

# ZULULAND DISTRICT MUNICIPALITY



## DRAFT ANNUAL REPORT 2023/2024

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## **1. ABOUT THIS ANNUAL REPORT**

Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

The purpose of an annual report is:

- a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

This Annual Report is therefore a reflection or record of activities and performance of the Zululand District Municipality for the period **01 July 2023 to 30 June 2024**.

## 2. FOREWORDS

### MESSAGE FROM HIS WORSHIP THE MAYOR



The Constitution of the Republic of South Africa mandates all municipalities to interact with the communities and to ensure that basic services are equally delivered to all for a better life. The mandate of the Zululand District Municipality is not unique to the broader one given to Local Government by the Constitution. However, the uniqueness we have are the demands and expectations of our communities in the District.

It is for this reason that the Zululand District Municipality persists with the commitment of servicing and improving the lives of its community. This commitment is displayed in this Annual Report, which reviews the work done by the Municipality during the 2023/2024 financial year. This report outlines our performance on the targets set over this period. It will give our stakeholders and the community insights into our performance, achievements and shortcomings.

I present this report noting the population growth according to Census 2022 (from 803 575 in 2011 to 942 794 in 2022). This puts pressure on us to focus on mass job creation opportunities to ensure that population groups (5-19 and 20-59) are productive and contribute to the performance of the Zululand economy.

Local Economic Development is one of the Key Performance Areas of the Municipality. It is also a Constitutional responsibility to promote economic development in the District. The Zululand Region faces several challenges to Local Economic Development. Unemployment is high, as is poverty. Economic growth has in the recent past been slow, as the area's development potential has not been exploited fully. This is why the LED Unit reviewed its LED Strategy which has been adopted and now has given way to the implementation plan. Despite such challenges we are proud that through EPWP and other projects, there are households that are now able to put food on the table

HIV/AIDS still has ill-impact in our communities as statistics show a worsening situation instead of improvement. High prevalence of HIV/AIDS poses a severe developmental challenge in the District as the labour force shrinks with more people falling sick and succumbing to the scourge.

An important key area of performance in our Municipality is that of providing access to clean water and sanitation. There have been improvements against the record of 23 840 households which had none or inadequate access to water. There are now 30 721 households receiving rudimentary level of service which is an improvement compared to the previous year, which recorded 17 000 households.

On the year that we are reviewing, our District has been continuously experiencing adverse weather conditions. Disaster Management teams from ZDM in conjunction with external stakeholders worked very hard to provide primary and secondary response as well as provision of social relief, based on the needs of the affected communities. Assessment and assistance have been provided to hundreds

of households and victims. There has been Disaster Management Awareness Campaigns through Traditional Councils, Amakhosi and various schools.

The Municipal Health Unit did a sterling job in conducting inspections in various premises following the national disaster of food poisoning, which affected some parts of the District. This raised concerns regarding low or no compliance of these premises.

The mentioned key areas of performance can never be successful on their own, which is why I emphasize and appreciate the collective work by Councillors and Officials, who have worked together to identify and rectify challenges. I encourage you to continue to improve mechanisms to strengthen the accountability and discipline in your work. Speed, timing and excellence in the quality of daily work must become a key feature in the way in which officials undertake their work.

Let us continue to work hard and respecting the Constitutional mandate of serving and servicing the people of the Zululand District Municipality.

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**CLLR M.B KHUMALO**

**HONORABLE MAYOR: ZULULAND DISTRICT MUNICIPALITY**

**FOREWORD BY THE MUNICIPAL MANAGER MR R.N HLONGWA**



The performance of the Zululand District Municipality during the financial year 2023/2024, is reflected on this Annual Report. It displays where the Municipality is excelling and managing the effects brought by different challenges. It also illustrates a performance where the Municipality is proving resilience over challenges towards its mandate.

The administration of the Municipality continues to work to provide the needs of our communities and improve their lives through meaningful programmes. We continue to carefully monitor and measure our performance to improve service delivery.

We faced some inevitable difficulties during the year under review, such as adjustments in grants to lower figures by National Treasury, change of Senior Managers and the National Elections which causes instability in political leadership.

Despite these challenges and a 7% decrease from the previous year (2022/2023), the Zululand District Municipality managed to obtain performance to the level of 82% for the 2023/2024 financial year.

Although this is a decrease in achievement, it must be noted that the Municipality focused on new indicators to be able to improve services delivery rather than the previous indicators that have been well achieved over the years. The monitoring controls will receive special attention in all of the Municipality's departments.

I am truly honoured that for the financial year 2023/2024 we met all the Basic Service Delivery targets. We were able to provide 1 100 households within the District with access to clean usable water. Our target for the year was 722 households, but true to our commitment we went the extra mile with 378 households. As it is our duty to provide clean water, we met our target of ensuring that 70% kilolitres produced by ZDM determinants have passed laboratory tests. Here we also overachieved as we reached 96%.

We continue to be committed to Local Economic and Social Development as there were 2 724 EPWP jobs created, exceeding the target of 1 370. Unemployment remains a worrisome issue in our societies, which is why we strive to counter this problem with such expanded work programmes. We have also created opportunities for growth by supporting 10 Co-operatives. The four Tourism Awareness campaigns we had were a success.

Even though the overall performance decrease by only nine percent (from 91% to 82%), the Municipality excelled in serving its community through Basic Service Delivery and Economic & Social Development.

The District has made significant stride to achieve the Service Delivery & Budget Implementation Plan (SDBIP) deliverables, which ultimately will translate to service delivery and good administration. This report records the performance and progress made by the Zululand District Municipality in fulfilling its strategic objectives contained in the Integrated Development Plan (IDP) and SDBIP approved by the Council for the year under review.

The work and progress presented on this report would not have been possible without the Council of Zululand District Municipality, Executive Members of Council, Portfolio Committees, Municipal Public Accounts Committee, Audit and Performance Committee, management, and all employees of the Municipality. I thank you all for your consistent efforts and commitment to improving the lives of the people of Zululand District and always striving to drive service delivery through integrity.

As the Accounting Officer, I continue to dedicate myself in leading the Municipality towards the direction of carrying out the needs of the community of ZDM.

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**MR. R.N. HLONGWA**

**MUNICIPAL MANAGER**

### 3. CHAPTER 1 –PROFILE OF THE ZULULAND DISTRICT MUNICIPALITY

#### 3.1. Municipal Functions

The Zululand District Municipality is a Category C municipality administered under a collective executive system.

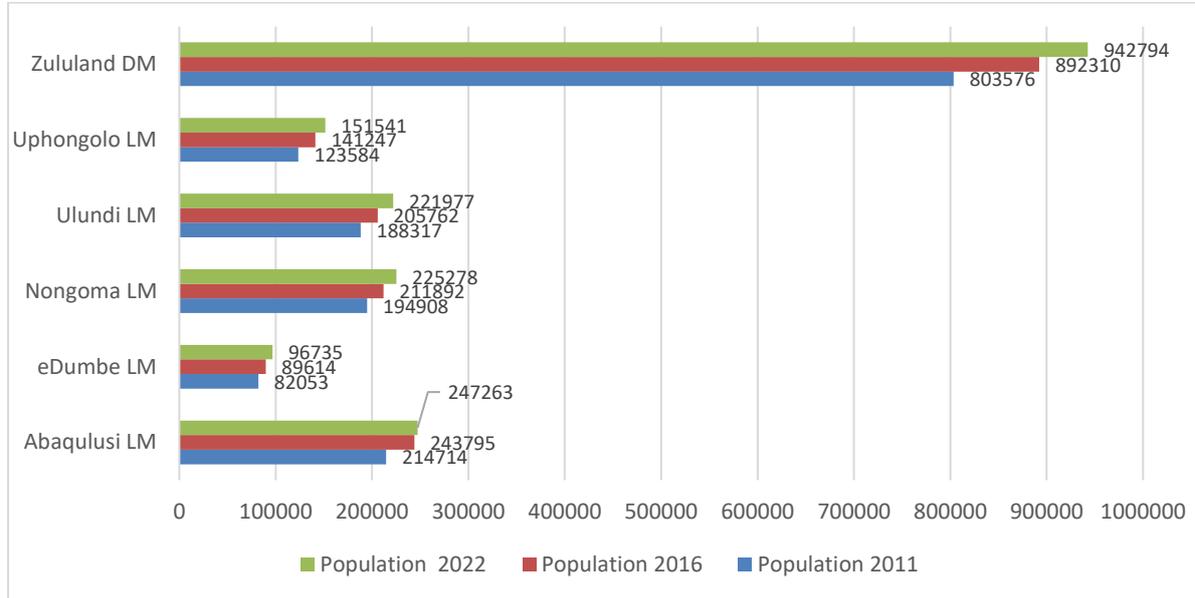
According to Section 84. (1) A district municipality has the following functions and powers:

- (a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.*
- (b) Bulk supply of water that affects a significant proportion of municipalities in the district.*
- (c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.*
- (d) Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district.*
- (e) Solid waste disposal sites serving the area of the district municipality as a whole.*
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.*
- (g) Regulation of passenger transport services.*
- (h) Municipal airports serving the area of the district municipality as a whole.*
- (i) Municipal health services serving the area of the district municipality as a whole.*
- (j) Firefighting services serving the area of the district municipality as a whole.*
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.*
- (l) The establishment, conduct and control of cemeteries and crematoria serving the district as a whole.*
- (m) Promotion of local tourism for the area of the district municipality.*
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.*
- (o) The receipt, allocation and if applicable the distribution of grants made to the district municipality.*
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.*

### 3.2. Demographic Profile

A combination of sources have been used to interpret the statistics relating to the demographic statistics. These are StatsSA Census 2011, Census Community Survey 2016 and Global Insight 2015.

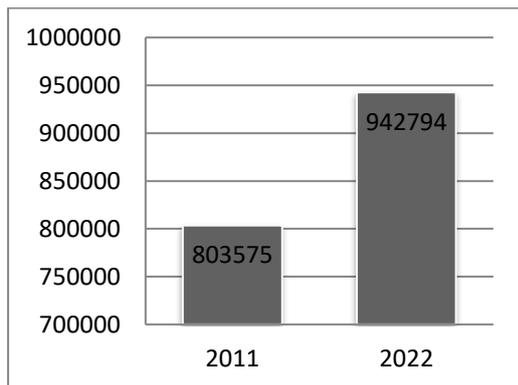
**Figure 1 Local Municipality population comparison between 2011-2016**



According to Census 2022 figures, Zululand District experienced an increase in its total population figures from 803 575 in 2011, to 942 794 in 2024.

Most of the district’s **population** in 2022 resides in Abaqulusi (247 263), Nongoma (225 278) and Ulundi (221 977) local municipalities. The smallest population is recorded as 96 735 for eDumbe. In terms of percentage contribution, Abaqulusi contributes the highest percentage (26%) towards Zululand’s population, followed by Nongoma and Ulundi with 24% and 23.5%, respectively.

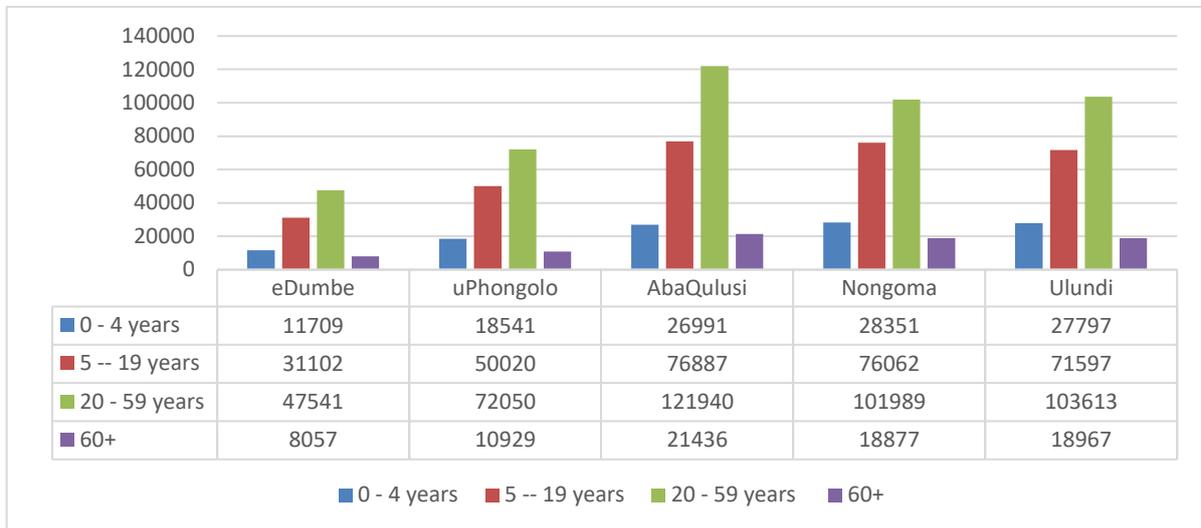
**Figure 2 District population**



According to census, the population in the Zululand District Municipality grew from 803,535 in 2011 to 942,794 in 2022.

Between 2011 and 2022, the Zululand growth rate rose 1.73% which is on par with its neighbouring districts.

The Zululand District Municipality contributes 7.5% to the province’s population.



Source: Census 2022

The population structure per local municipality shows that 47% of the population is in the 20-59 age cohort. The 5-19 year age cohort contributes 32,4% to the Zululand population. This signifies the pressure on the government to focus on creating mass job creation opportunities to ensure that these population groups are productive and contribute to the performance of the Zululand economy.

### 3.3. Socio Profile

A total population of 596 680 in Zululand is considered economically active (ages of 15-64). Abaqulusi has the largest economically active population at 165 020. Ulundi and Nongoma follow with economically active populations of 138 977 and 136 603 respectively.

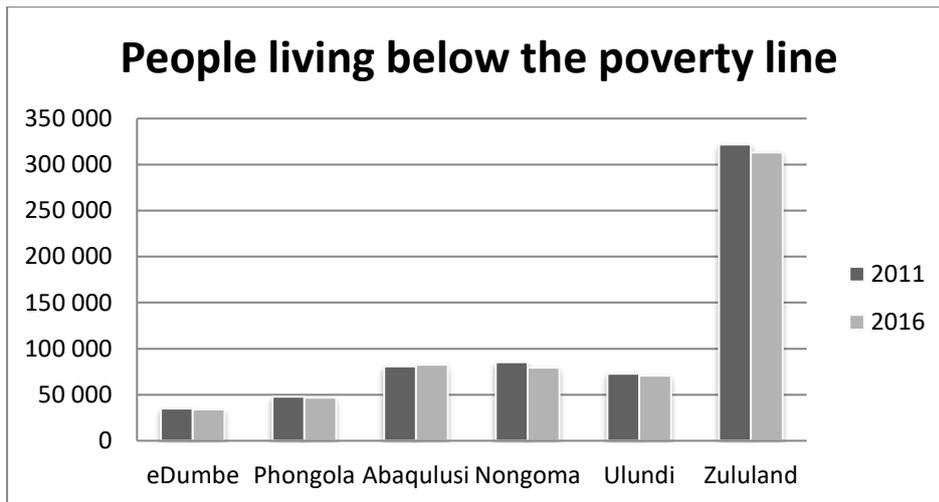
On the same scale Abaqulusi has the largest unemployment rate at 30.5% followed by eDumbe (25.7%); Ulundi(22.7%). The lowest unemployment rate is recorded by Nongoma at 17.6%.

The labour force participation rate in Zululand is 31.6% compared to a provincial average of 48.4%

According to the KZN Provincial Treasury KZN Multiple Deprivation Index in 2011 Zululand have relatively lower levels of deprivation than most other municipalities within the province. Of the five local municipalities, eDumbe and uPhongolo are classified as having the highest levels of deprivation.

The table below demonstrates population living below the poverty line in Zululand.

**Figure 3 Local Municipality general labour indicator comparison**



Source: Global Insight, 2017

313 212 (Community Survey 2016) people live below the poverty line in Zululand as compared to 321 881(Census 2011) which is a mere reduction of 8669.

### 3.4. Impact Of Hiv/Aids

A comparison between 2001 and 2011 HIV/AIDS statistics for the district shows a worsening of the situation, with figures reflecting an increase in both the HIV/AIDS prevalence rate and HIV/AIDS related deaths in Zululand over the period.

The high prevalence of HIV/AIDS poses a severe developmental challenge the district, as HIV/AIDS inhibits economic growth by reducing the availability of human capital. The labour force shrinks as more people fall sick and/or die, resulting in a young labour force that lacks experience, subsequently leading to reduced productivity and a smaller skilled population.

In overall terms, the Zululand District made a limited contribution to the economy of KwaZulu-Natal in 2011, i.e. contributing only 3.0 % to the provincial economy at a growth rate of 1.4%.

## 4. THE ZULULAND DISTRICT ECONOMY

Table 1 Sectoral performance

Sector	2006	2011	2015
Agriculture	8.30%	9.80%	9.70%
Mining	9.80%	9.00%	10.30%
Manufacturing	6.60%	6.30%	6.00%
Electricity	5.80%	5.50%	5.10%
Construction	3.60%	3.60%	3.60%
Trade	10.60%	10.50%	10.50%
Transport	7.90%	8.10%	8.30%
Finance	11.40%	12.10%	12.10%
Community services	28.70%	28.10%	27.60%

The community sector contributed 27.60% to the district GVA in 2015.

Manufacturing, which is the highest economic contributor in the province made a comparatively smaller contribution to the District economy (6.0%). Despite the District being largely dependent on the sector for employment, agriculture only made a 9.70% contribution to the district economy. In

2015, agriculture, mining, trade and accommodation, and general government sectors made larger contributions than in other areas of the province.

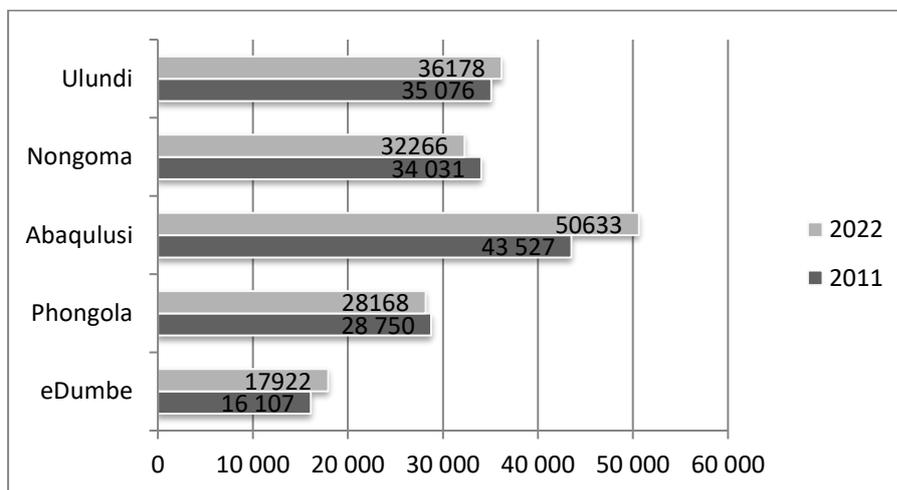
Key areas of concern are the significant gaps between the percentage of working age population, employment and the large numbers of not economically active residents, indicating high dependency levels. Abaqulusi and Ulundi Local Municipalities provide the largest number of formal and informal jobs within the district economy. However, it is important to note that none of the local municipalities are able to provide sufficient jobs for the working age population.

The figure below depicts the share of each local municipality in total employment (formal and informal) for Zululand. Abaqulusi hosts the largest proportion of the population that are employed (41309) followed by Ulundi (20983). eDumbe contributes the lowest towards district employment levels (11478 of the total employed in the district).

#### 4.1. Infrastructure Profile

##### Human Settlements

According to the Census Community Survey there are **165,167 households** across the Zululand District Municipality. This is less than 10% of total households in the whole of KwaZulu Natal.



**Figure 4 Households per Local Municipality**

The majority of the households are in the area of Abaqulusi (50,472) followed by Ulundi (36,178), Nongoma (32,266), oPhongolo (28,168) and eDumbe (17,922).

The table below provides a summary of the status of access in respect of water and sanitation within the Zululand District and its five constituent local municipalities.

##### SERVICE LEVELS

ZDM has the following levels of service:

- a. Regional schemes
- b. Intermediate Stand-Alone Schemes
- c. Rudimentary Water Supply Schemes
- d. Rural Sanitation Roll-Outs (New Infrastructure and Phase 3 Replacement Programme)

### Water Provision

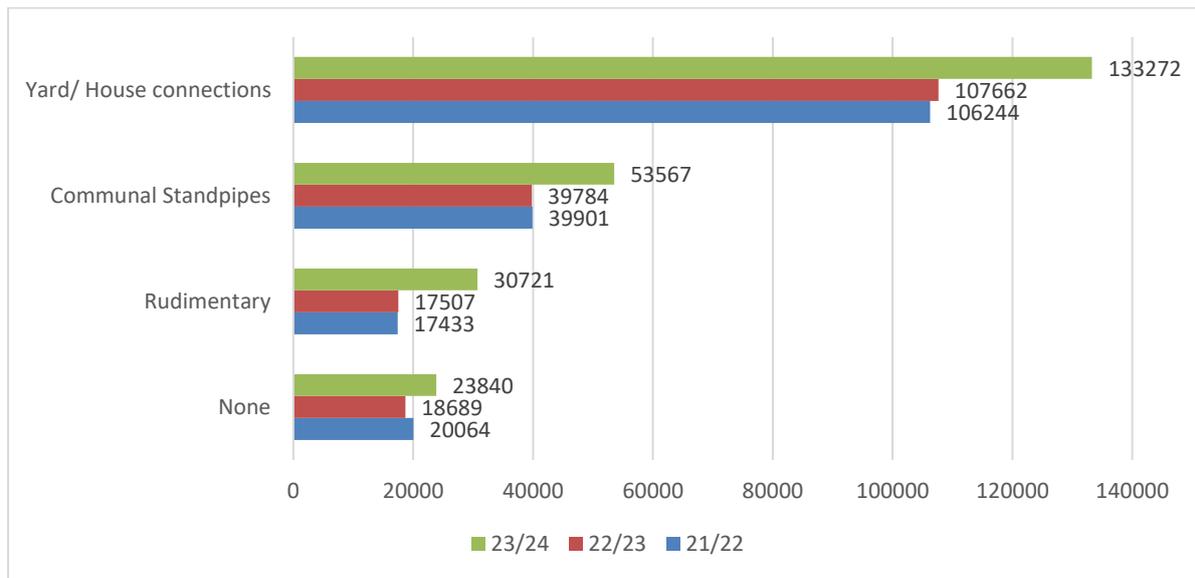
Each regional scheme footprint has a sustainable water source from where infrastructure is progressively being rolled out to all households within the supply area. The supply footprints have been identified in such a way that water can be provided to all households within the area in a sustainable manner and at the lowest possible cost (R/kl).

### Water Backlog Analysis

For the period under review the Water Services Development Plan identified 183,642 households. 1,078 of these households are farmhouses.

**Figure 5 Water backlog trends**

The graph below demonstrates access to water over the past 3 years.



In the 23/24 financial year **23,840** households had **none or inadequate** access to water compared to **18689** in 2022/23

**30 721** households are receiving the rudimentary level of service (less than RDP level of service) which is an improvement as compared to 2022/23 in which, **17,507** received a rudimentary level of service.

**52567** households are receiving communal standpipes (equal to RDP).

In 2023/24 **133272** Households received yard connections.

The backlog is defined by households receiving less than RDP level of services. If one looks at the figure above, this is a combination of none + rudimentary.

### Sanitation Provision

Sanitation in the rural areas is being provided in the form of dry-pit VIP toilets and the strategy is to implement these simultaneously with the roll-out of water services. This ensures a more effective impact with health and hygiene awareness training.

## Sanitation Backlog

Figure 6 Sanitation backlog trends

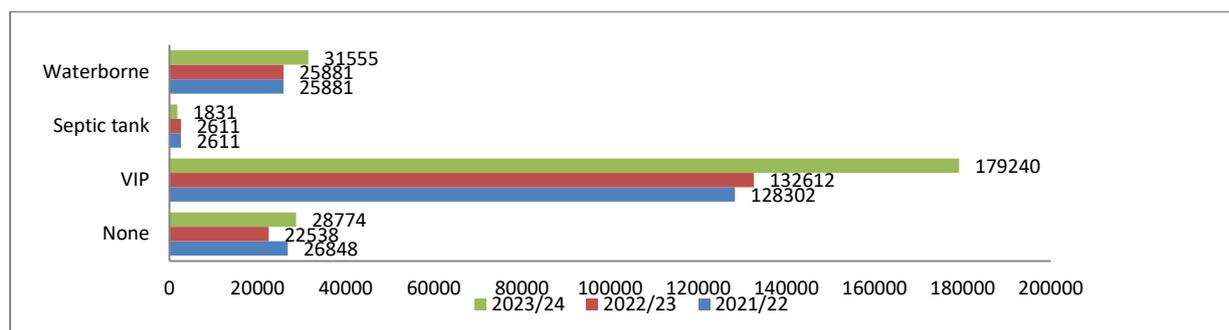


Table 2 Access to electricity

Municipality	Total Households	No of H/H electrified (2016)	No of H/H Backlog	% Backlog
				per LM
<b>Abaqulusi</b>	51472	11709	39763	77%
<b>eDumbe</b>	17415	4140	13275	76%
<b>oPhongolo</b>	34667	8718	25949	75%
<b>Nongoma</b>	36409	23256	13153	36%
<b>Ulundi</b>	38553	25825	12728	33%
<b>Total</b>	<b>178516</b>	<b>73648</b>	<b>104868</b>	<b>59%</b>

At an average cost of R22,000 per household to provide electricity to a rural household the approximate capital cost required to eradicate the backlog per local municipality can be seen in the table below:

Municipality	HH Backlog	Budget (mill) @ R22,000 per HH
<b>Abaqulusi</b>	11709	257 598 000
<b>eDumbe</b>	13275	292 050 000
<b>Nongoma</b>	13153	289 366 000
<b>Ulundi</b>	12728	280 016 000
<b>oPhongolo</b>	25949	570 878 000
<b>Total</b>	<b>76814</b>	<b>1 689 908 000</b>

## Municipal District Roads

The table below illustrates the network statistics that excludes the provincial and the national roads.

Table 3 Road infrastructure backlogs

Authority	Paved Roads (km)	Unpaved Roads(km)	Total(km)
Abaqulusi LM	195.98	727.18	923.16
eDumbe LM	35.61	243.95	279.56
Nongoma LM	10.14	602.02	612.16

Ulundi LM	101.14	740.08	841.22
uPhongolo LM	46.9	390.07	436.97
<b>Total</b>	<b>389.77</b>	<b>2703.3</b>	<b>3 093.07</b>

Zululand District Municipality and its Local Municipalities, still have a huge backlog in terms of addressing the basic needs of its population. The challenge is also due to the inherent regional spatial disintegration which must begin to allow previously disadvantaged communities to also enjoy the same opportunities and benefits as those enjoyed by previously advantaged communities. In this regard, Roads and Transport play a crucial role in facilitating movement amongst these communities and business centres in respect of underpinning socio-economic development and sustainability.

Through Rural Road Asset Management System (RRAMS) the District Municipality will be fulfilling its constitutional mandate, which requires that the District establish, manage, regulate and control municipal roads, which form an integral part of a road transport system for its area of jurisdiction. Furthermore RRAMS (“the project”) will afford the district capacity to fortifying its plenary foresight by having established Roads Asset Management Systems that can effectively support its infrastructure investment programme.

**Table 4 Road infrastructure assets**

Unpaved Roads	Paved Roads	Traffic Stations	Count	Bridges	Culverts	Ancillary Assets
<b>2703.3</b>	389.77	157		41	21	8779

According to the RRAMS 2016, the district municipality a total road network of 2030km. The current RRAMS indicates that the municipality now has a total of 3093km. Of that total 2703.3km is unpaved. 390km is paved.

**Table 5 Paved road network**

Local Municipality	Paved Road Network Condition					Length (km)
	Very Good	Good	Fair	Poor	Very Poor	
<b>Abaqulusi LM</b>	1.93%	6.09%	13.32%	27.96%	50.70%	139.62
<b>eDumbe LM</b>	0%	6.98%	29.75%	34.69%	28.57%	33.07
<b>Nongoma LM</b>	6.53%	1.58%	22.46%	27.34%	42.08%	8.55
<b>Ulundi LM</b>	8.94%	10.27%	16.26%	22.82%	41.72%	81.33
<b>uPhongolo LM</b>	6.23%	7.64%	22.53%	39.71%	23.89%	37.05

Source: RRAMS 2024

The capital investment required to repair the road network is indicated below:

**Table 6 Capital investment needed to repair the paved road network by local municipality**

Local Municipality	Rehabilitation	Special Maintenance	Periodic Maintenance	Total by Municipality
Abaqulusi	R 1 403 587,15	R 631 614,22	R 210 538,07	R 1 925 359,60
eDumbe	R 806 121,22	R 362 754,55	R 120 918,18	R 1 105 790,43

Nongoma	R 681 081,23	R 350 898,94	R 1 071 190,05	R 1 803 129,47
Ulundi	R 3 578 297,50	R 1 610 233,87	R 526 744,62	R 4 908 501,37
uPhongolo	R 4 970 257,00	R 2 236 615,65	R 745 538,55	R 6 817 910,83
<b>Total by District</b>	<b>R 11 439 344,10</b>	<b>R 5 192 177,23</b>	<b>R 2 674 929,47</b>	<b>R 19 306 390,80</b>

Abaqulusi has the longest road network of which more than 80% of the paved network is in a poor state. Ulundi has the second longest road network with more than 60% in a poor state. There is an urgent need for the implementation of road rehabilitation programmes in all municipalities of Zululand.

**Table 7 Unpaved road network**

Local Municipality	UnPaved Road Network Condition					
	Very Good	Good	Fair	Poor	Very Poor	Length (km)
<b>Abaqulusi LM</b>	4.29	5.2	20.05	34.07	36.4	633.97
<b>eDumbe LM</b>	31.12	1.97	14.05	23.74	29.12	157.66
<b>Nongoma LM</b>	0.03	4.03	8.17	9.18	78.59	417.29
<b>Ulundi LM</b>	5.08	7.9	23.22	16.13	47.68	452.88
<b>uPhongolo LM</b>	38.15%	10.7	15.23	8.66	27.26	199.37

Source: RRAMS 2021

Once again Abaqulusi LM has the longest unpaved road network in the district. More than 70% of this network is in an unacceptable state. This is followed up by Ulundi and Nongoma with 90% and 70% of their networks in an unacceptable state respectively.

The capital investment required to repair the road network is indicated below:

**Table 8 Capital investment needed to repair the unpaved road network by local municipality**

Local Municipality	Construction	Regravelling	Reshaping	Total by Municipality
Abaqulusi	R 4 507 552,90	R 2 588 953,47	R -	R 7 096 506,37
eDumbe	R 2 050 683,21	R 1 177 828,29	R 382 278,30	R 3 610 789,80
Nongoma	R 212 586,57	R 122 101,00	R 5 449,76	R 340 137,33
Ulundi	R 11 384 884,28	R 6 539 010,46	R 1 365 571,99	R 19 289 466,73
uPhongolo	R 1 047 673,52	R 601 740,69	R -	R 1 649 414,21
<b>Total by District</b>	<b>R 19 203 380,48</b>	<b>R 11 029 633,90</b>	<b>R 1 753 300,05</b>	<b>R 31 986 314,44</b>

Through IGR structures and other structures, the District will seek to co-ordinate the efforts of all municipalities to invest in the repair of their road networks, which will result in increased economic investment into the region.

### Rail Transportation

The most important rail link in the Zululand District is the coal line from Mpumalanga through Vryheid to the Richards Bay Coal Terminal from where the product is exported. The line runs from Witbank through Piet Retief, Paul Pietersburg, Vryheid East, Ulundi to Richards Bay. Although initially designed to convey 21 million tons of coal exports per annum, the route was upgraded in 1989, and in 1997 it conveyed 62 million tons of coal to Richards Bay. The Coal Line Study, conducted in 1999 found that there are approximately 17 general freight trains on the line, transporting 30 000 tons of goods to

Richards Bay, including ferro-chrome, granite, chrome, steel and timber. Although most of the freight is loaded north of Zululand substantial amounts of timber is loaded in the eDumbe and Vryheid areas.

### **Civil Aviation**

The District has two airports of note, viz. the Ulundi Airport and the Vryheid Airport. However, due to a discontinuation of scheduled flights to Vryheid in the mid-1980s, the Vryheid airport is no longer licensed, and the municipal parks department maintains the airport.

The ownership of the Ulundi airport was transferred from the Office of the Premier to the Zululand District Municipality in April 2007. For the next three years the KwaZulu-Natal provincial government provided financial assistance to the District Municipality to subsidize the cost of operations at the airport, and allow for the training of District Municipality staff to operate the facility, the re-laying of the main runway, upgrading of fire and rescue equipment, and the installation of all-weather navigational instruments. Clearance was obtained from the Civil Aviation Authority for commercial flights to be resumed, in recognition of the vital role the airport has to play in local development.

The airport then commenced with the handling of commercial flights on a daily basis between Virginia Airport in Durban to Ulundi, and flights to Oribi Airport in Pietermaritzburg in 2012, with a view to stimulating both business and tourism growth in the district.

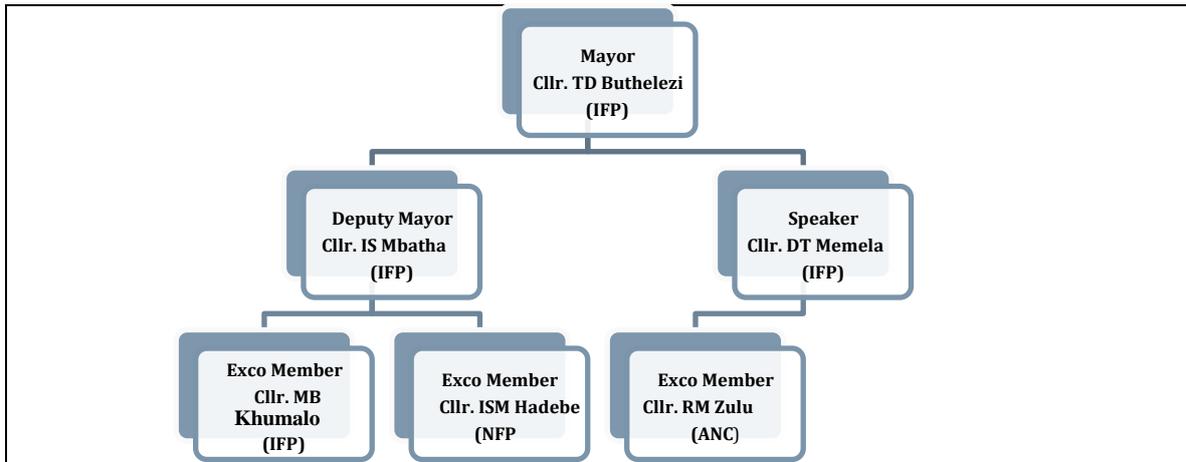
#### **4.2. Summative Key Challenges List**

- Maintain functionality of Council structures
- Maintenance of EDMS system (collaborator) thereby ensuring accurate record keeping.
- Ongoing support to the LED sub-forums to continue functioning.
- Maintenance and continual improvement of GIS system.
- Ensure continued compliance with legal financial requirements.
- Improve vertical and horizontal alignment thereby ensuring coordinated service delivery by all spheres of government.
- Prioritization of needs of marginalized groups.
- Formulation and compliance with Risk Management Framework and Strategy.
- Maintain functionality of IDP organizational arrangements internally and externally.
- To further diversify the district's economy.
- Ongoing support of tourism initiatives.
- Harness agri-processing opportunities in the district, notably venison production, leather processing and traditional medicines.
- Foster timber product ion opportunities.
- Improve rural road network to ensure improve linkages between settlements, rural nodes and municipal centres.
- Harness opportunities relating to small scale mining.
- Ensure indigent policy remains updated and relevant.

- Ensuring ongoing monitoring of water balance in rural areas.
- Commit and implement approved MIG business plans for roll-out of water and sanitation services in the district.
- Ensure disaster management forums remain functional.
- Redress disparities between levels of services and development in the urban and rural areas.
- Improve access to formal waste disposal system.
- Provision of adequate land to cater for anticipated required burial space.
- Ongoing efforts to clarify the responsibilities between Local and District Municipality as well as the Department of Transport in respect of road maintenance and construction.
- Improve the limited capacity of the electricity network in the southern portions of the District.
- Improve functionality of Council oversight committee in particular.
- LLF (Local Labour Forum) to meet more regularly.
- Risk reduction strategies and actions to be defined and implemented.
- Seek clarification in respect of the land reform programme roll-out/implementation.

## 5. CHAPTER 2 – GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

### 5.1. Political Governance Organogram



The figure above shows the Executive Committee of the Zululand District Municipality during the period under review

Political Governance Performance

*Portfolio Committees*

Table 9 Portfolio Committee performance

Chairperson	Description	Date
<b>Cllr. TD Buthelezi</b>	Finance Portfolio Committee	16.08.2023
		11.12.2023
		19.03.2024
		18.05.2024
<b>Cllr. SI Mbatha (Feb 2023 – Jun 2023)</b>	Technical Services Portfolio Committee	23.08.2023
		14.11.2023
		28.02.2024
		20.06.2024
<b>Cllr. MB Khumalo (Jul 2023-Jan 2024)</b>	Corporate Services Portfolio Committee	19.09.2024
		21.09.2023
		17.10.2023
		12.12.2023
		27.03.2024
<b>Cllr SI Mbatha (Jul 2023- Feb 2024)</b>	Planning Services Portfolio Committee	17.04.2024
		18.08.2023
		14. 11.2023
		14.03.2024

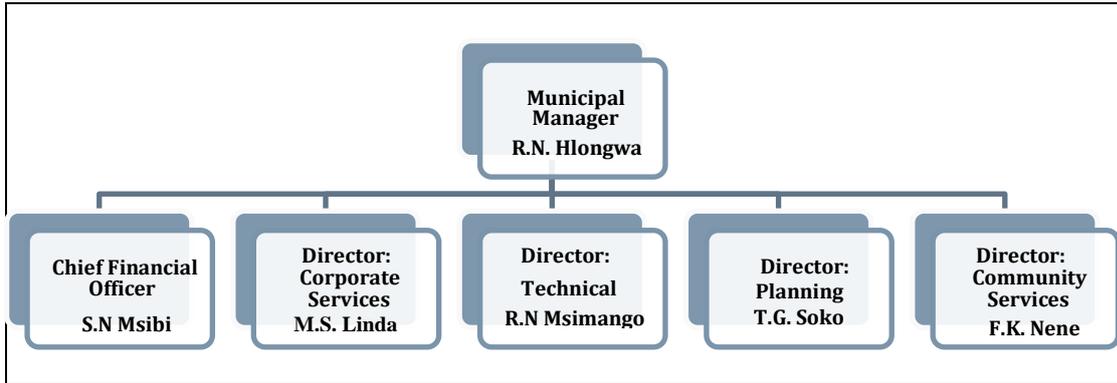
		13.05.2024
<b>Cllr ISM Hadebe</b>	Community Services Portfolio Committee	10.08.2023 25.10.2023 26.02.2024 13.06.2024
<b>Cllr S Shelembe</b>	Municipal Public Accounts Committee	05.07.2023 26.10.2023 19.02.2024 29.04.2024 25.06.2024
<b>Cllr MP Williams</b> <b>Cllr MJ Khumalo (New Chair)</b>	Local Labour Forum	20.09.2023 26.10.2023 10.04.2024 26.06.2024

Table 10 Council and EXCO Meeting performance

<b>COUNCIL AND EXCO MEETINGS</b>	<b>2022/23</b>	<b>2023/24</b>	
	<b>Number of meetings:</b>	<b>Number of meetings:</b>	<b>Dates:</b>
<b>EXCO</b>	15	12	22/08/2023; 22/09/2023; 27/10/2023; 15/11/2023; 29/11/2023; 20/12/2023; 25/01/2024; 26/02/2024; 26/03/2024; 25/04/2024; 14/05/2024; 25/06/2024;
<b>FULL COUNCIL</b>	13	10	27/07/2023; 16/08/2023; 29/08/2023 29/09/2023; 30/11/2023; 30/01/2024; 29/02/2024; 27/03/2024; 24/05/2024; 27/06/2024;

## 5.2. Administrative Governance

### Human Resources



#### ***Municipal Manager***

Mr R.N Hlongwa

The Municipal Manager's Office is responsible for co-ordinating the administration and key activities that are the responsibility of the Accounting Officer.

The divisions are Performance, Risk, Internal Audit and Legal Services, office of the Mayor, Communications, Research & Policy

#### ***Planning Department***

Director: Mr. T.G. Soko

The Planning Department provides strategic support to the Council towards ensuring integrated development planning. The Department also houses the Water Services Authority.

The Department has 3 divisions including Planning Administration, Water Services Authority and Project Management Unit.

#### ***Budget & Treasury Office***

Chief Financial Officer: Ms. S. Msibi

The Budget & Treasury Office applies Municipal financial management practice which involves managing a range of interrelated components such as Planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is effective and efficient and that municipalities can be held accountable.

This department has 2 divisions including Income and Expenditure. Expenditure includes Supply Chain Management.

#### ***Corporate Services Department***

Director: Mrs M.S. Linda

The Corporate Services department provides an integrated administrative support service to the municipality focusing on institutional development, administration, management, and governance.

The Department has 5 divisions including Corporate Services, Aviation Management, Disaster Management, Fleet Management, Satellite Offices and Information Communication Technology

### **Community Services Department**

Director: Ms. F.K. Nene / Ms T.A Ntombela

The Department promotes the district economic and social development as well as developing the people's quality of life in an inclusive and sustainable manner.

The Department has 6 divisions including social development, Youth, Gender & Disabled, HIV/AIDS, Arts and Craft, Local Economic Development and Municipal Health Services

### **Technical Services**

Director: R.N Msimango

The Technical Services Department is a Water Services Provider for its area of jurisdiction. Focus is aimed at Water and Sanitation Services which are provided through the implementation of Regional Water Supply Schemes Programme (RWSS), Rudimentary Water Supply Schemes (Interim) and Sanitation (VIP Toilet) Programme and Emergency Relief.

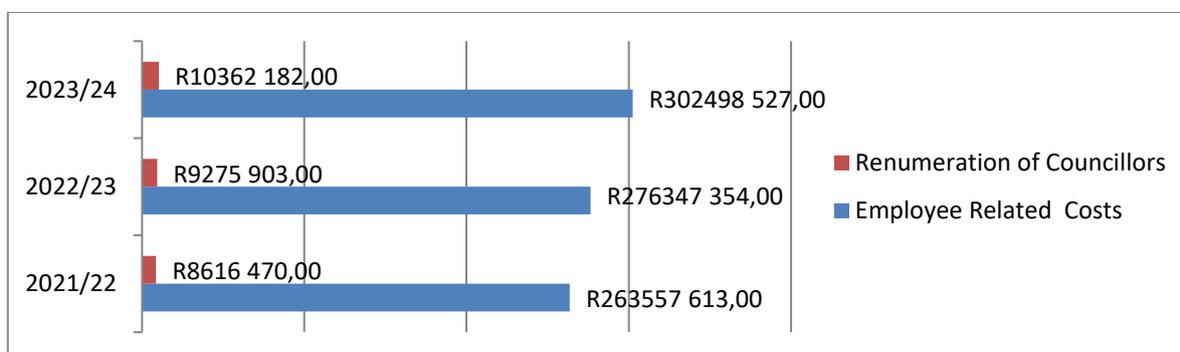
The Department has 2 divisions including the Bulk Management as well as Operations and Maintenance.

### **Organizational Personnel Related Expenditure**

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, allowances and medical aid.

**Figure 7 Organizational personnel related expenditure**



According to note 22 of the Audited Financial Statements, employee related costs increased for the period under review from R276 347 354,00 in 2022/23 to R302498 527,00 in 2023/24.

For the same period according to note 33, councillor related costs increased to R10 362 182,00 for the period under review. The increase from the previous year can be attributed to an adjustment of the remuneration scales of Councillors.

**Table 11 Benefits paid to employees**

Item	2020/21	2021/22	2022/23	2023/24
Motorcar allowances	R6 999 457,00	R8 704 117,00	R10 357 436.00	13 487 425.00
Housing benefits	R1 218 658,00	R1 379 224,00	R1 669 055.00	1 712 120.00
Cellular	R533 383,00	R663 084,00	R739 685.00	1 097 683.00
Leave pay provision charge	R4 629 718,00	R3 223 448,00	R5 523 383.00	6 562 070.00
<b>Total</b>	<b>R13 381 216,00</b>	<b>R13 969 873,00</b>	<b>R18 289 559.00</b>	<b>22 859 297.00</b>

The employee related costs also include overtime, homeowner allowances, medical aid and performance bonuses that are paid to Senior Management.

The costs associated with the Councillors allowance are determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of the Public Office Act, 1998 (Act 20 of 1998).

**Remuneration Packages of the Senior Managers**

Remuneration packages for the Municipal Manager and Managers reporting to the Municipal Manager are as follows:

**Table 12 Remuneration of Senior Managers**

Employee	Remuneration 2023/24
Municipal Manager	R1 888 692.00
Chief Financial Officer	R1 435 004.00
Planning	R1 402 997.00
Technical	R1 077 483.00
Corporate	R1 992 670.00
Community	R1 721 532.00
Chief Operations Officer	R1 551 111.00
Chief Operations & Maintenance Specialist	R1 481 874.00

**Employment and Vacancies**

The following summary indicates the number of posts on the establishment, the number of employees and the vacancy rate.

**Table 13 Posts and vacancy 3-year comparison**

Department	2021/22		2022/23		2023/2024	
	No. of Posts	No. vacancies	No. of posts	No. of vacancies	No. of posts	No. of vacancies
Budget & Treasury	60	6	63	06	61	5
Technical	442	26	360	22	374	27
Planning	20	2	22	01	22	2
Community	93	3	81	03	78	9
Corporate	117	4	102	06	125	10
MM's Office	29	2	50	06	61	3
<b>Total</b>	<b>761</b>	<b>44</b>	<b>678</b>	<b>44</b>	<b>721</b>	<b>56</b>

The number of posts increased for the period under review due to the decisions to align organizational capacity to service delivery demand.

### **Senior Manager Appointments**

The CFO position was the only new senior management.

### **Signing of Performance Agreements & Declaration of financial interests**

All Senior Managers reporting to the Municipal Manager signed performance agreements for the 2023/2024 financial year in July 2023.

The Performance Agreements were submitted to the MEC: COGTA in August 2023 and also published in the media and website.

The municipal manager and all senior managers reporting to the municipal signed declaration of financial interest, these can be obtained from the Performance Management Unit.

### **Performance Rewards**

Performance Bonuses paid for the 2022/23 financial year are as follows:

<b>Employee</b>	<b>Performance Bonus %</b>
Municipal Manager	11%
Chief Financial Officer	10%
Planning	8%
Technical	12%
Community	10%

The Senior Managers received performance bonuses in accordance with the Performance Agreements and the KZN Collective Bargaining Agreement.

### **Measuring of Performance for other levels of employees**

There is no system of financial performance reward for other levels of staff at the moment. The policy for cascading of performance was approved in the 2021/22 financial year by Council and is being implemented

### **Job Evaluations**

There are no job evaluation conducted for the period under review.

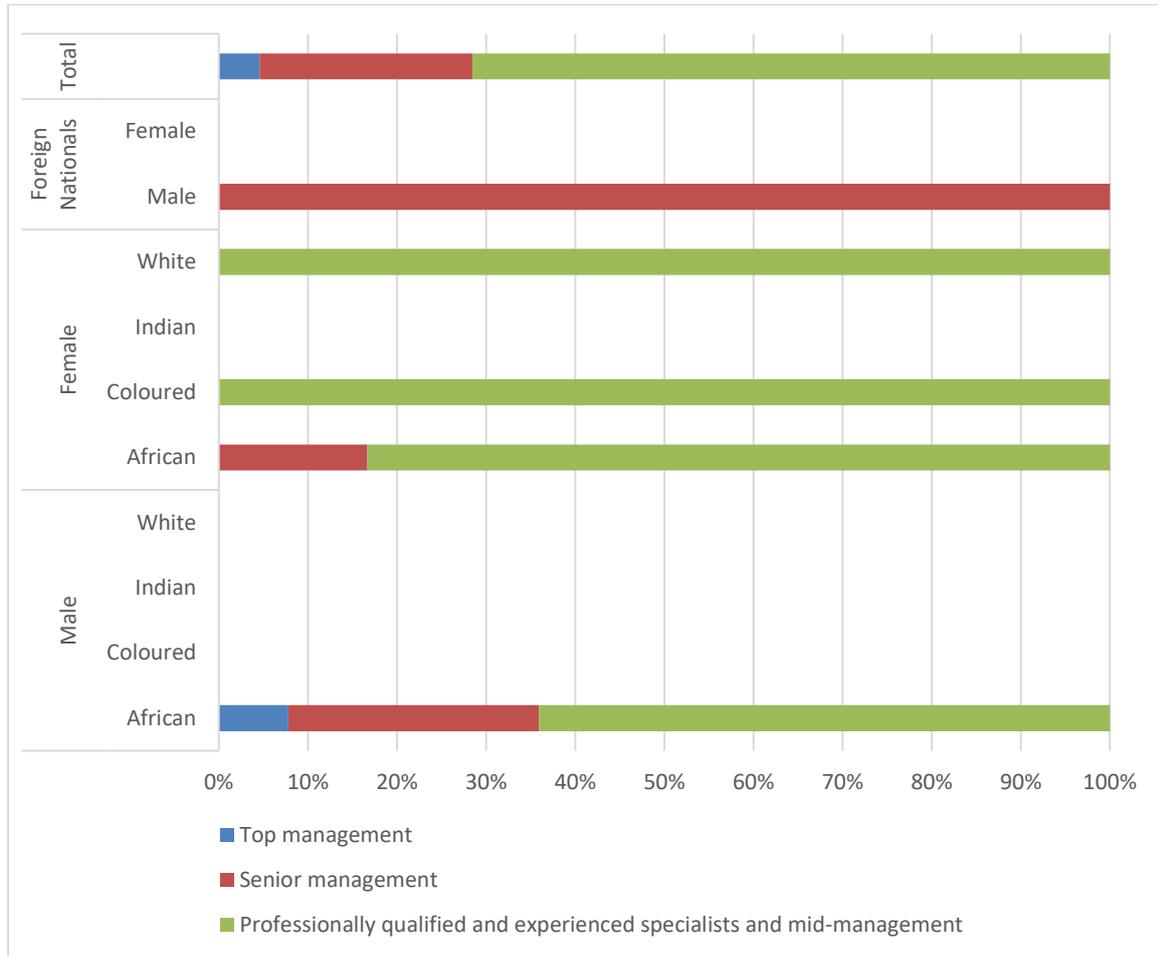
### **Employment Changes**

This section provides information on changes in employment over the financial year. This is an indicator for rate of turnover in the departments.

There were 44 vacant posts during the period under review. There were 634 filled posts and the vacancy rate was 6.5%

## Employment Equity

Figure 8 Occupational Levels (Gender and Race)



## Leave Utilization and Trends

Table 14 Sick and Annual leave per employee category; state of accrued leave

Annual Leave			Sick Leave			Accrued leave		
21/22	22/23	23/24	21/22	22/23	23/24	21/22	22/23	23/24
5959	6373	6915	2202	2659	2620	1705	1677	2220

### Annual Leave

During the period under review and the previous financial year, there was an increase of 542 of annual leave days taken by employees.

### Sick Leave

The number of sick leave days taken between the period under review and the previous financial year decreased by 39.

### Accrued Leave

There was a decrease in the number of accrued leave days taken by employees.

## Labour Relations

**Table 15 Disciplinary issues**

Disciplinary issues (nature of issue)	Pending				Concluded				Suspensions			
	20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24	20/21	21/22	22/23	23/24
	0	1	0	1	0	8	3	1	0	5	3	1

There were three suspensions in the financial year 2022/2023 and only one in 2023/24. All those disciplinary matters have been finalized. Out of the three matters, we had one dismissal and two final written warnings.

## Skills Development & Capacity Building

**Table 16 Employees trained including expenditure**

Department	2021/22		2022/23		2023/24	
	No. Trained	Total Expenditure	No. Trained	Total Expenditure	No. Trained	Total Expenditure
Councillors	37	R 624 589	37	R 1 588 591,58	31	R1 470 751.00
Office of MM	9		9		6	
Budget & Treasury	20		20		19	
Technical	15		15		67	
Planning	10		10		5	
Corporate	10		10		73	
Community	19		19		41	

From the table above it can be observed that there has been a significant increase in the expenditure of training of employees. This can be attributed to an increase in the number of employees trained, from 120 employees trained in 21-22 to 242 employees trained in 22-23.

## Financial Policies

	<b>Name of Policy</b>	<b>Date adopted</b>	<b>Next Review</b>
<b>1</b>	Budget Policy	31 Jan 2020	NA
<b>2</b>	Virement Policy	31 Jan 2020	NA
<b>3</b>	Tariff Policy & Credit control policy	28 May 2021	NA
<b>4</b>	Debt write off-policy	31 Jan 2020	NA
<b>5</b>	Banking and investment policy	31 Jan 2020	NA
<b>6</b>	Funding and Reserve policy	31 Jan 2020	NA
<b>7</b>	Supply Chain management policy	31 Jan 2020	NA
<b>8</b>	Asset Management Policy	31 Jan 2020	NA
<b>9</b>	Asset Loss control policy	31 Jan 2020	NA
<b>10</b>	Indigent support policy	28 May 2021	NA
<b>11</b>	Insurance Policy	31 Jan 2020	
<b>12</b>	Subsistence and Travelling Policy	31 Jan 2020	

## Other Policies

	<b>Name of Policy</b>	<b>Date adopted</b>	<b>Next Review</b>
<b>1</b>	Affirmative Action	31 Jan 2020	NA
<b>2</b>	Attraction and Retention	31 Jan 2020	NA
<b>3</b>	Code of Conduct for employees	31 Jan 2020	NA
<b>4</b>	Delegations, Authorisation & Responsibility	31 Jan 2020	NA
<b>5</b>	Disciplinary Code and Procedures	31 Jan 2020	NA
<b>6</b>	Essential Services	31 Jan 2020	NA
<b>7</b>	Employee Assistance / Wellness	31 Jan 2020	NA
<b>8</b>	Employment Equity	31 Jan 2020	NA
<b>9</b>	Exit Management	31 Jan 2020	NA
<b>10</b>	Grievance Procedures	31 Jan 2020	NA
<b>11</b>	HIV/Aids	31 Jan 2020	NA
<b>12</b>	Human Resource and Development	31 Jan 2020	NA

<b>13</b>	Information Communications Technology	31 Jan 2020	NA
<b>14</b>	Job Evaluation	31 Jan 2020	NA
<b>15</b>	Leave	31 Jan 2020	NA
<b>16</b>	Occupational Health and Safety	31 Jan 2020	NA
<b>17</b>	Official Housing	31 Jan 2020	NA
<b>18</b>	Official Journeys	31 Jan 2020	NA
<b>19</b>	Official transport to attend Funerals	31 Jan 2020	NA
<b>20</b>	Official Working Hours and Overtime	31 Jan 2020	NA
<b>21</b>	Organisational Rights	31 Jan 2020	NA
<b>22</b>	Payroll Deductions	31 Jan 2020	NA
<b>23</b>	Performance Management and Development	31 Jan 2020	NA
<b>24</b>	Recruitment, Selection and Appointments	31 Jan 2020	NA
<b>25</b>	Remuneration Scales and Allowances	31 Jan 2020	NA
<b>26</b>	Resettlement	31 Jan 2020	NA
<b>27</b>	Sexual Harassment	31 Jan 2020	NA
<b>28</b>	Skills Development	31 Jan 2020	NA
<b>29</b>	Smoking	31 Jan 2020	NA
<b>30</b>	Subsistence and Travelling (Officials)	31 Jan 2020	NA
<b>31</b>	Subsistence and Travelling (Councillors & Senior Managers	31 Jan 2020	NA
<b>32</b>	Public Participation Policy	31 Jan 2020	NA
<b>33</b>	Communications Policy	31 Jan 2020	NA
<b>34</b>	Grants In Aid Policy	31 Jan 2020	NA
<b>35</b>	Social Media Policy	31 Jan 2020	NA
<b>36</b>	Special Skills	31 Jan 2020	NA
<b>37</b>	Uniforms and Protective Clothing	31 Jan 2020	NA
<b>38</b>	Water Use Policy	31 Jan 2020	NA

### **5.3. PERFORMANCE MANAGEMENT**

Performance Management is in the office of the Municipal Manager.

Section 19 of the Local Government: Municipal Structures Act No. 117 of 1998, requires that the Municipality annually review their overall performance in achieving their constitutional objectives, the monitoring and implementation of the Municipality's Integrated Development Plan are overseen and intended to gradually improve operations. Through the effective and efficient implementation of the Annual Service Delivery Budget and Implementation Plan (SDBIP), an effective performance management system guarantees the successful realization of the Municipality's Integrated Development Plan (IDP).

### **5.4. AUDITING AND OVERSIGHT**

In its annual audits, the Auditor-General of South Africa examines financial and non-financial information of the municipality to determine:

- Fair representation and absence of material misstatements in the financial statements
- Reliable and credible performance information for purposes of reporting on pre-determined performance objectives
- Compliance with all legislation governing financial matters

#### **AUDIT OUTCOME**

There are 5 audit outcome categories:

##### **CLEAN AUDIT OUTCOME:**

The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation.

##### **FINANCIALLY UNQUALIFIED AUDIT OPINION:**

The financial statements contain no material misstatements. Unless we express a clean audit outcome, findings have been raised on either reporting on predetermined objectives or non-compliance with legislation, or both these aspects.

##### **QUALIFIED AUDIT OPINION:**

The financial statements contain material misstatements in specific amounts, or there is insufficient evidence for us to conclude that specific amounts included in the financial statements are not materially misstated.

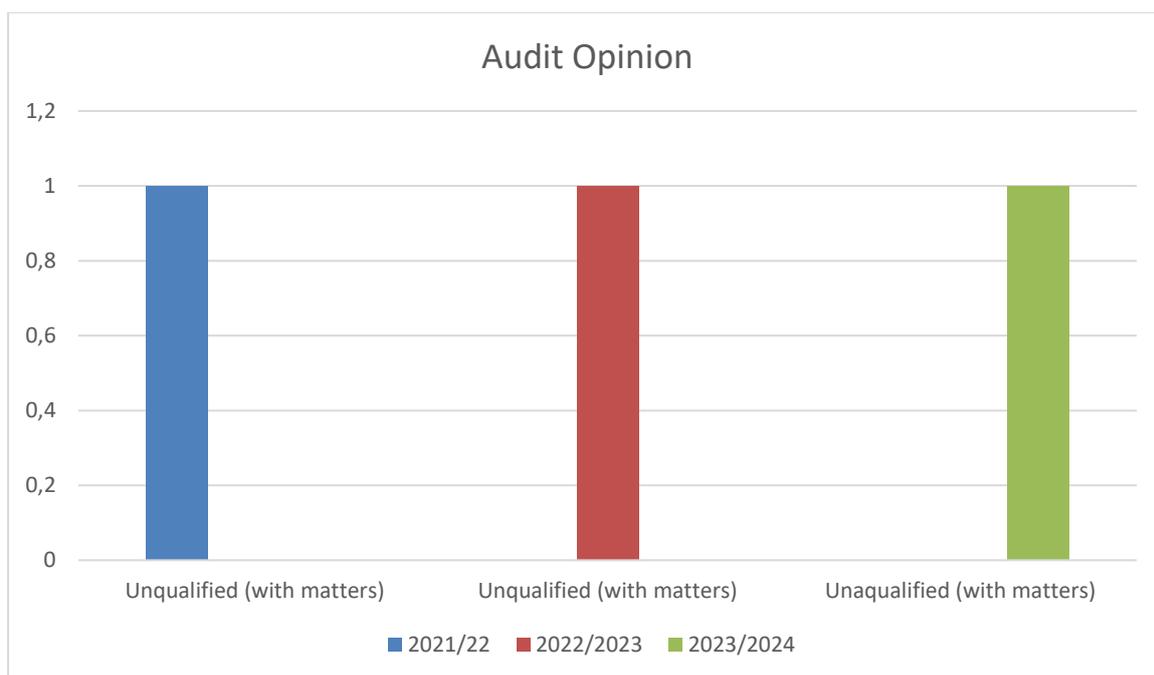
##### **ADVERSE AUDIT OPINION:**

The financial statements contain material misstatements that are not confined to specific amounts, or the misstatements represent a substantial portion of the financial statements.

##### **DISCLAIMER OF AUDIT OPINION:**

The auditee provided insufficient evidence in the form of documentation on which to base an audit opinion. The lack of sufficient evidence is not confined to specific amounts or represents a substantial portion of the information contained in the financial statements.

The Zululand District Municipality received the following Audit opinions over the past 3 financial years:



In 2021/22 and 2022/23 the municipality's Audit outcome received Unqualified Audit Opinion with matters.

The formal audit outcome for the 2023/24 is an Unqualified Audit Opinion with matters. According to the Zululand District Municipality Audit for the year ending 30 June 2024 these were the matters of emphasis:

#### Restatement Of Corresponding Figures

As disclosed in note 57 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

#### Material Impairments - Receivables From Exchange Transactions

As disclosed in note 3 to the financial statements, the municipality increased the provision for impairment on consumer receivables from exchange transactions to R227,35 million (2022-23: R191,09 million) as the recoverability of these amounts were considered to be doubtful.

#### Material contingent Liabilities

With reference to note 47 to the financial statements, the municipality is defending a claim of R40 million related to water and water levies charges. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Details on the Report on the Audit of the Annual Performance Report, Report on Compliance with Legislation, Other Information, Internal Control Deficiencies and Other Reports can be found on Page 3-4 of the Audit Report.

The municipality takes these findings seriously and hence they will be addresses within the provisions of the Constitution and the Municipal Systems Act Section 4(2)(d) which makes provision for the council of the municipality, within the municipality's financial and administrative capacity with having



municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

The risk assessment exercise for the 2023/2024 was done internally. Senior Management and Middle Management were part of the process to provide inputs. Risk management becomes an important part in any business because of an increase in probability of occurring of events that could have positive or negative impact in the business. The municipality has risk management committee in place and effective.

The following risks were identified and monitored during the course of the financial year, the risk register is attached:

**Table 18 Organizational Risk Management**

	<b>Risk Description</b>
Under-collection of revenue from service charges	Intentional theft/loss of municipal documents e.g. tender documents, BID records etc to avoid disciplinary proceedings.
Over-spending on contracted services and other expenditure.	Inability to co-ordinate and implement economic and tourism activities.
Liquidity risk (Cash coverage < 1)	Ineffective response strategy to address customer care logs.
Material impairment of debtors from exchange transactions (water and waste water).	Uncoordinated spatial planning.
Material water distribution losses. (Norm is 15% to 30%).	Limited ability to respond to disaster incidents (floods, drought, fire veld, lightning and emergencies).
Continuous disruption of electricity from Eskom supply (loadshedding).	Lack of adequate water infrastructure to address backlogs on water provision.
Business continuity risks e.g. cyberattacks, data loss, data breaches, unplanned outages, and interruptions to utility supply.	Excessive use of water tankers to supply water to the community as an alternative method.
Collusion between service providers and officials signing for poor quality works or service not rendered (fraud risk).	Inadequate scope definition of construction projects.
Non-compliance with Occupational Health and Safety (OHS) Act.	Ageing or failure of water and sanitation infrastructure.
Abuse of municipal vehicles and ZDM owned water tankers.	Illegal connections, theft and vandalism of water and sanitation infrastructure.
Non-compliance with MFMA (SCM Regulations) and General Recognised Accounting Practices (GRAP).	Inability to retain skills to effectively and efficiently achieve the objectives of the municipality
Inability to prepare and implement unfunded budget.	
Completeness of data information on Customer Masterfile (Internal Audit report)	

The risks that were accepted were those where an immediate outright solution is impossible due to limited resources. The risk in this case was nonetheless managed through existing capacity.

The Management Committee monitors management of risks on the register in their Management Meetings held every Monday.

## 5.6. ANTI-CORRUPTION AND FRAUD

According to Section 155 (1) of The Local Government: Municipal Finance Management Act, No 56 of 2003 The accounting officer of a municipality or municipal entity must take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

It must be noted that a Fraud Prevention Strategy is in place and a Code of Conduct for Municipal staff and its Councillors in terms of the Municipal Systems Act was applied by the Municipality.

## 5.7. CODE OF CONDUCT

Section 112 of The Local Government: Municipal Finance Management Act, No 56 of 2003 requires that a supply chain management policy must make provision for compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders and the exclusion of such prospective contractors from those tenders or bids. *See Anti-Corruption and Fraud*

## 5.8. SUPPLY CHAIN MANAGEMENT

**Table 19 Quotations and deviations**

Description	Total Value (2021/22)	Total Value (2022/23)	Total Value (2023/24)
Deviations	R6 006 203	R9 756 406	3 115 890

During the period under review the municipality saw decrease of R 6 640 516 in Section 36 deviations compared to the 2022/23 financial year.

The Council had developed and approved its Supply Chain Management (SCM) Policy that is in line with the Local Government: Municipal Supply Chain Management (SCM) Regulations as issued by the National Treasury. In an endeavour to ensure compliance and standardisation of the SCM Policy all amendments are submitted to Council for approval. The SCM Unit is centralised and reporting to the office of the Chief Financial Officer as required by regulation 7(1) of Municipal Supply Chain Management Regulations. Section 115 of the MFMA that deals with segregation of duties is complied with.

## 5.9. Unauthorised, Irregular Fruitless and Wasteful Expenditure

### Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

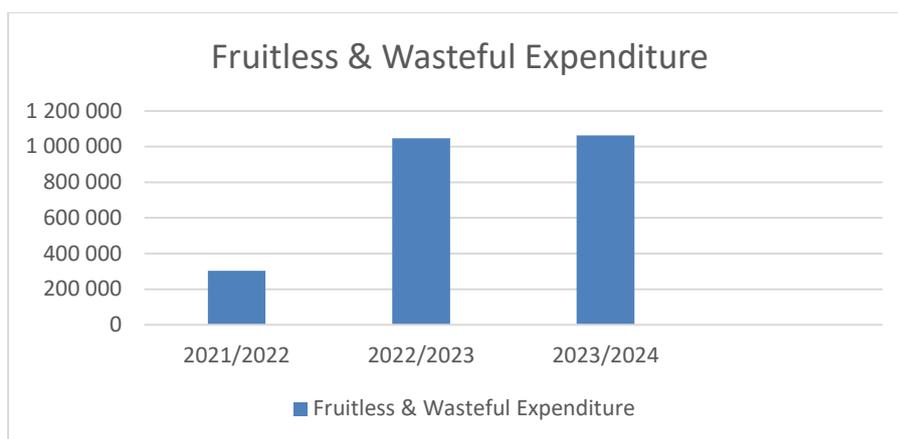
### Irregular expenditure

Irregular expenditure is expenditure that is contrary to 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 is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

### Fruitless and wasteful expenditure

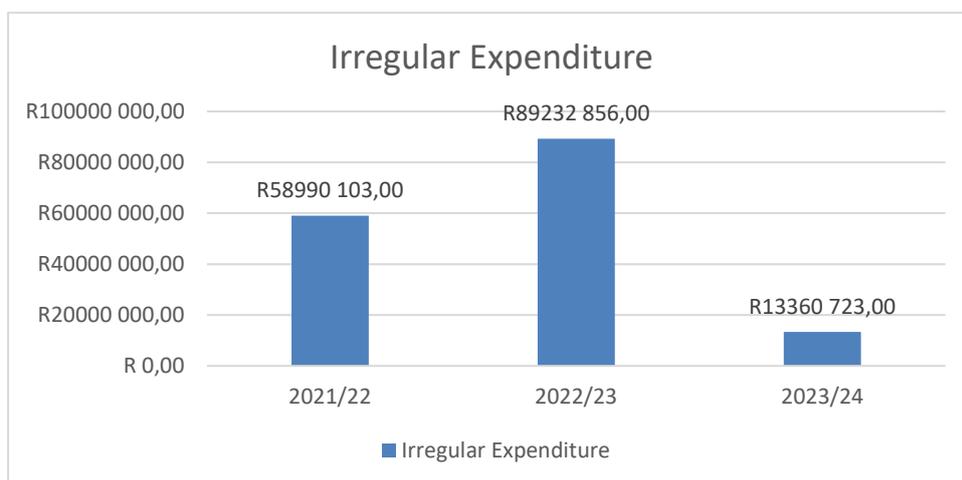
Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**Figure 9 Fruitless and wasteful expenditure**



According to note 48 (page 71) of the Audited Financial Statements, fruitless and wasteful expenditure for the period under review amounts to R 1 062 333 which has increased by R 15 394 from 2021/22.

**Figure 10 Irregular expenditure**

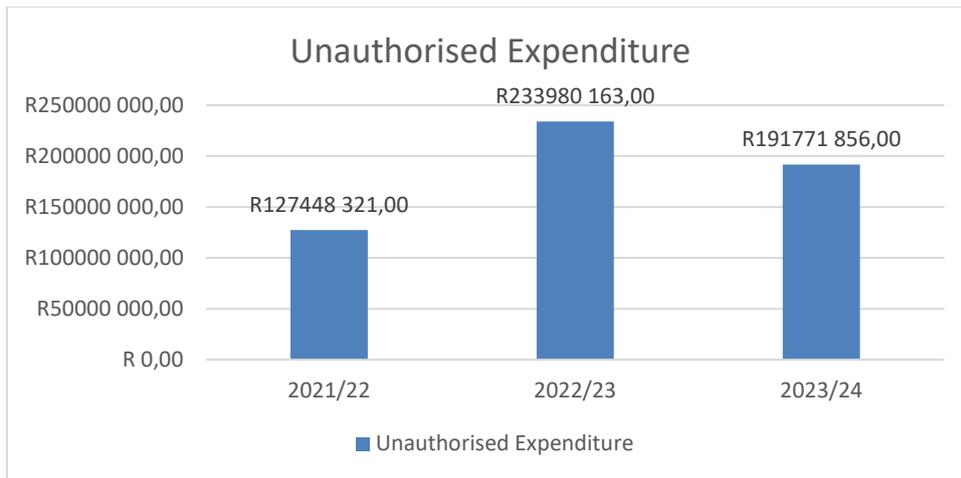


According to note 52 of the Audited Financial Statements Irregular expenditure for 2023/24 amounts to R 13 360 723 a considerable decrease of R75 872 133 from the 2022/23 financial year.

According to note 52, the incidents can be identified as follows:

Item No.	Description	Amount
1	Non- compliance MSCMR	R149 102 366
2	Non-compliance with CIDBR	0
3	Non-compliance with PPPFA	0

After a forensic investigation was concluded, council committee recommended to write-off R 10 056 166 as no losses were suffered and recovery of R 3 939 150 be pursued as per recommendations of the council committee. Amount written-off After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 85 255 022 from the total irregular expenditure amount



Unauthorised expenditure for the period under-review amounted to R191 771 856 which is a significant increase when compared to the previous financial year which stood at R127 448 321.

### 5.10. INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations (IGR) in South African context concern the interaction of the different spheres of government. The Constitution declares that government is comprised of National, Provincial and Local spheres of government which are distinctive, interdependent and interrelated. According to the Constitution of the Republic of South Africa, Act, No.108 of 1996, Section 41 (1) and (2), all spheres of government and all organs of state within each sphere to – Preserve the peace of the Republic; Secure well – being of the people of the Republic; Provide effective, Transparent, Accountable and coherent government for the Republic as a whole; Cooperate within one another in mutual trust and good faith by inter alia – assisting and supporting one another, informing one another of and consulting one another on matters of common interest and coordinating their actions and legislation. They must establish or provide structures and institutions to promote and facilitate Intergovernmental Relations and provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

To achieve the objectives stated above the Zululand District Municipality has established District Development Model (DDM). The overarching objective of the Zululand District Development Model/structures and its establishment is to ensure that service delivery is fast tracked and that municipalities are properly supported and adequately resourced. Further the objectives are:

- Promote active collaboration of initiatives from all spheres of government
- Promote greater accountability
- Ensure that all three spheres of government operating in 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
- Focus on the local government spaces as the appropriate scale and arena for intergovernmental planning and coordination
- That the ZDM -DDM is premised on the institutionalising a programmatic approach to Intergovernmental Relations (IGR)
- ZDM -DDM focus on the local government spaces as the appropriate scale and arena for Intergovernmental planning and coordination
- ZDM -DDM focus on the local government spaces as developmental spaces (IGR Impact Zones) that will be strategic alignment platforms for all three spheres of government
- ZDM – DDM ensures that it produce a Special Integrated Single Government Plans (as an Intergovernmental Compact) for each of these spaces that guides and directs all strategic

investment spending and project delivery across government, and forms the bases for accountability

- This approach reinforces an outcome – based IGR systems where there is a systematic single government plan. This signifies a shift from highly negotiated alignment of plans to regulated cooperative governance one plan
- Take development to the community as key beneficiary and actors of what government does, and where they have a stake.

The membership and composition of the Zululand District Development Model / Structures comprises of the following:

- Political Hub                      Technical Hub
- Social Cluster                      Governance Cluster
- Economic Cluster                      Security Cluster

The table below demonstrates the number of times that the different segments of IGR met during the financial year under review:

<b>IGR Structure</b>	<b>Activity</b>	<b>Date</b>
ZDM- Abaqulusi Joint EXCO	Shared services	05 October 2023
ZDM Abaqulusi Section78 Meeting	Shared services	29 November 2023
ZDM- Abaqulusi	ZDM/ABAQULUSI OUTSTANDING ACCOUNTS MEETING	07 March 2024
Economic Cluster	To discuss Progress made by the cluster in the previous meeting	8 August 2023 10 October 2023 29 February 2024
Governance Cluster	To deliberate on governance matter	06 October 2023 29 February 2024
Social Cluster		08 March 2024
Justice Cluster		06 March 2024
Technical Hub	To discuss progress reports on catalytic projects, governance, social and justice.	7 November 2023 19 March 2024

**6. CHAPTER 3 – STRATEGIC PRIORITIES**

KPA Ref.	Key Performance Area	SOOG Ref.	Strategic Oriented Outcome Goal(SOOG)	SO Ref.	Strategic Objective(SO)	2020	2021	2022	2022
1	Basic Service Delivery & Infrastructure	SOOG 1.1	All categories of Municipal Infrastructure and resources are stable and maintained ( <i>Water&amp; sanitation, disaster &amp; fire management, district airports&amp; district roads</i> )	SO 1.1.1	Continuously managing all developed infrastructure capital assets to minimize the total cost of owning and operating these assets while delivering the desired service levels & protecting the natural environment ( <i>Effective Asset Management, internal &amp;community capacity building, collecting revenue, tariffs, monitoring &amp; evaluation, environmental management</i> )	x	x	x	x
		SOOG 1.2	Access to the full package of municipal services offered to the community is efficient, affordable, economical, acceptable quality, sustainable and supports economic growth ( <i>Build capacity, optimisation &amp;beneficiation</i> )	SO 1.2.1	Build adequate capacity, eliminate operational inefficiencies, streamline and refine processes and systems and establish partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are entitled to ( <i>Including all government facilities</i> ) ( <i>Mobilise funding, service delivery model, manage indigents</i> )	x	x	x	x
2	Local Economic & Social Development	SOOG 2.1	The municipality's competitive advantage in agriculture, natural environment, culture and heritage is exploited optimally to create jobs,		Capacitate and provide emerging famers with support	x	x	x	x

			increase tourism and improve food security <i>(Emerging farmer support, marketing, tourism, agriculture, heritage and culture)</i>	<b>SO 2.1.1</b>	Build the capacity of emerging farmers to market produce through transformation of the local economy and local marketing and harnessing existing commodity value chains	x	x	x	x
				<b>SO 2.1.2</b>	Promote the establishment of strategic tourism linkages and attractions of the District, while actively facilitating the development of authentic, focused and sophisticated tourism assets	x	x	x	x
				<b>SO 2.1.3</b>	Stimulate and enhance the local agri-tourism industry	x	x	x	x
				<b>SO 2.1.4</b>	Develop and promote agricultural, heritage and culture corridors	x	x	x	x
		<b>SOOG 2.2</b>	A transformed spatial economy with communities participating in the district economy <i>(Human resource development, skills development, local economy)</i>	<b>SO 2.2.1</b>	Enhance nests of economic activity through a town and village development programme		x		
				<b>SO 2.2.2</b>	Promote skills development aligned with economic sectors to enable communities to participate in the local economy	x	x	x	x
				<b>SO 2.2.3</b>	Develop and promote local and district spatial economic zones to enable local and national and international trading and marketing of local goods		x		
		<b>SOOG 2.3</b>	Small scale mining & Industrialisation contributes to the livelihoods of communities <i>(Small scale mining &amp; beneficiation)</i>	<b>SO 2.3.1</b>	Establish and exploit the remaining mining potential in partnership with communities and the private sector		x		

		<b>SOOG 2.4</b>	The health of communities and citizens is improved <i>(Water quality, environmental health, pollution and HIV/AIDS)</i>	<b>SO 2.4.1</b>	Partner with local or neighbouring institutions (including institutions of higher learning) to assist in conducting water quality and other sample laboratory test	x	x		
				<b>SO 2.4.2</b>	Assess environmental health risk, provide information to the public and implement a range of programmes and projects to create partnerships including but not limited to communities, health services, environmental affairs, agriculture, housing department and private sector	x	x	x	x
				<b>SO 2.4.3</b>	Collaborating with communities, relevant sector departments institutions and private sector about the needs& methods to reduce pollution (air & land)	x	x	x	x
				<b>SO 2.4.4</b>	Reduce the impact of HIV/AIDS by partnering with communities and stakeholders, constantly evaluating, monitor, refine and implementing interventions focused on the scourge	x	x	x	x
		<b>SOOG 2.5</b>	Inequalities, exclusions and disparities which engender divisions, distrust and conflict are reduced <i>(Social cohesion, partnerships, vulnerable groups)</i>	<b>SO 2.5.1</b>	Monitor and improve social cohesion through partnerships by enhancing implementation human community development, sports, cultural & social events targeted at vulnerable groups (youth, females, elderly)	x	x	x	x

				<b>SO 2.5.2</b>	Co-ordinate community safety activities with identified government departments, community and private sector to contribute towards reduction of community safety	x	x	x	x
3	Municipal Financial Viability & Management	<b>SOOG 3.1</b>	Municipality is financially viable	<b>SO 3.1.1</b>	Establish and maintain a healthy financial state by maintaining a balance between assets and debt, operational efficiency, managing operating expenditure and increasing revenue	x	x	x	x
		<b>SOOG 3.2</b>	Sustainable budgeting, cashflow and expenditure management is achieved	<b>SO 3.2.1</b>	Apply sound financial management practises to keep a positive cash balance, coverage and liquidity ratios	x	x	x	x
		<b>SOOG 3.3</b>	Statutory compliance and accurate financial reporting is consistent	<b>SO 3.3.1</b>	Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance	x			
		<b>SOOG 3.4</b>	To enhance infrastructure, equipment and resources as a tool to fastrack service delivery	<b>SO 3.4.1</b>	Refine procurement systems and processes to respond to the demand for services	x	x	x	x

4	Good Governance & Public Participation	SOOG 4.1	A sound customer/client relationship, improved accountability and responsiveness to the community is achieved and sustained	SO 4.1.1	Effectively handling of community enquiries and responding through an effective customer care service	x	x	x	x
				SO 4.1.2	Promoting transparent and accountable governance through regular community engagements and effective administration	x	x	x	x
				SO 4.1.3	Monitor, review and improve community satisfaction through quality of life surveys		x		
		SOOG 4.2	Statutory compliance is achieved	SO 4.2.1	Systematic development and or review and monitoring implementation of all municipal policies, bylaws, strategies, plans and frameworks in line with any applicable legislation	x	x	x	x
		SOOG 4.3	Culture of fraud and corruption is eliminated	SO 4.2.2	To discourage fraud and corruption through effective enforcement of fraud and corruption policy as well as monitoring and implementation of consequence management	x	x	x	x
5	Municipal Transformation & Organizational Development	SOOG 5.1	Strong career pathing is achieved	SO 5.1.1	Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement	x	x	x	x

				<b>SO 5.1.2</b>	Promoting sound labour relations through promoting effective human resource practises	x	x	x	x
		<b>SOOG 5.2</b>	Ethical governance and leadership that effectively optimises service delivery	<b>SO 5.2.1</b>	Optimise workforce productivity by enforcing a sound organizational culture	x	x	x	x
				<b>SO 5.2.2</b>	Monitoring, review and progressively improve service delivery performance through improvement of business processes and systems, performance auditing, risk management and oversight	x			
				<b>SO 5.2.3</b>	Building adequate infrastructure, equipment and resources to respond to service interruptions	x	x	x	x
				<b>SO 5.2.4</b>	Establishing consistency and alignment between the district and locals by regular co-ordination of Intergovernmental Relations	x	x	x	x
				<b>SO 5.2.5</b>	Monitor and enhance compliance with health and safety standards to improve employee working conditions and the public	x	x	x	x

6	Spatial Planning & Environmental Management	<b>SOOG 6.1</b>	Compact human settlements that are socially cohesive	<b>SO 6.1.1</b>	Promoting integrated human settlements using spatial development strategies, frameworks and policies	x	x	x	x
		<b>SOOG 6.2</b>	The natural environment is preserved	<b>SO 6.2.1</b>	Promoting and conserving the natural environment through land use management policies, plans and frameworks	x	x	x	x

**7. CHAPTER 4 – SERVICE DELIVERY PERFORMANCE ANALYSIS FOR THE FINANCIAL YEAR 2023/2024**

In order to continuously ensure effective financial management and value for money in the execution of the municipal Integrated Development Plan, regular assessments by Performance Management in reviewing the set targets on quarterly basis. These assessments are conducted to identify and implement appropriate remedial action promptly to improve the probability of achieving the targets and subsequently sound service delivery to the community of Zululand District Municipality.

The table and graph below provide an overview of the Municipality's overall performance for the financial year ending on June 30, 2024. Consequently, a picture of the Municipality's performance is produced by tabulating the total percentage of objectives established by all directorates.

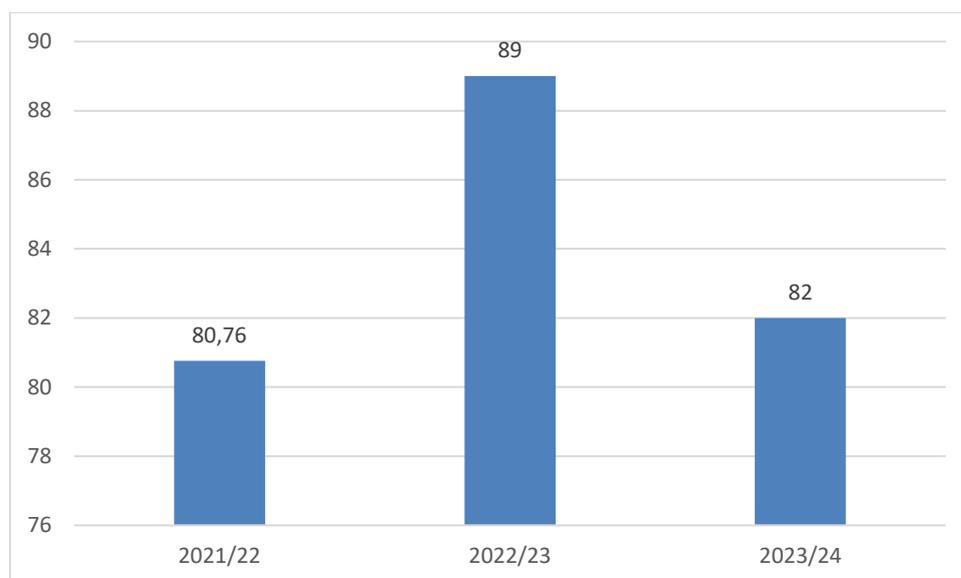
Due to difficulties such as adjustments in grants to lower value by National Treasury; change of Senior Manager and the National Elections which causes instability in political leaders. Despite these obstacles, the Zululand District Municipality managed obtain performance of the municipality to the level of 82% for the 2023/2024 financial year in comparison to 89% in the 2022/2023.

Although this is a decrease in achievement, it must be noted that the municipality focused on new indicators to be able to improve services delivery rather than the previously indicators that have been well achieved over the years. The Municipality will continuously monitor its performance extremely carefully to improve service delivery, and as a result, the monitoring controls will receive special attention in all of the Municipality's departments.

<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
80.76	19.23%	89	11	82%	18%

The overall comparison between the three financial years is depicted in the graph below:

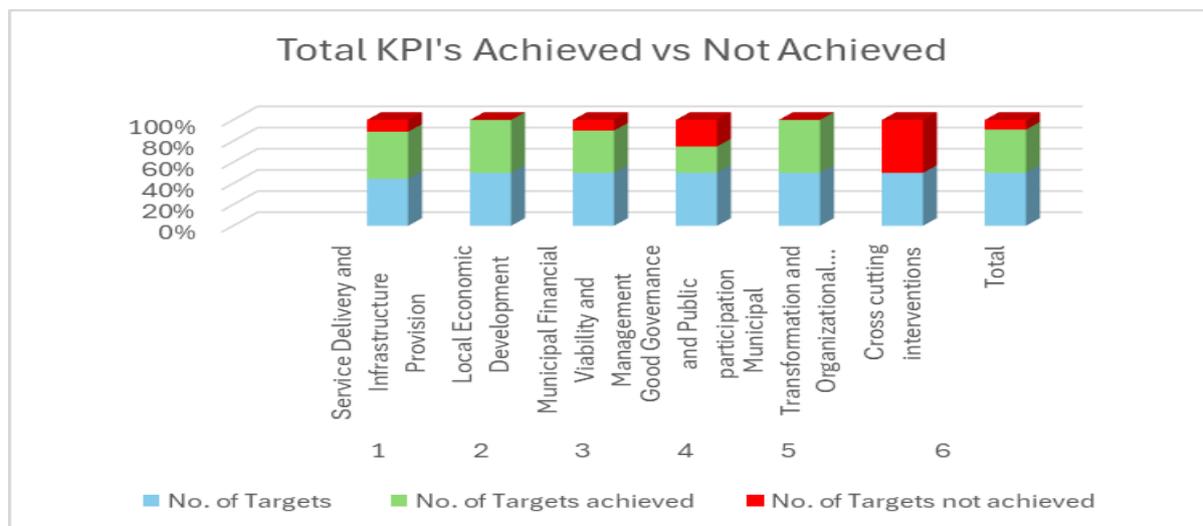
**Figure 11 Performance comparison in %**



The table below illustrates the summary of overall performance of the Municipality for the financial year ending June 2024. This indicates that the total number of objectives established for all directorates combined is tabulated, providing an overview of the Municipality's performance. This straightforward summary showed that, of the 22 KPIs that were set for the municipality, the Zululand District Municipality succeeded in achieving 18 of them, with only 4 KPIs remaining unmet. Each KPI's causes for deviation have been included in the report, along with a description of the remedial measures that must be taken to raise performance. The organizational scorecard, annexure A, is attached. It provides a thorough explanation of the causes for deviation and corrective measures per KPI and provides a complete report for each.

KPA No.	KPA	No. of Targets	No. of Targets achieved	No. of Targets not achieved
1	Service Delivery and Infrastructure Provision	4	4	1
2	Local Economic Development	6	6	0
3	Municipal Financial Viability and Management	5	4	1
4	Good Governance and Public participation	4	2	2
5	Municipal Transformation and Organizational Development	2	2	0
6	Cross cutting interventions	1	0	1
	<b>Total</b>	<b>22</b>	<b>18</b>	<b>4</b>

The table below presents the outcome of each Key Performance Area (KPA) in a two-year **Graph presentation of overall the overall number the targets achieved/ not achieved per National KPA**



### 7.1. INFRASTRUCTURE & SERVICE DELIVERY PERFORMANCE

Key water and sanitation projects implemented in 2023/2024 are attached as appendix G:

#### Customer Care

It is the Zululand District Municipality approach that our customers are treated with respect and integrity. In this way we want to display our commitment to the principle of “customer first” and ensure that service excellent is an integral part of the planning and delivery of all municipal services to its people. The table below depicts the number of Customer care requests over the previous 3 Financial Years most of which were responded to and closed. In the financial year under review there has been a considerable drop in the number of Customer Care service requests as compared to the previous years there were 3713 services requests which were resolved within an average time of 90 hours.

Customer Care Report Status			
No of service requests	Fin Year		
	2021/2022	2022/2023	2023/2024
Tech - Hlahlindlela / Khambi (Vryheid)	273	170	22
Tech - Mandlakazi RS	11	132	305
Tech - Nkonjeni (Urban)	894	787	772
Tech - Nkonjeni RS	177	114	59
Tech - Sim Central & East (Phongola)	866	261	111
Tech - Sim West - Rural (eDumbe)	109	13	3
Tech - Sim West - Urban (eDumbe)	213	158	83
Tech - Usuthu (Urban)	97	351	601
Tech - Usuthu RS	24	150	184
Tech - Usuthu Water Tankers	56	78	66
Tech - W & S Bulk	7	2	
Tech - Water Loss	166	257	86
Tech - Water Meter Management	961	694	986
Tech - Water Tankers	397	496	427

Tech - Water Tankers Pongola	7	1	8
<b>Grand Total</b>	<b>4258</b>	<b>3664</b>	<b>3713</b>

### Operations & Maintenance

- Water purification & bulk water supply to command reservoirs.
- Sewage treatment and safe discharge to the rivers and streams.
- Quality monitoring of water and wastewater.
- Management, Operations and Maintenance of Water and wastewater infrastructure.
- Supply of water using water tankers.

### Departmental Sections

#### Bulk Section

Bulk Section is responsible for following:

- Management, Operations and Maintenance of the bulk infrastructure across the district, Zululand District Municipality has a total number of thirty-three (33) water treatment plants.
- Water and Wastewater quality monitoring.

All the ZDM plants combined in the 2023/24 financial year, they managed to produce 78.52% (Percentage of kiloliters produced by ZDM water treatments plants) and that water quality was at 95.25% (Percentage of ZDM water of water determinants that the laboratory tests)

#### Operations and Maintenance (Retic)

- This section is responsible for the supply of water from the command reservoirs up to the consumers, and it is responsible for the maintenance of the reticulation infrastructure.
- Water that the Retic teams are supplying are from various sources, viz: Regional Bulk Schemes, Boreholes (Stand Alone Schemes and River Abstractions and Springs across all the local municipalities under ZDM.
- Performance (functionality) of the source of water that is Regional Bulk Schemes, Boreholes (Stand Alone Schemes) and River Abstractions and Springs in 2023/24 financial year was as follows:
  - Regional Bulk Schemes: out of 72, 96% were functional.
  - Boreholes (Stand Alone Schemes): out of 202, 85% were functional.
  - River Abstractions and Springs: out of 55, 90% were functional.

#### Monitoring and Evaluation

- This section is responsible for the monitoring and evaluation of the departmental performance using the Key Performance Indicators that are set out in the SDBIP.
- Also, the section is responsible for the operations of the Water Tankers around the district.

Water Tankers were able to deliver 273016KI in the 2023/24 financial year at a target of 60000KI per quarter {Volume (kiloliters) supplied to community within ZDM through water tanker per quarter}, out of 37 Water Tanker with 20 being hired from the external service providers and 16 are owned by ZDM.

#### Key Challenges

- Water Quality; Rudimentary schemes still remain a challenge, because most of them don't have proper treatment facilities e.g. filters and clarifiers.
- High cost to meet DWAF requirements in frequency of samples.
- Waste water quality; compromised by the age of waste water treatment facilities, ponds in particular.
- Design capacity of plants being exceeded.
- Power failures and load shedding.
- Turnaround time being too long for new power installation and response to power failures.

## 7.2. MUNICIPAL DISTRICT AIRPORTS

The Zululand district has two airports, Ulundi Airport (Prince Mangosuthu Buthelezi Airport) and Vryheid Airstrip. Airport that is currently utilized for commercial use is Prince Mangosuthu Buthelezi Airport.



The District continually maintains Airport Operations compliant to relevant SACAA Regulations including pertinent ICAO and SA-CATS requirements.

Refuelling Services are temporarily suspended as we investigate cost effective ways of re-establishing the service with a above ground fuelling system that is compliant with environmental requirements. Given the airports locality reintroducing fuel would be vital in supplying the region.

Airport Services consist of Airport Operations that include Admin Support, Rescue and Fire Fighting services compliant to relevant SACAA Regulations including pertinent ICAO and SA-CATS requirements for Category 2 operation with one Fire Tender and a fully equipped rescue Vehicle as well as other related infrastructure required to operate the facility in its designated category of operation in a safe and legal manner. These vehicles require regular maintenance and servicing as per the regulations.

The airport has commenced a rejuvenation programme to fix any perimeter fence issues as we have livestock in the vicinity, the installation of an entrance gate is also part of this programme.

The airport has re-introduced airport fees as these fees are important revenue to recover costs and to finance infrastructure for the benefit of the traveling public. This has been welcomed by charters.

This facility constantly assists this part of the Province with efficient emergency services i.e. when patients need to be flown to institutions that are equipped for advanced medical interventions, as well as ferrying specialist medical staff who provide much needed medical expertise within the district. This is facilitated through South African Red Cross Air Mercy Services, who fly in at present once a week in the morning and fly out in the afternoon. We do not charge them any airport fees as the work they are doing is vital to the community.

The Tourism Hub building continues to house the ZDM Tourism offices and Car Rental offices. NRB Piping and Libongeni Civil works are the new tenants as part of the airport commercial strategy to increase rental revenue stream at the airport.

### **Executive Summary**

The 2023/24 operational year at Prince Mangosuthu Buthelezi Airport marked significant developments in infrastructure, improved revenue and community engagement. This report provides an overview of the airport's performance, community engagement, and operational improvements over the past year.

### **Airport Operations Overview**

#### **Flight Operations**

<b>Item</b>	<b>2021/22</b>	<b>22/23</b>	<b>22/23</b>
<b>Passenger Arrivals</b>	611	390	652
<b>Flights</b>	139	77	110

**Number of Flights & Passengers:** We had a total of 652 passenger at the airport and 110 flights were operated this year, these were a combination of charter flights and air mercy services bringing much needed specialised medical assistance to the community.

#### **Prince Mangosuthu Buthelezi's Funeral**

September 2023, we had a lot of movement due to the funeral of the late Prince Mangosuthu Buthelezi taking place. We had a lot of dignitaries' charter in to attend the funeral. The president of the republic Mr Cyril Ramaphosa was also in attendance.

## **Infrastructure Developments**

Over the 23/24 Financial year the airport management at Prince Mangosuthu Buthelezi airport managed to source 2.5 million rands funding from EDTEA this money was utilized to complete several key infrastructure projects to support the airport's re-commercialization efforts. The upgrades are as follows:

1. **Runway and Taxiway Improvements:** Maintenance and upgrades that enhance safety including the repainting of all runway and apron lines

2. **Terminal Enhancements:**

2.1. Waterproofing of the entire roof

2.2. Installing ceiling & insulation in the terminal building offices

2.3. Painting of offices

2.4. Upgrading the toilets in the terminal building we increasing amount of toilets and improving accessibility for those who may have physical challenges.

2.5. Repainting the runway and apron

2.6. Painting of airport entrance

2.7. Installing a branded entrance gate

Refurbishment of waiting areas, improvement of ablution facilities has created an improved experience for travellers. The only outstanding improvement is the check-in counters and internal electrical infrastructure, we are looking for further funding to make further improvements.

## **Financial Performance**

The airport's revenue sources included Airport fees (parking, landing passenger fees), retail concessions, we have NRB Piping and Libongeni renting offices within the airport precinct.

We also hosted events as a form of revenue creation. This was a new stream added in 2023 to create more revenue for the precinct.

Revenue for the year for Airport fees: R38 175.09

Revenue from venue hire: R15 000

Revenue from office rentals: R494 400

## **Customer Service and Satisfaction**



**Figure 12. German tourists taking a helicopter charter to King Shaka**

Our customer profile is foreign tourists visiting lodges such as Babanango game reserve and Mfulawozi. We also receive business charters, leisure flyers and air mercy services, to offer them a improved experience we upgraded the terminal building.

Key initiatives included:

1. Enhanced Terminal building & ablution facilities: We upgraded certain elements of the terminal building including tiling etc. We only had a toilet for each males and females. We increased the number to 5 toilets in total and 2 urinals, we have created universal access for any traveller regardless of their physical challenges.
2. Introduction of GNSS: to facilitate ease of access to the Ulundi Zululand area the airport has had a WGS 84 survey done and a route designed for instrument landing.

## **Community and Environmental Engagement**

### **Community Engagement**

**Job Creation:** The airport took on 20 EPWPs through the municipalities initiative to ensure that we are able to fulfil our precinct environmental requirements.

**Community Programs:** The airport partnered with local schools and organizations to support career education and airport tours, creating awareness and educational opportunities. We hosted schools from around the district and had a Construction Expo for high flying math and science students from Ulundi.

They were able to interact with various construction stakeholders including the SACPCMP president and other ZDM built environment officials.



### **Environmental Responsibility**

We have been clearing the precinct of trees in line with the SACAA regulations, the EPWP team has been working on this project as it requires a lot of work clearing the areas of thorn trees.

### **Challenges and Opportunities**

#### **Challenges:**

The main challenges we currently face is not having fuel on site, a expression of interest will be put out so to facilitate this much needed service as it will enhance the airports offering.

#### **Opportunities:**

Looking forward, there are several promising opportunities to further develop the airport's services, including potential new airline partnerships, cargo logistics improvements, and digitalization projects to enhance passenger experiences.

### **Conclusion**

The 2023/24 financial year at Prince Mangosuthu Buthelezi Airport demonstrated resilience and adaptability amidst both challenges and growth opportunities. Moving into 2024/25, our commitment to safety, efficiency, community engagement, and environmental responsibility will continue to guide our operations.

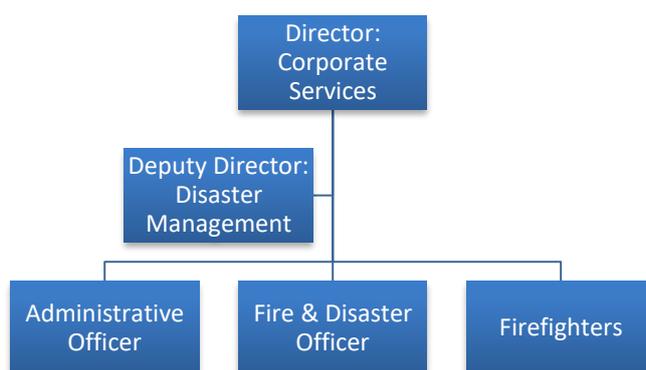
### **7.3. Disaster Management**

The disaster risk management function and DMC in the municipality resort under the Corporate Services Department of the Zululand District Municipality. Zululand District Municipality Disaster Management Centre was established in 2006 and is fully operational. It is located at the Prince Mangosuthu Buthelezi Airport in Ulundi.

**Status of Disaster Management Capacity/ Centre  
Operational Function**

The Zululand Disaster Management is placed under the Committee of Health and Safety Portfolio Committee that is where the committee takes decision and makes recommendations to the Council. The Chairperson for the said committee is the councilor responsible for Disaster Management and the other councilors from other Local Municipalities who are responsible for Disaster Management who also participate in the District Disaster Management Advisory Forum. The diagram outlines the high level organogram of the unit:

**Figure 13 High Level Disaster Management Organogram**



The Disaster Management Centre operates 24/7.

**Zululand District Disaster Advisory Committee (DDMAC)**

Zululand District Disaster Advisory Committee is fully functionally and was formed in terms of the Disaster Management Act No. 57 of 2002, Section 51 coupled to section 42, which requires the Municipality to establish a multi – disciplined structure consisting of representatives from the District Municipality, all category B Municipalities within the District, Provincial Departments who have a role play in the Disaster Management and have District offices within the area, Senior Representatives of the National Departments within the area and all role players i.e. All NGO’S in the district.

The District Disaster Management Advisory Forum (DMAF) is being utilized as a body in which a municipality and relevant disaster management role players in the municipality consult one another and coordinate their function on matters relating to disaster management. The Disaster Management Advisory Forum and Disaster Management Practitioners meet at least four times per year. Special Disaster Practitioners usually meets as and when need arises.

**Table 20 ZDM Disaster Management IGR Meetings**

ZDM PRACTITIONER’S FORUM MEETING	ZDM ADVISORY FORUM MEETING
17 August 2023	13 September 2023
11 November 2023	29 November 2023
15 February 2024	28 February 2024
17 April 2024	27 June 2024

The Zululand District Disaster Risk Management Plan has been approved on the in March 2023 by the Zululand District Municipality Council. The copies are available in software and hard copies. The Plan is ready and available at ZDM offices. Zululand District Municipality has budgeted District Management Plan to be upgraded to a Plan Level 3 according to the required standard.

### **Projects Implemented for Year Under Review**

Zululand District Municipality has been continuously experiencing adverse weather conditions in some part of the Zululand District Municipality. Disaster Management teams from Zululand District Municipality in conjunction with local municipalities; government department (SASSA; Eskom and NGO's) worked very hard to provide primary and secondary response as well as provision of social relief based on the needs of the affected communities. According to assessment, Households and the great number of people were affected. It is also being indicated that major damages reported were structural collapse and roofs that were blown off by strong wind.

Our Disaster Management unit has conducted assessments in each of the 5 Local Municipalities and the findings are as follows:

### **STRUCTURES / HOUSEHOLDS ASSESSED:**

- ❖ Abaqulusi Municipality : 913
- ❖ Edumbe Municipality : 142
- ❖ UPhongolo Municipality : 284
- ❖ Nongoma Municipality : 613
- ❖ Ulundi Municipality : 1488

One thousand five hundred and seventy-nine (1579) households were assessed during the period of 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 at the Zululand District Municipality. Many people were affected by various incidents that caused extensive damages.

The following are the types of incidents occurred:-

- Fire;
- Strong winds;
- Lightning;
- Drowning
- Hail Storms; and
- Rail incident

During the assessments it was found that most of the above mentioned households ranged from partial to total destroyed of structures or houses, furniture was damaged and some food stuffs were affected. Zululand Disaster Management assisted with what they have, which is the immediate relief in the form of blankets; plastic sheets, grocery, coffin and all other funeral assistant when was required. Due to the limited funds available we did not able to reach to the entire assistant were required i.e. building material and housing rehabilitation.

According to assessment, Households and the great number of people were affected. It is also being indicated that major damages reported were structural collapse and roofs that were blown off by strong wind. Assessments had been conducted; assistance was provided and relief material was distributed to the victims although it was insufficient. Housing rehabilitation; repair and reconstruction is urgently required.

Below is the summary of incidents occurred during the period of 1st July 2022 to 30<sup>th</sup> June 2023.

**Table 21 Disaster Occurrences by type**

MUNICIPALITY	HEAVY RAINS	FIRE	STRONG WINDS	LIGHTNING	STORMS	DROWNED & RAIL INCIDENT	MOTOR VEHICLE ACCIDENT	TOTAL NO OF INCIDENTS OCCURRED
Abaqulusi	7	22	12	04	01	02	07	55
Edumbe	11	11	07	09	03	00	00	41
uPhongolo	37	34	11	18	02	00	20	104
Nongoma	14	14	05	01	12	00	00	36
Ulundi	2	13	11	0	16	00	15	57
<b>TOTAL</b>	<b>71</b>	<b>94</b>	<b>46</b>	<b>32</b>	<b>34</b>	<b>05</b>	<b>42</b>	<b>293</b>

Four hundred and seventy-five (293) incidents had been reported and assessed by Zululand District Municipality during the period of 1st July 2023 to 30<sup>th</sup> June 2024. Three thousand four hundred and forty (3440) households; Twenty-four thousand six hundred and eighty-five (24685) people being affected by the following hazards: fires; strong winds, Lightning's; hailstorms; heavy rains; drowning; rail incident and motor vehicle incidents / accidents. One thousand and sixty-seven (1067) structures were partially damaged and one thousand two hundred and fifty six (1256) structures were total destroyed. Sixty-five (18) fatalities and forty-six (46) injuries were reported.

Assessments had been conducted; assistance was provided to the victims although it was insufficient budget to procure all the required relief material. Relief material was distributed to the victims in the form of Blankets; Tents; Plastic Sheets; and Food parcels were distributed to the victims. Housing rehabilitation: repair and reconstruction is urgently required.

#### **Disaster Community Awareness**

The Zululand District Municipality awareness campaigns were conducted seasonal as per Local Municipality through Traditional Council or Amakhosi and schools. The awareness campaigns road shows were also conducted in the district as a whole. Zululand will concentrate to the one informal settlement in Abaqulusi.

Zululand District Municipality has embarked on a Disaster Awareness Campaign Programs. The District Awareness Campaigns were conducted in Schools in collaboration with the Department of Education (Vryheid District), and Traditional Councils within the District. The Communities were informed through the Ward Councillors, Izinduna, Amakhosi, NGOs and also Mayoral Programmes (Road shows). The awareness programmes were conducted successfully. Further awareness campaigns are on the pipeline with other Government Departments in the KZN Province.

#### **Awareness campaigns and Trainings were conducted to the following areas:**

NO	AREA/LOCAL MUNICIPALITY	SCHOOL'S NAME	DATE VISIT	REMARKS
1.	Ulundi	Mabedlane Clinic	07 July 2023	Successful
2.	Abaqulusi	Fire Simulation	11 July 2023	Successful
3.	Ulundi Municipality	Wela Clinic	02 August 2023	Successful
4.		Fire Drill Okhukho Clinic	02 August 2023	Successful
5.	Ulundi Municipality	Lomo Clinic	02 August 2023	Successful
6.	Ulundi Municipality	Evacuation Plan Training	02 August 2023	Successful

7.	Ulundi Municipality	Form Drill	16 August 2023	Successful
8.	Ulundi Municipality	Fire Drill Gateway Clinic	06 September 2023	Successful
9.	Ulundi Municipality	Emseni Creche	06 September 2023	Successful
10.	Ulundi Municipality	Zamokuhle Creche	12 September 2023	Successful
11.	Ulundi Municipality	Inkanyiso Creche	12 September 2023	Successful
12.	Ulundi Municipality	Hose Drill	25 September 2023	Successful
13.	Ulundi	Fire Reporting Template Training	04 October 2023	Successful
14.	Paulpietersburg	Fire Reporting Template Training	06 October 2023	Successful
15.	Ulundi	Nondayana Traditional Council	12 October 2023	Successful
16.	Abaqulusi	Fire Workshop	16 October 2023	Successful
17.	Paulpietersburg	Bilanyoni Primary – Schools Safety Coordinating Training / Workshop	18 October 2023	Successful
18.	UPhongolo	Belgrade Community Hall – Schools Safety Coordinating Training / Workshop	19 October 2023	Successful
19.	UPhongolo	Nuwe Republik Hall – Schools Safety Coordinating Training / Workshop	23 October 2023	Successful
20.	Nongoma	Mlokothwa Dining Hall – Schools Safety Coordinating Training / Workshop	24 October 2023	Successful
21.	Ulundi	Occupational Health & Safety Handling of Fire Extinguishers Training at Mabedlane Water Works.	24 October 2023	Successful
22.	Ulundi	Training Awareness Staff Handling and Using Fire Extinguishers	24 October 2023	Successful
23.	Ulundi	Masibumbane – Schools Safety Coordinating Training / Workshop	25 October 2023	Successful
24.	UPhongolo	ZDM Fire Prevention Week / Month Commemoration Activity at Itshelejuba Hospital	25 October 2023	Successful
25.	Ulundi	Disaster Risk Reduction Awareness Campaign at Masibumbane High School	25 October 2023	Successful
26.	Nongoma	Osuthu Training Awareness Staff Handling and Using Fire Extinguishers	26 October 2023	Successful
27.	Paulpietersburg	ZDM Fire Prevention Week / Month Commemoration Activity at EDumbe CSC Hospital	27 October 2023	Successful
28.	Ulundi	Training Awareness Staff Handling and	31 October 2023	Successful

		Using Fire Extinguishers at Ulundi Water Treatment		
29.	Nongoma	Training Awareness Staff on Handling and using Fire Extinguishers at Mandlakazi Water Treatment	01 November 2023	Successful
30.	UPhongolo	Training Awareness Staff on Handling and using Fire Extinguishers at UPhongolo Water Treatment	02 November 2023	Successful
31.	UPhongolo	Training Awareness Staff on Handling and using Fire Extinguishers at Mozane Water Treatment	03 November 2023	Successful
32.	Paulpietersburg	Training Awareness Staff on Handling and using Fire Extinguishers at EDumbe Water Treatment	07 November 2023	Successful
33.	Vryheid	Training Awareness Staff on Handling and using Fire Extinguishers at Khambi Water Treatment	09 November 2023	Successful
34.	Ulundi	Training Awareness Staff on Handling and using Fire Extinguishers at Emakhosini House of Traditional Leaders Water Treatment	14 November 2023	Successful
35.	Vryheid	Training Awareness Staff on Handling and using Fire Extinguishers at Mvuzini Water Treatment	15 November 2023	Successful
36.	Abaqulusi Municipality	Abaqulusi Municipality Board Room – Assessment Training	11 <sup>th</sup> January 2024	Successful
37.	Zululand District Municipality	Prince Mangosuthu Drive-way Breathing Apparatus	24 <sup>th</sup> January 2024	Successful
38.	Ulundi Municipality	Babanango Primary School	26 <sup>th</sup> January 2024	Successful
39.	Ulundi Municipality	Mkhwetha Trading	30 <sup>th</sup> January 2024	Successful
40.	Nongoma Municipality	Nongoma Municipality Boardroom - Disaster Management Assessment Training	30 <sup>th</sup> January 2024	Successful
41.	Ulundi Municipality	Malandela High School	31 <sup>st</sup> January 2024	Successful
42.	Ulundi Municipality	Mhlathuze Primary School	31 <sup>st</sup> January 2024	Successful
43.	EDumbe Municipality	EDumbe Municipality Boardroom – Disaster Management Assessment Training	31 <sup>st</sup> January 2024	Successful

44.	UPhongolo Municipality	UPhongolo Municipality Boardroom – Disaster Management Assessment Training	1 <sup>st</sup> February 2024	Successful
45.	Vryheid	Nkosikhona Combined School	07 <sup>th</sup> February 2024	Successful
46.	Vryheid	Metzelfoutein Combined School	08 <sup>th</sup> February 2024	Successful
47.	Ulundi Municipality	Indonsa Arts and Crafts - Handling and use of Fire Extinguishers Training for ZDM Employees	14 <sup>th</sup> March 2024	Successful
48.	Ulundi Municipality	Zululand District Municipality Council Chamber -Handling and use of Fire Extinguishers Training for ZDM Employees	15 <sup>th</sup> March 2024	Successful
49.	Ulundi Municipality	Zululand District Municipality Council Chamber Handling and use of Fire Extinguishers Training for ZDM Employees	20 <sup>th</sup> March 2024	Successful
50.	Ulundi Municipality	Ntababomvu High School Fire Safety	09 May 2024	Successful
51.	Ulundi Municipality	Nomzimana High School Fire Safety	09 May 2024	Successful
52.	Ulundi Municipality	Mbudle Primary School Fire Safety	09 May 2024	Successful
53.	Ulundi Municipality	Babanango Library Fire Safety	10 May 2024	Successful
54.	Ulundi Municipality	Mbatha Tribal Court	13 May 2024	Successful
55.	Nongoma Municipality	Nkunzana Clinic Fire Safety	15 May 2024	Successful
56.	Pongola Municipality	Maguduberg Primary School Fire Safety	15 May 2024	Successful
57.	Nongoma Municipality	Mandlakazi Tribal Council Fire Safety	22 May 2024	Successful
58.	Nongoma Municipality	Sovana Clinic Fire Safety	22 May 2024	Successful
59.	Nongoma Municipality	Dlakuse Primary School Fire Safety	23 May 2024	Successful
59.	Pongola Municipality	Phenyane Primary School Fire Safety	07 <sup>th</sup> June 2024	Successful
60.	Ulundi Municipality	Prince Mangosuthu Airport Airprone Fire Drill Training	10 <sup>th</sup> June 2024	Successful
61.	Ulundi Municipality	Prince Mangosuthu Airport Airprone Multi Forceable Entry Door System Training	18 <sup>th</sup> June 2024	Successful
62.	Ulundi Municipality	Nkonjeni Hospital Fire Safety - Drill	14 <sup>th</sup> June 2024	Successful

## 7.4. LOCAL ECONOMIC DEVELOPMENT

Local Economic Development is one of the Key Performance Areas of the Municipality. As a municipality, Zululand has a Constitutional responsibility to promote local economic development, Section 153 of the Constitution states:

*A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.*

The context and the direction for the role of municipalities in economic development is provided in the White Paper on Local Government. It states that “Local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”. Its role is therefore to create a conducive environment for economic development and growth.

### LED Objectives

In terms of the National LED Framework a LED Strategy is needed to:

- Provide direction to the LED unit.
- To emphasize the role of the entire municipality in terms of LED.
- To set LED targets that are aligned to National and Provincial priorities.
- Coordinate efforts of private and public sector stakeholders in LED.
- To inform the municipalities IDP (as the LED Plan is a sector plan of the IDP).

The Zululand Region faces a number of challenges to Local Economic Development. Unemployment is high, as is poverty. Economic growth has in the recent past been slow, as the area’s development potential has not been exploited fully.

### Review LED Strategy

The purpose of this project is to review the Local Economic Development Strategy for the Zululand District Municipality. The plan is envisaged to serve as a mechanism of intervention in addressing the economic development challenges within the Municipality. It will serve to guide and direct the implementation of development initiatives. The strategy should also integrate with other key sector reports and existing District and Local Municipalities LED strategies and programmes already developed by ZDM. The strategy must also integrate with the Provincial Growth and Development Strategy and National Government’s rural development strategy. Its safe to report that indeed the LED Strategy was reviewed through our hired consultants which was: Isibuko Se-Africa. The adopted LED Strategy is now into implementation. We have resolved to appoint pannel of consultants to source funds for our identified catalytic projects through implementation plan on the reviewed LED Strategy.

The LED Unit resolved to implement the project for the appointment of consultants at risk to source funds in partnership with the Zululand Development Agency as this Agency is under resuscitation, hence the appointment of Board members has been initiated.

### Agricultural Sectoral Development

The district municipality LED office is striving to provide an enabling environment for businesses and economic activities in general to thrive within the district.

In order to achieve the aforementioned we employ different approaches which include provision of support of economic activities e.g. equipment and inputs, facilitating institutions that could help businesses within the district e.g. Co-ops, direct intervention in form of capacity building, and funding in some instances.

There were number of Cooperatives and SMMEs that were supported through agricultural inputs and other tools of trade:

## Ukulima Rural Integrated Program

The primary objective of LED in Agricultural Sector is based on the vision of a modern and effectiveness of the Municipality which is inspired and activated to achieve higher service objectives, aiming constantly:

- Exploit the potential of the agricultural sector through Ukulima.
- Effective utilization of available, yet limited resources.

The unavailability of implements (i.e. ploughs) as well as agricultural inputs (seeds, seedlings and fertilizers) has a negative impact to our communities. We are receiving a number of different requests that we are “unable” to execute. Agriculture is one of the sectors that employs a number of people and also reduces poverty, as we are facing the current situation ZDM is at risk of unable to fight poverty. The unavailability of ploughs is hindering the municipality to assist small farmers who are solely depending on this programme.

### Allocation of Agricultural tractors in all Local Municipalities (UIRP)

Zululand District has taken a resolution to procure 13 Agricultural tractors and allocated them to all 5 local municipalities as a ZDM property which is going to be controlled by ZDM through Satelite Offices for ploughing in all Cooperatives that request to be assisted. Below is the allocation and status of our agricultural tractors:

MUNICIPALITY	NUMBER OF COOPERATIVES RECIEVED SEEDS AND SEEDLINGS	TRACTORS ALLOCATION
Uphongolo	321 SEDA, DARD, ZDM	2
Nongoma	455 ZDM	3
Abaqulusi	187 ZDM	3
eDumbe	324 ZDM	2
Ulundi	142 ZDM, SEDA, DARD	3



### Hectors Ploughed in each LM

Local Municipality	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Co-ops	Hectors	Co-ops	Hectors	Co-ops	Hectors	Co-ops	Hectors
Ulundi	94	81	72	87	71	65	74	45
Nongoma	65	71	68	81	45	51	45	38
uPhongolo	58	65	58	74	47	35	34	45
eDumbe	39	47	47	65	42	31	28	21
Abaqulusi	68	45	54	75	78	81	78	65
<b>Total</b>	<b>324</b>	<b>309 Ha</b>	<b>299</b>	<b>382 Ha</b>	<b>283</b>	<b>263 Ha</b>	<b>259</b>	<b>214 Ha</b>

### Tones produced and turnover made through supply of produce after distribution as output

MUNICIPALITY	TONES OF PRODUCTION AS OUTPUT	TURNOVER MARGIN	MARKET
Uphongolo	45 Tones Cabbage, spinach, maize	+R3,510 million	Spar, Boxer, Local Tuckshops, Nutrition SMMEs
Nongoma	75 Tones Cabbage, spinach, maize	+R1,950 million	Spar, Boxer, Local Tuckshops, Nutrition SMMEs
Abaqulusi	120 Tones Cabbage, spinach, maize	+R9,360 million	Spar, Boxer, Local Tuckshops, Nutrition SMMEs
eDumbe	24 Tones Cabbage, spinach, maize	+R1,872 million	Spar, Boxer, Local Tuckshops, Nutrition SMMEs
Ulundi	98 Tones Cabbage, spinach, maize	+R7,644 million	Spar, Boxer, Local Tuckshops, Nutrition SMMEs



**Sourcing of Market for our agric cooperatives to supply all KZN shoprites through Blue Waves company in Abaqulusi**

ZDM was approached by Vryheid Farmer whom she is owning blue waves as a company where they have contract with Shoprite as freshmark to supply the 5 KVIs ( Green paper, Potatoes, Butternuts, Carrot, cabbage ) the contract demand that she should supply at the average of 15 000 cabbage heads a day, which will be highly impossible for one farmer to supply that market demand.

We have managed to call all the potential farmers around ZDM to have a meeting with them as to engage on the subject matter which requires more work with high level of compliance as per the contact guidelines. We have at least identified 5 potential cooperatives to all LMs where we had a meeting on 16<sup>th</sup> January 2024, where we have agreed to do due diligence to all 25 identified cooperatives by doing site inspection where they working just to be on the ground physically to see their produce before Shoprite come. The schedule for site inspection was planned and discharged as follows: 05<sup>th</sup> February 2024 until 09<sup>th</sup> February 2024. We started in Nongoma Cooperatives, uPhongolo Cooperatives, Ulundi Cooperatives, eDumbe Cooperatives, Abaqulusi Cooperatives. The exercise took us the whole week and we have resolved to draft a consolidation report with findings and proposed interventions for project implementation thereafter.

Moving forward we are going to engage more stakeholders for intervention of effective implementation of this programme, i.e. UKZN for capacity building programmes and private sector to enhance compliance issues which might hinder project moving forward.

The below spreadsheet indicate the outcomes and projections done through potential farmers site inspection around Zululand District:

LM	PROJECT NAME	WARD	AREA	TYPE OF CROP	SIZE OF SEEDS (KG ) PLANTED	HA	TONES	PROFIT
Uphongolo	Ncotshana	10	Ncotshana	Cabbage, green paper, tomatoes	25 000 seedlings	4	8 Tone	R242 000
	Pitergate	01	Pitergate	Chillies, cabbages	36 000 seedlings	10	13	R298 000
	Mphafeni	11	Mphafeni	Sugar cane, potatoes, cabbages	74 000 seedlings	21	105	R6.9 Million
	Qedindlala	05	belgrade	Cabbage, green paper	22 000 seedlings	32	19	R800 000
Nongoma	Sizabantu	14	Kwamusi	Millies, pumkins	800 seeds	2.5	129	R 23 079.00
	Bululwane	15	Osuthu	N/A	N/A	N/A	N/A	N/A
	Gwabs	05	Sheshi	Beans, green paper, carrot	1200 seeds	1	700 kg	3600

Ulundi	Siyazondla agricultural co-operative	09	Nkonjeni	Cabbages, onions, beetroots	25 000 seedlings	4	2	R132 000
	Iciko agricultural farm	09	Nkonjeni	Cabbages, green paper	35 000 seedlings	08	4	R240 000
	Mgushane co-operatives	17	Qwasha	Cabbages	25 000 seedlings	17	4	R245 000
	Babanango Ilima Coop	16	Babanango	Cabbages, green paper	15 000 seedlings	8	2	R128 000
Abaqulusi	Bluewave	4	Glugstaad	Butternuts	78 000 seedlings	6	12	R259 000

	Auto Farming	3	Mahlasela	Cabbages	25 000 seedlings	2	8	R245 000
	ANALAG	13	Enseka	Green paper 3 colours, chillies, cabbages	65 000 seedlings	8	7	R255 000
	Kewulane Trust	4	Kewulane (Swart Umfolozi )	Green paper, garlic, alfalfa	14 000 seedlings	2.5	3	R210 000

Edumbe	Ikhayaletu co-op	06	Empucuko	Cabbages, spinach, carrot	9 000 seedlings	2	1	R70 000
	uDondolo co-op	04	Mangosuthu	Cabbages, tomatoes, carrot	2 500 seedlings	2	1	R65 000
	Themba lomhlaba co-op	7	Enhlawe	Potatoes, cabbages, spinach	3 800 seedlings	3	2	R105 000



### Capacity Building for SMMEs and Cooperatives and other support initiated

Section B: Developmental Local Government in the White Paper on local government March 1998, state it clearly in 3.2.2 that LED Unit has a mandate to capacitate local SMMEs and Cooperatives to enhance best practice in Business Management. There is various capacity building that was held within ZDM-LED through stakeholder engagements, which are ZDM Corporate services and other outside stakeholders such as SEDA and other government entities.

Below are the capacity building initiatives implemented through partnership with internal and external stakeholders.

PROJECT NAME	PROJECT DESCRIPTION	NUMBER OF BENEFICIARIES	PROJECT PROGRESS
NYDA capacity building programme to pitch for funding	Capacity Building for Pitch for Funding in Pongolo	27	The training was done in Belgrade on the 1 <sup>st</sup> and 2 <sup>nd</sup> of November 2023
Youth Development Ubuntu Institute	35 Students were recruited through applications received by Ubuntu. NND=15, Edumbe=02, NV=09, NKU=09, NPG=0	35 Learners	Beneficiaries have been placed to their work space
SANRAL Pre-tender Training programme	SANRAL issued capacity building programme for Pre-Finance Tender Training for Construction SMME in all 5 LMs	120	LM are busy with recruitment through SANRAL and Service Provider appointed by SANRAL

SEDA capacity building for art and culture smmes	SEDA issued capacity building programme for Business Management to Art and Craft SMMEs	25	The project was done in October ( 1 day Training )
220 ZDM Informal Economy Traders were given permits to trade inside and outside stadium during Prince Mangosuthu Legacy Cup	Informal Traders given space to trade during Prince Mangosuthu Legacy Cup	220	To continuously support our previously marginalized informal economy actors for job creation purposes.



### Institutional Development and Structures

ZDM has adopted the mandate to make sure that indeed, there is a fully flagged **ZDM LED Forum** that is operational which sit quarterly with the relevant stakeholders as per the adopted Terms of Reference, which seeks to monitor the implementation of all projects implemented in Zululand. Our LED Forum sit quarterly without fail as per the TORs adopted by the structure.

### Implementation of Economic Development Catalytic Projects and status quo

ZDM had and economic development projects that were underway, which is safe now to report that, those 2 Investment catalytic projects are now 100% completed.

PROJECT NAME	SECTOR	LOCALITY	PROJECT VALUE
Princess Mkabayi Mall	Investment	Vryheid	R350 Million
Ulundi 19 Tourism Gateway Project	Tourism	Ulundi	N/A

### ZDM BUSINESS REGULATORY PROJECT STATUS

This mandate is derived from the RSA Constitution, section 156 where all Municipalities has a mandate to develop and implement the by-laws for effective trade of the areas. We are also guided by business act 71 of 1991 which gives mandate to all local municipalities to issue and refuse business licence with

the aim to enhance business compliance. The following table indicates the functionality of local municipalities in terms of implementation of business regulatory projects.

LOCAL MUNICIPALITY	ADOPTED INFORMAL ECONOMY POLICY	GAZETTED INFORMAL ECONOMY BY-LAWS	ISSUING OF BUSINESS LICENSE AND PERMITS AUTOMATED	BUSINESS COMPLIANCE INSPECTIONS ARE CONDUCTED QUARTELY	RECOMMENDATIONS
<b>Nongoma Local Municipality</b>	Yes	Yes	Yes	Yes, 22 May 2024	To continuously support the initiative
<b>Baqulusi Local Municipality</b>	Yes	Yes	Yes	Yes, 20 June 2024	To facilitate capacity building by EDTEA to Baqulusi LM
<b>Edumbe Local Municipality</b>	Not done	Not done	Not yet	Yes, 13 June 2024	To support the LED Unit through capacity building

#### **IMPLEMENTATION OF TOURISM STRATEGY**

Strategic Goal	Interventions
Strengthen the packaging and interpretation of heritage tourism product offering	Site inspection to Emakhosini Ophathe Heritage Park and kwa Ceza caves have been done in partnership with KZN Amafa & Research Institute and EDTEA. awaiting a report from the department. Proposal for ZDM tourism packing conference is in place and seeking for funding of the conference.
Effectively leverage the value of local events.	Royal Events are promoted and attended. We have also listed a number of annual events which will be submitted to KZN Tafa events calendar for promotion
Explore feasibility of and undertake further planning of other potentially new tourism products.	Nothing has been done yet but we are in a process of developing District Tourism Masterplan
Roll out of visible, well planned and appropriate Tourism Signage network across the Zululand District.	Sites where signs should be erected have been identified and proposals have been drafted for funding
Strengthen district level tourism knowledge, awareness, skills and public sector support for the tourism industry.	Part of our KPIs is that we do tourism awareness in at least 5 schools per quarter.  Training on SMMEs norms and standards workshop was done on 22 November 2023

	Tourism awareness campaign was done in partnership with EDTEA at Pongola Golela Border Gate on 12 December 2023
Improve marketing to Increase tourist numbers and diversify target audiences.	Erected ZDM tourism stand at Africa's Travel Indaba and hosted 5 tourism business from all five local municipalities. Currently looking for space in King Shaka International Airport for dissemination of tourism information using print media
Unlock the inherent value of cultural tourism experiences.	From a KZN Master Plan and Implementation committee meeting on 01-02 December 2023 a resolution was taken that a sub-committee should be formulated to look into the development of Royal Palaces route. This should be revisited.
Improve tourism information dissemination and reimagine tourism information offices.	Nongoma and Uphongolo LMs need new tourism information offices as their tourism offices are inside municipal buildings and inaccessible by tourists or day visitors
Improve road networks and stimulate tourism travel to rural areas.	Road infrastructure assessment has been done in partnership with EDTEA and DoT on 23 August 2023 on P432 Babanango Road. awaiting for final report back from EDTEA.  Access road to UMgungundlovu Multimedia Centre D256 still a challenge
Significantly increase capacity and institutional structures for effective destination management.	In process of discussing MOU/ SLA with Amafa Research Institute for mutual marketing and maintenance of heritage sites within the district
Improve tourism information dissemination and reimagine tourism information offices.	Still pending

## 7.5. MUNICIPAL HEALTH

Municipal Health main objective is to improve the health status of all Zululand District Municipal residents and visitors by ensuring access to Municipal Health Services of an internationally accepted standard.

The work of a Health Officer is to monitor and enforce compliance with National Health Act , 2003 (Act No.61 of 2003). A Health Officer may enter any premises, excluding a private dwelling, at any reasonable time and, Inspect premises in order to ensure compliance with the abovementioned Act.

Below are the functions performed by Environmental Health Practitioners and Environmental Health Assistants of both South and North Regions. South Region consists of two local municipalities, that is Ulundi and Nongoma, whereas North consists of three local municipalities, Abaqulusi, eDumbe and uPhongolo.

Municipal Health Services involve:

- Water quality monitoring
- Food safety
- Waste management
- Health surveillance of premises
- Control of communicable diseases
- Vector control
- Environmental pollution control
- Disposal of the dead; and
- Chemical safety

Municipal Health Administrative Initiatives

- Peace of Officer Training was done on the week of 16 – 20 January 2023.
- The schedule of charges is approved by the magistrates of all the five local municipality under Zululand District Municipality by 15 May 2023.
- Documents such as legal notice books and section 56 notice are procured.
- Reviewed Tariffs for Health Certificate

### Health Inspections

Inspections were conducted are as follows;

WORK ITEMS	NO. OF INSPECTIONS	NON-COMPLIANCE	COMPLIANCE IN %
Number of food premises inspected	303	184	39%
Number of Certificate of Acceptability Issued/Renewed	51	N/A	N/A
Number of spaza/tuck shops inspected	83	48	42%
Number of Food vendors inspected, and health education provided	113	39	65%
Number of food samples taken	96	30	69%
Number of safe disposals of condemned foodstuff	43	N/A	N/A
Number of people educated on food safety.	290	N/A	N/A
Number of Complaints investigated	16		Investigation and corrective measure

Number of water samples taken (bacteriological)	96	6	94%
Number of water samples taken (chemical)	N/A	N/A	Function done by technical services
Number of Complaints investigated	N/A	N/A	Tech services receives reports from community
Number of premises inspected for refuse management (general waste)	649	34	95%
Number of facilities inspected for health care waste	159	0	100%
Number of landfill / dump sites and transfer stations inspected	5	5	Notifications of non-compliance by Z.D.M to all 5 L.M's
Number of complaints investigated	00	N/A	More education on municipal health services to communities
Number of Funeral Undertakers inspected	144	36	75%
Number of bodies exhumed	0	0	0%
Number of graveyards inspected	9	0	100%
Number of Certificate of Competence issued to funeral undertakers	8	N/A	N/A
Number of complaints investigated	0	0	More education on municipal health services to communities
Number of premises inspected for air pollution.	813	122	85%
Number of environmental pollution complaints investigated	0	0	More education on municipal health services to communities
Number of premises inspected for vector control.	813	666	18%
Number of complaints investigated	00	N/A	More education on municipal health services to communities
Number of Health Facilities inspected	58	17	71%
Number of schools inspected	25	9	64%
Number of Crèches inspected	115	29	75%
Number of Prisons/Police stations inspected (KITCHEN FACILITIES)	5	0	100%
Number of complaints investigated.	00	N/A	More education on municipal health services to communities
Number of health awareness events held	23	N/A	N/a
Number of investigations of reported communicable diseases.	10: 1 rabies 09 reported dog bites		Stats from dept of health Investigation, monitoring and vaccination
Number of food poisoning investigations	1		Education and disposal
Number of Moore-pads sunk and processed.	22		Health education (use of chlorine and boiling)
Building Plan Scrutiny	41	0	100%
Licensing Inspection	26	6	77%
Joint Operations	13	7	46%
Meetings	58	N/A	
Training	01	N/A	Training by SALGA and KZN Department of Health



A concern is raised regarding the number of total inspections in all five Municipalities, the premises that have complied of which is almost half or 50% throughout the year; except for vector control.

Water quality monitoring is done to ensure the quality and safety of water consumed by a certain population. The results of water samples taken for bacteriological tests shows that there was a population that was at risk in consuming the water.

Health care risk waste is considered as the most infectious waste that needs to be treated with care and safe handling to prevent contamination. The table above shows that the non-complying facilities that are causing challenges in the district is general waste.

More than half of funeral parlors/ undertakers show that they are non-compliance, which indicates that the operating of most funeral undertakers is posing challenges that need to be attended to urgently.

Premises inspected for Air pollution shows 85% compliance of indoor premises.

The graph shows minimum improvement in civilization and development in most parts of Zululand District. Public structures like schools, crèches and health facilities have a compliance of more 50% from the total of premises inspected yearly.

Most premises with vector infestation are mostly crowded with unused objects that occupy space for a long time, poor hygiene practice or a structure allocated near an infested area.

All health awareness conducted for prevention of communicable disease were successful.

## 7.6. DEMOCRACY AND GOVERNANCE PERFORMANCE

Compliance, Clean and Sound Administration

### General Assessment Summary on Compliance

#### ***The Constitution***

In terms of section 152 of the Constitution of The Republic of South Africa, a municipality must strive within its financial and administrative capacity to achieve the objects as set for local government.

The objects of local government are set to provide democratic and accountable government for local communities, ensure the provision of services to communities in a sustainable manner, promote social and economic development, promote a safe and healthy environment, and encourage the involvement of communities and community organisations in the matters of local government.

For the municipality to achieve these objects its performance is measured against compliance with various applicable legislation. The municipality is required in all material respect to comply with the following key legislation;

#### ***Municipal Finance Management Act (MFMA), No. 56 of 2003 and its regulations.***

The municipality is required to comply with vast sections of MFMA, as this is one of the key legislation applicable to municipalities. Nevertheless the municipality complied with other pieces of this Act, the audit results revealed that there are some areas of non-compliance noted within below subject matters;

#### **Annual financial statements**

The annual financial statements were corrected for all misstatement identified by external audit review. Internal controls have been strengthened to eliminate misstatements in future.

#### **Procurement and contract management**

Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) and did not qualify for the contract in accordance with section 18(1) of the CIDB Act.

#### **Expenditure management**

The municipality had material findings of non-compliance with sections 62 and 65 of MFMA respectively. The Audit Action Plan has been developed and being implemented to address all the above areas of non-compliance.

#### **Division of Revenue Act (DoRA)**

During the 2023-24 financial year there were no findings of non-compliance for DoRA were noted. The municipality has complied with DoRA in all material respect.

#### **Municipal Structures Act, No. 117 of 1998 and its regulations and instructions.**

There were no material findings of non-compliance with Municipal Structure Act as it is imposed to the municipality.

#### **Municipal Systems Act, No. 32 of 2000 and its regulations and instructions.**

There were no material findings of non-compliance with Municipal Systems Act as it is imposed to the municipality.

#### **Preferential Procurement Policy Framework, Act No. 5 of 2000 and its regulations.**

Couple instances on no-compliance with Preferential Procurement Policy Framework Act were noted. These findings had an impact to the auditor's report thus attracting urgent management attention. Firm commitment has been put in place to address issues of non-compliance.

**Construction Industry Development Board Act, No. 38 of 2000 and its regulations.**

The municipality ability to achieve its objects was also measure in line with compliance with this Act and none was found as deviation or non-compliance with this Act.

**Prevention and Combating of Corruption Activities Act, No. 12 of 2004.**

Compliance with this Act was reviewed by external audit and no findings were noted as a result the municipality has complied with this Act in all material respect.

**Integrated Development Planning**

The Integrated Development Plan (IDP) Review Process is a vehicle through which Municipalities prepare strategic development plans called Integrated Development Plans for a five-year period. Because service delivery is progressive in nature, the IDP must be reviewed annually to keep up with the evolving nature of communities.

The IDP is a legislative requirement, has a legal status and therefore supersedes all other plans that guide development at local government level.

The timeframes below were followed in preparing the 2023/24 IDP.

Phase/Activity	Timeframe
Situational Analysis	Sept 2022
Development Strategies	Oct 2022
Projects&Integration	Dec 2022
Draft Approval	Mar 2023
Final Approval	May 2023

Figure 14 IDP Process Plan Timetable

The final IDP was adopted by Council as targeted. Consultation with the community took place.

**7.7. SPATIAL AND ENVIRONMENTAL MANAGEMENT PERFORMANCE**

**Joint Municipal Planning Tribunal**

Four municipalities in Zululand elected to form a joint municipal planning tribunal (JMPT). These include Ulundi, Nongoma, oPhongolo, eDumbe. An agreement was signed by all participating municipalities and gazetted. A business plan will now be prepared and submitted to the MEC. A panel of professionals to serve on the joint tribunal according to SPLUMA will also be co-ordinated by the District.

The JMPT during the 2023/24 financial year sat as follows.

Below is a table depicting the number of development planning applications processed:

MUNICIPALITY	TOTAL
UPHONGOLO	16
ULUNDI	9
EDUMBE	1
NONGOMA	5
TOTAL	31

## 7.8. PERFORMANCE AGAINST GOVERNMENT LED PROGRAMMES

### **Free Basic Services and Indigent Support**

The definition of a poor household relates to income poverty, or the lack of sufficient income to satisfy basic and essential needs such as food, clothing, energy and shelter. The **ZDM Indigent Policy** is in line with this definition which also takes into consideration the total monthly household income.

Like many other Districts, the majority of the population in the Zululand District Municipality is indigent (approximately 54%) and that means a small revenue base. Therefore, a significant portion of the budget goes towards infrastructure development with very little to no revenue generated. This cannot be sustained if the municipality is to ensure a consistent high quality basic level of service. The municipality must seek ways of improving increasing revenue as well as enhancement.

National Government Policy derives its standard for free basic water supply from that of the World Health Organisation (25l/p/p/day) which is regarded as sufficient to promote healthy living.

An indigent consumer is only entitled to free basic water services and that an indigent consumer will be liable for payment in respect of water services used more than the quantity of free basic services. Not all consumers are entitled to free basic water, Only indigent consumers are entitled to free basic water which is 6kl per month.

### **Expanded Public Works Programme (EPWP)**

The EPWP incentive grant is a Conditional Grant Programme that is intended to increase job creation in municipalities by providing a financial performance reward. It is intended to create job opportunities and alleviate poverty in the poor communities. It is considered a conditional grant in the sense that it can only be used for the intended and approval projects only, within approved time frame, specific reporting requirements etc.

In terms of challenges the following should be noted:

- **Understanding of the EPWP programme for projects stakeholders.** ZDM feels that there is still a need to train service providers who are directly working on the projects these includes Project steering committees, Contractors, Engineering Consultants and ISD Consultants. The initiative will ensure compliance in terms of documentation, proper use of EPWP templates, understanding of Ministerial Determination, appropriate system for recruitment of participants, timely communication and reporting, paper trail and the full understating of EPWP programme.
- **Delays in the implementation of infrastructure projects.** In these projects, a large number of participants are recruited and their details captured on the EPWP system, however during the commencements of site works only few participants are allowed to start work and thus dropping the number of employment opportunities to be reported for current financial ending in March.
- Alignment of tender documents in terms of more labour intensity in all project to ensure that more participants are recruited to provide maximum work opportunities from projects.

## 8. CHAPTER 5 – OVERVIEW OF FINANCIAL PERFORMANCE

### 8.1. STATEMENT OF FINANCIAL PERFORMANCE

#### Income

Zululand District Municipality's (ZDM) operating revenues grew from R1 340 433 836 in 2022/2023 to R1 614 662 372 in 2023/24. The increase resulted from an increase in our revenue from non-exchange transaction (government grants and subsidies).

Revenue from government grants and subsidies has increased by R245 507 829 from R1 269 331 843 in 2022/2023 to R1 514 839 672 in 2023/2024.

Revenue from investments has increased from R7 433 381 in 22/23 to R15 458 240 in 23/24.

Total operating revenue indicates that the Municipality is more dependent on grant funding from National and Provincial Government.

*The table below illustrates operating revenue over a period of three (3) years;*

**Table 22 Operating revenue performance**

Financial Year	2023-2024	2022-2023	2021-2022
Amount	R1 614 662 372	R1 334 008 015	R1 230 035 536

**Table 23 Schedule of Loans & Conditional grants received**

GRANT	2023-24	2022-23	2021-22
EQUITABLE SHARE	631 671 000	586 390 977	524 645 000
FMG	1 200 000	1 200 000	1 200 000
EPWP	7 077 000	8 517 000	9 612 000
NATIONAL SKILLS FUND GRANT	100 633 987	59 613 288	0
LGSETA GRANT	1 693 864	478 000	0
NATIONAL ARTS COUNCIL GRANT	57 343	19 657	0
PRINCE MANGOSUTHU AIRPORT GRANT	2 000 000	500 000	0
ACCELERATED INTERVENTION PROGRAMME (BOREHOLES)	0	1 554 104	0
INDONSA GRANT	1 911 000	1 911 000	1 911 000
KZN GRANT SPATIAL DEVELOPMENT FRAMEWORK	0	0	241 770

<b>KZN GRANT TOURISM STRATEGY</b>	0	0	269 354
<b>KZN GRANT AMAFA RESEARCH INSTITUTE</b>	200 000	200 000	100 000
<b>MIG</b>	256 512 000	259 530 000	269 111 000
<b>RBIG</b>	413 905 000	250 247 000	222 531 000
<b>WSIG</b>	95 000 000	95 000 000	110 000 000
<b>RRAMS</b>	2 969 000	2 529 000	1 647 023
<b>KZN KWAMAJOMELA PROJECT</b>	0	1 641 817	7 958 503
<b>TOTAL</b>	<b>1 124 115 694</b>	<b>1 269 331 843</b>	<b>1 149 226 650</b>

### Cash Balance

The cash and cash equivalents of the municipality as at 30 June 2024 amounts to R57 070 895 and unspent conditional grants amounted to R1 445 896. This represents a increase of R29 644 282 as compared to the previous year's (30 June 2023) cash and cash equivalent balance.

### Loans

The Municipality obtained a loan worth R100 000 000 in the 2023/24 financial year this was to purchase generators to augment power supply to water plants due to load-shedding, theft and vandalism.

### Cash Coverage

The municipality does not have long-term borrowings/loan as a result the Council is not expected to service any interest costs in the future. Cash and cash equivalent amount as at the year-end represents cash available i.e. petty cash and cash at the bank.

### Expenditure

*The table below illustrates operating expenditure over a period of three (3) years;*

**Table 24 Operating expenditure performance**

<b>Financial Year</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>
<b>Amount</b>	R 1 214 393 414	R 992 266 417	R 917 533 545

The increase is attributable to a combination of the salary increases year on year and the filling of vacancies during the current financial year. This type of expenditure contributes 29.77% to the current total expenditure. Employees and councillors remuneration costs has increased by 10% during the current financial year whilst the increase was 7.98% in 2022.

### **Contracted services costs.**

Included in contracted services costs are outsourced services, consultants and professional services and contractors. Contracted services costs contribute 36.76% to the current total expenditure. The

expenditure costs attributed to contracted services costs was R366 698 253 (2022/23) and R370 958 209 (2023/24).

### **Spending of operational grants**

The Municipality received a total of R746 million operational grant funding, an increase from R658 Million received in the previous financial year.

### **Spending of capital grants**

The capital budget is committed largely on new infrastructure projects and the renewal of existing capital assets. The Municipality received a total of R 768 386 000 capital grant funding, an increase from R 619 501 921 received in the previous financial year.

Of the total conditional grants received, R1 445 896 was not spent.

### **Fruitless and wasteful expenditure**

The municipality had incurred fruitless and wasteful expenditure over the years. This type of expenditure is resultant from penalties and interest charged accounts due to late payment of a particular invoice or statements. Major portion of this expenditure is caused by an additional cost paid due to delays on project completion.

*This table illustrates fruitless and wasteful expenditure incurred over the period of three years:*

**Table 25 Fruitless and wasteful expenditure**

<b>Financial Year</b>	<b>2023-2024</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
<b>Amount</b>	1 062 333	1 046 939	303 721	R 437 053

### **Liquidity Management**

The municipality has made self-assessment on liquidity management. The municipality uses current ratio and cash/cost coverage ratio to assess its ability to settle current obligations and meet its monthly fixed operating commitments.

### **Current Ratio**

The municipality used current ratio to assess its ability to pay its short-term liabilities within its short-term assets. The determination of this ratio takes into account the possibility that the council can cede its receivables and inventories to settle its short-term liabilities. The norm of this ratio ranges from 1.5 to 2:1.

The current ratio (CA/CL) is 0,36:1. However included in this calculation is retention of R 86 977 473 which is dependent on the future grant receipts and R 400 866 370 creditors at year-end. This retention does not have to be cash backed. The table below depicts current ratios over the period of three years (restated):

**Table 26 Current ratio on performance**

<b>Financial Year</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>
<b>Current ratio</b>	0.36:1	0.34:1	0.34:1

The above assessment indicates current ratios are below the norm for the period over three years. Our current liabilities exceed current assets. This suggests that the municipality would be unable to pay current and short-term obligations should they become due. The municipality is facing a serious financial challenge of liquidity problem.

### Debtors Impairment Percentage/ Current Debtors Collection Rate

The municipality has experienced a slight increase on the debtor's impairment percentage when comparing the two financial years which is 2022/2023 and 2023/2024 debtor's impairment provision of 95% for 2022/2023 and 97% in 2023/2024 respectively. The gross debtor's balances were R195 628 522 million (2022/2023) and R233 569 891 million (2023/2024).

<b>Current Debtors Collection Rate</b>			
<b>2022/2023</b>		<b>2023/2024</b>	
Debtors opening balance	R176 087 361.38	Debtors opening balance	R201 234 558.39
+Billing	R61 936 249.73	+Billing	R84 681 098.15
_ Closing balance	R201 234 558.39	_ Closing balance	R238 295 936.68
_ Bad debt written off	R2 192 675.50	_ Bad debt written off	R5 048 745.79
<b>Collection rate</b>	<b>56%</b>	<b>Collection rate</b>	<b>50%</b>

The municipality has a slightly decrease on the collection rate when compare ring the two financial years which was 56% in 2022/2023 and 50% in 2023/2024 financial year. The status is still concerning as the is no increase on the debt collection rate urgent attention is still needed. However the disconnections are conducted monthly for non-payments but the is a high rate of tempering done by consumers after being disconnected.

Debt impairment provision for the period under review is R 233 569 891. This is an increase from the debt impairment provision of R 195 628 522 from the previous financial year 2022/2023.

### Asset Management

The assets management system was effectively implemented during the year. Council approved the Asset Management Policy for implementation.

Assets Register is in place and is balanced on a monthly basis. Despite the inadequate funding to maintain assets, the assets are in a functional condition.

### Supply Chain Management

The Council had developed and approved its Supply Chain Management (SCM) Policy that is in line with Municipal Supply Chain Management (SCM) Regulations as issued by national Treasury. In an endeavour to ensure compliance and standardisation of the SCM Policy all amendments are submitted to Council for approval. The SCM Unit is centralised and reporting to the office of the Chief Financial Officer as required by regulation 7(1) of Municipal Supply Chain Management Regulations. Section 115 of the MFMA that deals with segregation of duties is complied.

### Cashflow Management and Investments

The cash flow position has improved as compared to the previous year. The municipality had a positive cash flow balances for both 2023 and 2024 financial years. Cash flow is being monitored on a regular basis to ensure budget savings. Budget and Finance Committee comprising all Directors is in place and meeting every week to monitor the actual expenditure vs expenditure projections.

## Financial Recovery Plan

During the financial year under review, it was evident that the Zululand district municipality was facing significant fiscal and service delivery difficulties, which undermined the effective and efficient performance of its function and mandate.

Cash flow reports were presented to the Council that were showing the situation where the municipality may fail to finish that financial year with a positive position. Management engaged the cash flow position and agreed on a financial recovery plan.

The principal strategic objective of this financial recovery plan is to identify key priority areas as an immediate intervention and to set out specific intervention projects which will address the financial problems identified for a new financial year. The plan would and continues to set parameters which bind the municipality in the preparation of future budgets until the long-term financial plan is sustainable.

Several historic financial challenges were identified including lack of restraint in cash flow management, limited oversight, limited application of budgeting controls, unsustainable adjustment budget, lack of policy review and implementation, appointments without following established processes, ailed debt collection and credit control, litigations, residential and government consumers owing large debts to the municipality, small rates base, high dependency on outsourcing, and others.

A report on the review of the financial plan will be tabled in various structures and will also feature in the Annual Report for the next financial year.

## Municipal Standard Chart Of Accounts (Mscoa)

The overall objective of the project was to ensure that Zululand District Municipality complies with the National Treasury regulation through implementing a Municipal Standard Chart of Accounts (mSCOA) which aims at achieving an acceptable level of uniformity and quality on financial and non-financial data, incorporating all transaction types, appropriation of funds, spending on service delivery, capital and operating spending, policy outcome and legislative reporting.

The financial system of the municipality is Solar which is mSCOA compliant.

## Assessment of Municipal Taxes And Service Charges arrears

Total debtors balance as at 30 June 2024 are made up as follows:

**Table 27 Arrears on municipal taxes and service charges**

Description	Gross debtors	Minus provision for impairment	Net debtors
Trade and other receivables from exchange transactions	R264 184 917	(R227 668 689)	R36 516 228
Receivables from non - exchange transactions	R15 825 418	R0	R15 825 418
Deposits	R19 406 873	R0	R19 406 873
VAT Receivable	R64 191 360	R0	R64 191 360
Operating lease receivable	R5 225	R0	R5 225
<b>Total</b>	<b>R363 613 793</b>	<b>(R227 668 689)</b>	<b>R135 945 104</b>

The total net debtors amounted to R135 945 104 as at 30 June 2024 increased as compared to net debtors' amount of R125 772 194 as at 30 June 2023.

The increase in gross debtors balance (before provision), of approximately R65 million over the reporting period is attributable to the following factors:

- Eskom increased the deposit paid on all active accounts over the reporting period based on their assessment of risk to the account. This results in an increase in deposit paid to Eskom. Secondly the opening of new accounts as a result of conversion from diesel powered engines and the construction of new infrastructure.
- Change in consumers' behaviour towards payment for water services. The negative behaviour is caused by major consumers opting not to pay and drill their own boreholes and secondly opting to survive with only six kilolitres of water provided for free.
- The current economic recession climate.
- VAT Receivable due to increase in creditors.
- Increase in Prepayments.

The increase in the level of debt did not negatively impact upon service delivery. However, the Council is concerned about sufficient cash reserves in order to meet financial obligations as this was highlighted during assessment of cost coverage ratio. Council will strive for efficient debt collection and credit control systems and procedures to improve current revenue collection rate that is concerning, through revenue enhancement strategies and establishment of indigent register.

### **Long Term Contracts and Public Private Partnerships**

There were no public private partnerships during 2023-24 financial year.

The municipality has signed multi-year contracts with various service providers for construction of infrastructure works including other related management services.

The Schedule of Long Term Contracts is attached as an Annexure.

### **Revenue Collection Performance by Vote and By Source**

Chapter 2 section 4C(ii) of the Municipal Systems Act allows a municipality to impose surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.

As a result the municipality collects of revenue for provision of water and sanitation services to its consumers as per revenue performance is as follows:

**Table 28 Revenue collection performance by vote**

Vote Description	2022/23	Current Year 2023/24			Variances	
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Revenue by Vote						
Vote 01 - Council	7 633	-	-	-	-	-
Vote 02 - Corporate Services	61 141 594	2 350 000	101 926 682	104 879 085	- 102 529 085	- 2 952 403
Vote 03 - Finance	604 659 749	637 480 500	641 438 003	650 071 704	- 12 591 204	- 8 633 701
Vote 04 - Community Development	3 953 400	2 482 000	2 750 250	2 285 425	196 575	464 825
Vote 05 - Planning & Wsa	617 377 104	812 204 000	773 285 608	775 605 616	36 598 384	- 2 320 008
Vote 06 - Technical Services	-	-	-	-	-	-
Vote 07 - Water Purification	-	-	-	-	-	-
Vote 08 - Water Distribution	39 244 564	52 422 000	54 300 209	59 562 780	- 7 140 780	- 5 262 571
Vote 09 - Waste Water	14 902 812	16 436 000	15 902 234	16 380 489	55 511	- 478 255
<b>Total Revenue by Vote</b>	<b>1 341 286 857</b>	<b>1 523 374 500</b>	<b>1 589 602 986</b>	<b>1 608 785 099</b>	<b>- 85 410 599</b>	<b>- 19 182 113</b>

Variances are calculated by subtracting the difference between actual and original/adjustments budget by the actual.

**Table 29 Total revenue**

DC26 Zululand - Table A4 Budgeted Financial Performance (revenue and expenditure)						
Description	2022/23	Current Year 2023/24			Variances	
	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
<b>Revenue</b>						
<b>Exchange Revenue</b>						
Service charges - Water	39 169 621	51 532 000	53 518 068	58 876 864	- 7 344 864	- 5 358 796
Service charges - Waste Water Management	14 831 358	16 406 000	15 596 538	16 024 007	381 993	427 469
Sale of Goods and Rendering of Services	1 425 827	1 000 500	754 789	760 200	240 300	5 411
Interest earned from Receivables	75 296	521 000	784 453	691 101	- 170 101	93 352
Interest earned from Current and Non Current Assets	7 433 380	3 000 000	7 500 000	15 458 240	- 12 458 240	7 958 240
Rental from Fixed Assets	180 833	500 000	458 180	558 834	- 191 101	- 232 921
Licence and permits	87 515	60 000	103 218	106 561	- 46 561	3 343
Operational Revenue	562 671	369 000	442 216	593 899	- 224 899	- 151 683
<b>Non-Exchange Revenue</b>						
Fines, penalties and forfeits	909 671	1 000 000	853 449	875 061	124 939	21 612
Transfer and subsidies - Operational	658 829 922	643 859 000	743 190 179	746 444 194	- 102 585 194	- 3 254 015
Gains on disposal of Assets	2 893 935	-	-	173 933	- 173 933	- 173 933
Other Gains	4 384 906	-	-	5 704 000	- 5 704 000	- 5 704 000
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>730 784 936</b>	<b>718 247 500</b>	<b>823 201 090</b>	<b>846 266 894</b>	<b>- 128 151 661</b>	<b>- 23 198 071</b>

**Table 30 Debtors age analysis**

Description	Duration						Total
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-365 Days	>365Days	
Trade and Other Receivables from Exchange Transactions - Water	R7 557483	R4868071	R4294216	R3 864258	R4210097	R161000792	R185794917

Trade Receivables from Exchange Transactions - Waste Water Management	R1547093	R1021055	R880688	R898664	R852642	R42290627	R47490769
Trade Receivables from Exchange Transaction - Housing rental	R5975	R261567	R1920	R240	R0	R14503	R284205
<b>Total By Income Source</b>	<b>R9110551</b>	<b>R6150693</b>	<b>R 5176824</b>	<b>R4763162</b>	<b>R1205062739</b>	<b>R203305922</b>	<b>R23356981</b>

## 9. CHAPTER 6 – APPENDICES

**A. AUDITED ANNUAL FINANCIAL STATEMENTS**

The attached 2023/24 audited annual financial statements will be as per the *Departmental Financial Reporting Framework* as issued by National Treasury.

## **B. REPORT AND OPINION OF THE AUDITOR GENERAL**

This is the audit opinion for the 2023/24 financial year issued by AGSA.



AUDITOR-GENERAL  
SOUTH AFRICA

# AUDITOR'S REPORT

Zululand District Municipality

2023-24

*Date: 30 November 2024*

# Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council of the Zululand District Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Zululand District Municipality set out on pages xx to xx which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cashflow statement and statement of comparison of budget information and actual amounts for the year then ended, as well as notes to financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Zululand District Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and 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 financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

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

#### Material impairments – consumer receivables from exchange transactions

7. As disclosed in note 3 to the financial statements, the municipality increased the provision for impairment on consumer receivables from exchange transactions to R227,35 million (2022-23: R191,09 million) as the recoverability of these amounts were considered to be doubtful.

### Material contingent liabilities

8. With reference to note 47 to the financial statements, the municipality is defending a claim of R40 million related to water and water levies charges. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

### Restatement of corresponding figures

9. As disclosed in note 57 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

### Other matters

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

### Unaudited disclosure notes

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

### Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and the 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality'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 municipality or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor-general for the audit of the financial statements

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

**Report on the audit of the annual performance report**

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

17. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a key performance area that measures the municipality'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 and infrastructure	99 to 100	Continuously managing all existing infrastructure capital assets to minimize the total cost of owning and operating these assets (Effective asset management, internal & community capacity building, collecting revenue, tariffs, monitoring & evaluation, environmental management)

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

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality'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 reasons provided for any over or underachievement of targets and measures taken to improve performance

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

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

### **Other matters**

22. I draw attention to the matter below.

#### **Achievement of planned targets**

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements and measures taken to improve performance.

#### **Material misstatement**

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

### **Report on compliance with legislation**

25. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

26. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

27. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

#### **Procurement and contract management**

29. Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) and did not qualify for the contract in accordance with section 18(1) of the CIDB Act.

#### **Expenditure management**

30. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

31. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R233,75 million, as disclosed in note 52.1 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget relating to contracted services.

32. Reasonable steps were not taken to prevent irregular expenditure amounting to R159,29 million as disclosed in note 52.2 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with the supply chain management (SCM) regulations.

33. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R3,25 million, as disclosed in note 52.3 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest incurred on overdue accounts.

<b>Other information in the annual report</b>
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34. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

35. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

37. I did not receive the other information prior to the date of this report. When I do receive it 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

38. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
39. 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.
40. The accounting officer and senior management did not exercise adequate oversight to implement effective monitoring controls to prevent unauthorised, irregular and fruitless and wasteful expenditure, adherence to legislated payment timelines and the compliance with the applicable supply chain management prescripts.

#### Material irregularities

41. 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.

### Status of previously reported material irregularity

#### Cash resources not appropriately safeguarded

49. The municipality did not comply with section 62(2)(c) read with section 63(1)(a) of the MFMA which requires the accounting officer to take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed and take responsibility for the management of assets of the municipality, including the safeguarding and maintenance of those assets.
50. A municipal official that was responsible for the preparation of the bank reconciliation, passing of journals entries and generation of reports for the review by the deputy chief financial officer misappropriated municipal funds resulting in a financial loss of R1,18 million. The accounting officer was notified of the material irregularity on 9 December 2022.
51. The following actions were taken to resolve the material irregularity:
  - The municipality recovered R129 225,02 via a salary adjustment journal against the official's leave payout at year end, as the official is no longer an employee at the municipality as he is now deceased.
  - In attempts to recover the remaining balance, a letter was sent to the pension fund requesting that the funds be withheld.
  - The accounting officer updated policies and procedures relating to banking and Investment and SCM, which included prohibiting any requests to utilise for cash that is

not yet banked and enhancing the cash management processes to allow for segregation of duties and reconciliations.

- An investigation into the material irregularity conducted by the service provider was completed on 8 August 2023.
- The accounting officer addressed the control deficiencies identified by the investigation.

53. The accounting officer has taken appropriate actions to address the material irregularity and the material irregularity is resolved.

#### Other reports

42. 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 financial statements or my findings on the reported performance information or compliance with legislation.

43. At the request of the municipality, an independent consultant conducted a forensic investigation into an alleged cyber-attack that resulted in fraudulent payments being made from municipal bank accounts on 27 December 2023. The investigation was completed in May 2024 and the municipality was in the process of implementing the report's recommendations at the date of this report.

*Auditor General*

Pietermaritzburg

30 November 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 financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with selected requirements in key legislation.

### **Financial statements**

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

- identify and assess the risks of material misstatement of financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether 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	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
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), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a), 56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)

<b>Legislation</b>	<b>Sections or regulations</b>
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 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: Municipal Staff Regulations	Regulations: 7(1),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(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), 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, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

### **C. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY**

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by COGTA and National Treasury.

The Annual Financial Statements have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines including GRAP.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 30 June 2024.

Yours faithfully

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**Accounting Officer**

**Name:**

**Date:**

**D. ANNUAL PERFORMANCE REPORT 2023/24**

## ANNUAL PERFORMANCE REPORT - TOP LAYER/ ORGANIZATIONAL FINANCIAL YEAR: 2023/2024

						2022/2023		2023/2024							
KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref	STRATEGY	INDICATOR	ANNUAL TARGET 01 JULY 2022 - 30 JUNE 2023	ANNUAL ACTUAL 01 JULY 2022 - 30 JUNE 2023	ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE	STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE

### B2B PILLAR 2: BASIC SERVICE DELIVERY

### KPA 1: BASIC SERVICE DELIVERY= 04 indicators

1	HOD (PLANNING)	Access to the full package of municipal services offered to the community is efficient, affordable, economical, acceptable	SO 1.2.1	Establishing and maintaining partnerships with government and	Number of households within ZDM to be provided with access to water within RDP standard per quarter	722 households within ZDM to be provided with access to water within RDP standard by 30 June 2023	1259 households within ZDM to be provided with access to water within RDP standard	800 households within ZDM to be provided with access to water within RDP standard by 30 June 2024	1311 households within ZDM to be provided with access to water within RDP standard	Accumulative	Number	Achieved			List of beneficiaries and GPS coordinates
2	HOD (Tech)				Percentage of kilolitres produced by ZDM water treatment plants per quarter	New KPI	New KPI	70% kilolitres produced by ZDM water treatment plants by 30 June 2024	78,83% kilolitres produced by ZDM water treatment plants	Accumulative	Percentage	Achieved			Monthly production report
3	HOD (TECH)				Percentage of ZDM Water determinants that	85% ZDM Water determinants that	95% ZDM Water determinants that	85% ZDM Water determinants that	96% ZDM Water determinants that	Non - Accumulative	Percentage	Achieved			Lab results

					nts that pass laboratory tests per quarter	pass laboratory tests by 30 June 2023	pass laboratory tests	pass laboratory tests by 30 June 2024	pass laboratory tests						
4	HOD (TECH)	All categories of Municipal	SO 1.1.1	Continuously	The average time taken to fix spillages per quarter	48Hrs average time taken to fix spillages by 30 June 2023	23hrs average time taken to fix spillages	48Hrs average time taken to fix spillages by 30 June 2024	23,25 hrs average time taken to fix spillages	Non - Accumulative	Hours	Achieved		Job card summary report	
<b>KPI NO.</b>	<b>PROGRAM DRIVER</b>	<b>OUTCOME</b>	<b>IDP Strategic Objective Ref</b>	<b>STRATEGY</b>	<b>INDICATOR</b>	<b>ANNUAL TARGET 01 JULY 2022 - 30 JUNE 2023</b>	<b>ANNUAL ACTUAL 01 JULY 2022 - 30 JUNE 2023</b>	<b>ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024</b>	<b>ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024</b>	<b>ACCUMULATIVE /NON-ACCUMULATIVE</b>	<b>UNIT OF MEASURE</b>	<b>STATUS</b>	<b>REASON FOR VARIANCE</b>	<b>MEASURE OF IMPROVEMENT</b>	<b>PORTFOLIO OF EVIDENCE</b>

**B2B PILLAR 5: BUILDING CAPABLE LOCAL GOVERNMENT INSTITUTIONS**

**KPA2: LOCAL ECONOMIC & SOCIAL DEVELOPMENT = 06 indicators**

5	HOD (COMMUNITY)	The overall economic and social conditions	SO 2.1.1	Support SMMEs and	Number of SMMEs / Co-operative supported annually	New KPI	New KPI	10 SMMEs / Co-operative supported by 30 June 2024	10 SMMEs / Co-operative supported	Non - Accumulative	Number	Achieved		List of supported SMMEs and signed distribution form
6	HOD (COMMUNITY)	Arts culture and heritage is preserved	SO 2.4.1	Promoting arts,	Number of tourism awareness campaigns held per quarter	4 tourism awareness campaigns held by 30 June 2023	4 tourism awareness campaigns held	4 tourism awareness campaigns held by 30 June 2024	4 tourism awareness campaigns held	Accumulative	Number	Achieved		OOP and Attendance Register

7	COO	Effects of poverty is minimised	SO 2.2.1	Alleviate poverty	Number of Special Programmes implemented annually	New KPI	New KPI	2 Special Programmes implemented by 30 June 2024	2 Special Programmes implemented	Non - Accumulative	Number	Achieved			Programmes; Attendance registers and Pictures
8	HOD (FINANCE)	Promoting and maximising social and economic development	SO 2.2.5	Supporting the well-being of vulnerable groups through short	Number of implementation reports on Indigent Policy submitted to EXCO per quarter	4 implementation reports on Indigent Policy submitted to EXCO by 30 June 2023	4 implementation reports on Indigent Policy submitted to EXCO	4 implementation reports on Indigent Policy submitted to EXCO by 30 June 2024	4 implementation reports on Indigent Policy submitted to EXCO	Accumulative	Number	Achieved			Copy of Indigent Policy Implementation report and proof of submission
9	HOD (COMMUNITY)				Number of jobs created through the ZDM municipal EPWP initiatives including capital projects	1370 jobs created through the ZDM municipal EPWP initiatives including capital projects by 30 June 2023	1381 jobs created through the ZDM municipal EPWP initiatives including capital projects	1370 jobs created through the ZDM municipal EPWP initiatives including capital projects by 30 June 2024	2724 jobs created through the ZDM municipal EPWP initiatives including capital projects	Non - Accumulative	Number	Achieved	The municipality received National Skills Funding whereby 1354 participants were trained and reported under EPWP reporting system		
10	HOD (COMMUNITY)	The health of Zululand communities and citizens	SO 2.3.1	Regulating, monitoring	Number of ZDM Municipal Health awareness campaigns held per quarter	New KPI	New KPI	20 ZDM Municipal Health awareness campaigns held by 30 June 2024	20 ZDM Municipal Health awareness campaigns held	Accumulative	Number	Achieved			OOP and Attendance Register

KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref	STRATEGY	INDICATOR	ANNUAL TARGET 01 JULY 2022 - 30 JUNE 2023	ANNUAL ACTUAL 01 JULY 2022 - 30 JUNE 2023	ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE	STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
<b>B2B PILLAR 4: SOUND FINANCIAL MANAGEMENT</b>															
<b>KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT = 04 indicators</b>															
1 1	HOD (FINANCE)	The Municipality is financially viable with sound financial management	SO 3.1.1	Establishing and maintaining a sound and sustainable management of the fiscal and	Percentage of Collection Rate achieved per quarter	60% Collection Rate achieved by 30 June 2023	55,86% Collection Rate achieved	60% Collection Rate achieved by 30 June 2024	48,4% Collection Rate achieved	Non - Accumulative	Percentage	Not Achieved	The Consumers are not paying on time for water bills as a control measure municipality has introduced debt incentive programme to encourage consumers to pay for water services	Debt incentive extended till the end of March 2024 to boost number of applications. (2) Indigent also extended till end of March 2024 to boost number of applications received section doing site visits as well. (3) Debtor Collector performance will be monitored for improved results.	Copy of Collection Report

12	HOD(CORP)				Percentage of budget spent on implementing WSP	New KPI	New KPI	100% of budget spent on implementing WSP by 30 June 2024	110% of budget spent on implementing WSP	Non - Accumulative	Percentage	Achieved	National Skills Funding was received	Expenditure report	
13	HOD (FINANCE)		SO 3.1.2	Apply sound	Date Report on Sec 13 of the MFMA submitted to AG	Report on Sec 13 of the MFMA submitted to AG by 31 July 2023	Report on Sec 13 of the MFMA submitted to AG by 2022/07/29	Report on Sec 13 of the MFMA submitted to AG by 31 July 2023	Report on Sec 13 of the MFMA submitted to AG by 2023/07/31	Non - Accumulative	Date	Achieved		Proof of submission and copy of Sec 13 report	
14	HOD (FINANCE)		SO 3.1.3	Manage, monitor and	Number of Sec 52 reports submitted to Council and Provincial Treasury per quarter	4 Sec 52 reports submitted to Council and Provincial Treasury by 30 June 2023	4 Sec 52 reports submitted to Council and Provincial Treasury	4 Sec 52 reports submitted to Council and Provincial Treasury by 30 June 2024	4 Sec 52 reports submitted to Council and Provincial Treasury	Accumulative	Number	Achieved		Council Resolution and copy of Sec 52 report	
15	HOD (FINANCE)		SO 3.1.4	Refine procurement	Number of SCM quarterly reports submitted to EXCO per quarter	4 SCM quarterly reports submitted to EXCO by 30 June 2023	4 SCM quarterly reports submitted to EXCO	4 SCM quarterly reports submitted to EXCO by 30 June 2024	4 SCM quarterly reports submitted to EXCO	Accumulative	Number	Achieved		Proof of submission and Copy of SCM Quarterly reports	
<b>KPI NO.</b>	<b>PROGRAM DRIVER</b>	<b>OUTCOME</b>	<b>IDP Strategic Objective Ref</b>	<b>STRATEGY</b>	<b>INDICATOR</b>	<b>ANNUAL TARGET 01 JULY 2022 - 30 JUNE 2023</b>	<b>ANNUAL ACTUAL 01 JULY 2022 - 30 JUNE 2023</b>	<b>ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024</b>	<b>ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024</b>	<b>ACCUMULATIVE /NON-ACCUMULATIVE</b>	<b>UNIT OF MEASURE</b>	<b>STATUS</b>	<b>REASON FOR VARIANCE</b>	<b>MEASURE OF IMPROVEMENT</b>	<b>PORTFOLIO OF EVIDENCE</b>
<b>B2B PILLAR 3: GOOD GOVERNANCE</b>															
<b>KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION = 03 indicators</b>															

16	COO			Promoting transparent and accountable governance through regular community engagements and effective	Number of reports on legal functions submitted to MM per quarter	New KPI	New KPI	4 report on legal functions submitted to MM by 30 June 2024	4 report on legal functions submitted to MM	Accumulative	Number	Achieved			Proof of submission and report
17	COO		SO4.1.2	Promoting transparent and accountable governance through regular community engagements and effective	Number of Community engagements held Bia annual	New KPI	New KPI	8 Community engagements held Bia annual by 30 June 2024	5 Community engagements held	Accumulative	Number	Not Achieved	Due to a recently hired employee who was meant to prepare the POE, the unit had challenges throughout the IDP and Budget Roadshow. Regrettably, there was a lack of clarity in the communication regarding what was expected to be presented for Q2.	We acknowledge that there is a need to improve knowledge and comprehension of the documentation standards. We will conduct training sessions Q3(February 2023) to inform staff members about the significance of precise record-keeping and to give clear instructions for the creation and submission of	Notice, OOP, And copy of report



KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref	STRATEGY	INDICATOR	ANNUAL TARGET 01 JULY 2022 - 30 JUNE 2023	ANNUAL ACTUAL 01 JULY 2022 - 30 JUNE 2023	ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE	STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
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**B2B PILLAR 1: PUTTING PEOPLE FIRST**

**KPA 5: MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT = 02 indicators**

20	HOD (CORP)	The municipality is adequately resourced with a skilled workforce capable of carrying out its	SO 5.1.1	Investing in a workforce to	Number of EAP health awareness campaigns conducted per quarter	New KPI	New KPI	4 EAP health awareness campaigns conducted per quarter by 30 June 2024	4 EAP health awareness campaigns conducted	Accumulative	Number	Achieved			Notice, OOP, Attendance register and Copy of Presentation
21	COO	The municipality is adequately resourced with a skilled workforce capable of carrying out its	SO 5.1.5	Establishing consistency	Number of Municipal Manager Technical IGR/DDM meetings coordinated per quarter	4 Municipal Manager Technical IGR/DDM meetings coordinated by 30 June 2023	4 Municipal Manager Technical IGR/DDM meetings coordinated	4 Municipal Manager Technical IGR/DDM meetings coordinated by 30 June 2024	5 Municipal Manager Technical IGR/DDM meetings coordinated	Accumulative	Number	Achieved			Notice, Agenda and Attendance Register
KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref	STRATEGY	INDICATOR	ANNUAL TARGET 01 JULY 2022 - 30 JUNE 2023	ANNUAL ACTUAL 01 JULY 2022 - 30 JUNE 2023	ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE	STATUS	REASON FOR VARIANCE	MEASURE TO IMPROVE	PORTFOLIO OF EVIDENCE

**Spatial Planning & Environmental Management**

**KPA 6: CROSS CUTTING INTERVENTIONS = 03 indicators**

22	HOD (CORP)	Disasters are prevented and dealt with effectively where they occur	SO 6.1.3	To minimize the vulnerability of communities by building a culture of risk	Number of lightning conductors installed in identified rural households within ZDM per quarter	100 of lightning conductors installed in identified rural households within ZDM by 30 June 2023	103 of lightning conductors installed in identified rural households within ZDM	100 of lightning conductors installed in identified rural households within ZDM by 30 June 2024	83 of lightning conductors installed in identified rural households within ZDM	Accumulative	Number	Not Achieved	The prolonged process of appointing the service provider affect the installation of lighting conductors, this consequently led to delay in installation of lighting conductors	The matter has been presented to MANCO a resolution was taken that there will be an appointment of the Panel of contractors to improve the selection of service providers so that Lighting conductors will be installed in new Financial year	Certificate of compliance and Beneficiary list with GPS coordinates
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**E. PERFORMANCE OF SERVICE PROVIDERS**

		Assessment Key						
		<b>Good (G)</b>	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract					
		<b>Satisfactory (S)</b>	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract					
		<b>Poor (P)</b>	The service has been provided below acceptable standards					
<b>Bid Number</b>	<b>Name of external Service Provider</b>	<b>Date Contract Awarded</b>	<b>Service provided in terms of the SLA</b>	<b>Value of project</b>	<b>Assessment of Service Providers Performance</b>			<b>Corrective Measure</b>
					<b>G</b>	<b>S</b>	<b>P</b>	
ZDM029/2022	Fleet horizon solution (pty)ltd	09/06/2022	Procurement of fleet on full maintainance and lease and related services for a three yerar period	R102 069 810,97	<b>G</b>			
ZDM021/2022	Bonakude Consulting (PTY)LTD	04/03/2022	Provision of internal audit services for a period of three years	R4 018 540,90	<b>G</b>			

ZDM045/2023	Khetha Cleaning services	19/07/2023	Provision of landscaping maintenance services, pest control and general support	R5 581 185,22	G		
ZDM002/2022	LUMD INVESTMENTS (PTY)LTD	21/10/2021	HIRE OF OFFICE ACCOMMODATION IN ABAQULUSI (VRYHEID)	R12 715 997,71	G		
ZDM022/2022	TRAVEL WITH FLAIR (PTY)LTD	25/05/2022	SERVICE PROVIDER FOR TRAVEL MANAGEMENT	Tender rate	G		
ZDM027/2022	RECOVERIES AMANQUHE	25/05/2022	SERVICE PROVIDER FOR DEBT COLLECTION	R3 290 632,68	G		
ZDM028/2022	EKENE ENVESTMENTS CC	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 08WATER TANKES AT NONGOMA AND PONGOLA AREA	Tender rate	G		
ZDM028/2022	UHAQANE MI CONTRACTORS	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 03 WATER TANKES EDUMBE AREA	Tender rate	G		
ZDM028/2022	KHABENI PROJECT AND ENTERPRISE	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 07WATER TANKES AT ULUNDI AND NONGOMA	Tender rate	G		
ZDM028/2022	SIDWABA TRADING CC	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 03 WATER TANKES AT PONGOLA AREA	Tender rate	G		

ZDM028/2022	LITHAKAZI INVESTMENT (PTY)LTD	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 03 WATER TANKES AT NONGOMA	Tender rate	G		
ZDM028/2022	MAKHONGOLO CIVILS AND SERVICES	14/07/2022	ALLOCATION APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 04 WATER TANKES AT ABAQULUSI AREA	Tender rate	G		
ZDM036/2022	Fakalintuli Construction	14/07/2022	SUPPLY AND DELIVERY OF FUEL AND RELATED SERVICES TO ZULULAND DISTRICT MUNICIPALITY FOR A PERIOD OF 36 MONTH AS AND WHEN REQUIRED	Tender rate		S	improve tunround time.delaying to deliver
ZDM040/2022	Lateral Unison insurance broker	14/07/2022	RENDERING OF SHORT-TERM INSURANCE AND ADVISORY SERVICES OF MUNICIPAL ASSETS FOR A PERIOD OF 36 MONTHS.	Tender rate			P It has been noted that there are significant delays in communication and claim processing, which are not meeting our expected service standards. To address these issues, we will be working closely with the insurer to improve communication channels, ensure adherence to service level agreements through regular performance reviews, and implement a customer feedback system to guide continuous improvements. Additionally, we will push for the streamlining of claim processes to enhance overall efficiency and responsiveness.
ZDM043/2022	ORABILE JN TRADING AND PROJECT	05/12/2022	SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING OF ZDM FOR THE PERIOD OF 3 YEARS	Tender rate	G		

ZDM024/2022	MAMNCANE CATERING AND BUSINESS ENTERPRISE	10/10/2021	PROVISION OF CATERING AND RELATED SERVICES	Tender rate	G		
ZDM024/2022	NOMAWANDLA TRADING	10/10/2021	PROVISION OF CATERING AND RELATED SERVICES	Tender rate	G		
ZDM024/2022	MQAPHELI SUPPLIERS	10/10/2021	PROVISION OF CATERING AND RELATED SERVICES	Tender rate	G		
ZDM023/2022	GARLICKE & BOUSEFIELD	10/10/2021	ATTORNEYS /LAW FIRM TO SERVE ON PANEL OF ATTORNEYS	Tender rate	G		
ZDM023/2022	STOWELL&CO	10/10/2021	ATTORNEYS /LAW FIRM TO SERVE ON PANEL OF ATTORNEYS	Tender rate	G		
ZDM034/2021	EDU AFRICA CC	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	G		
ZDM034/2021	MAKHONGOLO CIVILS AND SERVICES	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	G		
ZDM034/2021	KHABENI PROJECT AND ENTERPRISE	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	G		
ZDM034/2021	SOMKHANDA PLANT HIRE CC	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	G		
ZDM063/2021	BBN CONSTRUCTION	03/09/2021	ZDM O&M SUPPLY AND DELIVERY HAND PUMP MATERIAL	Tender rate	G		
ZDM063/2021	SDWABA EVENTS	03/09/2021	ZDM O&M SUPPLY AND DELIVERY HAND PUMP MATERIAL	Tender rate	G		
ZDM063/2021	VELASAKHE CONSTRUCTION	03/09/2021	ZDM O&M SUPPLY AND DELIVERY HAND PUMP MATERIAL	Tender rate	G		
ZDM063/2021	SA WATER	03/09/2021	ZDM O&M SUPPLY AND DELIVERY HAND PUMP MATERIAL	Tender rate	G		
ZDM063/2021	MUNTU TRADING	03/09/2021	ZDM O&M SUPPLY AND DELIVERY HAND PUMP MATERIAL	Tender rate	G		
ZDM063/2021	NOLITO TRADING ENTERPRISE	03/09/2021	ZDM O&M SUPPLY AND DELIVERY HAND PUMP MATERIAL	Tender rate	G		
ZDM066/2021	VELOKUHLE TRADING	03/09/2021	ZDM O&M SUPPLY AND DELIVERY TOOLS	Tender rate	G		
ZDM066/2021	GCINWA TRADING	03/09/2021	ZDM O&M SUPPLY AND DELIVERY TOOLS	Tender rate	G		

ZDM067/2021	KHETHAKANYE CONSTRUCTION	03/09/2021	ZDM O&M SUPPLY AND DELIVERY OF PLUMBING MATERIAL	Tender rate	G		
ZDM067/2021	NRB PIPING	03/09/2021	ZDM O&M SUPPLY AND DELIVERY OF PLUMBING MATERIAL	Tender rate	G		
ZDM010/2022	MAYENZEKE ENHLE	10/10/2021	SUIPPY AND DELIVERY OF LED PROJECT ITEM	Tender rate	G		
ZDM010/2022	KWALINDOKUHLE TRADING CC	10/10/2021	SUIPPY AND DELIVERY OF LED PROJECT ITEM	Tender rate	G		
ZDM 025/2022	EMPHETHWENI	10/10/2021	SERVICE PROVIDER FOR OCCUPATIONAL MEDICAL PRACTITIONER FOR RENDERING MEDICAL RELATED SERVICES	Tender rate	G		
ZDM025/2022	MAPONYA 911	10/10/2021	SERVICE PROVIDER FOR OCCUPATIONAL MEDICAL PRACTITIONER FOR RENDERING MEDICAL RELATED SERVICES	Tender rate	G		
ZDM025/2022	BSK	10/10/2021	SERVICE PROVIDER FOR OCCUPATIONAL MEDICAL PRACTITIONER FOR RENDERING MEDICAL RELATED SERVICES	Tender rate	G		
ZDM025/2022	HLOBO OCCUPATIONAL SERVICES	10/10/2021	SERVICE PROVIDER FOR OCCUPATIONAL MEDICAL PRACTITIONER FOR RENDERING MEDICAL RELATED SERVICES	Tender rate	G		
ZDM025/2022	DR TD KHOZA	10/10/2021	SERVICE PROVIDER FOR OCCUPATIONAL MEDICAL PRACTITIONER FOR RENDERING MEDICAL RELATED SERVICES	Tender rate	G		
ZDM004/2022	THEMBANI SOLUTIONS (PTY)LTD	10/10/2021	PANEL SERVICE PROVIDER TO SUPPLY AND DELIVERY OF CLEANING MATERIAL	Tender rate	G		
ZDM003/2022	EKA THULANI TP TRADING	10/10/2021	PANEL SERVICE PROVIDER TO SUPPLY AND DELIVERY OF STATIONARY	Tender rate	G		
ZDM003/2022	KHENANA SOLUTIONS	10/10/2021	PANEL SERVICE PROVIDER TO SUPPLY AND DELIVERY OF STATIONARY	Tender rate	G		
ZDM003/2022	THEMBANI SOLUTIONS (PTY)LTD	10/10/2021	PANEL SERVICE PROVIDER TO SUPPLY AND DELIVERY OF STATIONARY	Tender rate	G		
	Amanquhe Data Doctors	01/05/2022	DEBT COLLECTION REVENUE MANAGEMENT	Tender rate	G		

## **F. AUDIT ACTION PLAN**

This is the Audit Action Plan for the 2023/2024 Financial Year in response to the AGs Report for the same period.



Audit finding	Legislative requirements	Audit narration	Internal control deficiency	Recommendation	Management response	Management action	Auditors conclusion	Due date
1. Unauthorised and fruitless and wasteful expenditure not prevented	In terms of section 62(1)(d) 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 unauthorised, fruitless and wasteful expenditure and other losses are prevented.	<p>The accounting officer did not take adequate steps to prevent the re-occurrence of unauthorised and fruitless and wasteful expenditure that was incurred in the current year as disclosed in note 52 of the AFS:</p> <p>Unauthorised expenditure: R 236 652 969 (<b>2022-23</b>); R 191 771 856,26 (<b>2023-24</b>). Fruitless and wasteful expenditure: R 1 046 939 (<b>2022-23</b>); R 1 062 332,77 (<b>2023-24</b>).</p> <p>Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA. Unauthorised expenditure was incurred in the current and prior year due to exceeding of the approved budget, with the majority being caused by overspending on the budget of contracted services and operational costs. The cause of the unauthorised expenditure could have been prevented if management had improved their budgeting processes with expenditure. This results in a material non-</p>	<p>The accounting officer did not ensure adequate controls were in place to prevent unauthorised and fruitless and wasteful expenditure in compliance with the MFMA.</p> <p>Furthermore, the accounting officer did not adequately monitor action plan to address prior year findings as these are repeat findings.</p>	<ul style="list-style-type: none"> <li>Unauthorised expenditure: The CFO should monitor the budget against expenditure incurred on a regular basis. Procurement should only be approved once there is confirmation that sufficient funds are available for spending under the specific vote. Unauthorised should be investigated and consequence management against the relevant officials should be implemented in instances where contracts are entered into before performing the necessary checks to ensure sufficient budget is available that resulted in unauthorised expenditure been incurred.</li> <li>Fruitless and wasteful expenditure: The CFO must maintain a register of invoices received as a tracking tool to monitor the date of receipt and date submitted for</li> </ul>	<p>Agreed.</p> <ul style="list-style-type: none"> <li>The municipality has developed a UIFW reduction strategy. This will aim to support and introduce measures to reduce UIFW.</li> <li>The municipality is also implementing consequence management. By recovering the fruitless expenditure incurred due to officials not processing the payment of invoices timeously</li> </ul>	Development of UIFW strategy.	Unauthorised and fruitless and wasteful expenditure not prevented will reported in the auditor's report as a material noncompliance.	31/10/2024

		<p>compliance with key legislation and will therefore be reported in the audit report.</p> <p>Fruitless and wasteful expenditure: related to interest on overdue accounts was incurred in the prior year as well as the current year. This results in a material non-compliance with key legislation and will therefore be reported in the audit report. This is a repeat finding as this was reported in the prior year.</p>		<p>payment to ensure the invoices are paid within the legislated timeframes.</p> <p>Fruitless and wasteful incurred should be investigated in order for consequence management processes to be implemented.</p> <ul style="list-style-type: none"> <li>• Furthermore, the accounting officer should improve his monitoring of the audit action plan to confirm that matters are adequately addressed to prevent the re-occurrence thereof. findings</li> </ul>				
2. Payments not made within 30 days	<p>In terms of section 65(1) of the MFMA, "The accounting officer of a municipality is responsible for the management of the expenditure of the municipality."</p> <p>Section 65(2)(e) states that, "The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure</p>	<p>It was noted that the following payments were not made within 30 days of receipt of the respective invoices:</p> <p><b>Various invoices (9s for R 1,4 m)</b></p> <p>This has resulted in material non-compliance with section 65(2)(e) of the MFMA that will be reported in the audit report and may result in fruitless and wasteful expenditure being incurred as a result of interest being charged due to late payments.</p>	<p>The CFO did not exercise due care in ensuring that all payments were made within the stipulated 30-day period.</p>	<p>The CFO should ensure that when invoices are received from suppliers, adequate steps are taken to ensure that payments are made promptly.</p>	<p>Agreed.</p> <p>Cashflow will be frequently reviewed to ensure that payments are processed within the specified time frame.</p>	<p>The municipality will be implementing the following corrective measures:</p> <ul style="list-style-type: none"> <li>•Enhanced workflow monitoring by upgrading the invoice tracking system.</li> <li>•Monthly reviews of payment schedules to identify any potential delays and address them promptly</li> </ul>	<p>The corrective actions will be followed up in the next audit period.</p>	20/11/2024

	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.”					•Supplier Communication to ensure they are informed of any issues that may affect the payment delays		
4. Irregular expenditure not prevented.	In terms of section 62(1)(d) 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 unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented.	The accounting officer did not take adequate steps to prevent the re-occurrence of, irregular expenditure that was incurred in the current year as disclosed in notes 47 of the AFS:  Irregular expenditure: R 89 232 856 (2022-23); R 13 360 723 (2023-24)  Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA. Irregular expenditure was incurred in the prior year as well as the current year. The major cause of the irregular expenditure in both years was due to bids not advertised and SCM processes not followed. The cause of the irregular expenditure could have been prevented if reasonable steps had been taken to	The accounting officer did not ensure adequate controls were in place to prevent irregular expenditure. In compliance with the MFMA.  Furthermore, the accounting officer did not adequately monitor action plan to address prior year findings as these are repeat findings.	<ul style="list-style-type: none"> <li>The accounting officer must practice effective procurement processes by using a checklist for deviations, quotations and contracts to ensure that all SCM requirements are met before awarding a contract/quotation. This will ensure that the tender process can commence at an early stage and deviations are captured timeously.</li> <li>Furthermore, the accounting officer should adequately monitor action plan to avoid repeat findings.</li> </ul>	Agreed, The municipality is constantly revising its control measures to improve the level of irregular expenditure.	None.	Management’s efforts for minimizing the irregular expenditure are noted. However, the municipality still did not comply with Section 62(1)(a) of MFMA. The finding remains and will be reported in the auditor report.	21/11/2024

		prevent the re-occurrence in the current year on new contracts. Therefore, the non-compliance is material and will be reported in the audit report.						
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3. Non-Compliance with MFMA long term loan requirements	<p>In terms section 62(1)(b) and (c)(i) of the MFMA, the accounting officer of a municipality is responsible for the managing of 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 and that the municipality has and maintains effective, efficient and transparent system of financial and risk management and internal control.</p> <p>Section 46 of the MFMA states that: 1) A</p>	<p>On the 01 December 2023 Zululand District Municipality entered into a contractual agreement with ABSA for a long-term loan based on Commercial Terms outside the National Credit Act No 34 of 2005. The municipality intends to borrow R100 million to fund the purchasing of Back-up power generators.</p> <p>The details of the loan were as follows:</p> <ul style="list-style-type: none"> <li>&gt;Loan amount R 100 000 000,00</li> <li>&gt;Loan account 3059784238</li> <li>&gt;Interest rate Fixed 11,85% per annum.</li> <li>&gt;Repayment Instalments Instalment: R 8 855 947,98</li> <li>&gt;Final instalment: R 8 855 948,02</li> <li>&gt;Date of first instalment: 2024/06/30</li> <li>&gt;Instalment frequency: half-yearly</li> <li>&gt;Final Repayment Date 30/12/2033</li> </ul> <p>The council minutes of meeting dated 28 February 2023 confirmed that council discussed the proposed loan and approved the proposed loan in resolution ZDMC 23/256.</p>	<p>The accounting officer did not monitor and ensure that the loan is compliant with s46 of the MFMA and did not put measures in place to prevent unauthorized expenditure and fruitless and wasteful expenditure from the loan and implement the Provincial Treasury advice that borrowing is aligned to what the municipality has made provision for in the 2023/24 budget.</p> <p>The CFO did not adequately review the annual financial statements and supporting schedule to ensure that unauthorized expenditure and borrowings is accurate and presented completely and appropriately</p>	<p>The CFO should investigate the above and make the necessary adjustments to the AFS to ensure that Borrowings and interest incurred on the loan is disclosed at the appropriate and ensure that all unauthorised expenditure is disclosed.</p>	<p>1. It is agreed that the expenditure on the loan bank balance was an unauthorized expenditure. This was due to the pressing needs while we were waiting for the second trench on equitable share. The funds will be strictly ringfenced.</p> <p>2. After council has resolved on the loan and its terms, the municipality signed the loan term agreement which was a required form before the bank conclude on the SLA. The form was signed on the 27th October 2023. The bank delayed in bringing back the final SLA yet the tender process was in progress. The municipality was not in a position to know the tendered amount while the bank continues. The loan term agreement reflects 11.950% which is the</p>	None.	<p>The misstatements with regards to the Annual Financial Statements will be resolved upon receipt of the adjusted financial statements and the adjustments to Unauthorized Expenditure, Fruitless and Wasteful expenditure and Borrowings Notes. A likely financial loss with regards to the fruitless and wasteful expenditure incurred on this loan will be followed up in the next audit period.</p>	22/11/2024
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	<p>municipality may incur long term debt only in accordance with and subject to any applicable provisions of this Act, including section 19, and only for the purpose of—</p> <p>(a) capital expenditure on property, plant or equipment to be used for the purpose of achieving the objects of local government as set out in section 152 of the Constitution, including costs referred to in subsection (4); or</p> <p>(b) refinancing existing long - term debt subject to subsection (5).</p> <p>(2) A municipality may incur long term debt only if—</p> <p>(a) a resolution of the municipal council, signed</p>	<p>An advertisement in Isolezwe Newspaper on the 09-10 September 2023 consisted of the details of the loan amount and interest rate and total costs, the advertisement further invited the public to send comments before 28TH of September 2023 with regards to the proposed loan.</p> <p>On the 08 September 2023 the Municipality approached National Treasury to provide comments on their intention to incur a long-term borrowing. On the 04th of October 2023 the accountant general responded with comments and analysis amongst which they advised the municipality to ensure that the borrowing is aligned to what the municipality has made provision for in the 2023/24 budget.</p> <p>It was noted that the public was only invited 6 months after the council had approved the proposed loan. This is not 21 days prior to the meeting of the council at which approval for the debt is to be considered.</p> <p>There is no evidence in Zululand District</p>			<p>figure that was improved in the final SLA, Therefore the AFS to be amended with the final figure of 11.85%</p>			
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<p>by the mayor, has approved the debt agreement; and (b) the accounting officer has signed the agreement or other document which creates or acknowledges the debt.</p> <p>(3) A municipality may incur long term debt only if the accounting officer of the municipality— (a) has, in accordance with section 21A of the Municipal Systems Act— (i) at least 21 days prior to the meeting of the council at which approval for the debt is to be considered, made public an information statement setting out particulars of the proposed debt, including the amount of the proposed</p>	<p>Municipality website to indicate an earlier publication of the proposed loan. There is also no evidence that municipal council was provided with the information statement at least 21 days prior to the meeting with council.</p> <p>Based on the 2023/24 approved adjustment budget the municipality has only made provision to borrow R86 million. However, during this period R100 000 000 was approved. It was noted that R14million of this amount was not disclosed at unauthorised expenditure.</p> <p>The municipality received the R100 000 000 loan from ABSA on the 1 Dec 2023, the amount was transferred on the 7th of Dec 2023 to two different investment accounts (Acc No.: 93 7813 4528- R25 000 000) and Acc No: 93 73378 2771 – R75 000 000). An amount of R28 265 440 was made to the supplier for the purchase of backup generators on the 17th of Jan 2024.</p> <p>On inspection of the</p>						
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<p>debt, the purposes for which the debt is to be incurred and particulars of any security to be provided; and</p> <p>(ii) invited the public, the National Treasury and the relevant provincial treasury to submit written comments or representations to the council in respect of the proposed debt; and</p> <p>(b) has submitted a copy of the information statement to the municipal council at least 21 days prior to the meeting of the council, together with particulars of—</p> <p>(i) the essential repayment terms, including the anticipated debt repayment schedule; and</p> <p>(ii) the anticipated total cost in connection with</p>	<p>investments account and the primary account of the municipality as at 1 Feb 2024 revealed that R42 million of this R100 million was not used for capital expenditure as intended as the balances of the three accounts at year end after payment was made to supplier was R29 660 322 instead of R71 634 560(R100 000 000 – 28 365 440).</p> <p>Additionally, misstatements with regards to the balance outstanding and the presentation of the loan was identified. The table below reflects:</p> <p>Table 1 Outstanding Balance Auditors Calculation Managements Calculation Difference R97 259 551.99 R98 223 305.00 R963 753.01</p> <p>Table 2 Fixed Interest Interest as per Contract Disclosed Interest in Note 18 Borrowings 11.85% 11.10%</p> <p>Following the Bid Adjudication Committee held on the 11th of September 2023, it was resolved that Zana Manzi (PTY)LTD-Water Solutions Southern Africa (Pty)ltd JV be awarded a contract for</p>						
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	<p>such debt over the repayment period.</p> <p>In terms section 15 of the MFMA A municipality may, except where otherwise provided in this Act, incur expenditure only—</p> <p>(a) in terms of an approved budget; and</p> <p>(b) within the limits of the amounts appropriated for the different votes in an approved budget</p>	<p>the supply of Back Up power supply at Ulundi Critical Water Pump Station within ZDM for an amount of R63 104 361.82. An appointment letter signed by the accounting officer was sent to the supplier on the 31st of October 2023. This was a month before a loan agreement was entered into with ABSA Bank for an amount of R100 000 000.</p> <p>Therefore, it is evident that management was aware of the amount that will be required for the procurement of the power supply generators, however, opted for a long-term loan which was R36 895 638,18 above the necessary contract value with the supplier. The additional amount obtained incurs additional fixed interest at 11.85%. An expenditure that could have been avoided had reasonable care been taken by the accounting officer. This results in fruitless and wasteful expenditure and a likely financial loss of <b>R2 186 066.56</b> as at 30 June 2024 arising from the interest incurred from the R36 895 638.18 which was over and above the required R63</p>						
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104 361.82 for the backup generators. Consequently, this result in a non-compliance with the sections above, the balance of borrowings is overstated by R963 753,01 and Note 18 Borrowings incorrectly disclosed a fixed interest rate of 11.10%.

Furthermore, unauthorised expenditure is understated by R42 million.

<p>5. Irregular expenditure disclosed incomplete</p>	<p>Section 62(1)(a) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and transparently.</p> <p>Section 116(3)(a) of MFMA states that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity may be amended by the parties, but only after the reasons for the proposed amendment have been tabled in the</p>	<p>Total payments made up to date for the following contract exceed the original contract value. It was also found that the contract has been placed on hold as per the contract register. Notwithstanding this, payments were made in the current year.</p> <p><b>Contract ID -</b> (ZDM036/2022 - Fakalintuli Construction)  <b>Description -</b> (Supply and delivery of fuel and)  <b>Contract value -</b> (R1 830 080)  <b>Expenditure to date -</b> (R18 682 824)  <b>Current year expenditure -</b> (R7 217 549)</p> <p>Upon inspection of the irregular expenditure schedule, it was found that management has correctly included payments to this contract in the schedule. The reasons noted in the irregular expenditure schedule for the contract to be classified as irregular was that SCM processes were not followed. However, the contract was not in the irregular expenditure schedule since inception. Furthermore, an incorrect amount was disclosed resulting in an</p>	<p>The chief financial officer did not adequately monitor payments made to contracts to ensure that payments were made to valid contracts.</p> <p>The chief financial officer did not perform accurate reconciliation of payments made to this supplier to ensure that irregular expenditure is accurately disclosed in the annual financial statements.</p>	<ul style="list-style-type: none"> <li>• The chief financial officer should maintain, and monitor payments made to suppliers to ensure that payments are only made to active contracts.</li> <li>• The chief financial officer should perform adequate reconciliations for payments made to ensure that the correct amounts are disclosed in the annual financial statements.</li> <li>• All payments made regarding this award should be disclosed as irregular expenditure.</li> </ul>	<p>Disagree</p> <p>After the expenditure was determined to be irregular, the tender was issued out again. The same service provider was awarded again. This is where the new expenditure was accumulated which was not irregular</p>	<p>None.</p>	<p>Management comment is acknowledged. The new contract has been tested under competitive bidding – ZDM036/2023-2023 and there were no issues identified, the finding is resolved.</p>	<p>15/11/2023</p>
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	council of the municipality.	understatement of R6 168 058 reflected below.  Consequently, the amount disclosed in Note 52 to the annual financial statements is misstated by <b>R6 168 058</b> and will be reported in the management report.						
1. Construction contracts awarded to suppliers who are not registered with CIDB	Section 18(1) of the Construction Industry Development Board states that a contractor may not undertake, carry out or complete any construction works or portion thereof for public sector contracts, awarded in terms of competitive tender or quotation, unless he or she is registered with the board and holds a	a) No evidence was included in the municipality's tender files to confirm that the following suppliers were indeed registered with the CIDB at the required grading suitable for the contract prior to the construction contracts being awarded. The respective minutes of BEC meeting furthermore did not include the bidder's CIDB registration number and expiry date of the registration as further corroborative evidence and therefore we are unable to confirm if the requirements of section 18(1) of the CIDB Act were indeed complied	The CFO, SCM Manager did not perform a proper review of the tender evaluation documentation to confirm that requirements of the CIDB were met, prior to the award.  The CFO and SCM Manager did not develop and/or implement adequate controls, including a proper document management system to	The CFO and SCM Manager should improve their review of all construction contracts to confirm that all bidders are registered with the CIDB at the required level before submission to the BEC. This evidence should be filed accordingly with the tender as evidence of compliance with the requirements of the CIDB.  Management should review all construction contracts awarded during the year to identify errors of a similar nature which	<b>(a).</b> Disagree. The CIDB grading confirmation is included as a returnable document for each tender submission. The evaluation documentation of reviewing CIDB grading is not filed with the contract file. However, it is attached as an annexure to this communication response for reference.  <b>(b).</b> Agreed. The municipality will ensure that CIDB grading is	<b>(b).</b> Agreed.  •The municipality will ensure that CIDB grading is checked when evaluating tenders <b>(On-going)</b> .  • Senior management will improve review controls of procurement to identify and correct errors of non-compliance therefore preventing irregular expenditures <b>(Quarterly)</b> .	Management comments are noted. However, the requirements of section 18(1) have not been complied with, the finding remains and will be communicated in the audit report.	On-going

<p>valid registration certificate issued by the board. Paragraph 17 of CIDB Regulations states that a contractor registered in a contractor grading designation indicated in column 1 of the Table 8 below, is considered to be capable of undertaking a contract in the range of tender values indicated in column 2 of that table in the class of the construction works to which the category of registration of that contractor relates.</p> <p>Government Gazette number 42561 notice number 357 of 2019 schedule 1 states that the tender value range adjustments set out in Table 8 of Regulation 17 is hereby amended and</p>	<p>with prior to the award: <b>(Various tenders)</b></p> <p>b) Notwithstanding the above, the following construction contracts were awarded to contractors that were found not to be registered with the CIDB and did not qualify for the contract in accordance with section 18(1) of the CIDB.</p> <p>ZDM019/2023-2024 - NAP Holdings - <b>R1 458 321</b> and ZDM027/2023-2024 - Fakude Building Constructors - <b>R7 670 373</b>; Total - <b>R9 128 694</b>.</p> <p>Consequently, this results in material non-compliance with the CIDB requirements which will be reported in the auditor's report and the total amounts paid to these contracts should be disclosed as irregular expenditure on the annual financial statements.</p>	<p>support compliance with the CIDB.</p>	<p>should be disclosed as irregular expenditure accordingly.</p>	<p>checked when evaluating tenders.</p>			
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	adjusted as set out in Table 1 below:							
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1. Inconsistencies identified in Contingent liabilities	Paragraph 17 of GRAP 1 Presentation of financial statements requires 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	The disclosure notes pertaining to contingent liabilities included cases that do not conform to the established definition of a contingent liability. The table below provides a list of the legal cases. <b>(Various cases of 3s for R 4,4m).</b>  Consequently, contingent liabilities are overstated by an amount of <b>R4 393 150.</b>	Inadequate reviews by the finance accountant of the Claims and Litigations schedules to ensure that only valid contingent liabilities that meets the definition of a Contingent Liability in terms of GRAP 19 Provisions, Contingencies and Contingent Assets and Liabilities are included in the financial statements.	<ul style="list-style-type: none"> <li>• The Finance accountant should strengthen controls to confirm that all litigation and claims are thoroughly reviewed before being classified as a contingent assets, or liabilities to ensure the accuracy of the contingent liability amount.</li> <li>• The CFO should adequately review the annual financial statements notes and supporting schedules to ensure that receivables are not disclosed as contingencies.</li> </ul>	Agreed. Contingent liabilities note will be updated.	CFO and Accountant: Compliance responsible for contingencies will ensure going forward only valid contingent liabilities that meets the definition of a Contingent Liability in terms of GRAP 19 are included in the financial statements.	Management comments are noted. The internal control deficiency will remain and actions to address the finding will be followed up in the next audit period. Final (adjusted) AFS will be inspected to confirm the validity, accuracy and completeness in disclosure of contingencies.	23/09/2024
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<p>when necessary is presumed to result in financial statements that achieve a fair presentation. Section 63 (1) and (2) of the MFMA further requires that the accounting officer of a municipality is responsible for the management of the liabilities of the municipality. The accounting officer must, for the purposes of subsection (1), take all reasonable steps to ensure that the municipality has and maintains a management, accounting and information system that accounts for proper assets and liabilities of the management systems of the municipality; and a system of internal control of assets and liabilities, including an</p>							
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	<p>asset and liabilities register, as may be prescribed</p> <p>In terms of paragraph 17 of GRAP 19 Provisions, Contingent Liabilities and Contingent Asset, a contingent liability is defined as:</p> <p>a. possible obligation 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; or</p> <p>b. a present obligation that arises from past events but is not recognized because:</p> <p>(i) it is not probable that an outflow of resources embodying economic benefits or</p>							
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	service potential will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.							
1. Inconsistencies identified in Employee related costs.	In terms of the HR policy (para 16.3), all people appointed to the Municipality must accept the appointment by way of appointment letters or signing the employment contract in relevant cases prior to commencement of duties. This appointment letter details	It was noted that an employee, PZ Mnyandu, had accepted a job offer for the role of finance officer – Asset Management at Richards Bay Industrial Development Zone (RBIDZ). Upon notifying the municipality of his resignation, an internal memorandum was prepared by the CFO, with the endorsement of both the Municipal Manager and the HoD of Corporate Services, authorizing the issuance of a counteroffer.	Inadequate review by payroll accountant of approved salary scale increments against that salary scale in counteroffer letter to ensure that accurate basic salaries are recorded and paid.	Payroll accountant should reinstate original notch and salary scale as per the counteroffer letter signed by employee abovementioned and municipal manager.  Further, the employee mentioned above should be back paid from month of employment (01 March 2024) to date.	Disagreed.  The purpose of counter offer is to exceed the offer presented by the employee, which was a total cost to company from RBIDZ. The salary adjustment to the employee was a basic salary which is already above the counter-offer amount. It is even higher if we were to compare the	None.	Management comments are noted. However, the employee is still paid below the amount as per the appointment letter. The finding remains and the recommendations above must be implemented.	Immediately

	<p>remuneration, benefits and commencement date.</p>	<p>Subsequently, an appointment letter outlining the modifications in title and the revised salary scale was signed by the Municipal Manager and Mr. Mnyandu. The table below demonstrate that there were inconsistencies identified between the amounts as per the employee pay slip and those specified in the salary scale outlined in the counteroffer letter.</p> <p>PZ Mnyandu was appointed at the fifth notch of task 15; however, he was compensated at Notch 1 of task 15. The remuneration received at this notch falls short of the amount stated in his employment offer from RBIDZ of R 576 517,68 and the salary scary of R606 705.24. Consequently, the amount of basic salary disclosed under Note 32 was understated by difference apportioned for months from the date of appointment, 01 March 2024, to year-end</p>			<p>total costs of both entities.</p>			
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<p>Depreciation misstated</p>	<p>Section 63(2)(c) of the MFMA states that: The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed. Paragraph 85(e) of GRAP 17 - Property plant and equipment states that: The financial statements shall disclose, for each class of property, plant and equipment recognized in the financial statements a reconciliation of the carrying amount at the beginning and end of the period showing: i) additions; ii) disposals; iii) acquisitions through a</p>	<p>The following depreciation differences were noted between the fixed asset register submitted for audit and the auditor's recalculation; this results in the depreciation in the statement of financial performance (note 36 to the AFS) being overstated and the carrying amount of the asset being understated. The Accounting officer and the Assets manager did not review the adjustments made for the depreciation calculations, as the term passed used in the calculation of depreciation was higher than that confirmed by the auditor, the following table serves as an example thereof: <b>(Various difference for R 1,7).</b></p> <p>Consequently, note 36 to the annual financial statements is overstated with a total difference of <b>R2 934 461.</b></p>	<ul style="list-style-type: none"> <li>• The accounting officer and the assets manager did not perform adequate review of the adjustments to the depreciation calculations used to populate the annual financial statements, to ensure that the term passed used in the calculations are correct.</li> </ul>	<ul style="list-style-type: none"> <li>• The accounting officer and the assets manager should perform adequate reviews of the adjustments to the depreciation calculations used to populate the annual financial statements, to confirm that the term passed used in the calculations are correct, prior to updating these adjustments on the Solar system.</li> <li>• The accounting officer and the assets manager need to investigate the differences above and make the necessary adjustments to the financial statements.</li> </ul>	<p>Agreed. However, after the depreciation calculation was re-performed on the whole population of assets, the difference of R2 892 875.25 was noted. The adjustment will be done.</p>	<p>A review of depreciation calculation will be performed monthly.</p>	<p>Managements comments are noted, we await the final FAR to audit the adjustments and confirm accuracy of the calculation</p>	<p>14/11/2024</p>
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	<p>transfer of functions between entities under common control, transfer of functions between entities not under common control or a merger;</p> <p>iv) increases or decreases resulting from revaluations under paragraphs .34, .44 and .45 (if any);</p> <p>v) impairment losses recognized in surplus or deficit in accordance with GRAP 21 or GRAP 26, as appropriate (if any);</p> <p>vi) impairment losses reversed in surplus or deficit in accordance with GRAP 21 or GRAP 26, as appropriate (if any);</p> <p>vii) depreciation;</p> <p>viii) Net exchange differences arising on the translation of</p>							
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	the financial statements from the functional currency into a different presentation currency, including the translation of a foreign operation into the presentation currency of the reporting entity; and ix) Other changes.							
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<p>Inaccuracies in the water losses (Note 46)</p>	<p>Section 62(1)(c)(i) of MFMA states that: "The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control."</p> <p>Paragraph 17 of GRAP 1 Presentation of financial statements states that: "Financial statements shall present fairly the financial position, financial performance and cash flows</p>	<p>The water loss percentage as disclosed in note 46 to the AFS were found to be in excess of the accepted norm as it reflects a percentage of 75% and remained unchanged in relation to prior year. It was further determined the contributing factors to the high percentage is that the municipality is using the DWS municipal water guidelines which states that non-revenue water is water loss.</p> <p>Department of Water and Sanitation (DWS) Municipal Water Balance guideline defines unbilled unmetered consumption as volume of water used for firefighting, flushing of mains and maintenance of infrastructure. Unbilled metered consumption as volume of water used for municipal parks, road islands, firefighting, municipal gardens and public facilities.</p> <p>The water losses disclosed in note 40 to the annual financial statements include unbilled unmetered consumption and unbilled metered consumption which is not actually water loss as per the definition. As</p>	<p>Accounting officer together with HOD: Technical incorrectly applied the DWS municipal water balance standard in the determination of water losses.</p>	<p>Accounting officer together with HOD: Technical should make the necessary adjustments to ensure that the water loss disclosure note adequately complies with the DWS municipal water balance guidelines.</p>	<p>Agreed, Necessary adjustments are made. As per the attached spreadsheet.</p>	<p>None.</p>	<p>Management comments are noted. The internal control deficiency will remain and actions to address the finding will be followed up in the next audit period. Final (adjusted) AFS will be inspected to confirm the validity, accuracy and completeness in disclosure of contingencies</p>	<p>21/11/2024</p>
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	<p>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. 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>Section 125(2)(d)(i) of the MFMA states that: “The notes to the financial statements of a municipality must include particulars of any material losses and any material</p>	<p>per management determination of water loss, authorised unbilled consumption was determined as water that is provided to rural areas at zero rate. As per the guideline, unbilled authorised consumption consists of unbilled metered consumption and unbilled unmetered consumption.</p> <p>Furthermore, as per schedule submitted by management of all households provided with unbilled authorised water consumption which totalled to an estimated volume of 10 102 149 kilolitres.</p> <p>Consequently, the water loss disclosure in Note 40 is materially overstated by R173 447 226 and does not comply with the DWS municipal water balance guidelines.</p>						
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	<p>irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable.”</p> <p>National Treasury issued MFMA circular 71 regarding uniform financial ratios and norms. Annexure 1 of the circular indicate what the acceptable range for water losses is 15%-30%</p>							
Invalid deviations	<p>In terms of Municipal SCM regulation 36(1): A supply chain management policy may allow the accounting officer (a) to dispense with the official procurement processes established by</p>	<p>Supplier (QUARTEX TECHNOLOGIES) DEV Number (DEV4424 – In an emergency) Goods or service procured (New firewall hardware to protect cyber security). Amount (R688 830.28)</p> <p>Reason for deviation (Motivation was that ZDM firewall need urgent attention because of its life cycle</p>	<p>The SCM Manager, ICT Manager, and HOD of Corporate Services failed to adequately develop and maintain an accurate and comprehensive annual procurement plan. Additionally,</p>	<ul style="list-style-type: none"> <li>The SCM Manager together with the HOD corporate services, should improve their compilation of their annual procurement plan to confirm that is accurate and complete. This plan must be monitored on a regular basis to ensure that planned procurement is commenced in a</li> </ul>	<p>Agreed.</p> <p>1. SCM Procurement Plan The SCM procurement plan will be updated regularly to ensure it remains aligned with organizational needs and procurement regulations.</p>	<p>1. Procurement plan will be updated monthly and quarterly submissions will be made to Treasury.</p>	<p>Management comments are noted. The irregular expenditure will confirmed in the adjusted AFS whether is the amount of R688 830.28 have been included in the AFS</p>	<p>Quarterly</p>

<p>the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –</p> <p>(i) in an emergency;</p> <p>(ii) if such goods or services are produced or available from a single provider only;</p> <p>(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;</p> <p>(iv) acquisition of animals for zoos; or</p> <p>(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and</p>	<p>(more than 10 years) and the inability for it to be upgraded. The ICT section needs to replace the existing firewall, to have a 5th generation firewall. The new firewall will be cloud-based for all sites to be protected against cyber-attacks. A firewall is a network security device that monitors incoming and outgoing network traffic and decides whether to allow or block specific based on a defined set of security rules. Firewalls have been the first line of defence in network security for over 25 years.)</p> <p>Firewalls are critical to the security of IT infrastructure, and their upgrade or replacement should be treated as a planned, strategic decision. COBIT (Control Objectives for Information and Related Technologies) standard BAI03 further emphasizes the importance of selecting the appropriate solution, ensuring</p>	<p>they did not effectively monitor the ICT asset lifecycle on a regular basis. This lack of oversight and planning led to delays in initiating procurement processes, resulting in improper deviations from approved procedures due to insufficient management foresight and poor planning in the procurement of the new firewall.</p> <p>Furthermore, the accounting officer did not perform adequate reviews to ensure that only valid deviations in accordance with SCM regulation 36(1)</p>	<p>timely manner to avoid invalid deviations from approved processes and non-compliance with the SCM prescripts.</p> <ul style="list-style-type: none"> <li>• Manager ICT and HOD Corporate Services should establish a proactive and structured approach to ICT asset lifecycle management, particularly for critical security components like firewalls. This includes incorporating firewall upgrades into the municipality's annual procurement plan and aligning these upgrades with long-term ICT strategy. Regular evaluations of IT infrastructure should be conducted to identify outdated or end-of-life assets, ensuring timely upgrades to avoid security vulnerabilities.</li> </ul>	<p>Agreed.</p> <p>2. ICT Lifecycle Asset Management A comprehensive ICT asset management lifecycle will be developed to ensure that assets are upgraded or replaced in a timely manner, minimizing disruptions and ensuring efficient operations.</p>	<p>2. An ICT life cycle asset management will be developed and monitored on a quarterly basis.</p>		<p>31/12/2024</p>
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<p>(b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.</p> <p>Municipal SCM regulation 36(2) requires that, "The accounting officer must record the reasons for any deviations in terms of sub-regulation (1)(a) and (b) and report them to the next meeting of the council, or board of directors in the case of a municipal entity and include as a note to the annual financial statements".</p> <p>Section 36 of the ZDM supply chain management policy states the following: Deviation from,</p>	<p>compatibility, and managing the upgrade process properly. This should have been part of the municipality's IT governance framework, as upgrading a firewall is a predictable event, not an emergency</p> <p>Management failed to anticipate the need to upgrade the firewall, which had been in service for more than 10 years. This lack of foresight led to poor planning, as the firewall's lifecycle was a known event, and sufficient time existed to follow competitive bidding processes. The deviation from standard procedures began on 17th November 2023, with services only provided on 21st December 2023, indicating there was ample time to follow normal SCM processes.</p> <p>Given that 5th generation firewalls have been available since the mid-2000s, the municipality should have recognised the need to upgrade its older firewall technology well in advance. Regular evaluation of the IT infrastructure, particularly critical security components like</p>	<p>(a) were approved.</p>	<ul style="list-style-type: none"> <li>The Accounting officer should perform adequate reviews to ensure that only valid deviations in accordance with SCM regulation 36(1) (a) are approved.</li> </ul>	<p>Agreed.</p> <p>3. Finance Deviations Review All finance deviations will be thoroughly reviewed to ensure they comply with SCM Regulation 36, ensuring transparency and adherence to procurement guidelines.</p>	<p>3. All deviations will be reviewed monthly to ensure that they are valid.</p>	<p>Monthly</p>
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	<p>and ratification of minor breaches of, procurement processes</p> <p>36. (1) the municipal manager may –</p> <p>(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –</p> <p>(i) in an emergency;</p> <p>(ii) if such goods or services are produced or available from a single provider only;</p> <p>(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;</p> <p>(iv) acquisition of animals for zoos and/or nature and game reserves;</p> <p>or</p>	<p>firewalls, should have been conducted to avoid falling behind on security capabilities.</p> <p>The failure to plan adequately led to non-compliance with SCM regulation 36(1)(a) and irregular expenditure of R688 830.28, which must be disclosed in the annual financial statements. The upgrade process should have been executed in a timely manner, with sufficient budgeting, vendor selection, and testing to ensure compliance and security.</p>						
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	<p>(vi) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and</p> <p>(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.</p> <p>(2) The municipal manager must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the council then include as a note to the annual financial statements.</p>							
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<p>Incomplete contract register</p>	<p>Section 62(1)(c)(i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control.</p>	<p>The following contracts identified in the commitment register were not included in the contract register. This results in the contract register being incomplete.</p> <p><b>(Various contracts of 16 contracts)</b></p> <p>Consequently, this may result in overpayment of service providers due to inadequate tracking of contracts through a regular review of a complete contract register.</p>	<p>The SCM manager did not implement a monthly reconciliation between the commitment register and the contract register to ensure the completeness of the contract register.</p>	<ul style="list-style-type: none"> <li>• The supply chain manager should implement monthly reconciliation of commitment register to the contract register to ensure that the contract register is accurate, complete and regularly updated with active contracts.</li> <li>• The SCM manager should revisit the contract register to ensure that all contracts that should have been included have included in the contract register and submit the updated complete contract register for audit purposes.</li> </ul>	<p>Agreed.</p> <p>The completed and correct contract register has been submitted to the audit team.</p>	<p>Implement control measures to ensure that the correct version of the contract register is submitted in the future.</p>	<p>Managements comments are noted, the updated accurate and complete contract register has been submitted to the audit team. The finding is resolved.</p>	<p>27/09/2024</p>
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<p>3. Splitting of orders resulting in uneconomical pricing</p>	<p>Paragraph 38(1) of the SCM policy state that the municipal manager must take all reasonable steps to prevent abuse of the supply chain management system and investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified take appropriate steps against such official or other role player; or report any alleged criminal conduct to the South African Police Service;</p>	<p>The municipality needed to purchase WALL-MOUNTED POE WI-FI. The procurement of the POE Wi-Fi was split into two parts as determined below. The quotations to these awards resulted in the value of each award being below the competitive bidding threshold of R200 000.</p> <p>The quotation notice for ZDMQ0008/08/2023-2024 was advertised on 02 October 2023 and the advert closed on 09 October 2023 and the tender notice for ZDMQ0080/03/2023-2024 was advertised on 14 March 2024 and closed on 21 March 2024. The award was made to one supplier because there was no other supplier who submitted their quotations.</p> <p>Consequently, if the two quotations were not split, the sum of the quotations would be R374 311 would have been more than R200 000 and would have warranted that the competitive bidding process be followed. The above non-compliance amounts to irregular expenditure to the extent of amounts paid. Furthermore, the</p>	<p>The SCM Manager, ICT Manager, and HOD of Corporate Services failed to adequately develop and maintain an accurate and comprehensive annual procurement plan.</p> <p>The SCM manager did not adequately review the requisition of the procurement of to ensure that the applicable SCM process is followed.</p>	<ul style="list-style-type: none"> <li>• The SCM Manager, together with the HOD corporate services, should improve the compilation of their annual procurement plan to confirm that is accurate and complete.</li> <li>• The SCM manager should improve the review of the requisition for procurement together with supporting documentation to confirm and approve that the required procurement process is followed in accordance with the applicable SCM regulations to ensure the prevention of irregular expenditure and financial loss.</li> <li>• All payments made regarding these awards should be disclosed as irregular expenditure.</li> </ul>	<p>Agreed.</p> <p>The municipality will be putting the below controls in place to prevent order splitting:</p> <ul style="list-style-type: none"> <li>• Implement controls to monitor and aggregate purchases to ensure that they do not inadvertently split orders above the established thresholds.</li> <li>• Track spending by the supplier to identify any patterns of order splitting.</li> <li>• Conduct regular reviews of procurement activities to detect and deter order splitting.</li> </ul>	<p>None.</p>	<p>The management response is noted, the amounts will be confirmed upon receipt of updated AFS and schedule of irregular expenditure. Then the finding will be resolved.</p>	<p>20/11/2024</p>
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		procurement of the mounted POE WI-Fi was not economical as the prices for the same specification of goods, by the same supplier were higher for order ZDMQ0080/03/2023-2024 as compared order ZDMQ0008/08/2023-2024. This may result in a possible financial loss of R8 289.40						
4. Non-compliance with MFMA	Section 116(1)(a) of MFMA states that a contract or agreement procured through the supply chain management system of the municipality or municipal entity must be in writing, stipulate the terms and conditions of the contract or agreement, which must include provisions providing for the termination	Non-compliance was identified in the following contracts where the contract did not stipulate the terms and conditions of the contract in relation to dispute resolution and there were no members appointed for adjudication.  <b>(Various cases of 10 contracts).</b>  Consequently, this results in non-compliance with the requirements of Section 116 of the MFMA and the provisions set by the National Treasury for general conditions of contracts. This non-	The accounting officer did not perform adequate reviews of contracts before they were approved to ensure that they comply with the requirements of Section 116 of the MFMA, and the provisions set by the National Treasury for general conditions of contracts.	The accounting officer should review the contracts prior to approval to ensure compliance with Section 116 of the MFMA and the provisions set by the National Treasury for general conditions of contracts.	Disagreed.  In the tender document on page C.7 it is mentioned that GCC is the reference document on all engineering contracts to maintain consistency for purposes of service level agreement.	None.	Management comments are acknowledged. However, some contracts do not include the clause for dispute resolution, the ones noted above are from the sampled contracts. The non compliance remains and finding will be included in the management report.	None.

	<p>of the contract in the case of non- or under-performance and dispute resolution mechanisms to settle disputes between the parties.</p> <p>Clause 27 of National treasury Practice Note 9 of 2010 General Conditions of Contract (revised) stipulate that if any dispute or difference of any kind whatsoever arises between purchaser and supplier in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.</p>	<p>compliance will be reported in the management report.</p>						
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5. Tender opening process done before closing date of advertisement	<p>Section 112(1)(h) of MFMA requires that the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover procedures and mechanisms for –</p> <ul style="list-style-type: none"> <li>i. The opening, registering and recording of bids in the presences of interested persons,</li> <li>ii. The evaluation of bids to ensure best value for money</li> <li>iii. Negotiating the final terms of contract and</li> <li>iv. The approval of bids</li> </ul>	<p>Bid number ZDM052/2023 was advertised in Ilanga newspaper on 04-06 May 2023 and the closing date was 05 June 2023. Upon inspection of the bids register, it was identified that the tender opening was done on 02 June 2023 which is before the closing date of the advertisement.</p> <p><b>Tender</b> (ZDM052/2023 - Afrostructures)  <b>Description</b>  (Construction of Mandlakazi Upstream Bulk Section C)  <b>Contract value</b> (420 581 000)  <b>Current expenditure</b>  (R168 563 471)</p> <p>Consequently, the procurement for the contract above was not fair and equitable since the tender opening was 3 days before the closing date, as a result other bidders were denied an equal opportunity to submit their bids before the closing date as per the advertisement. This results in non-compliance with Section 112(1)(h) of the MFMA.</p>	The SCM manager did not adequately review the tender advert before the tender opening to ensure that the requirements of Section 112(1)(h) of MFMA and the SCM policy are complied with.	The SCM manager should maintain adequate reviews of the tender documents before the tender opening to ensure compliance with the requirements of Section 112(1)(h) of MFMA and the SCM policy.	Agreed.  This is a discrepancy due to more than one tender that was opening on the 2nd June which is a normal day to open the tender box ( Friday). The 5th is on Monday which is an exception on the advert.	None.	Management response is noted and the finding will be reported in the management report as the requirements of Section 112(1)(h) of MFMA and the SCM policy have not been complied with.	None.
Paragraph 23(a)								

	of the SCM policy requires that bids must be opened only in public, must be opened at the same time and as soon as possible after the period for the submission of bids has expired and bids received after closing time should not be considered and returned unopened immediately.							
6. Advert stated incorrect evaluation criteria.	Section 112(1)(g) of MFMA requires that the supply chain management policy of a municipality or municipal entity must be fair, equitable, transparent, competitive and cost effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover bid	The advert and tender notice of the following contract do not specify the evaluation criteria that will be used for the evaluation of the contract as per the requirements of Section 112(1)(g) of the MFMA and the SCM policy.  <b>Tender</b> (ZDM061/2023 – Zana Manzi Services PTY LTD) <b>Description</b> (Backup power supply at critical water pump station within ZDM) <b>Contract value</b> (R63 104 361.82) <b>Current expenditure</b> (R28 265 440)  Consequently, this	The SCM manager did not adequately review the advertisement to ensure that it contains all the requirements of Section 112(1)(g) of MFMA and the SCM policy.	The SCM manager should adequately review adverts to ensure that all the requirements as per Section 112(1)(g) of MFMA and the SCM policy are adhered to.  All payments made regarding this award should be disclosed as irregular expenditure.	Disagree,  The advert is clearly reflecting 90/10 criteria.	None.	Management comments are noted. Inspected the advert provided and confirmed that it states that the evaluation criteria was 90/10. Further inspected the BEC minutes of meeting and confirmed that the project was evaluated using the correct criteria. <b>The finding is resolved.</b>	None.

	<p>documentation, advertising of and invitations for contract.</p> <p>Paragraph 52(1) of the SCM policy provides that an organ of the state must, in the tender documents, stipulate the preference point system as follows:</p> <ul style="list-style-type: none"> <li>• 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million</li> <li>• 90/10 preference point system for acquisition of goods or services with Rand value above R50 million</li> </ul>	<p>results in non-compliance with the requirements of Section 112 of the MFMA. This non-compliance will be reported in the management report and amounts to irregular expenditure to the extent of amounts paid.</p>						
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7. Unfunded budget	Section 18(1) of the MFMA states that a municipality may only be funded from realistic anticipated revenues to be collected, cash-backed accumulated funds from previous years' surpluses not committed for other purposes and borrowed funds. Section 5(2) of the MFMA mandates National Treasury to take appropriate steps if a municipality commits a breach of this Act, including the stopping of funds to a municipality in terms of section 216(2) of the Constitution if the municipality commits a serious or persistent material breach of any measures referred herein and take any other	During the audit of the going concern the following internal control deficiency was noted: The municipality received a final warning 10 September 2021 from National Treasury (NT) – intention to invoke section 216(2) of the constitution for serious and persistent breach and financial misconduct (section 171 of MFMA) for not preparing a budget appropriately. National Treasury declared the municipality's 2021-22 budget to be unfunded.  Consequently, the purpose of the first unfunded budget letter was to serve as a warning that NT is considering withholding the equitable share transfer from a non-conforming municipality if its budget is not adjusted or if it did not adopt a funding plan/strategy that shows a gradual improvement towards attaining a funded position.  An unfunded budget may prevent the municipality from achieving its objectives for that budget year.	The accounting officer did not ensure that adequate controls are in place to ensure that the budget prepared was only funded from realistic anticipated revenues to be collected, cash-backed accumulated funds from previous years' surpluses not committed for other purposes and borrowed funds.	<ul style="list-style-type: none"> <li>• The accounting officer must table a budget plan in municipal council on how and by when the budget will improve from an unfunded position to a funded position.</li> <li>• The accounting officer should compile and adopt a realistic funded budget plan and financial recovery plan, in consultation with Provincial Treasury, to support the achievement of service delivery objectives. The budget once adopted should be diligently monitored on a regular basis to confirm that it is not exceeded to avoid overspending and resultant unauthorised expenditure and the non-compliance with the MFMA.</li> </ul>	Agreed.  However, the 2023/2024 final budget was assessed as funded by Treasury.  Upon submission of the Adjustment Budget to Treasury for evaluation, the assessment letter indicated that the budget had been classified as unfunded by the Treasury.  The municipality adopted a budget funding plan together with adjustment budget	<ul style="list-style-type: none"> <li>•The municipality will continue to monitor the implementation of the budget funding plan (<b>On-going</b>).</li> <li>•Council to adopt a funded budget and a financial recovery plan that has been assessed by Provincial Treasury (<b>31 May 2025</b>).</li> <li>• Submit MFMA S52(d) Reports to Council to monitor the implementation of budget to confirm that it is not exceeded to avoid unauthorised expenditure and non-compliance with the MFMA (<b>Quarterly</b>).</li> </ul>	Management response acknowledged. Finding will remain in Annexure B of this report as it results in a non-compliance with sections 5(2) and 18(1) of the MFMA	30/11/2024
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	appropriate steps necessary to perform its functions effectively.							
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<p>9. Non-compliance identified in HR management processes</p>	<p>S66(1) of the Municipal System Act states that a municipal manager, within a policy framework determined by the municipal council and subject to any applicable legislation, must-</p> <p>(a) Develop a staff establishment for the municipality, and submit the staff establishment to the municipal council for approval;</p> <p>(b) Provide a job description for each post on the staff establishment;</p> <p>S67(1) of the Municipal Systems Act states that a municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt</p>	<p>The position for the Manager: Supply Chain Management was advertised and published in the Ilanga newspaper on 19-21 February 2024. The closing date was 28 February 2024.</p> <p>Following the advert, the interviews were held on the 25th of March 2024 where the successful candidate was identified and was appointed in the position Manager: Supply Chain Management on the 28th of March 2024 to commence work on the 01 April 2024. The completion of the acceptance offer was on 4 the of April 2024.</p> <p>Paragraph 15 of the Permanent Offer of employment letter dated 28 March 2024 states that the offer is conditional upon background check clearance that will be conducted in due course.</p> <p>Relevant background checks are determined by the municipality and may not be limited to criminal, credit, verification of qualification including Grade 12 certificate and verification of valid</p>	<p>The accounting officer together with HR Manager did not perform vetting procedures to ensure validity of the qualifications of the appointed Manager: SCM and that the appointed candidate meets the requirements as per Job description.</p> <p>The accounting officer did not adequately review the schedule of applications received, which included the minimum requirements to be used for the interview process to ensure that it aligns with the minimum requirements as per the advertisement and job description.</p>	<ul style="list-style-type: none"> <li>• The municipal manager should review the schedule of applications received to ensure that shortlisted candidates meet the minimum requirements as per the job description and as per advert.</li> <li>• The accounting officer, together with the HR manager, should timeously perform the vetting procedures of employees to ensure that the qualifications of newly appointed staff are valid, and candidates meet the minimum requirements as per the job description.</li> <li>• The municipal manager should review the schedule of applications received to ensure compliance with key legislation before the interview processes commence.</li> </ul>	<p>Agreed.</p> <p>The recommendation will be implemented.</p>	<p>As per recommendations</p>	<p>Management response is noted. Auditors will follow-up on the implementation of recommendations in the next financial year.</p>	<p>None.</p>
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<p>appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72 (1) (c), to ensure fair, efficient, effective and transparent personnel administration, including—</p> <p>(a) the recruitment, selection and appointment of persons as staff members;</p> <p>S13(1) of the Municipal Systems Act requires that a person appointed as a staff member in terms of these regulations must have the necessary competencies and comply with the minimum requirements for educations qualifications, work experience and knowledge. If a staff member has not attained</p>	<p>driver's license and identity document.</p> <p>1. It was noted that the Manager: Supply Chain Management qualifications does not meet the Job description and job advertisement that were approved by the municipal manager as outlined below:</p> <p>2. Notwithstanding the above, the predetermined criteria as per advertisement was not used in the evaluation of the candidates.</p> <p>3. To date no evidence could be obtained to confirm that the background checks as per Paragraph 15 above were conducted including the confirmation of the validity of the qualifications, as the SCM manager has been appointed for 6 months.</p> <p>Consequently, the appointment of the SCM manager results in non-compliance with the aforementioned legislations.</p>						
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<p>the competencies as prescribed in these regulations, the municipality must utilize the workplace skills plan to identify and address the staff member's competency gaps and development needs</p> <p>S12(1) of the Municipal Staff Regulations states that no person is appointed as a staff member on a fixed term contract, permanent basis or probation to any post on the approved staff establishment of a municipality unless he or she-</p> <p>(a) Is a south African citizen, permanent resident or foreign national with a valid work permit; and</p> <p>(b) possesses the relevant competencies,</p>							
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	<p>qualification and experience, as set out in Annexure A: Local Government: Competency Framework for Mainstream Occupations and Career Streams. Paragraph 9 of the HR policy requires that where a new vacancy/need arises, the respective Head of Department is required to obtain authority from the Municipal Manager to fill such a vacancy. The reason for the vacancy, the job description and requirement for the position must be stipulated. The advertisement must indicate the job specifications, the key performance areas and the required qualification. Paragraph 11 of the HR policy requires that a</p>							
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	<p>vacant position must be analysed to determine the realistic person and post requirements (e.g. qualifications, experience and physical requirements) that meet the needs of the job, and which do not privilege people with higher qualifications than those needed for the job.</p>							
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<p>1. Right to audit clause not included in Master Services Agreement held with Business Connexion and service provider monitoring reports not received for the Solar, Payday and Local Supplier Database systems may result in management not being able to identify and act upon deviations from agreed upon service levels</p>	<p>None.</p>	<p>The following deficiencies were noted with regard to the management and monitoring of IT service providers:  a) The Master Service Agreement entered into by the Zululand District Municipality and Business Connexion (Pty) Ltd did not include a right to audit clause.  b) Periodic reports are not submitted to the municipality by the service providers for the Solar, Payday and Local Supplier Database systems to enable management to monitor the services, performance and controls implemented by the service provider.</p> <p>The absence of a right to audit clause may prevent management from obtaining independent assurance on the controls and processes implemented by a service provider to ensure that they adhere to the requirements of the municipality. Furthermore, if reports detailing statistics and feedback relating to IT services and systems that have been outsourced to service providers are not regularly provided to the municipality,</p>	<p>Leadership: IT governance framework</p> <ul style="list-style-type: none"> <li>• The Master Service Agreement held with Business Connexion was not thoroughly reviewed before being accepted by the municipality which resulted in omitted right to audit clause not being identified.</li> <li>• The ICT Manager did not agree on the frequency and format that the service providers for the Solar, Payday and Local Supplier Database systems should submit service provider monitoring reports which led to these not being received by the municipality.</li> </ul>	<p>The ICT Manager should:</p> <ul style="list-style-type: none"> <li>• Engage with Business Connexion and update the Master Services Agreement to include a right to audit clause.</li> <li>• Perform thorough reviews of agreements with service providers to ensure that all required clauses are incorporated in the document before it is accepted and signed off by the municipality.</li> <li>• Agree with service providers for the Solar, Payday and Local Supplier Database systems on the frequency and format that service provider monitoring reports will be provided to the municipality.</li> <li>• Implement controls to ensure that service provider monitoring reports are timeously reviewed and corrective action taken for deviations from agreed upon service levels identified.</li> </ul>	<p>Agreed.</p>	<ul style="list-style-type: none"> <li>• ZDM has engaged with BCX and is awaiting the updated SLA which will include the right to audit clause.</li> <li>• ICT will engage with service providers on the frequency of providing monitoring reports.</li> <li>• Controls will be implemented upon ICT section capacitation</li> </ul>	<p>Management comments are noted, as part of the action plan going forward, the ICT Manager must be kept POE for the auditors in the next audit cycle to prove that updated SLA includes the right to audit clause, SLA will include frequency of providing monitoring reports and ICT section capacitation to ensure monitoring is done</p>	<p>30/06/2025</p>
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	management may not be able to monitor, identify and act upon service providers who are not meeting agreed upon service levels.						
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<p>2. Generic accounts identified on the Windows Active Directory which if breached could be used to perform unauthorised activities that may not be traced back to a specific</p>	<p>According to the ICT Security Policy Section 12.5: Privilege Management The allocation and use of privileges should be restricted and controlled. Multi-user systems that require protection against unauthorized access must have the allocation of privileges controlled through a formal authorization process. Privileges should be allocated to users on a need-to-use basis and on an event-by- event basis in line with the minimum requirement for their functional role. Privileges should be assigned to a different username from those used for normal business</p>	<p>It was previously reported that twelve (21) generic accounts were not linked to any specific individual in the list of Windows Active Directory.</p> <p>In the 2023-24 financial year, we now identified the following nineteen (19) generic accounts on the Windows Active Directory:</p> <p><b>(Various cases of 19 accounts).</b></p> <p>Generic accounts may be used to perform unauthorised activities that cannot be traced back to a specific individual. Management will therefore not be able to hold anyone accountable for unauthorised activities performed using these generic accounts.</p>	<p>Financial and performance management: IT systems</p> <ul style="list-style-type: none"> <li>• The ICT Manager did not ensure that management commitments made in the prior 3 years to resolve the previous audit finding were carried out.</li> <li>• The new ICT Security Policy under Section 12.5: Privilege Management contains guidelines for the management of default accounts, ICT staff had a basis for identifying and taking corrective action for generic accounts on the Windows Active Directory, however, did not apply this basis to ensure no generic accounts are active on the Windows</li> </ul>	<p>The ICT Manager should:</p> <ul style="list-style-type: none"> <li>• Ensure that management commitments made to resolve audit findings are adequately and timeously carried out.</li> <li>• See to it that the approved guidelines for identifying and taking corrective action for generic accounts are distributed to the relevant stakeholders for implementation.</li> <li>• Investigate and verify the generic accounts identified on the Windows Active Directory and ensure corrective action is taken to disable those that are no longer required. Each active account should be appropriately linked to a specific individual.</li> </ul>	<ul style="list-style-type: none"> <li>• Disagree</li> </ul>	<ul style="list-style-type: none"> <li>• Generic accounts that are not in use have been disabled on Active Directory</li> </ul>	<p>Management comments are noted, as part of the action plan going forward, the new system used to track activity on the ZDM Windows Active Directory will be assessed again next year to ensure that these accounts have been disabled from the system for the full year under audit.</p>	<p>None.</p>
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<p>use. it is imperative to adhere to strict protocols regarding default accounts, notably the default administrator account present in systems like Windows Server 2022. Default accounts, if left unchanged or inadequately managed, can pose significant security risks, potentially leading to unauthorized access, data breaches, and compromise of critical systems. Therefore, it is mandated that default accounts be promptly identified and securely configured upon installation or deployment of any system or software. This includes changing default passwords to strong, unique credentials,</p>		Active Directory.					
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implementing multi-factor authentication where feasible, and limiting access permissions strictly to necessary personnel.							
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<p>3. Inadequate user account management logs and generic accounts identified on the Local Supplier Database system could lead to management not being able to identify and assign accountability for unauthorised activities performed</p>	<p>None.</p>	<p>The Local Supplier Database system does not have the functionality to log and reflect user account creation, modification and termination dates on reports extracted from the system. As a result, the auditors could not select samples and test controls relating to new user accounts created, user accounts modified and user accounts terminated on the Local Supplier Database system.</p> <p>Furthermore, inspection of the Local Supplier Database system list of users noted the following four (4) generic accounts with Super User access as active on the system:</p> <p><b>(Four (4) UserID i.e. 4; 6; 68 and 101).</b></p> <p>User account management logs that cannot reflect sufficient information inclusive of the dates activities were performed inhibits the municipality from tracking and managing user accounts effectively. Generic accounts present on a system may be used to perform unauthorised activities that cannot be</p>	<ul style="list-style-type: none"> <li>• Reports on the Local Supplier Database system were not configured to incorporate the date that a user account management activity had been performed.</li> <li>• The new ICT Security Policy under Section 12.5: Privilege Management contains guidelines for the management of default accounts, ICT staff had a basis for identifying and taking corrective action for generic accounts on the Windows Active Directory, however, did not apply this basis to ensure no generic accounts are active on the Windows Active Directory.</li> <li>• Inadequate</li> </ul>	<p>The ICT Manager should:</p> <ul style="list-style-type: none"> <li>• Engage the service provider of the Local Supplier Database system to enquire if reports can be enhanced to include the date that a user account management activity had been performed in order to allow management to track the timeliness and appropriateness of actions taken.</li> <li>• See to it that the approved guidelines for identifying and taking corrective action for generic accounts are distributed to the relevant stakeholders for implementation.</li> <li>• Investigate and verify the generic accounts identified on the Local Supplier Database system and ensure corrective action is taken to disable those that are no longer required. Each active account should be appropriately linked to a specific individual.</li> </ul>	<ul style="list-style-type: none"> <li>• Disagree.</li> </ul> <p>The functionality has been included and the attached report provides a clear indication of how this supports the requirement. All generic accounts were either disabled or removed from the system, see attached file</p>	<p>The accounting officer should urgently implement and monitor remedial measures to secure and strengthen the municipality's IT security infrastructure, to prevent unauthorised access <b>(Quarterly)</b>.</p>	<p>Management comments are noted, as part of the action plan going forward, logging changes to the system were made 9 May 2024 to track activity on the ZDM Local Supplier Database system and will be assessed again next year to ensure that these accounts have been disabled from the system for the full year under audit.</p>	<p>Quarterly</p>
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		<p>traced back to a specific individual. This may result in a weakened control environment which could make the municipality susceptible to IT risks such as unauthorised user access and activities that could disrupt municipal operations and negatively affect service delivery.</p>	<p>implementation and monitoring of information security controls to prevent unauthorised access to the municipality systems.</p>					
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<p>1. Inadequately maintained ICT inventory listing may result in the municipality not being able to sufficiently plan for and support the needs of municipal operations</p>	<p>None.</p>	<p>As previously reported, the asset list which served as an ICT inventory listing still did not make provision and include key information pertaining to the technical specifications, software licenses and information stored.</p> <p>The lack of an adequately maintained ICT inventory listing may result in the municipality not being able to plan for and support the needs of municipal operations. This may further inhibit management's ability to acquire the correct resources to enable the current and future ICT hardware as well as software needs of the municipality.</p>	<ul style="list-style-type: none"> <li>• A lack of sufficient training and awareness relating to the importance of updating and maintaining the ICT inventory listing resulted in the accounting officer and the HOD corporate not prioritising updating the Asset List.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3 years.</li> </ul>	<p>The accounting officer and the HOD corporate should:</p> <ul style="list-style-type: none"> <li>• Ensure that management commitments made to resolve audit findings are adequately and timeously actioned.</li> <li>• Update the Asset List which serves as an ICT inventory listing to include the technical specifications, software licenses and information stored on each device.</li> <li>• Establish clear training and awareness initiatives relating to the management of ICT inventory and designate responsible individuals or teams to ensure that the ICT inventory listing is adequately maintained with the relevant information.</li> <li>• Reach out to coordinating ministries such as KwaZulu-Natal (KZN) Provincial Treasury, Department of Public Service Administration</li> </ul>	<p>Disagreed.</p> <ul style="list-style-type: none"> <li>• ZDM has Procured a Software called Vicarious which assist with the following:</li> <li>• Asset Tracking: Helps keep track of all hardware and software assets, including their location, status, and ownership.</li> <li>• Compliance: Ensures assets comply with relevant standards and regulations.</li> <li>• Reporting: Provides detailed reports on asset usage, lifecycle, and depreciation.</li> <li>• Maintenance Scheduling: Tracks maintenance schedules and warranty expirations.</li> <li>• Data Integrity: Ensures accurate and up-to-date information on all ICT assets.</li> </ul> <p>A number of computers are onboarded with the aim to clear all assets not on</p>	<p>To carry an exercise to ensure complete inventory list</p>	<p>Management comments are noted, Software called Vicarious was procured by management however no evidence was provided to the auditor that the necessary Asset Tracking, Compliance, Reporting and Maintenance Scheduling was extracted from the system, no evidence was provided that this was done monthly or that it was reviewed by the HOD corporate and that action plan was drawn up to address the issues noted, this will remain in the management report for follow up in the next audit cycle.</p>	<p>31/03/2025</p>
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				(DPSA) and KZN Department of Cooperative Governance and Traditional Affairs (COGTA) for guidance and government standards relating to the maintenance of an adequate ICT inventory listing.	the inventory list as expected.			
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<p>2. Guidelines for the management of default accounts not formally documented could lead to these accounts being compromised due to required security controls not implemented</p>	<p>None.</p>	<p>As previously reported, information relating to the management of default accounts inclusive of default accounts to be renamed and changed before implementation on the network had not been formally documented in the ICT policies of the municipality.</p> <p>The absence of formal guidance relating to the management of default accounts may result in required security controls not being implemented. Default accounts have significant privileges assigned to them and can be easily identified. If these accounts are compromised, they could be utilized to perform unauthorised activities, which may negatively affect the confidentiality, integrity and availability of the municipality's IT systems.</p>	<ul style="list-style-type: none"> <li>• A lack of awareness relating to the content of the ICT policies of the municipality lead to formal guidance for the management of default accounts not being included in the documents when updates were made.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3years.</li> </ul>	<p>The accounting officer and the HOD corporate should:</p> <ul style="list-style-type: none"> <li>• Ensure that management commitments made to resolve audit findings are adequately and timeously actioned.</li> <li>• The updated ICT policies of the municipality to provide formal guidance on management of default accounts inclusive of default accounts to be renamed and changed before implementation on the network was approved in June2024.These must.</li> <li>• be rolled out to all staff for the next audit period.</li> <li>• Implement initiatives to create awareness and upskill ICT staff to enable them to carry out required IT security management tasks such as updating ICT policies, evidence of these must be kept for the auditors to</li> </ul>	<p>Disagree.</p> <p>Please note that this concern is addressed in the ICT Security Policy under Section 12.5: Privilege Management.</p> <p>The risk of waiting the policy approval before implementing the identified risk is a risk on its own since the process to approve the policy is outside control of the administration.</p>	<p>None.</p>	<p>Management comments are noted, however the implementation of the approved policy is still to be assessed, no proof was submitted to the auditors on how HOD corporate will roll out the new ICT Security Policy and no proof was submitted to the auditors if any initiatives are planned to create awareness and upskill ICT staff to perform these additional task as included in the ICT Security Policy, this will remain and will be assessed in the next audit cycle</p>	<p>None.</p>
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				prove that this was done at ZDM.				
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<p>3. Logon violation reports not reviewed may result in unauthorised logons to the network and IT systems going undetected for extended periods</p>	<p>None.</p>	<p>As previously reported, reports were now available via the AuditPlus tool relating to logon violations and failed logon attempts for the Windows Active Directory which provides single sign onto the Solar, Payday, Implementation and Management of Project Information (IMPI), Local Suppliers' Database and Performance Management System (PMS).</p> <p>It was however noted that these reports were not periodically reviewed during the 2023-24 financial year to ensure that suspicious and failed logon attempts were identified and investigated.</p> <p>Not periodically reviewing security management reports relating to logon violations and failed logon attempts could result in unauthorised logons going undetected for extended periods of time. This inappropriate access gained could be exploited to view sensitive information and negatively affect the confidentiality, integrity and availability of information stored in</p>	<ul style="list-style-type: none"> <li>• The ICT department is now only staffed with one (1) permanent employee resulting in capacity limitations which prevented the AuditPlus tool reports relating to logon violations and failed logon attempts from being periodically reviewed.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3years.</li> </ul>	<p>The accounting officer and the HOD corporate should</p> <ul style="list-style-type: none"> <li>• Motivate for funds to be made available to allow for the appointment of personnel and fill vacancies within the ICT department to assist with the periodic review of the AuditPlus tool reports relating to logon violations and failed logon attempts.</li> <li>• Implement a formal schedule for the regular generation and review of the AuditPlus tool reports to identify any unusual or suspicious logons with evidence of reviews, investigations and corrective action taken being maintained.</li> </ul>	<p>Agreed.</p> <p>However the risk has been mitigated through the procurement and implementation of Wazuh Software which replaces AuditPlus.</p>	<p>Management will implement the recommendations</p>	<p>Management comments are noted however this will remain in the management report for follow up in the next audit cycle as ZDM has not been able to fully utilise the functionality of the new Wazuh Software which replaced AuditPlus. Management have not been able to provide audit with proof that the reports were drawn monthly and reviewed by the HOD corporate.</p>	<p>31/12/2024</p>
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		the municipality's information systems.						
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<p>4. Inadequate management of the firewall could result in the municipality not being able to detect and monitor potential security threats on a real time basis</p>	<p>None.</p>	<p>As previously reported, the following deficiencies were still noted with the Microsoft TGM firewall utilised by the municipality:</p> <p>a) The firewall information below was omitted in the ICT Security Policy:</p> <ul style="list-style-type: none"> <li>o Rule descriptors (meta-data accompanying each rule).</li> <li>o The frequency at which the ruleset is reviewed.</li> <li>o Firewall change management processes.</li> <li>o Firewall backup/redundancy and recovery processes.</li> <li>o Authorisations: who is authorised to access the firewall and what level of access they are authorised to have.</li> <li>o Logical access from where one can access the firewall and over which channels.</li> <li>o Updating/Upgrading requirements.</li> <li>o Firewall configuration settings: specific minimum-security configurations such as blocking of unnecessary services, spoofing, illegal and bogus addresses.</li> </ul> <p>b) Inadequate administration and management of the firewall occurred due to:</p>	<ul style="list-style-type: none"> <li>• The accounting officer and the HOD corporate did not ensure that firewall ruleset data are been tracked and evidence kept that this was done on a regular basis.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3years.</li> </ul>	<p>The accounting officer and the HOD corporate should:</p> <ul style="list-style-type: none"> <li>• Ensure that management commitments made to resolve audit findings are adequately and timeously actioned.</li> <li>• The required firewall controls should be established, implemented, and consistently performed.</li> </ul>	<p>Agreed.</p> <p>The recommendations will be implemented.</p>	<p>The policy will be amended and implement the recommendations.</p>	<p>Management comments are noted, Management have agreed to update the ICT Security Policy, and in firewall rulesets and draw reports and HOD corporate will review these reports pertaining to monitoring of access to the firewall, monitoring of the traffic passing through the firewall and Firewall administrator activity reviews, this finding remains for follow up in the next audit cycle</p>	<p>31/12/2024</p>
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	<ul style="list-style-type: none"> <li>• A firewall ruleset not being defined.</li> <li>• The firewall ruleset data below not being tracked: <ul style="list-style-type: none"> <li>o The purpose of each firewall rule.</li> <li>o The users and devices it affects.</li> <li>o The date the rule was added.</li> <li>o When the rule should expire (if it is temporary).</li> <li>o The name of the person who added the rule.</li> </ul> </li> <li>• There being no established process to proactively and regularly review firewall rules.</li> <li>• A change management process not being formalised for the firewall.</li> <li>• There being no backup firewall and redundancy controls implemented.</li> <li>• The following reviews not being performed: <ul style="list-style-type: none"> <li>o Monitoring of access to the firewall.</li> <li>o Monitoring of the traffic passing through the firewall.</li> <li>o Firewall administrator activity reviews.</li> </ul> </li> </ul> <p>In the absence of adequately documented firewall guidance and standards, required firewall controls may not be established and performed. The lack of a robust and proactively</p>						
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		<p>managed firewall could result in the municipality not being able to detect and monitor potential security threats on a real time basis.</p>						
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<p>5. Patch management status reports not periodically reviewed may lead to exploitable security vulnerabilities in the municipality's IT environment.</p>	<p>None.</p>	<p>As previously reported, the ICT Security Controls page 54, section 13.17 Patch Management stated that, "The following are the patch management tasks that the ICT Officer must perform:</p> <ul style="list-style-type: none"> <li>• Assessment - determine what the current patching level is, identifying which patches are installed and which are missing.</li> <li>• Monitoring - watch out for alerts and new patch releases by the application or system vendors and trusted third parties.</li> <li>• Review and Evaluation - determine whether a patch applies to any of the municipality's systems, review its associated documentation, and determine its level of priority or criticality."</li> </ul> <p>It was however noted that patch management status reports had not been formally monitored, reviewed and exceptions followed up on for the 2023-24 financial period.</p> <p>If patch management status reports are not regularly generated and reviewed this may result</p>	<ul style="list-style-type: none"> <li>• Non-compliance with the patch management requirements stipulated in the ICT Security Controls Policy was due to the municipality having acquired the patch management software that did monitor all activities for both servers and workstations, however there is no evidence of regular review.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3years.</li> </ul>	<p>The accounting officer and the HOD corporate should:</p> <ul style="list-style-type: none"> <li>• Ensure that management commitments made to resolve audit findings are adequately and timeously actioned.</li> <li>• Generate and review patch management status reports on a regular basis and maintain evidence of reviews performed, exceptions identified, and corrective actions taken to resolve deficiencies.</li> </ul>	<p>Agreed.</p> <p>Vicarious will help address the issue of security vulnerabilities in ZDM's ICT environment by ensuring that patch management status reports are reviewed and acted upon regularly. Key functionalities Vicarious provides for patch management:</p>	<p>The recommendations will be implemented.</p>	<p>Management comments are noted, ICT staff will generate and HOD corporate will review patch management status reports on a regular basis and maintain evidence of the reviews, finding will remain for follow up in the next audit cycle</p>	<p>31/12/2024</p>
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		<p>in the municipality not being able to identify devices that have not been successfully updated with the latest network security patches. Outdated patches may allow an attacker to exploit security vulnerabilities and gain access to the municipality's IT network and systems to view sensitive information or cause malicious damage.</p>						
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<p>6. ICT User Management Policy omits required information which could result in municipal staff not being aware of the correct procedures to be performed when user account management activities are required</p>	<p>None.</p>	<p>As previously reported, despite the ICT User Management Policy being reviewed and approved by Council on the 17th of June 2024 however, it still did not include information relating to the following management of user access controls:</p> <ul style="list-style-type: none"> <li>• Turnaround time to complete activities.</li> <li>• Monitoring of system controller actions on application security level (creation of IDs, user ID maintenance, allocating functions to users etc.)</li> <li>• Monitoring of users' activities on operating system level.</li> <li>• Restriction of administrator accounts (to not have access to internet or email).</li> </ul> <p>If required user access controls are not formalised and documented this could result in municipal staff not being aware of the correct procedures to be performed when user account management activities are required. This may lead to user account management activities being inconsistently performed, resulting in unauthorised or inappropriate user access being granted to information stored on</p>	<ul style="list-style-type: none"> <li>• Due to a lack of user account management skills and expertise within the municipality, the accounting officer and the HOD corporate did not update the ICT User Management Policy to ensure that all required user access controls and leading best practices were included in the document.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3 years.</li> </ul>	<p>The accounting officer and the HOD corporate should:</p> <ul style="list-style-type: none"> <li>• Ensure that the ICT User Management Policy is updated to include all required user access controls and aligned to leading best practices.</li> <li>• Implement practices for comprehensive reviews and quality assurance to be conducted prior to ICT documents being submitted to Council for approval, to confirm that all required information has been included.</li> <li>• Undertake initiatives to equip ICT staff with user account management skills to allow them to carry out the required user access controls.</li> <li>• Reach out to coordinating ministries such as KwaZulu-Natal (KZN) Provincial Treasury, Department of Public Service Administration (DPSA) and KZN</li> </ul>	<p>Disagreed.</p> <p>Please note that this concern is addressed in the ICT User Management Policy Under Section: 5.1 KEY PRINCIPLES AND GUIDELINES PERTAINING TO USER ACCOUNTS MANAGEMENT</p>	<p>None.</p>	<p>Management comments are noted. The new policy incorporates these management of user access controls, <b>Finding resolved.</b></p>	<p>None.</p>
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		the network and IT systems.		Department of Cooperative Governance and Traditional Affairs (COGTA) for guidance and government standards relating to the drafting of adequate ICT user management documents.					
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<p>7. User access rights, administrator activities and password reset logs not reviewed may result in unauthorised activities performed not being detected in a timely manner</p>	<p>None.</p>	<p>As previously reported, the ICT User Access Management Policy page 19, section 14.5 ICT System Owner stated that, "Reviews users' access to the ICT System(s) regularly to ensure segregation of duties and appropriateness of permissions. The frequency of the review is monthly." The Windows Active Directory provides single sign onto the Solar, Payday, Implementation and Management of Project Information (IMPI), Local Suppliers' Database and Performance Management System (PMS). It was however noted that although the required logs were now available user access rights, administrator activities and password reset logs were still not reviewed for the 2023-24 financial year. This may result in:</p> <ul style="list-style-type: none"> <li>• If periodic reviews of user access rights are not performed, management may not be able to identify users who have been granted excessive access rights or access rights no longer required to perform the roles and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Non-compliance to the user access review requirements stipulated in the ICT System Owner section of the ICT User Access Management Policy resulted due to the ICT department only being staffed with now one (01) permanent employee, which now has created capacity limitations that prevented user access rights, administrator activities and password reset logs from being periodically reviewed.</li> <li>• Slow response from management as this finding has been communicated to management for the past 3years.</li> </ul>	<p>The accounting officer and the HOD corporate should:</p> <ul style="list-style-type: none"> <li>• Ensure compliance with the user access review requirements stipulated in the ICT System Owner section of the ICT User Access Management Policy.</li> <li>• Motivate for funds to be made available to allow for the appointment of personnel and fill vacancies within the ICT department to assist with the periodic review of user access rights, administrator activities and password reset logs.</li> <li>• Retain evidence of user access rights, administrator activities and password reset log reviews performed, and the actions taken to resolve deficiencies identified.</li> </ul>	<p>Agreed. The recommendations will be implemented</p>	<p>None.</p>	<p>Management comments are noted, Finding remains as auditors need to be provided with evidence of user access rights, administrator activities and password reset log reviews performed by HOD corporate, and the actions taken to resolve deficiencies identified, this will be followed up in the next audit cycle.</p>	<p>None.</p>
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		<p>associated with their job functions.</p> <ul style="list-style-type: none"><li>• Users with administrator privileges have full control over a system and if their activities are not adequately reviewed and monitored, this may result in unauthorised activities performed not being detected in a timely manner.</li><li>• If password reset logs are not regularly reviewed, this could result in management not being able to identify passwords that have been changed without the appropriate authorisations.</li></ul>						
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<p>1. Inconsistencies identified between the APR Figures and the Portfolio of Evidence</p>	<p>In terms of chapter 3.2 of the Framework for Managing Programme Performance Information (FMPPPI):</p> <p>A good performance indicator should be:</p> <p>a) Reliable: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.</p> <p>b) 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.</p> <p>c) Verifiable: it must be possible to validate the processes and systems that produce the indicator.</p> <p>d) Cost-effective: the usefulness of the indicator must justify the</p>	<p><b>Table 1</b> below reflect that the indicators relating to the 'Average Time Taken' were incorrectly calculated and incorrectly recorded in the Annual Performance Report</p> <p>Average Time Taken to Fix Spillages (<b>49%</b>)  Average Time taken to Suck Septic Tanks (<b>18%</b>)  Average Time taken to fix leaks/burst leaks (<b>57%</b>)</p> <p><b>Table 2</b> below reflect that the number of ZDM water contracts under construction as per the approved project list does not agree to the total number recorded in the Annual Performance Report</p> <p>Number of ZDM water contracts under construction (<b>20%</b>)</p> <p>Consequently, the figures reported in the APR for the indicators above are materially misstated and therefore will be reported in the management report.</p>	<ul style="list-style-type: none"> <li>• The HOD Technical, HOD Planning, and the Performance management unit did not adequately review the quarterly performance reports and the annual performance report to ensure that the information reported is accurately calculated and agrees to the supporting portfolio of evidence.</li> </ul>	<ul style="list-style-type: none"> <li>• The HOD Technical, HOD Planning, and the Performance management unit should perform adequate reviews of the quarterly performance reports and the annual performance report to ensure that the information reported is accurate and agrees to the supporting portfolio of evidence.</li> <li>• The HOD Technical, HOD Planning and the Performance management unit should investigate the above issue and make the necessary adjustment to the annual performance report.</li> </ul>	<p>Agreed.</p> <p>Recalculation will be performed on the whole population and necessary adjustments will be made on the annual performance report.</p>	<p>Management will perform quarterly reviews before the submission of POE's to PMS section</p>	<p>Managements response is acknowledged. The internal control deficiency remains. This finding will be resolved upon the evaluation of the final Annual Performance Report and the action to address the finding will be followed up in the next audit period</p>	<p>Quarterly.</p>
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	<p>cost of collecting the data.</p> <p>e) Appropriate: the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.</p> <p>f) Relevant: the indicator must relate logically and directly link to an aspect of the institutions mandate, and the realisation of strategic goals and objectives.</p> <p>In terms of chapter 5.2(1) and (3) of the FMPPPI requires that a performance information system should be integrated within existing management processes and systems. The accounting officer or head</p>							
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	<p>official of an institution is responsible for ensuring that the institution has: Appropriate documentation and systems to collect, collate, verify and store the information.</p>							
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<p>2. Inaccurate response time computations</p>	<p>In terms of chapter 3.2 of the Framework for Managing Programme Performance Information (FMPPPI):  A good performance indicator should be:  g) Reliable: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.  h) 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.  i) Verifiable: it must be possible to validate the processes and systems that produce the indicator.  j) Cost-effective: the usefulness of the indicator must justify the</p>	<p>The following inaccuracies were identified based on recalculation of the time taken to fix the spillages as per job cards inspected:   <b>(Various cases of 11 job cards.)</b>   Furthermore, it was noted that hours relating to water leakages schedule for the month of December 2023 in Nongoma was incorrectly included as part of spillages calculation.   Consequently, the average time taken to fix spillages is materially misstated by a projected percentage of 54.28% due to incorrect and invalid hours being captured on the schedule to support the reported achievement for this indicator.</p>	<ul style="list-style-type: none"> <li>• The supervisors responsible for capturing and reporting response hours did not perform adequate reviews to ensure that the response hours on the job cards were captured accurately on the schedules.</li> <li>• The performance management unit did not adequately review quarterly performance reports and the annual performance report to ensure that the information reported is accurate and agrees to the supporting portfolio of evidence.</li> </ul>	<ul style="list-style-type: none"> <li>• The supervisors should perform sufficient reviews to ensure that the response hours on the job cards are captured accurately to ensure that the schedules are consistent with the job cards.</li> <li>• The performance management unit should perform adequate reviews of the quarterly performance reports and the annual performance report to ensure that the information reported is accurate and agrees to the supporting portfolio of evidence.</li> <li>• The performance management unit should revisit the whole population and correct all inconsistent hours to ensure that the reported performance achievement is accurate and make the necessary adjustments to the annual performance report.</li> </ul>	<p>Agreed.   Recalculation will be performed on the whole population and necessary adjustments will be made on the annual performance report.</p>	<p>Management will perform quarterly reviews before the submission of POE's to PMS section</p>	<p>Managements response is acknowledged. The internal control deficiency remains. This finding will be resolved upon the evaluation of the final Annual Performance Report and the action to address the finding will be followed up in the next audit period.</p>	<p>Quarterly</p>
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	<p>cost of collecting the data.</p> <p>k) Appropriate: the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.</p> <p>l) Relevant: the indicator must relate logically and directly link to an aspect of the institutions mandate, and the realization of strategic goals and objectives.</p> <p>In terms of chapter 5.2(1) and (3) of the FMPPPI requires that a performance information system should be integrated within existing management processes and systems. The accounting officer or head</p>							
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<p>official of an institution is responsible for ensuring that the institution has: Appropriate documentation and systems to collect, collate, verify and store the information.</p> <p>KPI 4: Average time taken to fix spillages per quarter – 45.75 hours average time taken to fix spillages by 30 June 2024</p>							
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<p>3. Understatement of performance reported in the APR</p>	<p>In terms of chapter 3.2 of the Framework for Managing Programme Performance Information (FMPPPI): A good performance indicator should be:</p> <p>m) Reliable: the indicator should be accurate enough for its intended use and respond to changes in the level of performance.</p> <p>n) 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.</p> <p>o) Verifiable: it must be possible to validate the processes and systems that produce the indicator.</p> <p>p) Cost-effective: the usefulness of the indicator must justify the</p>	<p>The table below reflects that the indicator relating to the number of households within ZDM to be provided with access to water within RDP standard per quarter which was incorrectly calculated and incorrectly recorded in the Annual Performance Report;</p> <p><b>KPI</b> (Number of households within ZDM to be provided with access to water within RDP standard per quarter)  <b>Total Beneficiary list</b> (1311)  <b>Total APR</b> (1101)  <b>Difference</b> (210 - 19%).</p> <p>Consequently, the figures reported in the APR for the indicator above is materially misstated and therefore will be reported in the management report.</p>	<ul style="list-style-type: none"> <li>• The HOD Planning and the Performance management unit did not adequately review the annual performance report to ensure that the information reported is accurately calculated and agrees to the supporting portfolio of evidence.</li> </ul>	<ul style="list-style-type: none"> <li>• The HOD Planning and the Performance management unit should perform adequate reviews of the annual performance report to ensure that the information reported is accurate and agrees to the supporting portfolio of evidence.</li> <li>• The HOD Planning and the Performance management unit should investigate the above issue and make the necessary adjustment to the annual performance report.</li> </ul>	<p>Agreed.</p> <p>Issue to be investigated and necessary adjustments will be made on the annual performance report.</p>	<p>Management will perform quarterly reviews before the submission of POE's to PMS section</p>	<p>Managements response is acknowledged. The internal control deficiency remains. This finding will be resolved upon the evaluation of the final Annual Performance Report and the action to address the finding will be followed up in the next audit period.</p>	<p>Quarterly</p>
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	<p>cost of collecting the data.</p> <p>q) Appropriate: the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.</p> <p>r) Relevant: the indicator must relate logically and directly link to an aspect of the institution's mandate, and the realization of strategic goals and objectives.</p> <p>In terms of chapter 5.2(1) and (3) of the FMPPPI requires that a performance information system should be integrated within existing management processes and systems. The accounting officer or head</p>							
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	official of an institution is responsible for ensuring that the institution has: Appropriate documentation and systems to collect, collate, verify, and store the information.							
2. No trainings conducted on the revised Municipal Systems Act (MSA), Consequence Management Framework (CMA) professionalisation framework	Section 62(1)(c)(i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and	No evidence could be provided that officials and councillors were trained on the following: <ul style="list-style-type: none"> <li>• Revised Municipal Systems Act (MSA)</li> <li>• Consequence management framework (CMA)</li> <li>• Professionalisation Framework.</li> </ul> Consequently, this may result in the non-implementation of the revised MSA, consequence management framework (CMA), and the professionalization framework by councillors.	The HOD corporate services did not ensure completeness of the training plan to cover the above-mentioned trainings.	The HOD corporate services should compile a comprehensive compliance checklist and review the training plan to ensure completeness thereof.  Assistance should be requested from the department of Cooperative Governance and Traditional Affairs in conducting such trainings.	None.	None.	None.	None.

	transparent systems of internal control.							
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**G. REPORT ON THE AUDIT COMMITTEE**

## **AUDIT COMMITTEE REPORT**

We are pleased to submit our report for the financial year concluded on 30 June 2024

### **Audit Committee Responsibility**

The Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Audit Committees' work was guided and regulated by an Audit Committee Charter, which was reviewed, and approved by Council and discharged all its responsibility as contained therein.

### **LEGISLATIVE MANDATE**

The MFMA No 56 of 2003 section 166 requires from the Audit Committee amongst other matters:- To advise the Municipal Council, Political office bearers, the Accounting Officer and management staff on matters relating to:- a. Performance management and evaluation, b. Internal financial control and internal audits. c. Risk Management. d. Accounting policies. e. The adequacy, reliability and accuracy of financial reporting and information. f. Effective governance g. Compliance with MFMA, DORA and any other applicable legislation.

### **Effectiveness of Internal Controls**

The system of internal controls are designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are working effectively and efficiently managed.

- Reports of the Internal Audit reports for 2023/24 highlighted a level of slightly improvement on the internal controls of a Municipality
- The Audit Committee made recommendations to management to address deficiencies and highlighted and the committee will continue monitoring the implementation of these recommendations.

### **Risk Management**

During the year under review the Risk Management Section presented the Risk Management Policies and Registers for the 2023-2024 financial year to the committee and there was a huge improvement on the effectiveness of the Risk Management Committee in the Municipality.

### **Evaluation of Annual Financial Statements**

The Audit Committee performed a comprehensive review of the Annual Financial Statements of the Municipality and was satisfied that the financial statements fairly present the affairs of the Municipality

### **Key Focus Areas for the Municipality**

While there is an overall improvement in the audit of 2023/24; the Audit committee has urged the Municipality to ensure that it implements urgent action plans that will reduce its Unauthorised, Fruitless & Wasteful Expenditure and Irregular Expenditure going forward.

Sincerely,

Mr. Erick Nsikayezwe Sithole

Chairperson of the Audit Committee

Zululand District Municipality

## H. COUNCILLOR PERFORMANCE

	NAME	11/7/23	23/7/23	29/8/23	11/9/23	29/9/23	30/11/23	20/12/23	30/01/24	28/2/24	27/3/24	24/5/24	27/6/24
1.	<u>Speaker</u> <b>Cllr DT Memela</b>	P	P	P	P	P	P	P	LA	P	P	P	P
2.	<u>Mayor</u> <b>Cllr TD Buthelezi</b>	P	P	P	LA	P	P	P	P	LA	P	P	RES
3.	<u>Deputy Mayor</u> <b>Cllr SI Mbatha</b>	P	P	P	P	P	LA	P	P	P	P	P	P
4.	<b>Cllr MB Khumalo</b> Exco Member	P	P	P	P	LA	P	P	P	P	P	P	P
5.	<b>Cllr ISM Hadebe</b> EXCO Member	P	P	P	LA	P	LA	P	P	P	P	A	P
6.	<b>Cllr BK Khumalo</b> EXCO Member replaced by Cllr RM ZULU	P	P	P									
					P	P	P	A	P	P	P	A	P
7.	<b>Cllr KM Ntuli</b>	P	P	P	P	P	P	P	P	P	P	P	P
8.	<b>Cllr B Nxumalo replaced by</b> <b>Cllr SR Nkosi by June 2024</b> <b>Cllr IR Barnes rpt</b>	P	P	P	P	LA	LA	LA	LA	LA	LA		
												P	SUS
9.	<b>Cllr SA Mncwango</b>	P	P	P	P	P	P	P	P	P	P	P	P

	NAME	11/7/23	23/07/23	29/8/23	11/9/23	29/9/23	30/11/23	20/12/23	30/01/24	28/2/24	27/3/24	24/5/24	27/6/24
10.	Cllr SE Nkwanyana	P	P	P	P	P	P	P	P	P	P	P	P
11.	Cllr BJ Mncwango	P	P	P	P	P	P	P	P	P	P	P	P
12.	Cllr M Mntambo	P	P	P	P	P	P	P	P	P	P	P	P
13.	Cllr CN Mavundla	P	P	P	P	P	P	P	P	P	P	P	P
14.	Cllr MP Williams	P	P	P	P	P	P	P	P	P	P	P	P
15.	Cllr TM Ndwandwe	P	P	P	P	P	P	P	P	P	P	P	P
16.	Cllr NP Mavuso	P	P	P	P	P	P	P	P	P	P	P	P
17.	Cllr ZH Zungu	P	P	P	P	P	P	P	P	P	P	P	P
18.	Cllr ND Masondo	P	P	P	P	P	P	A	P	P	P	P	P
19.	Cllr AM Sibiya	P	P	P	P	P	P	P	P	P	P	P	P
20.	Cllr FM Dlamini	P	P	P	P	P	P	P	P	P	P	P	P

	NAME	11/7/23	23/07/23	29/8/23	11/9/23	29/9/23	30/11/23	20/12/23	30/01/24	28/2/24	27/3/24	24/5/24	27/6/24
21	ClIr BC Nhlabathi	P	P	P	P	P	A	P	P	P	P	A	P
22	ClIr RM Zulu	P	P	P	P	P	P	P	P	P	P	A	P
23	ClIr ND Mngomezulu	P	P	P	P	P	P	P	P	P	LA	A	P
24	ClIr CM Nxumalo-Sibiya	P	P	P	P	P	P	P	P	P	P	A	P
25	ClIr TA Ntshangase	P	P	A	P	P	P	P	P	P	P	A	P
26	ClIr VV Dlamini	P	P	P	P	P	P	P	P	P	P	A	P
27	ClIr PP Selepe	P	P	P	P	P	A	P	P	P	P	A	P
28	ClIr BH Sithole resigned Replaced by ClIr NG Xaba	A	A	P	N/A								
						P	P	P	P	A	P	A	P

	NAME	11/7/23	23/07/23	29/8/23	11/9/23	29/9/23	30/11/23	20/12/23	30/01/24	28/2/24	27/3/24	24/5/24	27/6/24
29.	Cllr MR Dubazane	P	P	P	P	P	P	A	P	P	A	A	P
30.	Cllr JB Mavundla	LA	A	P	P	P	P	P	P	P	P	A	P
31.	Cllr NS Magagula	LA	A	P	P	A	P	P	P	LA	LA	A	P
32.	Cllr SV Nxumalo	P	P	A	P	P	P	P	P	LA	P	A	P
33.	Cllr NF Zungu	P	P	P	P	P	P	P	P	LA	P	A	P
34.	Cllr SS Ntombela	P	P	P	P	P	LA	P	P	P	P	A	P
35.	Cllr S Shelembe	P	P	P	P	P	P	P	P	P	P	P	P
36.	Cllr TD Ndlovu	LA	A	P	A	P	LA	P	A	P	A	P	P
37.	Cllr KR Jiyane	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P	P

**EXECUTIVE COMMITTEE ANNUAL ATTENDANCE**

<b>DATES</b>	<b>TD BUTHELEZI</b>	<b>MB KHUMALO</b>	<b>SI MBATHA</b>	<b>ISM HADEBE</b>	<b>RM ZULU</b>	<b>BK KHUMALO</b>
22/08/2023	P	P	P	P		A
29/09/2023	P	LA	P	P	P	
27/10/2023	P	P	P	P	P	
29/11/2023	P	P	P	P	P	
20/12/2023	P	P	P	P	A	
22/01/2024	P	P	P	P	A	
25/01/2024	P	P	P	P	P	
26/02/2024	LA	P	P	P	P	
26/03/2024	P	P	P	P	P	
25/04/2024	P	P	P	P	P	
14/05/2024	P	P	P	P	LA	
25/06/2024	RESIGNED	P	P	P	P	

**CORPORATE SERVICES PORTFOLIO COMMITTEE**

<b>NAME</b>	<b>21 Sep 2023</b>	<b>12 Dec 2023</b>	<b>27 February 2024</b>	<b>17 Apr 2024</b>
<b>1. Cllr. MB Khumalo</b>	P	LA	LA	P
<b>2. Cllr. MP Williams</b>	P	P	P	P
<b>3. Cllr. TD Ndlovu</b>	LA	LA	P	A
<b>4. Cllr. CN Mavundla</b>	P	P	P	LA
<b>5. Cllr. ZH Zungu</b>	P	P	P	P
<b>6. Cllr. SV Nxumalo</b>	A	A	P	P
<b>7. Cllr. B Nxumalo</b>	LA	B	A	A
<b>8. Cllr. CM Nxumalo-Sibiya</b>	P	P	P	P
<b>9. Cllr. VV Dlamini</b>	P	LA	P	LA
<b>10. Cllr. RM Dubazane</b>	LA	LA	P	P
<b>11. Cllr. SA Mncwango</b>	P	A	P	P
<b>12. Cllr. MA Sibiya</b>	P	P	P	P
<b>13. Inkosi SQ Mntungwa</b>	A	A	A	A

**TECHNICAL SERVICES PORTFOLIO COMMITTEE**

<b>NAME</b>	<b>23 AUGUST 2023</b>	<b>14 NOVEMBER 2023</b>	<b>28 FEBRUARY 2024</b>	<b>20 JUNE 2024</b>
<b>1. Cllr. SI Mbatha (Chairperson)</b>	P	P	P	P
2. Cllr. SI Mbatha	P	P	P	P
3. Cllr. JB Mavundla	P	P	P	P
4. Cllr. ND Masondo	P	P	P	P
5. Cllr. KM Ntuli	P	P	P	P
6. Cllr. SS Ntombela	P	P	P	P
7. Cllr. BK Khumalo	LA	P	A	P
8. Cllr. PP Selepe	P	P	P	P
9. Cllr. SA Mncwango	LA	P	P	P
10. Cllr. AM Sibiyi	P	P	P	P
11. Inkosi ZN Mbatha	P	A	A	P

**PLANNING SERVICES PORTFOLIO COMMITTEE**

<b>NAME</b>	<b>18 AUGUST 2023</b>	<b>14 NOVEMBER 2023</b>	<b>14 MARCH 2024</b>	<b>13 MAY 2024</b>
1. Cllr. SI Mbatha	P	P	P	P
2. Cllr. KM Ntuli	A	P	P	P
3. Cllr. SE Nkwanyana	P	P	A	P
4. Cllr. BJ Mncwango	P	P	P	P
5. Cllr B Nxumalo	P	A	A	A
6. Cllr. NS Magagula	P	A	P	A
7. Cllr. TA Ntshangase	P	P	P	P
8. Cllr. ND Mngomezulu	P	P	P	A
9. Cllr. FM Dlamini	P	A	P	P
10. Cllr. ZH Zungu	P	P	P	P
11. Cllr. BC Nhlabathi	A	P	P	P
12. Inkosi LD Ntshangase	A	A	A	A

**FINANCIAL SERVICES PORTFOLIO COMMITTEE**

<b>NAME</b>	<b>17 AUGUST 2023</b>	<b>11 DECEMBER 2023</b>	<b>19 MARCH 2024</b>
<b>1. Cllr MB Khumalo</b> (Chairperson)	P	P	AL
<b>2. Cllr SI Mbatha</b>	P	P	P
<b>3. Cllr M Mntambo</b>	LA	A	P
<b>4. Cllr BJ Mncwango</b>	P	P	P
<b>5. Cllr TM Ndwandwe</b>	P	A	P
<b>6. Cllr ISM Hadebe</b>	P	P	P
<b>7. Cllr BC Nhlabathi</b>	P	P	P
<b>8. Cllr JB Mavundla</b>	P	P	P
<b>9. Inkosi SQ Mtungwa</b>	A	A	A

**COMMUNITY SERVICES PORTOLIO COMMITTEE**

<b>NAME</b>	<b>10 AUGUST 2023</b>	<b>25 OCTOBER 2023</b>	<b>14 JUNE 2023</b>
<b>1. Cllr. ISM Hadebe</b>	P	A	P
<b>2. Cllr. SE Nkwanyana</b>	P	A	P
<b>3. Cllr. BK Khumalo</b>	P	P	P
<b>4. Cllr. RM Zulu</b>	P	P	A
<b>5. Cllr. TM Ndwandwe</b>	P	P	P
<b>6. Cllr. FM Dlamini</b>	P	P	P
<b>7. Cllr NP Mavuso</b>	P	P	P
<b>8. Cllr. NF Zungu</b>	P	P	P
<b>9. Cllr. ND Masondo</b>	P	A	P

**LOCAL LABOUR FORUM**

<b>NAME</b>	<b>12 JUL 2023</b>	<b>20 SEP 2023</b>	<b>6 MAR 2024</b>	<b>10 APR 2024</b>
<b>1. Cllr. MP Williams</b>	P	P	P	P
<b>2. Cllr. MB Khumalo</b>	NA	NA	LA	P
<b>3. Cllr. ISM Hadebe</b>	NA	P	P	P
<b>4. Cllr. TD Ndlovu</b>	P	P	P	P
<b>5. Cllr. Nxumalo-Sibiya</b>	P	P	P	LA
<b>6. Cllr. CN Mavundla</b>	P	LA	LA	P

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

<b>NAME</b>	<b>26 OCTOBER 2023</b>	<b>19 FEBRUARY 2024</b>	<b>13 MAY 2024</b>	<b>24.06.2024</b>
<b>1. Cllr. S Shelembe</b>	P	P	P	P
<b>2. Cllr. VV Dlamini</b>	P	P	A	P
<b>3. Cllr RM Zulu</b>	A	NA	NA	NA
<b>4. Cllr. SS Ntombela</b>	P	P	A	P
<b>5. Cllr. M Mntambo</b>	P	A	P	p

<b>6. Cllr. PP Selepe</b>	NA	P	A	P
<b>7. Cllr. MP Williams</b>	P	A	P	P

**I. KEY WATER AND SANITATION PROJECTS 2023/2024**

<b>Contract Number</b>	<b>PROJECT NAME</b>	<b>Municipality &amp; Ward Number/Settlement Name</b>	<b>Expenditure at 30 June 2024</b>
<b>ZDM 011/2019</b>	Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation.	Edumbe LM: Bilanyoni - Ward 4	R 34 565 503.65
<b>ZDM 032/2022</b>	The Installation of ± 1000 pre-cast concrete VIP toilet units at Zululand District Municipality - North	Edumbe LM: Ward 5 & 7 - (Obivane, Mbalenhle, Ekhuizeni, Kwavova) Pongola LM: Ward 1 - (Zamani, kwaHhinhini, emganwini, kwamaqanda, kwaSlevu, kwaNongculela, Emshikashika, Etopiya, kwaMphatha) Abaqulusi LM: Ward 2,4,13,15 & 17 - (kwaMadamu, Bhelekazi, Mabhula, Ngada, Sigodini, Ginqi, Thelezini, St Paul, Emadwaleni, Esidakeni)	R 7 938 282.08
<b>ZDM 020/2021</b>	Mhlangeni Stand Alone Water Supply Scheme	Abaqulusi LM: Ward 15 - eMhlangeni, ward 17 Emadwaleni	R 24 314 527.15
<b>ZDM 015/2021</b>	Refurbishment of Chambers and Replacement of Valves for the Emondlo Water Supply Project Phase WCDM	Abaqulusi LM: Ward 12 & ward 20	R 6 944 724,51
<b>ZDM 073/2021</b>	Siting Drilling and Equipping of 4 x COGTA Boreholes	Abaqulusi LM Wards 12 and 13	R 1 110 540.28
<b>ZDM 019/2020</b>	Ceza Stand Alone Water Supply Phase 4: Bulk Water Supply Pipeline	Ulundi LM, Ward 3 - eGazini	R 24 685 664.04
<b>ZDM 053/2020</b>	Nkonjeni Borehole Augmentation	Ulundi LM: Ward 17, 13, 10,8 & 4 - (Ohlelo, Ogodweni, Mashulu, Endinde, Stedham, KwanKuLu and Kwamshayazafe 3)	R 35 828 338.01
<b>ZDM 052/2020</b>	Construction of Rising Main from Ulundi Water Treatment Works to Mabedlane Reservoir	Ulundi LM: Ward 17 - eMabedlane	R 70 205 911.57
<b>ZDM 031/2022</b>	The Installation of ± 1000 pre-cast concrete VIP toilet units at Zululand District Municipality - South	Ulundi LM: Ward 16 - (Mzamo, Mhlathuze, Mobeni, Ngenetsheni, Ncele)	R 13 674 768.57

<b>Contract Number</b>	<b>PROJECT NAME</b>	<b>Municipality &amp; Ward Number/Settlement Name</b>	<b>Expenditure at 30 June 2024</b>
		Nongoma LM: Wards 3 & 5 - (Mpuphusi, Toyisa, Machibini, Mageneni, Maphandeni, Njongomane, Vesonweni)	
<b>ZDM 016/2023</b>	Ntabankulu Water Supply	Ulundi LM: Ward 15 - (Ntabankulu, Nyoni and Nhluba)	R 11 361 056.30
<b>ZDM 013/2023-2024</b>	Nzololo Water Supply	Ulundi LM: Ward 16 - Nzololo	R 4 263 107.16
<b>ZDM 019/2023</b>	Extension to Ulundi Water Treatment Works Phase 2	Ulundi LM: Ward 17 - eMabedlane	R 52 207 392.64
<b>ZDM 024/2023</b>	Bhokweni Water Supply	Ulundi LM: Ward 7 - Bhokweni	R 12 134 669.71
<b>ZDM 001/2023</b>	Makhosini Water Supply	Ulundi LM: Ward 16 & 23 - (Makhosini, Hhodlweni, Nkiliji, Sgodiphola, Senzangakhona, Vezunyawo, Nobamba and Ngono)	R 26 490 413.12
<b>ZDM 002/2023</b>	Njomelwane Water Supply	Ulundi LM: Ward 14 - (Njomelwane, England and Ngolothi)	R 25 592 409.16
<b>ZDM 048/2021</b>	Upgrading of existing WTW Power Supply to 22 KVA	Ulundi LM: Ward 17 - eMabedlane	R 12 866 785.39
<b>ZDM 031/2023</b>	Ceza SAWSS - Brush	Ulundi LM: Ward 2 - Brush	R 25 312 908.48
<b>ZDM 032/2023</b>	Ceza SAWSS - Sodumo	Ulundi LM: Ward 4 - Sodumo	R 23 200 615.19
<b>ZDM 030/2023</b>	Ceza SAWSS - Phethu	Ulundi LM: Ward 2 - Phethu	R 26 318 300.81
<b>ZDM 062/2021</b>	Construction of Mandlakazi Phase 5.2: Bulk Water Supply	Nongoma LM: Ward 3 & 22	R 56 080 231.78
<b>ZDM 007/2022</b>	Mandlakazi Bulk Water Supply Scheme: Upstream Bulk Section 1A	Nongoma LM: Ward 1 - Entire Mandlakazi Phongola LM: Ward 14 - Gumbi/Candover	R 187 574 487.37
<b>ZDM 001/2021</b>	Usuthu Regional Water Supply Scheme: Ward 14 Nongoma Reticulation Phase 2	Nongoma LM: Ward 14 - (Badlaneni, Dayeni, eMahlombe, Esigangeni, Ezimpakaneni, Tshodo, Ivuna, Okhalweni, kwaBoy, kwaMhashi, New Goli, Nsimbini, Onyango, Phenyane & Sishuthu)	R 11 286 654.69
<b>ZDM 073/2021</b>	Zululand Rudimentary Programme: Siting, Drilling, Testing and Equipping of Borehole South	Nongoma LM: Wards 4,7,12 & 17 - (Esiphambanweni, Egudu, Enkanyezini, Bethani) Ulundi LM: Wards 13, 14, 15, 21, 23 & 24 - (KwaNkankazi, Nguqe, Nkwana/Hloba, Mawulushe/Maqwatha, Ezimambeni/Newlands,	R 18 429 167.58

<b>Contract Number</b>	<b>PROJECT NAME</b>	<b>Municipality &amp; Ward Number/Settlement Name</b>	<b>Expenditure at 30 June 2024</b>
		Emfeneni1, Ezikhumbeni, Basalimlilo, Thinta's Drift, Njomelwane & Makhosini)	
<b>ZDM 051/2023</b>	Mandlakazi RWSS Phase 5.1 - Completion of Mngamunde Domestic Reticulation Network for Zone B / B1	Nongoma LM: Ward 1 - Mngamunde	R 6 464 539.00
<b>ZDM 040/2020</b>	Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone C1 / D1	Nongoma LM: Ward 1 - Mngamunde	R 13 064 613.09
<b>ZDM 016/2022</b>	Mandlakazi Phase 5,3: Bulk Water Supply	Nongoma LM: Ward 3	R 32 679 320.45
<b>ZDM 033/2023</b>	Mandlakazi Phase 5: Upstream Bulks - Abstraction Works Phase 1B	Nongoma LM: Ward 1 - Entire Mandlakazi uPhongola LM: Ward 14 - Gumbi/Candover	R 168 099 490.20
<b>ZDM 034/2023</b>	Mandlakazi Phase 5,4: Bulk Water Supply	Nongoma LM: Ward 3	R 42 147 194.07
<b>ZDM 035/2023</b>	Mandlakazi Phase 5,6A: Bilk Water Supply (Pipe Supply Contract)	Nongoma LM: Wards 5, 6 & 20	R 18 804 129.44
<b>ZDM 010/2021</b>	Simdlangentsha East: Internal Water Reticulation Phase 1B	uPhongola LM: Ward 10 & 13 – (Ngedele and Mshushulu)	R 16 099 672.11
<b>ZDM 002/2021</b>	Simdlangentsha Central RWSS - Phase 3: The Construction of A 2.5 MI Reinforced Concrete Reservoir at Ombimini	uPhongola LM: Ward 3 - Ombimbini	R 13 101 034.18
<b>ZDM 035/2023</b>	Simdlangentsha East: Internal Water Reticulation - Phase 3B: The construction of a 1ML Reservoir at Ntshibila	uPhongola LM: Ward 9 – (Qwaqwa,Mdanyini, Ntshiyangibone and Esigunngwin)	R 6 383 254.97
<b>ZDM 057/2023</b>	Simdlangentsha West Water Conservation Demand Management Phase 2	Edumbe LM; Frischgewaagd, Mangosuthu, Ophuzane	R 3 638 068.04
<b>ZDM 025/2023</b>	Construction of Nkonjeni WCDM Phase 3	Ulundi LM, Ward 6, 10 &12 Bayeni, Manzabomvu, Cobe, Langakazi, Ezihlalo, Hawini, Mahleza, Mamkhize, Mapayini, Ezibindini, Qwane, Mission 2, Olundi Unit BA, Ulundi Unit B1, Mbangayiya	R 7 963 497.18

<b>Contract Number</b>	<b>PROJECT NAME</b>	<b>Municipality &amp; Ward Number/Settlement Name</b>	<b>Expenditure at 30 June 2024</b>
<b>ZDM 052/2023</b>	Construction of Mandlakazi Upstream Bulk Section 1 C	Jozini LM, Ward 20	R 168 563 471.34
<b>ZDM 053/2023</b>	Simdlangentsha Central RWSS Phase 4: Belgrade Water Treatment Works Upgrade	Uphongola LM	R 4 109 427.02
<b>ZDM 028/2023</b>	Golela Water Supply Scheme	Phongolo LM, Ward 15 Golela	R 3 162 794.27
<b>ZDM 059/2023</b>	Simdlangentsha West - 10 ML Terminal Reservoir	Edumbe LM; Frischgewaagd, Mangosuthu	R 37 162 951.85
<b>ZDM 043/2023</b>	Khambi RWSS Water Supply	Abaqulusi LM Ward 2 and 3: Ndulinde, Hlanzeni, Ndlandla, Bhekephi, Kewulani, Mthumeni, Mwandeni, Emthemb	R 3 865 891.82
<b>ZDM 005/2023-2024</b>	Mandlakazi RWSS Phase 5: Mahlomane Domestic Reticulation Network: Zone E1 & E2	Nongoma Ward 3 & 5 -Mahlomane	R 0
<b>ZDM 006/2023-2024</b>	Mandlakazi RWSS Phase 5: Mgxinyane Domestic Reticulation Network: Zone D3	Nongoma LM, Ward 3 – Mgxinyane, Mduda, Okhalweni, Esikhuthwaneni, Esigodiphola	R 0
<b>ZDM 012/2023-2024</b>	Simdlangentsha West RWSS - Construction of Mpunzi 5ML Reservoir, Rising Main and Gravity Mains to Ophuzane and Paddafontein	Ulundi LM, Ward 16 - Nzololo	R 0
<b>ZDM 048/2023</b>	Esiphambanweni Domestic Reticulation Network: Zone L1-A	Nongoma LM; Ward 6 Esiphambaweni, Cabokwakhe, Phumanyova	R 0
<b>ZDM 049/2023</b>	Odushwini Domestic Reticulation Network: Zone L1-B	Nongoma LM; Ward 6 Phumanyova , Odushwini , Khenani, Ezibomvin	R 0
<b>ZDM 050/2023</b>	Manqashi Domestic Reticulation Network: Zone L1-C	Nongoma LM; Ward 4 Emangqeleni, Khokhwaneni	R 0
<b>ZDM 019/2023-2024</b>	Construction of Mandlakazi Phase 5.5: Isibonelo Zone J1, J2 and J3 Domestic Reticulation	Nongoma LM Ward 2, 3, 4, 5-Sbonela	R 0
<b>ZDM 020/2023-2024</b>	Construction of Mandlakazi Phase 5.5: Umsebe Zone I1 and I2 Domestic Reticulation	Nongoma LM Ward 5,8, Msebe	R 0

<b>Contract Number</b>	<b>PROJECT NAME</b>	<b>Municipality &amp; Ward Number/Settlement Name</b>	<b>Expenditure at 30 June 2024</b>
<b>ZDM 008/2023-2024</b>	Simdlangentsha West RWSS - Construction of Bulk Gravity Mains to Tholakele and Mpundu	eDumbe Ward 5 Tholakele and Mpundu	R 1 354 700.00
<b>ZDM 027/2023-2024</b>	Hlahlindlela Regional Scheme Reticulation and Reservoirs	Abaqulusi LM	R 0

## J. LONG TERM CONTRACTS

Tender Number	Tender Name	Supplier Name	Contract (Order) Amount	Composition BSC	Composition BEC	Composition BAC	Advertised in Newspaper	Advertised in Website	Registered in Suppliers Municipal Database	Tender Opening Register	Valid Tax matters	Declaration of interest (MBD4)	Registered on CSD	Appointment letter	Complying with Zululand District Municipality and Regulations
ZDM002/2022	Hire of office accommodation in Abaqulusi office	Lumnd investments (pty)ltd	R12 715 997, 71	Valid	Valid	Valid	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ZDM021/2022	PROVISION OF INTERNAL AUDIT AND INTERRELATED SERVICES FOR ZULUAND DISTRICT MUNICIPALITY	BONAKUDE CONSULTING (PTY)LTD	Rate	Valid	Valid	Valid	Yes	Yes	YES	Yes	Yes	Yes	Yes	YES	yes
ZDM022/2022	SERVICE PROVIDER FOR TRAVEL MANAGEMENT	TRAVEL WITH FLAIR (PTY)LTD	Rate	Valid	Valid	Valid	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
ZDM027/2022	SERVICE PROVIDER FOR DEBT COLLECTION	RECOVERIES AMANQUHE	R3 290 632, 68	Valid	Valid	Valid	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ZDM029/2022	PROCUREMENT OF FLEET ON FULL MAINTENANCE	FLEET HORIZON	R102 069 810, 93	Valid	Valid	Valid	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ZDM040/2022	RENDERING OF SHORT-TERM INSURANCE AND ADVISORY SERVICES OF MUNICIPAL ASSETS FOR A PERIOD OF 36 MONTHS.	Lateral Unison insurance broker	R2 339 718, 00	Valid	Valid	Valid	Yes	Yes	No	Yes	Yes	Yes	Yes		Yes
ZDM001/2023	MAKHOSINI WATER SUPPLY	AFROSTRUCTURES(PTY)LTD	R26 585 500,00	Valid	Valid	Valid	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

ZDM043/2022	SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING OF ZDM FOR THE PERIOD OF 3 YEARS	ORABILE JN TRADING AND PROJECT	Rate	Valid	Valid	Valid	Yes								
ZDM019/2023	EXTENTION TO ULUNDI WATER	SIZABONKE CIVILS /PILCON PROJECTS	R105 584 271,6 5	Valid	Valid	Valid	Yes								
ZDM048/2021	22KV MEDIUM VOLTAGE SWITCH GEAR UPGRADE	GREENRO SOLUTIONS	R17 242 572,2 6	Valid	Valid	Valid	Yes								
ZDM033/2023	MANDLAKAZI UPSTREAM BULK SECTION 1B	AFROSTRUCTURES(PTY)LTD	R240 016 500,0 0	Valid	Valid	Valid	Yes								
ZDM030/2023	PHETHU WATER SUPPLY	MQHELE TRADING AND PROJECTS	R32 500 857,9 4	Valid	Valid	Valid	Yes								
RT3-2022	SUPPLY AND DELIVERY INSTALLATION COMMISSIONING AND MAINTENANCE OF OFFICE AUTOMATION SOLUTIONS	KONICA MINOLTA	R1 834 316,2 8	Valid	Valid	Valid	Yes								
ZDM030/2022	RURAL ROADS ASSEST MANAGEMENT	SMEC SOUTH AFRICA (PTY)LTD	R17 242 572,0 0	Valid	Valid	Valid	Yes								
ZDM013/2022	PROVISION OF PROFESSIONAL CIVIL ENGINEERING SERVICES AND INTERRELATED SERVICES FOR RUDIMENTARY NORTH	PARADOX YOUNG AND ASSOCIATES (PTY)LTD	R14 370 790,3 8	Valid	Valid	Valid	Yes								
ZDM035/2022	SIMDLANGETSHA EAST INTERNAL WATER RETICULATION PHASE 3B (CONSTRUCTION OF 1 MEGA LITRE RESERVOIR)	ZAMISANANI	R7 726 688,5 4	Valid	Valid	Valid	Yes								
ZDM057/2023	SIMDLANGETSHA WEST WCDM PHASE	IKHUBA HOLDINGS	R14 473 752,7 8	Valid	Valid	Valid	Yes								

ZDM043/20 23	SITTING, DRILLING, TESTING AND EQUIPING OF BOREHOLE AND RETICULATION KHAMBI RWSS WATER SUPPLY	AC INDUSTRIAL SALES & SERVICES (PTY)LTD	R25 087 346,8 0	Valid	Valid	Valid	Yes								
ZDM015/20 21	MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AND WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE FOR Page 1 of 9 3 (THREE) YEAR PERIOD	ZANA MANZI SERVICES (PTY)LTD	R261 047 102,8 9	Valid	Valid	Valid	Yes								
ZDM032/20 23	SIDUMO WATER SUPPLY	Mela okuhle	R31 312 563,5 2	Valid	Valid	Valid	Yes								
ZDM016/20 22	CONSTRUCTION OF MANDLAKAZI PHASE 5.3 BULK WATER SUPPLY: 13.3 KM OF BULK GRAVITY MAIN AND ASSOCIATED RESEIVORS	AKWANDE CIVILS CC	R33 253 231,8 2	Valid	Valid	Valid	Yes								
ZDM035/20 23	CONSTRUCTION OF MANDLAKAZI PHASE 5.6A PIPE SUPPLY CONTRACT	NRB PIPING SYSTEMS (PTY)LTD	R21 779 297, 78	Valid	Valid	Valid	Yes								
ZDM034/20 23	CONSTRUCTION OF MANDLAKAZI PHASE 5.3 BULK WATER SUPPLY: 23 KM OF BULK GRAVITY MAIN AND ASSOCIATED RESEIVORS	SOUNDRITE CONSTRUCTION	R79 025 497,0 1	Valid	Valid	Valid	Yes								
ZDM031/20 23	BRUSH WATER SUPPLY	RURAL PUMPS CC	R31 192 250,8 6	Valid	Valid	Valid	Yes								
ZDM038/20 23	PROVISION OF SECURITY SERVICES TO THE THE ZDM PROPERTIES AND INFRASTRUCTURE	AROS PROTECTION SERVICES		Valid	Valid	Valid	Yes								

ZDM017/2023	NZOLOLO WATER SUPPLY	MIYELANI TRADING AND PROJECT	R11 816 431,5 0	Valid	Valid	Valid	Yes								
ZDM016/2023	NTABANKULU WATER SUPPLY	RURAL PUMPS	R11 592 112,1 3	Valid	Valid	Valid	Yes								
ZDM039/2023	PROVISION OF SERCURITY SERVICES TO THE THE ZDM PROPERTIES AND INFRASTRUCTURE	AROS PROTECTION SERVICES		Valid	Valid	Valid	Yes								
ZDM020/2021	EMHLANGENI STAND-ALONE WATER SUPPLY SCHEME	MELA OKUHLE TRADING ENTERPRISE	R42 623 371,8 0	Valid	Valid	Valid	Yes								
ZDM045/2023	PROVISION OF LANDSCAPING MAINTANANCE SERVICES PEST CONTROL	KHETHA CLEANING SERVICES	R5 581 185,2 2	Valid	Valid	Valid	Yes								
ZDM052/2023	CONSTRUCTION OF MANDLAKAZI UPSTREAM BULK SECTION 1C	AFROSTRUCTURES(PTY)LTD	R420 581 000,0 0	Valid	Valid	Valid		Yes							
ZDM024/2023	BHOKWENI WATER SUPPLY	RURAL PUMPS CC	R12 897 086,1 2	Valid	Valid	Valid	Yes								
ZDM061/2023	BACKUP POWER SUPPLY AT CRITICAL WATER PUMP STATION WITHIN ZDM	ZANA MANZI SERVICES (PTY)LTD/ WATER SOLUTION JV	R63 104 361, 82	Valid	Valid	Valid	Yes								
ZDM059/2023	SIMDLANGETSHA WEST RWSS	MELA OKUHLE TRADING ENTERPRISE	R184 072 754, 05	Valid	Valid	Valid	Yes								
ZDM012/2023-2024	SIMDLANGETSHA WEST RWSS CONSTRUCTION OF MPUNZANE 5ML RESEVOIRS, RISING MAIN GRAVITY TO OPHIZANE AND PADDAFONTEIN	RURAL PUMPS	R145 703 284, 99	Valid	Valid	Valid	Yes								

ZDM012/2022	PROVISION OF PROFESSIONAL SUPPORT FOR THE PROJECT MANAGEMENT UNIT (PMU)	BAVULELE ENGINEERING (PTY)LTD	R42 367 380,00	Valid	Valid	Valid	Yes								
ZDM025/2023	CONSTRUCTION OF NKONJENI WCD PHASE THREE	IKHUBA HOLDINGS	18 157 462,10	Valid	Valid	Valid	Yes								
ZDM006/2023/2024	CONSTRUCTION OF MANDLAKAZI PHASE 5,4 MGXANYINE ZONE D3 DOMESTIC RETICULATION NETWORK	MBOVA CONSTRUCTION	R19 630 478,74	Valid	Valid	Valid	Yes								
ZDM005/2023-2024	CONSTRUCTION OF MANDLAKAZI PHASE 5,2 MAHLOMANE ZONE E1 & E2 RETICULATION NETWORK	R AND D CONTRACTORS	R27 342 647,48	Valid	Valid	Valid	Yes								
ZDM013/2023-2024	NZOLOLO WATER SUPPLY CONSTRUCTION	FAKUDE BUILDING CONTRACTORS	R13 734 773,98	Valid	Valid	Valid	Yes								
ZDM048/2023	ESIPHAMBANWENI DOMESTIC RETICULATION ZONE L1A	JAMJO CIVILS (PTY)LTD	<b>R34 305 454,55</b>	<b>Valid</b>	<b>Valid</b>	Valid	Yes								
ZDM050/2023	MANQASHI DOMESTIC	ZAMISANANI	R34 552 362,81	Valid	Valid	Valid	Yes								
ZDM049/2023	ODUSHWINI DOMESTIC	ZAMISANANI	R41 331 997,18	Valid	Valid	Valid	Yes								
ZDM046/2023	MANDLAKAZI PHASE 5,6	ICON CONSTRUCTION	R185 482 653,12	Valid	Valid	Valid	Yes								
ZDM008/2023-2024	SIMDLANGETSHA WEST CONSTRUCTION BULK GRAVITY MAIN TO THOLAKELE AND MPENDU	MQHELEWETHU TRADING AND PROJECT	R44 056 877,42	Valid	Valid	Valid	Yes								

ZDM027/20 23-2024	HLAHLINDLELA REGIONAL SCHEME RETICULATION	FAKUDE BUILDING CONTRACTO RS	R15 784 688, 98	Valid	Valid	Valid	Yes								
ZDM019/20 23-2024	CONSTRUCTION OF MANDLAKAZI PHASE 5.5 ISIBONELO ZONE J1, J2 & J3	NAP HOLDINGS	R50 242 722, 99	Valid	Valid	Valid	Yes								
ZDM020/20 23-2024	MANDLAKAZI PHASE 5.5 UMSEBE RETICULATION NETWORK FOR ZONE 11 &12	MHLONIPHE NI GENERAL TRADING	R72 101 831, 83	Valid	Valid	Valid	Yes								
ZDM032/20 23-2024	RENOVATING AND REFURBISHMENT OF AIRPORT	ZIBONEPHI PROJECT AND BUSINESS ENTERPRISE	R2 128 640, 80	Valid	Valid	Valid	Yes								
ZDM036/20 23-2024	SUPPLY AND DELIVERY OF FUEL AND RELATED SERVICES TO ZULULAND DISTRICT MUNICIPALITY FOR A PERIOD OF 36 MONTH AS AND WHEN REQUIRED	Fakalintuli Construction	R50 696 840, 00	Valid	Valid	Valid	Yes								
ZDM034/20 23-2024	SITTING ,DRILLING ,EQUIPING AND TESTING OF BOREHOLE NORTH	PHINDILE CIVILS AND BUILDING PROJECTS CC	R46 946 287, 58	Valid	Valid	Valid	Yes								

## I. RISK REGISTER

Strategic Risks																			
Risk No	KPA	Strategic Objective (SO)	Risk Name	Root Cause	Consequences	Risk Owner	Impact Scale (1-10)	Likelihood Scale (1-10)	Inherent Risk	Inherent Risk	Control Details	Current Control Effectiveness (Updated)	Residual Risk (Current)	Current Control Effectiveness	Residual Risk (Current)	Future Plan	Future Plan <u>(Revised in Q1)</u>	Action Owner	Due Date
01	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	<b>Under-collection of revenue from service charges</b>	<ul style="list-style-type: none"> <li>Negative perception of customers towards payment of government provided services.</li> <li>Inadequate processes implemented to collect revenue.</li> <li>High unemployment rate.</li> <li>Outdated infrastructure (water meters) employed.</li> <li>Outdated customer contact data maintained</li> </ul>	<ul style="list-style-type: none"> <li>Low cash inflows.</li> <li>Unfunded budget.</li> <li>Poor financial viability</li> <li>Threats in going concern.</li> <li>High level of reliance on government grants funding.</li> </ul>	<b>General Manager: Financial Services (CFO) (S Msibi)</b>	8	10	80%	High	<ul style="list-style-type: none"> <li>Credit Control and Debt Management Policy is in place.</li> <li>Indigent Policy is in place.</li> <li>Indigent Register is in place.</li> <li>Debt Incentive Programme is currently in place <b>(01 March to 31 May 2023)</b>.</li> <li>Restriction procedures are in place.</li> <li>Exception Reports are being used.</li> </ul>	50%	40,00%	Partially Effective	Moderate	<ul style="list-style-type: none"> <li>Conduct community awareness to customers to encourage payment of government provided services <b>(On-going)</b>.</li> <li>Process debt write-off from approved Indigent Debtors <b>(30/06/2023)</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct community awareness to customers to encourage payment of government provided services <b>(On-going)</b>.</li> <li>Process Indigent Debtors Write-off for 2023/24 financial year <b>(30/06/2024)</b>.</li> </ul>	Deputy General Manager: Revenue Management (NN Zungu)	On-going 30/06/2024

				d. • Poor Credit Control processes.															
02	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	<b>Over-spending on contracted services and other expenditure.</b>	<ul style="list-style-type: none"> <li>Poor contract management.</li> <li>Ad hoc projects.</li> <li>SLAs commitments above available budget.</li> </ul>	<ul style="list-style-type: none"> <li>Occurrence of unauthorised expenditure.</li> <li>Poor financial viability.</li> <li>Cash flow problems.</li> </ul>	<b>General Manager: Financial Services (CFO) (S Msibi)</b>	10	10	100%	Very High	<ul style="list-style-type: none"> <li>Project Payment Certificate issued by Engineers are used.</li> <li>SDBIP Reports.</li> <li>S71 Monthly Reports</li> <li>Grant Expenditure Reports are in place.</li> <li>Procurement Plan is in place.</li> </ul>	40%	60,00%	Partially Effective	Moderate	<ul style="list-style-type: none"> <li>Monitor effective implementation of Contract Management (On-going).</li> <li>Monitor implementation of Procurement Plans (On-going).</li> </ul>	<ul style="list-style-type: none"> <li>Monitor effective implementation of Contract Management (On-going).</li> <li>Monitor implementation of Procurement Plans (On-going).</li> </ul>	Deputy General Manager: Expenditure & SCM (S Makhat hini)	On-going  On-going
03	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.2. Apply sound financial management practises to keep a	<b>Liquidity risk (Cash coverage &lt; 1)</b>	<ul style="list-style-type: none"> <li>Cash flow problems.</li> <li>High dependence on grant funding.</li> <li>Under collection of revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Threats in going concern.</li> <li>Inability to settle invoices as</li> </ul>	<b>General Manager: Financial Services (CFO) (S Msibi)</b>	9	7	63%	High	<ul style="list-style-type: none"> <li>Approved Budget is in place.</li> <li>Budget Funding Plan is in place.</li> <li>Cost Containment</li> </ul>	50%	32%	Partially Effective	Moderate	<ul style="list-style-type: none"> <li>Implement ring-fencing of conditional grants only to grant</li> </ul>	<ul style="list-style-type: none"> <li>Monitor implementation of Cost Containment Regulations to MANCO (On-</li> </ul>	Deputy General Manager: Expenditure & SCM (S Makhat hini)	On-going.  31/12/2023

		positive cash balance, coverage and liquidity ratios.	<ul style="list-style-type: none"> <li>• Occurrence of Unauthorized Expenditures.</li> <li>• Unclear payment processes and policies.</li> <li>• Poor interpretation of Collective Agreement (Overtime payment).</li> </ul>	<ul style="list-style-type: none"> <li>• become due.</li> <li>• Unspent conditional grants at year end.</li> <li>• Uncollected reporting to grant funders.</li> <li>• Reputation damage of the institution.</li> <li>• Community unrest with the service providers.</li> <li>• Lack of service delivery due to unpayment of service providers.</li> </ul>					Regulations are in place.					<ul style="list-style-type: none"> <li>• expenditures (30/09/2023).</li> <li>• Monitor implementation of Cost Containment Regulations to MANCO (On-going).</li> <li>• Council to adopt UIFW Expenditure Reduction Strategy for implementation (30/09/2023).</li> </ul>	<ul style="list-style-type: none"> <li>• Council to adopt UIFW Expenditure Reduction Strategy for implementation (31/12/2023).</li> </ul>		
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04	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	<b>Material impairment of debtors from exchange transactions (water and waste water).</b>	<ul style="list-style-type: none"> <li>High volume of outstanding debtors.</li> <li>Low debtors collection rate.</li> </ul>	<ul style="list-style-type: none"> <li>Negative audit opinion.</li> <li>Cash flow problems.</li> </ul>	<b>General Manager: Financial Services (CFO) (S Msibi)</b>	10	5	50%	Moderate	<ul style="list-style-type: none"> <li>Credit Control and Debt Management Policy is in place.</li> <li>Indigent Policy is in place.</li> <li>Indigent Register is in place.</li> <li>Debt Incentive Programme is currently in place (01 March to 31 May 2023).</li> <li>Debt write off processes are in place.</li> <li>Exception Reports</li> </ul>	40%	30%	Partially Effective	Low	<ul style="list-style-type: none"> <li>Process write-off of Indigent Debtors (30/06/2023).</li> <li>Process write-offs from Incentive Scheme (31/05/2023).</li> </ul>	<ul style="list-style-type: none"> <li>Process write-off of Indigent Debtors for 2023/24 financial year (30/06/2024).</li> <li>Process write-off from Debt Incentive Scheme for 2023/24 financial year (30/06/2024).</li> </ul>	Deputy General Manager: Revenue Management (NN Zungu)	30/06/2024
05	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial	<b>Material water distribution losses. (Norm is 15% to 30%).</b>	<ul style="list-style-type: none"> <li>Crime motivated by sale of scrap metals (e.g. copper cables that supply power to the facilities, plant, pump stations, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Negative audit opinion.</li> <li>Limited supply of water.</li> </ul>	<b>General Manager: Planning &amp; Development Services (TG Soko)</b>	9	10	90%	Very High	<ul style="list-style-type: none"> <li>Water Loss Management Implementation Plan is in place.</li> </ul>	43%	51%	Partially Effective	Moderate	<ul style="list-style-type: none"> <li>Finalise sourcing of funds (loan application from DBSA) to address water loss issues (31/12/2023).</li> </ul>	<ul style="list-style-type: none"> <li>Finalise sourcing of a loan (R 100 million) to address water distribution crisis (31/12/2023).</li> </ul>	Acting Deputy General Manager: Water Services Authority (L Ndwan-dwe)	31/12/2023

		l affairs of the municipality and its entities.		Vandalisation of water infrastructure by community. <ul style="list-style-type: none"> <li>Water leaks from illegal connections and ageing infrastructure.</li> <li>Lack of water meters (zonal meters).</li> </ul>															
06	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent	<b>Continuous disruption of electricity from Eskom supply (loadshedding)</b>	<ul style="list-style-type: none"> <li>Eskom loadshedding (national crisis).</li> <li>Aging Eskom infrastructure.</li> <li>Low Eskom's generation capacity to the national grid.</li> </ul>	<ul style="list-style-type: none"> <li>Negative effect to the production of water.</li> <li>Damages to water infrastructure due to power surge.</li> <li>High maintenance expenditure.</li> </ul>	<b>General Manager: Technical Services (TM Jele)</b>	9	9	81%	Very High	<ul style="list-style-type: none"> <li>Standby generator is in plant as a backup power supply.</li> <li>Maintenance plan is in place.</li> </ul>	20%	65%	Ineffective	High	<ul style="list-style-type: none"> <li>Procurement and installation of standby generators for all plants (30/06/2024).</li> <li>Procurement and installation of surge protectors for all mechanical and</li> </ul>	<ul style="list-style-type: none"> <li>Procurement and installation of Back-up Generators for all existing plants (30/06/2024).</li> <li>Procurement and installation of surge protectors for all mechanical and</li> </ul>	Deputy General Manager: Bulk (BS Ngubane)	30/06/2024  31/12/2023

		access to the municipal services that local communities are entitled to.												electrical infrastructure (31/12/2023).	electrical infrastructure (31/12/2023).				
07	KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	SO 5.1.4. Monitor, review and progressively improve service delivery performance through improvement of business processes and systems, performance auditing, risk management	<b>Business continuity risks e.g. cyberattacks, data loss, data breaches, unplanned outages, and interruptions to utility supply.</b>	<ul style="list-style-type: none"> <li>Inability to defend or recover on a timely basis from natural disasters or cyberattacks.</li> <li>Inadequate management of the firewall.</li> <li>Budget constraints to implement audit recommendations.</li> <li>No penetration testing</li> </ul>	<ul style="list-style-type: none"> <li>Loss of data.</li> <li>Disruptions and corruption of data.</li> <li>Exposure of sensitive data to outsiders.</li> <li>Unrestricted access from hackers.</li> </ul>	<b>General Manager: Corporate Services (MS Linda)</b>	9	9	81%	<b>Very High</b>	<ul style="list-style-type: none"> <li>ICT Steering Committee is in place.</li> <li>ICT Policy is in place.</li> <li>ICT KPIs are reported quarterly to the departmental scorecard.</li> <li>Antivirus software is installed in each computer.</li> <li>SLAs are in place with all system vendors.</li> <li>ICT Strategy is in place.</li> </ul>	80%	16%	<b>Effective</b>	<b>Low</b>	<ul style="list-style-type: none"> <li>Allocate budget resource of R2m to procure new firewall (30/09/2023).</li> <li>Regular communication and testing of disaster recovery procedures (30/09/2023).</li> <li>Fully migrate on-site</li> </ul>	<ul style="list-style-type: none"> <li>Installation, commissioning and support of a PABX with new generation of firewall (31/12/2023).</li> </ul>	Manager: Information & Communication Technology (ICT) (S Mthimkhulu)	31/12/2023



08	KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	SO 5.1.4. Monitor, review and progressively improve service delivery performance through improvement of business processes and systems, performance auditing, risk management and oversight.	<b>Service providers not compliant to the requirements of mSCOA.</b>	<ul style="list-style-type: none"> <li>Lack of understanding of the mSCOA project requirements.</li> <li>Ambitious targets set.</li> </ul>	<ul style="list-style-type: none"> <li>Delays in fully implementation of mSCOA as a business reform.</li> <li>Non-compliance with government circulars as issued by NT.</li> </ul>	<b>Chief Operations Officer (S Mosia)</b>	3	4	12%	Low	<ul style="list-style-type: none"> <li>Municipal Regulations on Standard Chart of Accounts (SCoA).</li> <li>MFMA Circulars as issued by NT.</li> <li>MSCOA Implementation Committee is in place.</li> <li>MSCOA Steering Committee is in place.</li> <li>ICT Steering Committee is in place.</li> <li>SLAs are in place for all system vendors.</li> </ul>	63%	4%	Effective	Low	<ul style="list-style-type: none"> <li>mSCOA Implementation Committee to develop roadmap to indicate how and by when the municipality become mSCOA compliant <b>(30/09/2023)</b>.</li> <li>mSCOA Steering Committee to meet quarterly to track the progress against the roadmap and take corrective action</li> </ul>	<ul style="list-style-type: none"> <li>The mSCOA Steering Committee to meet quarterly to receive and discuss recommendations from mSCOA Implementation Committee. <b>(Ongoing)</b>.</li> <li>The mSCOA Steering Committee to report annually to the Council the progress against the implementation of roadmap <b>(30/06/2024)</b>.</li> </ul>	Chief Operations Officer (S Mosia)	On-going 30/06/2024
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		as well as monitoring and implementation of consequence management.								receipts of goods. <ul style="list-style-type: none"> <li>• Code of Ethics are in place for all officials.</li> <li>• Disciplinary processes are in place.</li> <li>• Fraud Prevention Policy and Fraud Reporting Procedures are in place.</li> <li>• Risk Management Policy is in place.</li> <li>• Fraud Reporting hot-line is in place.</li> <li>• Risk Management Committee is in place.</li> </ul>				Assessment annual workshop (30/06/2024). <ul style="list-style-type: none"> <li>• Develop and implement internal Whistle Blowing Policy (30/06/2024).</li> </ul>				
10	KPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	SO 4.1.4. Systematic development and or review and monitoring	<b>Intentional theft/loss of municipal documents e.g. tender documents, BID records etc to avoid disciplinary proceedings.</b>	<ul style="list-style-type: none"> <li>• Collusion between officials and external parties to destroy or manipulate internal documents.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial loss.</li> <li>• Unsuccessful disciplinary proceedings of officials</li> </ul>	<b>General Manager: Corporate Services (MS Linda)</b>	9	6	54%	Moderate	<ul style="list-style-type: none"> <li>• Records Management Policy is in place.</li> <li>• Access controlled strong rooms (HR files and Bid document</li> </ul>	30%	38%	Ineffective	Moderate	<ul style="list-style-type: none"> <li>• Procure centralised electronic records management system</li> <li>• Procurement and installation on an electronic records, documents and</li> </ul>	Deputy General Manager: Corporate Services (MS Buthelezi)	31/03/2024



				<ul style="list-style-type: none"> <li>Poor maintenance of tourism attractions by local municipalities and Amafa.</li> <li>Poor tourism signage.</li> </ul>					EDTEA. <ul style="list-style-type: none"> <li>Local Economic Development Forum is in place.</li> <li>Partnership with provincial and national government.</li> <li><b>Tourism Strategy is in place</b></li> </ul>					s (31/05/2023).	and Tourism programmes (31/12/2023).				
1 2	KPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	SO 4.1.1. Effectively handling community enquiries and responding through an effective customer care service.	<b>Ineffective response strategy to address customer care logs.</b>	<ul style="list-style-type: none"> <li>Limited human resource within customer care section.</li> </ul>	<ul style="list-style-type: none"> <li>Delays in service delivery.</li> <li>Community protests.</li> </ul>	<b>Chief Operations Officer (S Mosia)</b>	3	9	27%	Low	<ul style="list-style-type: none"> <li>Newly established Integrated Complaints Management Committee.</li> <li>Technical team is in place to handle customer care issues.</li> </ul>	35%	18%	Partially Effective	Low	<ul style="list-style-type: none"> <li>Procure gadgets with SIZA installed for all supervisors of all technical teams responsible for customer queries (31/12/2023).</li> </ul>	<ul style="list-style-type: none"> <li>Allocate gadgets with SIZA system installed for all supervisors of all technical teams responsible for customer queries (31/12/2023).</li> </ul>	Chief Operations Officer (SP Mosia)	31/12/2023
1 3	KPA 06 - SPARTIAL PLANNING AND ENVIRONMENTAL MANAGEMENT	SO 6.1.1. Promoting integrated human settlements	<b>Uncoordinated spatial planning.</b>	<ul style="list-style-type: none"> <li>Lack of coordination with other municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>Expensive service delivery due to compact settlements</li> </ul>	<b>General Manager: Planning &amp; Development</b>	4	3	12%	Low	<ul style="list-style-type: none"> <li>District Spatial Development Framework.</li> <li>Inter-governmental</li> </ul>	81%	2%	Highly Effective	Low	<ul style="list-style-type: none"> <li>Revive District Development Model (DDM) Structures</li> </ul>	<ul style="list-style-type: none"> <li>Implement resolutions of Technical MUNIMES</li> </ul>	Acting Deputy General Manager: Planning Administration	31/12/2023

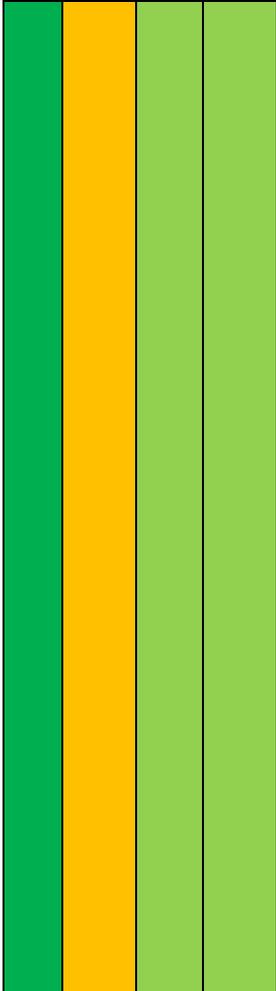
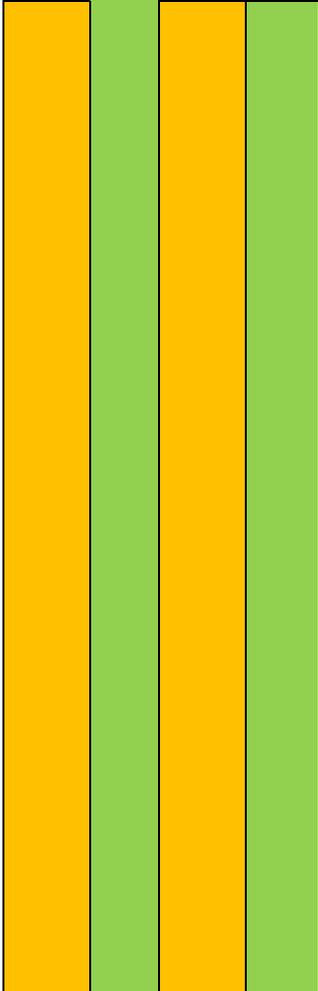
		using spatial development strategies, frameworks and policies.			ents • Non-compliance with applicable legislation. • Negative effect to the existing budget.	<b>Services (TG Soko)</b>					Relations (IGR) structures are in place. • Spatial Planning and Land Use Management Act (SPLUMA) is in place.					(31/12/2023).	Decision Matrix (31/12/2023).	(S Mtshali)	
14	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services	<b>Limited ability to respond to disaster incidents (floods, drought, fire veld, lightning and emergencies).</b>	<ul style="list-style-type: none"> <li>Limited refresher trainings provided to Disaster Practitioners and Fire Fighters.</li> <li>Limited vehicle equipment to adequately respond to disaster incidents.</li> <li>Staff shortage.</li> <li>Limited budget resources.</li> <li>Delays to repair emergency equipment through use of normal procurement process.</li> <li>No ZDM</li> </ul>	<ul style="list-style-type: none"> <li>Loss of life.</li> <li>Damages to infrastructure.</li> <li>Displacement of people.</li> <li>Informal settlements.</li> <li>Loss of livestock.</li> <li>Degradation of environment.</li> </ul>	<b>General Manager: Corporate Services (MS Linda)</b>	9	6	54%	<b>Moderate</b>	<ul style="list-style-type: none"> <li>Zululand District Disaster Advisory Forum is in place.</li> <li>District Coordinating Forum for Fire &amp; Rescue is in place.</li> <li>Budget allocation for disaster programmes.</li> </ul>	75%	14%	<b>Effective</b>	<b>Low</b>	<ul style="list-style-type: none"> <li>Conduct Community Awareness for prevention of disaster incidents (<b>On-going</b>).</li> <li>Mapping of potential disaster (30/09/2023).</li> <li>Appointment of panel of specialised service provide</li> </ul>	<ul style="list-style-type: none"> <li>Mapping of potential disaster incidents (31/03/2024).</li> <li>Appointment of a panel of service providers for provision of Fleet Management Services (31/12/2023).</li> <li>Finalise identification of site with Abaqulus</li> </ul>	Deputy General Manager: Disaster Management Services (F Lushaba)	31/03/2024 31/12/2023 30/06/2024

		that local communities are entitled to.		Disaster Centre.										rs to conduct repairs of emergency equipments (refer to Fleet management risk) (31/12/2023).	i Local Municipality to establish ZDM Disaster Management Centre (30/06/2024).			
15	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.1.1. Continuously managing all existing infrastructure capital assets to minimize the total cost of	<b>Lack of adequate water infrastructure to address backlogs on water provision.</b>	<ul style="list-style-type: none"> <li>Budget Constraints (insufficient grant allocation for capital projects)</li> <li>Unplanned settlements.</li> </ul>	<ul style="list-style-type: none"> <li>Threat of contracting diseases like cholera.</li> <li>High cost of water provision as an alternative model</li> </ul>	<b>General Manager: Planning &amp; Development Services (TG Soko)</b>	6	4	24%	Low	<ul style="list-style-type: none"> <li>Water Services Development Plan (WSDP) is in place.</li> <li>Business Plans are in place to apply for capital funding.</li> <li>MIG, WSIG allocations have</li> </ul>	75%	6%	Effective	Low	<ul style="list-style-type: none"> <li>Review Water Services Development Plan (WSDP) /strategy to address the prioritisation of rural areas</li> </ul>	None.	Acting Deputy General Manager: Water Services Authority (L Ndwan-dwe)

		owning and operating these assets. (Effective Asset Management, internal & community capacity building, collecting revenue, tariffs, monitoring & evaluation, environmental management).			e.g. water tankers. <ul style="list-style-type: none"> <li>Negative media publicity.</li> <li>Community unrest.</li> </ul>					been gazetted.					(30/09/2023).				
16	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.1.1. Continuously managing all existing infrastructure capital assets to minimize the	<b>Excessive use of water tankers to supply water to the community as an alternative method.</b>	<ul style="list-style-type: none"> <li>Backlog of water infrastructure.</li> <li>Water pumps and/or engine breakdowns.</li> <li>loadshedding.</li> <li>Lack of</li> </ul>	<ul style="list-style-type: none"> <li>Lack of water service delivery.</li> <li>Community unrest.</li> <li>High operating</li> </ul>	<b>General Manager: Technical Services (TM Jele)</b>	5	3	15%	Low	<ul style="list-style-type: none"> <li>IDP is in place.</li> <li>Strategy is in place to minimise downtime to repair water infrastructure schemes.</li> <li>Maintena</li> </ul>	55%	7%	Partially Effective	Low	<ul style="list-style-type: none"> <li>Additional budget allocation to eradicate backlog (31/05/2023).</li> <li>Procure</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement Water Tankers Reduction Strategy (30/06/2024).</li> </ul>	Deputy General Manager: M&E (O&M) (SM Mhlongo)	30/06/2024

		total cost of owning and operating these assets. (Effective Asset Management, internal & community capacity building, collecting revenue, tariffs, monitoring & evaluation, environmental management).		water sources for rudimentary supply systems. • Drought.	expenditure.					nce plan is in place. • Capital budget allocation.				ment of ZDM owned water tankers (30/06/2024)					
17	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.1.1. Continuously managing all existing infrastructure capital assets to	<b>Inadequate scope definition of construction projects.</b>	<ul style="list-style-type: none"> <li>Inadequate oversight during project scoping.</li> <li>Unclear project objectives.</li> <li>Ineffective change</li> </ul>	<ul style="list-style-type: none"> <li>Unnecessary variations of work.</li> <li>Disruptions of cash flow and</li> </ul>	<b>General Manager: Planning &amp; Development Services (TG Soko)</b>	4	3	12%	Low	<ul style="list-style-type: none"> <li>Project Design Review Committee that constitutes PMU; WSP; and O&amp;M is in place.</li> </ul>	25%	9%	Ineffective	Low	<ul style="list-style-type: none"> <li>Project Design Review Committee to sit quarterly to deal with all agenda</li> </ul>	<ul style="list-style-type: none"> <li>Project Design Review Committee to sit quarterly to deal with all agendas of specification</li> </ul>	Deputy General Manager: Project Management Unit (S Kheswa)	On-going/quarterly

		minimize the total cost of owning and operating these assets. (Effective Asset Management, internal & community capacity building, collecting revenue, tariffs, monitoring & evaluation, environmental management).		control process. • Inadequate communication on project specifications between PMU and WSP prior project approval.	expenditure management plan.										s of specific committee (On-going).	committee (On-going).			
18	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.1.1. Continuously managing all existing infrastructure capital	<b>Ageing or failure of water and sanitation infrastructure.</b>	<ul style="list-style-type: none"> <li>Limited budget allocation for maintenance of infrastructure assets.</li> <li>Insufficient</li> </ul>	<ul style="list-style-type: none"> <li>Negative service delivery.</li> <li>Community unrest.</li> </ul>	<b>General Manager: Technical Services (TM Jele)</b>	4	7	28%	Low	<ul style="list-style-type: none"> <li>Visual inspections (job cards) are in place.</li> <li><b>Maintenance plan</b></li> </ul>	47%	15%	<b>Partially Effective</b>	Low	<ul style="list-style-type: none"> <li>Develop maintenance plan of water and sanitation</li> </ul>	<ul style="list-style-type: none"> <li>Provide <u>additional</u> (budget adjustment) allocation to the original</li> </ul>	Deputy General Manager: Bulk (BS Ngubane)	31/03/2024

	<p>assets to minimize the total cost of owning and operating these assets. (Effective Asset Management, internal &amp; community capacity building, collecting revenue, tariffs, monitoring &amp; evaluation, environmental management).</p>		<p>funded maintenance plan.</p>	<ul style="list-style-type: none"> <li>• High maintenance cost.</li> </ul>			<p>is in place.</p>		<p>infrastructure (31/12/2023).</p>	<p>budget allocation for operations and maintenance (31/03/2024).</p>		
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19	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are entitled to.	<b>Illegal connections, theft and vandalism of water and sanitation infrastructure.</b>	<ul style="list-style-type: none"> <li>• Poverty living conditions.</li> <li>• Customers who are not yet connected into the existing services forcefully connecting to the network.</li> <li>• Negative behaviour of the community for not paying for government services.</li> <li>• Inadequate security.</li> </ul>	<ul style="list-style-type: none"> <li>• Service delivery protests.</li> <li>• Poor service delivery.</li> <li>• Water and sewerage service disruptions.</li> <li>• Water losses.</li> <li>• Wastage of financial resources on repairs of infrastructure.</li> <li>• Negative media coverage.</li> </ul>	<b>General Manager: Technical Services (TM Jele)</b>	5	9	45%	Moderate	<ul style="list-style-type: none"> <li>• Community meetings are conducted where illegal connections and vandalism would have occurred before fixing the vandalised infrastructure.</li> <li>• Criminal cases are opened with SAPS.</li> <li>• CAPEX Portfolio Committee is in place.</li> <li>• Water Service Bylaws are in place.</li> <li>• Credit Control Policy is in place.</li> <li>• Disconnection of illegal connection once identified.</li> </ul>	70%	14%	Effective	Low	<ul style="list-style-type: none"> <li>• Increase security personnel at areas that are prone to theft and where critical components are located (31/03/2024).</li> <li>• Budget allocation to put durable locks e.g. on manholes with valves and pumps (31/05/2023).</li> <li>• Fence off our properties to limit access (31/03/2024).</li> <li>• Create</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Care to develop a Community Outreach Awareness Programme (31/12/2023).</li> <li>• Create awareness about the impact of theft and the general water provision through the Mayor's radio slots (On-going)</li> </ul>	Manager: Customer Care (AT Mdletshe)	31/12/2023  On-going
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		nce with health and safety standards to improve employee working conditions and the public.		awareness on OHS issues.	<ul style="list-style-type: none"> <li>Possible loss of life and property.</li> <li>Exposure to uncond uve working environment which may lead to permanent illness.</li> </ul>	es (MS Linda)					<ul style="list-style-type: none"> <li>Training and appointment of SHE representatives and First Aiders.</li> <li>Training of new recruited staff.</li> </ul>				mmes to staff members (On-going).	<ul style="list-style-type: none"> <li>Increase OHS staff establishment to meet deadlines (31/03/2024).</li> </ul>	meet set deadlines (31/03/2024).	s (MS Buthelezi)	
22	KPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	SO 4.1.4. Systematic development and or review and monitoring implementation of all municipal policies, bylaws, strategies, plans and frameworks in line with	<b>Abuse of municipal vehicles and ZDM owned water tankers.</b>	<ul style="list-style-type: none"> <li>Reckless driving by internal employed staff members.</li> <li>Use of municipal vehicles by drivers for their personal gain.</li> <li>No fleet management system for ZDM owned vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>High vehicle maintenance expenditure.</li> <li>Compromise service delivery.</li> </ul>	General Manager: Corporate Services (MS Linda)	6	9	54%	Moderate	<ul style="list-style-type: none"> <li>Fleet Management Policy is in place.</li> <li>Fleet Management Monthly Reports are being reviewed.</li> <li>Tracker system is in place.</li> <li>Drivers undergo driving test and issue Competency Certificates.</li> </ul>	80%	11%	Effective	Low	<ul style="list-style-type: none"> <li>Procure Fleet Management System for ZDM owned vehicles (31/12/2023).</li> <li>Appointment panel of service providers to conduct repairs of vehicles and emerge</li> </ul>	<ul style="list-style-type: none"> <li>Appointment of a panel of service providers for provision of Fleet Management Services (31/12/2023).</li> </ul>	Manager: Fleet Management (ZS Ngubane)	31/12/2023



2 4	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.3. Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance.	<b>Inability to prepare and implement unfunded budget.</b>	<ul style="list-style-type: none"> <li>• Use of incremental budget method instead of zero-based budgeting method.</li> <li>• Non implementation of procurement planning.</li> <li>• Excessive commitments/awards above approved budget.</li> <li>• Funding of Ad hoc projects/emergency projects not budget for.</li> <li>• Use of ring-fenced grants for other purposes.</li> <li>• High volume of creditors at beginning of the year.</li> </ul>	<ul style="list-style-type: none"> <li>• Unauthorised expenditure.</li> </ul>	<b>General Manager: Financial Services (CFO) (S Msibi)</b>	5	5	25%	Low	<ul style="list-style-type: none"> <li>• Budget and Reporting Regulations are in place.</li> <li>• Budget Policy is in place.</li> <li>• Monthly Budget Reconciliation</li> <li>• Adequate budget human resource structure is in place.</li> <li>• Budget Reporting template from National Treasury is in place.</li> <li>• Budget Steering Committee is functional.</li> <li>•</li> </ul>	80%	5%	Effective	Low	<ul style="list-style-type: none"> <li>• Table MFMA S52(d) Report to Council (Quarterly).</li> <li>• Develop Budget Funding Plan for implementation based on outcome from Mid-Year Budget Assessment for the financial year 2023/24 (31/01/2024).</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Budget &amp; Financial Reporting (L Buthelezi)</li> </ul>	31/01/2024
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2 5	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	<b>Completeness of data information on Customer Masterfile (Internal Audit report)</b>	<ul style="list-style-type: none"> <li>Outdated Valuation roll from Deeds Office.</li> </ul>	<ul style="list-style-type: none"> <li>Affects debt collection rate.</li> <li>Outdated Customer Masterfile.</li> <li>Negative audit outcome.</li> </ul>	<b>General Manager: Financial Services (S Msibi)</b>	6	3	18%	Low	<ul style="list-style-type: none"> <li>Regular update of customer information during customer walk-ins (Ongoing)</li> </ul>	55%	8%	Partially Effective	Low	<ul style="list-style-type: none"> <li>Liaise with GIS section to compare customer data information and update un-matching information (Bi-annual)</li> <li>Liaise with GIS section to compare customer data information and update un-matching information (Bi-annual)</li> </ul>	<ul style="list-style-type: none"> <li>Liaise with GIS section to compare customer data information and update un-matching information (Bi-annual or 31/12/2023).</li> <li>ZDM to appoint Independent Property Valuer to conduct property valuation of all identified properties and update Customer Masterfile (30/06/2024).</li> </ul>	Deputy General Manager: Revenue Management (NN Zungu)	31/12/2023  30/06/2024
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## J. THIRD TIER ORGANIZATIONAL STRUCTURE

BUTHELEZI	MINENHLE SIKHOMBISO	DEPUTY DIRECTOR- CORPORATE
BUTHELEZI	PHILASANDE WENDY	MANAGER: ANNUAL FINANCIAL STA
BUTHELEZI	LUNGISANI MBONGISENI	MANAGER: FIN SUPPORT& BUDGET
ZULU	SINENHLANHLA NIKEZIWE	MANAGER: EXPENDITURE
MNYANDU	PHAKAMANI ZAMANI	MANAGER: ASSETS
DLADLA	THULISIWE THANDANANI	MANAGER: INCOME
DLOMO	MBONISENI KHANYISANI	MANAGER: INTERNAL AUDIT
VAN ONNA	MICHELLE	MANAGER: AIRPORT
NGUBANE	SAYINANI ZANAZO	MANAGER: FLEET
GUMEDE	REEVES TRAVIS MBONENI	DEP DIRECTOR: ARTS & CULTURE
KHESWA	SIYABONGA	DEPUTY DIRECTOR PMU
KHUMALO	DUMISANE ARCHIBALD	MANAGER TOURISM
KWEYAMA	KHULEKANI MAURICE	MANAGER: COUNCIL SPT&SECRETAR
LUSHABA	ANDRIAS FELOKWAKHE	DEPUTY DIRECTOR: DISASTER&FM
MAKHATHINI	SIBUSISIWE	DEPUTY DIRECTOR: EXPENDITURE
MASINGA	THOKOZANI PERCYVAL	MANAGER: SUPPLY CHAIN MNGMNT
ZULU	THEMBINKOSI SIKHOMBISO	MANAGER: SUPPLY CHAIN MNGMNT
MDLALOSE	THOBELINKOSI DOCTOR	MANAGER: OPERATION & MAINTENAN
MHLONGO	SIMO MAXWELL	DEPUTY DIRECTOR: MON & EVAL
NTULI	NOMBULELO BERYL	DEPUTY DIRECTOR: RESEARCH & POLIC
MOSIA	SIBONGISENI PHILANI	CHIEF OPERATING OFFICER
MTHETHWA	ZANELE DEBORAH	MANAGER- COMMUNICATIONS
MTHIMKHULU	SIPHESIHLE THANDUXOLO GODS	MANAGER: INFORMATION & COMMTEC
NGCOBO	MLUNGISI SIBONGAKONKE	DEPUTY DIRECTOR: PLANNING
MTSHALI	SIBUSISO	DEPUTY DIRECTOR: PLANNING
MOSIEA	NOMFUNDO SIJABULILE	DEPUTY DIRECTOR: WSA
NGUBANE	BERNARD SIZWE	DEPUTY DIRECTOR: SOUTH
MAZIBUKO	SIYAMDUMISA LLOYD	DEPUTY DIRECTOR: NORTH

SHELEMBE	SIBUSISIWE NOMPUMELELO	MANAGER-LEGAL COMPLIANCE
NTANZI	PHUMZILE ZAMANGWENYA	DEPUTY DIRECTOR: SATELLITTE
SHOBEDE	HOPEWELL NTOKOZO MLAMULI	MANAGER: OPERATION & MANINTENAC
SIBIYA	THOBILE PRUDENCE	DEP DIR: MAYORAL SUPPORT
NXUMALO	MDUDUZI LANCELOT	MANAGER: MAYORAL SUPPORT
MDLETSHE	ALSON THOLUMUZI	MANAGER: CUSTOMER CARE
SIBIYA	THENJIWE DELISIWE	DEPUTY CHIEF FINANCIAL OFFIC
SIBIYA	BONGANI CYPRIAN	DEPUTY DIRECTOR: STAKEHOLDER
MASONDO	THEMBA ANDRIESON	DEPUTY DIRECTOR: SPECIAL PROGRMS
XABA	ZEBLON MOSES	MANAGER WATER & SANITATION
ZONDI	FANELESIBONGE KHETHOKUHLE	MANAGER: PERFORMANCE MAN SYST
ZULU	SIBUSISO BUSIZWE	DEP. DIRECTOR: LED COMMUNITY
ZUNGU	NQOBILE NKOSINOTHANDO	DEPUTY CHIEF FINANCIAL OFFIC
ZWANE	BHEKI SIMON	DEPUTY DIRECTOR: SPORTS
MABIKA	THULANE GOODENOUGH	MANAGER WATER & SANITATION
CELE	HLENGIWE NOTHANDO	MANAGER: OPERATION & MAINTENAN
NGOBESA	SIBUSISO DAVID	MANAGER: OPERATION & MAINTENAN
ZWANE	NQUBEKO SPHESONKE	MANAGER: OPERATION & MAINTENAN

