recording of certain inventory items in the financial statement was affected by a system glitch. This glitch caused certain transactions to be either duplicated or omitted, leading to inaccuracies in the reported inventory levels. Reconciliation and Correction: Upon identifying these errors, a thorough reconciliation was performed. The discrepancies were traced back to the specific transactions with referenced Audit Trail numbers, including the RTS entries. Corrections were made to ensure that all inventory movements were accurately reflected in the	Management response is noted and the additional supporting evidence was assessed and accepted. The finding is resolved and the internal control deficiency will be reported in the management report and followed up in the next audit cycle.	Management fully supports the recommendation to enhance internal controls and ensure comprehensive documentation for all prior period adjustments. The municipality has system administrators working in order to ensure that errors on the financial system are addressed. Management is currently undertaking a review of the business process documenting, reviewing, and retaining records for journal entries and adjustments which is essential for maintaining financial statement integrity. The municipality will also look to fill the vacancy of inventory accountant of which the	System issues to be resolved by the systems administrators. Trainings to be conducted for all Stores personnel. Inventory Accountant vacancy to be advertised upon job grading results from SALGA..	Achieved 31 January 2025 Pending on review of job grading by SALGA	Manager: SCM Acting Expenditure Manager		
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		<p>note 56 to the AFS does not reconcile to the adjustment made and does not specify the accounts debited or credited for the inventory adjustment. The information provided by management includes a list of transactions, with a total of R3 936 497,08 and the adjustment was for correction of consumption 2023. Below is the reconciliation between the 2023 balance for the current financial year and the adjusted figures from prior years.</p> <p>Refer to the detailed AG Audit Report.</p> <p>In addition, the prior period adjustment for inventory consumed per note 56 to the AFS does not reconcile to the supporting evidence provided by management.</p> <p>Refer to the detailed AG Audit Report.</p> <p>Consequently, the prior-year adjustments disclosed in note</p>		<p>standards to prevent future discrepancies and ensure consistent, reliable financial reporting.</p>	<p>amended trial balance.</p> <p>The supporting documents attached provide a detailed breakdown of the transactions, including the RTS, which accounted for the differences. The net effect was an increase in inventory levels by R665 158.</p>		<p>position is currently graded and evaluated. Moreover, training relevant staff on system related transacting will be conducted with the system vendor support team.</p> <p>Submission of supporting transaction listings and journals to be submitted to the AG.</p>					
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		56 to the AFS is misstated.										
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7	Differences in contingent assets disclosure	<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 external confirmations from legal practitioners</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. 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. 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. 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</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	Manager: Legal Services	<p>Upon enquiry with the Manager: Legal Services we were informed that the request for confirmation template will be adjusted in the next Audit in consultation with the Auditor-General.</p>	To be confirmed
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		<p>and the amount disclosed in the contingencies note 40 to the financial statements. For further details 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>			<p>that the attorneys may have included it on their confirmations, however, the litigation process was sought subsequent to year end.</p>								
	Expenditure Management												

8	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, 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	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 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	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 to ensure that any	Ongoing basis	Manager: Budget and Reporting All HOD's	Upon enquiry with the Manager: Budget and Reporting that controls continue to be implemented to ensure that requisitions are prepared using the correct vote and that purchase orders are blocked where the budget has been exceeded. Further, Internal Audit Unit has recently conducted an investigation of unauthorised expenditure and the report was tabled and discussed at the Special Full Council meeting held on the 10th of May 2024	Resolved (However there needs to be ongoing monitoring by the Budget Unit and each HOD)
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					<p>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.</p> <p>The unauthorised expenditure for contracted services reduced in the current year with the remaining challenges mainly attributable to delayed submissions of 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</p>		<p>be imposed to ensure timeous recognition of expenditure for effective monitoring of actuals against the budget.</p> <p>The employee related costs will be thoroughly analysed on an ongoing basis 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>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>				
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					<p>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 collected a higher monetary value for service charges billed due to the</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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9	Customers billed for water consumption without meter readings	<p>The revenue from the sale of water for the customers below could not be confirmed due to the discrepancies identified on the revenue billing:</p> <p>(a)The following customers were billed for water consumption without month-end meter readings substantiating the water consumption charge. The customers were billed on estimates for the entire year and actual consumption could not be confirmed in the absence of recent meter readings. In addition, the municipality does not have adequate records of meter numbers or physical addresses for the customers. Refer to detailed AG Management report for further details</p> <p>(b)The month-end meter readings from the meter book for the following customers did not agree to the readings used in the calculation of the consumption as reflected on the</p>		<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</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>	<p>The system vendor has been engaged to ensure correct narration on consumer statements</p>	30-Mar-24	Manager: Revenue	<p>Internal Audit noted that the SCM processes are currently underway in relation to the meter audits.</p> <p>Internal Audit received a copy of the advert that was published in the Witness Newspaper on the 26th of February 2024 for a panel of service providers to conduct water meter audits and noted the closing date on the advert is 27 March 2024. Action date: 31 May 2024</p>	Partially Resolved
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		<p>statement and the billing report. It could not be confirmed which reading was correct. Refer to detailed AG Management report for further details</p> <p>Consequently, this results in a material scope limitation on the audit of revenue from the sale of water disclosed in note 18 to the AFS with a resultant impact on consumer debtors, impairment provision and water losses disclosed in notes 4 and 43 to the AFS respectively.</p>			<p>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 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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10	Customers billed for sewerage consumption without monthly meter readings Audit finding	<p>The revenue from sewerage services for the customers below could not be confirmed due to the following discrepancies identified from the revenue billing.</p> <p>(a)The following customers were billed for sewerage consumption without month-end meter readings substantiating the sewerage consumption charge. The customers were billed on estimates for the entire year and actual consumption could not be confirmed in the absence of recent meter readings. In addition, the municipality does not have adequate records of meter numbers or physical addresses for the customers.. Refer to detailed AG Management report for further details</p> <p>(b)The month-end meter readings from the meter book for the following customers did not agree to the month-end readings reflected</p>		<p>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>	<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 to 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</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.</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 the correction of the narration to agree with the meter reading books and meter reading history on the system.</p>	<p>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.</p>	N/A	Manager: Revenue		
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		<p>on the statement and the billing report, In addition, the month-end readings per meter book reflect a lower reading than the start reading therefore the amount billed for the customers could not be confirmed. Refer to detailed AG Management report for further details</p> <p>Consequently, this results in a material scope limitation on the audit of revenue from sewerage services disclosed in note 18 to the AFS with a resultant impact on the consumer debtors and the impairment provision disclosed in note 4 to the AFS.</p>			<p>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>(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</p>									
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					the meter reading book.							
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10	Incorrect computation of the sewerage and sanitation charges	<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 amounts charged for sewerage and sanitation for the following customers were</p>		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	<p>The Manager: Revenue discussed the finding with the service provider and sent an email dated 13 May 2024 and we are awaiting a formal confirmation from the service provider to state that the matter will not occur in future.</p> <p>Action date: 31 May 2024</p>	Partially Resolved
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		<p>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. For further details 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>										
	Predetermined Objectives – Basic Service Delivery											

11	Reported achievements not consistent with planned and reported indicator and targets	<p>The following achievements reported in the APR were not consistent with the planned and reported indicators and targets: For further details refer to the detailed AG Management Letter.</p> <p>This results in a material misstatement on usefulness of the APR as the actual achievement is not consistent with planned target.</p>		<p>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.</p> <p>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.</p>	The APR will be adjusted	<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>	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	<p>Reviews were done by PMS Unit and Internal Audit Unit on the Q3 SDBIP Performance Report to ensure that the actual achievements are consistent with planned targets. Further, we were informed that the audit findings identified by internal audit in this regard has been addressed.</p> <p>This will remain as partially achieved, as the verifications are required to be done for each quarter.</p> <p>This will be confirmed by Internal Audit in the Quarter 4 audit.</p> <p>Action date: Done Quarterly</p>	Partially Resolved
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12	Measures taken to improve performance not disclosed in the APR	<p>The reason for not achieving the target below was reported as due to breakdowns & rains in the APR however, measures taken to improve the performance were not documented in the APR.</p> <p>The measures taken to improve performance against the target of Delivery of 356 400kl to 6 LMs through water tanker trucks hired and deployed for water delivery by 30 June 2023 were not reported in the annual performance report. This would make it difficult for users to determine what actions will be taken to improve service delivery.</p>		<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	<p>Internal Audit conducted an audit of PMS Q3 and noted that corrective measures were included on the Q3 SDBIP Performance Report where the target was Partially and Not Achieved., there were no audit findings in this regard.</p> <p>However, for us not to lose track of this finding will remain as partially achieved, as the verifications are required to be done for each quarter.</p>	Partially Resolved
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13	Differences between reported achievements and supporting schedules	<p>Based on audit evidence, the actual achievements for two indicators did not agree to the achievements reported, but the targets were still achieved: For further details refer to the detailed AG Management Letter.</p> <p>This results in a material understatement of reported information in the APR.</p>		<p>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.</p>	<p>The APR will be adjusted accordingly. POE's attached</p>	<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>	<p>Management will ensure adequate reviews to ensure that the actual achievements are consistent with portfolio of evidence</p>	<p>Continuous reviews are done by PMS Unit and Internal Audit Unit to ensure that the actual achievements are consistent with portfolio of evidence</p>	<p>Mid Year, April, July and August 2024</p>	<p>PMS Manager</p>	<p>Upon enquiry with the Manager: PMS we were informed that adequate reviews were done to ensure that the actual achievements are consistent with portfolio of evidence for each quarter.</p> <p>Further, we were informed that the findings identified by internal audit on the audits on PMS for Quarter one, two and three have been addressed. This will be confirmed by Internal Audit in the Quarter 4 audit.</p> <p>This will remain as partially achieved, as the verifications are required to be done for each quarter. Action date: Done Quarterly</p>	Partially Resolved
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14	Completeness of relevant indicators	<p>Apart from indicators being useful and reliable, performance indicators need to be sufficiently complete in relation to core functions that are prioritised by the Council for the year. If the performance indicators are incomplete, this dilutes accountability and transparency of reporting on indicators that are of importance to the general public and the community at large. For further details refer to the detailed AG Management Letter.</p> <p>Our inspection and examination of the MSA, MPPMR, IDP 2022/23-2026/27, SDBIP 2022/23, KZN Provincial Growth and Development Plan 2035 (PGDP) against the indicators included in the annual performance report (APR), revealed the following omissions relating to the core functions for basic service delivery key performance area. The table</p>		<p>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.</p>	<p>For responses kindly refer to the detailed AG Management Letter.</p>	<p>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.</p>	<p>A proposal will be made to Council to adjust the SDBIP 23/24 during Mid-Term review</p>	<p>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.</p>	01-Mar-24	PMS Manager	<p>SDBIP has been revised during Mid-term to include the relevant indicators in the SDBIP 23/24 as identified by Auditor General</p>	Resolved
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		<p>below details the indicators not included in this regard:</p> <p>Consequently, the revised SDBIP and APR 2022-23 are not complete in relation to the mandate and core functions of the municipality.</p>											
	Expenditure Management												

15	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</p>		<p>The accounting officer should investigate the above instances of non-compliance in accordance with section 32 of the MFMA.</p>	<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</p>	<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>	<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>	<p>1. The UIFW Reduction to be updated by each responsible manager to factor in the individual items identified.</p>	31/12/2023	Manager: SCM	<p>Upon enquiry with the Manager: SCM we were informed that the UIFW Reduction has been updated by each respective manager to in the individual items identified.</p> <p>Further, Internal Audit Unit has recently conducted an investigation of unauthorised expenditure and the report was tabled and discussed at the Special Full Council meeting held on the 10th of May 2024</p>	<p>Resolved (How ever there need s to be ongoing monitoring of by each HOD)</p>
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		<p>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> <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</p>			<p>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. 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</p>								
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		<p>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>			and detect potential UIFW.							
	Consequence Management											

16	Suspected case of theft not reported to South African Police Service (SAPS)	<p>On 10 March 2021, it was discovered that there was theft of the hard drives and motherboards from the security control room. This was immediately escalated to the former security manager at that time. On receipt of the escalation, the former security manager further escalated the matter to Magma (security service provider). The former security manager stressed that this matter was serious as it happened in Magma's care and urged that the matter be investigated and resolved urgently. This matter was reported before the disciplinary board of the municipality on 28 July 2021 and was recommended for external investigation.</p> <p>Thornton Dobb Rossal Ubucule (TDRU) was then appointed on 27 August 2021 to conduct the investigation. The investigator in their report dated 21 September 2021 found the actions</p>		<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.	<p>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</p>	The case has been opened with the SAPS and litigation has commenced to recover the asset value.	Immediate	Manager: Legal Services	<p>Upon enquiry with the Manager: Legal Services we were informed that the matter with Magma Security is currently ongoing with the High Court.</p>	Partially Resolved
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		<p>of the former security manager to have constituted an irregularity due to failure to report and recover the sum of +/- R800 000 suffered by the municipality through the loss of critical equipment. It was also concluded that the former security manager was not fit and proper to uphold a position of this nature and that he failed to uphold his fiduciary responsibilities which exposed the municipality to reputational risk. The former security manager then resigned on 23 September 2021, a few days after the investigation report was issued.</p> <p>As a consequence of such breach, the contract with the security service provider was also terminated on 31 July 2021.</p> <p>It was noted that the municipality did not report and has not reported the alleged theft to the SAPS after identification of suspected theft of</p>										
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		<p>IT equipment and intellectual property amounting to +/- R800 000.</p> <p>The above results in non-compliance with section 34(1) of PRECCA.</p>											
	Procurement and Contract Management												

17	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 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 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</p>		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. 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. 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. <p>Determining if a briefing session is required.</p>	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	We noted that Standard Operating Procedures have been adopted by the municipality in the month of August 2023.	Resolved
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18	Credit control and debt collection policy not implemented	<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:</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.</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>Management agrees with the finding Untraceable debt</p> <p>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</p> <p>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</p>	Management's response is noted. Steps taken to rectify the matter will be monitored closely.	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	A meter audit program will be implemented which will be accompanied by customer information update forms	30-Apr-24	Manager: Revenue	<p>Internal Audit noted that the SCM processes are currently underway in relation to the meter audits.</p> <p>Internal Audit received a copy of the advert that was published in the Witness Newspaper on the 26th of February 2024 for a panel of service providers to conduct water meter audits and noted the closing date on the advert is 27 March 2024.</p> <p>Action date: 31 May 2024</p>	Partially Resolved
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		<p>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 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>For further details refer to the detailed AG Management Letter.</p>			<p>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 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</p>							
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					local municipalities.							
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18	Indigents.	<p>Section 62(1)(b) of the MFMA states that: "the accounting officer of the municipality is responsible for 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 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."</p> <p>Paragraph 5 of the</p>	The CFO did not implement adequate controls over the indigent register to ensure that individuals that do not meet the indigent criteria are removed from the register and the policy is adhered to.	The CFO should exercise proper oversight and ensure that the indigent register is accurate.	<p>Management comments have been provided to each finding and necessary POE provided.</p> <p>The Municipality follows the indigent qualification criteria as set out in the approved indigent policy. Thought the subsidy is for the household and the threshold amount is based on the total household income, the application itself is based on one person (account holder) and their documentation for application (ID copy, proof of income, affidavit)</p>	<p>Management comments are noted. There are instances where indigents were deceased long before the 2023/24 started and yet management indicated the applicant was rightfully within the 2023/24 FY indigent and will be removed on the next FY (change of ownership to be request from the family). The matter remains and will be followed up in the next audit cycle.</p>	The AG recommendation is noted.	<p>1. Finalise the MOU with the Department of Homeaffairs in order to eliminate the number of unknown deceased applicants.</p> <p>2. Try to source internal budget for an external verification system .</p> <p>3. New applicants to be sent to the CFOs office with POE for verification and approval on a quarterly basis.</p>	01-Jun-25	Manager: WSA		
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		<p>Indigent Policy for 2022/2023 states that:</p> <p>Refer to the detailed AG Audit Report.</p> <p>Through the use of computer assisted audit techniques (CAATs), a number of indigents were identified on the indigent register that do not meet the criteria to be indigent.</p> <p>A – Deceased individuals The following deceased individuals are included on the indigent register as identified through computer assisted audit techniques (CAATs) and the new occupants of the properties previously occupied by the deceased indigents, did not apply for indigent status:</p> <p>Refer to the detailed AG Audit Report.</p> <p>B – Individuals with invalid ID's The following individuals with invalid identity documents were identified through</p>										
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		<p>CAATs:</p> <p>Refer to the detailed AG Audit Report.</p> <p>C – Indigents in the employment of one or another government department or organisation.</p> <p>The following indigents were in the employ of one or another government department or organisation.</p> <p>Refer to the detailed AG Audit Report.</p> <p>D – Indigents with interest in suppliers of government and/or municipalities</p> <p>The following indigents have an interest in suppliers of government and/or municipalities:</p> <p>Refer to the detailed AG Audit Report.</p> <p>E – Spouses of Indigents in the employment of one or another government department or organisation. The following indigents have an</p>										
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		<p>interest in suppliers of government and/or municipalities:</p> <p>Refer to the detailed AG Audit Report.</p> <p>F – Spouses of indigents that have an interest in suppliers of government and/or municipalities</p> <p>The following spouses of indigents have an interest in suppliers of government and/or municipalities.</p> <p>Refer to the detailed AG Audit Report.</p> <p>G – Indigents with old ID numbers that were converted and found on the National Population Register (NPR) database</p> <p>The following indigents with old ID numbers were converted and found on the NPR database:</p> <p>Refer to the detailed AG Audit Report.</p> <p>H – Indigents older</p>										
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		<p>than 100 years</p> <p>Refer to the detailed AG Audit Report.</p> <p>As a result, indigent support may have been provided to the individuals/households who were not approved for indigent support in accordance with the municipality's Indigent Policy.</p> <p>Refer to the detailed AG Audit Report.</p> <p>Consequently, the revenue forgone is R192 487 and revenue is understated by the same amount.</p>										
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19	<p>Management of basic water and sanitation services.</p>	<p>In terms of section 1(1) of the Water Services Act, "Every water services authority has a duty to all consumers or potential consumers in its area of jurisdiction to progressively ensure efficient, affordable, economical and sustainable access to water services."</p> <p>National Treasury MFMA Circular 71 sets the norm for water losses between 15% and 30%.</p> <p>Audit finding a) Water services i) It was established that there are backlogs in the provision of water services due to:</p> <p>o Limited financial resources that have hindered the ability to invest in necessary infrastructure improvements and maintenance.</p> <p>o Rapid population growth and urbanization have increased the demand for water services, outpacing the municipality's capacity to supply.</p>	<p>Management did not implement adequate controls over the planning and overall management of the water and sanitation services.</p>	<p>Water services</p> <ul style="list-style-type: none"> • Adequately budget for all the planned projects to ensure that backlogs are eliminated. • Adequately plan for the human resources needed for the provision of water to ensure that maintenance is done timeously. <p>Sanitation services</p> <ul style="list-style-type: none"> • Adequately budget for all the planned projects to ensure that backlogs are eliminated. • Adequately plan for the human resources needed for the provision of water to ensure that maintenance is done timeously. <p>Water tankering</p> <p>The municipality should adopt and implement a permanent solution for the provision of water services to the community of</p>	<p>The Finding is noted and Action Plans will be developed accordingly to mitigate the risks.</p>	<p>Management response is noted. The auditors will further evaluate in the next audit cycle the progress on the implementation of the action plans developed by the municipality to respond to the findings.</p>	<ul style="list-style-type: none"> • Risk mitigation plans will be developed • More funding streams to be investigated for grant funding • Water Conservation & Demand management Strategy to be developed to minimise water losses • The municipality is also considering procure its own water tankers within on 24/25 FY. • WC/WDM strategy to be developed by June 2025 • Procurement of Water Tankers for 24/25 FY 	<p>The Implementation Plans for the next 3 years have been developed in line with available funding for MIG and WSIG and only projects on the implementation plan can be implemented and within available budget..</p> <p>A high level WC/WDM strategy being developed for Council approval in February 2025 and a detailed investigation to local municipalities to be implemented to look at water losses per LM/Zone.</p> <p>A cost benefit analysis for procurement of water tankers was done and currently the Municipality cannot afford to buy it Tankers for now but something for consideration in future.</p>	01-Jun-25	HOD: Technical Services		
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		<p>Impact: Significant %age of households may not have access to piped water at their erf/yard or within 100m of where they live and water infrastructure is not adequate for the capacity required.</p> <p>ii) The project upgrading of Manyavu Community water supply scheme was included in the Water Services Development Plan (WSD) for 2023-24 and is shown to be reducing the backlogs for the 5 year period however there was no budget for the project in the 2023-24 financial year.</p> <p>Impact: Slow or inadequate progress in addressing backlogs in the provision of water services due to inadequate planning and budgeting.</p> <p>iii) Vacancies were identified in terms of qualified technical staff responsible to conduct the</p>		uMgungundlovu District. Management should also consider investing in their own water tankers to service the community of the district.								
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		<p>condition assessments of infrastructure or to oversee infrastructure projects. This activity needs to be done by a registered professional and currently only one person is registered as a professional technologist in the technical department. Two other staff members are working towards the qualification and have recently submitted their reports for appraisal.</p> <p>Impact: The other findings may result in delayed identification of infrastructure assets that need to be maintained, which may delay communities' access to water services.</p> <p>iv) Material water losses of 36% were incurred during the year under review as disclosed in note 44 to the financial statements, these losses exceeded the norm for water losses of between 15% and 30%.</p> <p>Impact: Water infrastructure not</p>										
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		<p>maintained resulting in significant water and financial losses.</p> <p>v) The action plan (UMDM Water Conservation and Demand Management Plan) has not been effective in reducing water losses as 36% of water losses were incurred during the 2023-24 financial year which is 6% higher than water losses of 30% incurred in the 2022-23 financial year.</p> <p>Impact: These losses are placing the municipality under financial pressure and negatively affect the municipality's ability to deliver services to the community of uMgungundlovu District.</p> <p>b) Sanitation services</p> <p>i) There is a backlog as a result of the filling up of the old VIPs, where there is a need to provide alternative facilities. This is due to the rapid population growth and urbanization which have</p>										
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		<p>increased the demand for sanitation outpacing the municipality's capacity to supply.</p> <p>Impact: Residents reverting to open defecation practices and may result in residents exposed to the risk of contracting diseases, such as diarrhoea, and other intestinal and respiratory infection.</p> <p>c) Water tankering i) There is excessive reliance on outsourced water tankering services. The outsourcing of water tankering is as a result of lack of water tankers to transport clean consumable water due to budget constraints. Currently, the municipality only owns ten water tankers. The root causes for excessive reliance on outsourced water tankering services were not appropriately addressed to ensure that all water users have sufficient and reliable access to water. In the</p>										
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		<p>current year, the municipality incurred expenditure of R69 462 669 (2022-23: R65 880 259) on water tankers. Impact: The Human Rights Commission has raised a concern that the system of water tankering encourages corruption and compromises the supply of water to the neediest communities. Several communities are forced to rely on this system, some more than 20 years, with little effort to resolve the root causes for water challenges. Water tankering services were meant to be a short-term solution but this is not the experience of many communities.</p>										
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APPENDICES

Appendix A – Councillors; Committee Allocation and Council Attendance

RECORD OF ATTENDANCE: FULL COUNCIL

Present p

Absent A

Absent without an apology 0

NAME	PARTY	07.0 5	07.2 7	30.0 8	08.0 9	28.0 9	31.1 0	01.1 2	19.1 2	30.01	31.0 1	27.0 2	01.0 3	30.0 4	10.0 5	23.0 5	27 .0 6
SPEAKER: NONHLA NHLA MATRINH NOMATH EMBU GABELA	ANC - DIRECT	P	P	P	P	P	P	A	A	P	P	P	P	P	P	P	P
MAYOR: Cllr MUZIWO KUTHULA ZUMA	ANC- DIRECT	A	P	P	A	A	P	P	A	A	P	P	A	P	P	P	P
DEPUTY MAYOR: Cllr AMBROSI A SIBONGI LE MABASO	ANC- DIRECT	P	P	P	P	A	P	A	P	A	P	P	P	P	A	P	P
WHIP: SCELO RONNIE MAJOZI	ANC- DIRECT	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P
Cllr GUGU MARY- JANE DLADLA	ANC- DIRECT	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr SIPHESIH LE PRECIOUS ZUNGU	ANC- DIRECT	P	P	P	P	A	P	P	A	P	P	P	P	P	P	P	P
Cllr NINGI JOSTINAH ZUNGU	ANC- DIRECT	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr MBUZEL WA EDWARD DLADLA	ANC- DIRECT	P	P	P	P	P	P	A	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	P	P	P

Cllr MNCEDIS I SIBUSIS O MTHETH WA	ANC- DIRECT	P	P	A	P	P	P	A	A	P	P	P	P	P	P	P	P
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NAME	PARTY	07.5	07.27	30.08	08.09	28.09	31.10	01.12	19.12	30.01	31.01	27.02	01.03	30.04	10.05	23.05	27.06
Cllr SPHESI HLE ZONDI	DEMOCRATIC ALLIANCE- DIRECT	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	A
Cllr CLINTON BERNARD VAN DER BYL	DEMOCRATIC ALLIANCE- DIRECT	P	P	P	A	A	A	A									
CLLR T TSOAN ANYAN A	DEMOCRATIC ALLIANCE- DIRECT	REPLACED CLLR CB VAN DER BYL							P	P	P	A	P	P	P	A	P
Cllr THEMB OKWAK HE CORNELIUS MADONDO	DEMOCRATIC ALLIANCE- DIRECT	P	P	A	P	P	P	A	A	P	P	P	P	P	P	A	P
Cllr THEMBA ABRAM HLATSHWAYO	DEMOCRATIC ALLIANCE- DIRECT	P	P	P	P	A	P	P	P	P	P	A	P	P	P	P	A
SURAYA REDDY	DA	P	P	P	P	P	P	P	P	P	P	A	P	P	P	A	P
		07.5	07.27	30.08	08.09	28.09	31.12	01.12	19.12	30.01	31.01	27.02	28.7	30.04	10.05	23.05	27.06
Cllr LIONEL ERROL PIENARR	INKATHA FREEDOM PARTY - DIRECT	P	P	P	P	A	P	P	A	P	P	P	P	P	P	P	P
Cllr NOMPU MELELO CAROL ZONDI	INKATHA FREEDOM PARTY - DIRECT	P	P	P	P	A	P	A	A	P	P	A	P	P	P	A	A
		07.5	07.27	30.08	08.09	28.09	31.12	01.12	19.12	30.01	31.01	28.6	28.7	30.04	10.05	23.05	27.06
Cllr MZWAK	ECONOMIC FREEDOM	P	A	A	A	A	A	A	A	A	P	P	P	P	P	A	P

HE EWERT MPULO	FIGHTERS – DIRECT																
PCllr MIKE S BRANC HES	ECONOMIC FREEDOM FIGHTERS - DIRECT	P	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr NOMFU NDO WENDY MTSHW ARA	ECONOMIC FREEDOM FIGHTERS – DIRECT	P	A	P	A	A	P	A	P	A	P	P	P	P	P	A	P

NAME	PARTY	07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12	19.1 2	30.0 1	31.0 1	27.0 2	01. 03	30.4	10. 05	23.05	27. 06
Cllr AUTRIN A NOMAT HEMBA PHUNG ULA	DEMOCR ATIC ALLIANCE -	P	P	P	A	P	P	P	P	P	P	P	P	P	P	A	P
Cllr SIBUSI SO DESMO ND CHONC O	DEMOCR ATIC ALLIANCE -	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr REGIN A ZINHLE NGUBO	DEMOCR ATIC ALLIANCE -	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr PRETT Y NELISI WE MAPHA NGA	IFP	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr MSHUS HISI AUBRE Y NGUBA NE	IFP	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P

Cllr DORCA S SIBON GILE MKHIZE	ANC	P	P	A	P	P	P	P	P	P	P	P	P	P	P	A	P
NAME	PARTY	07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12	19.1 2	30.0 1	31.0 1	27.0 2	01. 03	30.0 4	30. 04	23.05	27. 06
Cllr GODMA N NKOSIV ELILE DLAMI NI	ANC	P	P	P	P	A	P	P	P	P	P	P	P	P		P	A
Cllr GLADN ESS SIBON GILE MNCW ANGO	ANC	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr THOLA KELE IGNETI A DLAMI NI	ANC	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr MICHA EL BHEKA BANTU ZUMA	ANC	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P
Cllr SIBUSI SO ALFRE D MKHIZE	ANC	P	P	A	P	A	P	P	P	P	P	P	P	P	P	P	P
Cllr KHULE KANI MSOMI	ANC	P	P	P	A	P	P	P	P	A	P	P	P	P	P	O	A
Cllr MDUDU ZI CASWE LL	ANC	P	P	P	P	P	P	A	P	P	P	P	P	A	P	P	P

MSHEN GU																	
CIlr VICTOR IA MAVIE PHUNG ULA	ANC	P	P	A	P	P	P	A	P	P	P	P	P	P	P	P	P
CIlr MYSIE SINDISI WE MBUTO	EFF	P	P	A	P	A	O	A	O	O							
PCLLR AYAND A NGCOB O	EFF										O	O	A	P	O	P	P
CIlr STANL EY NTUTH UKO MNCW ABE	EFF	P	P	P	P	P	P	P	P	A	P	A	P	P	P	P	P

NAME	PARTY	07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12	19.1 2	30.0 1	31.0 1	27.0 2	01.0 3	30. 4	01.05	23.05	27. 06
CIlr NJABU LO EMMA NUEL CEBE KHUL U	ANC	P	P	A	A	A	A	A	O	O	P	O	O	A	O	O	P
CIlr NOMU SA RONA H KHAN YILE	ANC	P	P	A	P	A	A	A	P	P	P	P	P	P	P	P	P
CIlr BRIGH T MKHIZ E	IFP	P	P	A	A	P	A	A	P	P	P	P	A	P	P	A	P

		07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12		30.0 1	31.0 1	27.0 2	01.0 3	30.04	01.05	23.05	27.06
Cllr RICHARD SIZWE SOKHELA	ANC	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P
Cllr NERASMUS NDLOVU	DEMOCRATIC ALLIANCE	P	P	P	P	P	A	P	P	P	P	P	P	P	P	O	P
Cllr K Jansen Van Rensburg	DEMOCRATIC ALLIANCE	REPLACED CLLR NE NDLOVU															P
Cllr HAZEL MARY LAKE	DEMOCRATIC ALLIANCE	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P
		07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12	19.1 2	30.0 1	31.0 1	27.0 2	01.0 3	30.04	01.05	23.05	27.06
Cllr LINDOKUHE WISEMAN WYNNE	ANC	P	A	A	P	P	A	P	P	P	P	A	A	P	P	P	A
		07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12	19.1 2	30.0 1	31.0 1	27.0 2	01.0 3	30.04	01.05	23.05	27.06
Cllr ZIBUSE WONDERFUL DLAMINI	ANC	P	P	P	P	P	P	P	P	A	P	A	P	P	P	P	A
Cllr SIPHIWE NGIDI	ANC	P	P	P	O	A	P	A	P	A	P	P	P	P	P	O	A

		07.5	07.2 7	30.0 8	08.0 9	28.09	31.10	01.12	19.1 2	30.0 1	31.0 1	27.0 2	01.03	30.03	10.0 5	23.0 5	27 .0 6
Cllr Thabiso Mkhize	ANC	Replaced Cllr MK Ngcongco		P	P	P	P	P	P	P	P	P	P	P	P	P	P
Cllr MELIKHA YA KNOWLE DGE NGCONG O	ANC	P	P	P													
Cllr VINCENT MAPHUM ULO	ANC	A	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

AMAKHOSI	07.5	07.27	30.08	08.09	28.09	01.12	19.12	30.01	31.01	27.02	01.03	30.04	10.05	23.05	27.06
INKOSI VI ZONDI	O	O	P	O	O	O	O	O	O	O	O	O	O	O	O
INKOSI BONGUMUSA GLADWELL GWAMANDA	P	P	P	P	A	A	A	A	P	P	P	P	P	P	P
INKOSI PHUMLANI MAJOZI	P	P	P	O	A	A	A	A	P	A	A	A	A	A	A

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.

A	Absent with an apology
O	Absent without an apology
	Present

RECORD OF ATTENDANCE JULY 2023 – JUNE 2024

EXECUTIVE COMMITTEE

NAME	20.07. 23	22.08. 23	21.09. 23	24.10. 23	21.11. 23	23.01. 24	20.02. 24	20.03. 24	23.04. 24	22.05.2 4	21.06.2 4
M ZUMA (MAYOR)	P	P	A	P	P	P	P	P	P	P	P
SA MABASO (DEPUTY MAYOR)	A	P	P	P	P	P	A	A	P	P	P
HM LAKE	P	P	A	P	P	A	P	P	A	P	P
TC MADONDO	P	P	P	P	P	P	P	P	P	P	P
DS MKHIZE	A	P	P	P	A	P	P	P	O	P	P
ME MPULO	O	P	P	P	O	O	O	P	O	P	P
MS MTHETHWA	A	P	P	P	P	P	P	O	O	P	P
LE PIENAAR	P	P	P	P	P	P	P	P	P	P	P
SP ZUNGU	P	P	P	P	P	A	A	P	P	P	P

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

RECORD OF ATTENDANCE JULY 23 TO JUNE 24

FINANCE PORTFOLIO COMMITTEE

NAME	17.08. 23	15.09. 23	18.10. 23	21.11. 23	23.01. 24	20.02. 24	20.03. 24	23.04. 24	17.05.2 4	13.06.24	19.07.24
M ZUMA	P	P	P	P	P	P	P	P	P	P	P
HM LAKE	P	P	P	P	A	P	P	A	P	P	P
TC MADONDO	P	P	P	P	P	P	P	P	P	P	P

D MSOMI	P	P	P	DECEASED							
ME MPULO	O	O	O	O	O	O	O	O	O	A	P
K MSOMI	P	P	P	O	P	O	A	O	P	O	P
VM PHUNGULA	P	P	P	A	P	P	A	A	P	P	P
L PIENAAR	P	P	P	P	P	P	P	P	P	P	P
R SOKHELA	P	P	P	P	P	P	P	P	P	P	P
N ZUNGU	P	P	P	P	A	P	A	P	O	P	P

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

RECORD OF ATTENDANCE JULY 2023 – JUNE 2024

INFRASTRUCTURE PORTFOLIO COMMITTEE

NAME	16.08.23	14.09.23	17.10.23	15.11.23	17.01.24	14.02.24	15.03.24	17.04.24	13.06.24	18.07.24
CHAIRPERSON: CLLR S MABASO	P	P	P	P	P	P	P	P	P	P
CLLR V MAPHUMULO	P	P	P	P	P	O	P	P	P	P
CLLR T DLAMINI	P	P	P	P	P	P	P	P	P	P
CLLR RS SOKHELA	O	P	P	O	P	P	P	P	P	P
CLLR N KHANYILE	O	P	O	P	O	P	O	P	O	O
CLLR TA HLATSHWAYO	O	P	O	P						
CLLR S ZONDI	P	O	O	P	P	P	ONLY REPLACED AUG 24			
CLLR MA NGUBANE	P	P	P	P	P	P	P	P	P	P
CLLR S MBUTO	O	O	O	O	O	O	O	O		
CLLR AB NGCOBO	REPLACED CLLR S MBUTO								O	P
INKOSI BG GWAMANDA	P		O	P	O	P	O	O	O	P

COMMUNITY SERVICES PORTFOLIO COMMITTEE RECORD OF ATTENDANCE JULY 2023 – JUNE 2024

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

NAME	11.0 8.23	16.08.23	12.09.23	17.10.23	16.11.23	06.02.24	15.03.24	12.04.24	14.05.24	11.06.24
CHAIRPERSON: CLLR SP ZUNGU	P	P	P	P	P	P	P	P	P	P
CLLR S NGIDI	O	O	P	O	P	O	O	O	O	O
CLLR VM PHUNGULA	A	O	P	P	P	P	P	P	P	P
CLLR ZW DLAMINI	O	O	P	O	A	O	P	P	P	P
CLLR GN DLAMINI	A	P	P	P	P	O	O	P	O	A
CLLR Z NGUBO	P	P	P	P	P	P	P	P	P	P
CLLR S CHONCO	P	P	P	P	P	P	P	P	P	P
CLLR NC ZONDI	A	A	P	P	P	O	P	O	A	A
CLLR N MTSHWARA	O	O	O	P	P	P	O	O	P	P

HUMAN RESOURCES AND SOUND GOVERNANCE PORTFOLIO COMMITTEE RECORD OF ATTENDANCE JULY 23 TO JUNE 24

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

NAME	10.8.23	13.9.23	11.10.23	8.11.23	22.1.24	15.2.24	15.3.24	10.04.24	08.05.24	21.06.24	
MS MTHETHWA	P	P	P	P	P	P	P	P	P	P	
NB AHMED	P	P	P	P	P	P	P	P	P	P	
T DLAMINI	P	P	P	P	P	P	P	O	P	P	

S MKHIZE	P	P	P	P	P	P	P	P	P	P	
N ZUNGU	P	P	P	0	A	P	P	P	P	P	
K VAN RENSBURG	REPLACED CLLR N NDLOVU								P	P	
N PHUNGULA	P	P	P	P	P	P	P	0	P	P	
N MAPHANGA	P	P	P	0	0	P	0	P	0	0	
MS BRANCHES	P	P	P	0	P	P	P	P	P	P	
N NDLOVU	P	P	P	0	P	0	P	0	DECEASED		

ECONOMIC DEVELOPMENT AND PLANNING PORTFOLIO COMMITTEE RECORD OF ATTENDANCE JULY 2023 TO JUNE 2024

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

NAME	01.08.23	07.09.23	12.10.23	02.11.23	13.02.24	12.03.24	16.04.24	14.05.24	11.06.24	16.07.24
CHAIRPERSON DS KHIZE	P	P	P	P	P	P		P	P	P
NB AHMED	P	P	P	P	P	P		P	P	P
N CEBEKHULU	A	A	A	0	0	0		0	0	0
MC MSHENGU	P	P	P	P	P	P		P	P	P
N MTSHWARA	P	P	A	P	0	A		P	P	P
N NDLOVU	P	A	P	P	0	0		0	0	0
NC ZONDI	A	P	A	P	0	A		P	P	P
S ZONDI	P	P	P	P	P	P		P	P	0
MB ZUMA	P	P	P	P	P	P		P	P	P
T TSOANANYANA	REPLACED N NDLOVU				P	P		P	P	P

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE RECORD OF ATTENDANCE JULY 23 TO JUNE 24

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

NAME	24.07. 23	18.08. 24	19.09. 23	20.10. 23	27.11. .23	31.1. 24	16.02. .24	18.03. .24	26.04. 24	17.0 5.24	24.06. 24
CHAIRPERSON, EM DLADLA	P	P	P	P	P	P	P	P	P	P	P
CLLR G DLADLA	P	P	P	P	P	P	P	P	P	P	P
CLLR LW WYNNE	P	P	P	A	P	0	0	0	0	0	0
CLLR GS MNCWANGO	P	P	P	P	P	P	P	P	P	P	P
CLLR T MKHIZE	0	p	P	A	P	P	P	P	0	P	0
CLLR S REDDY	P	P	P	P	P	P	P	0	P	P	P
CLLR BK MKHIZE	P	P	P	P	P	A	0	P	0	0	A
CLLR N MNCWABE	P	P	P	P	P	P	P	0	P	P	P
CLLR VAN DER BYL	A	0	P	P	CEASED TO BE A MEMBER						
CLLR TA HLATSHWAYO	REPLACED CLLR VAN DER BYL						P	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
ME MPULO	EFF	DIRECT
MS MTHETHWA	ANC	DIRECT
LE PIENAAR	IFP	DIRECT
SP ZUNGU	ANC	DIRECT

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
Councillor 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 M Mpulo	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 AB Ngcobo	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 N Ndlovu	DA	UMNGENI LOCAL MUNICIPALITY
Councillor N Phungula	DA	MSUNDUZI LOCAL MUNICIPALITY
Councillor N Maphanga	IFP	MSUNDUZI LOCAL MUNICIPALITY
Councillor M Branches	EFF	DIRECT
Councillor K Van Rensburg	DA	Replaced Cllr N Ndlovu

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 Majozi		
Councillor T Tsoananyana	DA	Replaced Cllr N Ndlovu

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	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
Councillor TA Hlatshwayo	DA	Replaced Cllr C Van Der Byl

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 Majozi
IBAMBA MZ Zondi

Appendix C – Third Tier Administrative Structure

Name of Official	Gender	Position	Function	Performance Agreement Signed Yes/No
Dr EX Muthwa (Acting -01 July 2023 - 30 June 2024)	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. J Dlamini (Acting-08 September 2023 -30 June 2024)	Male	Executive Manager: Technical Services (Acting)	Provision and Management of Water and Sanitation. Water and Sanitation Infrastructure Development and Maintenance.	Yes

Mr. V Kunene (Acting- 01 October 2023 - 30 June 2024)	Male	Executive Manager: Acting: Financial Services	Financial Services: Budget, Financial Reporting, Revenue and Expenditure Management, Asset Management, Supply Chain Management	Yes
Ms L Hadebe (Acting 01 July 2023 – 30 June 2024)	Male	Executive Manager: Community Services	Environmental Health Services, Local Economic Development, Fire and Disaster Management.	Yes
Mrs. Nosipho Mkhize (01 July 2024 – 29 February 2024) Mrs Phumzile Mncwabe (Acting 01 March 2024 – 30 June 2024)	Female	Executive Manager: Corporate Services	Human Resources Development and Administration, Secretariat and Auxiliary Services, ICT, Fleet Management.	Yes
Mr Mbongiseni J. Sithole (01 July 2023 – 30 June 2024)	Male	Executive Manager: Economic development and Planning	GIS, Planning, Umngeni Resilience Program and Local Economic and Development	Yes

Appendix D – Functions of the Municipality

SERVICES RENDERED	SERVICES NOT YET RENDERED
Sewage purification works and sewage disposal at six local municipalities	Municipal airports
Integrated development planning for the district as a whole with alignment to the Integrated Development Plans of the local municipalities in the District	Municipal health services
Supply of water and sanitation to six local municipalities	Establishment and management of fresh produce markets and abattoirs
Solid waste management throughout the district	Regulations relating to passenger services
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.	

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 2024

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 2024.

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 six times and comprised of the following members:

Name of Member	Meetings attended	AC membership
Mr J Baloyi*	2	Active
Ms B Nzama*	2	Active
Mr A Singh	5	Active
Ms. N Shabalala	6	Active
Mr S Ngidi	6	Active

*Appointed in May 2024

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.

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 were still 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 timeously 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 and discussed the municipality's annual financial statements for the year ended 30 June 2023.
- Reviewed the municipality's compliance with legal and regulatory provisions.

The following reports were also reviewed by the Audit Committee:

- Supply Chain Management Report,
- Internal Audit Report: Supply Chain Management

- Internal Audit Report: Revenue Management
- Internal Audit Report: Indigent Management
- Annual Financial Statements Review Report,
- Annual Report Review Report,
- Internal Audit Follow-up Action Plan
- Auditor-General Action Plan
- Preliminary In Year Monitoring reports
- 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 and fast track the meter audit, this will ensure that the municipality enhances its revenue collection.
- **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
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
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
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
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
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
7/3/337	TALBOT LABORATORRIES (PTY) LTD	COMMUNITY SERVICES	WATER QUALITY ANALYSIS	R 963,482.65	2021/08/11	2024/07/31
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
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
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
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
7/3/371	MAKHOATSE, NARASIMULU & ASSOCIATIONS	TECHNICAL SERVICES	RURAL ROAD ASSET MANAGEMENT STRATEGY (RRAMS)	R6,386,084.41	2022/05/25	2025/05/30
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
7/3/394	WESBANK	CORPORATE SERVICES	PROVISION OF VEHICLE FLEET MANAGEMENT	R -	2022/09/01	2027/08/30
7/3/442	TALBOT LABORATRIES	TECHNICAL SERVICES	SUPPLY WATER QUALITY MONITORING SERVICES	R 525,073.90	2022/12/01	2025/11/30
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
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
7/3/447	TMMMED HEALTH INC	CORPORATE SERVICES	OCCUPATIONAL HEALTH MEDICAL TESTING PRACTITIONER FOR UMGUNGUNDLOVU MUNICIPALITY	R 876,200.00	2023/02/24	2026/02/23
7/3/454	TELKOM	CORPORATE SERVICES	PROVISION OF VOIP TELEPHONE SYSTEM	R 10,938,045.66	2023/05/03	2026/05/04
7/3/486	CLEAN SPOT SOLUTIONS	CORPORATE SERVICES	SUPPLY AND DELIVERY OF STAFF UNIFORMS AND PROTECTIVE CLOTHING	R -	2023/11/24	2026/11/23
7/3/499	GAGASI IT	CORPORATE SERVICES	PROVISION OF ANTIVIRUS SOFTWARE RENEWAL	R 3,905,858.85	2023/12/08	2026/12/07

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	Previous Financial Year (2022-23)			Current Financial Year (2023-24)		
					G	S	P	G	S	
38/2020	Nated System	2024/01/04	Sftware Application Manag Syst	R575 000.00				G		
RFQ04387/2023	Nated System	2024/03/24	Install LAN Infrastructur e	R4 682 748.04				G		
20/2024	Nated System	2024/07/08	To Conduct Water Meter Audit	Rate Based				G		
45/2024	Nated System	2024/05/10	To Conduct Water Meter Readings	Rate Based				G		
20/2024	Advannotech (Pty) Ltd	2024/06/20	Water Meter Audit	Rate Based				G		
16/2023	Owethu Owabo Consulting (Pty) Ltd	2024/03/20	Trustfeed Phase 1	Rate Based				G		
37/2023	Makhhaotse, Narasimulu	2024/03/20	Nhlambamas oka,Nhlthimbe	Rate Based				G		
24/2023	FMA Engineers	2024/03/24	Qqulo Bulk and Retic	Rate Based				G		
21/2023	BMK Group (Pty) Ltd	2024/03/20	Inhlazuka Phase 5 Pump Station	Rate Based				G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Previous Financial Year (2022-23)			Current Financial Year (2023-24)		
					G	S	P	G	S	
34/2023	Ensync Engineers (Pty) Ltd	2024/03/20	AC Pipeline Replace	Rate Based				G		
25/2023	IX Engineers (Pty) Ltd	2024/03/20	Thendele Rocky Drift Water	Rate Based				G		
4390/2023	Khanya Afrika	2024/01/26	Supply & Storage infrastructure	R4 827 701.54				G		
23/2023	BM JV Zenies	2024/05/17	Housing Development (Khayelisha, Cedara)	R4 587 892.50				G		
22/2019	Scelo Business Consulting	2020/06/17	Leasing Of 4 New Emergency Response Vehicles	R 18 381 600	G			G		
51/2023	Mathonsi Investments	2024/02/20	Drilling Boreholes	Rate Based				G		
03/2024	Jade Stare Trading cc	2024/05/4	Drilling Boreholes	R6 005 938.97				G		
08/2024	Talbot Laboratories	2021/08/11	Water Quality Analysis	Rates Based	G			G		
12/2024	Siyanda Ayabonga	2024/06/24	Drilling of 5 boreholes in LM's	R1522 994.45				G		
14/2024	SM Properties Interiors	2024/06/24	Leasing of Premises – Stores Warehouse	R1 910 887.08				G		
15/2024	SM Properties Interiors	2024/06/24	Leasing of Premises – Mooi River Fire Stations	R993 282.08				G		
07/2024	Mbova Construction	2024/06/24	AC Replacements	R48 104 034.53	G			G		
14/2023	Clean Spot Solutions	2024/01/30	Provision of Staff Uniforms and Personal Protective Clothing	R 1 666 806	G			G		
28/2019	Proudfoot Investment Cc	2020/06/17	Lease Of Warehouse Space	Rates Based		S		G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Previous Financial Year (2022-23)			Current Financial Year (2023-24)		
					G	S	P	G	S	
N/A	Ithala Development Finance Corporation Limited	2016/12/01	Lease Of Premises: Unit 25 Howick Shopping Centre	Rates Based		S			S	
N/A	uMngeni Local Municipality	2019/04/10	Lease Of Hilton Customer Care	R 342 585		G		G		
19/2023	Serenity Financial Services Cc	2024/07/27	Provision of Short-Term Insurance	Rates Based	G			G		
N/A	Umgeni Water	2006/05/10	Bulk Water Supply	Rates Based	G			G		
05/2023	Hamilton Hydraulic Services cc	2024/03/01	Supply and Deliver gas or Petrol Jaws of Life	R799 841.10				G		
N/A	Royal Haskoning DHV	2018/10/12	KwaMathwanya Water Reticulation Scheme	Rates Based	G			G		
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		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			G		
03/2021	Jade Star Cc Trading as Electric and Pump Services	2021/12/01	Electrical And Mechanical Maintenance Services	Rates Based	G			G		
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			G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Previous Financial Year (2022-23)			Current Financial Year (2023-24)		
					G	S	P	G	S	
20/2021	Fleet Horizon Solution Services	2022/03/01	Supply Vehicle on a Full maintenance Lease	R35 394 946.92		S			S	
N/A	Richmond Local Municipality	2020/03/01	Leasing of Property: Richmond Fire Station	-		S			S	
16/2021	Yuretek Business Machine	2022/05/10	Provision of 33 Multifunctional Photocopies for UMDM	Rates Based		S			S	
08/2024	Talbot Laboratories (Pty) Ltd	2022/12/01	Supply Water Quality Monitoring Systems	Rate Based	G			G		
26/2023	Urban Econ Dev Economist (Pty)	2024/05/10	To provide Strategy Review	R328 350.00				G		
UMDM-MMR-006	AET- Security	2022/12/01	Provision of Security Services for UMDM	Rate Based	G			G		
UMDM-MMR-007	Real Sec (Pty) Ltd	2022/12/01	Provision of Security Services for UMDM	Rate Based	G			G		
UMDM-MMR-008	Sizowakha Services	2022/12/01	Provision of Security Services for UMDM	Rate Based	G			G		
REQ02837/2023	Maximum Profit Recovery (Pty) Ltd	2021/12/03	Value Added Tax Review and Recovery Services UMDM	R13 362 969.99	G				S	
12/2022	TMMMED Health Inc	2023/02/24	Occupational Health Medical Testing Practitioners for UMDM	Rate Based	G				S	
20/2024	Blue Oaks Capital (Pty) Ltd	2024/02/27	Conduct Water Meter Audit	Rate Based				G		
06/2023	Siyathuthu Development t/a Inzuzo Yesizwe (Pty) Ltd	2024/03/20	Review LED Strategy	R518 650.00				G		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Previous Financial Year (2022-23)			Current Financial Year (2023-24)		
					G	S	P	G	S	
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				S	
RT15-2021	Telkom	2023/05/03	Provision of VOIP Telephone System	R10 938 045.66			P			P
11/2022	ENSYNC Engineering (Pty) Ltd	2023/05/29	Review of the Water Services Development Plan for UMDM	R968 474.93	G			G		
14/2021	ENSYNC Engineering (Pty) Ltd	2022/03/18	Engineering Consultants: Nkanyezini Water Supply Project	Rate Based	G			G		
14/2021	ENSYNC Engineering (Pty) Ltd	2022/03/18	Engineering Consultants: Thokozani, Mpolweni & Claridge Water Supply Scheme	Rate Based	G			G		
14/2021	Royal Haskononing DHV	2022/03/18	Engineering Consultants: KwaMathwanya Water Reticulation	Rate Based	G			G		
N/A	Matthew Francis Inc	2022/05/18	Debt Collection Services	Rate Based		S		G		
N/A	Mhlanga Inc	2022/05/18	Debt Collection Services	Rated Based	G			G		
N/A	Hughes Madondo Inc	2022/05/18	Debt Collection Services	Rate Based	G			G		
N/A	Mazibuko Z and Associates	2022/05/18	Debt Collection Services	Rate Based	G			G		

Appendix J: Disclosure of Financial Interest

Senior Management

Name	Position	Disclosure of Financial Interest (signed yes/no)
Dr EX Muthwa (Acting -01 July 2023 - 30 June 2024)	Municipal Manager	Yes
Mr. J Dlamini (Acting-08 September 2023 -30 June 2024)	Executive Manager: Technical Services	No
Mr. V Kunene (Acting- 01 October 2023 - 30 June 2024)	Chief Financial Officer	Yes
Dr EX Muthwa (01 July 2023 - 30 June 2024)	Executive Manager: Community Services	Yes
Ms L Hadebe (Acting 01 July 2023 – 30 June 2024)	Executive Manager: Community Services	Yes
Mrs. Nosipho Mkhize (01 July 2024 – 29 February 2024)	Executive Manager: Corporate Services	Yes
Mrs Phumzile Mncwabe (Acting 01 March 2024 – 30 June 2024)		Yes
Mr Mbongiseni J. Sithole (01 July 2023 – 30 June 2024)	Executive Manager: 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 L: Conditional Grants Received: Excluding MIG

Conditional Grants Received: Excluding MIG				
Description	Original Budget	Final Adj. Budget	Actuals (current year)	Variance Act - Adj
Expanded Public Works Programme Grant	2 794 000	2 794 000	2 794 000	0
Rural Roads Asset Management Grant	2 718 002	2 718 002	2 718 002	0
Finance Management Grant	1 200 000	1 200 000	1 200 000	0
SANBI Grant	150 000	150 000	150 000	0
	6 862 002	6 862 002	6 862 002	0

Appendix N: Capital Programme by Project current year

Capital Programme by Project current year				
Description	Original Budget	Final Adj. Budget	Actuals (current year)	Variance Act - Adj
Disaster Management Centre	2 500 000	697 056	408 274	288 782
Disaster Relief	-	3 634 897	3 453 021	181 876
Drought Relief Programme: Boreholes	22 146 555	32 040 492	29 106 579	2 933 913
Efaye/KwaZibusele Reticulation	13 551 972	13 885 290	13 885 290	0
Greater Efaye	4 404 650	-	-	-
Howick AC Pipelines Replacements	-	17 907 425	20 517 339	- 2 609 914
IMPENDLE BULK WATER	7 089 153		-	-
Infrastructure - Housing Project	2 000 000	2 000 000	1 721 223	278 777
Kwamathwanya Reticulation Scheme	-	743 817	743 817	- 0
Lindokuhle/Empolweni Water Supply	40 075 173	57 215 806	60 506 978	- 3 291 172
Lindokuhle/Empolweni Water Supply		3 291 084	-	3 291 084
Manyavu Water	434 783	323 355	323 350	5
Mbhava and Mpethu Water		111 428	111 428	0
Mpofona Bulk - Mpofana Village	20 338 098	2 462 870	2 462 870	0

Mt Elias/Efaye Reticulation Extension	15 206 094	6 517 403	6 517 403	-	0
Nadi Reticulation Phase 1	3 178 718	3 416 682	3 416 682		0
Nkanyezini Water scheme	33 180 204	33 607 857	46 292 910	-	12 685 053
Nkanyezini Water scheme		13 967 693	-		13 967 693
Nyamvubu Community Water Supply Scheme	-	2 595 925	2 919 925	-	324 000
SWAYIMANE WATER SUPPLY	4 333 913	-	-		-
Trust Feeds Phase 1	7 686 123	385 102	385 102		0
Computer Equipment	3 200 000	4 859 303	5 857 503	-	998 200
Furniture and Office Equipment	750 000	1 162 226	1 190 818	-	28 592
Machinery and Equipment	1 239 540	1 050 000	1 213 732	-	163 732
Municipal Offices	3 000 000	1 122 450	167 800		954 650
Water Storage/Distribution	-	535 183	503 638		31 545
	184 314 976	203 533 344	201 705 680		1 827 664

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
None	N/A	N/A	N/A

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
None	N/A

Appendix T: National and Provincial Outcome for local government

None

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 30 June 2024

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended 30 June 2024

General Information

Executive Committee

Mayor
Deputy Mayor
Speaker
Chief Whip

M Zuma (ANC)
AS Mabaso (ANC)
NMN Gabela (ANC)
SR Majozi (ANC)
HM Lake (DA)
TC Madondo (DA)
DS Mkhize (ANC)
MS Mthethwa (ANC)
ME Mpulo (EFF)
L Pienaar (IFP)
SP Zungu (ANC)

Councillors

NB Ahmed (ANC)
MS Branches (EFF)
SD Chonco (DA)
GM Dladla (ANC)
ME Dladla (ANC)
GN Dlamini (ANC)
TI Dlamini (ANC)
ZW Dlamini (ANC)
NW Gasas (ANC)
TA Hlatshwayo (DA)
K Jansen van Rensburg (DA)
NR Khanyile (ANC)
PN Maphanga (IFP)
V Maphumulo (ANC)
B Mkhize (IFP)
SA Mkhize (ANC)
TS Mkhize (ANC)
SN Mncwabe (EFF)
GS Mncwango (ANC)
MC Mshengu (ANC)
K Msomi (ANC)
NW Mtshwara (EFF)
AB Ngcobo (EFF)
S Ngidi (ANC)
MA Ngubane (IFP)
RZ Ngubo (DA)
AN Phungula (DA)
VM Phungula (ANC)
S Reddy (DA)
RS Sokhela (ANC)
LW Wynne (ANC)
NC Zondi (IFP)
MB Zuma (ANC)
NJ Zungu (ANC)

Former Councillors
NE Cebekhulu (ANC)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended 30 June 2024

General Information

MS Mbuto (EFF)

NE Ndlovu (DA)

CB Van Der Byl (DA)

S Zondi (DA)

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended 30 June 2024

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 30 June 2024

Index

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

	Page
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Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 18
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uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended 30 June 2024

Index

ABSA	ABSA Bank Limited and its subsidiaries
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
SDBIP	Service Delivery Budget and Implementation Plan
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	Umnjeni 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 30 June 2024



Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2025 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 accounting officer certifies that the salaries, allowances and benefits of councillors as disclosed in note 30 to these financial statements are within the upper limits of the framework as envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, No. 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out from page 7 to 106, which have been prepared on the going concern basis, were approved and signed by the accounting officer on 30 September 2024.

Accounting Officer
Dr EX Muthwa

uMgungundlovu District Municipality and its Municipal Entity Consolidated

(Registration number DC 22)

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
Assets					
Current Assets					
Cash and cash equivalents	3	238 734 485	333 152 099	228 224 840	328 660 005
Consumer debtors from exchange transactions	4	44 668 431	73 594 089	44 668 431	73 594 089
Receivables from exchange transactions	5	4 025 064	4 166 018	3 548 150	3 881 292
Inventories	8	8 316 729	4 660 901	8 316 729	4 660 901
		295 744 709	415 573 107	284 758 150	410 796 287
Non-Current Assets					
Property, plant and equipment	9	2 666 470 866	2 552 477 252	2 664 332 205	2 550 267 104
Intangible assets	10	35 283	35 918	35 283	35 918
Heritage assets	11	4 000	4 000	4 000	4 000
		2 666 510 149	2 552 517 170	2 664 371 488	2 550 307 022
Total Assets		2 962 254 858	2 968 090 277	2 949 129 638	2 961 103 309
Liabilities					
Current Liabilities					
Unspent conditional grants and receipts	12	31 720 453	27 281 137	21 500 138	20 530 141
Payables from exchange transactions	13	130 713 030	329 030 157	130 278 035	328 963 525
Consumer deposits	14	7 533 347	7 232 738	7 533 347	7 232 738
Other financial liabilities	15	15 160 831	13 677 958	15 160 831	13 677 958
VAT payable	16	54 643 788	14 633 193	55 992 795	15 980 917
Provisions	17	4 721 822	8 032 241	4 721 822	8 032 241
		244 493 271	399 887 424	235 186 968	394 417 520
Non-Current Liabilities					
Other financial liabilities	15	134 381 043	149 541 874	134 381 043	149 541 874
Provisions	17	60 647 000	54 034 000	60 647 000	54 034 000
		195 028 043	203 575 874	195 028 043	203 575 874
Total Liabilities		439 521 314	603 463 298	430 215 011	597 993 394
Net Assets		2 522 733 544	2 364 626 979	2 518 914 627	2 363 109 915
Reserves					
Revaluation reserve	53	50 512 172	51 703 936	50 512 172	51 703 936
Accumulated surplus	54	2 472 221 372	2 312 923 043	2 468 402 455	2 311 405 979
Total Net Assets		2 522 733 544	2 364 626 979	2 518 914 627	2 363 109 915

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Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2024	2023	2024	2023
Revenue					
Revenue from exchange transactions					
Service charges	18	487 382 051	446 991 227	487 382 051	446 991 227
Rental of facilities and equipment		-	156 520	-	156 520
Debt waived	19	17 382 096	-	17 382 096	-
Other income from exchange transactions	20	484 804	468 882	468 304	468 882
Interest on investments and bank accounts	21	35 417 211	18 969 960	34 566 256	18 634 801
Interest from outstanding debtors	22	89 199 707	62 865 574	89 199 707	62 865 574
Total revenue from exchange transactions		629 865 869	529 452 163	628 998 414	529 117 004
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	23	934 973 062	1 018 870 724	933 442 381	1 018 475 174
Donations	24	3 338 731	368 783	3 338 731	368 783
Fines, penalties and forfeits		-	976 581	-	976 581
Total revenue from non-exchange transactions		938 311 793	1 020 216 088	936 781 112	1 019 820 538
Total revenue		1 568 177 662	1 549 668 251	1 565 779 526	1 548 937 542
Expenditure					
Employee related costs	25	(324 412 743)	(287 781 601)	(317 177 634)	(281 325 847)
Remuneration of Councillors and Board Members	26	(16 620 192)	(15 668 843)	(16 517 850)	(15 525 518)
Depreciation and amortisation	27	(55 494 023)	(51 860 774)	(55 276 533)	(51 677 483)
Finance costs	28	(16 859 324)	(20 702 484)	(16 859 324)	(20 702 484)
Lease rentals on operating lease	29	(21 130 901)	(24 259 558)	(20 946 140)	(23 953 658)
Impairment of assets	30	(35 423 368)	(13 909 037)	(35 423 368)	(13 909 037)
Debt Impairment	31	(363 797 166)	(293 582 149)	(363 797 166)	(293 317 745)
Bad debts written off		(8 290 617)	-	(8 290 617)	-
Inventory consumed	32	(203 735 886)	(190 568 449)	(203 735 886)	(190 568 449)
Contracted services	33	(252 235 277)	(219 602 757)	(252 235 277)	(219 602 757)
Transfers and subsidies	34	(537 045)	(50 000)	(12 037 045)	(9 550 000)
Inventories losses / adjustments		(47 884 723)	(79 941 627)	(47 884 723)	(79 941 627)
General Expenses	35	(62 364 962)	(46 832 854)	(58 572 839)	(42 593 215)
Total expenditure		(1 408 786 227)	(1 244 760 133)	(1 408 754 402)	(1 242 667 820)
Surplus for the year from continuing operations		159 391 435	304 908 118	157 025 124	306 269 722
Loss on disposal of assets		(118 786)	(79 402)	(54 328)	(31 235)
Actuarial gains / (losses)	37	(1 163 000)	7 063 098	(1 163 000)	7 063 098
Surplus for the year		158 109 649	311 891 814	155 807 796	313 301 585

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Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Economic entity			
Balance at 01 July 2022 as restated*	52 895 700	2 002 155 200	2 055 050 900
Changes in net assets			
Surplus for the year	-	311 891 814	311 891 814
Realisation of reserve	(1 191 764)	1 191 764	-
Correction of prior period error	-	(2 312 653)	(2 312 653)
Total changes	(1 191 764)	310 767 842	309 576 078
Balance at 01 July 2023 as restated*	51 703 936	2 312 919 959	2 364 623 895
Changes in net assets			
Surplus for the year	-	158 109 649	158 109 649
Realisation of reserve	(1 191 764)	1 191 764	-
Total changes	(1 191 764)	159 301 413	158 109 649
Balance at 30 June 2024	50 512 172	2 472 221 372	2 522 733 544
Note(s)	53		
Controlling entity			
Balance at 01 July 2022	52 895 700	1 999 228 366	2 052 124 066
Changes in net assets			
Surplus for the year	-	313 301 585	313 301 585
Realisation of reserve	(1 191 764)	1 191 764	-
Correction of prior period error	-	(2 315 736)	(2 315 736)
Total changes	(1 191 764)	312 177 613	310 985 849
Balance at 01 July 2023	51 703 936	2 311 402 895	2 363 106 831
Changes in net assets			
Surplus for the year	-	155 807 796	155 807 796
Realisation of reserve	(1 191 764)	1 191 764	-
Total changes	(1 191 764)	156 999 560	155 807 796
Balance at 30 June 2024	50 512 172	2 468 402 455	2 518 914 627
Note(s)	53		

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Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2024	2023	2024	2023
Cash flows from operating activities					
Receipts					
Service charges and other receipts from exchange transactions		305 726 645	319 883 246	305 726 645	319 883 246
Transfers and subsidies and public contributions		939 861 859	1 025 144 249	934 412 378	1 022 182 888
Interest income - investments and bank accounts		35 750 353	16 955 323	34 899 398	16 620 164
Other receipts		17 783	622 181	-	-
		1 281 356 640	1 362 604 999	1 275 038 421	1 358 686 298
Payments					
Employee costs		(340 831 682)	(281 639 541)	(333 620 556)	(275 164 170)
Suppliers		(793 000 678)	(529 313 857)	(788 654 560)	(524 739 011)
Finance costs		(23 057)	(2 482 092)	(23 057)	(2 482 092)
Transfers and subsidies		(570 007)	(499 481)	(12 037 045)	(9 550 000)
		(1 134 425 424)	(813 934 971)	(1 134 335 218)	(811 935 273)
Net cash flows from operating activities	39	146 931 216	548 670 028	140 703 203	546 751 025
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(210 267 138)	(268 975 989)	(210 056 676)	(268 692 409)
Cash flows from financing activities					
Repayment of other financial liabilities		(13 677 958)	(12 310 417)	(13 677 958)	(12 310 417)
Finance costs - borrowings		(17 403 734)	(18 771 274)	(17 403 734)	(18 771 274)
Net cash flows from financing activities		(31 081 692)	(31 081 691)	(31 081 692)	(31 081 691)
Net increase/(decrease) in cash and cash equivalents		(94 417 614)	248 612 348	(100 435 165)	246 976 925
Cash and cash equivalents at the beginning of the year		333 152 099	84 539 751	328 660 005	81 683 080
Cash and cash equivalents at the end of the year	3	238 734 485	333 152 099	228 224 840	328 660 005

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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					
Economic entity					
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Service charges	623 387 456	(123 858 438)	499 529 018	487 382 051	(12 146 967)
Debt waived	-	-	-	17 382 096	17 382 096
Other income	-	331 159	331 159	484 804	153 645
Interest received - investment	8 169 000	25 700 000	33 869 000	35 417 211	1 548 211
Interest on outstanding debtors	34 530 342	44 736 102	79 266 444	89 199 707	9 933 263
Total revenue from exchange transactions	666 086 798	(53 091 177)	612 995 621	629 865 869	16 870 248
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	938 255 000	(3 189 000)	935 066 000	934 973 062	(92 938)
Public contributions and donations	-	-	-	3 338 731	3 338 731
Total revenue from non-exchange transactions	938 255 000	(3 189 000)	935 066 000	938 311 793	3 245 793
Total revenue	1 604 341 798	(56 280 177)	1 548 061 621	1 568 177 662	20 116 041
Expenditure					
Employee Related Costs	(325 630 264)	9 037 154	(316 593 110)	(324 412 743)	(7 819 633)
Remuneration of Councillors and Board Members	(15 835 660)	(1 438 684)	(17 274 344)	(16 620 192)	654 152
Depreciation and amortisation	(56 608 888)	(1 705 382)	(58 314 270)	(55 494 023)	2 820 247
Impairment of assets	-	-	-	(35 423 368)	(35 423 368)
Finance costs	(17 403 733)	-	(17 403 733)	(16 859 324)	544 409
Lease rentals on operating lease	(21 536 178)	(2 143 039)	(23 679 217)	(21 130 901)	2 548 316
Debt Impairment	(137 943 000)	(22 057 000)	(160 000 000)	(363 797 166)	(203 797 166)
Inventory consumed	(269 935 618)	45 416 094	(224 519 524)	(203 735 886)	20 783 638
Contracted Services	(183 943 663)	(80 250 509)	(264 194 172)	(252 235 277)	11 958 895
Transfers and Subsidies	-	(692 242)	(692 242)	(537 045)	155 197
General Expenses	(63 037 726)	(12 287 217)	(75 324 943)	(70 655 579)	4 669 364
Total expenditure	(1 091 874 730)	(66 120 825)	(1 157 995 555)	(1 360 901 504)	(202 905 949)
Operating surplus	512 467 068	(122 401 002)	390 066 066	207 276 158	(182 789 908)
Loss on disposal of assets	-	(54 328)	(54 328)	(118 786)	(64 458)
Actuarial gains/losses	-	-	-	(1 163 000)	(1 163 000)
Water losses	-	(76 419 038)	(76 419 038)	(47 884 723)	28 534 315
	-	(76 473 366)	(76 473 366)	(49 166 509)	27 306 857
Surplus before taxation	512 467 068	(198 874 368)	313 592 700	158 109 649	(155 483 051)
Deficit for the year from continuing operations	512 467 068	(198 874 368)	313 592 700	158 109 649	(155 483 051)
Capital expenditure	184 314 977	22 557 098	206 872 075	(202 020 007)	(408 892 082)
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	696 782 045	(176 317 270)	520 464 775	(43 910 358)	(564 375 133)

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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	Reference
Figures in Rand						
Reconciliation						
Basis difference						
Capital expenditure					202 020 007	
Actual Amount in the Statement of Financial Performance					158 109 649	

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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	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories		3 514 284	481 357	3 995 641	8 316 729	4 321 088
Receivables from exchange transactions		-	-	-	4 024 664	4 024 664
Statutory receivables		-	-	-	1 349 007	1 349 007
Consumer debtors		475 512 802	(225 688 989)	249 823 813	44 668 431	(205 155 382)
Cash and cash equivalents		(93 376 071)	539 497 536	446 121 465	238 734 485	(207 386 980)
		385 651 015	314 289 904	699 940 919	297 093 316	(402 847 603)
Non-Current Assets						
Property, plant and equipment		2 702 677 639	(9 808 182)	2 692 869 457	2 666 470 866	(26 398 591)
Intangible assets		447 534	(411 485)	36 049	35 283	(766)
Heritage assets		4 000	-	4 000	4 000	-
		2 703 129 173	(10 219 667)	2 692 909 506	2 666 510 149	(26 399 357)
Total Assets		3 088 780 188	304 070 237	3 392 850 425	2 963 603 465	(429 246 960)
Liabilities						
Current Liabilities						
Other financial liabilities		-	13 677 958	13 677 958	15 160 831	1 482 873
Payables from exchange transactions		(349 121 430)	822 981 024	473 859 594	130 713 031	(343 146 563)
VAT payable		172 837 869	(688 540 513)	(515 702 644)	54 256 675	569 959 319
Consumer deposits		-	-	-	7 533 347	7 533 347
Unspent conditional grants and receipts		(73 827 573)	94 357 714	20 530 141	31 720 453	11 190 312
Provisions		49 631 956	(39 140 699)	10 491 257	4 721 822	(5 769 435)
		(200 479 178)	203 335 484	2 856 306	244 106 159	241 249 853
Non-Current Liabilities						
Other financial liabilities		149 541 874	-	149 541 874	134 381 043	(15 160 831)
Provisions		15 715 009	38 318 991	54 034 000	60 647 000	6 613 000
		165 256 883	38 318 991	203 575 874	195 028 043	(8 547 831)
Total Liabilities		(35 222 295)	241 654 475	206 432 180	439 134 202	232 702 022
Net Assets		3 124 002 483	62 415 762	3 186 418 245	2 524 469 263	(661 948 982)
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve		56 470 999	(4 767 063)	51 703 936	50 512 172	(1 191 764)
Accumulated surplus		3 067 531 484	67 182 825	3 134 714 309	2 473 957 091	(660 757 218)
Total Net Assets		3 124 002 483	62 415 762	3 186 418 245	2 524 469 263	(661 948 982)

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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	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges and other receipts from exchange		430 239 575	(125 353 391)	304 886 184	305 726 645	840 461
Transfers and Subsidies and Public contributions		725 397 000	205 049 833	930 446 833	939 861 859	9 415 026
Interest received		7 000 000	26 000 000	33 000 000	35 750 353	2 750 353
Other receipts		-	-	-	17 783	17 783
		1 162 636 575	105 696 442	1 268 333 017	1 281 356 640	13 023 623
Payments						
Employees, Councillors and Board Members		(332 791 232)	7 525 939	(325 265 293)	(340 831 682)	(15 566 389)
Suppliers		(973 415 769)	411 469 713	(561 946 056)	(793 000 678)	(231 054 622)
Finance costs		-	-	-	(23 057)	(23 057)
Transfers and subsidies		(11 500 000)	(692 242)	(12 192 242)	(570 007)	11 622 235
		(1 317 707 001)	418 303 410	(899 403 591)	(1 134 425 424)	(235 021 833)
Net cash flows from operating activities		(155 070 426)	523 999 852	368 929 426	146 931 216	(221 998 210)
Purchase of property, plant and equipment		(162 655 774)	(122 947 171)	(285 602 945)	(210 267 138)	75 335 807
Cash flows from financing activities						
Receipts/(Payment of capital) – Borrowings		-	-	-	(13 677 958)	(13 677 958)
Finance costs - borrowings		(17 403 733)	-	(17 403 733)	(17 403 734)	(1)
Net cash flows from financing activities		(17 403 733)	-	(17 403 733)	(31 081 692)	(13 677 959)
Net increase/(decrease) in cash and cash equivalents		(335 129 933)	401 052 681	65 922 748	(94 417 614)	(160 340 362)
Cash and cash equivalents at the beginning of the year		235 129 443	93 554 562	328 684 005	333 152 099	4 468 094
Cash and cash equivalents at the end of the year		(100 000 490)	494 607 243	394 606 753	238 734 485	(155 872 268)

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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	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	623 387 456	(123 858 438)	499 529 018	487 382 051	(12 146 967)	
Debt waived	-	-	-	17 382 096	17 382 096	
Other income	-	331 159	331 159	468 304	137 145	
Interest received - investment	7 000 000	26 000 000	33 000 000	34 566 256	1 566 256	
Interest on outstanding debtors	34 530 342	44 736 102	79 266 444	89 199 707	9 933 263	
Total revenue from exchange transactions	664 917 798	(52 791 177)	612 126 621	628 998 414	16 871 793	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	938 255 000	(8 189 000)	930 066 000	933 442 381	3 376 381	
Public contributions and donations	-	-	-	3 338 731	3 338 731	
Total revenue from non-exchange transactions	938 255 000	(8 189 000)	930 066 000	936 781 112	6 715 112	
Total revenue	1 603 172 798	(60 980 177)	1 542 192 621	1 565 779 526	23 586 905	
Expenditure						
Employee related costs	(317 205 572)	9 104 623	(308 100 949)	(317 177 634)	(9 076 685)	
Remuneration of councillors	(15 585 660)	(1 578 684)	(17 164 344)	(16 517 850)	646 494	
Depreciation and amortisation	(56 393 188)	(1 703 082)	(58 096 270)	(55 276 533)	2 819 737	
Impairment of assets	-	-	-	(35 423 368)	(35 423 368)	
Finance costs	(17 403 733)	-	(17 403 733)	(16 859 324)	544 409	
Lease rentals on operating lease	(21 241 178)	(2 213 039)	(23 454 217)	(20 946 140)	2 508 077	
Debt Impairment	(137 943 000)	(22 057 000)	(160 000 000)	(363 797 166)	(203 797 166)	
Bad debts written off	-	-	-	(8 290 617)	(8 290 617)	
Inventory consumed	(269 935 618)	45 416 094	(224 519 524)	(203 735 886)	20 783 638	
Contracted Services	(183 943 663)	(80 250 509)	(264 194 172)	(252 235 277)	11 958 895	
Transfers and Subsidies	(11 500 000)	(692 242)	(12 192 242)	(12 037 045)	155 197	
General Expenses	(59 554 126)	(7 946 987)	(67 501 113)	(58 572 839)	8 928 274	
Total expenditure	(1 090 705 738)	(61 920 826)	(1 152 626 564)	(1 360 869 679)	(208 243 115)	
Operating surplus	512 467 060	(122 901 003)	389 566 057	204 909 847	(184 656 210)	
Loss on disposal of assets	-	(54 328)	(54 328)	(54 328)	-	
Actuarial gains/losses	-	-	-	(1 163 000)	(1 163 000)	
Water losses	-	(76 419 038)	(76 419 038)	(47 884 723)	28 534 315	
	-	(76 473 366)	(76 473 366)	(49 102 051)	27 371 315	
Surplus before taxation	512 467 060	(199 374 369)	313 092 691	155 807 796	(157 284 895)	
Deficit for the year from continuing operations	512 467 060	(199 374 369)	313 092 691	155 807 796	(157 284 895)	
Capital expenditure	(184 314 977)	(22 557 098)	(206 872 075)	(201 805 385)	5 066 690	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	328 152 083	(221 931 467)	106 220 616	(45 997 589)	(152 218 205)	

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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	Reference
Figures in Rand						
Reconciliation						
Basis difference						
Capital expenditure					201 805 385	
Actual Amount in the Statement of Financial Performance					155 807 796	

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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	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Inventories	3 514 284	481 357	3 995 641	8 316 729	4 321 088	
Receivables from exchange transactions	-	-	-	3 547 750	3 547 750	
Consumer debtors	475 512 802	(225 688 989)	249 823 813	44 668 431	(205 155 382)	
Cash and cash equivalents	(93 376 071)	539 497 536	446 121 465	228 224 840	(217 896 625)	
	385 651 015	314 289 904	699 940 919	284 757 750	(415 183 169)	
Non-Current Assets						
Property, plant and equipment	2 702 677 639	(9 808 182)	2 692 869 457	2 664 332 205	(28 537 252)	
Intangible assets	447 534	(411 485)	36 049	35 283	(766)	
Heritage assets	4 000	-	4 000	4 000	-	
	2 703 129 173	(10 219 667)	2 692 909 506	2 664 371 488	(28 538 018)	
Total Assets	3 088 780 188	304 070 237	3 392 850 425	2 949 129 238	(443 721 187)	
Liabilities						
Current Liabilities						
Other financial liabilities	-	13 677 958	13 677 958	15 160 831	1 482 873	
Payables from exchange transactions	(349 121 430)	822 981 024	473 859 594	130 278 035	(343 581 559)	
VAT payable	172 837 869	(688 540 513)	(515 702 644)	55 992 795	571 695 439	
Consumer deposits	-	-	-	7 533 347	7 533 347	
Unspent conditional grants and receipts	(73 827 573)	94 357 714	20 530 141	21 500 138	969 997	
Provisions	49 631 956	(39 140 699)	10 491 257	4 721 822	(5 769 435)	
	(200 479 178)	203 335 484	2 856 306	235 186 968	232 330 662	
Non-Current Liabilities						
Other financial liabilities	149 541 874	-	149 541 874	134 381 043	(15 160 831)	
Provisions	15 715 009	38 318 991	54 034 000	60 647 000	6 613 000	
	165 256 883	38 318 991	203 575 874	195 028 043	(8 547 831)	
Total Liabilities	(35 222 295)	241 654 475	206 432 180	430 215 011	223 782 831	
Net Assets	3 124 002 483	62 415 762	3 186 418 245	2 518 914 227	(667 504 018)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	56 470 999	(4 767 063)	51 703 936	50 512 172	(1 191 764)	
Accumulated surplus	3 067 531 484	67 182 825	3 134 714 309	2 468 402 055	(666 312 254)	
Total Net Assets	3 124 002 483	62 415 762	3 186 418 245	2 518 914 227	(667 504 018)	

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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	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Service charges and other receipts from exchange transactions		430 239 575	(125 353 391)	304 886 184	305 726 645	840 461
Transfers and Subsidies and Public contributions		725 397 000	205 049 833	930 446 833	934 412 378	3 965 545
Interest received		7 000 000	26 000 000	33 000 000	34 899 398	1 899 398
		1 162 636 575	105 696 442	1 268 333 017	1 275 038 421	6 705 404
Payments						
Employees and Councillors		(332 791 232)	7 525 939	(325 265 293)	(333 620 556)	(8 355 263)
Suppliers		(973 415 769)	411 469 713	(561 946 056)	(788 654 560)	(226 708 504)
Finance costs		-	-	-	(23 057)	(23 057)
Transfers and subsidies		(11 500 000)	(692 242)	(12 192 242)	(12 037 045)	155 197
		(1 317 707 001)	418 303 410	(899 403 591)	(1 134 335 218)	(234 931 627)
Net cash flows from operating activities		(155 070 426)	523 999 852	368 929 426	140 703 203	(228 226 223)
Cash flows from investing activities						
Purchase of property, plant and equipment		(162 655 774)	(122 947 171)	(285 602 945)	(210 056 676)	75 546 269
Cash flows from financing activities						
Receipts/(Payment of capital) – Borrowings		-	-	-	(13 677 958)	(13 677 958)
Finance costs - borrowings		(17 403 733)	-	(17 403 733)	(17 403 734)	(1)
Net cash flows from financing activities		(17 403 733)	-	(17 403 733)	(31 081 692)	(13 677 959)
Net increase/(decrease) in cash and cash equivalents		(335 129 933)	401 052 681	65 922 748	(100 435 165)	(166 357 913)
Cash and cash equivalents at the beginning of the year		235 129 443	93 554 562	328 684 005	328 660 005	(24 000)
Cash and cash equivalents at the end of the year		(100 000 490)	494 607 243	394 606 753	228 224 840	(166 381 913)

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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.

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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 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. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The economic entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on an individual account basis, based on ageing, historical payments and/or payment arrangements.

Impairment testing

The recoverable amounts of non cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

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 17 - Provisions.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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Accounting Policies

1.5 Property, plant and equipment (continued)

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, except for community assets which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Community Assets	Straight line	Fair value (5-100 years)

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1.5 Property, plant and equipment (continued)

Plant and machinery	Straight line	10 to 20 years
Furniture and fixtures	Straight line	10 to 15 years
Transport Assets	Straight line	10 to 15 years
IT equipment	Straight line	10 to 15 years
Computer software	Straight line	5 to 15 years
Infrastructure Water & Sanitation	Straight line	10 to 100 years
Fire Engines	Straight line	15 to 20 years
Mobile Offices	Straight line	15 to 20 years
Heavy machinery	Straight line	15 to 20 years

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

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

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

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

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

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

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 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.

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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 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:

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.

1.7 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.

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Accounting Policies

1.7 Heritage assets (continued)

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.

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.

1.8 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.

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Accounting Policies

1.8 Financial instruments (continued)

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 unithised 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.

- 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

Trade and other receivables
Consumer debtors
Cash and cash equivalents

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
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

Trade and other payables
Loan from the Development Bank of South Africa
Consumer deposits

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost
Financial liability measured at amortised cost

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Accounting Policies

1.8 Financial instruments (continued)

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].

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 uncollectability 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.

1.9 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.

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Accounting Policies

1.10 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.

1.11 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.

1.12 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.

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Accounting Policies

1.12 Impairment of cash-generating assets (continued)

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable 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.

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.

1.13 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

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1.13 Impairment of non-cash-generating assets (continued)

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The economic entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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1.14 Employee benefits (continued)

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

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 cell phones) 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.

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1.14 Employee benefits (continued)

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.

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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1.14 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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1.14 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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1.14 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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1.14 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.

1.15 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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1.15 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 41.

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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1.16 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.

1.17 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.

1.18 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 arises 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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1.18 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.

1.19 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.20 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.

1.21 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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1.22 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.

1.23 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.

1.24 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.

1.25 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

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Accounting Policies

1.26 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.

1.27 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.

1.28 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 2020/07/01 to 2021/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 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

1.29 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

1.30 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.

1.31 Transitional provisions

1.32 General Expenses

Expenses (such as contracted services, general expenses and transfers and subsidies) 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

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The economic entity has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> GRAP 25 on Employee Benefits (and IGRAP 7) 	01 April 2024	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> IGRAP 21 on The Effect of Past Decisions on Materiality 	01 April 2024	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> Amendments to GRAP 1 	01 April 2024	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> Improvements to Standards of GRAP 	01 April 2024	The adoption of this has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
<ul style="list-style-type: none"> Guideline of Landfill Sites 	01 April 2024	The impact is not material.

2.2 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> IGRAP 22 on Foreign Currency Transactions and Advance Consideration 	01 April 2025	Unlikely there will be a material impact
<ul style="list-style-type: none"> GRAP 104 on Financial Instruments 	01 April 2025	Not expected to impact results but may result in additional disclosure
<ul style="list-style-type: none"> 		

The following standards and interpretations have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
3. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	234 013	32 182	233 857	31 205
Bank balances	228 025 838	328 651 454	227 990 983	328 628 800
Short-term deposits	10 458 622	4 452 602	-	-
Other cash and cash equivalents	16 012	15 861	-	-
	238 734 485	333 152 099	228 224 840	328 660 005

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.

The economic entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
FNB Bank : Salaries Account - 50940092196	4 317 392	10 691 059	2 738 512	4 317 392	10 398 239	2 568 260
FNB Bank : Projects Account - 62023616462	5 964 273	51 519 019	199 040	5 964 273	51 519 018	199 040
FNB Bank : NSTD Call Account - 62215748289	201 100 000	627 782	590 158	201 100 000	627 782	590 158
FNB Bank : Mandela Race Account - 62411577193	899 722	852 605	822 211	899 722	851 740	821 186
FNB Bank : Main Account - 50940026773	9 940 881	260 945 111	69 694 907	9 940 881	261 227 398	69 694 906
FNB Bank : Fixed Deposit Account - 71101199555	-	-	3 750 000	-	-	3 750 000
FNB Bank : SANBI Account - 62597807125	4 783 698	2 776 483	2 510 625	4 783 698	2 776 458	2 518 780
ABSA Bank : Mandela Marathon Account - 4094362410	1 223 163	1 228 165	1 233 030	1 223 163	1 228 165	1 233 030
FNB Bank - Cheque account - 627 1166 5177	34 855	22 654	2 838 878	34 855	22 654	2 838 878
FNB Bank - Cheque account - 62838452605	16 012	15 861	16 065	16 012	15 861	16 065
FNB Bank - Cheque account - 63026183846	10 548 622	4 452 602	-	10 458 622	4 452 602	-
Total	238 828 618	333 131 341	84 393 426	238 738 618	333 119 917	84 230 303

4. Consumer debtors

Gross balances

Water	1 234 735 296	899 863 788	1 234 735 296	899 863 788
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Less: Allowance for impairment

Water	(1 190 066 865)	(826 269 699)	(1 190 066 865)	(826 269 699)
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Net balance

Water	44 668 431	73 594 089	44 668 431	73 594 089
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Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

4. Consumer debtors (continued)

Water

Current (0 -30 days)	61 121 154	53 875 868	61 121 154	53 875 868
31 - 60 days	41 259 063	35 432 511	41 259 063	35 432 511
61 - 90 days	37 110 251	48 300 327	37 110 251	48 300 327
91 - 120 days	35 100 170	41 893 806	35 100 170	41 893 806
121 - 150 days	37 876 870	31 110 178	37 876 870	31 110 178
> 150 days	1 022 267 788	689 251 098	1 022 267 788	689 251 098
	1 234 735 296	899 863 788	1 234 735 296	899 863 788

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
4. Consumer debtors (continued)				
Summary of debtors by customer classification				
Consumers				
Current (0 -30 days)	37 714 564	32 292 378	37 714 564	32 292 378
31 - 60 days	33 172 348	26 530 551	33 172 348	26 530 551
61 - 90 days	30 402 274	39 274 487	30 402 274	39 274 487
91 - 120 days	28 557 790	35 887 744	28 557 790	35 887 744
121 - 150 days	28 308 330	25 727 323	28 308 330	25 727 323
> 150 days	893 445 679	583 931 963	893 445 679	583 931 963
	1 051 600 985	743 644 446	1 051 600 985	743 644 446
Less: Allowance for impairment	(1 047 096 616)	(739 405 282)	(1 047 096 616)	(739 405 282)
	4 504 369	4 239 164	4 504 369	4 239 164
Industrial/ commercial				
Current (0 -30 days)	14 330 043	12 445 770	14 330 043	12 445 770
31 - 60 days	4 364 269	3 697 880	4 364 269	3 697 880
61 - 90 days	4 583 776	6 801 265	4 583 776	6 801 265
91 - 120 days	2 609 820	4 022 894	2 609 820	4 022 894
121 - 150 days	5 813 191	4 093 049	5 813 191	4 093 049
> 150 days	77 735 607	71 571 004	77 735 607	71 571 004
	109 436 706	102 631 862	109 436 706	102 631 862
Less: Allowance for impairment	(92 725 095)	(43 115 507)	(92 725 095)	(43 115 507)
	16 711 611	59 516 355	16 711 611	59 516 355
National and provincial government				
Current (0 -30 days)	9 074 298	9 137 721	9 074 298	9 137 721
31 - 60 days	3 722 446	5 204 079	3 722 446	5 204 079
61 - 90 days	2 124 201	2 224 575	2 124 201	2 224 575
91 - 120 days	3 932 560	1 983 167	3 932 560	1 983 167
121 - 150 days	3 755 348	1 289 806	3 755 348	1 289 806
> 150 days	51 088 751	33 802 132	51 088 751	33 802 132
	73 697 604	53 641 480	73 697 604	53 641 480
Less: Allowance for impairment	(50 245 153)	(43 748 909)	(50 245 153)	(43 748 909)
	23 452 451	9 892 571	23 452 451	9 892 571
Total				
Current (0 -30 days)	61 121 154	53 875 868	61 121 154	53 875 868
31 - 60 days	41 259 063	35 432 511	41 259 063	35 432 511
61 - 90 days	37 110 251	48 300 327	37 110 251	48 300 327
91 - 120 days	35 100 170	41 893 806	35 100 170	41 893 806
121 - 150 days	37 876 870	31 110 178	37 876 870	31 110 178
> 150 days	1 022 267 788	689 251 098	1 022 267 788	689 251 098
	1 234 735 296	899 863 788	1 234 735 296	899 863 788
Less: Allowance for impairment	(1 190 066 865)	(826 269 699)	(1 190 066 865)	(826 269 699)
	44 668 431	73 594 089	44 668 431	73 594 089
Less: Allowance for impairment				
> 150 days	(1 190 066 865)	(826 269 699)	(1 190 066 865)	(826 269 699)
Total debtor past due but not impaired				
31 - 60 days	6 702 234	8 751 525	6 702 234	8 751 525

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
4. Consumer debtors (continued)				
61 - 90 days	6 258 854	8 100 675	6 258 854	8 100 675
91 - 120 days	3 875 249	4 482 669	3 875 249	4 482 669
121 - 150 days	49 184 749	4 214 888	49 184 749	4 214 888
> 150 days	5 027 595	67 081 448	5 027 595	67 081 448
	71 048 681	92 631 205	71 048 681	92 631 205

Reconciliation of allowance for impairment

Balance at beginning of the year	(826 269 699)	(554 122 322)	(826 269 699)	(554 122 322)
Contributions to allowance	(363 797 166)	(272 147 377)	(363 797 166)	(272 147 377)
	(1 190 066 865)	(826 269 699)	(1 190 066 865)	(826 269 699)

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 30 June 2024 amount to R71 048 681 (2023: R 92 631 205) were past due but not impaired.

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

1 month past due	6 702 234	8 751 525	6 702 234	8 751 525
2 months past due	6 258 854	8 100 675	6 258 854	8 100 675
3+ months past due	58 087 592	75 779 005	58 087 592	75 779 005

Consumer debtors impaired

As of 30 June 2024, consumer debtors of R 363 797 166 (2023: R 272 147 377) were impaired and provided for.

The amount of the provision was R 1 190 066 865 as of 30 June 2024 (2023: R 826 269 699).

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

Over 6 months	1 190 066 865	826 269 699	1 190 066 865	826 269 699
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5. Receivables from exchange transactions

Staff Recoveries	490 090	490 090	490 090	490 090
Deposits	1 180 640	1 180 640	1 180 640	1 180 640
Interest Accrued	1 841 681	2 174 823	1 841 681	2 174 823
Prepayments	476 914	284 726	-	-
Other debtors	35 339	35 339	35 339	35 339
Sundry debtors	400	400	400	400
	4 025 064	4 166 018	3 548 150	3 881 292

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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Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

6. Sundry Debtors Disclosure

Gross balances

Sundry debtors	15 371 890	15 371 890	15 371 890	15 371 890
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Less: Allowance for impairment

Sundry debtors	(15 371 490)	(15 371 490)	(15 371 490)	(15 371 490)
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Net balances

	400	400	400	400
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Included in the above is receivables from exchange transactions

Sundry debtors	400	400	400	400
Net balances	400	400	400	400

Sundry debtors

> 150 days	400	400	400	400
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Summary of debtors by customer classification

Sundry debtors

> 150 days	15 371 890	15 371 890	15 371 890	15 371 890
Subtotal	15 371 890	15 371 890	15 371 890	15 371 890
Less : Allowance for impairment	(15 371 490)	(15 371 490)	(15 371 490)	(15 371 490)
	400	400	400	400

7. Receivables from non-exchange transactions

Unauthorised, Irregular, Fruitless and Wasteful Expenditure	16 035 182	16 035 182	16 035 182	16 035 182
Unauthorised, Irregular, Fruitless and Wasteful Expenditure - Impairment	(16 035 182)	(16 035 182)	(16 035 182)	(16 035 182)
	-	-	-	-

8. Inventories

Work in progress	4 556 537	-	4 556 537	-
Consumables	654 700	435 146	654 700	435 146
Materials	2 646 021	3 905 216	2 646 021	3 905 216
Water for distribution	459 471	320 539	459 471	320 539
	8 316 729	4 660 901	8 316 729	4 660 901

8.1

Inventories recognised as an expense during the year	203 735 886	190 568 449	203 735 886	190 568 449
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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.

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Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

Economic entity

	2024			2023		
	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	60 234 185	(6 705 498)	53 528 687	60 066 385	(5 403 364)	54 663 021
Plant and machinery	21 467 241	(6 686 607)	14 780 634	19 742 539	(5 833 354)	13 909 185
Furniture and fixtures	6 475 414	(2 673 952)	3 801 462	5 296 468	(2 371 208)	2 925 260
Motor vehicles	13 868 709	(3 347 902)	10 520 807	11 075 489	(2 870 865)	8 204 624
IT equipment	13 833 164	(4 577 903)	9 255 261	8 125 986	(3 564 596)	4 561 390
Infrastructure	3 228 617 689	(1 221 583 277)	2 007 034 412	2 916 758 441	(1 165 900 014)	1 750 858 427
Other equipment	573 271	(180 779)	392 492	560 771	(141 478)	419 293
Infrastructure Work-in-Progress	609 606 087	(45 419 326)	564 186 761	727 874 739	(13 909 037)	713 965 702
Total	3 957 646 110	(1 291 175 244)	2 666 470 866	3 752 471 168	(1 199 993 916)	2 552 477 252

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Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Controlling entity

	2024			2023		
	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	60 234 185	(6 705 498)	53 528 687	60 066 385	(5 403 364)	54 663 021
Plant and machinery	21 467 241	(6 686 607)	14 780 634	19 742 539	(5 833 354)	13 909 185
Furniture and fixtures	5 744 284	(2 483 858)	3 260 426	4 609 596	(2 232 141)	2 377 455
Motor vehicles	12 917 818	(3 077 447)	9 840 371	10 124 598	(2 663 803)	7 460 795
IT equipment	13 116 487	(4 385 923)	8 730 564	7 478 881	(3 416 712)	4 062 169
Infrastructure	3 228 617 689	(1 221 583 277)	2 007 034 412	2 916 758 441	(1 165 900 014)	1 750 858 427
Infrastructure Work-in-Progress	609 606 087	(45 419 326)	564 186 761	727 874 739	(13 909 037)	713 965 702
Total	3 954 674 141	(1 290 341 936)	2 664 332 205	3 749 625 529	(1 199 358 425)	2 550 267 104

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Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic Entity - 2024

	Opening balance	Additions	Disposals	Donations received	Transfers of completed assets	Depreciation	Impairment loss	Transfer of impairment reversal	Total
Land	2 970 350	-	-	-	-	-	-	-	2 970 350
Buildings	54 663 021	167 800	-	-	-	(1 302 134)	-	-	53 528 687
Plant and machinery	13 909 185	1 201 231	-	523 471	-	(853 253)	-	-	14 780 634
Furniture and fixtures	2 925 260	1 190 818	(7 121)	-	-	(307 495)	-	-	3 801 462
Motor vehicles	8 204 624	-	-	2 793 220	-	(477 037)	-	-	10 520 807
IT equipment	4 561 390	5 857 503	(111 666)	22 040	-	(1 074 006)	-	-	9 255 261
Infrastructure	1 750 858 427	503 638	-	-	311 355 610	(51 770 184)	-	(3 913 079)	2 007 034 412
Other equipment	419 293	12 501	-	-	-	(39 302)	-	-	392 492
Infrastructure Work-in-Progress	713 965 702	193 086 958	-	-	(311 355 610)	-	(35 423 368)	3 913 079	564 186 761
	2 552 477 252	202 020 449	(118 787)	3 338 731	-	(55 823 411)	(35 423 368)	-	2 666 470 866

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Figures in Rand

9. Property, plant and equipment (continued)

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

	Opening balance	Additions	Disposals	Transfers of completed assets	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	846 787	-	-	(776 481)	-	13 909 185
Furniture and fixtures	2 723 918	435 484	-	-	(234 142)	-	2 925 260
Motor vehicles	8 645 993	-	-	-	(441 369)	-	8 204 624
IT equipment	3 108 887	2 056 199	(38 725)	-	(564 971)	-	4 561 390
Infrastructure	1 664 940 664	23 075	-	134 737 034	(48 842 346)	-	1 750 858 427
Other equipment	488 283	8 777	(50 400)	-	(27 367)	-	419 293
Infrastructure Work-in-Progress	593 788 088	268 823 685	-	(134 737 034)	-	(13 909 037)	713 965 702
	2 346 275 745	272 380 007	(89 125)	-	(52 180 338)	(13 909 037)	2 552 477 252

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Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling Entity 2024

	Opening balance	Additions	Disposals	Donations received	Transfers to completed assets	Depreciation	Impairment loss	Impairment reversal	Total
Land	2 970 350	-	-	-	-	-	-	-	2 970 350
Buildings	54 663 021	167 800	-	-	-	(1 302 134)	-	-	53 528 687
Plant and machinery	13 909 185	1 201 231	-	523 471	-	(853 253)	-	-	14 780 634
Furniture and fixtures	2 377 455	1 139 288	(2 483)	-	-	(253 834)	-	-	3 260 426
Motor vehicles	7 460 795	-	-	2 793 220	-	(413 644)	-	-	9 840 371
IT equipment	4 062 169	5 711 072	(51 845)	22 040	-	(1 012 872)	-	-	8 730 564
Infrastructure	1 750 858 427	503 638	-	-	311 355 610	(51 770 184)	-	(3 913 079)	2 007 034 412
Other PPE - Infrastructure WIP	713 965 702	193 086 958	-	-	(311 355 610)	-	(35 423 368)	3 913 079	564 186 761
	2 550 267 104	201 809 987	(54 328)	3 338 731	-	(55 605 921)	(35 423 368)	-	2 664 332 205

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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	846 787	-	-	(776 481)	-	13 909 185
Furniture and fixtures	2 336 822	233 681	-	-	(193 048)	-	2 377 455
Motor vehicles	7 838 771	-	-	-	(377 976)	-	7 460 795
IT equipment	2 633 462	1 983 200	(31 235)	-	(523 258)	-	4 062 169
Infrastructure	1 664 940 664	23 075	-	134 737 034	(48 842 346)	-	1 750 858 427
Other PPE - Infrastructure WIP	593 788 088	268 823 685	-	(134 737 034)	-	(13 909 037)	713 965 702
	2 344 117 719	272 096 428	(31 235)	-	(52 006 771)	(13 909 037)	2 550 267 104

Pledged as security

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

Allocations to Cost of Inventory

The depreciation expense of infrastructure assets to the value of R330 023 (2023: R329 923) has been accounted for as part of the cost for Own Source Water (inventory).

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Figures in Rand	2024	2023	2024	2023

9. Property, plant and equipment (continued)

Revaluations

The effective date of the revaluations was Monday, 01 July 2019. The municipal buildings fall within the jurisdiction of 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 roll 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.

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

Reconciliation of Work-in-Progress Economic entity - 2024

	Total
Opening balance	713 965 702
Additions/capital expenditure	193 086 958
Transferred to completed items	(311 355 610)
Impairment recognised	(35 423 368)
Transfer of impairment	3 913 079
	564 186 761

Reconciliation of Work-in-Progress Economic entity - 2023

	Total
Opening balance	593 788 088
Additions/capital expenditure	268 823 685
Transferred to completed items	(134 737 034)
Impairment recognised	(13 909 037)
	713 965 702

Reconciliation of Work-in-Progress Controlling entity - 2024

	Total
Opening balance	713 965 702
Additions/capital expenditure	193 086 958
Transferred to completed items	(311 355 610)
Impairment recognised	(35 423 368)
Transfer of impairment	3 919 079
	564 192 761

Reconciliation of Work-in-Progress Controlling entity - 2023

	Total
Opening balance	593 788 088
Additions/capital expenditure	268 823 685
Transferred to completed items	(134 737 034)
Impairment recognised	(13 909 037)
	713 965 702

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Figures in Rand	2024	2023	2024	2023

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	48 192 393	55 476 555	48 192 393	55 476 555
Contracted services	37 563 462	31 063 898	37 563 462	31 063 898
Inventory consumed	3 927 655	3 335 828	3 927 655	3 335 828
General expenditure	4 122 197	-	4 122 197	-
	93 805 707	89 876 281	93 805 707	89 876 281

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	2024	2023
Camperdown CBD AC Pipes Replacement	Mkhambathini	Water	Planning only	30-Jun-26	Limited availability of funds on MTREF - Implementation of this project is prioritised for 2025/2026	3 694 994	3 694 994
Cedara Bulk Services	Umgeni	Water	Planning only	30-Jun-27	Limited availability of funds on MTREF - Engineering consultant appointed in 2023/24 to revise business plans and to seek external sources of funding	1 496 436	1 496 436
Construction of Boreholes	District-wide	Water	30-Jun-23	30-Sep-24	Delays experienced due to dry conditions (poor water quality / no water found after drilling) which resulted to limited budget.	8 695 652	8 695 652
Ebuhleni Housing Project Bulk Water	Mpofana	Water	Planning only	TBC	Limited availability of funds on the MTREF	2 997 287	2 997 287

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					Economic entity		Controlling entity	
Figures in Rand					2024	2023	2024	2023
9. Property, plant and equipment (continued)								
Embuthweni Water Phase 4	Mkhambathini	Water	Planning only	TBC	Limited availability of funds on MTREF - engineering consultants appointed at risk to seek external sources of funding		1 517 864	1 517 864
Gengeshe Water	Richmond	Water	Planning only	TBC	Limited availability of funds on MTREF - engineering consultants appointed at risk to seek external sources of funding		1 790 190	1 790 190
Hilton Corridor Development	uMgeni	Water	Planning only	TBC	Engineering consultant appointed to do entire AC replacement within the district but due to limitations on MTREF project will commence on completion of Howick AC Replacement Project		3 322 094	3 322 094
Impendle Bulk Water Works	Impendle	Water	Planning only	TBC	Limited availability of funds on MTREF - project under review by Umngeni-Uthukela Water for implementation		-	13 949 423
Impendle WWTW And Sewerage Reticulation	Impendle	Sanitation	Planning only	TBC	Limited availability of funds on MTREF		863 813	863 813

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					Economic entity		Controlling entity	
Figures in Rand					2024	2023	2024	2023
9. Property, plant and equipment (continued)								
Kwahaza Water Supply	Umgeni	Water	Planning only	TBC	Limited availability of funds on MTREF - Bulk water supply is limited and awaiting Vulindlela Bulk Water Supply		399 593	399 593
Kwamathwanya Water	Mpofana	Water	31-Jul-21	28-Feb-25	Contractor terminated due to poor performance - procurement process to appoint new contractor in progress		14 243 519	13 472 589
Mkhambathini Waste Water Works	Mkhambathini	Sanitation	Planning only	TBC	Limited availability of funds on MTREF - engineering consultants appointed at risk to seek external sources of funding		3 016 720	3 016 720
Mooi River Bulk Mains Upgrading	Mpofana	Water	Planning only	TBC	Limited availability of funds on MTREF - consulting engineers appointed to undertake designs with project due for implementation in 2024/25		196 381	196 381
Mooiriver Ac Pipes Replacement	Mpofana	Water	Planning only	TBC	Limited availability of funds on MTREF - engineering consultants appointed at risk to seek external sources of funding		1 289 426	1 289 426

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					Economic entity		Controlling entity	
Figures in Rand					2024	2023	2024	2023
9. Property, plant and equipment (continued)								
Mpofana Waste Water Treatment Works	Mpofana	Sanitation	Planning only	TBC	Limited availability of funds on MTREF - project under review by Umngeni-Uthukela Water for implementation		-	8 549 988
Mpophomeni Sanitation Plant	Umngeni	Sanitation	Planning only	TBC	Limited availability of funds on MTREF - project under review by Umngeni-Uthukela Water for implementation		-	8 172 038
Nhlambamasoka, Nhlathimbe & Khathikjathi Water	Impendle	Water	Planning only	TBC	Limited availability of funds on MTREF - revised business plan approved by DWS. Engineering consultants appointed to undertake designs with project implementation due from 2024/25	1 359 540		1 359 540
Nkangala Water	Mkhambathini	Water	Planning only	TBC	Plan awaiting completion of Phase 2 of Impendle bulk which is to be implemented by Umngeni-Uthukela Water	208 612		208 612

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					Economic entity		Controlling entity	
Figures in Rand					2024	2023	2024	2023
9. Property, plant and equipment (continued)								
Phumlasi Water Supply Upgrade	Mpofana	Water	Planning only	TBC	Limited availability of funds on MTREF - revised business plan approved by DWS. Engineering consultants appointed to undertake designs with project implementation due from 2024/25		820 881	820 881
Richmond AC Pipes Replacement	Richmond	Water	Planning only	TBC	Limited availability of funds on MTREF - Engineering consultant appointed in 2023/24 to revise business plans and to seek external sources of funding		5 906 405	5 906 405
Richmond Waste Water Treatment Works	Richmond	Sanitation	Planning only	TBC	Limited availability of funds on MTREF - project under review by Umngeni-Uthukela Water for implementation		-	4 751 919
Rosetta Water Upgrade	Mpofana	Water	Planning only	TBC	Limited availability of funds on MTREF - Implementation of this project is prioritised for 2025/2026		635 500	635 500

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					Economic entity		Controlling entity	
Figures in Rand					2024	2023	2024	2023
9. Property, plant and equipment (continued)								
Umshwathi Slum Water / Trustfeeds	uMshwathi	Water	22-Mar-22	TBC	Contractor terminated due to poor performance - procurement process to appoint new contractor in progress		47 930 103	47 545 001
Wartburg AC Pipes Replacement	uMshwathi	Water	Planning only	TBC	Limited availability of funds on MTREF - Engineering consultant appointed in 2023/24 to revise business plans and to seek external sources of funding		653 594	653 594
					Total		101 040 628	135 307 963

Impairment Recognised

2024: The municipality recognised an impairment loss of R35 423 368 relating to the work in progress for the Impendle Bulk Water Works Project at R13 949 423; the Mpofana Waste Water Treatment Works Project at R8 549 988; the Mpophomeni Sanitation Plant Project at R8 172 038 and the Richmond Waste Water Treatment Works Project at R4 751 919 due to the projects being handed over to Umngeni-Uthukela Water for review and implementation.

2023: 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 R4 280 440 and the Nkanyezini Project at R5 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

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	7 978 866	(7 943 583)	35 283	7 978 866	(7 942 948)	35 918

Controlling entity

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	6 983 019	(6 947 736)	35 283	6 983 019	(6 947 101)	35 918

Reconciliation of intangible assets: Economic entity - 2024

	Opening balance	Amortisation	Total
Computer software, other	35 918	(635)	35 283

Reconciliation of intangible assets: Economic entity - 2023

	Opening balance	Amortisation	Total
Computer software, other	36 553	(635)	35 918

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10. Intangible assets (continued)

Reconciliation of intangible assets: Controlling entity - 2024

	Opening balance	Amortisation	Total
Computer software, other	35 918	(635)	35 283

Reconciliation of intangible assets: Controlling entity - 2023

	Opening balance	Amortisation	Total
Computer software, other	36 553	(635)	35 918

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

2024			2023		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
4 000	-	4 000	4 000	-	4 000

Mayoral Chain

Controlling entity

2024			2023		
Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
4 000	-	4 000	4 000	-	4 000

Mayoral Chain

Reconciliation of heritage assets: Economic entity - 2024

Mayoral Chain

Opening balance	Total
4 000	4 000

Reconciliation of heritage assets: Economic entity - 2023

Mayoral Chain

Opening balance	Total
4 000	4 000

Reconciliation of heritage assets: Controlling entity - 2024

Mayoral Chain

Opening balance	Total
4 000	4 000

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11. Heritage assets (continued)

Reconciliation of heritage assets: Controlling entity - 2023

	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	
	2024	2023	2024	2023

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Rural Roads Asset Management Grant	88	90	88	90
Geospatial Grant	34	34	34	34
Water Services Infrastructure Grant	208	208	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
RASET & DGDS Grant	126 989	126 989	126 989	126 989
Municipal Infrastructure Grant	4 999 999	-	4 999 999	-
Howick Falls Grant	8 290 369	4 821 050	-	-
Public Transport Plan Grant	308 817	308 817	308 817	308 817
Spatial Planning Grant	15 255	15 255	15 255	15 255
IDP Spatial Development Grant	335 275	335 275	335 275	335 275
Accelerated Water Intervention Grant	3	3	3	3
Disaster Recovery Grant	179	4 180 179	179	4 180 179
N3 Corridor Program	12 336	12 336	12 336	12 336
RASET Grant	179 946	179 946	-	-
N3 Corridor Grant	1 750 000	1 750 000	-	-
South African National Biodiversity Grant	150 000	-	150 000	-
	31 720 453	27 281 137	21 500 138	20 530 141

Movement during the year

Balance at the beginning of the year	27 281 137	23 638 973	20 530 141	16 822 427
Receipts during the year	221 546 000	344 735 000	216 546 000	344 735 000
Repayments during the year	(4 180 000)	-	(4 180 000)	-
Income recognition during the year	(212 926 684)	(341 092 836)	(211 396 003)	(341 027 286)
	31 720 453	27 281 137	21 500 138	20 530 141

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the economic entity has directly benefited; and unfulfilled conditions and other contingencies attaching to government assistance have been recognised.

These amounts are invested in a ring-fenced investment until utilised.

13. Payables from exchange transactions

Trade Payables	51 989 991	235 091 393	52 016 115	235 205 516
Payments Received in Advance (Consumers)	8 712 135	9 361 390	8 712 135	9 361 390
Employee Related Accruals	4 247 866	13 156 731	4 247 866	13 156 731
Leave Pay Provision	23 209 423	21 138 572	22 748 304	20 957 817
Accrued Bonus	8 022 656	7 190 350	8 022 656	7 190 350
Accrued Interest - DBSA Loan	6 736 513	7 303 980	6 736 513	7 303 980
Unallocated Deposits	7 446 610	7 193 216	7 446 610	7 193 216
Retentions	20 347 836	28 594 525	20 347 836	28 594 525
	130 713 030	329 030 157	130 278 035	328 963 525

14. Consumer deposits

Water	7 533 347	7 232 738	7 533 347	7 232 738
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	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

15. Other financial liabilities

At amortised cost

DBSA Loan	149 541 874	163 219 832	149 541 874	163 219 832
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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.

Non-current liabilities

At amortised cost	134 381 043	149 541 874	134 381 043	149 541 874
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Current liabilities

At amortised cost	15 160 831	13 677 958	15 160 831	13 677 958
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16. VAT payable

VAT payable	55 992 795	15 980 917	55 992 795	15 980 917
Transfers payable	(1 349 007)	(1 347 724)	-	-
	54 643 788	14 633 193	55 992 795	15 980 917

The entity submits monthly VAT submissions to SARS and files on a cash basis.

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

17. Provisions

Reconciliation of Provisions: Economic Entity - 2024

	Opening Balance	Additions	Utilised during the year	Paid during the year	Transfer to current portion	Total
Legal proceedings	4 446 241	224 822	-	(4 446 241)	-	224 822
Post Employment Benefits - short term	1 133 000	1 615 000	(1 133 000)	-	-	1 615 000
Long Service Awards - short term	2 453 000	2 882 000	(2 453 000)	-	-	2 882 000
Post Employment Benefits - long term	37 389 000	7 495 000	-	-	(1 615 000)	43 269 000
Long Service Awards - long term	16 645 000	3 615 000	-	-	(2 882 000)	17 378 000
	62 066 241	15 831 822	(3 586 000)	(4 446 241)	(4 497 000)	65 368 822

Reconciliation of Provisions: Economic Entity - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Reduction due to re-measurement or settlement without cost to entity	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: Controlling Entity 2024

	Opening Balance	Additions	Utilised during the year	Paid during the year	Transfer to current portion	Total
Legal proceedings	4 446 241	224 822	-	(4 446 241)	-	224 822
Post Employment Benefits - short term	1 133 000	1 615 000	(1 133 000)	-	-	1 615 000
Long Service Awards - short term	2 453 000	2 882 000	(2 453 000)	-	-	2 882 000
Employee benefit cost - long term	37 389 000	7 495 000	-	-	(1 615 000)	43 269 000
Long Service awards - long term	16 645 000	3 615 000	-	-	(2 882 000)	17 378 000
	62 066 241	15 831 822	(3 586 000)	(4 446 241)	(4 497 000)	65 368 822

Reconciliation of Provisions: Controlling Entity - 2023

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

17. Provisions (continued)

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Reduction due to re-measurement or settlement without cost to entity	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

Non-current liabilities	60 647 000	54 034 000	60 647 000	54 034 000
Current liabilities	4 721 822	8 032 241	4 721 822	8 032 241
	65 368 822	62 066 241	65 368 822	62 066 241

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.

On 19 August 2024 a settlement agreement was entered into with DMS Cabling for an amount of R224 822 following an instruction given by the municipality to the relevant attorneys to draft a such settlement agreement. A provision has been recognised.

18. Service charges

Other service charges	346 926	504 591	346 926	504 591
Sale of water	433 705 342	403 547 563	433 705 342	403 547 563
Sewerage and sanitation charges	53 329 783	42 939 073	53 329 783	42 939 073
	487 382 051	446 991 227	487 382 051	446 991 227

19. Debt waived

17 382 096	-	17 382 096	-
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The municipality was awarded a debt waiver by Umgeni-Uthukela Water for interest charged on outstanding amounts relating to sewerage services rendered to the municipality. This debt waiver was granted following the settlement of all amounts that were in arrears.

20. Other income

Tender Documents	1 391	-	1 391	-
Licences and Permits	332 227	120 239	332 227	120 239
Insurance Refunds	151 186	89 345	134 686	89 345
Staff Recoveries	-	59 298	-	59 298
Management fees	-	200 000	-	200 000
	484 804	468 882	468 304	468 882

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023

21. Investment revenue

Interest revenue

Investments and Bank Accounts	35 417 211	18 969 960	34 566 256	18 634 801
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22. Interest from Outstanding Debtors

Interest - Receivables	89 199 707	62 865 574	89 199 707	62 865 574
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23. Government grants and subsidies

Operating grants

Equitable Share	364 715 000	335 614 000	364 715 000	335 614 000
RSC Levy	353 805 000	334 571 000	353 805 000	334 241 000
Howick Falls Grant	1 530 681	65 550	-	-
Accelerated Water Intervention Grant	-	9 987 664	-	9 987 664
Sector Education and Training Authorities Grant	608 357	709 314	608 357	709 314
Expanded Public Works Programme Grant	2 794 000	2 287 000	2 794 000	2 287 000
Local Government Financial Management Grant	1 200 000	1 200 000	1 200 000	1 200 000
South African National Biodiversity Institution Grant	2 918 022	6 883 574	2 918 022	6 883 574
Spatial Planning Grant	-	197 570	-	197 570
Rural Roads Asset Management Grant	2 718 002	2 706 939	2 718 002	2 706 939
IDP Spatial Development Grant	-	287 500	-	287 500
Municipal Infrastructure Grant	7 788 529	12 220 837	7 788 529	12 220 837
	738 077 591	706 730 948	736 546 910	706 335 398

Capital grants

Municipal Infrastructure Grant	106 245 471	173 620 163	106 245 471	173 620 163
Water Services Infrastructure Grant	90 650 000	122 599 792	90 650 000	122 599 792
Accelerated Water Intervention Grant	-	10 000 000	-	10 000 000
Disaster Recovery Grant	-	5 919 821	-	5 919 821
	196 895 471	312 139 776	196 895 471	312 139 776
	934 973 062	1 018 870 724	933 442 381	1 018 475 174

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	216 453 062	349 015 724	214 922 381	348 620 174
Unconditional grants received	718 520 000	669 855 000	718 520 000	669 855 000
	934 973 062	1 018 870 724	933 442 381	1 018 475 174

A total of R 221 456 000 (2023: R 352 327 888) 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.

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23. Government grants and subsidies (continued)

Rural Roads Asset Management Grant

Balance unspent at beginning of year	90	29	90	29
Current-year receipts	2 718 090	2 707 000	2 718 090	2 707 000
Conditions met - transferred to revenue	(2 718 092)	(2 706 939)	(2 718 092)	(2 706 939)
	88	90	88	90

This grant was spent on the conditional assessment of roads and road structures in line with the conditions of the grant.

Geospatial Grant

Balance unspent at beginning of year	34	34	34	34
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23. Government grants and subsidies (continued)

Water Services Infrastructure Grant

Balance unspent at beginning of year	208	-	208	-
Current-year receipts	90 650 000	122 600 000	90 650 000	122 600 000
Conditions met - transferred to revenue	(90 650 000)	(122 599 792)	(90 650 000)	(122 599 792)
	208	208	208	208

This grant was spent on the construction of water infrastructure in line with the conditions of the grant.

Camperdown WWTP Grant

Balance unspent at beginning of year	4 000 095	4 000 095	4 000 095	4 000 095
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Conditions still to be met - remain liabilities (see note 12).

Expanded Public Works Programme Grant

Current-year receipts	2 794 000	2 287 000	2 794 000	2 287 000
Conditions met - transferred to revenue	(2 794 000)	(2 287 000)	(2 794 000)	(2 287 000)
	-	-	-	-

This grant was spent on the upskill of the unemployed through various programmes in line with the conditions of the grant.

Municipal Infrastructure Grant - Capital

Current-year receipts	106 245 471	185 841 000	106 245 471	185 841 000
Conditions met - transferred to revenue	(106 245 471)	(185 841 000)	(106 245 471)	(185 841 000)
	-	-	-	-

This grant was spent on the construction of water infrastructure in line with the conditions of the grant.

ORIO Grant

Balance unspent at beginning of year	11 550 860	11 550 860	11 550 860	11 550 860
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Conditions still to be met - remain liabilities (see note 12).

Sector Education and Training Authority Grants

Current-year receipts	-	709 314	-	709 314
Conditions met - transferred to revenue	-	(709 314)	-	(709 314)
	-	-	-	-

RASET & DGDS Grant

Balance unspent at beginning of year	126 989	126 989	126 989	126 989
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Conditions still to be met - remain liabilities (see note 12).

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23. Government grants and subsidies (continued)

Local Government Finance Management Grant

Current-year receipts	1 200 000	1 200 000	1 200 000	1 200 000
Conditions met - transferred to revenue	(1 200 000)	(1 200 000)	(1 200 000)	(1 200 000)
	-	-	-	-

This grant was spent on activities and services to assist the municipality to achieve sound financial management in line with the conditions of the grant.

SANBI Grant

Current-year receipts	-	6 883 574	-	6 883 574
Conditions met - transferred to revenue	-	(6 883 574)	-	(6 883 574)
	-	-	-	-

Municipal Infrastructure Grant - Operational

Current-year receipts	12 788 528	12 220 837	12 788 528	12 220 837
Conditions met - transferred to revenue	(7 788 529)	(12 220 837)	(7 788 529)	(12 220 837)
	4 999 999	-	4 999 999	-

This grant was spent on the construction of VIP toilets in line with the conditions of the grant.

An advance of R5 million of the 2024/25 DoRA allocation was received in May 2024 to allow for the prioritisation of repairs and maintenance of infrastructure assets.

Howick Falls Grant

Balance unspent at beginning of year	4 821 050	4 886 600	-	-
Current-year receipts	5 000 000	-	-	-
Conditions met - transferred to revenue	(1 530 681)	(65 550)	-	-
	8 290 369	4 821 050	-	-

Public Transport Plan Grant

Balance unspent at beginning of year	308 817	308 817	308 817	308 817
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Conditions still to be met - remain liabilities (see note 12).

Spatial Planning Grant

Balance unspent at beginning of year	15 255	212 825	15 255	212 825
Conditions met - transferred to revenue	-	(197 570)	-	(197 570)
	15 255	15 255	15 255	15 255

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

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23. Government grants and subsidies (continued)

IDP Spatial Development Grant

Balance unspent at beginning of year	335 275	622 775	335 275	622 775
Conditions met - transferred to revenue	-	(287 500)	-	(287 500)
	335 275	335 275	335 275	335 275

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

Accelerated Water Intervention Grant -Capital

Balance unspent at beginning of year	3	3	3	3
Current-year receipts	-	10 000 000	-	10 000 000
Conditions met - transferred to revenue	-	(10 000 000)	-	(10 000 000)
	3	3	3	3

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

Disaster Recovery Grant

Balance unspent at beginning of year	4 180 179	-	4 180 179	-
Current-year receipts	-	10 000 000	-	10 000 000
Conditions met - transferred to revenue	-	(5 819 821)	-	(5 819 821)
Repayments	(4 180 000)	-	(4 180 000)	-
	179	4 180 179	179	4 180 179

Accelerated Water Intervention Grant - Operational

Balance unspent at beginning of year	12 336	-	12 336	-
Current-year receipts	-	10 000 000	-	10 000 000
Conditions met - transferred to revenue	-	(9 987 664)	-	(9 987 664)
	12 336	12 336	12 336	12 336

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

RASET Grant

Balance unspent at beginning of year	179 946	179 946	-	-
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Awaiting confirmation from the COGTA to expense the grant as the was an prior period error when the conditions were met.

N3 Corridor Grant

Balance unspent at beginning of year	1 750 000	1 750 000	-	-
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The close out report was sent to the relevant department and awaiting approval to recognise revenue the revenue as it was after the expected date.

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23. Government grants and subsidies (continued)

TIKZN Grant

Balance unspent at beginning of year	-	330 000	-	-
Conditions met - transferred to revenue	-	(330 000)	-	-
	-	-	-	-

24. Public contributions and donations

Santam	545 511	368 783	545 511	368 783
Development Bank of South Africa	2 793 220	-	2 793 220	-
	3 338 731	368 783	3 338 731	368 783

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25. Employee related costs				
Basic	184 713 165	166 415 363	178 465 371	160 991 597
Bonus	14 028 446	13 597 898	13 763 616	13 487 829
Medical aid - company contributions	15 171 956	14 383 557	15 139 253	14 383 557
UIF	1 141 805	1 196 490	1 205 866	1 085 333
WCA	2 010 161	1 508 939	2 010 161	1 508 939
SDL	2 441 556	2 111 972	2 391 344	2 111 972
Other - Bargaining Council	91 667	67 964	91 667	67 964
Leave pay provision charge	4 477 302	3 909 006	4 282 121	3 855 566
Cellphone Allowances	367 151	200 600	228 052	68 500
Group Life Contributions	4 693 303	3 892 343	4 693 303	3 892 343
Standby Allowances	9 253 625	5 639 372	9 253 625	5 639 372
Other - Tool Allowances	1 277 309	1 250 305	1 277 309	1 250 305
Defined contribution plans	37 148 509	31 971 345	36 804 933	31 708 476
Travel, motor car, accommodation, subsistence and other allowances	13 860 717	13 499 419	13 860 717	13 391 065
Overtime payments	8 267 450	5 524 749	8 267 450	5 524 749
Long-service awards	3 916 472	4 784 462	3 916 472	4 784 462
Acting allowances	1 938 843	1 408 372	1 935 214	1 160 207
Car allowance	59 400	77 400	59 400	77 400
Housing benefits and allowances	1 258 842	1 387 278	1 258 842	1 387 278
Uniforms & Clothing Allowances	23 703	55 612	23 703	55 612
Shift Allowance	12 909 124	9 712 583	12 909 124	9 712 583
Backpay	22 146	5 834	-	-
Termination benefits - Curtailment and Settlements	5 340 091	5 180 738	5 340 091	5 180 738
	324 412 743	287 781 601	317 177 634	281 325 847

Remuneration of Municipal Manager

Annual remuneration	-	484 680	-	484 680
Backpay	19 746	-	19 746	-
Tools of trade	-	7 200	-	7 200
Statutory contributions	375	7 756	375	7 756
Leave pay-out	-	193 314	-	193 314
Non-pensionable cash gratuity	-	6 780	-	6 780
	20 121	699 730	20 121	699 730

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 - S Ndabandaba

Annual remuneration	-	580 694	-	580 694
Travel allowance	-	186 388	-	186 388
Tools of trade	-	18 000	-	18 000
Housing subsidy	-	167 946	-	167 946
Statutory contributions	-	10 792	-	10 792
Non-pensionable gratuity	-	37 290	-	37 290
	-	1 001 110	-	1 001 110

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.

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25. Employee related costs (continued)

Remuneration of the Chief Financial Officer - V Kunene

Annual remuneration	699 909	-	699 909	-
Travel allowance	213 644	-	213 644	-
Tools of trade	16 200	-	16 200	-
Statutory contributions	10 744	-	10 744	-
	940 497	-	940 497	-

Council appointed V Kunene as Acting Chief Financial Officer from 01 October 2023.

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

Remuneration of Chief Executive Officer

(UMEDA): N Newton

Annual remuneration	1 272 005	1 206 835	-	-
Performance bonuses	15 085	-	-	-
Statutory contributions	12 023	2 125	-	-
Tools of trade	27 600	27 600	-	-
	1 326 713	1 236 560	-	-

The contract of NK Sobibi terminated on 31 October 2022.

M Hadebe was appointed as from September 2023.

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

Remuneration of Senior Executive Manager: Corporate Services - N Mkhize

Annual remuneration	693 355	934 126	693 355	934 126
Travel allowance	132 295	184 734	132 295	184 734
Acting allowance	2 042	69 780	2 042	69 780
Bonus	80 639	-	80 639	-
Tools of trade	14 400	21 600	14 400	21 600
Statutory contributions	12 453	13 643	12 453	13 643
Leave pay-out	212 633	-	212 633	-
Non-pensionable cash gratuity	-	41 015	-	41 015
	1 147 817	1 264 898	1 147 817	1 264 898

The contract of N Mkhize as Senior Executive Manager: Corporate Services terminated on 29 February 2024.

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

Remuneration of Chief Financial Officer

(UMEDA): NK Sibobi

Annual remuneration	-	190 874	-	-
Travel allowance	-	108 354	-	-
Statutory contributions	-	708	-	-
Tools of trade	-	7 600	-	-
	-	307 536	-	-

The contract of NK Sobibi terminated on 31 October 2022.

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

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25. Employee related costs (continued)

Remuneration of Chief Financial Officer (UMEDA): M Hadebe

Annual remuneration	763 810	-	-	-
Performance bonuses	2 526	-	-	-
Acting allowance	-	202 076	-	-
Statutory contributions	8 686	-	-	-
Tools of trade	19 398	-	-	-
	794 420	202 076	-	-

M Hadebe was appointed by the Board of Directors as from September 2023.

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

Remuneration of Senior Executive Manager: Community Services - EX Muthwa

Annual remuneration	1 085 241	260 439	1 085 241	260 439
Acting allowance	134 741	24 618	134 741	24 618
Bonus	56 566	5 400	56 566	5 400
Tools of trade	21 600	5 400	21 600	5 400
Statutory contributions	15 027	3 085	15 027	3 085
Non-pensionable cash gratuity	-	11 865	-	11 865
	1 313 175	310 807	1 313 175	310 807

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

Dr E.X. Muthwa acted in the capacity of Municipal Manager for the year under review.

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

Remuneration of Senior Executive Manager: Economic Development and Planning - M Sithole

Annual remuneration	983 142	534 212	983 142	534 212
Bonus	44 356	-	44 356	-
Acting allowance	12 072	-	12 072	-
Travel allowance	207 236	115 819	207 236	115 819
Tools of trade	21 600	12 600	21 600	12 600
Statutory contributions	13 872	7 335	13 872	7 335
Non-pensionable cash gratuity	-	20 340	-	20 340
	1 282 278	690 306	1 282 278	690 306

Council appointed M Sithole as Senior Executive Manager: Economic Development and Planning 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	1 272 005	1 206 835	-	-
Performance bonuses	15 085	-	-	-
Statutory contributions	12 023	2 125	-	-
Tools of trade	27 600	27 600	-	-
	1 326 713	1 236 560	-	-

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25. Employee related costs (continued)

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 Senior Executive Manager: Technical Services - Z Ndlovu

Annual remuneration	189 846	659 710	189 846	659 710
Travel allowance	42 800	164 927	42 800	164 927
Tools of trade	3 600	14 400	3 600	14 400
Statutory contributions	2 530	9 023	2 530	9 023
Non-pensionable cash gratuity	-	17 893	-	17 893
	238 776	865 953	238 776	865 953

Mr Z Ndlovu resigned as Senior Executive Manager: Technical Services in August 2023.

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

26. Remuneration of Councillors and Board Members

Mayor	1 404 224	1 311 910	1 404 224	1 311 910
Deputy Mayor	981 416	938 357	981 416	938 357
Executive Committee Members	5 898 535	5 442 906	5 898 535	5 442 906
Speaker	983 635	962 085	983 635	962 085
Councillors	6 007 513	5 775 236	6 007 513	5 775 236
Chief Whip	1 102 130	968 942	1 102 130	968 942
Board Members	102 342	143 325	-	-
Skills Development Levy	140 397	126 082	140 397	126 082
	16 620 192	15 668 843	16 517 850	15 525 518

In-kind benefits

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

The Chief Whip and Executive Committee Members of the current Council who assumed office in November 2021 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.

27. Depreciation and amortisation

Property, plant and equipment	55 493 388	51 860 139	55 275 898	51 676 848
Intangible assets	635	635	635	635
	55 494 023	51 860 774	55 276 533	51 677 483

28. Finance costs

Trade and other payables	23 057	2 482 092	23 057	2 482 092
Non-current borrowings	16 836 267	18 220 392	16 836 267	18 220 392
	16 859 324	20 702 484	16 859 324	20 702 484

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29. Lease rentals on operating lease				
Premises				
Contractual amounts	1 275 023	1 673 419	1 102 323	1 461 579
Motor vehicles				
Contractual amounts	12 523 021	16 453 478	12 523 021	16 453 478
Equipment				
Contractual amounts	7 332 857	6 132 661	7 320 796	6 038 601
	21 130 901	24 259 558	20 946 140	23 953 658
30. Impairment of non-current assets				
Impairments				
Property, plant and equipment	35 423 368	13 909 037	35 423 368	13 909 037
The planning and design work was done for projects, however, due to limitations on funding the implementation has delayed. The municipality recognised an impairment loss of R35 423 368 relating to the work in progress for the Impendle Bulk Water Works Project at R13 949 423; the Mpofana Waste Water Treatment Works Project at R8 549 988; the Mpophomeni Sanitation Plant Project at R8 172 038 and the Richmond Waste Water Treatment Works Project at R4 751 919 due to the projects being handed over to Umngeni-Uthukela Water for review and implementation.				
31. Debt impairment				
Debt impairment	363 797 166	293 582 149	363 797 166	293 317 745
32. Inventory Consumed				
VIP Toilets	14 088 218	20 926 016	14 088 218	20 926 016
Water	178 015 862	163 778 539	178 015 862	163 778 539
Materials	3 927 655	3 335 828	3 927 655	3 335 828
Consumables	490 524	567 624	490 524	567 624
Community Programmes	7 213 627	1 960 442	7 213 627	1 960 442
	203 735 886	190 568 449	203 735 886	190 568 449
Reconciliation of Water for Distribution				
Opening balance	320 539	380 912	320 539	380 912
Water Purchased and Produced	278 441 964	233 908 968	278 441 964	233 908 968
Revenue Water: Authorised - Billed	(91 672 468)	(84 228 963)	(91 672 468)	(84 228 963)
Non-Revenue Water: Authorised - Unbilled	(86 324 797)	(79 549 576)	(86 324 797)	(79 549 576)
Subtotal	100 765 238	70 511 341	100 765 238	70 511 341
Water losses	(100 305 766)	(70 190 802)	(100 305 766)	(70 190 802)
Closing Balance	459 472	320 539	459 472	320 539

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33. Contracted services

Outsourced Services

ICT Support Services	599 028	1 884 274	599 028	1 884 274
Catering Services	1 956 960	368 905	1 956 960	368 905
Hygiene Services	40 000	49 016	40 000	49 016
Security Services	18 139 172	13 590 127	18 139 172	13 590 127
Sewerage Services	93 092 487	88 055 326	93 092 487	88 055 326
Water Tankers	69 462 669	65 880 259	69 462 669	65 880 259

Consultants and Professional Services

Business and Advisory	24 552 828	14 670 998	24 552 828	14 670 998
Infrastructure and Planning	540 320	376 875	540 320	376 875
Laboratory Services	1 404 181	753 134	1 404 181	753 134
Legal Cost	10 374 455	12 608 450	10 374 455	12 608 450

Contractors

Employee Wellness	42 750	95 709	42 750	95 709
Event Promoters	6 695 197	695 324	6 695 197	695 324
Maintenance of Buildings and Facilities	1 363 061	2 345 807	1 363 061	2 345 807
Maintenance of Equipment	1 849 180	91 246	1 849 180	91 246
Maintenance of Unspecified Assets	21 238 161	17 570 875	21 238 161	17 570 875
Management of Informal Settlements	12 428	-	12 428	-
Medical Services	872 400	566 432	872 400	566 432

252 235 277	219 602 757	252 235 277	219 602 757
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34. Transfers and subsidies

Other subsidies

UMEDA Transfer	-	-	11 500 000	9 500 000
Arbitration Awards	303 403	50 000	303 403	50 000
Allocations-in-kind: equipment	233 642	-	233 642	-

537 045	50 000	12 037 045	9 550 000
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35. General expenses				
Advertising	413 849	188 402	346 130	135 954
Assets expensed	297 554	168 459	297 554	168 459
Auditors remuneration	4 421 701	4 202 259	4 028 553	3 780 207
Bank charges	1 496 598	1 720 499	1 484 761	1 709 687
Bursaries and learnerships	138 229	-	138 229	-
Cleaning	110 639	-	108 889	-
Communications	1 352 816	1 578 594	1 171 158	26 023
Conferences and training	1 159 604	518 612	1 103 745	489 417
Consulting and professional fees	1 861 139	900 260	-	-
Consumables	68 676	26 212	-	-
Electricity - Infrastructure	9 888 923	8 244 663	9 851 594	8 235 018
Entertainment	23 080	-	23 080	-
Fleet - Hire Charges	19 840	1 212	-	-
Fuel and oil	8 386 578	7 523 898	8 354 362	7 502 698
Gifts and promotional items	1 529 862	183 904	1 529 862	183 904
Guarantees and warranties	-	24 745	-	24 745
Hire	4 823 118	407 278	4 823 118	386 804
IT expenses	754 843	621 732	-	-
Insurance	1 650 509	1 580 178	1 599 517	1 499 717
Levies	-	8 046	-	-
Marketing	6 975	-	-	-
Medical expenses	1 600	-	-	-
Motor vehicle expenses	319 607	234 132	319 607	234 132
Personnel and labour	2 224	200	-	-
Placement fees	141 800	240 845	141 800	240 845
Postage and courier	583	259	583	259
Printing	173 851	79 505	136 163	45 997
Repairs and maintenance	27 295	260 826	-	-
Security	1 313	8 696	-	-
Signage	191 095	244 249	191 095	243 890
Software expenses	8 313 540	6 110 871	8 313 540	6 110 871
Subscriptions and membership fees	3 479 893	3 006 057	3 477 488	2 964 692
Telephone and fax	1 654 031	1 902 710	1 489 261	1 800 662
Travel - local	3 783 348	1 300 165	3 772 501	1 263 848
Uniforms	3 295 340	3 009 058	3 295 340	3 009 058
Utilities - Municipal Services	2 574 909	2 536 328	2 574 909	2 536 328
	62 364 962	46 832 854	58 572 839	42 593 215

36. Loss on Disposal of Assets

Loss on disposal of assets	(118 786)	(79 402)	(54 328)	(31 235)
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	2024	2023	2024	2023

37. 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	57 620 000	57 552 000	57 620 000	57 552 000
Benefits paid	(3 586 000)	(2 624 903)	(3 586 000)	(2 624 903)
Net expense recognised in the statement of financial performance	11 110 000	2 692 903	11 110 000	2 692 903
	65 144 000	57 620 000	65 144 000	57 620 000

Net expense recognised in the statement of financial performance

Current service cost	3 173 000	3 588 000	3 173 000	3 588 000
Interest cost	6 774 000	6 168 000	6 774 000	6 168 000
Actuarial (gains) losses	1 163 000	(7 063 097)	1 163 000	(7 063 097)
	11 110 000	2 692 903	11 110 000	2 692 903

Calculation of actuarial gains and losses

Actuarial (gains) losses – Plan assets	1 163 000	(7 063 097)	1 163 000	(7 063 097)
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Changes in the fair value of plan obligations are as follows:

Opening balance	57 620 000	57 552 000	57 620 000	57 552 000
Actuarial gains (losses)	1 163 000	(7 063 097)	1 163 000	(7 063 097)
Contributions by employer	6 774 000	6 168 000	6 774 000	6 168 000
Contributions by plan participants	3 173 000	3 588 000	3 172 000	3 588 000
Benefits paid	(3 586 000)	(2 624 903)	(3 586 000)	(2 624 903)
	65 144 000	57 620 000	65 143 000	57 620 000

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37. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used - Long Service Awards	10,97 %	11,20 %	10,97 %	11,20 %
Expected rate of return on assets - Long Services Awards	6,14 %	6,52 %	6,14 %	6,52 %
Net effective discount rate - Long Service Awards	4,55 %	4,39 %	4,55 %	4,39 %
Discount rate used - Post Employment Medical	12,32 %	12,50 %	- %	12,50 %
Health care cost inflation	7,79 %	8,16 %	7,79 %	8,16 %
Net of health care cost inflation discount rate	4,20 %	4,07 %	4,20 %	4,07 %
Maximum subsidy inflation rate	5,47 %	5,75 %	5,47 %	5,75 %
Net maximum subsidy inflation discount rate	6,50 %	6,44 %	6,50 %	6,44 %

Defined contribution plan

It is the policy of the economic entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose.

The economic entity is under no obligation to cover any unfunded benefits.

38. Auditors' remuneration

Fees	4 421 701	4 202 259	4 028 553	3 780 207
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	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023
39. Cash generated from operations				
Surplus	158 109 649	311 891 814	155 807 796	313 301 585
Adjustments for:				
Depreciation and amortisation	55 494 023	51 860 774	55 276 533	51 677 483
Loss on disposal of assets	118 786	31 235	54 328	31 235
Depreciation capitalised to cost of inventory	330 024	330 024	330 024	330 024
Debt waived	(17 382 096)	-	(17 382 096)	-
Actuarial (gains) / losses	1 163 000	(7 063 098)	1 163 000	(7 063 098)
Movement in payables relating to acquisition of assets - retentions	8 246 689	(3 035 236)	8 246 689	(3 035 236)
Donations received	(3 338 731)	(368 783)	(3 338 731)	(368 783)
Finance costs	16 836 267	18 220 392	16 836 267	18 220 392
Impairment assets	35 423 368	13 909 037	35 423 368	13 909 037
Debt impairment	363 797 166	293 582 149	363 797 166	293 317 745
Bad debts written off	8 290 617	-	8 290 617	-
Water losses	100 305 766	70 190 803	100 305 766	70 190 803
Inventories losses / adjustments	(52 421 043)	9 750 824	(52 421 043)	9 750 824
Litigation provision / settlements	(4 221 419)	(91 007 965)	(4 221 419)	(91 007 965)
Leave pay accrual	1 790 487	2 207 622	1 790 487	2 207 622
Accrued bonus	832 306	772 503	832 306	772 503
Defined employee benefits, long service awards and other employee related provisions	6 361 000	7 131 097	6 361 000	7 131 097
Movement in provisions	280 364	2 470	-	-
Changes in working capital:				
Inventories	(3 655 828)	(1 146 517)	(3 655 828)	(1 146 517)
Receivables from exchange transactions	(334 730 554)	(252 605 036)	(334 538 366)	(252 600 408)
Bad debts written off	(8 290 617)	-	(8 290 617)	-
Other receivables from non-exchange transactions	416 519	3 577 716	-	-
Debt waived	17 382 096	-	17 382 096	-
Inventory adjustments and water losses	(47 884 723)	(79 941 627)	(47 884 723)	(79 941 627)
Payables from exchange transactions	(199 017 094)	195 358 021	(198 688 575)	195 364 770
VAT	40 010 595	4 147 321	40 011 878	4 769 501
Unspent conditional grants and receipts	4 439 316	3 642 164	969 997	3 707 714
Consumer deposits	300 609	(338 433)	300 609	(338 433)
Leave pay accrual	(1 790 487)	(2 207 622)	(1 790 487)	(2 207 622)
Accrued bonus	(832 306)	(772 503)	(832 306)	(772 503)
Finance costs	567 467	550 882	567 467	550 882
	146 931 216	548 670 028	140 703 203	546 751 025

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Figures in Rand	Economic entity		Controlling entity	
	2024	2023	2024	2023
40. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	30 891 039	98 966 105	30 891 039	93 721 255
Total capital commitments				
Already contracted for but not provided for	30 891 039	98 966 105	30 891 039	98 966 105
Authorised operational expenditure				
Already contracted for but not provided for				
• Office rentals	784 756	516 954	625 340	393 003
• Other general commitments	31 241 218	26 282 237	27 513 015	25 592 382
	32 025 974	26 799 191	28 138 355	25 985 385
Total operational commitments				
Already contracted for but not provided for	32 025 974	26 799 191	28 138 355	25 985 385
Total commitments				
Total commitments				
Authorised capital expenditure	30 891 039	98 966 105	30 891 039	98 966 105
Authorised operational expenditure	32 025 974	26 799 191	28 138 355	25 985 385
	62 917 013	125 765 296	59 029 394	124 951 490

This committed capital expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due				
- within one year	19 297 793	14 911 391	19 138 377	14 800 066
- in second to fifth year inclusive	9 718 792	11 185 320	8 999 977	11 185 320
	29 016 585	26 096 711	28 138 354	25 985 386

Operating lease payments represent rentals payable by the economic entity for certain of its office properties, equipment and vehicles. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

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Figures in Rand	2024	2023	2024	2023

41. Contingencies

41.1 Contingent Liabilities

A matter between the municipality and ORIO Funding. The matter is in relation to work done and damages relating to ORIO Funded Projects to the value of R91 769 621.

A motor vehicle claim against the municipality by T Sheshoka for R364 640.

A civil claim of R546 062 by G Shabalala against the municipality for damage to property caused by storm water drainage.

A matter between the municipality and JJ Construction to the value of R7 490 512.

A matter between the municipality and Ms N Moodley where she is seeking reinstatement to her previous role as well as back pay to the value of R500 000.

A matter between the municipality and M Bhengu & 23 Others for Travel Allowance to the value of R5 000 000.

A claim by M Bhengu for unfair dismissal to the value of R700 000.

A claim by M Bhengu for Pension Funds to the value of R450 000.

A claim by M Khumalo for unfair dismissal to the value of R1 500 000.

A matter between UMDM and Magma Risk Solutions for non-payment of invoices to the value of R2 044 056.

A motor vehicle claim against the municipality by DM Garlicke to the value of R1 500 000.

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

4.2 Contingent Assets

A matter between the municipality and ORIO Funding. The matter is in relation to amounts owing to the municipality to the value of R 7 131 763.

A matter between the municipality and M Bhengu to the value of R988 966 where the municipality is instituting civil recovery for overpayment on travel allowances.

A matter between UMDM and Magma Risk Solutions for damages to the value of R800 000.

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

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

42. Related parties

Relationships	Refer to note 25
Accounting Officer	uMgungundlovu Economic Development Agency
Municipal entity	Refer to note 48; 26
Councillors and Board Members	Refer to note 25
Senior Executive Management	Dr. Sihle Ndlovu
Board member (Chairperson)	Mrs. Zinhle Sokhela
Board member (Deputy Chairperson)	Prof. Albert Modi
Board member	Mr. Mpumelelo Zikalala
	Ms. Portia Nzimakwe
	Ms. Mbali Myeni
	Mr. Bongani Hlomuka

43. Events after the reporting date

The following key permanent appointments were effected on 01 August 2024:

- Chief Financial Officer
- Senior Executive Manager: Technical Services
- Senior Executive Manager: Corporate Services.

On 30 July 2024 a resolution was taken to approve the signing of a settlement agreement with Tai Yuen Textile at a total of R 3 500 000. This was deemed an adjusting event.

On 19 August 2024 a settlement agreement was entered into with DMS Cabling for an amount of R224 822 following an instruction given by the municipality to the relevant attorneys to draft a such settlement agreement. This was deemed an adjusting event.

44. Inventories losses/adjustments

Inventory adjustments	(52 421 042)	9 750 824	(52 421 042)	9 750 824
Water losses	100 305 766	70 190 803	100 305 766	70 190 803
	47 884 724	79 941 627	47 884 724	79 941 627

he total amount of water available for distribution was 30 339 002 kL of which 9 977 135 kL was sold and 9 395 124 kL related to non-revenue water, resulting in water losses of 10 916 737 kL (36%) for 2023/24 compared to 8 405 702 kL (30%) for 2022/23.

The volume of water losses has increased as a result of water leakages not reported timeously; illegal connections (especially in the rural 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.

45. Fruitless and wasteful expenditure

Opening balance as previously reported	20 122 202	41 314	20 081 061	535
	-	-	-	-
Opening balance as restated	20 122 202	41 314	20 081 061	535
Add: Fruitless and Wasteful Expenditure - current	13 945	20 095 550	13 945	20 095 188
Less: Amounts recoverable - current	(3 460)	-	(3 460)	-
Less: Amount written off - current	(19 798 188)	(14 662)	(19 798 188)	(14 662)
Closing balance	334 499	20 122 202	293 358	20 081 061

There are no cases currently under investigation.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

45. Fruitless and wasteful expenditure (continued)

Prior year fruitless and wasteful expenditures pertaining to infrastructure projects have been written off by council resolution on 22 August 2024 following an investigation.

Amounts Recoverable

Following investigations by the Municipal Public Accounts Committee (MPAC), the council adopted recommendations to recover amounts up to R3 460 which were incurred due to late payments of invoices.

Expenditure identified in the current year include those listed below:

Interest expense
Variation orders

1

1

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45. Fruitless and wasteful expenditure (continued)

Amounts written off

At Full Council meetings which took place on 27 July 2023 and 10 May 2024, fruitless and wasteful expenditure to the value of R7 725 and R 9 518, respectively, was written off by Council in accordance with section 32(2)(b) of the MFMA.

At a Full Council meeting which took place on 22 August 2024, fruitless and wasteful expenditure to the value of R20 078 568, was written off by Council in accordance with section 32(2)(b) of the MFMA.

	Fruitless and Wasteful Expenditure written off by Council			
Costs incurred on infrastructure projects	19 776 517	-	19 776 517	-
Interest expense	21 671	14 662	21 671	14 662
	19 798 188	14 662	19 798 188	14 662

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	Economic entity		Controlling entity	
Figures in Rand	2024	2023	2024	2023

46. Irregular expenditure

Opening balance as previously reported	8 036 165	7 670 866	589 768	547 125
Opening balance as restated	8 036 165	7 670 866	589 768	547 125
Add: Irregular Expenditure - current	169 457 409	107 821 681	169 427 440	107 499 025
Add: Irregular Expenditure - prior period	6 995 674	238 428 075	6 995 674	238 428 075
Less: Amount written off - current	(164 640 984)	(107 456 382)	(164 611 015)	(107 456 382)
Less: Amount written off - prior period	-	(238 428 075)	-	(238 428 075)
Closing balance	19 848 264	8 036 165	12 401 867	589 768

Cases under investigation

There are no cases currently under investigation.

Irregular Expenditure Written off by Council

On 10 May 2024 and 22 August 2024, following the outcomes of the Council Committee investigations, Council adopted the Council Committee recommendations to write-off amounts of R90 202 and R48 935, respectively. The consequence management process was implemented and these amounts were concluded to be amounts not incurred in vain (i.e. there was value for money). Amounts of R164 471 878 pertaining to the operation and maintenance of wastewater treatment plants were recognised as irregular expenditure. This contract was investigated by MPAC and expenditures were written off per council resolution on 27 August 2024.

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 the MFMA	44 329	8 277 764	44 329	8 277 764
Failure to follow SCM Processes	70 794	3 591 845	40 824	3 591 845
Non-compliance with Section 33(1) of the MFMA	164 471 878	333 938 148	164 471 878	333 938 148
Non-compliance with SCM Regulation 18(a)	53 983	76 700	53 983	76 700
	164 640 984	345 884 457	164 611 014	345 884 457

Irregular Expenditure Incurred During the Year

Non-compliance with Section 33(1) of the MFMA	164 471 878	107 415 459	164 471 878	107 415 459
Non-compliance with SCM Regulation 18(a)	-	53 983	-	53 983
Failure to follow SCM Processes	41 211	352 239	11 242	29 583
Failure to follow Section 116(3) of the MFMA	44 329	-	44 329	-
Non-compliance with Regulation 17(c)	4 899 991	-	4 899 991	-
	169 457 409	107 821 681	169 427 440	107 499 025

Irregular Expenditure Incurred During the Prior Year

Non-compliance with Section 33(1) of the 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
Non-compliance with Regulation 17(c)	6 995 674	-	6 995 674	-
	6 995 674	238 428 074	6 995 674	238 428 074

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Figures in Rand	2024	2023	2024	2023
47. Unauthorised expenditure				
Opening balance as previously reported	270 839 407	65 629 790	270 839 407	65 629 790
Correction of prior period error	-	14 002 216	-	14 002 216
Opening balance as restated	270 839 407	79 632 006	270 839 407	79 632 006
Add: Unauthorised Expenditure - current	186 531 936	256 836 921	186 531 936	256 836 921
Less: Amount written off - prior period	(270 833 631)	(65 529 520)	(270 833 631)	(65 629 520)
Closing balance	186 537 712	270 939 407	186 537 712	270 839 407

An amount of R186 531 936 unauthorised expenditure was incurred in the current financial year (2023: R256 836 921). 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 10 May 2024, following the outcomes of the Council Committee investigations, Council adopted the Council Committee recommendations to write-off an amount of R13 996 711 relating to the year ended 20 June 2022 and R256 836 920 relating to the year ended 30 June 2023. 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	244 750 376	183 753 856	244 750 376	183 753 856
Cash	(58 218 440)	73 083 065	(58 218 440)	73 083 065
	186 531 936	256 836 921	186 531 936	256 836 921

Savings were realised in the following items:

- Inventory consumed
- Contracted services
- Lease rentals on operating lease
- Operational costs.
- Inventories loss / adjustments
- Depreciation.

Employee related costs were higher than anticipated due to leave payouts resulting from terminations of employment contracts for various reasons and movements in the leave provision. Furthermore, the movement in post-retirement benefits (non-cash), which were not known, at the time of the budget further contributed to the over-expenditure.

Write offs of irrecoverable debt were not anticipated for the year under review therefore no budget was allocated for this item. The incurrence of this expenditure was mainly due to the settlement arrangement with Tai Yuen Textiles.

Debt impairment was incurred in excess of the budget allocation resulting from lower than anticipated collections from customers due to a number of factors including low economic growth and high unemployment within the district. Strategies such as the roll-out of a meter and connection audit as well as the use of debt collectors have been put in place to reduce such expenditure in future.

Analysed as follows: non-cash

Depreciation and amortisation	(2 760 775)	(1 874 924)	(2 760 775)	(1 874 924)
Loss on disposal of property, plant and equipment	-	31 235	-	31 235
Impairment	239 220 534	178 751 607	239 220 534	178 751 607
Bad debts written off	8 290 617	-	8 290 617	-
Actuarial (gains) / losses	-	(7 063 098)	-	(7 063 098)
Asset impairment	-	13 909 036	-	13 909 036
	244 750 376	183 753 856	244 750 376	183 753 856

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Figures in Rand	2024	2023	2024	2023

47. Unauthorised expenditure (continued)

Analysed as follows: cash

Inventory consumed	(19 654 688)	(59 465 258)	(19 654 688)	(59 465 258)
Inventories losses / adjustments	(28 534 315)	67 919 538	(28 534 315)	67 919 538
Contracted services	(10 003 586)	52 324 443	(10 003 586)	52 324 443
Finance costs	-	(520 793)	-	(520 793)
Employee related costs	3 679 551	10 381 012	3 679 551	10 381 012
Lease rentals on operating lease	(1 836 076)	4 075 188	(1 836 076)	4 075 188
Transfers and subsidies	-	50 000	-	50 000
Operational costs	(1 869 326)	(2 384 498)	(1 869 326)	(2 384 498)
Remuneration of Councillors	-	703 433	-	703 433
	(58 218 440)	73 083 065	(58 218 440)	73 083 065

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 457 032	2 964 692	3 457 032	2 964 692
Amount paid - current year	(3 457 032)	(2 964 692)	(3 457 032)	(2 964 692)
	-	-	-	-

Audit fees

Opening balance	3 542	-	3 542	-
Current year subscription / fee	4 631 669	3 780 207	4 631 669	3 780 207
Amount paid - current year	(4 635 211)	(3 776 665)	(4 635 211)	(3 776 665)
	-	3 542	-	3 542

PAYE, SDL and UIF

Current year subscription / fee	52 693 170	41 880 941	52 693 170	41 880 941
Amount paid - current year	(52 693 170)	(41 880 941)	(52 693 170)	(41 880 941)
	-	-	-	-

Pension and Medical Aid

Current year subscription / fee	76 470 506	68 926 151	76 470 506	68 926 151
Amount paid - current year	(76 470 506)	(68 926 151)	(76 470 506)	(68 926 151)
	-	-	-	-

VAT

VAT receivable	(1 349 007)	(1 347 724)	-	-
VAT payable	55 992 795	15 980 917	55 992 795	15 980 917
	54 643 788	14 633 193	55 992 795	15 980 917

The VAT receivable reflected relates to the municipal entity.

The VAT Payable is made up of VAT receivable from SARS based on returns submitted as well as VAT output and VAT input accruals.

All VAT returns have been submitted by the due date throughout the year.

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Figures in Rand	2024	2023	2024	2023

48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dladla ME (Mr)	1 704	4 054	5 758
Dlamini MP (Mr)	154 152	318 028	472 180
Lake H (Ms)	356	-	356
	156 212	322 082	478 294

30 June 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 SB (Mr)	3 841	26 718	30 559
Mabhida N (Ms)	1 858	18 628	20 486
Ragavaloo A (Mr)	1 767	19 831	21 598
Zondi DP (Mr)	14 292	160 387	174 679
	31 362	278 290	309 652

49. 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 8 444 (**2023**: R557 299) in the current financial year.

A total of R8 444 (**2023**: Rnil) deviations related to cases where there was an emergency.

A total of Rnil (**2023**: R nil) deviations related to cases where the goods/services were produced or available from a single provider only.

A total of Rnil (**2023**: R557 299) deviations related to exceptional cases where it was impractical or impossible to follow the official procurement process.

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50. Budget differences

Material differences between budget and actual amounts

50.1 The municipality has generated revenue on service charges below target due lower than anticipated consumption of water. This income is directly linked to the pattern of consumption of households, businesses and government institutions within the district.

50.2 The municipality was awarded a debt waiver by Umgeni-Uthukela Water for interest charged on outstanding amounts relating to sewerage services rendered to the municipality. This debt waiver was granted following the settlement of all amounts that were in arrears.

50.3 The interest earned on investments was in excess of the budget estimate due to efforts directed toward cash management; short-term investments were made in the current year and further interest was earned on positive bank balances which were maintained throughout the financial year.

50.4 The variance in the interest charged on overdue debtors accounts is an indication of the challenges experienced in the collection of outstanding amounts due to the municipality. Factors such as low economic growth and high unemployment within the district are major contributors to this outcome. The roll-out of the district-wide meter and connection audit as well as the use of debt collectors are strategies put in place to improve collection.

50.5 The municipality received re-imbursive grant funding from SETA and SANBI.

50.6 The municipality received allocations in kind from Santam and the Development Bank of South Africa.

50.7 All employee allowances, overtime and standby are pre-approved and controlled by line managers. Employee related costs were higher than anticipated due to leave payouts resulting from terminations of employment contracts for various reasons and movements in the leave provision. Furthermore, the movement in post-retirement benefits (non cash), which were not known, at the time of the budget further contributed to the over-expenditure.

50.8 Savings were realised in the following items:

- Inventory consumed
- Contracted services
- Lease rentals on operating lease
- Operational costs
- Inventories losses / adjustments
- Depreciation.
-

The municipality is committed to monitoring and controlling operational expenditure through the implementation of the Cost Containment Policy. Internal departments continuously monitor and review the contracts and service level agreements in an effort to ensure that value for money is realised.

Contracted services are closely monitored and reviewed to ensure costs are not exorbitant. Demand Analyses are continuously performed by internal departments to assess the demand for services with a focus on the delivery of basic services and the minimisation of service delivery interruption.

50.9 The impairment of non-current assets relates to Work-in-Progress projects that have been handed over to Umgeni-Uthukela for implementation.

50.10 Debt impairment was incurred in excess of the budget allocation resulting from lower than anticipated collections from customers due to a number of factors including low economic growth and high unemployment within the district. Strategies such as the roll-out of a meter and connection audit as well as the use of debt collectors have been put in place to reduce such expenditure in future.

50.11 Write-offs of irrecoverable debt were not anticipated for the year under review therefore no budget was allocated for this item. The incurrence of this expenditure was mainly resulted from the settlement arrangement with Tai Yuen Textiles.

50.12 Savings were realised for capital expenditure due to unforeseen delays experienced during the procurement process.

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51. Utilisation of Long-term liabilities reconciliation

Long-term liabilities raised	149 541 874	163 219 832	149 541 874	163 219 832
Used to finance property, plant and equipment	(142 805 437)	(155 915 844)	(142 805 437)	(155 915 844)
	6 736 437	7 303 988	6 736 437	7 303 988

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

52. Operating surplus

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

Operating lease charges

Premises				
• Contractual amounts	1 275 023	1 673 419	1 102 323	1 461 579
Motor vehicles				
• Contractual amounts	12 523 021	16 453 478	12 523 021	16 453 478
Equipment				
• Contractual amounts	7 332 857	6 132 661	7 320 796	6 038 601
	21 130 901	24 259 558	20 946 140	23 953 658
Loss on disposal of assets and liabilities	(118 786)	(79 402)	(54 328)	(31 235)
Impairment on property, plant and equipment	35 423 368	13 909 037	35 423 368	13 909 037
Amortisation on intangible assets	635	635	635	635
Depreciation on property, plant and equipment	55 493 388	51 860 139	55 275 898	51 676 848
Employee costs	341 032 935	303 450 444	333 695 484	296 851 365

53. Revaluation reserve

Opening balance	51 703 936	52 895 700	51 703 936	52 895 700
Change during the year	(1 191 764)	(1 191 764)	(1 191 764)	(1 191 764)
	50 512 172	51 703 936	50 512 172	51 703 936

54. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - Economic entity - 2024

	Housing development fund	Total
Opening balance	8 127	8 127

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

	Housing development fund	Total
Opening balance	8 127	8 127

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54. Accumulated surplus (continued)

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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55. 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	Re-classification	Restated
Consumer debtors	58 984 141	14 609 553	395	73 594 089
Receivables from exchange transactions	3 881 687	-	(395)	3 881 292
Inventories	3 995 741	665 160	-	4 660 901
Receivables from exchange transactions	2 544 113 289	6 153 815	-	2 550 267 104
Intangible assets	70 741	(34 823)	-	35 918
Payables from exchange transactions	(286 672 891)	(42 290 634)	-	(328 963 525)
VAT payable	(27 771 214)	11 790 297	-	(15 980 917)
Accumulated surplus	(2 320 512 611)	9 106 632	-	2 311 405 979

Economic entity

	As previously reported	Correction of error	Re-classification	Restated
Consumer debtors	58 984 141	14 609 553	395	73 594 089
Receivables from exchange transactions	4 166 413	-	(395)	4 166 018
Inventories	3 995 741	665 160	-	4 660 901
Receivables from exchange transactions	2 546 323 437	6 153 815	-	2 552 477 252
Intangible assets	70 741	(34 823)	-	35 918
Payables from exchange transactions	(286 618 278)	(42 411 880)	-	(329 030 157)
VAT payable	(26 423 490)	11 790 297	-	(14 633 195)
Accumulated surplus	(2 322 150 920)	9 227 878	-	(2 312 923 042)

Statement of financial performance

Controlling entity

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		447 235 423	(244 196)	-	446 991 227
Rental of facilities and equipment		504 621	(348 101)	-	156 520
Debt impairment		(309 751 607)	16 433 862	-	(293 317 745)
Depreciation and amortisation		(51 675 654)	(1 829)	-	(51 677 483)
Finance costs		(18 250 481)	-	(2 452 003)	(20 702 484)
Lease rentals on operating lease		(23 968 100)	14 442	-	(23 953 658)
Inventory consumed		(191 819 705)	1 251 256	-	(190 568 449)
Contracted services		(209 970 079)	(12 084 681)	2 452 003	(219 602 757)
General expenses		(42 200 699)	(392 516)	-	(42 593 215)
Inventories losses / adjustments		(67 919 537)	(12 022 090)	-	(79 941 627)
Employee related costs		(281 451 930)	-	126 083	(281 325 847)
Remuneration of Councillors		(15 399 437)	-	(126 083)	(15 525 518)

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55. Prior-year adjustments (continued)

Economic entity

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		447 235 423	(244 196)	-	446 991 227
Rental of facilities and equipment		504 621	(348 101)	-	156 520
Debt impairment		(309 751 607)	-	-	(293 317 745)
Depreciation and amortisation		(51 858 945)	(1 829)	-	(51 860 774)
Finance costs		(18 250 481)	-	(2 452 003)	(20 702 484)
Lease rentals on operating lease		(24 274 000)	14 442	-	(24 259 558)
Inventory consumed		(191 819 705)	1 251 256	-	(190 568 449)
Contracted services		(209 970 079)	(12 084 681)	2 452 003	219 602 757
General expenses		(46 440 338)	(392 516)	-	(46 832 852)
Inventories losses / adjustments		(67 919 537)	(12 022 090)	-	(79 941 627)
Employee related costs		(287 786 446)	(121 242)	126 083	(287 781 601)
Remuneration of Councillors and Board Members		(15 542 762)	-	(126 083)	(15 668 843)
Surplus for the year		-	-	-	-

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55. Prior-year adjustments (continued)

Errors

The following prior period errors adjustments occurred:

Property, Plant and Equipment

The prior period error has been presented relating to Machinery and Equipment, Furniture and fixtures, IT Equipment and Work-in-Progress where invoices were accounted for in the incorrect period.

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

Trade and Other Receivables from Exchange Transactions

The prior period correction relates to adjustments made for purposes of customer account query resolutions as well as the correction of refunds that were processed incorrectly.

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

Trade and Other Payables from Exchange Transactions

The prior period correction relating to trade payables is as a result of invoices and returns to supplier accounted for in the incorrect period as well as a retention forfeiture that was erroneously not accounted for.

The corrections affected the trade payables, inventories, VAT payable, contracted services, lease rentals on operating lease, general expenditure and revenue: fines, penalties and forfeits.

Reclassifications

The interest charged on outstanding amounts for sewerage services was erroneously classified as contracted services and has been reclassified to finance costs.

The Skills Development Levy relating to Councillors was erroneously classified to employee related costs and has been reclassified to remuneration of Councillors.

56. 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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56. 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 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31 081 691	31 081 691	-	31 081 691
Trade and other payables	221 799 094	-	-	-
At 30 June 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	378 976 728	-	-	-

Controlling entity

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31 081 691	31 081 691	-	31 081 691
Trade and other payables	212 492 790	-	-	-
At 30 June 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	373 506 824	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial instrument	Economic entity - 2024	Economic entity - 2023	Economic entity	Controlling entity
Cash and cash equivalents	238 734 485	333 152 099	228 224 840	328 660 005
Trade and other receivables	48 693 495	77 760 107	48 216 581	77 475 381

Market risk

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56. 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.

57. Going concern

The current ratio for the current financial year is 1.21:1; the collection rate is 47% and the cash coverage ratio is 2.62. This indicates that the economic entity does not have sufficient cash resources to meet its obligations, however if we look at an overall picture, the total assets exceed the total liabilities which indicates that the municipality is solvent. The economic entity receives grants to fund operating activities as well as capital commitments .

We draw attention to the fact that at 30 June 2024, the entity had an accumulated surplus of R 2 472 221 371 and that the entity's total assets exceed its liabilities by R 2 522 733 543.

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.

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	Economic entity		Controlling entity	
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58. 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, three 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.

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58. 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	122 003 089	29 122 026	204 987 444	356 112 559
Revenue from exchange transactions	332 227	1 530 681	574 001 008	575 863 916
Interest Revenue	-	850 955	-	850 955
Other income	-	16 500	-	16 500
Total segment revenue	122 335 316	31 520 162	778 988 452	932 843 930
Interest revenue				34 566 256
Other income				1 391
Debt waived				17 382 096
Insurance refund				134 686
Revenue from non-exchange transactions				583 249 304
Total revenue reconciling items				635 333 733
Economic Entity's revenue				1 568 177 663
Expenditure				
Salaries and wages	(104 645 870)	(18 105 907)	(89 552 671)	(212 304 448)
Other operational expenditure	(17 689 446)	(10 830 454)	(398 026 215)	(426 546 115)
Finance Costs	-	-	(16 836 267)	(16 836 267)
Depreciation and amortisation	-	(217 490)	(51 440 163)	(51 657 653)
Debt impairment	-	-	(363 797 166)	(363 797 166)
Bad debts written off	-	-	(8 290 617)	(8 290 617)
Inventories losses/ adjustments	-	-	(47 884 724)	(47 884 724)
Loss on disposal of assets	-	(64 458)	-	(64 458)
Asset Impairment	-	-	(35 423 368)	(35 423 368)
Total segment expenditure	(122 335 316)	(29 218 309)	(1 011 251 191)	(1 162 804 816)

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	Community Services	Planning and Economic Development	Trading Services	Total
58. Segment information (continued)				
Salaries and wages				(128 728 481)
Finance costs				(23 057)
Other expenses				(113 457 947)
Loss on disposal of assets				(54 328)
Actuarial gains / (losses)				(1 163 000)
Depreciation and amortisation				(3 836 371)
Total expenditure reconciling items				(247 263 184)
Economic Entity's expenditure				(1 410 068 000)
Economic Entity's surplus (deficit) for the period				158 109 663
Assets				
Current Assets	-	10 986 559	33 354 962	44 341 521
Non-current Assets	574 567	1 928 199	2 376 144 095	2 378 646 861
Additions to non-current assets	408 274	210 462	193 590 596	194 209 332
Total segment assets	982 841	13 125 220	2 603 089 653	2 617 197 714
Current Assets				251 403 191
Non-current Assets				85 434 564
Additions to non-current assets				8 219 391
Total assets as per Statement of financial Position				2 962 254 860
Liabilities				
Current Liabilities	-	9 689 831	79 350 735	89 040 566
Non-current Liabilities	-	-	134 381 043	134 381 043
Total segment liabilities	-	9 689 831	213 731 778	223 421 609
Current Liabilities				155 452 713
Non-current Liabilities				60 647 000
Total liabilities as per Statement of financial Position				439 521 322

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58. Segment information (continued)

Controlling entity

	Community Services	Planning and Economic Development	Trading service	Total
Revenue				
Revenue from non-exchange transactions	122 003 089	29 122 026	204 987 444	356 112 559
Revenue from exchange transactions	332 227	-	574 001 008	574 333 235
Total segment revenue	122 335 316	29 122 026	778 988 452	930 445 794
Interest revenue	-	-		34 566 256
Other income				1 391
Debt waived				17 382 096
Insurance refund				134 686
Revenue from non-exchange transactions				583 249 304
Total revenue reconciling items				635 333 733
Municipality's revenue				1 565 779 527
Expenditure				
Salaries and wages	(104 645 870)	(10 768 456)	(89 552 671)	(204 966 997)
Other expenses	(17 689 446)	(18 353 570)	(398 026 215)	(434 069 231)
Finance Costs	-	-	(16 836 267)	(16 836 267)
Depreciation and amortisation	-	-	(51 440 163)	(51 440 163)
Debt impairment	-	-	(363 797 166)	(363 797 166)
Bad debts written off	-	-	(8 290 617)	(8 290 617)
Inventories losses/ adjustments	-	-	(47 884 724)	(47 884 724)
Asset impairment	-	-	(35 423 368)	(35 423 368)
Total segment expenditure	(122 335 316)	(29 122 026)	(1 011 251 191)	(1 162 708 533)
Total expenditure reconciling items				(247 263 184)

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	Community Services	Planning and Economic Development	Trading service	Total
58. Segment information (continued)				
Salaries and wages				(128 728 481)
Finance costs				(23 057)
Other operational costs				(113 457 947)
Loss on disposal of assets				(54 328)
Actuarial gains / (losses)				(1 163 000)
Depreciation and amortisation				(3 836 371)
Municipality's surplus (deficit) for the period				155 807 810
Assets				
Current Assets	-	-	33 354 962	33 354 962
Non- current Assets	574 567	-	2 376 144 095	2 376 718 662
Additions to non-current assets	408 274	-	193 590 596	193 998 870
Total segment assets	982 841	-	2 603 089 653	2 604 072 494
Current Assets				251 403 191
Non-current Assets				85 434 564
Additions to non-current assets				8 219 391
Total assets as per Statement of financial Position				2 949 129 640
Liabilities				
Current Liabilities	-	350 565	79 350 735	79 701 300
Non- current Liabilities	-	-	134 381 043	134 381 043
Total segment liabilities	-	350 565	213 731 778	214 082 343
Current Liabilities				155 485 675
Non-current Liabilities				60 647 000
Total liabilities as per Statement of financial Position				430 215 018

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58. 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.