



Zululand
District Municipality

ANNUAL REPORT

2022/2023



1. ABOUT THIS ANNUAL REPORT	7
2. FOREWORDS	8
2.1. MESSAGE FROM HIS WORSHIP THE MAYOR	8
2.2. STATEMENT BY THE ACCOUNTING OFFICER	10
3. CHAPTER 1 –PROFILE OF THE ZULULAND DISTRICT MUNICIPALITY	12
3.1. MUNICIPAL FUNCTIONS	9
3.2. DEMOGRAPHIC PROFILE	12
3.3. SOCIO PROFILE.....	15
3.4. IMPACT OF HIV/AIDS	15
4. THE ZULULAND DISTRICT ECONOMY.....	16
4.1. INFRASTRUCTURE PROFILE	16
<i>Human Settlements.....</i>	<i>16</i>
<i>Municipal District Roads.....</i>	<i>18</i>
<i>Rail Transportation</i>	<i>20</i>
<i>Civil Aviation.....</i>	<i>20</i>
4.2. SUMMATIVE KEY CHALLENGES LIST	20
5. CHAPTER 2 – GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT	22
5.1. POLITICAL GOVERNANCE ORGANOGRAM	22
5.2. ADMINISTRATIVE GOVERNANCE	24
<i>Human Resources</i>	<i>24</i>
<i>Organizational Personnel Related Expenditure.....</i>	<i>25</i>
<i>Remuneration Packages of the Senior Managers.....</i>	<i>26</i>
<i>Employment and Vacancies</i>	<i>26</i>
<i>Senior Manager Appointments.....</i>	<i>26</i>
<i>Signing of Performance Agreements</i>	<i>26</i>
<i>Performance Rewards</i>	<i>27</i>
<i>Measuring of Performance for other levels of employees</i>	<i>27</i>
<i>Job Evaluations.....</i>	<i>27</i>
<i>Employment Changes.....</i>	<i>27</i>
<i>Employment Equity</i>	<i>28</i>
<i>Leave Utilization and Trends.....</i>	<i>28</i>
<i>Labour Relations.....</i>	<i>29</i>
<i>Skills Development & Capacity Building.....</i>	<i>29</i>
<i>Financial Policies</i>	<i>30</i>
5.3. PERFORMANCE MANAGEMENT	32
5.4. AUDITING AND OVERSIGHT	32
5.4.1. AUDIT OUTCOME	32
<i>Internal Audit.....</i>	<i>34</i>
<i>Audit and Performance Management Committee.....</i>	<i>34</i>
<i>Oversight Committee.....</i>	<i>35</i>
5.5. RISK MANAGEMENT	35

5.6.	ANTI-CORRUPTION AND FRAUD	35
5.7.	CODE OF CONDUCT	36
5.8.	SUPPLY CHAIN MANAGEMENT	36
5.9.	UNAUTHORISED, IRREGULAR FRUITLESS AND WASTEFUL EXPENDITURE	36
5.10.	INTERGOVERNMENTAL RELATIONS	38
6.	CHAPTER 3 – STRATEGIC PRIORITIES.....	40
7.	CHAPTER 4 – SERVICE DELIVERY PERFORMANCE ANALYSIS FOR THE FINANCIAL YEAR 2022/2023	47
7.1.	INFRASTRUCTURE & SERVICE DELIVERY PERFORMANCE	49
	<i>Service Levels</i>	49
	<i>Water Provision</i>	49
	<i>Water Backlog Analysis</i>	49
	<i>Sanitation Provision</i>	50
	<i>Sanitation Backlog</i>	50
	<i>Customer Care</i>	50
	<i>Operations & Maintenance</i>	51
7.2.	MUNICIPAL DISTRICT AIRPORTS	54
	<i>Challenges</i>	55
7.3.	DISASTER MANAGEMENT	55
	<i>Status of Disaster Management Capacity/ Centre</i>	56
	<i>Zululand District Disaster Advisory Committee (DDMAC)</i>	56
	<i>Projects Implemented for Year Under Review</i>	57
7.4.	LOCAL ECONOMIC DEVELOPMENT	60
7.5.	MUNICIPAL HEALTH.....	68
7.6.	DEMOCRACY AND GOVERNANCE PERFORMANCE	74
	<i>General Assessment Summary on Compliance</i>	74
7.7.	SPATIAL AND ENVIRONMENTAL MANAGEMENT PERFORMANCE	75
	<i>Joint Municipal Planning Tribunal</i>	75
7.8.	PERFORMANCE AGAINST GOVERNMENT LED PROGRAMMES	76
	<i>Free Basic Services and Indigent Support</i>	76
	<i>Expanded Public Works Programme (EPWP)</i>	76
8.	CHAPTER 5 – OVERVIEW OF FINANCIAL PERFORMANCE.....	78
8.1.	STATEMENT OF FINANCIAL PERFORMANCE	78
9.	APPENDICES.....	85
A.	AUDITED ANNUAL FINANCIAL STATEMENTS	86
B.	REPORT AND OPINION OF THE AUDITOR GENERAL.....	169
C.	AUDIT ACTION PLAN	191
D.	ANNUAL PERFORMANCE REPORT	204
E.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY	228
F.	REPORT OF THE AUDIT COMMITTEE	229
G.	KEY WATER AND SANITATION PROJECTS.....	233
H.	COUNCILLOR PERFORMANCE	238
I.	LONG TERM CONTRACTS 2022-2023	249
J.	3RD TIER ADMINISTRATION MANAGERS LISTING.....	251

Table 2	Access to services
Table 3	Access to electricity
Table 4	Road infrastructure backlogs
Table 5	Road infrastructure assets
Table 6	Paved road network
Table 7	Capital investment needed to repair the paved road network by local municipality
Table 8	Unpaved road network
Table 9	Capital investment needed to repair the unpaved road network by local municipality
Table 10	Portfolio Committee performance
Table 11	Council and EXCO Meeting performance
Table 12	Benefits paid to employees
Table 13	Remuneration of Senior Managers
Table 14	Posts and vacancy 3-year comparison
Table 15	Sick and Annual leave per employee category; state of accrued leave
Table 16	Disciplinary issues
Table 17	Employees trained including expenditure
Table 18	Audit and Performance Committee Members
Table 19	Meetings of the Audit Committee
Table 20	Organizational Risk Management
Table 21	Quotations and deviations
Table 22	Prince Mangosuthu Airport Flights and passenger statistics
Table 23	ZDM Disaster Management IGR Meetings
Table 24	Disaster Occurrences by type
Table 25	Operating revenue performance
Table 26	Schedule of conditional grants received
Table 27	Operating expenditure performance
Table 28	Fruitless and wasteful expenditure
Table 29	Current ratio on performance
Table 30	Arrears on municipal taxes and service charges
Table 31	Revenue collection performance by vote
Table 32	Total revenue
Table 33	Debtors age analysis

<i>Figure 1</i>	<i>Local Municipality population comparison between 2011-2016</i>	9
Figure 2	District population.....	10
Figure 3	District population 0-14 age group.....	10
Figure 4	Percentage district population 15-34 age group.....	11
Figure 5	District population 15-34 age group.....	11
Figure 6	Local Municipality general labour indicator comparison.....	12
Figure 7	Households per Local Municipality.....	14
Figure 8	Organizational personnel related expenditure.....	22

Figure 9 Occupational Levels (Gender and Race).....	25
Figure 10 Fruitless and wasteful expenditure.....	34
Figure 11 Irregular expenditure.....	34
Figure 12 Performance comparison in %.....	44
Figure 13 Water backlog trends	46
Figure 14 Sanitation backlog trends	47
Figure 15 High Level Disaster Management Organogram	53
Figure 16 IDP Process Plan Timetable.....	72

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 2022 to 30 June 2023**.

2. FOREWORDS



2.1. MESSAGE FROM HIS WORSHIP THE MAYOR

I am very pleased to present the Annual Report for the Zululand District Municipality, for the year 2022/23. This has been a period where the Municipality has maintained and continued to focus on its promise of service delivery. This is evident in this report as it highlights the achievements and challenges experienced by the Municipality for the year under review.

The Municipality takes pride in serving its community. Good governance and every decision taken, is in the best interest of the Zululand District people. The challenges that we are experiencing are not unique to Zululand Municipality, but I am very confident that with the collective wisdom of current Council, leadership and staff, these challenges are not invincible.

We continue to prioritise provision of clean water and access to sanitation in the district and there have been a good progress, as we aim for all households to have taps with drinkable water.

For the challenges we are facing, efforts and measures are already in place to improve performance in all areas - particularly the ageing of infrastructure and the limited ability to generate and collect our own revenue.

It is important to note that the Zululand District Municipality was able to improve its performance from the previous cycle. The performance of the Municipality was previously at 81% and now at 91%. These are great results due to additional funding that the Municipality was able to obtain and also due to the collaborative dedication of management, staff, and political leadership. Because of this, the residents of the district have benefited from numerous significant projects that were started and completed during the fiscal year. We will continue to regularly analyse our performance and put on a special focus in monitoring controls in all the Municipality's departments, to enhance service delivery.

Local economic development is one of the key performance areas of the Municipality and we continue to promote this as Constitutional responsibility. Economic growth has been slow in the recent past, as unemployment and poverty is still high. We have launched and collaborated in numerous projects to meet LED targets that are aligned to the national and provincial priorities. The partnership with the University of KwaZulu-Natal has capacitated 1287 youth in agriculture in soil analysis, from five local municipalities. We have a fully fledged ZDM LED forum that is operational, and which seeks to monitor the implementation of all projects implemented in the district.

This report displays that efforts are made, and decisions are taken to meet and sustain community needs at all levels, to empower community members and to service the community through integrity.

The achievement of service delivery targets and deliverables requires to be viewed together with the municipality's financial performance and our ability to comply with municipal legislation.

This report is therefore intended to attest to the collective efforts of the municipal administration and Council to progressively address the expectations of the ZDM community. As a local government we will always be evaluated by our ability to meet the growing needs of our residents through rendering quality services, promoting economic development, fiscal discipline, ensuring that we govern effectively and facilitating the growth of our municipality.

I would like to thank amaKhosi, Council of Zululand District Municipality, Executive Members of Council, the various Portfolio Committees, the Municipal Public Accounts Committee, the Audit Performance Committee, and management of the municipality and all the employees of the Zululand District Municipality. The Municipality's success and achievements articulated on this report, demonstrate your efforts and commitment to improving the lives of the people of Zululand District through service delivery.

It is still our dream to be the best performing municipality in the country. Trust us to deliver!



CLLR T.D. BUTHELEZI
HONOURABLE MAYOR: ZULULAND DISTRICT MUNICIPALITY



2.2. STATEMENT BY THE ACCOUNTING OFFICER

Accomplishments, challenges, and attainments of the Zululand District Municipalities are evident on this Annual Report. It is visible that our Municipality continues to deliver basic services to the community. We pride ourselves in succeeding in transforming the lives of our communities who now have access to good quality water and sanitation.

The unqualified audit opinion we received is proof of good governance rooted in exemplary collaboration of the Council, management, and staff. We are still facing historical issues in finance but will not tire from working hard to meet our goal of receiving a clean audit.

I am very proud that for the financial year of 2022/2023 we didn't only meet our target, but we also improved our performance from 81% to 91%. The performance trend in all our key performance areas improved. It is worth mentioning that the best performing area is Municipal Transformation and Organisational Development which achieved 96% from 72%. Compliance with health and safety standards to improve employee working conditions and the public was achieved by environmental health practises. Proper coordination of EPWP was noted and proven by achieving awards. Workforce productivity was achieved by successful coordination of standing committees like portfolio committees, audit committee, exco and council. Basic Service Delivery and Good Governance & Public Participation's performance is at 90%. It is also worth mentioning that Municipal Financial Viability improved from 60% to 87.5%.

The Municipality's stellar performance continues to benefit the residents of the Zululand District from the completed projects during the fiscal year. We regularly analyse our performance to monitor service delivery, as a result there is a special focus on monitoring controls in all of the Municipality's departments, in order to address the backlog challenges we are facing in some of our projects.

The District has made significant stride to achieve the 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 Service Delivery & Budget Implementation Plan (SDBIP) approved by the Council for the year under review.

The work and progress evident 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 Performance Committee, management, and all employees of the Zululand District 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.

I continue to commit myself in steering the ship towards fulfilling the needs of the community of the Zululand District Municipality, delivering services to the people, and advocating for good governance. We march onward and forward with our promise of service delivery through integrity.



MR. RN HLONGWA
MUNICIPAL MANAGER

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.

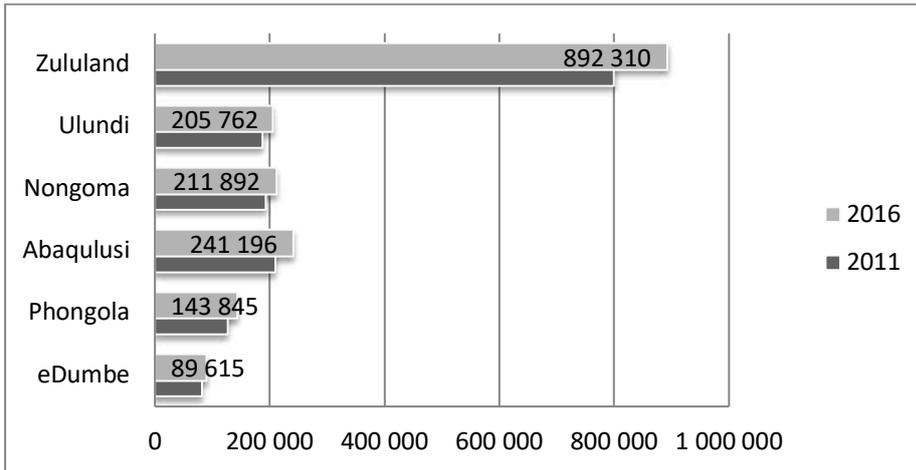
According to Section 84. (1) A district municipality has the following functions and powers:

- (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.

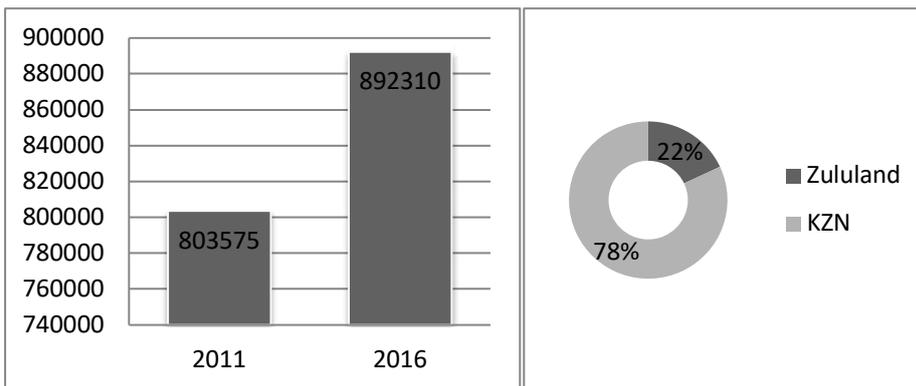
Figure 1 Local Municipality population comparison between 2011-2016



According to Census 2016 figures, Zululand District experienced an increase in its total population figures from 803 575 in 2011, to 892 310 in 2016.

Most of the district's **population** in 2016 resides in Abaqulusi (241 196), Nongoma (211 892) and Ulundi (205 762) local municipalities. The smallest population is recorded as 89 615 for eDumbe. In terms of percentage contribution, Abaqulusi contributes the highest percentage (27.5%) towards Zululand's population, followed by Nongoma and Ulundi with 23.8% and 23.1%, respectively.

Figure 2 District population

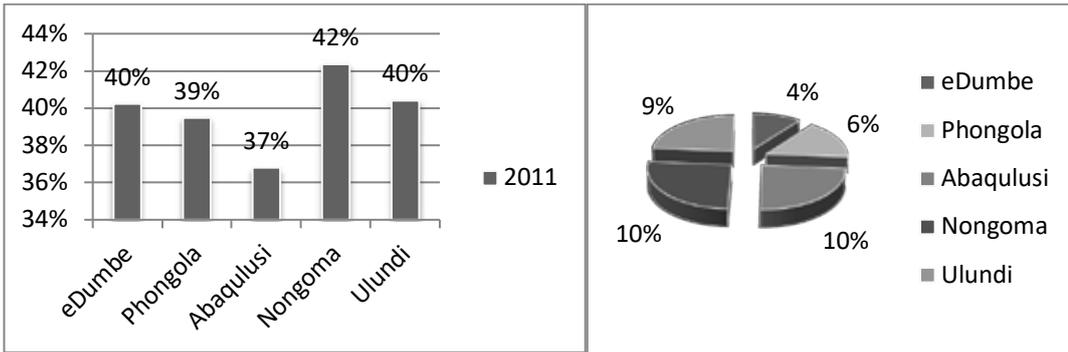


According to census, the population in the Zululand District Municipality grew by 1.45% in 2011 from 803,535 to 892,310 in 2016.

Between 2011 and 2016, the Zululand growth rate rose from 1.2% to 1.4% which is on par with its neighbouring districts.

The Zululand District Municipality contributes 22% to the provinces population.

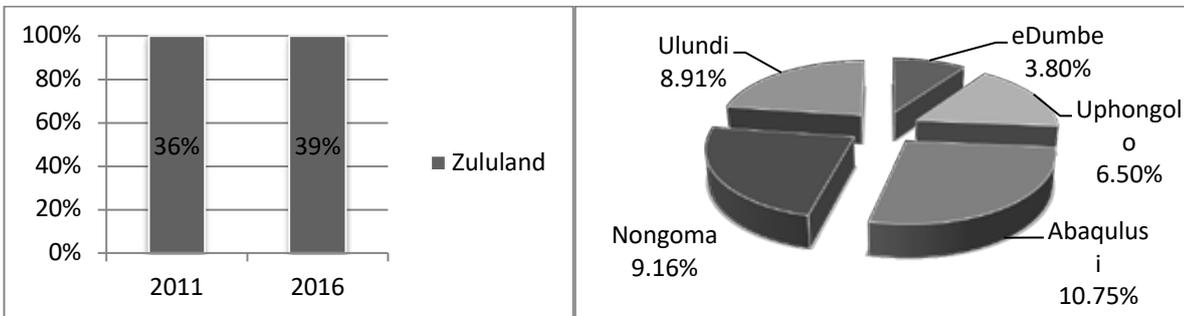
Figure 3 District population 0-14 age group



In 2011 40% of the Zululand population belonged to the age-group 0-14 years.

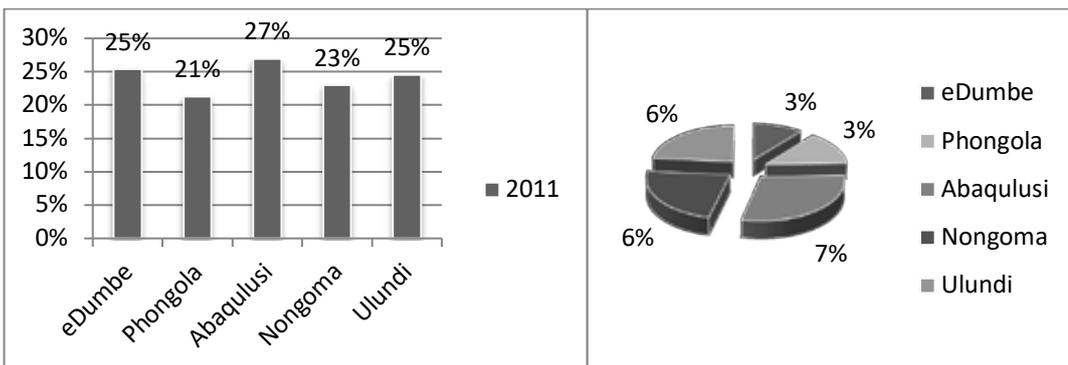
42% of the population in Nongoma belongs to this age group followed by Ulundi and Edumbe. Ophongolo has 39% with Abaqulusi at 37%. Nongoma (10%), Abaqulusi (10%) and Ulundi (9%) contribute the highest to the 0-14 age-group in the district.

Figure 4 Percentage district population 15-34 age group



Between 2011 and 2016, the age group 15-34 or youth increased from 36% to 39%. In 2016, Abaqulusi contributes the largest percentage of youth to the district with 10.75%. Nongoma and Ulundi follows closely at 9.16% and 8.91% respectively. oPhongolo(6.50%) and eDumbe(3.80%) contributes the smallest.

Figure 5 District population 15-34 age group



Adults contribute 24% to the Zululand District population.

27% of Abaqulusi’s population is adults followed by eDumbe and Ulundi at 25%. Nongoma contributes 23% and oPhongolo 21% respectively. Abaqulusi (7%), Nongoma (6%) and Ulundi (6%) contribute the most to the district population in terms of this age group.

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.

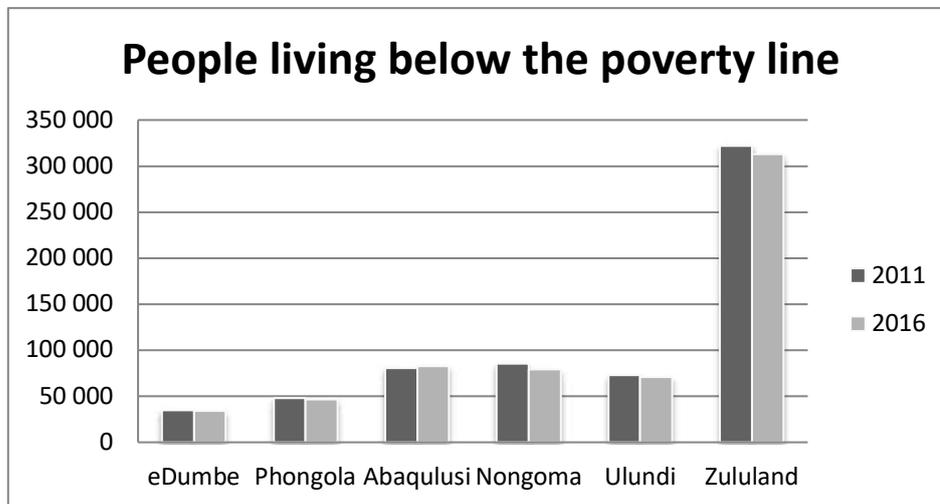
On the same scale Abaqulusi has the largest unemployment rate at 30.5% followed by eDumbe (25.7%); Ulundi(22.7%). The lowest unemployment rate is recorded by Nongoma at 17.6%.

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 6 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 **178,516 households** across the Zululand District Municipality. This is less than 10% of total households in the whole of KwaZulu Natal. About **32.3 % (57,702)** of these dwellings in the Zululand District Municipality are classified as traditional. **53.8% (96,091)** of the households in the Zululand District Municipality are headed by women which is 10% higher than the rate in KZN.

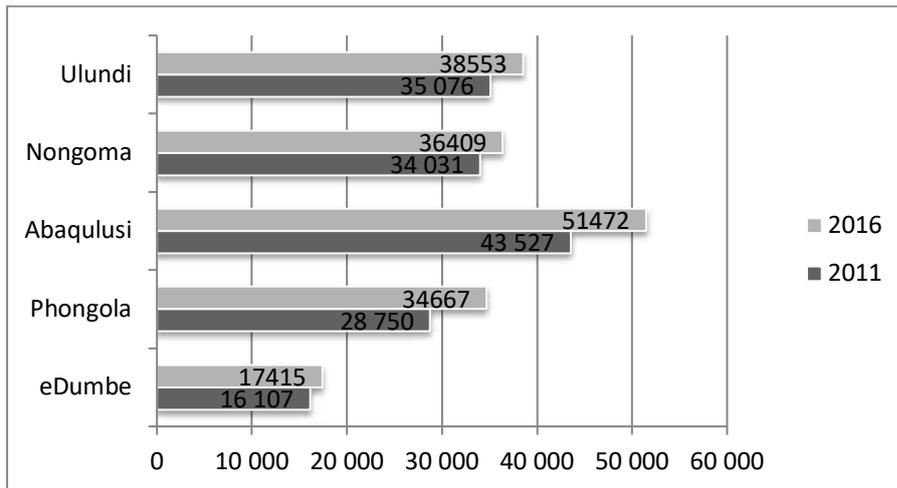


Figure 7 Households per Local Municipality

The majority of the households are in the area of Abaqulusi (51,472) followed by Ulundi (38,553), Nongoma (36,409), oPhongolo (34,667) and eDumbe (16,107).

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.

Table 2 Access to services

Municipality	Water		Sanitation		Electricity	
	2011	2016	2011	2016	2011	2016
	Households serviced					
Abaqulusi	30 604	37 418	25 590	27 200	31 223	11 709
eDumbe	10 400	10 738	11 570	11 221	10 127	41 400
Nongoma	9 435	7 518	12 088	17 106	21 851	23 256
Ulundi	18 513	23 283	20 988	12 808	25 825	25 825
uPhongolo	15 026	24 791	12 334	10 674	21 004	87 185

Source: Statistics SA, Community Survey 2016

Between 2011 and 2016, more than 9000 households received access to water. During the same period, more than 1600 households received access to sanitation. Improvement percentages in water access were found oPhongolo, Abaqulusi and Ulundi while vast improvement for sanitation is recorded in Nongoma and Abaqulusi.

On access to electricity Nongoma recorded the most improvement.

Table 3 Access to electricity

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

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
Abaqulusi	11709	257 598 000
eDumbe	13275	292 050 000
Nongoma	13153	289 366 000
Ulundi	12728	280 016 000
oPhongolo	25949	570 878 000
Total	76814	1 689 908 000

Municipal District Roads

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

Table 4 Road infrastructure backlogs

<i>Authority</i>	<i>Paved Roads (km)</i>	<i>Unpaved Roads(km)</i>	<i>Total(km)</i>
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
Total	389.77	2703.3	3 093.07

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 5 Road infrastructure assets

Unpaved Roads	Paved Roads	Traffic Count Stations	Bridges	Culverts	Ancillary Assets
2703.3	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 6 Paved road network

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

Source: RRAMS 2021

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

Table 7 Capital investment needed to repair the paved road network by local municipality

Local Municipality	Replacement Value
Abaqulusi LM	R183 040 000.00
eDumbe LM	R85 030 000.00
Nongoma LM	R32 340 000.00
Ulundi LM	R223 960 000.00
uPhongolo LM	R105 050 000.00

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 8 Unpaved road network

Local Municipality	UnPaved Road Network Condition					
	Very Good	Good	Fair	Poor	Very Poor	Length (km)
Abaqulusi LM	4.29	5.2	20.05	34.07	36.4	633.97
eDumbe LM	31.12	1.97	14.05	23.74	29.12	157.66
Nongoma LM	0.03	4.03	8.17	9.18	78.59	417.29
Ulundi LM	5.08	7.9	23.22	16.13	47.68	452.88
uPhongolo LM	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 9 Capital investment needed to repair the unpaved road network by local municipality

Local Municipality	Current Replacement Value
Abaqulusi LM	R 7 463 747.98
eDumbe LM	R 5 363 879.60
Nongoma LM	R 4 021 513.12
Ulundi LM	R 6 542 278.82
uPhongolo LM	R 2 740 626.15

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 is 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

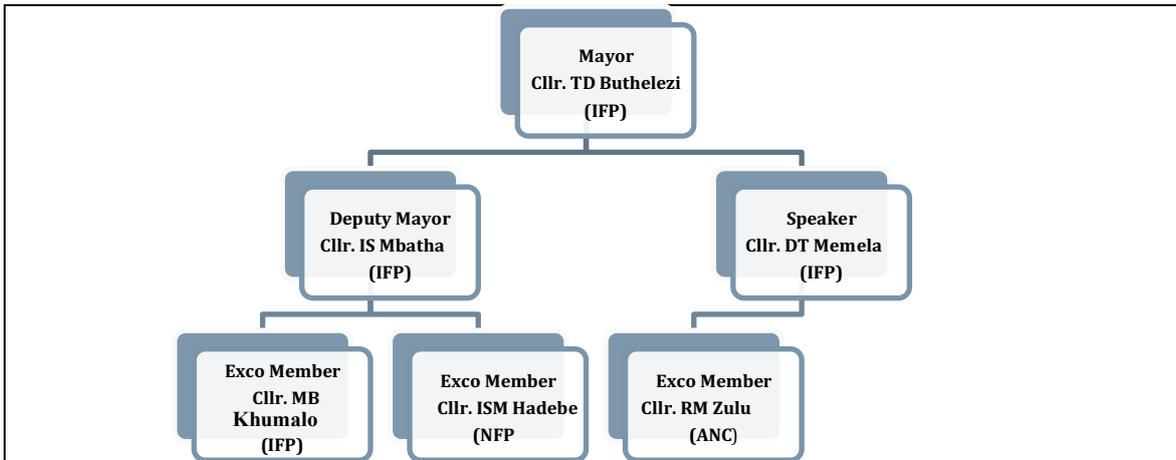
- Maintain functionality of Council structures
- Maintenance of EDMS system (collaborator) thereby ensuring accurate record keeping.
- Ongoing support to the LED sub-forums to continue functioning.
- Maintenance and continual improvement of GIS system.
- Ensure continued compliance with legal financial 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 production 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 10 Portfolio Committee performance

Chairperson	Description	Date
Cllr. TD Buthelezi	Finance Portfolio Committee	28.08.2022
		19.10.2022
		28.03.2023
		18.05.2023
		23.05.2023
Cllr. TD Buthelezi (Jul 2022-Feb 2023)	Technical Services Portfolio Committee	01.07.2022
		27.09.2022
		14.03.2023
Cllr.SI Mbatha (Feb 2023 – Jun 2023)		08.06.2023
Cllr. TD Ndlovu (Jul 2022-Jan 2023)	Corporate Services Portfolio Committee	14.09.2022
		25.11.2022
Cllr NP Ndlela (Feb 2023 -Jun 2023)		02.03.2023
		18.04.2023

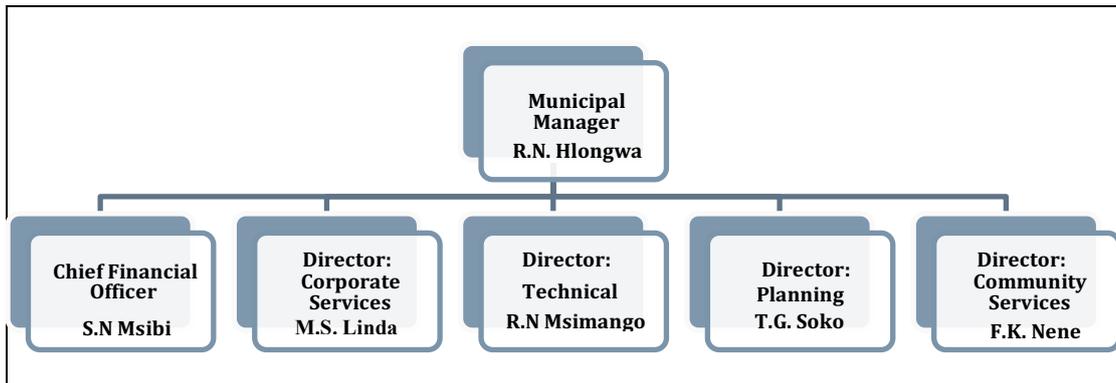
Cllr NP Ndlela (Jul 2022- Feb 2023)	Planning Services Portfolio Committee	16.08.2022
Cllr SI Mbatha (Feb 2023 -Jun 2023)		01.12.2022
		14.03.2023
		16.05.2023
Cllr ISM Hadebe	Community Services Portfolio Committee	22.09.2022
		18.10.2022
		07.03.2023
		14.06.2023
Cllr S Shelembe	Municipal Public Accounts Committee	19.07.2022
		23.08.2022
		10.10.2022
		14.02.2023
		24.03.2023
		16.05.2023
Cllr MP Williams	Local Labour Forum	19.08.2022
		25.11.2022
		10.03.2023
		13.04.2023

Table 11 Council and EXCO Meeting performance

COUNCIL AND EXCO MEETINGS	2021/22	2022/23	
	Number of meetings:	Number of meetings:	Dates:
EXCO	11	15	21/07/2022; 26/07/2022; 30/08/2022; 30/09/2022; 24/10/2022; 08/11/2022; 29/11/2022; 20/12/2022; 25/01/2023; 22/02/2023; 28/02/2023; 29/03/2023; 26/04/2023; 23/05/2023; 30/06/2023;
FULL COUNCIL	16	13	15/07/2022; 22/07/2022;28/07/2023; 30/08/2022; 31/10/2022; 10/11/2022; 29/11/2022; 20/12/2022; 31/01/2023; 28/02/2023; 29/03/2023; 26/05/2023;30/06/2023

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

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.

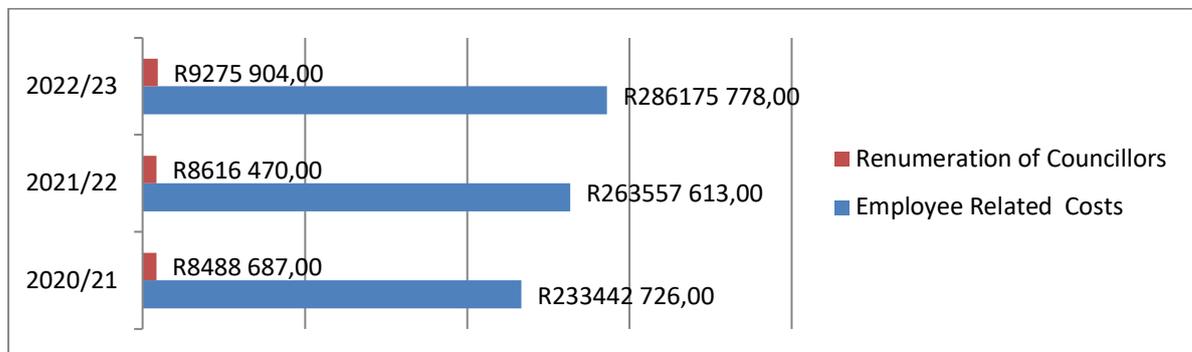
The Department has 2 divisions including the Bulk Management as well as Operations and Maintenance.

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 8 Organizational personnel related expenditure



According to note 27 of the Audited Financial Statements, employee related costs increased for the period under review from R263,557,613 in 2021/22 to R286,175,778 in 2022/23.

For the same period according to note 28, councillor related costs increased to R9,275,904.00 for the period under review. The increase from the previous year can be attributed to an adjustment of the remuneration scales of Councillors.

Table 12 Benefits paid to employees

Item	2020/21	2021/22	2022/23
Motorcar allowances	R6 999 457,00	R8 704 117,00	R10 357 436,00
Housing benefits	R1 218 658,00	R1 379 224,00	R1 669 055,00
Cellular	R533 383,00	R663 084,00	R739 685,00
Leave pay provision charge	R4 629 718,00	R3 223 448,00	R5 523 383,00
Total	R13 381 216,00	R13 969 873,00	R18 289 559,00

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 13 Remuneration of Senior Managers

Employee	Remuneration 2022/23
Municipal Manager	R1 854 223,00
Chief Financial Officer	R1 291 259,00
Planning	R1 345 876,00
Technical	R1 355 755,00
Corporate	R1 376 549,00
Community	R1 259 991,00

Employment and Vacancies

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

Table 14 Posts and vacancy 3-year comparison

Department	2020/2021		2021/22		2022/23	
	No. of posts	No. of vacancies	No. of Posts	No. vacancies	No. of posts	No. of vacancies
Budget & Treasury	60	8	60	6	63	06
Technical	449	54	442	26	360	22
Planning	29	4	20	2	22	01
Community	91	14	93	3	81	03
Corporate	75	8	117	4	102	06

MM's Office	25	5	29	2	50	06
Total	729	93	761	44	678	44

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

All Senior Managers reporting to the Municipal Manager signed performance agreements for the 2022/2023 financial year in July 2022.

The Performance Agreements were submitted to the MEC: COGTA in August 2022 and also published in the media and website.

Performance Rewards

Performance Bonuses paid for the 2021/22 financial year are as follows:

Employee	Performance Bonus %
Municipal Manager	8%
Chief Financial Officer	8%
Planning	8%
Technical	8%
Community	8%

The Senior Managers received performance bonuses in December 2022 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.

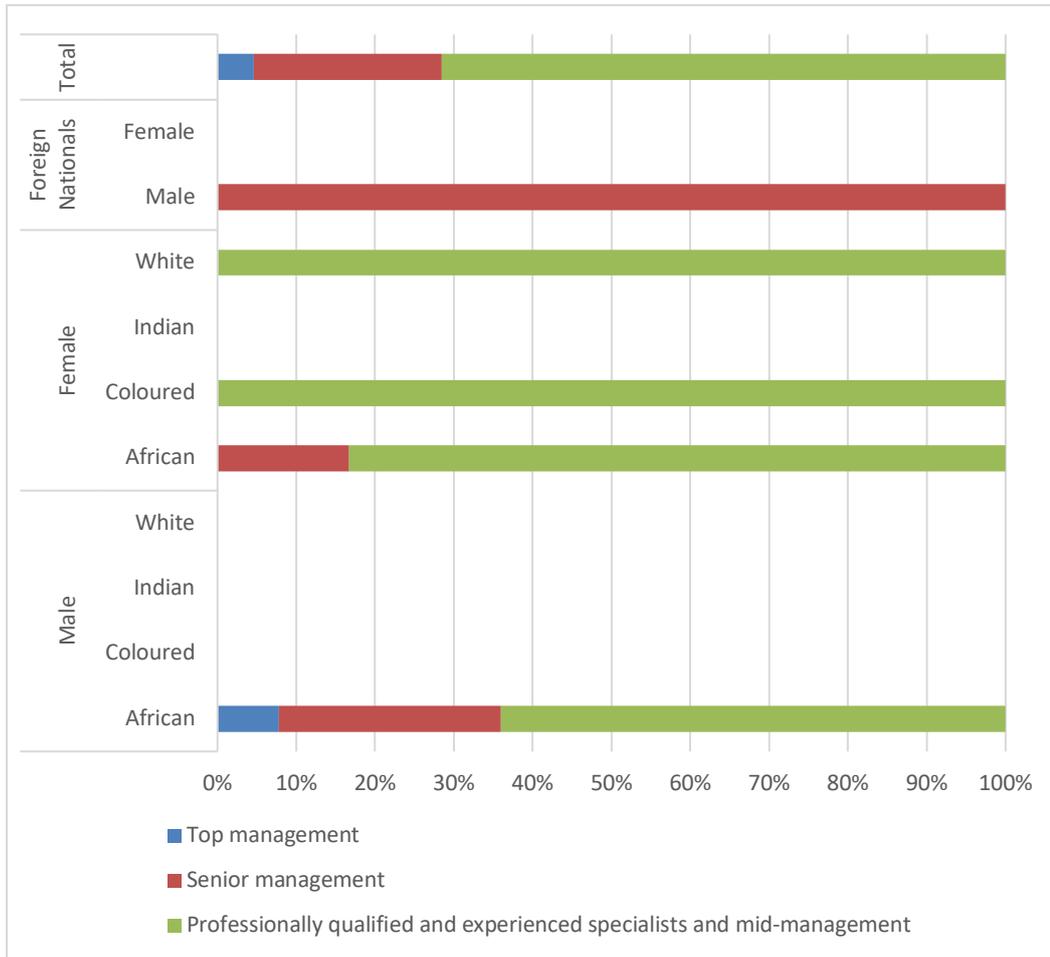
Employment Changes

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 9 Occupational Levels (Gender and Race)



Leave Utilization and Trends

Table 15 Sick and Annual leave per employee category; state of accrued leave

Annual Leave			Sick Leave			Accrued leave		
20/21	21/22	22/23	20/21	21/22	22/23	20/21	21/22	22/23
4971	5959	6373	2522	2202	2659	321.75	1705	1677

Annual Leave

During the period under review and the previous financial year, there was an increase of 414 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 increased by 457.

Accrued Leave

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

Labour Relations

Table 16 Disciplinary issues

Disciplinary issues (nature of issue)	Pending					Concluded					Suspensions				
	18/19	19/20	20/21	21/22	22/23	18/19	19/20	20/21	21/22	22/23	18/19	19/20	20/21	21/22	22/23
	0	0	0	1	0	0	0	0	0	8	3	0	0	0	5

There were three suspensions in the financial year 2022/2023. 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 17 Employees trained including expenditure

Department	2019/20		2021/22		2022/23	
	No. Trained	Total Expenditure	No. Trained	Total Expenditure	No. Trained	Total Expenditure
Councillors	34	R 290 904	37	R 624 589	31	R 1 588 591,58
Office of MM	0		9		6	
Budget & Treasury	20		20		19	
Technical	61		15		67	
Planning	7		10		5	
Corporate	35		10		73	
Community	32		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

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

Other Policies

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

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

5.3. PERFORMANCE MANAGEMENT

Performance Management is located 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

5.4.1. 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.

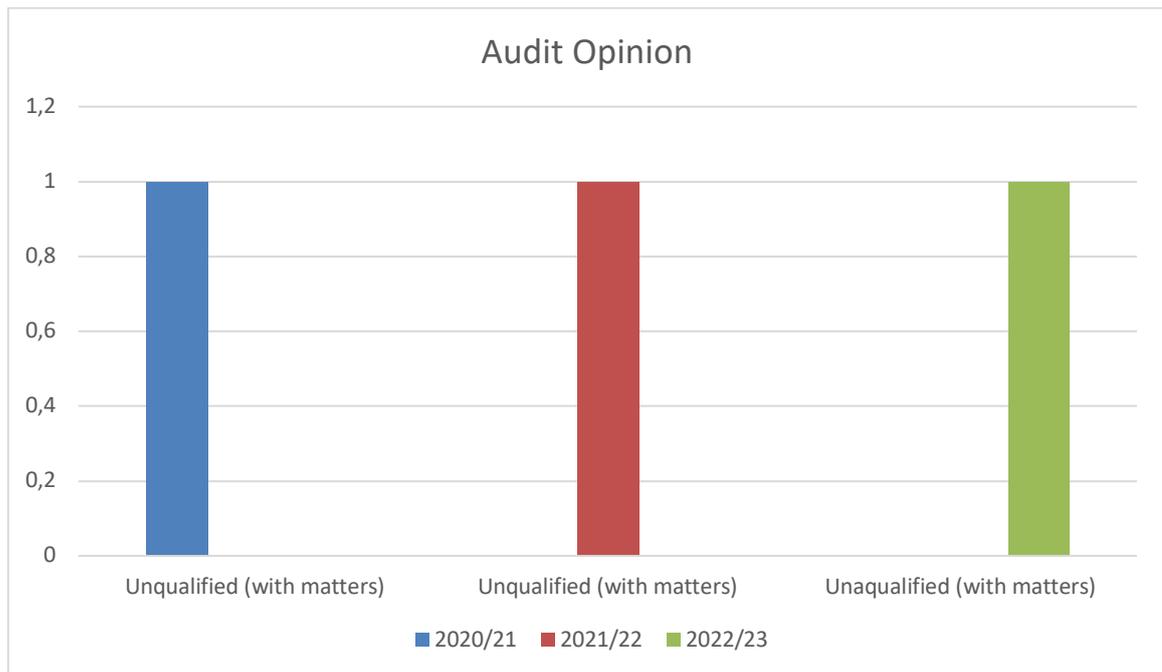
ADVERSE AUDIT OPINION:

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 2020/21 and 2021/22 the municipality’s Audit outcome received Unqualified Audit Opinion with matters.

The formal audit outcome for the 2022/23 is an Unqualified Audit Opinion with matters. According to the Zululand District Municipality Audit for the year ending 30 June 2023 these were the matters of emphasis:

Restatement Of Corresponding Figures

As disclosed in note 53 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material Impairments - Receivables From Exchange Transactions

As disclosed in note 4 to the financial statements, the municipality increased the provision for impairment on trade receivables from exchange transactions to R 167,88million (2021-22: R156,21 million) as the recoverability of these amounts were considered to be doubtful.

Material Water Losses

As disclosed in note 42 to the financial statements, material water losses of R279, 39 million (2021-22: R233, 95 million) were incurred, which represented 75% (2021 -22: 77%) of total water purified. The contributing factors to these losses were due to water that is supplied through subsidised schemes in rural areas that are mainly indigent, as well as water leaks, illegal connections and ageing water infrastructure.

Contingencies

.With reference to note 43 to the financial statements, the municipality is defending a claim of R40 million from the Minister of Water and Sanitation related to wafer 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 3-9 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 regard to practical considerations to strive to ensure that municipal services (including its mechanisms) are provided to the local community in a financially sustainable manner.

At the time of printing, Management was in the process of preparing its Audit Action Plan outlining how the municipality will address the findings in the audit report.

Internal Audit

Internal Audit was outsourced to Bonakude Consulting for the period under review. The audit commences every quarter to produce a report which is tabled to the Audit and Performance Management Committee. The Internal Audit is guided by the Internal Audit Charter and Audit Plan which are tabled to the Audit and Performance Management Committee.

The Audit Plan (which is risk based) and Audit Charter for the 2022/2023 financial year was tabled to the Audit Committee on the 23 January 2024. The committee met as scheduled in the Charter.

Audit and Performance Management Committee

The Zululand District Municipality has an established Audit and Audit Performance Management Committee in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to section 14(2)(c) of the Regulations and MFMA Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2016 (King IV).

The Audit and Performance Management Committee, consisting of four independent non-executive members. The committee is required to meet at least 2 times per annum as per the Audit Committee Charter, although additional meetings may be called as the need arises.

Members of the Audit and Performance Committee are as follows:

Table 18 Audit and Performance Committee Members

Member	Designation	Attended
Mr R. Nhleko (Chairperson)	External	2/2
Mr. EN Sithole	External	2/2
Ms. N Thungo	External	2/2

The Audit Committee has met 4 times for the financial year under review as displayed in the table below.

Table 19 Meetings of the Audit Committee

Meetings of the Audit Committee		
2020/21	2021/22	2022/23
29/09/20	20/08/2021	24/02/2023
04/12/20	08/12/2021	
31/03/21	23/02/2022	18/05/2023
10/06/21	27/06/2022	
18/06/21		

Oversight Committee

The section 79 oversight committee was established as per schedule 5 of the Local Government: Municipal Structures Act 1998 (Act 117 of 1998). The oversight committee comprises of a chairperson elected by the municipal council, members of the committee as well as a committee secretary.

5.5. RISK MANAGEMENT

The Local Government: Municipal Finance Management Act, No 56 of 2003 (Section 62) 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.

The risk assessment exercise for the 2022/2023 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:

Table 20 Organizational Risk Management

Item No.	Risk Description	Risk Impact	Control Impact	Annual Result
1	Failure to effectively implement PMS at lower levels	Major	20%	Mitigated
2	Water Losses	Major	20%	Accepted
3	Failure of water and sewerage infrastructure	Major	70%	Accepted
4	Poor contribution of the tourism sector to the economy of Zululand	Major	20%	Accepted
5	Inability to continue providing Municipal Services during the pandemic.	Major	20%	Accepted
6	Increased ICT system security risks - unauthorised access.	Catastrophic	70%	Mitigated
7	Limited ability to generate and collect own revenue	Catastrophic	50%	Accepted

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.

No fraud and corruption was detected for the period under review.

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 21 Quotations and deviations

Description	Total Value (2020/21)	Total Value (2021/22)	Total Value (2022/23)
Quotations Awarded	R5 275 611.07	TBD	
Deviations	R21 956 880	R6 006 203	R9 756 406

During the period under review the municipality saw a increase of R 3 750 203 in Section 36 deviations compared to the 2021/22 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).

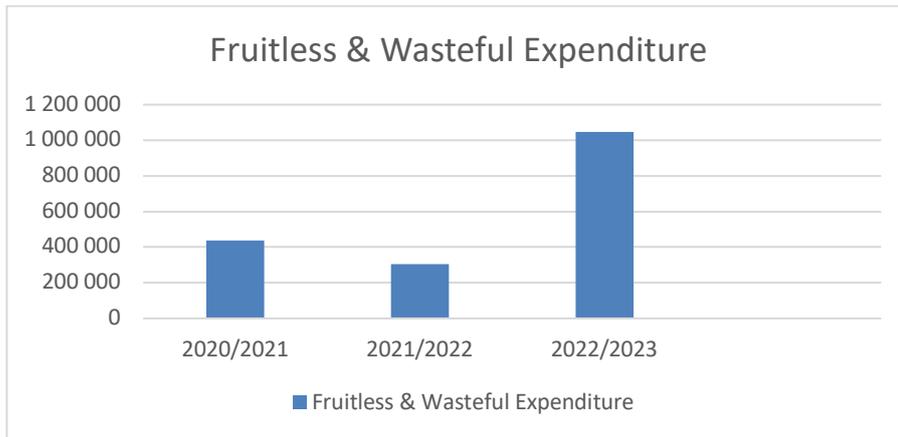
Irregular expenditure

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

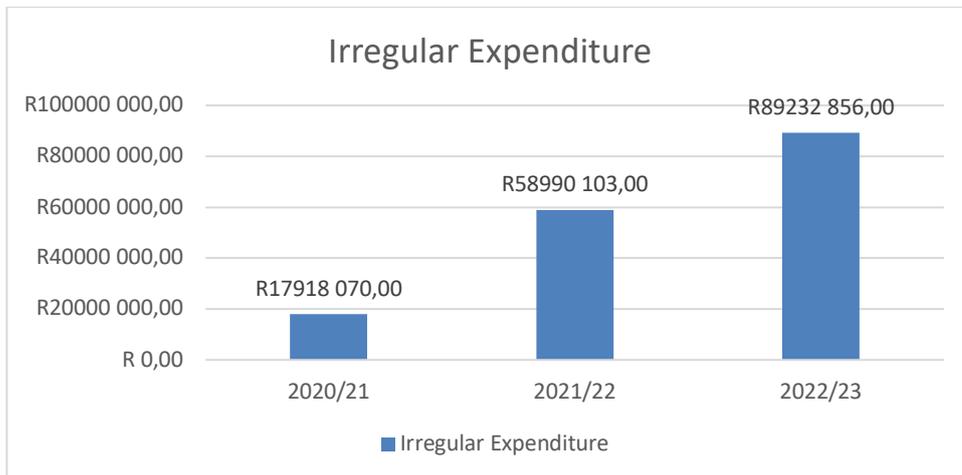
Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Figure 10 Fruitless and wasteful expenditure

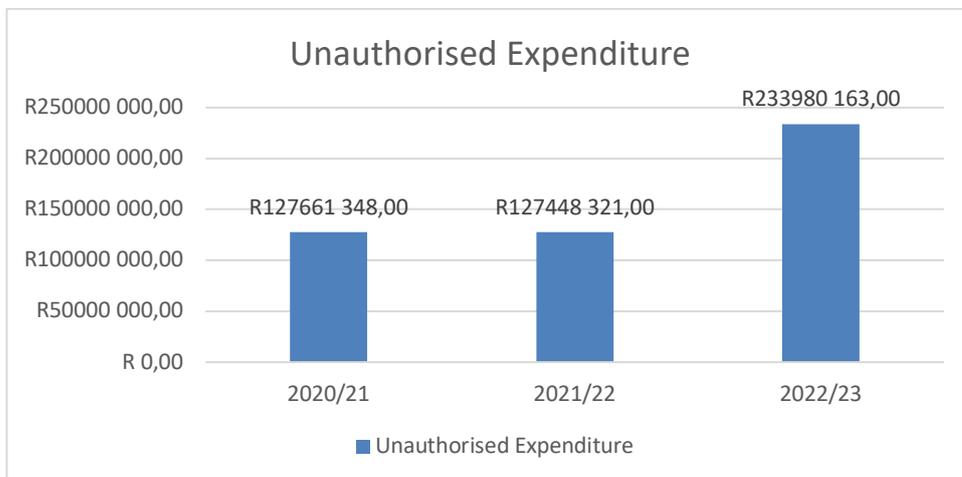


According to note 48 (page 71) of the Audited Financial Statements, fruitless and wasteful expenditure for the period under review amounts to R 1 046 939 which has increased by R 743 218 from 2021/22.

Figure 11 Irregular expenditure



According to note 49 (page 72) of the Audited Financial Statements Irregular expenditure for 2022/23 amounts to R 89 232 856 a considerable increase of R30 242 753 from the 2021/22 financial year.



Unauthorised expenditure for the period under-review amounted to R233 980 163 which is a significant increase when compared to the previous financial year which stood at R127 448 321.

According to note 49 (page 72), the incidents can be identified as follows:

Item No.	Description	Amount
1	Non-compliance MSCMR	R70 717 422
2	Non-compliance with CIDBR	R7 052 369,00
3	Non-compliance with PPPFA	R17 074 199

A forensic investigation was commissioned and it recommended that a case be opened with the South African Police Service. A case has been opened with the South African Police Service and the investigation is underway for transgressions of the Municipal Supply Chain Management Regulations (MSCMR) to the value of R13 995 316.

Council adopted the council committee recommendation to write-off an amount of 17 918 070 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

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 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:

Name of Forum	No of Meetings
Political Hub	01
Technical Hub	01
Social Cluster	01
Governance Cluster	01
Economic Cluster	01
Security Cluster	01

STRATEGIC PRIORITIES

KPA Ref.	Key Performance Area	SOOG Ref.	Strategic Oriented Outcome Goal(SOOG)	SO Ref.	Strategic Objective(SO)	2020	2021	2022	2022
1		SOOG 1.1	All categories of Municipal Infrastructure and resources are stable and maintained <i>(Water& sanitation, disaster & fire management, district airports& 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 &community capacity building, collecting revenue, tariffs, monitoring & 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 &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 farmers with support	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		
				SO 4.2.1	Statutory compliance is achieved				
5	Municipal Transformation & Organizational Development	SOOG 4.2	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
		SOOG 4.3	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

			SOOG 6.2	The natural environment is preserved	SO 6.2.1	Promoting and conserving the natural environment through land use management policies, plans and frameworks	x	x	x	x
--	--	--	-----------------	--------------------------------------	-----------------	---	---	---	---	---

SERVICE DELIVERY PERFORMANCE ANALYSIS FOR THE FINANCIAL YEAR 2022/2023

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.

Performance targets for the financial year of 2022/2023 were developed and outlined in the organizational scorecard that was adopted together with the Adjustment Budget.

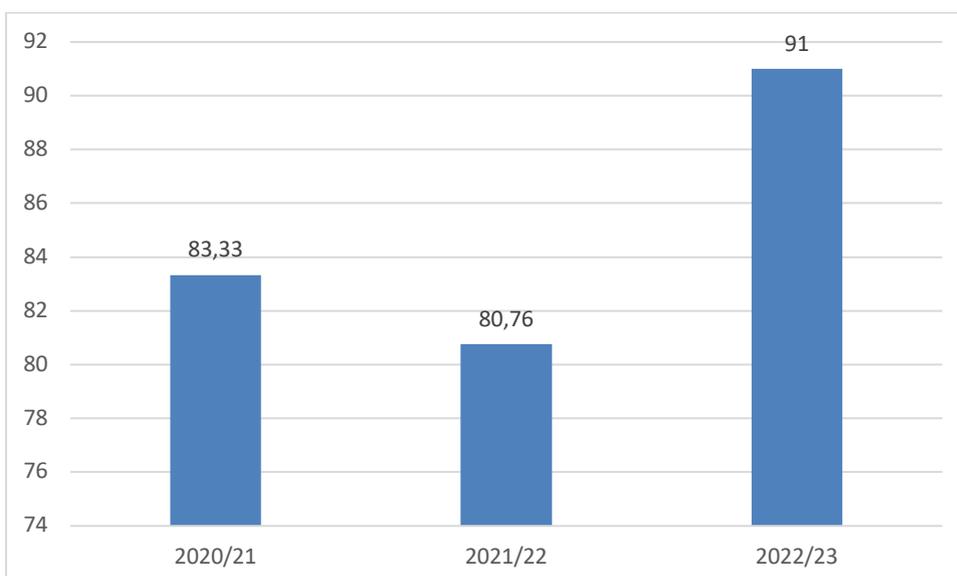
Against all difficulties, Zululand District Municipality was able improve its performance from the 2021/2022 and 2022/2023 financial years. The performance of the municipality was 81% in the previous financial cycle and 91% in the year ending on June 30, 2023. These are great results due to additional funding that the municipality was able to obtain.

The municipality takes great pride in improving performance, and as a result of the dedication of its senior management, political leadership, and all employees, the residents of the Zululand District have benefited from numerous significant projects that were started and completed during the fiscal year. The Municipality will regularly analyse its performance to enhance service delivery, and as a result, monitoring controls will get special focus in all of the Municipality's departments.

2020/2021		2021/2022		2022/2023	
Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
83.33%	16.67%	80.76%	19.23%	91%	9%

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

Figure 12 Performance comparison in %



The table below illustrates the summary of overall performance of the Municipality for the financial year ending June 2023. This means that it is a tabulation of the total number of targets set for all directorates combined, which then gives a picture of how the Municipality has performed. This simple summarised that out of the total of 104 Key Performance indicators set for the municipality, the Zululand District Municipality managed to achieve 95 key performance indicators and only 9 KPIs were not achieved. The report has indicated reasons for variance for each KPI and the corrective actions to be implemented to improve performance have been outlined in this report. A detailed clarification on the reasons for variance and corrective actions per KPI can be accessed on the attached annexure A which is the organisational scorecard which then will give a detailed report per each KPI that the Municipality could not achieve.

KPA No.	KPA	No. of Targets	No. of Targets achieved	No. of Targets not achieved	Trend
1	Basic Service Delivery and Infrastructure	10	9	1	improved
2	Municipal Transformation and Organizational Development	9	7	2	improved
3	Municipal Financial Viability and Management	24	21	3	improved
4	Good Governance and Public participation	11	10	1	improved
5	Local Economic Development	50	48	2	improved
	Total	104	95	9	

The table below presents the outcome of each Key Performance Area (KPA) in a two-year comparison

KEY PERFORMANCE AREA (KPA)	2020/2021	2021/2022	2022/2023	PERFORMANCE TREND
Basic Service Delivery	88.8%	80%	90%	Improved
Municipal Transformation and Organisational Development	100%	72.2%	77.7%	Improved
Municipal Financial Viability and Management	40%	60%	87.5%	Improved
Good Governance and Public Participation	88.46%	86.66%	90.9%	Improved
Local Economic Development	66.6%	83.33%	96%	Improved

7.1. INFRASTRUCTURE & SERVICE DELIVERY PERFORMANCE

Service Levels

ZDM has the following levels of service:

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

Water Provision

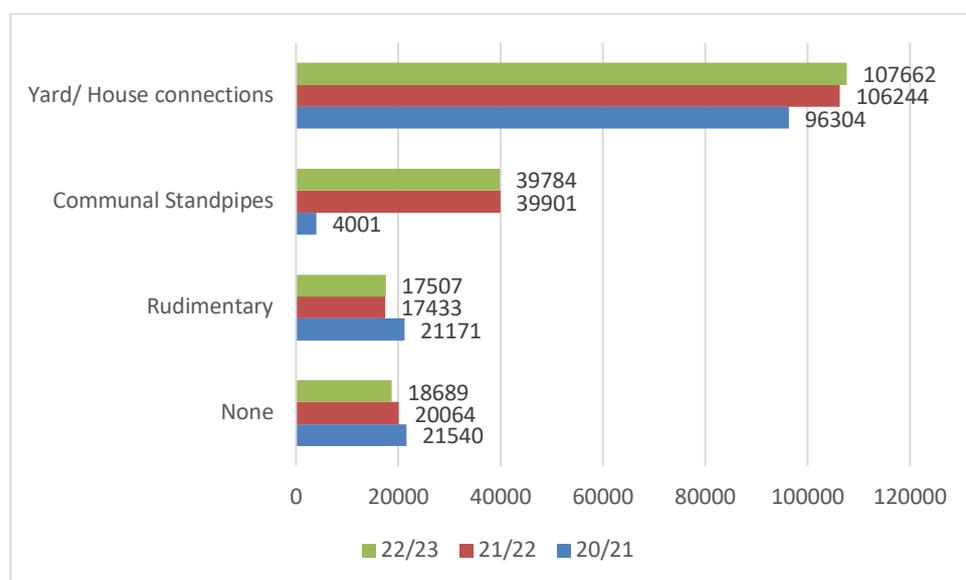
Each regional scheme footprint has a sustainable water source from where infrastructure is progressively being rolled out to all households within the supply area. The supply footprints have been identified in such a way that water can be provided to all households within the area in a sustainable manner 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 13 Water backlog trends

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



In the 22/23 financial year **18,689** households had **none or inadequate** access to water compared to **20,064** in 2021/22

17 507 households are receiving the rudimentary level of service (less than RDP level of service) which is an improvement as compared to 2021/22 in which, **17,433** received a rudimentary level of service.

39784 households are receiving communal standpipes (equal to RDP).

In 2022/23 **107662** Households received yard connections.

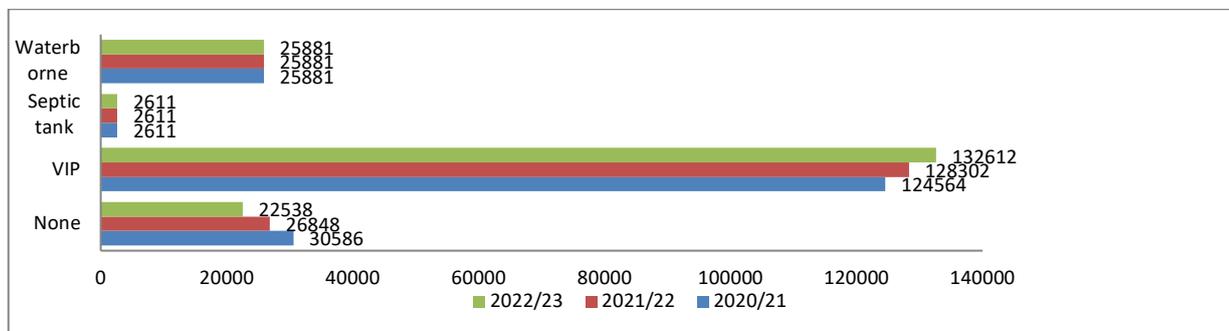
The backlog is defined by households receiving less than RDP level of services. If one looks at the figure above, this is a combination of none + rudimentary.

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 14 Sanitation backlog trends



Key water and sanitation projects implemented in 2022/2023 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.

Customer Care Report Status				
No of service requests System	Fin Year			Grand Total
	2020/2021	2021/2022	2022/2023	
Tech - Hlahlindlela / Khambi (Vryheid)	419	273	170	862
Tech - Mandlakazi RS	26	11	132	169
Tech - Nkonjeni (Urban)	725	894	787	2406
Tech - Nkonjeni RS	257	177	114	548
Tech - Sim Central & East (Phongola)	1426	866	261	2553
Tech - Sim West - Rural (eDumbe)	97	109	13	219
Tech - Sim West - Urban (eDumbe)	97	213	158	468
Tech - Usuthu (Urban)	69	97	351	517
Tech - Usuthu RS	12	24	150	186
Tech - Usuthu Water Tankers	159	56	78	293
Tech - W & S Bulk	4	7	2	13
Tech - Water Loss	86	166	257	509
Tech - Water Meter Management	406	961	694	2061
Tech - Water Tankers	414	397	496	1307
Tech - Water Tankers Pongola	28	7	1	36
Grand Total	4225	4258	3664	12147

Operations & Maintenance

Key Projects implemented

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Simdlangentsha West Regional Water Supply Scheme - Construction of Raising Main from Frischgewaagd Abstraction Works to Bilanyoni Terminal Reservoir	Edumbe LM: Bilanyoni - Ward 4	R 37 933 051,12
Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation.	Edumbe LM: Bilanyoni - Ward 4	R 32 566 996,01
The Installation of ± 1000 pre-cast concrete VIP toilet units at Zululand District Municipality - North	Edumbe LM: Ward 5 & 7 - (Obivane, Mbalenhle, Ekhuzeni, 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 7 229 066,62
Construction Of Ndulinde Rudimentary Water Reticulation Supply	Abaqulusi LM: ward 3 - Ndulinde and Ngadini	R 10 978 826,93
Mhlangeni Stand Alone Water Supply Scheme	Abaqulusi LM: Ward 15 - eMhlangeni, ward 17 Emadwaleni	R 22 142 157,02
Refurbishment of Chambers and Replacement of Valves for the Emondlo Water Supply Project Phase WCDM	Abaqulusi LM: Ward 12 & ward 20	R 4 768 351,51
Zululand Rudimentary Programme: Siting, Drilling, Testing and Equipping of Borehole North	Abaqulusi LM: Wards 2, 3, 4, 5, 6, 7, 14 & 15 (Emhlabeneni, Ongane, Zwathi, Esigangeni, Magongolo, Shoba, Emdenganduku, Ngenetsheni, Mantsho, Kwamzwezwe, Ezibomvu, Esimashwini) Edumbe LM: Wards 1, 2,5,6,7,8 & 10 (Emkhuphane, Ehloko, Egedlase, Esikhaleni, Tholakele, Ophuzane, Natal Spar, Obishini, Obivane, Mangosuthu) Pongola LM: Wards 4,6,8 & 14 (Kortnek, Nkosentsha, Matshamnyama, Sivule, Golela)	R 4 622 405,22
Siting Drilling and Equipping of 4 x COGTA Boreholes	Abaqulusi LM Wards 12 and 13	R 326 787,45
Ceza Stand Alone Water Supply Pipeline	Ulundi LM, Ward 3 - eGazini	R 18 857 157,8

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Ceza Stand Alone Water Supply Phase 4: Nhlonga Reticulation and Weir	Ulundi LM: Ward 2 & 3 - (Nhlonga, Nsukangihlale, Brush)	R 30 460 437,94
Upgrade of Ulundi Water Treatment Works and Refurbishment / Upgrade of Nkonjeni Regional Water Supply Scheme 1A - Civil Works	Ulundi LM: Ward 17 - eMabedlane	R 14 051 270,24
Nkonjeni Borehole Augmentation	Ulundi LM: Ward 17, 13, 10,8 & 4 - (Ohlelo, Ogodweni, Mashulu, Endinde, Stedham, KwanKuLu and Kwamshayazafe 3)	R 34 540 821,06
Construction of Rising Main from Ulundi Water Treatment Works to Mabedlane Reservoir	Ulundi LM: Ward 17 - eMabedlane	R 66 719 027,00
The Installation of ± 1000 pre-cast concrete VIP toilet units at Zululand District Municipality - South	Ulundi LM: Ward 16 - (Mzamo, Mhlathuze, Mobeni, Ngenetsheni, Ncele) Nongoma LM: Wards 3 & 5 - (Mpuphusi, Toyisa, Machibini, Mageneni, Maphandeni, Njongomane, Vesonweni)	R 12 307 291,83
Ntabankulu Water Supply	Ulundi LM: Ward 15 - (Ntabankulu, Nyoni and Nhluba)	R3 833 219,67
Nzololo Water Supply	Ulundi LM: Ward 16 - Nzololo	R1 419 265,57
Extension to Ulundi Water Treatment Works Phase 2	Ulundi LM: Ward 17 - eMabedlane	R29 095 567,37
Bhokweni Water Supply	Ulundi LM: Ward 7 - Bhokweni	R 4 507 979,04
Makhosini Water Supply	Ulundi LM: Ward 16 & 23 - (Makhosini, Hhodlweni, Nkiliji, Sgodiphola, Senzangakhona, Vezunyawo, Nobamba and Ngono)	R 8 298 583,14
Njomelwane Water Supply	Ulundi LM: Ward 14 - (Njomelwane, England and Nqolothi)	R 6 927 972,77
Upgrading of existing WTW Power Supply to 22 KVA	Ulundi LM: Ward 17 - eMabedlane	R 318 914,77
Ceza SAWSS - Brush	Ulundi LM: Ward 2 - Brush	R 4 488 282,71
Ceza SAWSS - Sodumo	Ulundi LM: Ward 4 - Sodumo	R 4 768 414,27
Ceza SAWSS - Phethu	Ulundi LM: Ward 2 - Phethu	R 5 765 966,62
Mandlakazi Phase 5.1 Bulk Water Supply: Construction of 3km Bulk Gravity Mains, Completion on commissioning of 9km Bulk Gravity Mains and 3 RC Reservoirs	Nongoma LM: Ward 1 - Kwamngwamunde	R 24 516 838,46
Usuthu Holinyoka Pump Station Mechanical Installation	Nongoma LM: Ward 4, 9, 10, 11, 12, 16, 17, 18, 19 & 20 - Holinyoka	R 29 919 426,21
Usuthu Lindizwe Pump Station Mechanical Installation	Nongoma LM: Ward 4, 9, 10, 11, 12, 16, 17, 18, 19 & 20 - Holinyoka	R 33 222 610,26

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Kwamajomela Small Scale Manufacturing Value Add Centre in Nongoma	Nongoma LM: Ward 17 - Kwamajomela	R11 625 073,22
Construction of Mandlakazi Phase 5.2: Bulk Water Supply	Nongoma LM: Ward 3 & 22	R 37 700 362,49
Mandlakazi Bulk Water Supply Scheme: Upstream Bulk Section 1A	Nongoma LM: Ward 1 - Entire Mandlakazi Phongola LM: Ward 14 - Gumbi/Candover	R 137 874 280,85
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 8 508 186,63
Completion of Ophalule Phase 1: Bulk Line Reticulation	Nongoma LM: Ward 16 - Ophalule	R674 509,48
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, Emfeneni1, Ezikhumbeni, Basalimlilo, Thinta's Drift, Njomelwane & Makhosini)	R 16 320 280,19
Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone B / B1	Nongoma LM: Ward 1 - Mngamunde	R 3 232 943,3
Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone C1 / D1	Nongoma LM: Ward 1 - Mngamunde	R 2 658 779,43
Construction of Usuthu Reticulation Network Phase 1 B	Nongoma LM: Ward 14 - (Ezilonyeni & Matshempunzi)	
Mandlakazi Phase 5,3: Bulk Water Supply	Nongoma LM: Ward 3	R 3 907 152,12
Mandlakazi Phase 5: Upstream Bulks - Abstraction Works Phase 1B	Nongoma LM: Ward 1 - Entire Mandlakazi uPhongola LM: Ward 14 - Gumbi/Candover	R 106 346 314,61
Mandlakazi Phase 5,4: Bulk Water Supply	Nongoma LM: Ward 3	R 4 610 455,2
Mandlakazi Phase 5,6A: Bilk Water Supply (Pipe Supply Contract)	Nongoma LM: Wards 5, 6 & 20	R 11 668 260,03
Simdlagentsha East: Internal Water Reticulation Phase 1B	uPhongola LM: Ward 10 & 13 – (Ngedele and Mshushulu)	R 13 670 377,12
Simdlagentsha Central RWSS - Phase 3: The Construction of A 2.5 MI Reinforced Concrete Reservoir at Ombimini	uPhongola LM: Ward 3 - Ombimbini	R 11 349 486,69

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Gumbi Water Supply Extention - Phase 1	uPhongola LM: Gumbi	R635 456,03
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 5 397 388,37

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.

Projects Implemented for Year Under Review

Flights and passenger statistics are as follows:

Table 22 Prince Mangosuthu Airport Flights and passenger statistics

Item	2021/22	22/23
Passenger Arrivals	611	390
Flights	139	77

Funding has been received from EDTEA to finance the refurbishment and update of the terminal building. The project has to be completed within the 23/24 Financial year.

The Airport is continually used by dignitaries i.e. His Majesty the King, National Minister, Prince MG Buthelezi, National and renowned business people who normally fly in their business jet such as Shoprite.

Whilst Fed air has shown interest in operating a Lodge hopper system linking Nelspruit to Durban via the following route: Nelspruit-Phinda-Mkuze- Ulundi –Durban, supporting the Upper end Tourism lodge business within the region such as Biyela and Babanango lodge. They have indicated that they are building up capital first before attempting this route. We continue to interact with other airlines as we look for a suitable match for the route.

Challenges

Operating the airport viably at the current moment requires developing the airport precinct and looking at ways to make the airport economically efficient year-on-year. Increasing landside tenants, optimizing meeting rooms, creating favourable opportunities for AMO. The municipality would also like to manage the airport at the highest possible category but this is made difficult if the airport does not generate revenue and infrastructure is not maintained.

The increasing levels of development around the airport precinct on tribal land is also a challenge to maintain the national and international safety standards of airports as well as pilot landing and take-off guidelines.

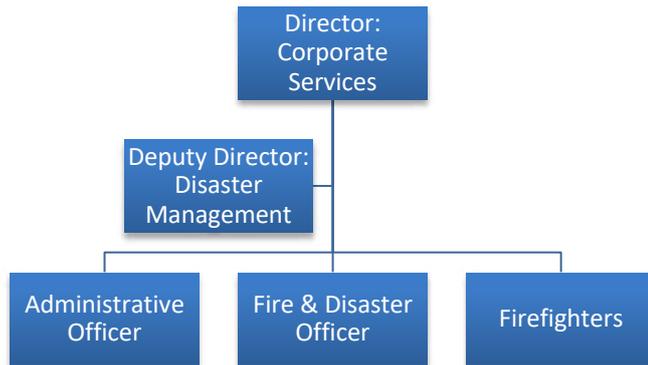
7.3. Disaster Management

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 15 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 23 ZDM Disaster Management IGR Meetings

ZDM PRACTITIONER’S FORUM MEETING	ZDM ADVISORY FORUM MEETING
22 nd August 2022	31 st August 2022
08 th November 2022	1 st December 2022
08 th November 2023	28 th February 2023
24 th May 2023	28 th June 2023

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 : 357
- ❖ Edumbe Municipality : 72
- ❖ UPhongolo Municipality : 340
- ❖ Nongoma Municipality : 106
- ❖ Ulundi Municipality : 704

One thousand five hundred and seventy-nine (1579) households were assessed during the period of 1st July 2022 to 30th 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 30th June 2023.

Table 24 Disaster Occurrences by type

MUNICIPALITY	HEAVY RAINS	FIRE	STRONG WINDS	LIGHTNING	STORMS	DROWNED & RAIL INCIDENT	MOTOR VEHICLE ACCIDENT	TOTAL NO OF INCIDENTS OCCURRED
Abaqulusi	28	52	13	10	01	04 Drowned	13	121
Edumbe	19	23	08	04	03	00	00	57
uPhongolo	42	40	20	07	00	00	48	157
Nongoma	18	45	07	01	00	00	00	71
Ulundi	29	31	02	0	00	01 Rail Incident	06	69
TOTAL	136	191	50	22	04	05	67	475

Four hundred and seventy-five (475) incidents had been reported and assessed by Zululand District Municipality during the period of 1st July 2022 to 30th June 2023. One thousand five hundred and seventy nine (1579) households; ten thousand five hundred and two (10502) 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 fifty rands (1050) structures were partially damaged and One thousand two hundred and fifty six (1256) structures were total destroyed. Sixty-five (65) fatalities and seventy (70) 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 were conducted to the following areas:

NO	AREA/LOCAL MUNICIPALITY	SCHOOL'S NAME	DATE VISIT	REMARKS
1.	Nongoma	Maphophoma Clinic	29 August 2022	Successful
2.	Nongoma	Hlengimpilo Clinic	29 August 2022	Successful
3.	Ulundi	Prince Dabulamanzi Primary School	28 September 2022	Successful
4.	Ulundi	Ulundi Disaster Risk Reduction and Fire Safety	12 October 2022	Successful
5.	Vryheid	Vryheid School Circuit	13 October 2022	Successful
6.	Nongoma	Nongoma Fire Drills	17 October 2022	Successful
7.	Vryheid	Fire and Disaster Basic Training at Ncome	19 October 2022	Successful
8.	Nongoma	Nongoma Municipality Fire Drill	26 October 2022	Successful
9.	Ulundi	Ulundi Disaster Risk Reduction and Fire Safety	12 October 2022	Successful
10.	Vryheid	Vryheid School Circuit	13 October 2022	Successful
11.	Nongoma	Nongoma Fire Drills	17 October 2022	Successful
12.	Vryheid	Fire and Disaster Basic Training at Ncome	19 October 2022	Successful
13.	Nongoma	Nongoma Municipality Fire Drill	26 October 2022	Successful
14.	Abaqulusi	Basic Fire Training at Abaqulusi Private Hospital	10 November 2022	Successful
15.	Abaqulusi	Basic Fire Training at Abaqulusi Private Hospital	11 November 2022	Successful
16.	Nongoma	Nongoma Municipality Disaster Management Local Advisory Forum Meeting	22 November 2022	Successful
17.	Umlalazi	Disaster Management Workshop	23 November 2022	Successful
18.	EDumbe	MVA Drills	02 December 2022	Successful
19.	Abaqulusi	Fire Drill	15 December 2022	Successful
20.	Ulundi	Nobamba Traditional Council	27 February 2023	Successful
21.	Ulundi	James Nxumalo Agricultural School	15 March 2023	Successful
22.	Ulundi	Lukhwazi Traditional Council	15 March 2023	Successful
23.	Vryheid	Othaka Traditional Council	16 March 2023	Successful
24.	Ulundi	Nhlopheni Clinic (Nkonjeni District Hospital)	17 March 2023	Successful
25.	Vryheid	Gluckstadt Primary Health Care Clinic	17 March 2023	Successful
26.	Ulundi	Mbudle High School	23 March 2023	Successful
27.	Ulundi	Njoko Clinic	28 March 2023	Successful

28.	Ulundi	Lukhwazi Traditional Council (NoBamba)	12 April 2023	Successful
29.	Ulundi	Cooperative Governance and Traditional Affairs	21 April 2023	Successful
30.	Pongola	Mgulwane Primary School	11 May 2023	Successful
31.	Pongola	Makhothi Primary School	11 May 2023	Successful
32.	Nongoma	Mandlakazi Traditional Authority	16 May 2023	Successful
33.	Vryheid	Mqwabe Primary School	18 May 2023	Successful
34.	Vryheid	Emaphayini	18 May 2023	Successful
35.	Paulpietersburg	Amanzashisayo Primary School	18 May 2023	Successful
36.	Abaqulusi	Fire Simulation	15 June 2023	Successful
37.	Nongoma	Simulation for Recruitment of Trainee (Fire Fighters)	15 June 2023	Successful
38.	Ulundi	King Senzangakhona Shopping Centre	20 June 2023	Successful
39.	ABaqulusi	Fire Extinguishers Training at Ncome Prison	2 June 2023	Successful

- Thirty-nine (39) awareness campaigns were conducted during the period of 1st July 2022 to June 2023.

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.

MOU between UKZN and ZDM

Zululand District Municipality and the University of KwaZulu-Natal signed a Memorandum of Understanding (MOU) with the main purpose of combining assets that exist between the two parties to implement agriculture and rural development programmes. It is envisaged that increased agricultural production within ZDM would result in higher income of farmers and rural enterprises, and ultimately improve the livelihoods of communities within ZDM.

Co-operatives are receiving a very good training through this partnership. However, there are no resources for our communities to be assisted on what they were trained on the skills that they are obtaining that needs to be coupled with the actual outputs in different aspects of the training they have received.

Implementation of MOU between UKZN and ZDM

UKZN has managed to capacitate ZDM LED Officials in a three days LED Concept to upskill officials and this training emanates from the analysis made by UKZN that indeed there is a need to capacitate ZDM: LED Officials.

ZDM through partnership with ZDM in terms of implementing the MOU with UKZN, we have managed to capacitate 1287 Youth in agricultural soil analysis from 5 local Municipalities where the indication was as follows:

LOCAL MUNICIPALITY	NUMBER OF SMMES CAPACITATED
Abaqulusi	290
eDumbe	412
Nongoma	189
Pongola	138
Ulundi	258



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. The LED Forum sit quarterly as per the TORs adopted by the structure.

Implementation of Economic Development Catalytic Projects

The vision of the Zululand District LED Strategy and the one for KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs is the attainment of a radically transformed, inclusive and sustainable economic growth for KwaZulu-Natal. Zululand District Municipality, EDTEA, and Nongoma Municipality seeks to achieve this through skilled, capable and sustainable SMMEs and social enterprises which will in turn contribute towards unemployment reduction, and increasing households' income. One of the critical bases of SMME's and Cooperatives is to ensure that they have access to critical economic infrastructure and equipment needed for them to play their role in local economic development and specifically in rural areas.



In its endeavor to provide such infrastructure and equipment the department has put aside funding to support KwaMajomela, a rural development node of Nongoma Local Municipality, with the development of a Small Scale Manufacturing and Value Add Services Centre.



KwaMajomela area (in ward 17) referred to in the Integrated Development Plan (IDP) of Nongoma Local Municipality as Mahhashini, is one of the Rural Activity Points identified in the Nongoma Local Municipality IDP. There are various economic developmental initiatives that have been identified as interventions. However, there was no budget attached to these initiatives due to lack of resources from the Nongoma Municipality. The Municipality and the formed KwaMajomela Community Development Forum approached EDTEA to seek assistance on a number of developmental issues in their area and the

establishment of a small scale manufacturing and value-add services centre in particular. EDTEA agreed to undertake a feasibility study which was completed in March 2015. The Department has also completed a business plan for the centre during the 2016/2017 financial year and now seeks to implement the project by commissioning the development of the engineering plans and fully costed drawings for the centre which will inform the actual construction of the centre.

The feasibility study confirmed that the project is feasible. It also highlights the following points:

- Significant support exists amongst local SMMEs for the establishment of the proposed small scale manufacturing facility,
- The initial objective of this project to establish a small-scale manufacturing facility in KwaMajomela should be extended to cater for other sectors of the economy i.e. a general purpose (mixed use) facility that includes value-adding services that can benefit all kinds of SMMEs,
- The facility should be embedded in the local municipality but managed by a dedicated board. The facility should graduate to an independent organisation within five years,
- The size of the proposed facility should accommodate between 12 and 15 tenants,
- There is a need for value-adding services to be incorporated into the model for the proposed facility.

It is envisaged that the centre should at least consist of the following:

- approximately 10 trading spaces of different sizes,
- 5 light manufacturing spaces,
- Storage space,

- Communal meeting space,
- Training facilities/incubation facility,
- Shared services area,
- Communal office for the management of the facility,
- Ablution blocks (toilets, showers and changing rooms).

This project is at 100% complete and the ZDM, (PMU, and LED), Nongoma LM and EDTEA has done site visit which formed part of the project close out monitoring and evaluation and signing of relevant construction certificates for service provider. EDTEA will now coordinate the handing over of the project to Nongoma Local Municipality for implementation.

Zululand Development Agency (ZDA)

Action plan for the establishment of the ZDA has been developed. For the period covering 2020/21 financial year the Zululand Development Agency was temporary suspended. On the 24 of February 2021, ZDM Council at its sitting resolved per ZDMC: 20/554 as follows:

- i. *Zululand Development Agency be resuscitated in order to source funding for ZDM in purpose for the economic recovery in Zululand.*

It is against this background that, we seek assistance on the following matters from our different stakeholders in order to resuscitate the District Development Agency to be designed to be a special purpose vehicle for the facilitation of catalytic local economic development projects that are economically viable in order to unlock the development and economic potential of the district through investment promotion.

Without the fully operating District Development Agency, ZDM is losing out opportunities that would have been tapped into and so we can make strides in growing the district economy. With the pandemic facing the world, more jobs are lost and the poverty is rising. Sector departments have preferred to work with the District Development Agency instead of the Municipalities.

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.

The Zululand Development Agency is currently not established as yet due to lack of funds.

Tourism Programmes

Tourism in Zululand still stands as one of the key development legs for this district. Tourism together with agriculture and small business developments were some years ago identified as the key development legs of Zululand... not only industrial but very specifically focussing on the local communities and development in the district. This report serves as an annual report submitted to the office of the General Manager to give an account on tourism activities that were executed in the last financial year.

Tourism And Investment Activation

The Vision for Zululand District Tourism is to become a burgeoning ecotourism and cultural tourism destination which competes globally, demonstrates best practice in destination management and showcases tourism's ability to become a core contributor of growth and economic opportunities for the people of Zululand. This will be achieved by:

- Creating an environment where public and private sector stakeholders feel enthused and share a common vision for tourism.
- Training, mentoring, and supporting new opportunities for the people of Zululand to participate in the tourism economy.
- Building strong, well resourced, and professional institutions to manage tourism into the future.

- Ensuring Zululand is seen as a growing destination that is investor-ready and able to streamline and facilitate investment opportunities at the highest levels.
- Building an online marketing presence to facilitate the entire tourism experience for visitors through world-class digital platforms.

TOURISM INITIATIVES

Councillor Workshop

Strategic Goal 2 of ZDM Tourism Strategy says we need to strengthen district level tourism knowledge, awareness, skills, and involvement in the tourism industry. In partnership with Economic development, Tourism and Environmental Affairs (EDTEA), ZDM hosted a two-day workshop (06-07 October 2022) which was on a two-fold, Day 1 was the tourism portfolio councillors workshop and Day 2 was for the CTO's and officials. During the workshop, Tourism overview was unpacked. The presentation gave the portfolio councilors and CTO's the insight on tourism opportunities as well as some of the challenges facing tourism in the district. Tourism Policy and Legislative Mandate, Economics of Tourism, Significance and Management of Heritage Resources to Facilitate Tourism Growth, and Tourism Coordinating Structures are some of the topics that were covered during the workshop.

Mona Market

Every month of the year, during the third week, running from Monday to Thursday, the Mona Market takes place. This unique event, culminating in the sale of the Royal White Nguni cattle of the Zulu Royal Family, takes place at Mona, some 10km outside of Nongoma en-route to Hlabisa in the northern part of KwaZulu-Natal. The ZDM Tourism has taken an initiative of monthly visits to Mona Market with an aim of unlocking tourism opportunities thereof.

King Misuzulu Kazwelithini Coronation

Starting from the preparations of Ukungena Esibayeni (entering the kraal) of King Misuzulu ka-Zwelithini on 20th of August 2022 in Nongoma to the King's Coronation in Durban on 29 October 2022, Zululand District Municipality have played a pivotal role in the success of these ceremonies. His worship the Mayor of Zululand District, Cllr Thulasizwe Buthelezi has been the pillar and portrayed extraordinary leadership skills in the process. On both events, starting at Nongoma (Kwa-Khangelamankengane Royal Residence) in Zululand, the Zulu culture and heritage were on full display.

Amahubo Symposium

Held on the 21st of July 2022 in Ulundi Multi-purpose Hall where there were discussions and lessons taught about Zulu history, led by Mbuso Khoza and Prince Mangosuthu Buthelezi. This Symposium is aimed at reminding people about the importance of heritage. Amahubo are the songs of the ancients. They are at the centre of our spiritual lives, our historical lives. Even our religious lives. They carry messages of the past, warning us about the present. This event seeks to encourage people to embrace and fall in love with their history.

Prince Mangosuthu Legacy Cup



Before match on the 22 July 2022, the gala dinner was held at Ulundi Airport to welcome the officials and teams. In his address, Prince Mangosuthu Buthelezi uttered the importance of tourism in the district and congratulated His Worship the Mayor of Zululand District Municipality for his foresight of this event.

The event took place on the 23rd of July 2022, so many people gathered at Prince Mangosuthu Buthelezi Regional Stadium to watch matches between Mamelodi Sundowns, Richards Bay FC, AmaZulu FC and Zululand team. The Durban Pre-season tournament hosted at Ulundi stadium annually returned after it was put on hold due to the COVID-19 pandemic. The Legacy Cup was established to honour Prince Mangosuthu Buthelezi and was first launched in 2018 where the Tshwane Giants lifted the trophy after thrashing AmaZulu in the final. Coach Manqoba Mnqithi showed confidence for his side to reach the final stage of this competition once more.

Zulu Royal Reed Dance

Once a year, early September and in the heart of the Zulu Kingdom, thousands of people make the long journey to one of the King of the Zulu Nation's Royal Residences at eNyokeni Palace. Here, in Nongoma, young Zulu Maidens take part in a colourful cultural festival, the Zulu Royal Reed Dance or Umkhosi Womhlanga in the Zulu language.



Presided by King Misuzulu KaZwelithini, this year's ceremony took place on 16-18 September 2022 in Enyokeni Royal Residence. our role as district tourism was to promote and market the district. That was done by handing out district tourism brochures, selling of King Misuzulu kilt and providing a marquee for over 50 ZDM crafters to showcase their products. A dignified traditional ceremony, and at the same time a vibrant, festive occasion

which depicts the rich cultural heritage of the Zulu Kingdom and celebrates the proud origin of the Zulu people about 32 000 maidens attended the ceremony.

Amazulu King Attends Mgidi



For the first time the king meets with the members of the church in Nongoma at Enyokeni Royal Palace on 26 November 2022. Thousands of Shembe Congregants gathered for the Annual Mgidi Service. Africa's 2nd largest church based in South Africa was celebrating the ascension of King Misuzulu KaZwelithini. This was part of the 9th Royal Sabath and Mgidi ceremony which was started by the late King Goodwill Zwelithini KaBhekuzulu. Shembe church and the Zulu Royal Family have a strong historical tie over many years, decades and centuries. The event took place over two days. ZDM Tourism role was promotion and

tourism marketing. Tourism brochures were handed out to the congregants, selling of King Misuzulu kilt was also done during the service.

Tourism Branding Material

Zululand Tourism Sector strategy, marketing strategy on marketing approach outline on a brand message that Zululand brand is a good brand and well established however this brand is not well used within the Zululand District nor is there a clear brand presence. Branding plays a crucial part in Establishing the presence and in telling the story about the uniqueness of "Zululand". Zululand District Tourism Branding has been designed and delivered which include 2 Gazebo's, 6 Teardrop Banners, 4 Pull up Banners, Straight Banner, 4 Chairs, table cloth at a cost of R55 350.86.

Tourism Graduate Development Programme

KwaZulu-Natal's EDTEA oversees the socio-economic development of the province. It creates policies and strategies with the goal of fostering growth and development in different sectors of the KwaZulu-Natal's economy. The Department works with various social partners and stakeholders including civil society and the private sector to achieve its objectives.

Over the past ten (10) years Zululand District Municipality have partnered with EDTEA in the Tourism Graduate Development Programme as the host employer. To-date, about one hundred (100) students and graduates have benefited from this programme of which most of them already have permanent jobs.

The closing ceremony for the TGDP took place from 09-11 November 2022 at Didima Nature Resort in Drakensburg. The aim of the session was to:

- Prepare mentees as they exit the programme;
- Prepare mentees for the job market; and
- Provide support to those mentees starting their entrepreneurial journeys.

District Tourism Forum

Tourism in Zululand District Municipality is one of the functions that unfold both on local and on a district level. According to KZN Tourism Act 1996, the functions of Municipal Tourism are to monitor local tourism operations and establishments for compliance with provincial policies and legislations. Further to that the district tourism must promote, market, and develop tourism within its area of jurisdiction and beyond.

District tourism forums are still operational in Zululand District Municipality and scheduled quarterly on rotational basis per local municipality. The last Zululand District Tourism Forum Meeting took place 21 June 2023 in Ulundi Local Municipality at ZDM House of Traditional Leaders.

Forthcoming District Tourism Forum Meetings

- 21 September 2023
- 14 December 2023
- 20 March 2024
- 20 June 2024

Tourism Events/Meetings Held

NO	EVENT/ MEETING	VENUE	DATE
1.	Ingakithi Tourism Schools Program Planning Meeting	Virtual	02 August 2022
2.	INDonsa Yesizwe (King Cetshwayo Study) Planning Meeting	Richards Bay	17 August 2022
3.	Kings Entering the kraal dry run meeting	Kwakhangelamankengane Royal Palace	19 August 2022
4.	Nongoma LED & Tourism Forum Meeting	Nongoma LM	24 August 2022
5.	King's Entering the kraal debriefing meeting	LA Building	26 August 2022
6.	Reed Dance Planning Meeting	Ulundi	08 September 2022
7.	Indigenous Knowledge Meeting (Tour Guides Program)	Durban	12 September 2022
8.	What Where When Magazine Meeting	Virtual	13 September 2022
9.	Enyokeni Royal Place Site Visit	Nongoma	13 September 2022
10.	Meeting with UZulu no Mhlaba team	Enyanya Resort - Nkonjeni	13 September 2022
11.	Annual Royal Reed Dance dry run meeting	Enyokeni Royal residence	16 September 2022
12.	Umbele Wethu Cultural Festival Planning meeting	Airport- Tourism Office	19 September 2022
13.	Tourism Portfolio Committee Special Meeting	ZDM Offices-Ulundi	22 September 2022
14.	Umbele Wethu Cultural Festival	Prince Mangosuthu Regional Stadium-Ulundi	25 September 2022
15.	Mayoral Cup Section4 meeting	Abaqulusi	27 September 2022
16.	Mayoral Cup dry run	Abaqulusi Local Municipality	28 September 2022
17.	Mayoral Cup Day	Abaqulusi Local Municipality	01 October 2022

School Visits

Over the last few years, rural tourism has been increasingly viewed as a panacea for improving the economic benefits of rural communities in Zululand. One of the main focuses in developing rural tourism is to encourage participation of local communities. The main aim of the school group visits is tourism knowledge enhancement to learners. The following is the table showing schools we have visited.

NO	NAME OF SCHOOL	LOCATION OF SCHOOL	DATE VISITED
1.	Isihlahla Senkosi	Nongoma	19 August 2022
2.	King Cyprian School	Nongoma	26 August 2022
3.	Ongaye School	Nongoma	26 August 2022

4.	Itshendlovu Primary School	Ulundi	26 August 2022
5.	Amanzi amhlophe	Ulundi	26 August 2022
6.	Mbilane High School	Ulundi	01 September 2022
7.	Mnyamane High School	Ceza-Ulundi	01 September 2022
8.	Emoneni Primary School	Mpumalanga	02 September 2022
9.	Imbhudle Primary School	Ulundi	16 September 2022
10.	Usola Christian School	Ulundi	31 May 2023
11.	Ceza Primary School	Ulundi	09 June 2023
12.	Zondela Primary School	Ulundi	13 June 2023

As tourism section, we are always thriving to make Zululand a preferred destination by tourists. However, there are some challenges along the way which include the following:

- Lack of funding for tourism projects and programmes
- Minimal participation by some local municipalities
- Caught in political battles
- Red tapes by provincial and national government departments

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 uPhongola.

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 Awareness Conducted

Awareness were conducted are as follows;

NO	DATE CONDUCTED	TYPE OF AWARENES	VENUE
01	27 September 2022	Food Safety training	Mingle den
02	23 September 2022	Hand & Hygiene education	Ziqalele Primary school
03	28 September 2022	Rabies Awareness	eMondlo Hall
04	07 November 2022	Food Safety training	Ncotshane Hall
05	08 November 2022	Food Safety training	Nongoma Multipurpose Hall
06	09 November 2022	Food Safety training	Ulundi Multipurpose Hall
07	10 November 2022	Food Safety training	Paulpietersburg town Hall
08	11 November 2022	Food Safety training	Cecil Emet Hall
09	23 March 2023	Hand & Hygiene education	Pongola Junction
10	28 March 2023	Food Safety training	Nongoma KFC

Rabbies Awarenes



Municipal Health Water sampling conducted:

Collection date	Sample type (per EHP)	Submission date
28 July 2022	2 Bacteriological	29 July 2022
28 October 2022	2 Moore pads	29 October 2022
26 January 2023	2 Moore pads	27 January 2023
26 April 2023	2 Bacteriological	27 April 2023

Service Statistics For Health Inspection

The table below reflects all the duties performed by Environmental Health Practitioners within the Zululand District Municipal Area.

KPA 1: FOOD CONTROL		
OUTPUT: TO FACILITATE AND STRENGTHEN FOOD SAFETY		
KEY ACTIVITIES	INDICATORS	TOTAL
1. To ensure that food safety plans are in place and budgeted for.	Food safety plan in place	1
2. Routine inspection of premises (Food premises, food manufacturers and street vendors) to enforce compliance.	Number of inspections conducted	240
3. Training of food caterers and street vendors	Number of training sessions conducted	5
4. Food sampling in line with the food sampling program.	Number of food Samples taken.	80
5. Training of National school nutrition program.	Number of training sessions conducted	5
KPA 2: WATER QUALITY MONITORING		
OUTPUT: TO ENSURE SAFE POTABLE WATER FOR HUMAN CONSUMPTION AND RECREATION		
KEY ACTIVITIES	INDICATORS	TOTAL

1. Develop and implement Water Safety Plan	Water Safety Plan IN place	1
2. Sampling of water resources (Health facilities, Water tankers, treated effluent, water for recreational use).	Number of samples taken.	80
		320
		40
3. Community education	Number of health education sessions.	5
KPA 3: DISPOSAL OF THE DEAD OUTPUT: TO ENSURE THE MANAGEMENT OF HUMAN REMAINS IN COMPLIANCE WITH RELEVANT LEGISLATION.		
KEY ACTIVITIES	INDICATORS	TOTAL
1. Develop a database of registered funeral undertakers	Database of registered undertakers in place	1
2. Inspection of funeral undertaker premises to enforce compliance	Number of funeral undertakers inspected	120
3. Inspection of cemeteries	Number of cemeteries Inspected	40
KPA 4: WASTE MANAGEMENT OUTPUT: TO ENSURE THAT ALL CITIZENS OF THE DISTRICT LIVE IN AN ENVIRONMENT THAT IS NOT HARMFUL TO THEIR HEALTH AND WELL-BEING		
KEY ACTIVITIES	INDICATORS	TOTAL

1. Conduct inspections of premises generating waste and keeping records	Number of premises inspected	440
2. Inspection of landfill sites/Transfer station/Dumpsite.	Number of landfill sites inspected	4
KPA 5: HEALTH SURVEILLANCE OF PREMISES		
OUTPUT: MINIMIZATION OF ENVIRONMENTAL HEALTH RISKS		
KEY ACTIVITIES	INDICATORS	TOTAL
1. Health inspection of premises in required frequency (Commercial, industrial, offensive trade, health care establishments, schools, crèches, accommodation, office accommodation, prisons, police holding cells, swimming pools, public gathering places, keeping of animals, vacant land)	Number of premises inspected	80
KPA 6: SURVEILLANCE AND PREVENTION OF COMMUNICABLE DISEASES		
OUTPUT: REDUCTION IN INCIDENCE OF COMMUNICABLE DISEASES		
KEY ACTIVITIES	INDICATORS	TOTAL
1. Develop Communicable Diseases Control plan	Communicable Diseases Control Plan in place	Plan in place
2. Monitor health facility statistics on diarrhea	Number of clinics monitored	20
3. Identification of communities at risk	List of communities at risk	20
4. Community education	Number of community education sessions	20

KPA 7: VECTOR CONTROL		
OUTPUT: PREVENTION AND CONTROL OF MAJOR VECTOR-BORNE DISEASES		
KEY ACTIVITIES	INDICATORS	TOTAL
Monitor compliance through availability of “Pest control certificate “ issued by an accredited pest control operator	Number of premises inspected for Pest control.	440
Develop database of vacant land in towns	Database in place	1
Inspection of vacant land	Number of vacant lands inspected	20
KPA 8: ENVIRONMENTAL POLLUTION CONTROL		
OUTPUT: ENSURING HYGIENIC WORKING, LIVING AND RECREATIONAL ENVIRONMENT		
KEY ACTIVITIES	INDICATORS	TOTAL
1. Identification of polluting agents and sources of water, air and land pollution	Database of identified Sources available	1
2. Identification of Water, sanitation, and Hygiene projects.	Database of identified projects available	1
3. Conduct health and hygiene education on water, sanitation and housing projects	Number of projects covered with health and hygiene education	
KPA 9: CHEMICAL SAFETY		
OUTPUT: UNDERTAKING ALL ACTIVITIES INVOLVING CHEMICALS IN SUCH A WAY TO ENSURE THE SAFETY OF PUBLIC HEALTH AND THE ENVIRONMENT		
KEY ACTIVITIES	INDICATORS	TOTAL
1. Community education on STOP.	Community education sessions conducted	20

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

Municipality has not complied with all material respect with Municipal Supply Chain Management (SCM) Regulations thus resulted to irregular expenditure. The municipality is subjecting all the identified irregular expenditures to processes of section 32 (MFMA). Through implementation of Audit Action Plan management has put in effort to improve internal control deficiencies.

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 2022-23 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.

As it is required in terms of sections 38 and 67 respectively, for the reporting period the municipality had not taken adequate appropriate steps to develop and implement performance management system for employees other than section 57 managers. Performance management system was implemented for section 57 managers only.

The municipality has taken firm commitment to cascade performance management system to managers below section 57 managers where they will be required to sign Performance Management Plans. This non-compliance

has attracted urgent attention for management since it is reported for the second time in two consecutive audit cycles.

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 have 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 2022/23 IDP.

Phase/Activity	Proposed Completion Timeframe
Situational Analysis	30 Sept 2021
Development Strategies	30 Sept 2021
Projects&Integration	01 Dec 2021
Draft Approval	31 Mar 2022
Final Approval	29 May 2022

Figure 16 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 sat 03 times during the 2022/23 financial year.

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

MUNICIPALITY	Quarter 1	Quarter 2	Quarter 3	Quarter 4	TOTAL
UPHONGOLO			5	5	10
ULUNDI					
EDUMBE			2		2
NONGOMA			2	1	3
TOTAL			9	6	15

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. The ZDM has an average household of 4.8 persons, and provides 6 kilolitres per household per month free this is provided at a rate of R8.80/kl. All households in ZDM receive the 6 kilolitres free water.

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 230 035 536 in 2021/2022 to R1 334 008 015 in 2022/23. 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 R120 105 193 from R1 149 226 650 in 2021/2022 to R1 269 331 843 in 2022/2023.

Revenue from investments has increased from R3 705 403 in 21/22 to R7 433 381 in 22/23.

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 25 Operating revenue performance

Financial Year	2022-2023	2021-2022	2020-2021
Amount	R1 334 008 015	R1 230 035 536	R1 089 071 550

Table 26 Schedule of conditional grants received

GRANT	2022-23	2021-22	2020-21
EQUITABLE SHARE	586 390 977	524 645 000	564 272 000
FMG	1 200 000	1 200 000	1 200 000
EPWP	8 517 000	9 612 000	9 261 000
NATIONAL SKILLS FUND GRANT	59 613 288	0	0
LGSETA GRANT	478 000	0	0
NATIONAL ARTS COUNCIL GRANT	19 657	0	0
PRINCE MANGOSUTHU AIRPORT GRANT	500 000	0	0
ACCELERATED INTERVENTION PROGRAMME (BOREHOLES)	1 554 104	0	0
INDONSA GRANT	1 911 000	1 911 000	1 911 000
KZN GRANT SPARTIAL DEVELOPMENT FRAMEWORK	0	241 770	0

KZN GRANT TOURISM STRATEGY	0	269 354	0
KZN GRANT AMAFA RESEARCH INSTITUTE	200 000	100 000	0
MIG	259 530 000	269 111 000	221 235 000
RBIG	250 247 000	222 531 000	113 798 000
WSIG	95 000 000	110 000 000	105 500 000
RRAMS	2 529 000	1 647 023	2 383 000
KZN KWAMAJOMELA PROJECT	1 641 817	7 958 503	3 820 680
TOTAL	1 269 331 843	1 149 226 650	1 024 569 556

Cash Balance

The cash and cash equivalents of the municipality as at 30 June 2023 amounts to R27 426 614 and unspent conditional grants amounted to R1 559 960. This represents a increase as compared to the previous year's (30 June 2022) cash and cash equivalent balance of R20 468 193.

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 27 Operating expenditure performance

Financial Year	2022-23	2021-22	2020-21
Amount	R 992 266 417	R 917 533 545	R 820 791 933

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 7.78% 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 R341 million (2021/22) and R364 million (2022/23).

Spending of operational grants

The Municipality received a total of R658 million operational grant funding, an increase from R537 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 R610 501 921 capital grant funding, a decrease from R611 247 526 received in the previous financial year.

Of the total conditional grants received, R1 559 960 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 28 Fruitless and wasteful expenditure

Financial Year	2022-23	2021-22	2020-21
Amount	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 0,34:1. However included in this calculation is retention of R 59 431 586 which is dependent on the future grant receipts and R 269 380 527 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 29 Current ratio on performance

Financial Year	2022-23	2021-22	2020-21
Current ratio	0.34:1	0.34:1	0.37:1

The above assessment indicates current ratios are below the norm for the period over three years. Our current liabilities exceed current assets.

Debtors Impairment Percentage

The municipality had maintained debtor's impairment provision of 79% for 2022/2023 and as compared to 81% in 2021/2022 respectively. The gross debtor's balances were R195.7 million (2023) and R171.5 million (2022).

Current Debtors Collection Rate

The municipality had a debt collection period of 277 days in 2023 as compared to 234 days in 2021. The result of this assessment is concerning. This is an indication that revenue collection requires urgent attention

Debt impairment provision for the period under review is R 154 737 598. This is a increase from the debt impairment provision of R 138 614 150 from the previous financial year.

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 2022 and 2023 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, impractical tariff structure 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 2023 are made up as follows:

Table 30 Arrears on municipal taxes and service charges

Description	Gross debtors	Minus provision for impairment	Net debtors
Current trade receivables from exchange transactions.	R195 664 183	(R154 737 598)	R40 926 585
Current receivables from non-exchange transactions.	R15 461 671	R0	R15 461 671
Current receivables from non-exchange transactions.	R1 855 826	R0	R1 855 826
Non-Current receivables from exchange transactions.	R18 178 535	R0	R18 178 535
Current receivables from exchange transactions - VAT Receivables.	R75 064 420	R0	R75 064 420
Total	R306 224 635	(R154 737 598)	R151 487 037

The total net debtors amounted to R151 487 037 as at 30 June 2023 increased as compared to net debtors' amount of R109 359 078 as at 30 June 2022.

The increase in gross debtors balance (before provision), of approximately R54 million over the reporting period is attributable to the following factors:

- Eskom increased 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.

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 2022-23 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 revenue for provision of water and sanitation services to its consumers as per revenue performance is as follows:

Table 31 Revenue collection performance by vote

Vote Description	2021/22	Budget Year 2022/23		Actual	Variances	
		Audited Outcome	Original Budget		Adjusted Budget	Original budget
R thousand						
Revenue by Vote						
Vote 01 - Council	-	-	-	-	-	-
Vote 02 - Corporate Services	448 389,88	850 000,00	61 021 109,00	61 141 593,98	(60 292)	(120)
Vote 03 - Finance	530 538 666,25	594 184 986,00	591 835 941,99	597 388 542,35	(3 204)	(5 553)
Vote 04 - Community Development	10 480 626,55	2 011 000,00	3 994 593,99	3 953 400,31	(1 942)	41
Vote 05 - Planning & Wsa	603 289 022,66	383 610 000,00	621 610 000,00	617 377 104,03	(233 767)	4 233
Vote 06 - Technical Services	9 612 000,00	-	-	-	-	-
Vote 07 - Water Purification	-	-	-	-	-	-
Vote 08 - Water Distribution	63 081 590,94	68 085 000,00	41 147 109,95	39 244 563,70	28 840	1 903
Vote 09 - Waste Water	12 605 178,32	12 500 000,00	15 363 696,00	14 902 812,46	(2 403)	461
Total Revenue by Vote	1 230 055 474,60	1 061 240 986,00	1 334 972 450,93	1 334 008 016,83	-272 767 030,83	964 434,10

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

Table 32 Total revenue

Description	Audited Outcome	Budget year 2022/23		Actual	Variances	
		Original Budget	Adjusted Budget		Original budget	Adjustment budget
R thousand						
Revenue						
Exchange Revenue						
Service charges - Electricity	-	-	-	-	-	-
Service charges - Water	38 486 443,59	68 000 000,00	40 947 242,95	39 169 620,00	28 830 380,00	1 777 622,95
Service charges - Sanitation	12 512 858,97	12 500 000,00	15 305 531,00	14 831 359,00	- 2 331 359,00	474 172,00
Interest	-	-	-	-	-	-
Interest earned from Receivables	287 761,93	85 000,00	199 867,00	75 296,00	9 704,00	124 571,00
Interest earned from Current and Non Current Assets	3 705 403,18	6 000 000,00	3 000 000,00	7 433 381,00	- 1 433 381,00	- 4 433 381,00
Rental of facilities	195 240,90	183 486,00	208 942,00	180 833,00	2 653,00	28 109,00
Licence and permits	-	-	72 682,00	-	-	72 682,00
Other Revenue	1 084 947,38	710 500,00	1 501 195,00	2 076 013,00	- 1 365 513,00	- 574 818,00
Non-Exchange Revenue						
Fines, penalties and forfeits	208 784,02	150 000,00	58 164,98	909 670,00	- 759 670,00	- 851 505,02
Transfer and subsidies - Operational	537 979 123,68	601 306 000,00	661 731 009,00	658 829 922,00	-57 523 922,00	2 901 087,00
Gains on disposal of Assets	40 000,00	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	594 500 563,65	688 934 986,00	723 024 633,93	723 506 094,00	-34 571 108,00	- 481 460,07

Table 33 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 024 072.00	R2 707 585.00	R2 529 404.00	R3 085 588.00	R17 938 308.00	R119 495 419.00	R152 780 376.00
Trade Receivables from Exchange Transactions - Waste Water Management	R1 925 891.00	R794 553.00	R746 365.00	R772 426.00	R4 615 879.00	R33 939 245.00	R42 794 359.00
Trade Receivables from Exchange Transaction - Housing rental	R21 238.00	R9 442.00	R9 302.00	R9 302.00	R9 062.00	R6 819.00	R65 165.00
Other	R8 535.00	R107.00	R191.00	R161.00	R747.00	R14 543.00	R24 284.00
Total By Income Source	R8 979 736.00	R3 511 687.00	R3 285 262.00	R3 867 477.00	R22 563 996.00	R153 456 026.00	R195 664 184.00

A - AUDITED ANNUAL FINANCIAL STATEMENTS

The following 2022/23 audited annual financial statements will be as per the *Departmental Financial Reporting Framework* as issued by National Treasury.



Zululand
District Municipality

Zululand District Municipality
**Annual Financial
Statements
for the year ended
30 June 2023**

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Nature of business and principal activities

Water provision as per Water services Act and Schedule B of Municipal Structures Act

Mayoral committee

Mayor	Cllr. Buthelezi TD
Speaker	Cllr. Memela DT
Deputy Mayor	Cllr. Mbatha SI (From February 2023)
Member of the Executive Committee	Cllr. Ndlela NP
Member of the Executive Committee	Cllr. Hadebe ISM
Member of the Executive Committee	Cllr. Khumalo BK
Member	Cllr. Dlamini FM
Member	Cllr. Dlamini VV
Member	Cllr. Dubazane MR
Member	Cllr. Magagula NS
Member	Cllr. Masondo ND
Member	Cllr. Mavundla CN
Member	Cllr. Mavuso NP
Member	Cllr. Mbatha SI
Member	Cllr. Mdalose SM (Until May 2023)
Member	Cllr. Mdletshe AT
Member	Cllr. Mncwango BJ
Member	Cllr. Mncwango SA (replaced Cllr. Zulu Prince MMM - From February 2023)
Member	Cllr. Mngomezulu ND
Member	Cllr. Mtambo M
Member	Cllr. Ndwandwe TM
Member	Cllr. Nhlabathi BC
Member	Cllr. Nkwanyana SE
Member	Cllr. Ntombela SS
Member	Cllr. Ntshangase TA
Member	Cllr. Nxumalo B
Member	Cllr. Nxumalo SV
Member	Cllr. Nxumalo-Sibiya CM
Member	Cllr. Selepe PP
Member	Cllr. Shelembe S
Member	Cllr. Sibiya AM
Member	Cllr. Sithole BH
Member	Cllr. Williams MP
Member	Cllr. Zulu Prince MMM (Until November 2022)(deceased)
Member	Cllr. Zulu RM
Member	Cllr. Zungu NF
Member	Cllr. Zungu ZH

Grading of local authority

Grade 4, Category 3 in terms of the Upper limit of Office bearers Act

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Accounting Officer	Mr Hlongwa RN
Chief Finance Officer (CFO)	Ms Msibi NS (From December 2022)
Chief Financial Officer (CFO)	Mr Hlongwa RN (Until July 2022)
Chief Operations Officer (COO)	Mr SP Mosia
General Manager Corporate Services	Ms MS Linda
General Manager Community Services	Ms FK Nene
General Manager Technical Services	Ms RN Msimango
General Manager Planning Services	Mr TG Soko
Audit and Performance Committee Members	Mr EN Sithole (Chairperson) Mr VR Nhleko (Member) Ms N Thungo (Member)
Registered office	B-400 GAGANE STREET ULUNDI 3838
Business address	B-400 GAGANE STREET ULUNDI SOUTH AFRICA 3838
Postal address	PRIVATE BAG X76 ULUNDI 3838
Bankers	ABSA Bank Limited
Auditors	Auditor-General South Africa
Attorneys	Stowels & Co. Inc. Garlicke & Bousfield Inc. Ntanga Nkuhlu Inc. Attorneys
Telephone	035 874 5500
Fax Number	035-874 5589/91
Email address	mm@zululand.org.za

Zululand District Municipality is situated in the north-eastern part of KwaZulu-Natal, It comprises five local municipalities: Ulundi, Nongoma, uPhongolo, eDumbe and AbaQulusi. Ulundi local municipality is the headquarters of the Zululand District Municipality.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Index

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

	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 16
Statement of Comparison of Budget and Actual Amounts	17 - 19
Accounting Policies	20 - 35
Notes to the Annual Financial Statements	36 - 82

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Officer's Responsibilities and Approval

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

The management has concluded that the financial statements present fairly the municipality's financial position, financial performance and the cash flows.

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

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 82 in terms of Section 126(1) of the Municipal Finance Management Act and which I signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of Public Office Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

Mr Hlongwa RN
Accounting Officer

31 August 2023

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

	Note(s)	2023 R	2022 Restated* R
Assets			
Current Assets			
Cash and cash equivalents	3	27 426 614	20 468 193
Trade Receivables from exchange transactions	4	27 788 003	15 287 291
Receivables from exchange transactions	5	1 855 826	719 310
Receivables from non-exchange transactions	6	14 398 777	12 850 282
VAT Receivable	7	76 892 047	58 160 757
Inventories	8	2 824 420	2 556 479
		151 185 687	110 042 312
Non-Current Assets			
Receivables from non-exchange transactions	6	18 178 535	17 334 576
Property, plant and equipment	9	4 991 969 914	4 594 997 303
Heritage assets	10	7 816 633	7 816 633
Intangible assets	11	51 828	18 377
		5 018 016 910	4 620 166 889
Total Assets		5 169 202 597	4 730 209 201
Liabilities			
Current Liabilities			
Finance lease obligation	12	1 483 991	901 761
Payables from exchange transactions	13	454 405 633	361 724 739
Consumer deposits	14	3 620 160	3 621 245
Unspent conditional grants and receipts	15	1 559 960	2 410 794
Employee benefit obligation (Medical Aid)	16	500 000	405 000
Employee benefit obligation (Long Service Award)	16	1 654 000	1 973 000
Operating lease liability	17	542 591	234 409
		463 766 335	371 270 948
Non-Current Liabilities			
Finance lease obligation	12	1 201 738	1 091 760
Employee benefit obligation (Medical Aid)	16	30 426 000	27 166 000
Employee benefit obligation (Long Service Award)	16	13 061 000	13 552 000
Payables from exchange transactions (Non-current)	18	32 779 089	39 865 128
		77 467 827	81 674 888
Total Liabilities		541 234 162	452 945 836
Net Assets		4 627 968 435	4 277 263 365
Accumulated surplus		4 627 968 430	4 277 263 359
Total Net Assets		4 627 968 430	4 277 263 359

* See Note 53

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

	Note(s)	2023 R	2022 Restated* R
Revenue			
Revenue from exchange transactions			
Service charges	19	54 000 979	50 999 303
Rental of facilities	20	180 833	195 241
Interest on receivables	21	75 296	283 013
Other income	22	2 076 013	1 069 758
Interest received - (investment)	23	7 433 381	3 705 403
Total revenue from exchange transactions		63 766 502	56 252 718
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	24	1 269 331 843	1 149 226 650
Public contributions and donations	25	-	24 347 385
Fines, Penalties and Forfeits	26	909 670	208 783
Total revenue from non-exchange transactions		1 270 241 513	1 173 782 818
Total revenue		1 334 008 015	1 230 035 536
Expenditure			
Employee related costs	27	(286 175 778)	(263 557 613)
Remuneration of councillors	28	(9 275 904)	(8 616 470)
Depreciation and amortisation	29	(100 249 044)	(92 819 133)
Finance costs	30	(552 621)	(398 515)
Debt Impairment	31	(6 428 187)	(35 062 865)
Bad-debts written off	32	(2 191 696)	(323 376)
Contracted services	33	(364 771 463)	(341 093 132)
Transfers and Subsidies	34	(4 682 749)	(11 295 134)
Inventory consumed	35	(51 978 067)	(48 575 032)
General expenses	36	(163 288 156)	(131 381 520)
Total expenditure		(989 593 665)	(933 122 790)
Operating surplus		344 414 350	296 912 746
Inventories losses/write-downs	8	(135 106)	-
(Loss) gain on disposal	37	2 214 818	(95 073)
Actuarial (losses) gains	16	4 211 000	(2 532 143)
Impairment loss	38	-	(6 777 432)
		6 290 712	(9 404 648)
Surplus for the year		350 705 062	287 508 098

* See Note 53

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

	Accumulated surplus / deficit R	Total net assets R
Balance at 01 July 2021	3 989 755 261	3 989 755 261
Changes in net assets		
Surplus for the year	287 508 098	287 508 098
Total changes	287 508 098	287 508 098
Opening balance as previously reported	4 340 844 262	4 340 844 262
Adjustments		
Correction of errors 53	(63 580 894)	(63 580 894)
Restated* Balance at 01 July 2022 as restated*	4 277 263 368	4 277 263 368
Changes in net assets		
Surplus for the year	350 705 062	350 705 062
Total changes	350 705 062	350 705 062
Balance at 30 June 2023	4 627 968 430	4 627 968 430

* See Note 53

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

		2023	2022
	Note(s)	R	Restated* R
Cash flows from operating activities			
Receipts			
Sale of goods and services		28 012 943	33 007 674
Grants		1 269 416 509	1 149 347 000
Interest income (investments)		6 765 524	3 701 500
Rental Income		180 833	195 241
Interest on Receivables		75 296	283 011
Other Income		2 074 928	1 057 880
Fines and penalties		909 670	208 783
		<u>1 307 435 703</u>	<u>1 187 801 089</u>
Payments			
Employee costs		(284 654 448)	(263 803 849)
Suppliers		(516 531 157)	(429 338 021)
Finance costs		-	-
Transfers and Subsidies		(4 682 749)	(11 295 134)
		<u>(805 868 354)</u>	<u>(704 437 004)</u>
Net cash flows from operating activities	40	<u>501 567 349</u>	<u>483 364 085</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(497 890 586)	(478 258 879)
Proceeds from sale of property, plant and equipment	9	2 901 567	-
Purchase of other intangible assets	11	(51 269)	-
Purchase of heritage assets	10	-	(6 593 998)
		<u>(495 040 288)</u>	<u>(484 852 877)</u>
Net cash flows from investing activities		<u>(495 040 288)</u>	<u>(484 852 877)</u>
Cash flows from financing activities			
Finance lease movement		<u>431 352</u>	<u>1 898 727</u>
Net increase/(decrease) in cash and cash equivalents		6 958 413	409 935
Cash and cash equivalents at the beginning of the year		<u>20 468 193</u>	<u>20 058 248</u>
Cash and cash equivalents at the end of the year	3	<u>27 426 606</u>	<u>20 468 183</u>

* See Note 53

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	80 500 000	(24 247 226)	56 252 774	54 000 979	(2 251 795)	(a)
Rental of facilities	183 486	25 456	208 942	180 833	(28 109)	(b)
Interest on receivables	85 000	114 867	199 867	75 296	(124 571)	(c)
Other income	710 500	790 695	1 501 195	2 076 013	574 818	(d)
Licences and permits	-	72 682	72 682	-	(72 682)	(e)
Investment revenue	6 000 000	(3 000 000)	3 000 000	7 433 381	4 433 381	(f)
Total revenue from exchange transactions	87 478 986	(26 243 526)	61 235 460	63 766 502	2 531 042	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	973 612 000	300 066 826	1 273 678 826	1 269 331 843	(4 346 983)	(h)
Fines, penalties and forfeits	150 000	(91 835)	58 165	909 670	851 505	(i)
Total revenue from non-exchange transactions	973 762 000	299 974 991	1 273 736 991	1 270 241 513	(3 495 478)	
Total revenue	1 061 240 986	273 731 465	1 334 972 451	1 334 008 015	(964 436)	
Expenditure						
Employee related costs	(268 152 047)	(1 889 190)	(270 041 237)	(286 175 778)	(16 134 541)	(j)
Remuneration of councillors	(8 770 722)	(250 000)	(9 020 722)	(9 275 904)	(255 182)	(k)
Depreciation and amortisation	(80 000 005)	-	(80 000 005)	(100 249 044)	(20 249 039)	(l)
Finance costs	-	(552 774)	(552 774)	(552 621)	153	(m)
Debt Impairment	(14 000 000)	-	(14 000 000)	(6 428 187)	7 571 813	(n)
Bad debts written-off	-	-	-	(2 191 696)	(2 191 696)	(o)
Contracted services	(106 387 709)	(94 836 718)	(201 224 427)	(364 771 463)	(163 547 036)	(p)
Transfers and subsidies	(3 070 000)	(1 810 848)	(4 880 848)	(4 682 749)	198 099	(q)
Inventory consumed	(33 319 977)	3 311 992	(30 007 985)	(51 978 067)	(21 970 082)	(r)
General expenses	(112 460 099)	(3 276 900)	(115 736 999)	(163 288 156)	(47 551 157)	(s)
Total expenditure	(626 160 559)	(99 304 438)	(725 464 997)	(989 593 665)	(264 128 668)	
Operating surplus	435 080 427	174 427 027	609 507 454	344 414 350	(265 093 104)	
(Loss) gain on disposal	-	-	-	2 214 818	2 214 818	
Actuarial (losses) gains	-	-	-	4 211 000	4 211 000	
Inventories losses/write-downs	-	-	-	(135 106)	(135 106)	(t)
	-	-	-	6 290 712	6 290 712	
Surplus before taxation	435 080 427	174 427 027	609 507 454	350 705 062	(258 802 392)	
Actual Amount on Comparable Basis	435 080 427	174 427 027	609 507 454	350 705 062	(258 802 392)	

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Variance explanations

- (a) The meters installed have assisted in correcting the billing. However there are still customers who are billed on average due to faulty meters.
- (b) The initial budgeted rental was not achieved due to one tenant vacating the building prior to the year end, thus the rental received became less than expected.
- (c) The municipality charged the interest on outstanding water account for the businesses only as per credit policy. The interest is less than budgeted due to its dependence on outstanding account
- (d) Other revenue consists of Skills development levy refund, Registration fees, landing fees, administrative handling fees, clearance certificates and Sale of tender documents. Major increase above budget is on skills development levy refund and sale of tender documents
- (e) These are the licences issued by the municipal health on the renewal date.
- (f) This is dependent on the availability of funds that were not immediately required to settle payments. Therefore, invested to call account.
- (h) The MSIG grant was gazetted but never received. Borehole intervention programme grant was not fully spent by end of June. The MOU extend beyond June 2023. ART council SA grant was not fully spent and will continue to pay for help desk until the end of the contract.
- (i) Fines, penalties, forfeits is amounts charged on illegal connections, deposit forfeits and health fines based on health inspections and reconnection fees on non-paying disconnected customers. The municipality adjusted the budget based on the fact that the training was provided to environmental health practitioners. However, the benefit did not materials in 2022-2023 financial year.
- (j) The leave pay include leave provision and leave paid, the municipality has overspent on leave pay, bonus leave provision was overspent, standby allowance that was overspent by the municipality due to circumstances that arise during the year in water and sewer plants.
- (k) These are third-party contributions to medical aid and pension fund. There are contributions that were added during the year resulting from the change in councillors.
- (l) The significant increase in depreciation was due to completed assets transferred from work in process, and started to depreciate and extended above budget.
- (m) The municipality have lease agreement that is finance lease. The interest is included in finance cost line and interest resulting in overdue accounts.
- (n) This is dependent on the actual debtors as at the end of the financial year.
- (o) These are debtors written off following the council resolution on debtors that are indigent and there was no budget allocated to write off.
- (p) The contracted services comprise of maintenance of municipal infrastructure or assets, Business and Advisory Services and project management. The major cost drivers are water tankers, security and maintenance. This also include MIG expenditure resulting from VIP toilets which the municipality handover to community while does not have control after handover. The budget was allocated under capital expenditure.
- (q) This is support given to the community by municipality in the form of lightning conductors, disaster relief material, economic recovery fund and LED projects.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

(r) This includes the purchase of raw water, portable water, material and supplies. The major increase is in purchase of raw water.

(s) The municipality has incurred the excessive expenditure in internet charge, Eskom, fuel and S&T.

(t) This is loss resulting from inventory write off.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	240 335 120	(74 481 247)	165 853 873	27 426 614	(138 427 259)	(a)
Consumer debtors	67 303 330	(27 516 553)	39 786 777	27 788 003	(11 998 774)	(b)
Receivables from exchange transactions	1 181 823	(588 313)	593 510	1 855 826	1 262 316	(c)
Receivables from non-exchange transactions	6 918 568	2 361 869	9 280 437	14 398 777	5 118 340	(d)
VAT Receivable	4 400 000	34 965 975	39 365 975	76 892 047	37 526 072	(e)
Inventories	2 472 960	83 518	2 556 478	2 824 420	267 942	(f)
	322 611 801	(65 174 751)	257 437 050	151 185 687	(106 251 363)	
Non-Current Assets						
Receivables from non-exchange transactions	16 302 248	1 032 328	17 334 576	18 178 535	843 959	(g)
Property, plant and equipment	4 188 951 602	658 031 650	4 846 983 252	4 991 969 914	144 986 662	(h)
Heritage assets	-	-	-	7 816 633	7 816 633	(i)
Intangible assets	13 489	11 172	24 661	51 828	27 167	(j)
	4 205 267 339	659 075 150	4 864 342 489	5 018 016 910	153 674 421	
Total Assets	4 527 879 140	593 900 399	5 121 779 539	5 169 202 597	47 423 058	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	1 483 991	1 483 991	(k)
Payables from exchange transactions	218 943 753	123 272 800	342 216 553	454 405 633	112 189 080	(l)
Consumer deposits	3 633 124	(11 879)	3 621 245	3 620 160	(1 085)	(m)
Unspent conditional grants and receipts	-	-	-	1 559 960	1 559 960	(n)
Employee benefit obligation (Medical Aid)	249 000	156 000	405 000	500 000	95 000	(o)
Employee benefit obligation (Long Service Award)	1 506 000	467 000	1 973 000	1 654 000	(319 000)	(p)
Operating lease liability	-	-	-	542 591	542 591	
	224 331 877	123 883 921	348 215 798	463 766 335	115 550 537	
Non-Current Liabilities						
Finance lease obligation	-	1 091 760	1 091 760	1 201 738	109 978	(q)
Payables from exchange transactions (Non-current)	-	-	-	32 779 089	32 779 089	(r)
Employee benefit obligation (Medical Aid)	22 289 000	7 472 000	29 761 000	30 426 000	665 000	(s)
Employee benefit obligation (Long Service Award)	11 615 000	1 464 000	13 079 000	13 061 000	(18 000)	(t)
	33 904 000	10 027 760	43 931 760	77 467 827	33 536 067	
Total Liabilities	258 235 877	133 911 681	392 147 558	541 234 162	149 086 604	
Net Assets	4 269 643 263	459 988 718	4 729 631 981	4 627 968 435	(101 663 546)	

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 269 643 263	459 988 718	4 729 631 981	4 627 968 435	(101 663 546)	(u)

Variance explanations

- (a) Cash and cash equivalent is estimated based on the expected performance on expenditure (Considering payments of suppliers, employees, and capital grants) and revenue, and considering the collection level of the municipality. The large variance is because the municipality has paid huge amounts of creditors from previous year on top of the current budgeted payment.
- (b) Trade and other receivables from exchange transactions include debtors from water, sanitation services, other service charges and rental properties. The municipality's actual debtors have decreased as compared to the budget due to the impairment on water and sanitation debtors, and the decrease in rentals due to one tenant vacating the building.
- (c) This includes the prepayment of ESKOM deposits. The municipality pays the deposits for a new connection on water schemes, which is above the expected cost as per budget.
- (d) This includes all other non-exchange debtors, including shared services debtors from Local municipalities, outstanding amount from DWS and all other debtors. The municipality's budgeted higher than the actual debtors, this means that the municipality has managed to reduce the amount of other debtors.
- (e) VAT Receivable is the net amount of input VAT raised less output VAT received. The municipality's budget is less than the actual due to the municipality's large amount of payment during the year end, which resulted in increased VAT input.
- (f) Inventories consist of water stock, material and supplies and consumable stores. The budget is higher than actual because of consumable stock issued during the year.
- (g) These are deposits made that have a duration of more than 12 months, majority being ESKOM, deposits are deposited by the municipality when opening a new account.
- (h) Property plant and equipment include capital acquisition and the amount of all assets owned by the municipality, Capital acquisition which are additions to property plant and equipment. The municipality has under budgeted in the property plant and equipment.
- (i) The municipality Heritage asset is the statue and was not included on the budget.
- (l) The Payables from exchange transactions consist of trade payables and all other payables. The significant increase is due to trade payables, retention, and current position of DWS long term debt.
- (n) The municipality has unspent grants, the municipality has spent grants within the limits of grant conditions. Unspent grants will be spent in 2023-2024. The municipality was not anticipating for unspent grant.
- (k&q) The municipality is in a lease agreement with Business Connections (BCX), the contract is for the laptops that the municipality will use for the agreed period and will be given to the Municipality at the end of the contract. The municipality has introduced new laptops during the year that resulted in actual being above the budget.
- (r) This is the long-term debt with DWS. An arrangement has been signed by the Municipality and the department of water and sanitation. This resulted in the new amount being calculated and being above the budget.
- (o&s) The municipality budgeted slightly different from the actual calculation of the employee benefits.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

(p&t) The municipality budgeted slightly different from the actual calculation of the employee benefits.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	60 573 750	(17 747 993)	42 825 757	28 012 943	(14 812 814)	(a)
Grants	973 612 000	298 425 009	1 272 037 009	1 269 416 509	(2 620 500)	(b)
Interest income	6 000 000	(3 000 000)	3 000 000	6 765 524	3 765 524	(c)
Other receipts	80 905 165	44 321 378	125 226 543	3 240 727	(121 985 816)	(d)
	1 121 090 915	321 998 394	1 443 089 309	1 307 435 703	(135 653 606)	
Payments						
Employee costs	(276 922 769)	(2 139 190)	(279 061 959)	(284 654 448)	(5 592 489)	(e)
Suppliers	(293 523 459)	(63 900 356)	(357 423 815)	(516 531 157)	(159 107 342)	(f)
Other cash item	-	-	-	(4 682 749)	(4 682 749)	(g)
	(570 446 228)	(66 039 546)	(636 485 774)	(805 868 354)	(169 382 580)	
Net cash flows from operating activities	550 644 687	255 958 848	806 603 535	501 567 349	(305 036 186)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(332 161 738)	(206 880 762)	(539 042 500)	(497 890 586)	41 151 914	(h)
Proceeds from sale of property, plant and equipment	-	-	-	2 901 567	2 901 567	(i)
Purchase of other intangible assets	-	-	-	(51 269)	(51 269)	
Net cash flows from investing activities	(332 161 738)	(206 880 762)	(539 042 500)	(495 040 288)	44 002 212	
Cash flows from financing activities						
Finance lease movement	-	(901 761)	(901 761)	431 352	1 333 113	(j)
Net increase/(decrease) in cash and cash equivalents	218 482 949	48 176 325	266 659 274	6 958 413	(259 700 861)	
Cash and cash equivalents at the beginning of the year	72 671 115	(52 202 921)	20 468 194	20 468 194	-	
Cash and cash equivalents at the end of the year	291 154 064	(4 026 596)	287 127 468	27 426 607	(259 700 861)	

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

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

Variance explanations

(a) The budgeted collection of Sale of goods and services is 65%. The actual collection rate is above 50%. This results from low collection level from debtors.

(b) Some of the grants were not fully spent thus not recognised as revenue, grants such as borehole intervention. MSIG was gazetted, but never transferred to the municipality

(c) Interest on investment is interest received when the Municipality makes cash investments or call accounts. The investment performance during the first half of the year was not good, the budget interest was adjusted down, however the performance improved in the second half of the year and the municipality received more interest.

(d) Other revenue includes amounts for tender fees, skills development levy refund and any other revenue the Municipality may be entitled to receive such as VAT refund. The Treasury template for cash flow statements presentation in the budget is different from cash flow statements presented in AFS. On the AFS, refund from SARS is considered in working capital, whilst on the budget is treated direct as other revenue.

(e) The municipality overspent on standby allowance and overtime payments due to circumstances that arose during the financial year.

(f) Payments to suppliers and employees reflects all payments paid to suppliers, the municipality overspent in most expenditure categories as presented on the budget statement of financial performance above.

(g) Transfers and subsidies are goods provided as subsidies or aid to the communities for poverty alleviation or community development and/or any other support that may be required by community and provided by the municipality. The municipality budget is included in Suppliers and employees due to limitations on the budget template.

(h) The municipality's capital acquisition budget is high than the actual acquisition because there are expenditures that were capital in nature, but could not be capitalised, so they were expensed, such as VIP toilets.

(i) These are the proceeds from the sale of assets, the municipality did not provide the budget, but the necessity to dispose prevail during the year.

(j) This is the finance lease paid during the financial year.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s31 of the MFMA)	Final adjustments and budget (i.t.o. s28 and budget s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
2023											
Financial Performance											
Service charges	80 500 000	(24 247 226)	56 252 774	-	-	56 252 774	54 000 979		(2 251 795)	96 %	67 %
Investment revenue	6 000 000	(3 000 000)	3 000 000	-	-	3 000 000	7 433 381		4 433 381	248 %	124 %
Transfers recognised - operational	601 306 000	60 425 009	661 731 009	-	-	661 731 009	658 829 922		(2 901 087)	100 %	110 %
Other own revenue	1 128 986	911 865	2 040 851	-	-	2 040 851	3 241 812		1 200 961	159 %	287 %
Total revenue (excluding capital transfers and contributions)	688 934 986	34 089 648	723 024 634	-	-	723 024 634	723 506 094		481 460	100 %	105 %
Employee costs	(268 152 047)	(1 889 190)	(270 041 237)	-	-	(270 041 237)	(286 175 778)		(16 134 541)	106 %	107 %
Remuneration of councillors	(8 770 722)	(250 000)	(9 020 722)	-	-	(9 020 722)	(9 275 904)		(255 182)	103 %	106 %
Debt impairment	(14 000 000)	-	(14 000 000)			(14 000 000)	(6 428 187)		7 571 813	46 %	46 %
Depreciation and asset impairment	(80 000 005)	-	(80 000 005)			(80 000 005)	(100 249 044)		(20 249 039)	125 %	125 %
Finance charges	-	(552 774)	(552 774)			(552 774)	(552 621)		153	100 %	DIV/0 %
Materials and bulk purchases	(33 319 977)	3 311 992	(30 007 985)			(30 007 985)	(51 978 067)		(21 970 082)	173 %	156 %
Transfers and grants	(3 070 000)	(1 810 848)	(4 880 848)			(4 880 848)	(4 682 749)		198 099	96 %	153 %
Other expenditure	(218 847 808)	(98 113 618)	(316 961 426)			(316 961 426)	(530 251 315)		(213 289 889)	167 %	242 %
Total expenditure	(626 160 559)	(99 304 438)	(725 464 997)	-	-	(725 464 997)	(989 593 665)		(264 128 668)	136 %	158 %
Surplus/(Deficit)	62 774 427	(65 214 790)	(2 440 363)			(2 440 363)	(266 087 571)		(263 647 208)	10 904 %	(424)%

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	372 306 000	239 641 817	611 947 817	-	-	611 947 817	610 501 921		(1 445 896)	100 %	164 %
Surplus (Deficit) after capital transfers and contributions	435 080 427	174 427 027	609 507 454	-	-	609 507 454	344 414 350		(265 093 104)	57 %	79 %
Surplus/(Deficit) for the year	435 080 427	174 427 027	609 507 454	-	-	609 507 454	344 414 350		(265 093 104)	57 %	79 %
Capital expenditure and funds sources											
Total capital expenditure	332 161 738	206 880 762	539 042 500	-	-	539 042 500	497 941 855		(41 100 645)	92 %	150 %

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s31 of the MFMA)	Final adjustments (i.t.o. s28 and budget s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating	550 644 687	255 958 848	806 603 535	-	-	806 603 535	501 567 349		(305 036 186)	62 %	91 %
Net cash from (used) investing	(332 161 738)	(206 880 762)	(539 042 500)	-	-	(539 042 500)	(495 040 288)		44 002 212	92 %	149 %
Net cash from (used) financing	-	-	-	(901 761)	(901 761)	(901 761)	431 352		1 333 113	(48)%	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	218 482 949	49 078 086	267 561 035	(901 761)	(901 761)	266 659 274	6 958 413		(259 700 861)	3 %	3 %
Cash and cash equivalents at the beginning of the year	72 671 115	(52 202 921)	20 468 194	-	-	20 468 194	20 468 193		(1)	100 %	28 %
Cash and cash equivalents at year end	291 154 064	(3 124 835)	288 029 229	(901 761)	(901 761)	287 127 468	27 426 606		259 700 862	10 %	9 %

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality. All figures are rounded to the nearest Rand.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

In assessing the recoverability of trade receivables the assumption is that all organisations are excluded from the calculation. The remainder of accounts representing residential accounts are assessed as per their payment record. Those that have not been available to pay for the account in a more than twelve months are then provided for doubtful debt.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply demand, together with economic factors such as exchange rates inflation interest.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Contingencies

Contingencies recognised in the current year required estimates and judgments, refer to note 43 on entity combinations.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post-retirement benefits and Other long term obligations

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Non-Cash Generating Assets

The Municipality considers its objective of using an asset to designate non-cash generating assets. Those assets that are not used in the objective of generating a commercial return but to deliver services are designated as non-cash generating assets

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months. The assessment is done as per note 45.

1.4 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.5 Property, plant and equipment

Initial Recognition

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an asset is acquired by the municipality for no consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation and impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the assets' residual value where applicable.

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

Assets to be Impaired are identified and recognised after considering internal and external indicators, impairment is measured at carrying amount of the asset which exceeds its recoverable service amount.

Impairment (loss) gain is recorded on the statement of financial performance and accumulated impairment is recorded in the statement of financial position.

Item	Depreciation method	Average useful life
Land	Straight line	Infinity
Infrastructure	Straight line	
• Water		7-70 years
• Sewerage		7-70 years

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Property, plant and equipment (continued)

Community	Straight line	
• Buildings		15-70 years
• Recreational Facilities		15-70 years
Other property, plant and equipment	Straight line	
• Buildings		10-50 years
• Specialist vehicles		4-15 years
• Other vehicles		4-15 years
• Office equipment		3-25 years
• Furniture and fittings		3-5 years
• Emergency equipment		10-30 years
• Computer equipment		3-11 years
• Office equipment		5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Repairs and maintenance

The municipality separately disclose expenditure incurred to repair and maintain property, plant and equipment in the notes to the annual financial statements. The disclosure categorises expenditure over all classes of property, plant and equipment.

1.6 Heritage assets

Initial recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Measurement at recognition

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Heritage assets (continued)

Subsequent measurement

The municipality uses the cost model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generations.

Heritage assets are not depreciated; however, the municipality assesses impairment to all heritage assets at each reporting date.

Derecognition

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated depreciation and impairment) and the disposal proceeds and included in the Statement of Financial Performance.

1.7 Intangible assets

Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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

Subsequent measurement - Cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	5-7 years

Derecognition

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Intangible assets (continued)

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.8 Inventories

Initial recognition

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Subsequent measurement

Inventories, consisting of consumable stores, materials and water, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.9 Financial instruments

Initial recognition

The Municipality recognises financial assets using trade date accounting.

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Municipality does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Classification

The municipality has the following types of financial instruments as reflected on the face of the Statement of Financial Position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Accounts receivable and payable	Financial asset measured at amortised cost

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following category:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, are subject to an impairment review.

Impairment and uncollectible of financial assets

All financial assets measured at amortised cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable are impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade and other receivables are accounted for by reducing the carrying amount of trade and other receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.11 Trade payables

Financial liabilities consist of trade payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12 Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks.

1.13 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). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 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. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 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. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.16 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.17 Provisions and contingencies

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.18 Revenue from exchange transactions

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.19 Revenue from non-exchange transactions

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines in the form of meter tampering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.20 Grants, transfer and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

1.21 Borrowing costs

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.22 Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Defined Contribution Plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Employee benefits (continued)

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the Projected Unit Credit Method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

1.23 VAT

The municipality accounts for VAT on the accrual basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality, permission has been given to remit or claim for value - added tax on the payments basis for debtors and creditors.

VAT is a statutory receivable in terms of the VAT act, levied at 15% on qualifying payments and receipts.

Input VAT accrual and input VAT (receivable from SARS) are recognised when expenditure is incurred and when cash payments are made, respectively.

Output VAT accrual is recognised when revenue is billed. Output VAT (payable to SARS) is recognised once payment is received from debtors or when cash receipts are recorded. Output VAT impairment is recognised when debtors are impaired.

Statutory receivables/payables are recognised when VAT submission has been made to SARS.

1.24 Budget information

The approved budget covers the financial period from 2022/07/01 to 2023/06/30.

The annual budget figures have been prepared in accordance with the GRAP. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over or under spending in line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis for the Statement of financial performance and the statement of financial position, cash basis for the approved cashflow statement.

The approved budget is classified by economic nature per items on the same basis as adopted in the financial statements.

1.25 Commitments

Most of infrastructure projects are multi-year projects that requires budget funding over certain period of years. At year-end reporting date some funds are committed and contract signed with various contractors to carry out construction of infrastructure projects. Some funds are committed but not yet contracted for. Commitments are disclosed inclusive of VAT.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.26 Non-cash-generating assets

The municipality holds Non-Cash-Generating Assets that are used for service delivery purposes. All assets that are used for service delivery purposes are categorised as Non-cash-generating assets. GRAP is used to determine impairment of Non-Cash-Generating assets. Impairment loss is the amount the carrying value exceeds recoverable service amount of an asset. Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period.

The municipality determines present value of the remaining service potential of non-generating assets (value in use) through depreciated replacement cost model

1.27 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

All cash generating assets are measured at amortised cost, or cost, these assets are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a cash generating asset or group of cash generating assets is impaired.

Impairment is assessed annually during year-end reporting. Impairment loss is recognised to the Statement of Financial Performance. Reversal of the impairment loss affects surplus or deficit for that reporting period

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Statutory receivables (continued)

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.30 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
--	-----------	-----------

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact.
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact.
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact.
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2023	Unlikely there will be a material impact.
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact.
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact.
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact.
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact.

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	Still to be determined	Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	800	800
Bank balances	27 425 814	20 467 393
	27 426 614	20 468 193

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
ABSA BANK - Primary Account - 4047-716-2045	27 075 408	20 467 393	20 057 448	27 075 408	20 466 912	20 057 448
ABSA BANK - NSF - Account - 937-555-1092	350 405	-	-	350 405	-	-
Total	27 425 813	20 467 393	20 057 448	27 425 813	20 466 912	20 057 448

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Trade receivable from exchange transaction		
Gross balances		
Water	152 780 376	133 196 793
Waste water	42 794 358	38 205 887
Housing rental	65 165	71 396
Other	24 284	23 961
	195 664 183	171 498 037
Less: Allowance for impairment		
Water	(141 271 689)	(120 775 099)
Waste water	(26 562 262)	(35 393 418)
Housing rental	(27 070)	(27 070)
Other	(15 159)	(15 159)
	(167 876 180)	(156 210 746)
Net balance		
Water	11 508 687	12 421 694
Waste water	16 232 096	2 812 469
Housing rental	38 095	44 326
Other	9 125	8 802
	27 788 003	15 287 291
Water		
Current (0 -30 days)	7 024 072	8 036 564
31 - 60 days	2 707 585	3 036 284
61 - 90 days	2 529 404	2 960 924
91 - 120 days	3 085 588	2 329 341
121 - 365 days	17 938 308	20 039 273
> 365 days	119 495 419	96 794 407
Less: Allowance for impairment	(141 271 689)	(120 775 099)
	11 508 687	12 421 694
Waste water		
Current (0 -30 days)	1 925 891	2 210 274
31 - 60 days	794 553	764 571
61 - 90 days	746 365	693 310
91 - 120 days	772 426	611 899
121 - 365 days	4 615 879	4 382 423
> 365 days	33 939 245	29 543 411
Less: Allowance for impairment	(26 562 263)	(35 393 419)
	16 232 096	2 812 469
Housing rental		
Current (0 -30 days)	21 238	39 267
31 - 60 days	9 442	8 346
61 - 90 days	9 302	8 346
91 - 120 days	9 302	5 518
121 - 365 days	9 062	9 919
> 365 days	6 819	-
Less: Allowance for impairment	(27 070)	(27 070)
	38 095	44 326

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Trade receivable from exchange transaction (continued)		
Other		
Current (0 -30 days)	8 535	558
31 - 60 days	107	7 236
61 - 90 days	191	-
91 - 120 days	161	2 940
121 - 365 days	747	12 438
> 365 days	14 543	789
Less: Allowance for impairment	(15 159)	(15 159)
	9 125	8 802
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	5 240 352	5 444 127
31 - 60 days	2 205 072	2 751 905
61 - 90 days	2 219 830	2 523 381
91 - 120 days	2 637 199	2 277 972
121 - 365 days	16 133 995	18 963 765
> 365 days	136 943 755	116 183 742
	165 380 203	148 144 892
Less: Allowance for impairment	(143 164 869)	(138 614 151)
	22 215 334	9 530 741
Industrial/ commercial		
Current (0 -30 days)	1 359 802	1 794 752
31 - 60 days	410 641	453 245
61 - 90 days	417 968	570 560
91 - 120 days	456 946	300 711
121 - 365 days	2 258 618	2 739 456
> 365 days	8 924 006	9 446 344
	13 827 981	15 305 068
Less: Allowance for impairment	(11 572 728)	-
	2 255 253	15 305 068
National and provincial government		
Current (0 -30 days)	2 379 582	3 245 698
31 - 60 days	895 975	622 448
61 - 90 days	647 466	579 616
91 - 120 days	773 331	371 015
121 - 365 days	4 171 384	2 847 902
> 365 days	7 588 260	195 574
Less: Allowance for impairment	-	-
	16 455 998	7 862 253

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
4. Trade receivable from exchange transaction (continued)		
Total		
Current (0 -30 days)	8 979 736	10 985 087
31 - 60 days	3 511 687	3 840 073
61 - 90 days	3 285 263	3 761 267
91 - 120 days	3 867 477	3 599 382
121 - 365 days	22 563 997	28 075 892
> 365 days	153 456 023	121 236 336
	<u>195 664 183</u>	<u>171 498 037</u>
Less: Allowance for impairment	(167 876 180)	(156 210 746)
	<u>27 788 003</u>	<u>15 287 291</u>
Less: Allowance for impairment		
Current (0 -30 days)	(2 854 611)	(4 233 896)
31 - 60 days	(1 119 912)	(2 271 574)
61 - 90 days	(1 009 281)	(2 084 087)
91 - 120 days	(1 606 213)	(1 968 361)
121 - 365 days	(7 389 527)	(16 978 899)
> 365 days	(153 896 636)	(128 673 929)
	<u>(167 876 180)</u>	<u>(156 210 746)</u>
Reconciliation of allowance for impairment		
Balance at beginning of the year	(156 210 746)	(115 598 498)
Contributions to allowance	(11 665 434)	(40 612 248)
	<u>(167 876 180)</u>	<u>(156 210 746)</u>

Consumer debtors pledged as security

There are no debtors pledged as security.

Credit quality of consumer debtors

Based on historical information debtors that are past due nor impaired do pay within a period of 12 months.

Trade receivables are recognised as financial instruments since the customer willingly enters into a contractual arrangement with the municipality for the supply of services. The transaction arises as a result of billing revenue for the use of water and sewer.

In assessing the recoverability of trade receivables the assumption is that all organisations (e.g. government departments) are excluded from the calculation. The remainder of accounts representing residential accounts and business accounts are assessed as per the following methodology.

The municipality classifies accounts into four categories

Category O - Debtors with credit balance. These are not financial assets and will not be considered for impairment assessment.

Category A - Debtors with only current balances. There are no indicators of impairment and as such not to be impaired.

Category B - Debtors that are paying but not enough to clear their balance to at least current but enough to the amount paid is more than opening balance.

Category C - Debtors paying below their opening and debtors with payment at all in the year.

Government debtors - Special consideration was placed on debtors. Normal government (departments and municipality), no impaired was consider as engagements are on-going and if services termination is put forward payments are made.

Government property with residential occupancy, these were considered as normal debtors as Government Departments and Entities requires the tenants to settle their bills.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
5. Receivables from exchange transactions		
Employee costs in advance	18 346	125 799
Prepaid expenses	1 807 978	564 009
Other debtors	29 502	29 502
	1 855 826	719 310
Reconciliation of provision for impairment of Receivables from exchange transactions		
Opening balance	-	(323 376)
Provision for impairment reversal	-	323 376
	-	-
6. Receivables from non-exchange transactions		
Debtors: Deposits Made	18 178 535	17 334 576
Debtor: Department of Art and Culture	-	955 500
Debtor: Department of Water and Sanitation	2 717 840	2 717 840
Debtor: Abaqulusi Municipality	1 266 921	1 293 313
Debtor: Ulundi Municipality	1 303 907	1 041 662
Debtor: Nongoma Municipality	1 333 792	1 061 547
Debtor: eDumbe Municipality	583 864	622 412
Debtor: Upongola Municipality	1 054 521	792 275
Debtor: Enduneni Constructors	783 423	783 423
Debtor: World Focus	284 241	284 241
Debtor: Amanzi Ichweba	1 431 988	1 431 988
Debtor:BP Drakensburg	136 888	136 888
Debtor: Tracker - Rand Machant	134 248	134 248
Debtor: Lindani Catering	1 950	1 950
Debtor: Insurance Claim	-	136 710
Debtor: KwaZulu-Natal Amafa and Research Institute	20 000	-
Debtor: Sizolwenkosi	116 841	116 841
Debtor: Telkom	-	4 729
Debtor: Accrued Interest	711 195	43 338
Debtor: Accrued Income	148 003	36 900
Recoverable fruitless and wasteful expenditure	1 333 903	1 333 903
Debtors: Under/Over Banking	1 062 894	1 062 894
Debtor: Debit orders Absa	1 035 252	3 562 885
Less: Provision for impairment	(1 062 894)	(4 705 205)
	32 577 312	30 184 858
Non-current assets	18 178 535	17 334 576
Current assets	14 398 777	12 850 282
	32 577 312	30 184 858
Reconciliation of provision for impairment of receivables from non-exchange transactions		
Opening balance	4 705 207	4 705 207
Provision for impairment	1 062 894	-
Provision for impairment reversal	(4 705 207)	-
	1 062 894	4 705 207

Debt impairment reversal on receivables from non-exchange transactions resulted from the reclassification of balances.

Debt impairment is provided for irrecoverable amounts based on the assessment that monies might not be recoverable.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
7. VAT Receivable		
The VAT 201 return for May 2023 and June 2023 were outstanding at 30 June 2023 amounting to R27 524 833 .		
The VAT 201 return for May 2022 and June 2022 were outstanding at 30 June 2022 amounting to R10 896 204 .		
Input VAT accrual	48 031 225	38 778 746
Input VAT (receivable from SARS)	5 257 011	11 373 586
Output VAT accrual	(24 893 002)	(21 872 792)
Output VAT accrual impairment	21 326 933	19 731 998
Output VAT (payable to SARS)	(354 953)	(746 985)
Statutory receivables	27 524 833	10 896 204
	76 892 047	58 160 757
8. Inventories		
Consumable stores	1 193 177	1 529 252
Water for distribution	1 631 243	1 027 227
	2 824 420	2 556 479
Consumable stores and materials and supplies		
Opening	1 529 251	1 973 108
Additions	9 277 497	7 590 355
Issued / Expensed	(9 304 560)	(8 034 212)
Adjustments	(173 906)	-
Write offs	(135 106)	-
	1 193 176	1 529 251
Water for Distribution		
Opening	1 027 227	2 167 236
Additions	43 276 501	40 540 820
Issued / Expensed	(42 672 485)	(40 540 820)
Adjustments	-	(1 140 009)
	1 631 243	1 027 227

Inventory pledged as security

There was no inventory pledged as security.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2023		2022			
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation	Accumulated depreciation and impairment	Carrying value
Land	470 000	-	470 000	470 000	-	470 000
Buildings	45 445 591	(20 975 460)	24 470 131	45 445 591	(19 691 702)	25 753 889
Infrastructure	4 337 722 769	(740 204 605)	3 597 518 164	4 095 595 922	(662 797 573)	3 432 798 349
Community	47 657 343	(16 249 928)	31 407 415	31 103 312	(15 256 001)	15 847 311
Other property, plant and equipment	72 848 260	(50 096 838)	22 751 422	84 435 813	(57 304 510)	27 131 303
Capital work in progress	1 315 352 782	-	1 315 352 782	1 092 996 451	-	1 092 996 451
Total	5 819 496 745	(827 526 831)	4 991 969 914	5 350 047 089	(755 049 786)	4 594 997 303

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	470 000	-	-	-	-	470 000
Buildings	25 753 889	-	-	-	(1 283 758)	24 470 131
Infrastructure	3 432 798 349	-	(672)	254 336 446	(89 615 959)	3 597 518 164
Community	15 847 311	-	-	16 554 032	(993 928)	31 407 415
Other property, plant and equipment	27 131 303	4 643 777	(686 079)	-	(8 337 579)	22 751 422
Capital work in Progress	1 092 996 451	493 246 809	-	(270 890 478)	-	1 315 352 782
	4 594 997 303	497 890 586	(686 751)	-	(100 231 224)	4 991 969 914

Zululand District Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	470 000	-	-	-	-	-	-	-	470 000
Buildings	26 996 629	-	-	-	-	-	(1 242 740)	-	25 753 889
Infrastructure	2 912 904 625	8 702 072	-	24 307 385	587 303 518	(11 311 453)	(83 987 019)	(5 120 779)	3 432 798 349
Community	6 351 205	-	(28 056)	-	-	11 311 453	(130 639)	(1 656 652)	15 847 311
Other property, plant and equipment	27 464 163	7 149 270	(67 017)	40 000	(10 000)	-	(7 445 113)	-	27 131 303
Capital work in Progress	1 217 892 432	462 407 537	-	-	(587 303 518)	-	-	-	1 092 996 451
	4 192 079 054	478 258 879	(95 073)	24 347 385	(10 000)	-	(92 805 511)	(6 777 431)	4 594 997 303

Pledged as security

There is no restriction on title and Property, plant and Equipment pledged as security:

Assets subject to finance lease (Net carrying amount)

Other property, plant and equipment	2 538 896	1 940 255
-------------------------------------	-----------	-----------

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R	
9. Property, plant and equipment (continued)			
Property, plant and equipment in the process of being constructed or developed			
Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected			
Ceza Stand Alone Water Supply Phase 4 : Bulk. Reason for delay: Increase of the original scope for the subcontractor.	27 779 646	27 779 646	
Nkonjeni Borehole Augmentation. Reason for delay: Eskom Power Supply.	29 516 516	-	
Usuthu Holinyoka Pump Station Mechanical Installation. Reason for delay: Bulk pipeline constructed long ago has now leaks which delays commissioning of this project as it is complete.	28 893 937	28 893 937	
Usuthu Lindizwe Pump Station Mechanical Installation. Reason for delay: Bulk pipeline constructed long ago has now leaks which delays commissioning of this project as it is complete.	33 893 937	33 893 937	
Upgrade of Nongoma Reticulation Ward 14 Phase 2. Reason for delay: Increase of the original scope (114 households have been added)	11 659 881	-	
Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation. Reason for delay: Delays on Eskom power for the transformer.	29 272 306	29 272 306	
	161 016 223	119 839 826	
Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)			
Zululand Rudimentary Programme: Siting, Drilling, Testing and Equipping of Borehole North. Reason for delay: Contractor Terminated due to poor performance and re-advertised, awaiting contractor's appointment letter.]	36 388 800	-	
Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone B / B1. Reason for delay: Contractor Terminated due to poor performance, and re-advertised, awaiting contractor's appointment letter.	18 125 011	-	
Construction of Mandlakazi Phase 5.2 : Bulk Water Supply. Reason for delay: The project was suspended due to budget constraint. Now that the budget is available, the contractor is back on site.	65 450 000	-	
	119 963 811	-	
Reconciliation of Work-in-Progress 2023			
	Included within Infrastructure	Included within Community	Total
Opening balance	1 078 168 494	14 827 956	1 092 996 450
Additions/capital expenditure	491 520 734	1 726 075	493 246 809
Transferred to completed items	(254 336 448)	(16 554 031)	(270 890 479)
	1 315 352 780	-	1 315 352 780

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R	
9. Property, plant and equipment (continued)			
Reconciliation of Work-in-Progress 2022			
	Included within Infrastructure	Included within Community	Total
Opening balance	1 217 892 431	7 862 758	1 225 755 189
Additions/capital expenditure	447 579 581	6 965 198	454 544 779
Transferred to completed items	(587 303 518)	-	(587 303 518)
	<u>1 078 168 494</u>	<u>14 827 956</u>	<u>1 092 996 450</u>
Class of Property Plant and Equipment (Repairs and Maintenance)			
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance per class			
Motor vehicles		4 728 491	10 071 408
Computers		20 466	21 614
Buildings		1 384 461	1 960 839
Infrastructure		120 585 689	119 855 195
Equipment		676 227	859 899
		<u>127 395 334</u>	<u>132 768 955</u>

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

10. Heritage assets

	2023		2022			
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	10 000	-	10 000	10 000	-	10 000
Art collections and exhibit	7 806 633	-	7 806 633	7 806 633	-	7 806 633
Total	7 816 633	-	7 816 633	7 816 633	-	7 816 633

Reconciliation of heritage assets 2023

Art Collections, antiquities and exhibits
Art collections and exhibits

	Opening balance	Total
	10 000	10 000
	7 806 633	7 806 633
	7 816 633	7 816 633

Reconciliation of heritage assets 2022

Art Collections, antiquities and jewellery
Art collections and exhibit

	Opening balance	Additions	Transfers	Total
	-	-	10 000	10 000
	1 212 635	6 593 998	-	7 806 633
	1 212 635	6 593 998	10 000	7 816 633

Pledged as security

There is no heritage assets pledged as security:

Zululand District Municipality
Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

11. Intangible assets

	2023		2022			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	237 902	(186 074)	51 828	186 632	(168 255)	18 377

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	18 377	51 269	(17 818)	51 828

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software	31 999	(13 622)	18 377

Pledged as security

There is no intangible assets pledged as security:

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
12. Finance lease obligation		
Minimum lease payments due		
- within one year	1 659 780	901 764
- in second to fifth year inclusive	1 260 086	1 277 499
	<u>2 919 866</u>	<u>2 179 263</u>
less: future finance charges	(234 137)	(185 739)
Present value of minimum lease payments	<u>2 685 729</u>	<u>1 993 524</u>
Present value of minimum lease payments due		
- within one year	1 483 991	782 909
- in second to fifth year inclusive	1 201 738	1 210 615
	<u>2 685 729</u>	<u>1 993 524</u>
Non-current liabilities	1 201 738	1 091 760
Current liabilities	1 483 991	901 761
	<u>2 685 729</u>	<u>1 993 521</u>

The Municipality entered into a three year finance lease agreements for the procurement of laptops and printers.

The lease period is 36 months,

The first lease agreement is for the procurement of computers commencing in December 2021 at a borrowing rate of 7% per annum

The second lease agreement is also for the procurement of computers commencing in September 2022 at a borrowing rate of 9 % per annum

The third lease agreement is for the procurement of printers commencing in September 2022 at a borrowing rate of 9 % per annum

13. Payables from exchange transactions

Accrued leave pay	21 777 588	19 074 245
Accrued bonus	5 745 257	5 417 690
Creditors	269 380 527	214 275 971
Unallocated Deposits	517 567	503 547
Retention Services	59 431 586	43 987 151
Debtors with credit balances	3 712 947	2 642 118
Other Creditors	-	63 922
Department of water and sanitation	29 854 118	8 400 000
Accrued Employee Related cost	2 730 821	1 720 497
Zanamanzi	26 711 371	32 172 874
Water Tankers	25 999 945	26 511 655
Abaqulusi Municipality	8 543 906	6 955 069
	<u>454 405 633</u>	<u>361 724 739</u>

14. Consumer deposits

Water	3 614 796	3 613 461
Property rental	5 364	7 784
	<u>3 620 160</u>	<u>3 621 245</u>

No guaranties are held in lieu of water deposits

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Rural Roads Asset Management Grant	-	768 977
KZN-KwaMajomela Project	-	1 641 817
National Skills Fund Grant	79 821	-
Accelerated Intervention Programme (Boreholes)	1 445 896	-
National Arts Council Grant	34 243	-
	1 559 960	2 410 794
Movement during the year		
Balance at the beginning of the year	2 410 794	2 290 444
Additions during the year	682 859 009	1 148 391 500
Income recognition during the year	(682 940 866)	(1 148 271 150)
Repayment of unspent conditional grant during the year	(768 977)	-
	1 559 960	2 410 794

See note 24 for reconciliation of grants from National/Provincial Government, and explanations for unspent conditional grants.

16. Employee benefit obligations

16.1 Multi-employer pension funds

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.

(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

16.2 Post retirement medical benefit plan

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
16. Employee benefit obligations (continued)		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the defined benefit obligation-partly or wholly unfunded	(27 571 000)	(22 538 000)
Fair value of plan assets	(3 355 000)	(5 033 000)
	(30 926 000)	(27 571 000)
Non-current liabilities	(30 426 000)	(27 166 000)
Current liabilities	(500 000)	(405 000)
	(30 926 000)	(27 571 000)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	27 571 000	22 538 000
Net expense recognised in the statement of financial performance	3 355 000	5 033 000
	30 926 000	27 571 000
Net expense recognised in the statement of financial performance		
Current service cost	2 156 000	1 717 000
Interest cost	3 730 000	2 360 000
Actuarial (gains) losses	(2 038 000)	1 258 143
Benefits paid	(493 000)	(302 143)
	3 355 000	5 033 000
Key assumptions used		
Independent actuaries and consultants carry out a statutory valuation on an annual basis.		
The Municipality operated on five accredited Medical Aid schemes, namely Keyhealth, LA Health, SAMWUMED, Bonitas and Hosmed.		
Financial variables: Two most important variables used in our valuation are discount rate and medical aid inflation rate. Nominal and real zero curve as at 30 June 2022 that was supplied by JSE to determine discount rate and CPI assumptions at each relevant time period.		
Assumptions used at the reporting date:		
Average retirement age	63	63
Discount rates used	14.28 %	13.11 %
Consumer price inflation	8.72 %	8.96 %
Medical cost trend rates	10.22 %	10.46 %
Net effective discount rate	3.68 %	2.40 %
	SA 85-90 PA 90-1	SA 85-90 PA 90-1

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
16. Employee benefit obligations (continued)		
17.3 Long service awards		
Independent actuaries and consultants carry out a statutory valuation on an annual basis.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	11.24 %	11.23 %
General salary inflation (long term)	7.17 %	8.56 %
Net effective discount rate	3.80 %	2.46 %
Average retirement age	63	63
Eligible employees	Members	Members
Age 20-29	36	19
Age 30-39	207	190
Age 40-49	225	198
Age 50-59	115	113
Age 60+	46	33
Membership summary		
Number of members	629	553
Average past service (years)	10.5	11.4
Average salary (annual)	272 467	262 24
Benefit Structure		
Service years	Award (Number of days)	Award (Number of days)
5	5	5
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
16. Employee benefit obligations (continued)		
Movement in the defined benefit obligation is as follows:		
Balance at beginning of the year	15 525 000	13 121 000
Current service cost	1 391 000	1 263 000
Interest cost	1 749 000	1 158 000
Expected benefit payments	(1 777 000)	(1 291 000)
Recognised actuarial (gains)/losses	(2 173 000)	1 274 000
Balance at end of year	14 715 000	15 525 000
The amounts recognised in the Statement of Financial Performance were as follows:		
Current service cost	1 391 000	1 263 000
Interest cost	1 749 000	1 158 000
Expected benefit payments	(1 777 000)	(1 291 000)
Recognised actuarial (gains) losses	(2 173 000)	1 274 000
	(810 000)	2 404 000
In conclusion these are the balances that has been incurred during the year:		
Statement of Financial Position obligation		
Current	1 654 000	1 973 000
Non-Current	13 061 000	13 552 000
	14 715 000	15 525 000
Statement of Financial Performance	810 000	2 404 000
17. Operating lease asset (liability)		
Current liabilities	(542 591)	(234 409)
The municipality entered into an operating lease agreement for the lease of office space, the lease term is from November 2021 to September 2031 (9 years 11 months), rentals shall escalate at a rate of 7% per annum. No contingent rent is payable.		
18. Payables from exchange transactions (Non-current)		
An arrangement has been signed by the Municipality and the department of water and sanitation		
Department of water and sanitation	32 779 089	39 865 128
19. Service charges		
Sale of water	39 169 620	38 486 444
Sewerage and sanitation charges	14 831 359	12 512 859
	54 000 979	50 999 303
20. Rental of facilities		
Facilities and equipment		
Rental of facilities	180 833	195 241

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
20. Rental of facilities (continued)		
Included in the above rentals are operating lease rentals at straight-lined amounts.		
21. Interest on receivables		
Interest on receivables (water)	56 992	262 836
Interest on receivables (sewer)	16 963	18 558
Interest on receivables (Other)	988	1 619
Interest on receivables (Property Rentals)	353	-
	75 296	283 013
22. Other income		
Entrance fees	26 214	-
Consumables	62 847	-
Trading	11 211	-
Inspection fees	4 350	-
Skills Levy Refunds	534 649	408 390
Non-refundable tender deposit	1 336 431	515 556
Clearance certification	335	108
Handling fees	8 015	8 994
Insurance claim	-	136 710
Health Certificates	76 304	-
Landing fees	15 657	-
	2 076 013	1 069 758
23. Investment revenue		
Interest revenue		
Interest on Bank account	1 636 743	1 221 650
Short term Investments and call accounts	5 796 638	2 483 753
	7 433 381	3 705 403
The amount included in Investment revenue arising from exchange transactions amounted to R 7 433 381.		
24. Government grants & subsidies		
Operating grants		
Equitable share	586 390 977	524 645 000
Expanded Public Works Program	8 517 000	9 612 000
Finance Management Grant	1 200 000	1 200 000
KZN grant Indonsa Culture Center	1 911 000	1 911 000
KZN grant-Capacity building Spatial	-	241 770
KZN Grant- Capacity building-Tourism	-	269 354
KZN Amafa and Research Institute	200 000	100 000
National Skills Fund Grant	59 613 288	-
LGSETA Grant	478 000	-
National Arts Council Grant	19 657	-
Prince Mangosuthu Airport Grant	500 000	-
	658 829 922	537 979 124
Capital grants		
Regional Bulk Infrastructure Grant	250 247 000	222 531 000

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
24. Government grants & subsidies (continued)		
Municipal Infrastructure Grant	259 530 000	269 111 000
Water Services Infrastructure Grant	95 000 000	110 000 000
Rural Roads Asset Management Grant	2 529 000	1 647 023
KZN-KwaMajomela Project	1 641 817	7 958 503
Accelerated Intervention Programme (Boreholes)	1 554 104	-
	610 501 921	611 247 526
	1 269 331 843	1 149 226 650

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	682 940 866	624 581 650
Unconditional grants received	586 390 977	524 645 000
	1 269 331 843	1 149 226 650

Equitable Share

Current-year receipts	586 390 977	524 645 000
Conditions met - transferred to revenue	(586 390 977)	(524 645 000)
	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal Infrastructure Grant

Current-year receipts	259 530 000	269 111 000
Conditions met - transferred to revenue	(259 530 000)	(269 111 000)
	-	-

Conditional grants are spent as per approved business plan

Road Asset Management Grant

Balance unspent at beginning of year	768 977	-
Current-year receipts	2 529 000	2 416 000
Conditions met - transferred to revenue	(2 529 000)	(1 647 023)
Conditions not met - Repayment of unspent	(768 977)	-
	-	768 977

Conditional grants are spent as per approved business plan

Regional Bulk Infrastructure Grant

Current-year receipts	250 247 000	222 531 000
Conditions met - transferred to revenue	(250 247 000)	(222 531 000)
	-	-

Conditional grants are spent as per approved business plan

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
24. Government grants & subsidies (continued)		
Water Infrastructure Grant		
Current-year receipts	95 000 000	110 000 000
Conditions met - transferred to revenue	(95 000 000)	(110 000 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
Financial Management Grant		
Current-year receipts	1 200 000	1 200 000
Conditions met - transferred to revenue	(1 200 000)	(1 200 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
Expanded Public Works Program		
Current-year receipts	8 517 000	9 612 000
Conditions met - transferred to revenue	(8 517 000)	(9 612 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
INDONSA		
Current-year receipts	1 911 000	955 500
Conditions met - transferred to revenue	(1 911 000)	(955 500)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
Indonsa Grant was not received as gazetted, a debtor has been raised to recognise the outstanding revenue of R955 500		
Capacity Building Grant- Spatial		
Balance unspent at beginning of year	-	241 770
Conditions met - transferred to revenue	-	(241 770)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		
Tourism Strategy Grant		
Balance unspent at beginning of year	-	269 354
Conditions met - transferred to revenue	-	(269 354)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan		

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
24. Government grants & subsidies (continued)		
KwaMajomela Project		
Balance unspent at beginning of year	1 641 817	1 779 320
Current-year receipts	-	7 821 000
Conditions met - transferred to revenue	(1 641 817)	(7 958 503)
	<u>-</u>	<u>1 641 817</u>
Conditional grants are spent as per approved business plan		
KZN Amafa and Research Institute		
Current-year receipts	200 000	100 000
Conditions met - transferred to revenue	(200 000)	(100 000)
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan.		
Prince Mangosuthu Airport Grant		
Current-year receipts	500 000	-
Conditions met - transferred to revenue	(500 000)	-
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan.		
National Skills Fund Grant		
Current-year receipts	59 693 109	-
Conditions met - transferred to revenue	(59 613 288)	-
	<u>79 821</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Conditional grants are spent as per approved business plan.		
The grant conditions in terms of the MOU indicate that the grant is a multi year contract effective from the date of sign off to 26 May 2026, as at 30 June 2023 the municipality had an unspent receipt.		
Accelerated Intervention Programme (Boreholes)		
Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(1 554 104)	-
	<u>1 445 896</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Conditional grants are spent as per approved business plan.		
The grant conditions in terms of the MOU indicate that the grant is a seven month contract effective from January 2023 to July 2023, unless an extension of the agreement is agreed upon in writing by both parties. as at 30 June 2023 the municipality had an unspent receipt.		

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
24. Government grants & subsidies (continued)		
LG SETA Grant		
Current-year receipts	478 000	-
Conditions met - transferred to revenue	(478 000)	-
	<u>-</u>	<u>-</u>
Conditional grants are spent as per approved business plan.		
National Arts Council Grant		
Current-year receipts	53 900	-
Conditions met - transferred to revenue	(19 657)	-
	<u>34 243</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Conditional grants are spent as per approved business plan.		
The grant conditions in terms of the MOU indicate that the grant is a fixed twelve month contract effective from April 2023 to 31 March 2024, as at 30 June 2023 the municipality had an unspent receipt.		
25. Public contributions and donations		
Transfers Received - Donation	<u>-</u>	<u>24 347 385</u>
The assets was donated by the provincial government in the form of infrastructure borehole across the municipality in 2021/22 financial year.		
26. Fines, Penalties and Forfeits		
Illegal Connections Fines	152 521	146 421
Deposits Forfeits	24 912	250
Retention Forfeits	732 237	62 112
	<u>909 670</u>	<u>208 783</u>

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
27. Employee related costs		
Basic	184 972 801	171 829 544
Bonus	12 696 109	11 678 071
Medical aid - company contributions	14 860 079	13 623 777
UIF	1 531 186	1 438 623
Stand by allowance	3 848 301	7 971 853
Employee Benefits	6 756 000	4 904 857
Leave pay provision charge	5 523 383	3 223 448
Industrial bargaining council levy	167 189	212 320
Defined contribution plans	23 207 498	21 867 435
Motor car allowances	10 357 436	8 704 117
Overtime payments	2 902 580	4 912 229
Long-service awards	1 995 360	1 376 013
Acting allowances	1 191 062	436 711
Housing benefits and allowances	1 669 055	1 379 224
Cellular phone allowance	739 685	663 084
Shift allowance	3 812 726	2 198 744
	276 230 450	256 420 050
Remuneration of Municipal Manager		
Annual Remuneration	1 055 869	1 153 950
Car Allowance	385 367	288 883
Other Allowances	112 136	79 221
Service Related Benefits	218 074	354 304
Performance Bonuses	80 544	-
Contributions to UIF, Medical and Pension Funds	2 243	2 052
	1 854 233	1 878 410
Remuneration of Chief Financial Officer		
Annual Remuneration	613 299	1 020 330
Car Allowance	153 693	255 557
Performance Bonuses	111 296	-
Other Allowances	50 938	80 489
Service Related Benefits	360 530	37 827
Contributions to UIF, Medical and Pension Funds	1 503	2 249
	1 291 259	1 396 452
Remuneration - Director of Planning		
Annual Remuneration	934 293	148 700
Car Allowance	225 289	18 634
Performance Bonuses	97 384	-
Other Allowances	85 953	12 560
Service Related Benefits	-	70 265
Contributions to UIF, Medical and Pension Funds	2 957	375
	1 345 876	250 534
Remuneration of Director Technical Services		
Annual Remuneration	935 411	988 297
Car Allowance	227 525	210 302
Performance Bonuses	97 384	-
Other Allowances	93 003	79 210

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
27. Employee related costs (continued)		
Contributions to UIF, Medical and Pension Funds	2 432	2 383
	1 355 755	1 280 192
Remuneration - Chief Operations Officer		
Annual Remuneration	885 662	-
Car Allowance	211 520	-
Performance Bonuses	73 511	-
Other Allowances	68 280	-
Contributions to UIF, Medical and Pension Funds	222 692	-
	1 461 665	-
Remuneration - Director of Corporate services		
Annual Remuneration	945 475	892 203
Car Allowance	228 084	223 612
Performance Bonuses	97 384	-
Other Allowances	103 351	75 378
Contributions to UIF, Medical and Pension Funds	2 255	2 249
	1 376 549	1 193 442
Employee costs - Director of Community services		
Annual Remuneration	866 650	798 613
Car Allowance	208 331	212 964
Performance Bonuses	92 747	-
Other Allowances	76 550	67 074
Service Related Benefits	13 646	10 345
Contributions to UIF, Medical and Pension Funds	2 067	49 537
	1 259 991	1 138 533
Total employee related cost	286 175 778	263 557 613
28. Remuneration of councillors		
Mayor	1 346 543	905 318
Deputy Mayor	785 981	632 885
Executive Committee Members	1 916 493	1 995 559
Speaker	790 358	734 675
Councillors	4 436 529	4 348 033
	9 275 904	8 616 470
In-kind benefits		

The Speaker, the Mayor, the Deputy Mayor the and Executive Committee Members are full-time.

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

The Speaker, Mayor and Deputy Mayor are provided with bodyguards.

The Councillors are provided with body guards where request has been approved.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
29. Depreciation and amortisation		
Property, plant and equipment	100 231 224	92 805 511
Intangible assets	17 820	13 622
	100 249 044	92 819 133
30. Finance costs		
Finance leases	260 856	94 794
Other interest paid	291 765	303 721
	552 621	398 515
31. Debt impairment		
Contributions to debt impairment provision	6 428 187	35 062 865
Debt impairment adjustment on trade receivables from exchange transactions in the current and prior year resulted from a change in accounting policy.		
Debt impairment adjustment of R1 062 894 on receivables from non-exchange transactions is based on the assessment that monies have been withheld by the recovery source.		
Debt impairment reversal of R4 705 206 on receivables from non-exchange transactions resulted from the reclassification of balances.		
Impairment per class		
Trade Receivables from exchange transactions	10 070 499	35 386 241
Other Receivables from exchange transactions	-	(323 376)
Receivables from non-exchange transactions	(3 642 312)	-
	6 428 187	35 062 865
32. Bad-Debts written off		
Bad debts written off	2 191 696	323 376
Write offs resulted from successful indigent applications and a subsequent council resolution		
Bad Debts written off per class		
Trade Receivables from exchange transactions	2 189 652	-
Other Receivables from exchange transactions	-	323 376
Receivables from non-exchange transactions	2 044	-
	2 191 696	323 376
33. Contracted services		
Outsourced Services		
Business and Advisory	12 610 936	12 203 794
Catering Services	3 863 207	1 503 474
Cleaning Services	2 018 803	2 013 868
Hygiene Services	280 593	439 428
Internal Auditors	3 278 794	5 219 511
Meter Management	633 640	1 610 498
Human resource and training	60 784 042	233 120
Security Services	35 775 589	40 070 441
Water Takers	71 798 272	86 277 130

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
33. Contracted services (continued)		
Consultants and Professional Services		
Business and Advisory	17 877 165	23 333 296
Legal Cost	4 382 474	2 488 830
Contractors		
Artists and Performers	919 885	690 750
Audio-visual Services	-	21 000
Maintenance of Buildings and Facilities	1 384 461	1 960 839
Maintenance of Equipment	696 693	881 514
Maintenance of Unspecified Assets	120 585 689	120 073 621
Maintenance of Transport Assets	4 728 491	9 852 982
Medical Services	142 500	336 925
Pest Control and Fumigation	26 328	-
Photographer	63 250	16 000
Sewerage Services	21 776 579	31 045 861
Stage and Sound Crew	1 144 072	820 250
	364 771 463	341 093 132
34. Transfer and subsidies		
Other subsidies		
Poverty alleviation	4 682 749	11 295 134
35. Inventory Consumed		
Materials and supplies	7 968 906	1 972 337
Water	42 672 597	40 540 820
Consumable stores	1 336 564	6 061 875
	51 978 067	48 575 032

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
36. General expenses		
Achievements and awards	56 650	1 095 652
Advertising and publication	6 330 128	1 522 506
Auditors remuneration	4 114 565	3 861 370
Bank charges	382 000	320 510
Discount allowed	739 543	-
Entertainment	139 028	12 404
Operating leases	6 417 471	3 166 977
Hire charges	13 429 914	8 297 990
Insurance	2 034 539	4 170 391
External computer expenses	1 783 864	3 109 608
Skills development levy	2 456 009	2 287 900
Driver's licenses and permits	331 496	580 662
Signage	33 050	-
Fuel and oil	14 734 409	7 166 032
Communication	6 205 815	890
Printing and Publication	720 902	157 131
Eskom Connection fees	748 173	898 531
Registration	109 910	41 187
Subscriptions and membership fees	2 713 374	1 763 192
Telephone and fax	2 558 597	6 372 582
Transport and freight	2 392 135	1 710 588
Travel - local	17 158 347	15 148 476
Title deed search fees	-	153
Small tools	180 462	9 893
Municipal Services	67 747 574	66 401 197
Uniforms	2 277 832	1 727 943
Management fees	4 725 589	165 000
Workmans compensation	2 140 796	865 989
Honoraria	129 500	171 000
Vehicle Tracking	221 251	269 095
Staff Bursary	85 772	62 400
Amakhosi sitting allowance	3 299	24 271
Warrantees & Guarantees	186 162	-
	163 288 156	131 381 520
37. Gains (loss) on disposal		
Proceeds on disposal	2 901 566	-
Disposal	(686 748)	(95 073)
	2 214 818	(95 073)
38. Impairment loss		
Impairments		
Property, plant and equipment	-	6 777 432
The impairment was recognized as a result of obsolete and physically damaged assets.		
39. Auditors' remuneration		
Fees	4 114 565	3 861 370

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
40. Cash generated from operations		
Surplus	350 705 062	287 508 098
Adjustments for:		
Depreciation and amortisation	100 249 044	92 819 133
(Loss) gain on sale of assets and liabilities	(2 214 818)	95 073
Finance costs - Finance leases	260 856	94 794
Impairment loss	-	6 777 432
Debt impairment	6 428 187	35 062 865
Bad debts written off	2 191 696	323 376
Actuarial (losses) gains	(4 211 000)	2 532 143
Movements in operating lease assets and accruals	308 182	234 409
Movements in retirement benefit assets and liabilities	6 756 000	4 904 857
Inventory losses or write-downs	135 106	-
Non-cash donations and other in-kind benefits	-	(24 347 385)
Changes in working capital:		
Inventories	(403 047)	1 583 866
Receivables from exchange transactions	(1 136 516)	462 513
Trade receivables from exchange transactions	(21 120 595)	(12 628 142)
Receivables from non-exchange transactions	(1 548 495)	(4 644 829)
Non current receivables from non-exchange transactions	(843 959)	(1 032 328)
VAT Receivable	(18 731 290)	(33 848 116)
Non current payables from exchange transaction	(7 086 039)	18 107 183
Payables from exchange transactions	92 680 894	109 331 809
Taxes and transfers payable (non-exchange)	-	(81 137)
Unspent conditional grants and receipts	(850 834)	120 350
Consumer deposits	(1 085)	(11 879)
	501 567 349	483 364 085

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
41. Commitments		
41.1 .Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>859 390 806</u>	<u>479 989 322</u>
Total capital commitments		
Already contracted for but not provided for	<u>859 390 806</u>	<u>479 989 322</u>
Total commitments		
Total commitments		
Authorised capital expenditure	<u>859 390 806</u>	<u>479 989 322</u>
<p>The Municipality has entered into various contracts for capital infrastructure projects that are expected to be completed in future. All commitments disclosed are VAT inclusive.</p>		
41.2 Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	35 764 771	995 819
- in second to fifth year inclusive	43 092 078	3 425 561
- later than five years	5 127 505	7 363 946
	<u>83 984 354</u>	<u>11 785 326</u>
<p>Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of 9 years 11 months, rentals shall escalate at a rate of 7% per annum. No contingent rent is payable.</p>		
<p>Operating lease payments represent rentals payable by the municipality for the rental of municipal vehicles. Leases are negotiated for an average term of 3 years, rentals shall escalate at a rate linked to CPI on the anniversary date of the lease contract. No contingent rent is payable</p>		
<p>Operating lease payments represent rentals payable by the municipality for the rental of Machinery and equipment. Leases are negotiated for an average term of 3 years, rentals are fixed for an average of three years. No contingent rent is payable</p>		
Rental expenses relating to operating leases		
Minimum lease payments	<u>6 417 471</u>	<u>708 862</u>
41.3 Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	361 760	206 128
- in second to fifth year inclusive	766 080	1 159 760
	<u>1 127 840</u>	<u>1 365 888</u>

The Municipality rents out some of its office space.

The rent income has an escalation of 7% per annum.

The lease term is 3 years.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
42. Water losses		
Unavoidable annual real losses	<u>279 386 777</u>	<u>233 952 719</u>
Water loss volumes		
Units purchased	17 468 516	19 659 471
Units sold	(4 175 238)	(4 309 764)
Units supplied through water tankers	<u>(231 168)</u>	<u>(246 239)</u>
	<u>13 062 110</u>	<u>15 103 468</u>
Water loss percentage %		
Technical losses	<u>75 %</u>	<u>77 %</u>

Zululand District Municipality produces water for both urban and rural areas. The Municipality currently has mainly urban areas on their billing system. The remaining rural areas being mainly indigent, water is supplied through subsidised schemes, hence the contributing factor to water loss not falling within the norm of 15-30%, due to the difference between consumers who qualified to be billed versus households that do not fall into this category, and water that is produced for both rural and urban areas. In addition other contributing factors are water leaks, illegal connections and aging infrastructure.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
43. Contingencies		
Year 2023		
ZDM // ABSA and another		15 525 238
ZDM // Employee 1 Labour Court Review		50 000
ZDM // MEC COGTA (COGTA's report)		500 000
ZDM // MEC COGTA (Exco Composition)		350 000
ZDM / ROCLA		1 000 000
PG MAVUNDLA & ANO // ZDM		350 000
ESKOM HOLIDNGS // ZDM		2 196 569
ZDM / MINISTER OF WATER & SANITATION		40 000 000
ZDM / MOTOKO CONSTRUCTION		2 205 459
TMS // ZDM		350 000
ZDM // DEPARTMENT OF EDUCATION		500 000
ZDM // DLAMINI NDLOVU ENGINEERING		500 000
MULTISOLUTIONS // ZDM		8 213 829
ZDM//ABAQULUSI MUNICIPALITY		2 151 988
		73 893 083

ZDM // ABSA and another

Recovery of money from ABSA..

ZDM // SL Employee 1: Labour Court Review

Employee 1 launched a review application to review and set aside an arbitration award declaring his suspension fair. ZDM has filed its answering affidavit. No further steps have been taken by Employee 1 at this stage. Subsequent to Employee 1 being suspended he was dismissed. He then referred an unfair dismissal dispute to the bargaining council. The dismissal was found to be unfair and ZDM was directed to reinstate him and pay him R 194 056.00. Employee 1 launched an urgent application to find the Municipality, the Municipal Manager and other officials in contempt of court of the arbitration award under case no: KPD 042202. ZDM is opposing the urgent application. The application was heard on 17 March 2023 and postponed to the opposed roll. The matter is pending a set down date. Employee 1 refused to follow instructions to report to eDumbe after he was instructed to do so. He alleges that the instructions are in contempt of the arbitration award under case no: KPD 042202. He was accordingly charged with gross insubordination and being absent without permission. He was found guilty and dismissed. In February 2023, Employee 1 referred an unfair dismissal dispute to the council and is seeking reinstatement. The matter was initially set down for 13 and 14 July 2023, but was postponed to 31 July 2023.

The prospects of succeeding with the review application are reasonable only if the preliminary points successful. The prospects of succeeding with the urgent application and the alleged unfair dismissal dispute are both reasonable.

ZDM // MEC COGTA (COGTA's report)

High Court urgent application brought by Rocla. Declarator order sought compelling ZDM to purchase 15000 units per the contract data. Matter referred to the SCA.

ZDM // MEC COGTA (Exco Composition)

High Court urgent application brought by Rocla. Declarator order sought compelling ZDM to purchase 15000 units per the contract data. Matter referred to the SCA.

ZDM / ROCLA

High Court urgent application brought by Rocla. Declarator order sought compelling ZDM to purchase 15000 units per the contract data. Matter referred to the SCA.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
43. Contingencies (continued)		
PG MAVUNDLA & ANO // ZDM		
Mr Mavundla and Mr Nkosi have issued papers against ZDM to have the court declare them the lawful NFP councillors at the Municipality, The matter has been adjourned sine die.		
ESKOM HOLIDNGS // ZDM		
ESKOM has sued ZDM for damages sustained to its aircraft at the ZDM airport. A plea has been filed and Eskom has not taken the matter further.		
ZDM / MINISTER OF WATER & SANITATION		
Minister is suing ZDM for approximately R40million for water and water levies charges. The Minister of Water and Sanitation is pushing this matter to trial despite attempts at settlement. No trial date has been allocated as yet.		
ZDM / MOTEKO CONSTRUCTION		
Moteko Construction has issued summons against ZDM for R156 6847.58 and ZDM has filed a counter-claim for R638 612.06. Plaintiff has not yet set the matter down for trial. It has remained dormant for years.		
TMS // ZDM		
TMS has issued papers against ZDM to review and set aside a tender for water services but have not proceeded to set it down. The matter is no longer dormant and has been set down again.		
ZDM // DEPARTMENT OF EDUCATION		
ZDM has issued summons against DOE for recovery of unpaid invoices. The matter is in the early stages of exchange of pleadings.		
ZDM // DLAMINI NDLOVU ENGINEERING		
ZDM has issued summons against Dlamini Nldovu for recovery of an overpayment due to their negligence, The matter is in the early stages of exchange of pleadings.		
MULTISOLUTIONS // ZDM		
Multisolutions has issued an application against ZDM for payment of R8 213 829, 00 in respect of services rendered. ZDM has opposed the application. The matter has not been set down after the opposing affidavit was filed by ZDM.		
ZDM//ABAQULUSI MUNICIPALITY		
Zululand district municipality has a dispute with Abaqulusi municipality for services received for the month of May and June 2023.		
Year 2022		
Litigation		
Matter between Zululand District Municipality // Employee 1 Labour Court Review. (The prospects of succeeding with the review application are reasonable)		50 000
Litigation		
Zululand District Municipality // MEC COGTA (Exco Composition) (The Municipality has good prospects of opposing this application)		1 000 000
Litigation		
Zululand District Municipality // MEC COGTA and others (Review Report) (reasonable prospects of success)		2 000 000
Litigation		

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
43. Contingencies (continued)		
Zululand District Municipality // Moteko Construction (Plaintiff has not yet set the matter down for trial)		800 000
Litigation		
Zululand District Municipality // ESKOM Holding SOC (A plea has been filed and ESKOM has not taken the matter further)		500 000
Litigation		
Zululand District Municipality // ROCLA (This matter is still to be argued but should be referred to arbitration per the contract)		500 000
Litigation		
Zululand District Municipality // Pongola local municipality (reasonable prospects of success)		300 000
Litigation		
Zululand District Municipality // Mr Mavundla & Mr Nkosi (The matter has been adjourned sine die)		350 000
Litigation		
Zululand District Municipality // Department of Water Affairs (The Minister of water and sanitation is pushing this matter to trial despite attempts at settlement.)		2 000 000
		7 500 000

44. Risk management

Financial risk management

The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risks include interest rate and liquidity risk. Compliance with policies and procedures is reviewed by internal auditors on a continuous basis and annually by external auditors. The municipality does not enter or trade financial instruments for speculative purposes.

Revenue

On assessment of the outstanding debtors material impairment was noted as most customers are a subject of indigent verification. Revenue Enhancement Strategy is in place that is looking to different ways to expand revenue base.

Expenses

Due to increased expectation for access to better hygiene practices, water as the core service delivery mandate of the municipality, must reach communities at an increased volume.

Therefore intervention through grant reprioritisation is seen as the solution. The diverting of grants for capital projects to support operations and operation expenditure. This has a possibility of sustained expectation.

Assets

There is no indication that an impairment loss has been incurred on assets except for the ones already recognised in the statement of financial performance.

Liabilities

There are no promises, commitments or obligations that have been made that requires to determine whether a liability exist at the reporting date or whether disclosure is needed in the notes to the financial statement.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

2023	2022
R	R

44. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputations.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met. The municipality has agreed to a payment plan with the respective creditor to settle its non-current liabilities.

Capital risk management

The municipality's objectives when managing capital structure are to safeguard the municipality's ability to continue as a going concern to provide returns and benefits for all stakeholders, while delivering sustainable services and to maintain an optional capital structure to reduce the cost of capital.

The capital structure of the municipality consists of cash and cash equivalents disclosed in Note 3 and accumulated surplus as disclosed in the Statement of Changes in Net Assets.

There are no changes on the capital structure as compared to the previous year.

Gearing ratio

The gearing ratio is nil since the municipality does not have borrowed funds.

45. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus of R 4 627 968 430 and that the municipality's total assets exceed its liabilities by R 4 627 968 430.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

- The municipality is operating at a net asset position.
- There are no fixed term borrowings.
- There is no indication of withdrawals of support from creditors.
- The Municipality is not operating at an overdraft facility.
- The current ratio (CA/CL) is 0,35:1. However included in this calculation is retention of R 59 431 586 which is dependent on the future grant receipts and R 269 380 527 creditors at year-end. This retention does not have to be cash backed. Norm ratio is 2:1.
- The municipality has resulted to surplus for the current financial year and there is no significant deterioration in the value of assets used to generate cash flows.
- The municipality is still able to pay its creditors as they become due.
- National Sphere of Government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities.
- There is no labour difficulties that will render the Municipality dysfunctional.
- There are no material pending legal claims that may render municipality dysfunctional.
- There are no legal changes in law or regulation or government policy that may result in the liquidation of the municipality.
- The Municipal original budget was assessed as funded and later the adjustment budget was assessed as unfunded and the municipality adopted a budget funding plan.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R	
46. Additional disclosure in terms of Municipal Finance Management Act			
Contributions to organised local government			
Current year subscription / fee	2 680 493	2 394 670	
Amount paid - current year	(2 680 493)	(2 394 670)	
	<u>-</u>	<u>-</u>	
Audit fees			
Current year subscription / fee	4 112 876	3 861 370	
Amount paid - current year	(4 112 876)	(3 861 370)	
	<u>-</u>	<u>-</u>	
PAYE and UIF			
Current year subscription / fee	40 071 672	38 055 068	
Amount paid - current year	(40 071 672)	(38 055 068)	
	<u>-</u>	<u>-</u>	
Pension and Medical Aid Deductions			
Current year subscription / fee	61 139 241	46 284 956	
Amount paid - current year	(61 139 241)	(46 284 956)	
	<u>-</u>	<u>-</u>	
Councillors' arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:			
30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Nkwanyana SE	450	1 098	1 548
Cllr. Nxumalo CM	-	55 192	55 192
	<u>450</u>	<u>56 290</u>	<u>56 740</u>
30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. Nkwanyana SE	491	-	491
	<u>491</u>	<u>-</u>	<u>491</u>
During the year the following Councillors' had arrear accounts outstanding for more than 90 days.			
47. Unauthorised expenditure			
Opening balance as previously reported	127 448 321	127 661 348	
Add: Unauthorised expenditure - current	233 980 163	127 448 321	
Less: Amount authorised - current	(127 448 321)	(127 661 348)	
Closing balance	<u>233 980 163</u>	<u>127 448 321</u>	

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
47. Unauthorised expenditure (continued)		
Analysed as follows: non-cash		
Employee related cost	9 786 910	4 904 857
Depreciation and amortisation	20 249 039	23 738 574
Bad Debts written off	2 191 696	-
Loss on disposal of property, plant and equipment	-	95 073
Provision of impairment	-	10 677 454
Inventories losses/write-downs	135 106	-
Actuarial (losses)gains	-	2 532 143
Impairment loss	-	6 777 432
Finance costs (savings)	(153)	-
Debt Impairment (savings)	(7 571 813)	-
Transfers and subsidies (savings)	(198 099)	-
	24 592 686	48 725 533

Unauthorised expenditure was taken to council and authorised / written off, no unauthorised expenditure is under investigation

Analysed as follows: cash

Employee related costs	6 347 631	-
Remuneration of councillors	255 182	-
Contracted services	130 545 585	-
Inventory consumed	21 970 082	-
General expenses	47 551 157	-
Receivables from non exchange transactions	2 717 840	-
	209 387 477	-

48. Fruitless and wasteful expenditure

Opening balance as previously reported	303 721	437 053
Add: Fruitless and wasteful expenditure identified - current	1 046 939	303 721
Less: Amount written off - current	(303 721)	(437 053)
Closing balance	1 046 939	303 721

Details of fruitless and wasteful expenditure

Interest on overdue accounts	295 889	303 721
Over payment of suppliers	136 888	-
Contractors standing time	614 162	-
	1 046 939	303 721

Amount written-off

After the council committee investigations, council adopted the council committee recommendations to write-off an amount of R 303 721 from the total fruitless and wasteful expenditure amount as none of the expenditure attributed to gross negligence.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
49. Irregular expenditure		
Opening balance as previously reported	58 990 103	17 918 070
Add: Irregular expenditure - current	93 485 623	54 493 484
Add: Irregular expenditure - prior period	1 358 367	4 496 619
Less: Amount written off - current	(19 645 134)	-
Less: Amount written off - prior period	(44 956 103)	(17 918 070)
Closing balance	89 232 856	58 990 103

Incidents/cases identified in the current year include those listed below:

Non-compliance MSCMR	70 717 422	21 096 366
Non-compliance with CIDBR	7 052 369	27 094 494
Non-compliance with PPPFA	17 074 199	10 799 243
	94 843 990	58 990 103

Cases under investigation

cases related to non-compliance with procurement process requirements.

A forensic investigation was commissioned and it recommended that a case be opened with the South African Police Service. A case has been opened with the South African Police Service and the investigation is underway.

Municipal Supply Chain Management Policies or By-laws	13 995 316	13 995 316
---	------------	------------

Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R 44 956 103 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was no financial loss and no recovery is required in respect of the said amount.

After the council adoption of committee recommendations, the municipality also wrote off all expenditure incurred in the current year amounting to R 19 645 134 that was part of the contracts previously investigated by council and written off.

50. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Report on approved deviation

Municipal Supply Chain Management Regulations (MSCMR)	9 756 406	6 006 203
---	-----------	-----------

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
--	-----------	-----------

51. Related parties

Relationships
Accounting Officer

Refer to accounting officers' report note

Remuneration of management

Management class: Office bearers

2023

Name	Basic salary	Other short-term employee benefits	Other benefits received	Total
Cllr Buthelezi TD	614 396	630 406	101 741	1 346 543
Cllr Memela DT	493 995	224 486	71 877	790 358
Cllr Ndlovu TD (Until January 2023)	294 653	130 764	41 855	467 272
Mbatha SI (From February 2023)	195 641	93 722	29 346	318 709
Executive committee Members	1 228 632	554 961	132 900	1 916 493
Other councillors	2 954 757	1 296 213	185 559	4 436 529
	5 782 074	2 930 552	563 278	9 275 904

2022

Name	Basic salary	Other benefits received	Total
Cllr T.D. Buthelezi	556 859	348 459	905 318
Cllr Ndlovu TD	390 935	241 950	632 885
Cllr Memela DT	457 320	277 355	734 675
Executive committee Members	1 297 795	697 763	1 995 558
Other councillors	3 088 504	1 259 529	4 348 033
	5 791 413	2 825 056	8 616 469

Management class: Executive management

2023

Name	Basic salary	Other short-term employee benefits	Other benefits received	Total
R N Hlongwa	1 185 018	854 876	2 244	2 042 138
SP Mosia	895 724	448 977	222 691	1 567 392
NS Msibi	528 272	540 081	1 326	1 069 679
M S Linda	945 475	428 818	2 255	1 376 548
RN Msimango	935 411	333 772	2 255	1 271 438
TG Soko	934 293	327 473	2 957	1 264 723
FK Nene	856 587	281 963	2 067	1 140 617
PM Manqele	-	80 544	177	80 721
WJ Jordaan	-	73 038	177	73 215
RTM Gumede	-	9 052	-	9 052
S Kheswa	-	81 153	-	81 153
SB Zulu	-	4 594	-	4 594
BS Ngubane	-	11 102	-	11 102
	6 280 780	3 475 443	236 149	9 992 372

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

	2023 R	2022 R		
51. Related parties (continued)				
2022				
	Basic salary	Other short- term employee benefits	Other benefits received	Total
Name				
R N Hlongwa	1 020 330	363 528	2 249	1 386 107
PM Manqele	1 153 950	722 408	2 051	1 878 409
NS Msibi	-	10 345	-	10 345
TG Soko	148 700	31 197	375	180 272
RN Msimango	223 049	37 479	562	261 090
M S Linda	892 203	298 990	2 249	1 193 442
RTM Gumede	-	10 345	-	10 345
S Kheswa	-	70 263	-	70 263
SP Mosia	798 613	280 038	49 536	1 128 187
WJ Jordaan	765 247	252 034	1 821	1 019 102
	5 002 092	2 076 627	58 843	7 137 562

*Refer to note 27 "Employee related costs"

52. Events after the reporting date

There are no events identified after reporting date that warrant disclosure.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

53. Prior period errors/Reclassification

Statement of Financial Position

	Audited	Prior year	Reclassifying	Restated
Note(s)	R	adjustments	adjustments	R
		R	R	
Assets				
Current Assets				
Cash and cash equivalents	20 468 193	-	-	20 468 193
Trade Receivables from exchange transactions	32 888 635	(17 601 344)	-	15 287 291
Receivables from exchange transactions	719 310	-	-	719 310
Receivables from non-exchange transactions	12 865 472	(15 190)	-	12 850 282
VAT Receivable	45 551 086	12 609 671	-	58 160 757
Inventories	2 556 479	-	-	2 556 479
	115 049 175	(5 006 863)	-	110 042 312
Non-Current Assets				
Receivables from non-exchange transactions	17 334 576	-	-	17 334 576
Property, plant and equipment	4 593 488 173	1 519 130	(10 000)	4 594 997 303
Heritage assets	7 806 633	-	10 000	7 816 633
Intangible assets	14 860	3 517	-	18 377
	4 618 644 242	1 522 647	-	4 620 166 889
Total Assets	4 733 693 417	(3 484 216)	-	4 730 209 201
Liabilities				
Current Liabilities				
Finance lease obligation	901 761	-	-	901 761
Payables from exchange transactions	328 369 652	33 355 087	-	361 724 739
Consumer deposits	3 621 245	-	-	3 621 245
Unspent conditional grants and receipts	2 410 794	-	-	2 410 794
Employee benefit obligation (Medical Aid)	405 000	-	-	405 000
Employee benefit obligation (Long Service Award)	1 973 000	-	-	1 973 000
Operating lease liability	-	234 409	-	234 409
	337 681 452	33 589 496	-	371 270 948
Non-Current Liabilities				
Finance lease obligation	1 091 760	-	-	1 091 760
Payables from exchange transactions (Non-current)	13 357 945	26 507 183	-	39 865 128
Employee benefit obligation (Medical Aid)	27 166 000	-	-	27 166 000
Employee benefit obligation (Long Service Award)	13 552 000	-	-	13 552 000
	55 167 705	26 507 183	-	81 674 888
Total Liabilities	392 849 157	60 096 679	-	452 945 836
Net Assets	4 340 844 260	(63 580 895)	-	4 277 263 365
Net Assets				
Accumulated surplus	4 340 844 253	(63 580 894)	-	4 277 263 359

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

53. Prior period errors/Reclassification (continued)

53.1 Trade Receivables from exchange transactions

Balance previously reported	32 888 635
Prior period adjustment - interest billed	(4 748)
Prior period adjustment - provision for impairment	(17 596 596)
	<u>15 287 291</u>

Prior period error adjustment, correction of interest billed, provision for impairment correction.

53.2 Receivables from non-exchange transactions

Balance previously reported	30 200 048
Prior period adjustment	(15 190)
	<u>30 184 858</u>

Prior period adjustment other income incorrectly raised.

53.3 VAT Receivable

Balance previously reported	45 551 086
Prior period adjustment - Payments allocated to relevant period	10 367 911
Prior period adjustment - General expenses (Operating lease - straight lined)	30 575
Prior period adjustment - provision for output VAT impairment	2 211 185
	<u>58 160 757</u>

Prior period error relate to payments that were allocated in 2022/23 instead of 2021/22. Prior period adjustment relates to recognition of VAT on operating lease expense on a straight line bases, provision for output VAT impairment.

53.4 Property, plant and equipment

Balance previously reported	4 593 488 173
Prior period adjustment	1 519 130
Reclassification to heritage asset	(10 000)
	<u>4 594 997 303</u>

Correction of prior error assets fully depreciated, Reclassification of mayoral regalia.

53.5 Intangible assets

Balance previously reported	14 860
Prior period adjustment	3 517
	<u>18 377</u>

Prior period adjustment on fully depreciated intangible assets.

53.6 Heritage assets

Balance previously reported	7 806 633
Reclassification from PPE	10 000
	<u>7 816 633</u>

Reclassification of mayoral regalia.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

53. Prior period errors/Reclassification (continued)

53.7 Payables from exchange transactions

Balance previously reported	328 369 652
Prior period adjustment - Payments allocated in 2022/23 instead of 2021/22	33 466 724
Prior period adjustment - Accrued employee related cost	(111 637)
	361 724 739

Prior period adjustment relate to payments that were allocated in 2022/23 instead of 2021/22, prior period adjustment, reversal of employee cost accrued.

53.8 Operating lease liability

Balance previously reported	-
Prior period adjustment	234 409
	234 409

Accounting for the straight-lining of operating leases.

53.9 Payables from exchange transactions (Non-current)

Balance previously reported	13 357 945
Prior period adjustment	26 507 183
	39 865 128

Prior period adjustment relate to arrangement to pay off debt over a period of time.

53.10 Accumulated surplus

Balance previously reported	4 340 844 253
Prior period adjustment - Payments allocated in 2022/23 instead of 2021/22	(49 621 185)
Prior period adjustment - Property, plant and equipment	1 522 649
Prior period adjustment - Trade Receivables from exchange transactions	(4 750)
Prior period adjustment - Accrued employee related cost	111 637
Prior period adjustment - General expenses	(203 834)
Prior period adjustment - Debt impairment	(15 385 411)
	4 277 263 359

Prior period adjustment relate to payments that were allocated in 2022/23 instead of 2021/22. correction of asset fully depreciated, correction of interest billed. Prior period adjustment of interest on receivables. Prior period adjustment, reversal of employee cost accrued, Prior period adjustment - General expenses relates to adjustment of operating lease expense on a straight line bases, provision for impairment correction.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

53. Prior period errors/Reclassification (continued)

Statement of Financial Performance

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
Note(s)	R	R	R	R
Revenue				
Revenue from exchange transactions				
Service charges	50 999 303	-	-	50 999 303
Rental of facilities	195 241	-	-	195 241
Interest on receivables	287 762	(4 749)	-	283 013
Other revenue	1 084 948	(15 190)	-	1 069 758
Investment revenue	3 705 403	-	-	3 705 403
Total revenue from exchange transactions	56 272 657	(19 939)	-	56 252 718
Revenue from non-exchange transactions				
Transfer revenue				
Government grants and subsidies	1 149 226 650	-	-	1 149 226 650
Public contributions and donations	24 307 385	-	40 000	24 347 385
Fines, Penalties and Forfeits	208 783	-	-	208 783
Total revenue from non-exchange transactions	1 173 742 818	-	40 000	1 173 782 818
Total revenue	1 230 015 475	(19 939)	40 000	1 230 035 536
Expenditure				
Employee related costs	(263 669 250)	111 637	-	(263 557 613)
Remuneration of councillors	(8 616 470)	-	-	(8 616 470)
Depreciation, amortisation and impairments	(94 341 781)	1 522 648	-	(92 819 133)
Finance costs	(398 515)	-	-	(398 515)
Debt impairment	(19 677 454)	(15 385 411)	-	(35 062 865)
Bad debts written off	(323 376)	-	-	(323 376)
Contracted services	(318 039 519)	(23 053 613)	-	(341 093 132)
Transfers and subsidies	(11 295 134)	-	-	(11 295 134)
Inventory consumed	(8 034 212)	(26 552 382)	(13 988 438)	(48 575 032)
Bulk purchases	(13 988 438)	-	13 988 438	-
General Expenses	(131 177 686)	(203 834)	-	(131 381 520)
Total expenditure	(869 561 835)	(63 560 955)	-	(933 122 790)
Operating surplus	360 453 640	(63 580 894)	40 000	296 912 746
Loss on disposal of assets and liabilities	(95 073)	-	-	(95 073)
Actuarial gains/losses	(2 532 143)	-	-	(2 532 143)
Impairment loss	(6 777 432)	-	-	(6 777 432)
Gain from non-exchange transactions	40 000	-	(40 000)	-
	(9 364 648)	-	(40 000)	(9 404 648)
Surplus for the year	351 088 992	(63 580 894)	-	287 508 098

53.11 Interest received (trading)

Balance previously reported	287 762
Prior period adjustment	(4 749)
	283 013

Prior period adjustment - correction of interest billed.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

53. Prior period errors/Reclassification (continued)

53.12 Other income

Balance previously reported	1 084 948
Prior period adjustment	(15 190)
	<u>1 069 758</u>

Prior period adjustment other income incorrectly raised.

53.13 Public contribution and donations

Balance previously reported	24 307 385
Reclassification	40 000
	<u>24 347 385</u>

Reclassification from gains from non-exchange transactions.

53.14 Employee related costs

Balance previously reported	(263 669 250)
Prior period adjustment	111 637
	<u>(263 557 613)</u>

Prior period adjustment, reversal of employee cost accrued.

53.15 Depreciation, amortisation and Impairments

Balance previously reported	(94 341 781)
Prior period adjustment	1 522 648
	<u>(92 819 133)</u>

Correction of prior error assets fully depreciated

53.16 Debt impairment

Balance previously reported	(19 677 454)
Prior period adjustment	(15 385 411)
	<u>(35 062 865)</u>

Correction of prior period error - output VAT impairment adjustment.

53.17 Inventory Consumed

Balance previously reported	(8 034 212)
Reclassification from bulk purchases water	(13 988 438)
Prior period correction	(26 552 382)
	<u>(48 575 032)</u>

Reclassification from bulk purchases water to inventory consumed (mSCOA alignment). Prior period correction - payments made in 2022/23 instead of 2021/22.

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

53. Prior period errors/Reclassification (continued)

53.18 Bulk purchases

Balance previously reported	(13 988 438)
Reclassification to Inventory consumed	13 988 438
	<u>-</u>

Reclassification from bulk purchases water to inventory consumed (mSCOA alignment).

53.19 Contracted services

Balance previously reported	(318 039 519)
Prior period adjustment - Payments allocated in 2022/23 instead of 2021/22	(23 053 613)
	<u>(341 093 132)</u>

Prior period adjustment relate to payments that were allocated in 2022/23 instead of 2021/22.

53.20 General Expenses

Balance previously reported	(131 177 686)
Prior period adjustment	(203 834)
	<u>-</u>
	<u>(131 381 520)</u>

The prior period error relates to recognition of operating lease expense on a straight line bases.

53.21 Gain from non-exchange transactions

Balance previously reported	40 000
Reclassification to Public contributions and donations	(40 000)
	<u>-</u>

Reclassification to Public contributions and donations.

54. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and public safety, Economic and environmental services and Trading services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The municipality's operations are in the KwaZulu Natal Province.

Separate financial and other relevant information on geographical areas in which the municipality operates is not available. The cost to develop the necessary information would be excessive.

2023

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

54. (continued)

	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
Segment revenue					
External revenue from non- exchange transactions	2 130 657	4 170 817	614 919 558	649 020 482	1 270 241 514
External revenue from exchange transactions	154 712	-	54 075 922	2 102 488	56 333 122
Interest revenue	-	-	-	7 433 380	7 433 380
Total	2 285 369	4 170 817	668 995 480	658 556 350	1 334 008 016
Segment expenses					
Total segment expenses	(27 047 969)	(22 619 210)	(507 497 487)	(325 336 611)	(882 501 277)
Depreciation and amortisation	(504 617)	(91 952)	(93 763 295)	(5 889 180)	(100 249 044)
Interest expense	-	-	-	(552 621)	(552 621)
Total	(27 552 586)	(22 711 162)	(601 260 782)	(331 778 412)	(983 302 942)
Surplus for the year	(25 267 217)	(18 540 345)	67 734 698	326 777 938	350 705 074
Other information					
Segment assets	(99 673)	22 307 212	4 454 341 365	194 711 841	4 671 260 745
Segment liabilities	(34 243)	-	(5 158 842)	(536 041 076)	(541 234 161)
Total capital expenditure	1 151 641	1 726 075	491 994 935	3 069 205	497 941 856

Zululand District Municipality

Annual Financial Statements for the year ended 30 June 2023

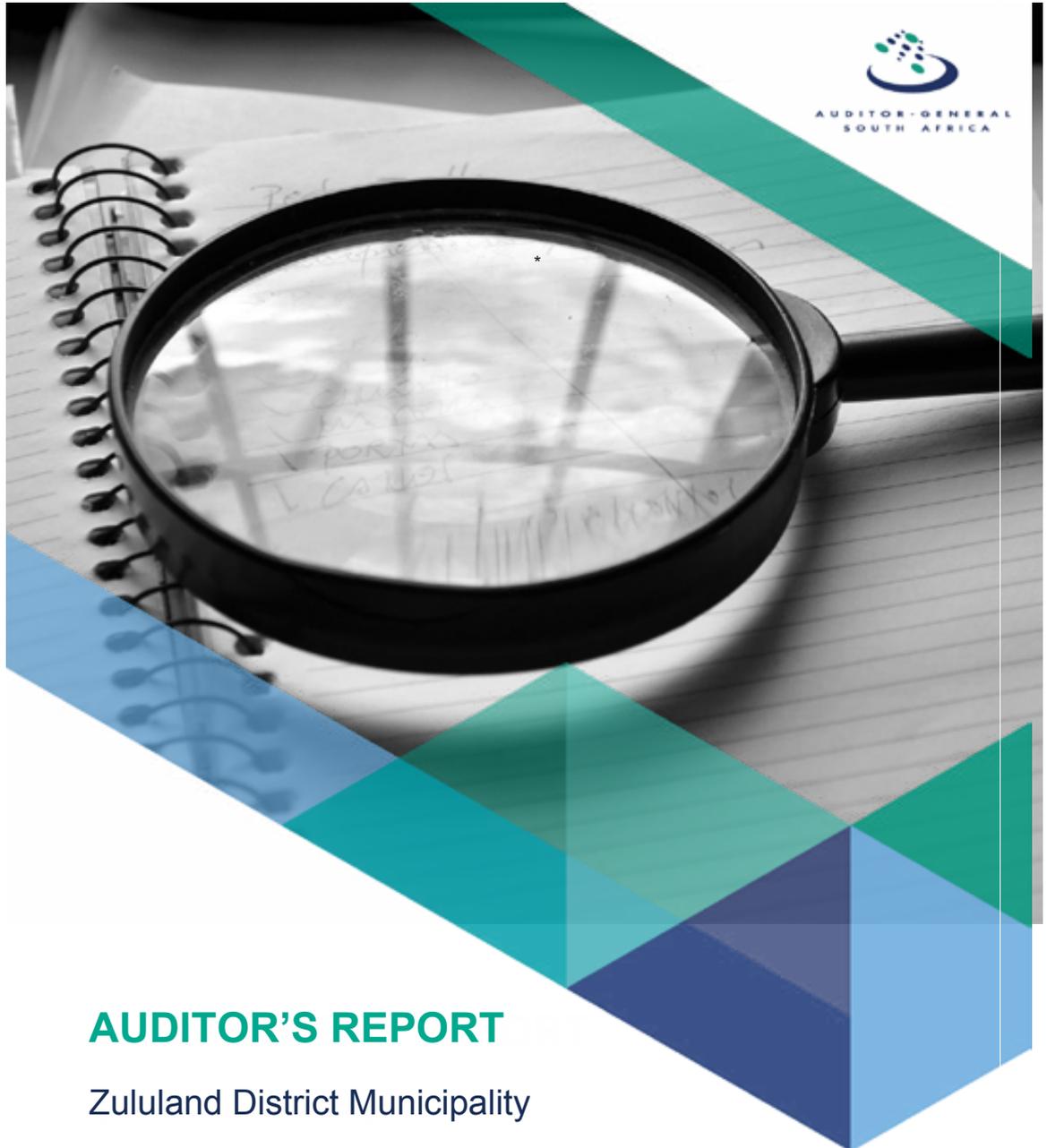
Notes to the Annual Financial Statements

54. (continued)

2022	Community and public safety	Economic and environmental services	Trading services	Unallocated	Total
Segment revenue					
External revenue from non-exchange transactions	2 011 000	9 605 526	635 693 705	526 472 589	1 173 782 820
External revenue from exchange transactions	-	-	51 282 316	1 264 998	52 547 314
Interest revenue	-	-	-	3 705 403	3 705 403
Total	2 011 000	9 605 526	686 976 021	531 442 990	1 230 035 537
Segment expenses					
Total segment expenses	(24 611 163)	(24 398 816)	(543 525 996)	(256 569 975)	(849 105 950)
Depreciation and amortisation	(185 245)	(103 462)	(86 123 193)	(6 407 284)	(92 819 184)
Interest expense	-	-	-	(398 515)	(398 515)
Total	(24 796 408)	(24 502 278)	(629 649 189)	(263 375 774)	(942 323 649)
Surplus for the year	(22 785 408)	(14 896 752)	57 326 832	268 067 216	287 711 888
Other information					
Segment assets	(86 639)	15 432 286	4 084 302 661	145 707 966	4 245 356 274
Segment liabilities	-	(768 977)	(2 642 118)	(449 534 741)	(452 945 836)
Total capital expenditure	485 413	6 965 198	464 144 412	13 257 855	484 852 878

B (i) - REPORT AND OPINION OF THE AUDITOR GENERAL

This is the audit opinion for the 2022/23 financial year issued by AGSA.



AUDITOR'S REPORT

Zululand District Municipality

2022-23

Date: 30 November 2023

Report of the auditor-general to the 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 84 to 168, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Zululand District Municipality as at 30 June 2023, 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 the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the 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.

Restatement of corresponding figures

7. As disclosed in note 53 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairments – receivables from exchange transactions

8. As disclosed in note 4 to the financial statements, the municipality increased the provision for impairment on trade receivables from exchange transactions to R167,88 million (2021-22: R156,21 million) as the recoverability of these amounts were considered to be doubtful.

Material water losses

9. As disclosed in note 42 to the financial statements, material water losses of R279, 39 million (2021-22: R233, 95 million) were incurred, which represented 75% (2021-22: 77%) of total water purified. The contributing factors to these losses were due to water that is supplied through subsidised schemes in rural areas that are mainly indigent, as well as water leaks, illegal connections and ageing water infrastructure.

Contingencies

10. With reference to note 43 to the financial statements, the municipality is defending a claim of R40 million from the Minister of Water and Sanitation 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.

Other matter.

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

Unaudited disclosure notes

12. 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

13. 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.

14. 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

15. 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.

16. 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

17. 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.

18. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2023 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	45	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)

19. I evaluated the reported performance information for the 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 key performance area.

20. 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 key performance area
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over and underachievement of targets and measures taken to improve performance .

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

22. I did not identify any material finding on the reported performance information for the selected key performance area: basic service delivery and infrastructure.

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

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

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:

Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of the debt impairment provision, segment reporting and prior period error note disclosures identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

30. Some of the goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations, in contravention of SCM Regulation 17(1)(a) and (c). Similar non-compliance was identified in the prior year.
31. Some of the invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).
32. Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5).

Expenditure management

33. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R233,98 million as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by the overspending on the budget relating to contracted services.
34. Reasonable steps were not taken to prevent irregular expenditure amounting to R94,84 million as disclosed in note 49 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 regulations.
35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R1,05 million as disclosed in note 48 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 costs incurred in terms of standing time on a project.

Other information in the annual report

36. 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.
37. 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.
38. 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.
39. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
41. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on compliance with legislation included in this report.
42. The accounting officer did not exercise adequate oversight responsibility regarding compliance with legislation relating to the annual financial statements, procurement and contract management and expenditure management.
43. Senior management did not implement adequate review and monitoring controls to support credible and reliable financial reporting and the compliance with the applicable supply chain management prescripts.

Material irregularities

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

Material irregularities identified during the audit

Funds not used effectively, efficiently and economically for the appointment of a VAT consultant

45. The municipality did not comply with section 62(1)(a) of the MFMA which requires the accounting officer to exercise responsibility 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 economically.
46. the municipality appointed a service provider to provide VAT review services to Zululand District Municipality at the rate of 9,5% of the VAT refund from SARS or of the VAT credit inclusive of VAT commencing from the 2019-20 financial year. The non-compliance resulted in a material financial loss of R7 478 823. The accounting officer was notified of the material irregularity on 2 May 2023.
47. The following actions were taken to address the material irregularity:
 - The contract with the supplier was cancelled and handed over the relevant material to the relevant municipal officials.
 - The municipality now has a complete expenditure section with an updated organogram and a new position has been created for a senior accountant in charge of expenditure. Their duties included submitting returns and investigating any unclaimed amounts from SARS.

- The senior accountant: expenditure was appointed in September 2022 and the supplier trained her on the relevant processes and performed the necessary handover.

48. The actions taken by the accounting officer have adequately addressed the material irregularity.

Cash resources not appropriately safeguarded

49. The municipality did not comply with section 63(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 of the deputy CFO misappropriated municipal funds resulting in a financial loss of R1 184 188.69. The accounting officer was notified of the material irregularity on 9 December 2022.

51. The following actions were taken to address the material irregularity:

- The municipality was able to recover 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 & 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.

52. The accounting officer plans to commence with the implementation of the recommendations and address and gaps identified based on the report.

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

Other reports

54. 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.

55. The Member of Executive Council for the KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs (COGTA) commissioned an independent consulting firm to investigate allegations of maladministration, fraud and corruption at the municipality, which covered the period 1 July 2017 to 30 June 2018. The investigation was conducted in terms of section 106(1)(b) of the Municipal Systems Act (MSA). The municipality applied to the provincial high court for a review of the report where the municipality won this matter. The MEC for COGTA applied for an appeal in this matter. This matter is still in progress at the date of this report.
56. At the request of the municipality, an independent consultant conducted an investigation into allegations regarding the inflation of claims and submission of fraudulent claims for vehicle repairs under an existing contract between Zululand District Municipality and a service provider covering the period from 12 November 2019 until 31 March 2022. The investigation was concluded on 19 April 2022 and resulted in criminal proceedings against one employee who subsequently resigned, as well as the service provider and two of their employees being subjected to further investigation. The recommendations of the investigation were currently in the process of being implemented at the date of this report.

Auditor - General

Pietermaritzburg

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance area 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 the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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's to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the

date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraphs (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a) & (b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(I), 32(2)(a)(ii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(iii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, Sections 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 71(1), 71(2), 72
MFMA: Municipal Investment Regulations, 2005	Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b) Sections 93C(a)(iv), 93C(a)(v)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)

Legislation	Sections or regulations
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

B (ii) - RATED RISK RESULTS PER RISK CATEGORY

Zululand District Municipality Section.

Strategic Risks									
Risk No	Risk Name	Root Cause	Consequences	Impact Scale (1-10)	Likelihood Scale (1-10)	Inherent Risk	Inherent Risk	Future Plan <u>(Revised in Q1)</u>	Due Date
01	Under-collection of revenue	<ul style="list-style-type: none"> Negative perception of customers towards payment of government provided services. Inadequate processes implemented to collect revenue. High unemployment rate. Outdated infrastructure (water meters) employed. Outdated customer contact data maintained. Poor Credit Control processes. 	<ul style="list-style-type: none"> Low cash inflows. Unfunded budget. Poor financial viability Threats in going concern. High level of reliance on government grants funding. 	8	10	80%	High	<ul style="list-style-type: none"> Conduct community awareness to customers to encourage payment of government provided services (On-going). Process Indigent Debtors Write-off for 2023/24 financial year (30/06/2024). 	On-going 30/06/2024
02	Over-spending on contracted services and other expenditure.	<ul style="list-style-type: none"> Poor contract management. Ad hoc projects. SLAs commitments above available budget. 	<ul style="list-style-type: none"> Occurrence of unauthorised expenditure. Poor financial viability. Cash flow problems. 	10	10	100%	Very High	<ul style="list-style-type: none"> Monitor effective implementation of Contract Management (On-going). Monitor implementation of Procurement Plans (On-going). 	On-going On-going
03	Liquidity risk (Cash coverage)	<ul style="list-style-type: none"> Cash flow problems. High dependence on grant funding. Under collection of revenue. Occurrence of Unauthorised Expenditures. Unclear payment processes and policies. Poor interpretation of Collective Agreement (Overtime payment). 	<ul style="list-style-type: none"> Threats in going concern. Inability to settle invoices as become due. Unspent conditional grants at year end. Unconsistent reporting to grant funders. Reputation damage of the institution. Community unrest with the service providers. Lack of service delivery due to unpayment of service providers. 	9	7	63%	High	<ul style="list-style-type: none"> Monitor implementation of Cost Containment Regulations to MANCO (On-going). Council to adopt UFW Expenditure Reduction Strategy for implementation (31/12/2023). 	On-going. 31/12/2023

04	Material impairment of debtors from exchange transactions (water and waste water).	<ul style="list-style-type: none"> High volume of outstanding debtors. Low debtors collection rate. 	<ul style="list-style-type: none"> Negative audit opinion. Cash flow problems. 	10	5	50%	Moderate	<ul style="list-style-type: none"> Process write-off of Indigent Debtors for 2023/24 financial year (30/06/2024). Process write-off from Debt Incentive Scheme for 2023/24 financial year (30/06/2024). 	30/06/2024 30/06/2024
05	Material water distribution losses. (Norm is 15% to 30%).	<ul style="list-style-type: none"> Crime motivated by sale of scrap metals (e.g. copper cables that supply power to the facilities, plant, pump stations, etc.) Vandalisation of water infrastructure by community. Water leaks from illegal connections and ageing infrastructure. Lack of water meters (zonal meters). 	<ul style="list-style-type: none"> Negative audit opinion. Limited supply of water. 	9	10	90%	Very High	<ul style="list-style-type: none"> Finalise sourcing of a loan (R 100 million) to address water distribution crisis (31/12/2023). 	31/12/2023
06	Continuous disruption of electricity from Eskom supply (loadshedding).	<ul style="list-style-type: none"> Eskom loadshedding (national crisis). Aging Eskom infrastructure. Low Eskom's generation capacity to the national grid. 	<ul style="list-style-type: none"> Negative effect to the production of water. Damages to water infrastructure due to power surge. High maintenance expenditure. 	9	9	81%	Very High	<ul style="list-style-type: none"> Procurement and installation of Back-up Generators for all existing plants (30/06/2024). Procurement and installation of surge protectors for all mechanical and electrical infrastructure (31/12/2023). 	30/06/2024 31/12/2023
07	Business continuity risks e.g. cyberattacks, data loss, data breaches, unplanned outages, and interruptions to utility supply.	<ul style="list-style-type: none"> Inability to defend or recover on a timely basis from natural disasters or cyberattacks. Inadequate management of the firewall. Budget constraints to implement audit recommendations. No penetration testing 	<ul style="list-style-type: none"> Loss of data. Disruptions and corruption of data. Exposure of sensitive data to outsiders. Unrestricted access from hackers. 	9	9	81%	Very High	<ul style="list-style-type: none"> Installation, commissioning and support of a PABX with new generation of firewall (31/12/2023). 	31/12/2023

08	Service providers not compliant to the requirements of mSCOA.	<ul style="list-style-type: none"> Lack of understanding of the mSCOA project requirements. Ambitious targets set. 	<ul style="list-style-type: none"> Delays in fully implementation of mSCOA as a business reform. Non-compliance with government circulars as issued by NT. 	3	4	12%	Low	<ul style="list-style-type: none"> The mSCOA Steering Committee to meet quarterly to receive and discuss recommendations from mSCOA Implementation Committee. (On-going). The mSCOA Steering Committee to report annually to the Council the progress against the implementation of roadmap (30/06/2024). 	On-going 30/06/2024
09	Collusion between service providers and officials signing for poor quality works or service not rendered (fraud risk).	<ul style="list-style-type: none"> Ambition of officials for personal gain. Collusion of officials with service providers. Lack of monitoring of project against approved specification. 	<ul style="list-style-type: none"> Financial loss. Poor quality of work delivered. Breakdowns of infrastructure assets. 	5	5	25%	Low	<ul style="list-style-type: none"> Review Fraud Prevention Policy and Risk Management Policy (30/06/2024). Conduct Enterprise Risk Assessment annual workshop (30/06/2024). Develop and implement internal Whistle Blowing Policy (30/06/2024). 	30/06/2024 30/06/2024 30/06/2024
10	Intentional theft/loss of municipal documents e.g. tender documents, BID records etc to avoid disciplinary proceedings.	<ul style="list-style-type: none"> Collusion between officials and external parties to destroy or manipulate internal documents. No Centralised Electronic Document Management system. Dishonesty of officials. Unrestricted access to important documents. 	<ul style="list-style-type: none"> Financial loss. Unsuccessful disciplinary proceedings of officials. Unsuccessful litigations in court. Inadequate information provided for external audit purposes. 	9	6	54%	Moderate	<ul style="list-style-type: none"> Procurement and installation on an electronic records, documents and offsite storage system (31/03/2024). 	31/03/2024

11	Inability to co-ordinate and implement economic and tourism activities.	<ul style="list-style-type: none"> Outdated LED Strategy to drive LED and Tourism programmes. Lack of co-operation from local municipalities. Lack of skilled personnel to undertake such activities. Poor maintenance of tourism attractions by local municipalities and Amafa. Poor tourism signage. 	4	4	4	16%	Low	<ul style="list-style-type: none"> Council to approve an <u>already</u> developed LED Strategy for implementation (31/12/2023). Allocate additional funding through adjustment budget to implement LED and Tourism programmes (31/12/2023). 	31/12/2023 31/12/2023
12	Ineffective response strategy to address customer care logs.	<ul style="list-style-type: none"> Limited human resource withing customer care section. 	3	9	27%	Low	<ul style="list-style-type: none"> Allocate gadgets with SIZA system installed for all supervisors of all technical teams responsible for customer queries (31/12/2023). 	31/12/2023	
13	Uncoordinated spatial planning.	<ul style="list-style-type: none"> Lack of coordination with other municipalities. 	4	3	12%	Low	<ul style="list-style-type: none"> Implement resolutions of Technical MUNIMEC's Decision Matrix (31/12/2023). 	31/12/2023	
14	Limited ability to respond to disaster incidents (floods, drought, fire veld, lightning and emergencies).	<ul style="list-style-type: none"> Limited refresher trainings provided to Disaster Practitioners and Fire Fighters. Limited vehicle equipment to adequately respond to disaster incidents. Staff shortage. Limited budget resources. Delays to repair emergency equipment through use of normal procurement process. No ZDM Disaster Centre. 	9	6	54%	Moderate	<ul style="list-style-type: none"> Mapping of potential disaster incidents (31/03/2024). Appointment of a panel of service providers for provision of Fleet Management Services (31/12/2023). Finalise identification of site with Abaqulusi Local Municipality to establish ZDM Disaster Management Centre (30/06/2024). 	31/03/2024 31/12/2023 30/06/2024	

15	Lack of adequate water infrastructure to address backlogs on water provision.	<ul style="list-style-type: none"> Budget Constraints (insufficient grant allocation for capital projects) Unplanned settlements. 	<ul style="list-style-type: none"> Threat of contracting diseases like cholera. High cost of water provision as an alternative model e.g. water tankers. Negative media publicity. Community unrest. 	6	4	24%	Low	None.	
16	Excessive use of water tankers to supply water to the community as an alternative method.	<ul style="list-style-type: none"> Backlog of water infrastructure. Water pumps and/or engine breakdowns. loadshedding. Lack of water sources for rudimentary supply systems. Drought. 	<ul style="list-style-type: none"> Lack of water service delivery. Community unrest. High operating expenditure. 	5	3	15%	Low	<ul style="list-style-type: none"> Develop and implement Water Tankers Reduction Strategy (30/06/2024). 	30/06/2024
17	Inadequate scope definition of construction projects.	<ul style="list-style-type: none"> Inadequate oversight during project scoping. Unclear project objectives. Ineffective change control process. Inadequate communication on project specifications between PMU and WSP prior project approval. 	<ul style="list-style-type: none"> Unnecessary variations of work. Disruptions of cash flow and expenditure management plan. 	4	3	12%	Low	<ul style="list-style-type: none"> Project Design Review Committee to sit quarterly to deal with all agendas of specification committee (On-going). 	On-going/quarterly

18	Ageing or failure of water and sanitation infrastructure.	<ul style="list-style-type: none"> Limited budget allocation for maintenance of infrastructure assets. Insufficient funded maintenance plan. 	<ul style="list-style-type: none"> Negative service delivery. Community unrest. High maintenance cost. 	4	7	28%	Low	<ul style="list-style-type: none"> Provide <u>additional</u> (budget adjustment) allocation to the original budget allocation for operations and maintenance (31/03/2024). 	31/03/2024
19	Illegal connections, theft and vandalism of water and sanitation infrastructure.	<ul style="list-style-type: none"> Poverty living conditions. Customers who are not yet connected into the existing services forcefully connecting to the network. Negative behaviour of the community for not paying for government services. Inadequate security. 	<ul style="list-style-type: none"> Service delivery protests. Poor service delivery. Water and sewerage service disruptions. Water losses. Wastage of financial resources on repairs of infrastructure. Negative media coverage. 	5	9	45%	Moderate	<ul style="list-style-type: none"> Customer Care to develop a Community Outreach Awareness Programme (31/12/2023). Create awareness about the impact of theft and the general water provision through the Mayor's radio slots (On-going) 	31/12/2023 On-going
20	Inability to retain skills to effectively and efficiently achieve the objectives of the municipality	<ul style="list-style-type: none"> No clear Retention Strategy. Inadequate compensation due to Task Grading system as a result cannot attract outsiders. 	<ul style="list-style-type: none"> High employment turnover rate. High level of dependency to consultants. 	4	4	16%	Low	<ul style="list-style-type: none"> Develop and implement Staff Retention Strategy (31/03/2024). 	31/03/2024
21	Non-compliance with Occupational Health and Safety (OHS) Act.	<ul style="list-style-type: none"> Budget constraints. Shortage of OHS staff. Limited awareness on OHS issues. 	<ul style="list-style-type: none"> Possible fines from Department of Labour. Possible loss of life and property. Exposure to unconducive working environment which may lead to permanent illness. 	4	4	16%	Low	<ul style="list-style-type: none"> Review organogram to increase OHS staff establishment to meet set deadlines (31/03/2024). 	31/03/2024

22	Abuse of municipal vehicles and ZDM owned water tankers.	<ul style="list-style-type: none"> Reckless driving by internal employed staff members. Use of municipal vehicles by drivers for their personal gain. No fleet management system for ZDM owned vehicles. 	<ul style="list-style-type: none"> High vehicle maintenance expenditure. Compromise service delivery. 	6	9	54%	Moderate	<ul style="list-style-type: none"> Appointment of a panel of service providers for provision of Fleet Management Services (31/12/2023). 	31/12/2023
23	Non-compliance with MFMA (SCM Regulations) and General Recognised Accounting Practices (GRAP).	<ul style="list-style-type: none"> Emerging amendments to the existing legislation. Lack of training on new amendments to legislation and accounting practices. No implementation of procurement plans. Undue influence on procurement processes. Material adjustments on AFS. 	<ul style="list-style-type: none"> Negative audit outcome. Negative publicity. Occurrence of UIFW expenditures. Increased perception of fraud and corruption. Material non-compliance with applicable legislation and accounting practices. 	10	6	60%	Moderate	<ul style="list-style-type: none"> Preparation of quarterly AFS for management review (31/12/2023). Council to adopt UIFW Expenditure Reduction Strategy for implementation (31/12/2023). 	31/12/2023 31/12/2023
24	Inability to prepare and implement unfunded budget.	<ul style="list-style-type: none"> Use of incremental budget method instead of zero-based budgeting method. Non implementation of procurement planning. Excessive commitments/awards above approved budget. Funding of Ad hoc projects/emergency projects not budget for. Use of ring-fenced grants for other purposes. High volume of creditors at beginning of the year. 	<ul style="list-style-type: none"> Unauthorised expenditure. 	5	5	25%	Low	<ul style="list-style-type: none"> Develop Budget Funding Plan for implementation based on outcome from Mid-Year Budget Assessment for the financial year 2023/24 (31/01/2024). 	31/01/2024
25	Completeness of data information on Customer Masterfile (Internal Audit report)	<ul style="list-style-type: none"> Outdated Valuation roll from Deeds Office. 	<ul style="list-style-type: none"> Affects debt collection rate. Outdated Customer Masterfile. Negative audit outcome. 	6	3	18%	Low	<ul style="list-style-type: none"> Liaise with GIS section to compare customer data information and update un-matching information (Bi-annual or 31/12/2023). ZDM to appoint Independent Property Valuer to conduct property valuation of all identified properties and update Customer Masterfile (30/06/2024). 	31/12/2023 30/06/2024

C - AUDIT ACTION PLAN

This is the Audit Action Plan for the 2022/2023 Financial Year in response to the AGs Report for the same period.

AR and MR Action Plan - 2023

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
1	AR	Restatement of corresponding receivables from exchange figures.	As disclosed in note 53 to the financial statements, the corresponding figures for 30 June 2022, were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2023.	Senior management did not implement adequate review controls to confirm the accurate and complete disclosure of their prior period error note and the corresponding restatement of the affected comparatives figures in the annual financial statements.	Senior management should improve their review controls to confirm the accurate and complete disclosure of the prior period error note and the corresponding restatement of the affected comparatives figures in the annual financial statements.	Senior management has committed to improve the quality and intensity of their reviews of the annual financial statements and related supporting schedules to confirm the accuracy and completeness thereof in accordance with requirements of GRAP.	Senior management has committed to improve the quality and intensity of their reviews of the annual financial statements and related supporting schedules to confirm the accuracy and completeness thereof in accordance with requirements of GRAP.
2	AR	Material impairments on receivables from exchange transactions.	As disclosed in note 4 to the financial statements, the municipality increased the provision for impairment on trade receivables from exchange transactions to R16 748 million (2021-22: R136 21 million) as the recoverability of these amounts were considered to be doubtful.	Senior management did not implement adequate review controls to pro-actively identify and correct errors in the calculations to support the impairment of debtors.	Senior management should improve their review controls to pro-actively identify and correct errors in the calculations to support the impairment of debtors.	Senior management has committed to improve the quality and intensity of their reviews of the annual financial statements and related supporting schedules to confirm the accuracy and completeness thereof in accordance with requirements of GRAP.	Senior management has committed to improve the quality and intensity of their reviews of the annual financial statements and related supporting schedules to confirm the accuracy and completeness thereof in accordance with requirements of GRAP.
3	AR	Material water losses.	As disclosed in note 42 to the financial statements, material water losses of R279,39 million (2021-22: R233,95 million) was incurred, which represented 75% (2021-22: 77%) of total water purified. The contributing factors for these losses were due to water that is supplied through subsidized schemes in rural areas that are mainly indigent, as well as water leaks, illegal connections and ageing water infrastructure.	Emphasis of matter.	Emphasis of matter.	Emphasis of matter.	Emphasis of matter.
4	AR	Contingencies	With reference to note 43 to the financial statements, the municipality is defending a claim of R40 million from the Minister of Water and Sanitation 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.	Emphasis of matter.	Emphasis of matter.	Emphasis of matter.	Emphasis of matter.
5	MR	Debt impairment calculations discrepancies.	As disclosed in Note 4 to the AFS, the impairment methodology asserted by management is as follows: The municipality consumers are classified according to consumer type and this classification is considered first and further subdivided into categories. Categories were defined as follows: (Various) Management's impairment calculations were reviewed which highlighted the following discrepancies: Category A debtors in the ageing analysis have balances due for over a period of 1 year, hence not current. Some category B debtors in the ageing analysis have opening balances that exceed the amount paid in the current year. There are debtors with no payment in categories A and B, thus not meeting the characteristic of category C debtors. In addition, debtors that have shown objective indicators of impairment, i.e. no or limited payments were received with significant long outstanding balances, were found not to be impaired at all and no objective evidence could be provided by management to reliably confirm the estimated future cash flows expected from the debtor at year end. These discrepancies resulted in material misstatements in the impairment calculation which was communicated in the previously issued audit communication no 20 of 2023.	The CFO and Deputy CFO: Revenue and billing did not conduct sufficient reviews of the impairment calculation to confirm that it is calculated in accordance with their impairment methodology and supported with sufficient and appropriate objective evidence to confirm the requirements of GRAP 104.	The CFO and Deputy CFO: Revenue and billing should revisit their impairment to ensure that it is aligned fully with the requirements of GRAP 104 and improve their reviews of impairment calculation to confirm that it is calculated in accordance with their impairment methodology and supported by sufficient and appropriate objective evidence to confirm the requirements of GRAP 104.	Agreed. Recommendations will be implemented.	Reviews of the impairment calculation will be performed.

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
6	MR	Overstatement of debt impairment.	Upon inspection of Receivables from non-exchange transactions (under/over banking debtor), it was noted that an amount of R1,062,894 has been recorded as a receivable, even though the debt is no longer recoverable. The receivable was recognized because of an unauthorized deposit by an ex-official (Accountant: Bank Reconciliation) into his personal bank account. The official is no longer an employee at the municipality as he is deceased. In an attempt to recover the amount, a letter was sent to Natal Joint Municipal Pension/Provident Funds (NJMPF) to ensure that the loss of money that was due to municipality is protected, however the pension fund withheld the monies due to the deceased employee. Consequently the debt impairment amount disclosed in note 30 is understated by an amount of R1 062 894 and the receivables from non-exchange transaction is overstated by the same amount as this amount is irrecoverable.	The Deputy CFO: Revenue and billing together with the Chief Accountant did adequately apply GRAP 104 to ensure that the balance disclosed as receivables in the AFS is accurate after proper consideration of impairment and write-off or irrecoverable debts.	<ul style="list-style-type: none"> The Deputy CFO: Revenue and billing together with the Chief Accountant should ensure that the debt is written off and removed from the receivables balance, as it currently overstated and impairment should be recognized for this debtor to accurately reflect its collectability status. The CFO should make the necessary adjustments to the AFS to ensure that receivables from non-exchange transactions and impairment are accurately disclosed. 	Agreed. The municipality will implement the recommendations.	The municipality will repair the balance. The receivables and impairment note will be updated.
7	MR	Incomplete and inaccurate GRAP 3 prior period error disclosure (debt impairment not restated).	Through recalculations and enquiries with the Deputy CFO - Revenue and billing, it was confirmed that the debt impairment calculation was revised in the current year as the prior year calculation was found not to be in line with the requirements of GRAP 104 as management only considered credit exposures of low credit quality in their assessment. This is an error as defined in GRAP 3, and the required prior period error disclosure and restatement of the prior year comparative figure for the impairment provision was not disclosed in the current AFS, in compliance with the requirements of GRAP 3. Consequently, the prior period comparative for the debtor provision and resultant prior contribution to the provision could be Note 30 maybe materially misstated and the period error is incomplete.	The Deputy CFO: Revenue and billing did not conduct sufficient reviews of the financial statements to ensure the restatement of debt impairment for the prior year and that the prior period error has been appropriately disclosed in accordance with GRAP 3.	<ul style="list-style-type: none"> The Deputy CFO: Revenue and billing should improve their reviews of the financial statements to ensure that prior period errors are disclosed accurately and complete, prior to submission. The CFO should make the necessary adjustments to the AFS for the prior year amount of debt impairment and the disclosure of the prior period error in accordance with GRAP 3. 	Agreed. The municipality had initially treated the revised calculation method as a change in accounting estimate which is disclosed retroactively.	The municipality will reperform the debt impairment recalculation for the prior year and make the necessary adjustments to the Debt impairment note and prior period error note.
8	MR	Inconsistencies between FAR and the financial statements.	The Other property, plant and equipment cost and Accumulated Depreciation & Impairment amount per the Fixed Asset Register does not agree with the amount disclosed in the Financial Statements. Consequently the financial statements are misstated by R233 364, 32 .	The deputy chief financial officer did not perform adequate reviews of the annual financial statements to ensure that the fixed asset register as well as the annual financial statements submitted for audit are accurate.	The deputy chief financial officer should adjust the financial statement submitted for audit to ensure that they reflect the amount as per the fixed asset register.	Agreed. The cost of the disposed assets was incorrectly mapped under accumulated depreciation.	Mapping will be corrected, Management will ensure proper reconciliation between FAR, GL, and AFS.
9	MR	Misclassification within subcategories of expenditure.	Based on the inspection of the supporting documentation attached to the payments vouchers, it was identified that the following payments were incorrectly classified as Business advisory instead of Human resource training within the contract services sub categories disclosure as per note 32 to the AFS: Consequently, contracted services: Human resource has been understated by R1 070 301 and Business advisory (soverstated by the same amount.	The accounting clerk did not adequately review the vote numbers for human resource training and business advisory in order to include human resource training under the correct sub category.	The accounting clerk should improve their review of payment voucher to ensure that payments are allocated to the correct vote number.	Agreed. The account was separately mapped under business and advisory instead of human resources.	The account will be mapped to the relevant line item.
10	MR	Commitments calculated using incorrect contract value.	a) The commitment amount per the schedule supporting the commitment disclosure does not agree with the auditor's recalculated amount for the following contracts: Consequently, the commitments amount included in the financial statement is materially overstated by R121,188,590,71 .	The HOD: Planning did not implement adequate controls to confirm that the contract amounts as per the commitment schedule are reviewed and updated on a regular basis to ensure the accuracy of the commitment balance disclosure at year-end, of the commitment balance disclosure at year-end.	The HOD: Planning should implement regular review controls to confirm that the contract amounts as per the commitment schedule are reviewed and updated on a regular basis to ensure the accuracy of the commitment balance disclosure at year-end. Management should make the necessary adjustments to the annual financial statements.	Agreed. Management agrees with the finding and proper adjustment will be made to the note.	Management to review commitment schedules on a monthly basis to ensure that closing balances are correct at all times.

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
11	MR	Commitments not completely disclosed.	b) The commitment amount per the schedule supporting the commitment disclosure does not agree with the auditor's recalculated amount for the following contracts: (Various: R22 775 735; 29) Inspection of the contract register revealed the following capital contracts that were in progress at year-end but were not included in the commitment schedule: (Various: R100 132 734; 47). Consequently, the commitments amount included in the financial statement is materially understated by R122 908 469; 76.	The HOD: Planning did not implement adequate controls to confirm that the contract amounts as per the commitment schedule are regularly reviewed and updated on a regular basis to ensure the accuracy and completeness of the commitment balance disclosure at year-end.	The HOD: Planning should implement regular review controls to confirm that the contract amounts as per the commitment schedule are regularly reviewed and updated on a regular basis to ensure the accuracy and completeness of the commitment balance disclosure at year-end. Management should make the necessary adjustments to the annual financial statements.	Agreed. The recommendations will be implemented.	Management to review commitment schedules on monthly bases to ensure that closing balances are correct at all times.
12	MR	VAT receivables not appropriately disclosed.	The VAT receivable balance note does not provide a reconciliation of the VAT refund that the municipality expects to receive from SARS after year end as the VAT return for June 2023 is submitted by the 25th of the month following. The description of how the statutory receivable arises and the applicable legislation is not included in the note. Consequently, the VAT receivable note is not appropriately disclosed.	The Deputy CFO: Expenditure did not adequately apply requirements of GRAP 108 when preparing the VAT receivable disclosure to ensure that the disclosure meets the GRAP requirements.	The Deputy CFO: Expenditure must prepare the note in accordance with the GRAP 108 requirements and make the necessary adjustments to the annual financial statements to ensure that financial statements are fairly presented.	Agreed. The recommendations will be implemented.	The municipality will implement the recommendation. Adequate review of GRAP requirements will in future be done and/or relevant disclosures will be made.
13	MR	Lease payments not recognised on a straight-line basis.	On inspection of Operating Lease expense, it was noted that the lease agreement between Zululand District Municipality and Lumd Investments Pty Ltd has an annual escalation of 7% applicable and as a result, straight-lining is applicable to ZDM and should have been applied. The resulting impact is that the operating lease expense is inaccurately recognised in the Annual Financial Statements (AFS) on the actual amount paid, and not on the straight-lined amount in accordance with GRAP 13. This also resulted in the operating lease liability not being recognised in the Statement of Financial Position per GRAP 13. Effect on the Financial Statements in the 2022/23 financial year: The resultant impact on prior year comparatives also needs to be considered as these leases were entered into from the 2021/2022 financial year.	The Accountant: Assets and did not accurately account for the straight lining of operating leases payments with escalations in accordance with the requirements of GRAP 13 and the accounting policy. The CFO did not perform an adequate review of the operating leases disclosure and related schedules to confirm that it was in compliance with the requirements of GRAP.	• The Accountant: Assets and CFO should, in future, improve the compliance on and review of the operating leases note and related schedules by utilising the respective NT disclosure checklist. • The CFO should make the necessary adjustments to the AFS for both current and prior year, including updating the AFS disclosure in terms of GRAP 3.	Agreed. The recommendations will be implemented.	A journal will be processed to recognize the operating lease liability and account for operating lease expense.
14	MR	Understatement of contingent liabilities.	The contingent liabilities disclosure note did not contain the invoices listed below. These invoices should be included in the contingent liabilities disclosure note because Zululand district municipality has a dispute with Abaqulus municipality for services received for the month of May and June 2023. Consequently, contingent liabilities disclosure is understated by an amount of R2 151 987; 53.	The Finance expenditure accountant did not implement adequate controls to confirm that those invoices that are in dispute are included in the contingent liabilities disclosure and that these are updated on a regular basis to ensure the completeness of the contingent liabilities disclosure at year-end.	The Finance expenditure accountant should strengthen controls to confirm that all invoices that are received and that are in dispute have been included in the contingent liabilities schedule and that the schedule is reviewed to ensure the accuracy and completeness of the disclosure at year-end.	Agreed. The recommendation will be implemented. Contingencies note will be updated.	Abaqulus Municipality billing for May and June will be included on the contingencies note.
15	MR	Unfunded budget	During the going concern assessment, the following internal control deficiency was noted: The municipality received a communication from National Treasury (NT) – intention to invoke section 216(2) of the constitution for serious and persistent breach and financial misconduct (section 171 of WFA/VA) for not preparing a budget appropriately. National Treasury declared the municipality's 2022-23 adjustment budget to be unfunded due to a deficit in net cash flows that were projected for the 2022-23 financial year. Consequently, the purpose of the 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 year's surpluses not committed for other purposes and borrowed funds.	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.	Agreed. The budget funding plan has been adopted by Council.	The municipality will continue to monitor the implementation of the budget funding plan.

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
16	MR	Inaccuracies identified in the cash flow statement. Cash Flow Statements.	The following inaccuracies were noted in cash flow statement: 1. Cash generated from operations disclosed in the cash flow statement as recalculated by audit does not agree to the amounts per the statement of financial performance and statement of financial position. Consequently, net cash flows from operating activities disclosed on the face of the cash flow statement is overstated by R920 235 . 2. Cash flows from investing activities was incorrectly casted/ resulting in an understatement by R15 265 .	The Deputy CFO: Financial support and budget did not adequately review the cash flow statement to ensure that it is presented accurately and in accordance with GRAP 2 requirements.	The Deputy CFO: Financial support and budget should improve the review of the cash flow statement and provide the proposed adjustments and the supporting workings before they are processed.	Agreed. The municipality will ensure adequate review of cashflow statement to ensure accurate presentation.	The municipality will ensure adequate review of cashflow statement to ensure accurate presentation.
17	AR	Three price quotations not obtained.	The following quotation was opened before the closing date and time determined for the quotation on the invitation: (072/03/2023) . Consequently, the reason provided, that only one supplier responded is not justified on the basis that it was impossible/impractical to obtain 3 written quotations, as more quotations could have been received before the closing date. Expenditure incurred in respect of the above contract results in irregular expenditure amounting to R84 022, 99 which must be disclosed in the financial statements.	The supply chain manager did not implement controls to ensure that: • Three written price quotations are obtained for formal written quotations • Reasons for not obtaining at least three quotations are justifiable and quotations are only opened after the closing date and time.	The supply chain manager should implement controls and ensure that: • SCM regulations are implemented and at least three written price quotations are obtained for formal written quotations • Reasons for not obtaining at least three quotations are justifiable and quotations are only opened after the closing date and time.	Agreed. The recommendation will be implemented. A daily inspection of the register will be carried out to ensure that quotations and tenders are opened on the correct closing date.	Ar register will be developed by the SCM manager to document advertised quotations and tenders. A daily inspection of the register will be carried out to ensure that quotations and tenders are opened on the correct closing date.
18	MR	Invalid deviations	Consequently, this results in material non-compliance with SCM regulation 36(1) (a) and irregular expenditure of R4 567 356, 67 which must be disclosed in the annual financial statements. Various deviations.	The SCM Manager together with the general managers from corporate services, community services and responsible heads of departments did not adequately compile an annual procurement plan that is accurate, complete and monitored on a regular basis to ensure that planned procurement is commenced in a timely manner to avoid invalid deviations from approved processes as a result of management's poor planning. The Accounting officer did not perform adequate reviews to ensure that only valid deviations in accordance with SCM regulation 36(1) (a) were approved.	The SCM Manager together with the general managers from corporate services, community services and responsible heads of departments should improve the compilation of their annual procurement plan to confirm that it is accurate and complete. This plan must be monitored on a regular basis to ensure that planned procurement is commenced in a timely manner to avoid invalid deviations from approved processes and non-compliance with the SCM prescripts. The Accounting officer should perform adequate reviews to	Deviation 4311- Agree. The recommendation will be implemented and the amount will be disclosed in the Irregular Expenditure note. Deviation 4333-Disagree. The advertisement for the prayer event was published on both the municipal notice board and website platform. The closing date for submissions was October 11th, 2022. There were no quotations that were received. In light of the scheduled prayer on October 13th, 2022, quotations were requested from Mqaphah Suppliers (Annexure A & B) Deviation 4346- Agree. The recommendation will be implemented and the amount will be disclosed in the Irregular Expenditure note. Deviation 4345- Agree. The recommendation will be implemented and the amount will be disclosed in the Irregular Expenditure note.	1. The procurement plan will be monitored on a quarterly basis 2. Deviations will be reviewed prior to being approved to ensure that they are in accordance with SCM regulation 36 (1) (a)

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
19	AR	Incorrect minimum local content threshold included in the tender invitations.	a) The following contracts' invitation to tender stipulated minimum local content that was not consistent with the minimum requirement per the circular: Consequently, expenditure incurred in respect of the above contracts results in irregular expenditure amounting to R33 441 081 , which must be disclosed in the financial statements.	The supply chain manager did not implement controls to ensure that: <ul style="list-style-type: none"> All invitations to tender specify the minimum threshold for local production and content Items making up the minimum threshold were documented in the tender invitation consistent with the minimum requirement per the circular 	The supply chain manager should implement controls and ensure that: <ul style="list-style-type: none"> Invitations to tender are properly reviewed to ensure that the minimum threshold for local content advertised is consistent with the circular and with the requirements of the related projects The tender evaluation checklist includes the MBD6.2 to ensure that all bidders attach and complete the declaration on the tender documents. Tenders are properly evaluated to ensure that the successful bidders meet the stipulated minimum threshold. All payments made in terms of these awards should be disclosed as irregular expenditure in the annual financial statements. 	Disagree. The tender document for ZDM0031/2023: BRUSH WATER SUPPLY includes the correct minimum local content threshold and all tenders were properly evaluated through the checklist to ensure that the successful bidders declared and met the stipulated minimum threshold. The tender document for ZDM002/2023: NOMELWANE WATER SUPPLY includes the correct minimum local content threshold and all tenders were properly evaluated through the checklist to ensure that the successful bidders declared and met the stipulated minimum threshold. The tender document for ZDM001/2023: MAKHOSINI WATER SUPPLY includes the correct minimum local content threshold and all tenders were properly evaluated through the checklist to ensure that the successful bidders declared and met the stipulated minimum threshold.	None.
20	AR	Local content not declared by winning bidder.	b) The winning bidder of the following contracts did not provide the Municipality with the declaration on local production and content (MBD6.2):	The supply chain manager did not implement controls to ensure that all tenders were properly evaluated through the checklist to ensure that the successful bidders declared and met the stipulated minimum threshold.	The supply chain manager should implement controls and ensure that: <ul style="list-style-type: none"> Invitations to tender are properly reviewed to ensure that the minimum threshold for local content advertised is consistent with the circular and with the requirements of the related projects The tender evaluation checklist includes the MBD6.2 to ensure that all bidders attach and complete the declaration on the tender documents. Tenders are properly evaluated to ensure that the successful bidders meet the stipulated minimum threshold. All payments made in terms of these awards should be disclosed as irregular expenditure in the annual financial statements. 	Agreed. Recommendations will be implemented for ZDM 0317/2023. Recommendations will be implemented for ZDM 0307/2023	The SCM Checklist will be updated to include the review of the invitation to tender and bid documents prior to the advertising of the tender.

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
21	MR	Bid of the winning provider received after the closing date and time stipulated on the advert.	The following winning bids were received after the closing date and time determined for the bid on the invitations: (ZDMD19/2023 - Sizabonke civils/Pilcon projects and ZDMD30/2022 - SMEC South Africa (PTY) LTD) Consequently, expenditure incurred in respect of the above contracts results in material non-compliance and irregular expenditure amounting to R29 664 795.87 which must be disclosed in the financial statements. This is further indicative of fraud and should be investigated by management.	The CFO and supply chain manager did not implement adequate controls to confirm that bids that were received by the stipulated closing date and time were only accepted and evaluated further.	The CFO should investigate the above instances noted and implement the necessary consequences in management processes based on the recommendations of the investigations in compliance with the applicable laws and regulations. The CFO should revise the irregular expenditure disclosure accordingly with all payments made in respect of the bids.	Disagree. The addendum for project 019/2023 - Sizabonke civils/Pilcon projects was communicated with the prospective bidders. Each bidder was informed in writing about the extension of time as a result of additional special steel material and fittings required that needed manufacturing and required additional time for pricing as there are factors that affect costings such as labor and material. Each bidder was requested to sign the addendum as an acknowledgment of having received, read, and understood the requirements and financial implications of each item as well as initial against each item amendment to the procurement document. Bidders who attended the clarification meeting were the ones that needed to be informed of the changes and the addendum was not advertised due to lack of funds and cost-containment measures. (Attached is Annexure A)	Disagree. The addendum for project 019/2023 - Sizabonke civils/Pilcon projects was communicated with the prospective bidders. Each bidder was informed in writing about the extension of time as a result of additional special steel material and fittings required that needed manufacturing and required additional time for pricing as there are factors that affect costings such as labor and material. Each bidder was requested to sign the addendum as an acknowledgment of having received, read, and understood the requirements and financial implications of each item as well as initial against each item amendment to the procurement document. Bidders who attended the clarification meeting were the ones that needed to be informed of the changes and the addendum was not advertised due to lack of funds and cost-containment measures. (Attached is Annexure A)
22	AR	Unauthorised expenditure not prevented.	The accounting officer did not take adequate steps to prevent the re-occurrence of unauthorised, irregular and fruitless and wasteful expenditure that was incurred in the current year as disclosed in notes 47 and 48 of the AFS: Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA. Unauthorised expenditure (R236 652 969) was incurred in the current and prior year due to exceeding of the approved budget, with the majority being caused by overspending on non-cash items relating to depreciation and amortisation. The cause of the unauthorised expenditure could have been prevented if management had improved their budgeting processes with regards non-cash items. This results in a material non-compliance with key legislation and will therefore be reported in the audit report.	The accounting officer did not ensure adequate controls were in place to prevent unauthorised and fruitless and wasteful 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"> Unauthorised expenditure: The CFO should monitor the budget on a regular basis. Procurement should only take place once there is confirmation that sufficient funds are available for spending under the specific vote. Consequence management should be implemented at an early stage in instances where contracts are entered into before performing the necessary checks to ensure sufficient budget is available. Furthermore the accounting officer should adequately monitor the action plan to avoid repeat findings 	Agreed. The municipality could not avoid spending on non-cash expenditure items since it was necessary to comply with GRAP requirements.	The municipality will implement the recommendations.
23	AR	Irregular expenditure not 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 49 of the AFS: Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA. Irregular expenditure (R65 488 491) 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 three quotations not obtained. The cause of the irregular expenditure could have been prevented if reasonable steps had been taken to prevent the re-occurrence. Therefore, the non-compliance is material and will be reported in the audit report.	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"> 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. Furthermore, the accounting officer should adequately monitor action plan to avoid repeat findings. 	Agreed. Most of the irregular expenditure identified are contracts included in the prior year irregular expenditure disclosure note. These contracts were investigated and recommended for write off. The municipality will ensure bids are advertised in line with the regulation and policy. The municipality will also ensure a minimum of 3 quotations are obtained. The municipality will implement the recommendations.	Irregular expenditure has been disclosed on the financial statements. All cases of irregular expenditure will be treated in terms of Regulation 32.

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
24	AR	Expenditure Management Fruitless and wasteful expenditure not prevented.	The accounting officer did not take adequate steps to prevent the re-occurrence of unauthorized, irregular and fruitless and wasteful expenditure that was incurred in the current year as disclosed in notes 47 and 48 of the MFMA. Consequently, the accounting officer is in contravention of section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure (R1 046 939) related to interest incurred 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. Irregularity: Non-compliance with sections 63(2)(c) and 63(2)(d) of the Municipal Finance Management Act (MFMA) which states the following Impact: Financial loss R 1 062 894.	The accounting officer did not ensure adequate controls were in place to prevent unauthorised and fruitless and wasteful 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.	As per issued MI.	Agreed. Fruitless and wasteful expenditure was identified and disclosed on the AFS.	The municipality will implement the recommendations.
25	AR	Material Irregularities (MI) Cash resources not appropriately safeguarded.		As per issued MI.	As per issued MI.	Agreed.	Update of policies and procedures relating to: •SCM and banking & Investment Cashiering Procedures •Segregation of duties for the personnel who performs bank recon and personnel balancing all cashiers •Non-payment of leave pay-out •Attempted recoveries from pension fund
26	MR	Annual Performance Report Inaccurate response time computations	KPI 7: Average time taken to fix spillages per quarter – 23 hours average time taken to fix spillages by 30 June 2023 The following inaccuracies were identified based on recalculation of the time taken to fix the spillages as per job cards in spreadsheet: (Various) Consequently, the average time taken to fix spillages is materially misstated by a projected percentage of 35.7% due to incorrect hours being captured on the schedule to support the reported achievement for this indicator.	• 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. • 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.	• 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. • 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. • 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.	Management agrees with the finding, adequate reviews will be performed to ensure that supporting information is accurate, complete and sufficient.	Management will review the whole population to ensure that calculated hours are accurate, the necessary adjustment will be made to the annual performance report.
27	MR	ICT Governance Business cases not developed for IT projects undertaken by the municipality may inhibit adequate project management standards and principles from being implemented and adhered to.	The municipality had however still not documented business cases for the Network Infrastructure Upgrades and the Mimecast Mail Security projects as required by the ICT Return on Investment Policy. Lack of a formally documented business case may result in the municipality not adequately evaluating the risks, benefits and costs relating to its proposed spend on IT projects. This could lead to the municipality pursuing IT projects that do not meet its needs and fail to deliver on expected benefits. Furthermore, the absence of a business case may affect the ability of the municipality to track IT project implementations and ensure that adequate project management standards and efficient budget monitoring principles have been adhered to.	Leadership: Information technology governance framework Non-compliance with the ICT Return on Investment Policy resulted due to the service provider for the Network Infrastructure Upgrades and Mimecast Mail Security projects not providing the ICT Manager with reports indicating evaluation of the municipality's existing infrastructure in order to assess the current state for development of a business case.	• Ensure compliance with the business case requirements stipulated in the responsibilities of ICT Steering, MANCO, Return on Investment Policy. • Develop business cases for the Network Infrastructure Upgrades and Mimecast Mail Security projects and ensure that going forward all IT projects are supported by a comprehensive documented business case that sets out the risks, benefits and costs relating to the proposed spend. Business cases should be approved prior to a project commencing and be utilised throughout the lifecycle of the project as a measure to determine return on investment. • Source information required to develop a business case from service providers prior to them initiating work on a project.	Agreed. We will develop the business case for the Network Infrastructure as a new service provider has been appointed. The project was not implemented during 2022-2023 financial year, hence the budget for it was not used. Mimecast business case was developed. It is included in the Office 365 business case.	We will engage the service providers to source all the required information to develop the business case. And once all information is available, we will develop the business case. Going forward we will ensure all projects are supported by a business case and that they are approved before the project starts. We will develop a checklist for a project with project requirements that should be completed to ensure compliance

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Re commendation	Management response	Management action
28	ICT Governance	Inadequately maintained ICT inventory listing may result in the municipality not being able to sufficiently plan for and support the needs of municipal operations.	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. 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.	Leadership: Information technology governance framework <ul style="list-style-type: none"> The ICT Manager did not ensure that management commitments made to resolve the previous audit finding were acted on. A lack of sufficient training and awareness relating to the importance of updating and maintaining the ICT inventory listing resulted in the ICT Manager not prioritising updating the Asset List. 	The ICT Manager should: <ul style="list-style-type: none"> Ensure that management commitments made to resolve audit findings are adequately and timeously acted on. Update the Asset List which serves as an ICT inventory listing to include the technical specifications, software licenses and information stored on each device. 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. Reach out to coordinating ministries such as KwaZulu-Natal (KZN) Provincial Treasury, Department of Public Service Administration (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. 	Agreed. The ICT inventory list will be updated to include the technical specifications, software licenses, and information stored on each device.	We will develop awareness campaigns and training for management of the ICT inventory and engage ministries for assistance in guidance and standards in maintaining the inventory
29		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.	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. 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, management may not be able to monitor, identify and act upon service providers who are not meeting agreed upon service levels.	Leadership: IT governance framework <ul style="list-style-type: none"> 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. 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. 	The ICT Manager should: <ul style="list-style-type: none"> Engage with Business Connexion and update the Master Services Agreement to include a right to audit clause. 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. 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. Implement controls to ensure that service provider monitoring reports are timeously reviewed and corrective action taken for deviations from agreed upon service levels identified. 	Management agrees to the finding. ICT Manager will address omitted clause in the Service level agreements (SLAs) that outline the commitment between the service providers and the municipality to include a right to audit clause which would grant the municipality the authority to conduct audits or assess the service providers IT environment. Also reports to assure management that adequate security controls were applied on the outsourced platform.	ICT Manager will address omitted clause in the Service level agreements (SLAs) that outline the commitment between the service providers and the municipality to include a right to audit clause which would grant the municipality the authority to conduct audits or assess the service providers IT environment. Also reports to assure management that adequate security controls were applied on the outsourced platform.
30	ICT Security Management	Guidelines for the management of default accounts not formally documented could lead to these accounts being compromised due to required security controls not implemented.	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. 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 utilised to perform unauthorised activities, which may negatively affect the confidentiality, integrity and availability of the municipality's IT systems.	Financial and performance management: IT systems <ul style="list-style-type: none"> The ICT Manager did not ensure that management commitments made to resolve the previous audit finding were acted on. 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. 	The ICT Manager should: <ul style="list-style-type: none"> Ensure that management commitments made to resolve audit findings are adequately and timeously acted on. Update the 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. Implement initiatives to create awareness and upskill ICT staff in order to enable them to carry out required IT security management tasks such as updating ICT policies. Reach out to coordinating ministries such as KwaZulu-Natal (KZN) Provincial Treasury, Department of Public Service Administration (DPSA) and KZN Department of Cooperative Governance and Traditional Affairs (COGTA) for guidance and government standards relating to IT security management controls and policies. 	Disagree. ICT Manager has updated all ICT policies and all default accounts will be renamed and changed before implementation on the network.	We will develop awareness campaigns and training for staff to update them with ICT policies

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
31	ICT Security Management	Logon violation reports not reviewed may result in unauthorised logons to the network and IT systems going undetected for extended periods.	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). It was however noted that these reports were not periodically reviewed during the 2022-23 financial year to ensure that suspicious and failed logon attempts were identified and investigated. 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 the municipality's information systems.	Financial and performance management: IT systems The ICT department is only staffed with three (03) permanent employees resulting in capacity limitations which prevented the Audit Plus tool reports relating to logon violations and failed logon attempts from being periodically reviewed.	The ICT Manager should: <ul style="list-style-type: none"> 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. 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. 	Agree ICT Manager will engage with the service provider to improve the identified system to produce relevant logon violations.	ICT Manager will be reviewing all logs monthly
32	ICT Security Management	Patch management status reports not periodically reviewed may lead to exploitable security vulnerabilities in the municipality's IT environment.	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: <ul style="list-style-type: none"> Assessment - determine what the current patching level is, identifying which patches are installed and which are missing. Monitoring - watch out for alerts and new patch releases by the application or system vendors and trusted third parties. 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." It was however noted that patch management status reports had not been formally monitored, reviewed and exceptions followed up on for the 2022-23 financial period. If patch management status reports are not regularly generated and reviewed this may result 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 in order to view sensitive information or cause malicious damage.	Financial and performance management: IT systems <ul style="list-style-type: none"> The ICT Manager did not ensure that management commitments made to resolve the previous audit finding were actioned. Non-compliance with the patch management requirements stipulated in the ICT Security Controls Policy was due to the municipality still being in the process of acquiring patch management software that would monitor all activities for both servers and workstations. 	The ICT Manager should: <ul style="list-style-type: none"> Ensure that management commitments made to resolve audit findings are adequately and timeously actioned. Expedite the process of acquiring patch management software to ensure that the patch management requirements stipulated in the ICT Security Controls Policy can be complied with. 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. 	Agree ICT will purchase a patch management software to ensure that the patching is managed.	ICT Patch tender will be advertised by SCM. This issues will be resolved.

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
33	MIR	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>As previously reported, the following deficiencies were still noted with the Microsoft TMG firewall utilised by the municipality:</p> <ul style="list-style-type: none"> a) The firewall information below was omitted in the ICT Security Policy: <ul style="list-style-type: none"> • Rule descriptors (meta-data accompanying each rule). • The frequency at which the ruleset is reviewed. • Firewall change management processes. • Firewall backup/restore and recovery processes. • Authorisations: who is authorised to access the firewall and what level of access they are authorised to have. • Logical access from where one can access the firewall and over which channels. • Updating/upgrading requirements. • Firewall configuration settings: specific minimum-security configurations such as blocking of unnecessary services, spoofing, illegal and bogus addresses. b) Inadequate administration and management of the firewall occurred due to: <ul style="list-style-type: none"> • A firewall ruleset not being defined. • The firewall ruleset data below not being tracked: <ul style="list-style-type: none"> o The purposes of each firewall rule. o The users and devices it affects. o The date the rule was added. o When the rule should expire (if it is temporary). o The name of the person who added the rule. • There being no established process to proactively and regularly review firewall rules. • A change management process not being formalised for the firewall. • There being no backup firewall and redundancy controls implemented. • The following reviews not being performed: <ul style="list-style-type: none"> o Monitoring of access to the firewall. o Monitoring of the traffic passing through the firewall. o Firewall administrator activity reviews. c) Additionally, the Microsoft TMG firewall utilised by the municipality had reached its end of life extended support on 14 April 2020 and was no longer supported. <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 managed firewall could result in the municipality not being able to detect and monitor potential security threats on a real time basis. Furthermore, a firewall that has reached its end of life and is no longer supported will not receive updates to ensure that it continues to operate optimally.</p>	<p>Financial and performance management: IT Systems</p> <ul style="list-style-type: none"> • The ICT Manager did not ensure that management commitments made to resolve the previous audit finding were actioned. • The TMG Firewall had reached its end of life support from Microsoft and could no longer be enhanced or upgraded to address the deficiencies present. The ICT Manager was therefore awaiting the Supply Chain Management (SCM) department to appoint a new service provider who will install, manage and maintain the new firewall. 	<p>The ICT Manager should:</p> <ul style="list-style-type: none"> • Ensure that management commitments made to resolve audit findings are adequately and timeously actioned. • Laise with the SCM department to expedite the appointing of the service provider who will install, manage and maintain the new firewall. • Once the new firewall is installed, required firewall controls should be established, implemented, and consistently performed. 	<p>Agree. ICT Manager has submitted to SCM the tender document for the new firewall.</p>	<p>A new firewall will be installed and will monitor required controls</p>
	ICT Security Management						

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
34	MR	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.	As previously reported, despite the ICT User Management Policy being reviewed and approved by Council on the 28th February 2023 however, it still did not include information relating to the following management of user access controls: <ul style="list-style-type: none"> • Turnaround time to complete activities. • User account termination. • Monitoring of system controller actions on application security level (creation of IDs, user ID maintenance, allocating functions to users, etc.) • Monitoring of users' activities on operating system level. • Restriction of administrator accounts (to not have access to internet or email). 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 the network and IT systems.	Financial and performance management: IT systems Due to a lack of user account management skills and expertise within the municipality, the ICT Manager 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.	The ICT Manager should: <ul style="list-style-type: none"> • Ensure that the ICT User Management Policy is updated to include all required user access controls and aligned to leading best practices. • Implement practices for comprehensive reviews and quality assurance to be conducted prior to ICT documents being submitted to Council for approval, in order to confirm that all required information has been included. • Undertake initiatives to equip ICT staff with user account management skills in order to allow them to carry out the required user access controls. • Reach out to coordinating ministries such as KwaZulu-Natal (KZN) Provincial Treasury, Department of Public Service Administration (DPSA) and KZN Department of Cooperative Governance and Traditional Affairs (COGTA) for guidance and government standards relating to the drafting of adequate ICT user management documents. 	D) Agree. All policies were updated according to the last audit finding and all omitted information were addressed	Policies are reviewed annually to address omitted information or procedures.
35	MR	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.	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. Furthermore, inspection of the Local Supplier Database system list of users noted the following four (4) generic accounts with Super User access as being active on the system: (Various) User account management logs that do not reflect sufficient information inclusive of 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 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. 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."	Financial and performance management: IT systems • Report on the Local Supplier Database system were not configured to incorporate the data that user account management activity had been performed. • Guidelines for managing generic accounts had not been incorporated into the ICT Security Controls Policy. Consequently, ICT staff lacked a basis for identifying and taking corrective action for generic accounts on the Local Supplier Database system.	The ICT Manager should: <ul style="list-style-type: none"> • Engage with the service provider of the Local Supplier Database system to ensure if reports can be enhanced to include the date in order to allow management to track the timeliness and appropriateness of actions taken. • Ensure that guidelines for identifying and taking corrective action for generic accounts are established, documented, approved and distributed to the relevant stakeholders for implementation. • 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. 	Agree. Management agrees to the finding.	ICT Manager will engage with the service provider of the Local Supplier Database system to modify the system so that reports can be enhanced to include the date that a user account management activity had been performed to allow management to track the timeliness and appropriateness of actions taken. ICT Manager will be able to monitor activities for users.
36	MR	User access rights, administrator activities and password reset logs not reviewed may result in unauthorised activities performed not being detected in a timely manner.	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 2022-23 financial year. This may result in: <ul style="list-style-type: none"> • 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 associated with their job functions. • 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. • 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. 	Financial and performance management: IT systems 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 three (03) permanent employees, which created capacity limitations that prevented user access rights, administrator activities and password reset logs from being periodically reviewed.	The ICT Manager should: <ul style="list-style-type: none"> • Ensure compliance with the user access review requirements stipulated in the ICT System Owner section of the ICT User Access Management Policy. • 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. • Retain evidence of user access rights, administrator activities and password reset log reviews performed and the actions taken to resolve deficiencies identified. 	Agree. ICT Manager will engage with the service providers to improve their system to enable user access reviews.	All user access will be reviewed monthly by ICT Manager

ICT User Access Management

No. Ref	Category	Audit finding	Audit narration	Internal control deficiency	Recommendation	Management response	Management action
37		Unsuccessful and partially successful Disaster Recovery Plan testing performed may result in the municipality not being aware if it can timely recover its IT systems in the event of a disaster	<p>It was previously reported that Disaster Recovery Plan (DRP) testing had not been performed by the municipality.</p> <p>In the 2022-23 financial year, a DRP test had been performed on 18 February 2023 for all the critical Zululand District Municipality IT systems.</p> <p>The Disaster Recovery Plan Test (ICT Report) however indicated none of the six (06) applications tested had fully passed with three (03) applications (T&W Trapeze FX, T&W Fleet Management and Finance Solar) partially passing and three (03) applications (Finance Salary Management System, Corporate Services Web Server and Planning Services (MP), Siza, PMS) failing.</p> <p>Partially successful and failed DRP testing indicates that the municipality may not be able to rely upon its DRP to restore IT systems adequately and timely in the event of a disaster. This could prevent the municipality from performing required operations and delivering services to citizens.</p>	<p>Financial and performance management: IT systems</p> <p>Inadequate infrastructure resulted in the DRP testing not being successfully performed as there was no additional server to point the databases to the DRP environment.</p>	<p>The ICT Manager should:</p> <ul style="list-style-type: none"> Investigate the reasons for the applications that partially passed and failed the DRP test and ensure that corrective actions is implemented for future DRP testing undertaken. Funding should be sourced and the required infrastructure procured to allow for DRP testing to be successfully performed. 	<p>Disagree.</p> <p>ICT has implemented the Cloud server backup system which backup all ZDM systems.</p>	<p>ICT Manager will be going DR testing every three months</p>
38	ICT Service Continuity	Restoration testing of backups not performed may lead to management not being aware of the readability of backups taken and whether they can be relied upon to restore data and IT systems	<p>As previously reported, the ICT Operations Policy, page 33, section 1.4.1 Key Principles and Guidelines Pertaining to Data Backup & Restoration that:</p> <ul style="list-style-type: none"> Testing of backup restore shall be performed at least once in two months. Backup restore testing schedules shall be kept, reviewed and signed-off by the Network Administrator each time they are carried out. Backup restore testing schedules shall be reviewed and signed-off by the Manager: ICT every three months. Requests for backup restore should be authorized by the Manager: ICT and ICT System Owner where a system is involved. <p>It was however noted that for the 2022-23 financial year, no periodic backup restoration testing in line with the ICT Operations Policy was performed by the municipality.</p> <p>Scheduled restoration testing is critical to determine the readability and integrity of backed up data. If restoration testing is not periodically performed and reported on this may result in management not being aware if the available backups are sufficiently readable and can be used to effectively restore data and systems in the event of a disruption.</p>	<p>Financial and performance management: IT systems</p> <ul style="list-style-type: none"> The ICT Manager did not ensure that management commitments made to resolve the previous audit finding were actioned. Non-compliance with the Key Principles and Guidelines Pertaining to Data Backup & restore section requirements stipulated in the ICT Operations Policy resulted due to the ICT department only being staffed with three (03) permanent employees, which created capacity limitations that prevented regular restoration testing of the municipality's backups. 	<p>The ICT Manager should:</p> <ul style="list-style-type: none"> Ensure that management commitments made to resolve audit findings are adequately and timeously actioned. Comply with the Key Principles and Guidelines Pertaining to Data Backup & Restore section requirements stipulated in the ICT Operations Policy by ensuring that backup restoration testing is regularly performed and reviewed. Motivate for funds to be made available to allow for the appointment of personnel and fill vacancies within the ICT department in order to assist with the periodic restoration testing of the municipality's data backups. Retain evidence of data backup and restoration testing and the actions taken to resolve deficiencies identified. 	<p>Disagree.</p> <p>Management Disagrees to the finding.</p>	<p>ICT Manager did conduct the testing in February 2023 and failed, hence, the implementation on the Cloud backup option. It was also tested in September 2023 and was a success.</p> <p>In the policy review conducted this year, testing is now done every three months.</p>

D - ANNUAL PERFORMANCE REPORT

ZULULAND DISTRICT MUNICIPALITY 2022/2023										
ANNUAL PERFORMANCE REPORT										
KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE										
Strategic Objective(SO)	KPI No.	Key Performance Indicator	IDP Strategic Objective Ref No.	2021/2022		2022/2023		STATUS	REASON FOR VIARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE
				Annual Target 01 July 2021 - 30 June 2022	Annual Actual 01 July 2021 - 30 June 2022	Annual Target 01 July 2022 - 30 June 2023	Actual Annual 01 July 2022 - 30 June 2023			
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)	1	Number of lightning conductors installed in identified rural households within ZDM per quarter	SO 1.1.1	25 lightning conductors installed in identified rural households per quarter within ZDM	111	100 lightning conductors installed in identified rural households within ZDM per quarter by 30 June 2023	103 lightning conductors installed in identified rural households within ZDM by 30 June 2023	Achieved		
	2	Date verification on ZDM infrastructure assets performed		Verification on ZDM infrastructure assets performed by 30 June 2022	30 Jun 2022	Verification on ZDM infrastructure assets performed by 30 June 2023	Verification on ZDM infrastructure assets performed on 28 June 2023	Achieved		
	3	Number of ZDM water contracts under construction per quarter		18 ZDM water contracts under construction by 30 June 2022	20	14 ZDM water contracts under construction per quarter by 30 June 2023	30 ZDM water contracts under construction by 30 June 2023	Additional funding from water projects was received from RBIG		

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.	4	Number of ZDM sanitation contracts under construction per quarter	2 ZDM sanitation contracts under construction by 30 June 2022	2	2 ZDM sanitation contracts under construction per quarter by 30 June 2023	2 ZDM sanitation contracts under construction by 30 June 2023	Achieved			
	5	Number of ZDM water contracts completed annually	15 ZDM water contracts completed by 30 June 2022	12	2 ZDM water contracts completed by 30 June 2023	5 ZDM water contracts completed by 30 June 2023	Achieved			
	6	Percentage of ZDM Water determinants that pass laboratory tests per quarter	85% ZDM Water determinants that pass laboratory tests by 30 June 2022	95%	85% ZDM Water determinants that pass laboratory tests per quarter by 30 June 2023	95% ZDM Water determinants that pass laboratory tests by 30 June 2023	Achieved			
	7	The average time taken to fix spillages per quarter	48Hrs average time taken to fix spillages by 30 June 2022	19,94 hrs	48Hrs average time taken to fix spillages per quarter by 30 June 2023	23hrs average time taken to fix spillages by 30 June 2023	Achieved	More resources were available in this financial year.		
	8	Number of households within ZDM to be provided with access to water within RDP standard annually	900 households within ZDM to be provided with access to water within RDP standard by 30 June 2022	344	722 households within ZDM to be provided with access to water within RDP standard annually by 30 June 2023	1259 households within ZDM to be provided with access to water within RDP standard by 30 June 2023	Achieved	Additional funding from water projects was received from RBIG		
	SO 1.2.1									

	9	Number of households within ZDM to be provided with sanitation facilities within RDP standard per quarter		2023	1384 households within ZDM to be provided with sanitation facilities within RDP standard per quarter by 30 June 2023	1008 households within ZDM to be provided with sanitation facilities within RDP standard by 30 June 2023	Not Achieved	Funds for sanitation projects were exhausted during the course of the year.	Application for more funding have since been submitted and rejected. More applications are being made.
	10	Number of evaluation reports of ZDM water service provider (consultants) performed per quarter		4	4 evaluation reports of ZDM water service provider (consultants) performed per quarter by 30 June 2022	4 evaluation reports of ZDM water service provider (consultants) performed by 30 June 2023	Achieved		

KPA 02 - LOCAL ECONOMIC & SOCIAL DEVELOPMENT

Strategic Objective(SO)	KPI No.	Key Performance Indicator	IDP Strategic Objective Ref No.	Annual Target 01 July 2021 - 30 June 2022	Annual Actual 01 July 2021 - 30 June 2022	Annual Target 01 July 2022 - 30 June 2023	Actual Annual 01 July 2022 - 30 June 2023	STATUS	REASON FOR VIARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE
Building the capacity of the people to engage in the economy	11	Number of reports on the Emerging Farmers and SMME's as per the approved ZDM support plan submitted to Community Services Portfolio	SO 2.1.2	New KPI	New KPI	4 reports on the Emerging Farmers and SMME's as per the approved ZDM support plan submitted to Community Services Portfolio Committee per	2 reports on the Emerging Farmers and SMME's as per the approved ZDM support plan submitted to Community Services Portfolio Committee by 30 June 2023	Not Achieved	Due to LED budget being frozen in 1st & 2nd quarter the emerging farmers and SMEE's plan could not be implemented	UKZN trained all ISDs and LED staff to skill up the LED section on assisting SMME's with other programmes without financial implications.

Committee per quarter	Number of students trained in music or drama within ZDM annually	Number of students within ZDM trained in visual art annually	Number of students within ZDM trained in fashion design annually	Number of ZDM LED Forum meetings held per quarter	Quarter by 30 June 2022	Quarter by 30 June 2023	Actual	Target
12	8 Students trained in music within ZDM by 30 June 2022	10 students within ZDM trained in visual art by 30 June 2022	15 students within ZDM trained in fashion design by 30 June 2022	New KPI	8 Students trained in music within ZDM by 30 June 2022	18 Students trained in music within ZDM by 30 June 2023 (8 - music/10 - drama)	25 Students trained in music within ZDM by 30 June 2023 (7 - music/18 - drama)	
13	10 students within ZDM trained in visual art annually	10 students within ZDM trained in visual art by 30 June 2023	15 students within ZDM trained in fashion design by 30 June 2023	New KPI	10 students within ZDM trained in visual art by 30 June 2023	10 students within ZDM trained in visual art by 30 June 2023	11 students within ZDM trained in visual art by 30 June 2023	
14	15 students within ZDM trained in fashion design annually	30 students within ZDM trained in fashion design by 30 June 2022	30 students within ZDM trained in fashion design by 30 June 2022	New KPI	15 students within ZDM trained in fashion design by 30 June 2023	15 students within ZDM trained in fashion design by 30 June 2023	25 students within ZDM trained in fashion design by 30 June 2023	
15	4 ZDM LED Forum meetings held per quarter	4 ZDM LED Forum meetings held per quarter	4 ZDM LED Forum meetings held per quarter	New KPI	4 ZDM LED Forum meetings held per quarter by 30 June 2023	4 ZDM LED Forum meetings held by 30 June 2023	4 ZDM LED Forum meetings held by 30 June 2023	

Consolidating and expanding tourism	16	Number of implementation reports on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee per quarter	SO 2.2.1	New KPI	New KPI	4 implementation reports on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee per quarter by 30 June 2023	3 implementation reports on Tourism & Marketing Strategy submitted to Community Services Portfolio Committee by 30 June 2023	Not Achieved	The report was not submitted to the Portfolio Committee due to late submission to committees	HOD Community invited PMS unit to workshop middle management of the department on capacity building of key performance indicators.
	17	Number of jobs created through the ZDM municipal EPWP initiatives including capital projects annually		1370 jobs created through the ZDM municipal EPWP initiatives including capital projects by 30 June 2022	1393	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 by 30 June 2023			
	18	Number of implementation reports on Indigent Policy submitted to EXCO per quarter	SO 2.2.5	New KPI	New KPI	4 implementation reports on Indigent Policy submitted to EXCO per quarter by 30 June 2023	4 implementation reports on Indigent Policy submitted to EXCO by 30 June 2023	Achieved		
	19	Number of jobs maintained through ZDM EPWP integrated grant projects annually		300 jobs maintained through ZDM EPWP integrated grant projects by 30 June 2022	368	600 jobs maintained through ZDM EPWP integrated grant projects by 30 June 2023	659 jobs maintained through ZDM EPWP integrated grant projects by 30 June 2023	Achieved		

KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

Strategic Objective(SO)	KPI No.	Key Performance Indicator	Strategic Objective	Annual Target 01 July 2021 - 30 June 2022	Annual Actual 01 July 2021 - 30 June 2022	Annual Target 01 July 2022 - 30 June 2023	Actual Annual 01 July 2022 - 30 June 2023	STATUS	REASON FOR VIARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE
Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities	20	Date Submission of Sec 54 (f) Mid Year Budget & Performance Assessment to the Council	SO 3.1.1	Submission of Sec 54(f) Mid Year Budget & Performance Assessment to the Council by 31 January 2022	27 Jan 2022	Submission of Sec 54(f) Mid Year Budget & Performance Assessment to the Council by 31 January 2023	Submission of Sec 54(f) Mid Year Budget & Performance Assessment to the Council on 31 Jan 2023	Achieved		
	21	Percentage of disconnections implemented to identified non-paying ZDM customers per quarter		100% disconnections implemented to identified non-paying ZDM customers by 30 June 2022	100%	100% disconnections implemented to identified non-paying ZDM customers per quarter by 30 June 2023	100% disconnections implemented to identified non-paying ZDM customers by 30 June 2023	Achieved		
	22	Number of reports on irregular Expenditure submitted to EXCO per quarter		4 reports on irregular Expenditure submitted to EXCO by 30 June 2022	2	4 reports on irregular Expenditure submitted to EXCO per quarter by 30 June 2023	4 reports on Irregular Expenditure submitted to EXCO by 30 June 2023	Achieved		

23		Date consolidated procurement plan submitted to MANCO	Consolidated procurement plan submitted to MANCO by 31 Aug 2021	31 Aug 2021	Consolidated procurement plan submitted to MANCO by 31 Aug 2022	Consolidated procurement plan submitted to MANCO on 30 June 2022	Achieved		
24	Apply sound financial management practises to keep a positive cash balance, coverage and liquidity ratios	Date reports on Sec 13 of the MFMA submitted to AG	Reports on Sec 13 of the MFMA submitted to AG by 31 July 2021	31 Jul 2021	Reports on Sec 13 of the MFMA submitted to AG by 31 July 2022	Reports on Sec 13 of the MFMA submitted to AG on 30 July 2022	Achieved		
25	Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitoring and compliance	Date verification report on ZDM movable assets submitted to EXCO	Verification report on ZDM movable assets submitted to EXCO by 30 June 2022	30 Jun 2022	Verification report on ZDM movable assets submitted to EXCO by 30 June 2023	Verification report on ZDM movable assets submitted to EXCO on 25 July 2023	Not Achieved	The verification on moveable assets was finalised at the end of June, EXCO meeting had already commenced.	Verification will be finalised earlier in the next financial year. The current report was tabled on the Exco dated 25 July 2023.
26		Date adjustment Budget submitted to council	Adjustment Budget submitted to council by 28 February 2022	25 Feb 2022	Adjustment Budget submitted to council by 28 February 2023	Adjustment Budget submitted to council on 28 Feb 2023	Achieved		
27		Date updates performed on the ZDM municipal fixed assets register	Update performed on the ZDM municipal fixed assets register by 30 June 2022	30-Jun-22	Update performed on the ZDM municipal fixed assets register by 30 June 2023	Update performed on the ZDM municipal fixed assets register on 30 June 2023	Achieved		
28		Number of updated grant registers submitted to EXCO per quarter	New KPI	New KPI	4 updated grant registers submitted EXCO per quarter by 30 June 2023	4 updated grant registers submitted EXCO by 30 June 2023	Achieved		

29	Percentage of Collection Rate achieved per quarter	90% Collection Rate achieved by 30 June 2022	60%	60% Collection Rate achieved per quarter by 30 June 2023	55,86% Collection Rate achieved by 30 June 2023	Not Achieved	1. Consumers are not paying on time for water bills. 2. procurement for new meters was not finalized as a result no new meters were installed consumers are billed using interim.	1. municipality has introduced debt incentive programme to encourage consumers to pay for water services. 2. Tender for new meters has been advertised.
30	Date 2023/2024 IDP Process Plan including Budget time table submitted to Council	2022/2023 IDP Process Plan including Budget time table submitted Council by 31-Aug-21	25 Aug 2021	2023/2024 IDP Process Plan including Budget time table submitted Council by 31 August 2022	2023/2024 IDP Process Plan including Budget time table submitted Council on 30 Aug 2022	Achieved		
31	Date draft Budget submitted to Council	Draft Budget submitted to Council by 31 March 2022	29 Mar 2022	Draft Budget submitted to Council by 31 March 2023	Draft Budget submitted to Council on 29 March 2023	Achieved		
32	Date Final Budget approved by Council	Final Budget approved by Council by 31 May 2022	27 May 2022	Final Budget approved by Council by 31 May 2023	Final Budget approved by Council on 26 May 2023	Achieved		
33	Date draft budget related policies submitted to Council	Draft budget related policies submitted to Council by 31 March 2022	29 Mar 2022	Draft budget related policies submitted to Council by 31 March 2023	Draft budget related policies submitted to Council on 29 March 2023	Achieved		

34	Date final budget related policies submitted to Council	Final budget related policies submitted to Council by 30 June 2022	27 May 2022	Final budget related policies submitted to Council by 30 June 2023	Final budget related policies submitted to Council on 26 May 2023	Achieved		
35	Number of MSCOA data strings uploaded to Local Government portal per quarter	12 MSCOA data strings uploaded to Local Government portal by 30 June 2022	12	12 MSCOA data strings uploaded to Local Government portal per quarter by 30 June 2023	12 MSCOA data strings uploaded to Local Government portal by 30 June 2023	Achieved		
36	Date of Submission of Sec 72 Mid - Year Budget & Performance Assessment to the Mayor & Provincial Treasury	Submission of Sec 72 Mid - Year Budget & Performance Assessment to the Mayor & Provincial Treasury by 25 January 2022	25 Jun 2022	Submission of Sec 72 Mid - Year Budget & Performance Assessment to the Mayor & Provincial Treasury by 25 January 2023	Submission of Sec 72 Mid - Year Budget & Performance Assessment to the Mayor & Provincial Treasury on 24 & 25 Jan 2023	Achieved		
37	Number of Sec 52 reports submitted to Council per quarter	4 Sec 52 reports submitted to Council by 30 June 2022	4	4 Sec 52 reports submitted to Council per quarter by 30 June 2023	4 Sec 52 reports submitted to Council by 30 June 2023	Achieved		
38	Number of Sec 66 reports submitted to Council per quarter	12 Sec 66 reports submitted to Council by 30 June 2022	12	12 Sec 66 reports submitted to Council per quarter by 30 June 2023	12 Sec 66 reports submitted to Council by 30 June 2023	Achieved		

39	Number of Sec 11 reports submitted to Council, Provincial Treasury and Auditor General per quarter	4	4 Sec 11 reports submitted to Council, Provincial Treasury and Auditor General per quarter by 30 June 2022	4	4 Sec 11 reports submitted to Council, Provincial Treasury and Auditor General per quarter by 30 June 2023	4 Sec 11 reports submitted to Council, Provincial Treasury and Auditor General by 30 June 2023	Achieved		
40	Number of reports based on updated Grants Register submitted to EXCO per quarter	12	12 reports based on updated Grants Register submitted EXCO by 30 June 2022	12	12 reports based on updated Grants Register submitted EXCO per quarter by 30 June 2023	12 reports based on updated Grants Register submitted EXCO by 30 June 2023	Achieved		
41	Number of monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury per quarter	12	12 monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury by 30 June 2022	12	12 monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury per quarter by 30 June 2023	12 monthly budget statements (Sec 71 reports) submitted to Mayor and Provincial Treasury by 30 June 2023	Achieved		
42	Refine procurement systems and processes to respond to the demand for services	42	Percentage of tenders finalised within 3 months after date of advertisement per quarter	100%	100% of tenders finalised within 3 months after date of advertisement per quarter by 30 June 2022	89,65% of tenders finalised within 3 months after date of advertisement by 30 June 2023	Not Achieved	Delay in seating of Bid Committees to finalise the awarding of tenders due to resignations of members/Chairperson.	SCM turnaround procedure manual has been created and approved to ensure that bid committees seat timeously
			SO 3.1.4						

	43	Number of SCM quarterly reports submitted to EXCO per quarter	4 SCM quarterly reports submitted to EXCO by 30 June 2022	2	4 SCM quarterly reports submitted to EXCO per quarter by 30 June 2023	4 SCM quarterly reports submitted to EXCO by 30 June 2023	Achieved	
--	----	---	---	---	---	---	-----------------	--

KPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objective(SO)	KPI No.	Key Performance Indicator	Responsible Department	Annual Target 01 July 2021 - 30 June 2022	Annual Actual 01 July 2021 - 30 June 2022	Annual Target 01 July 2022 - 30 June 2023	Actual Annual 01 July 2022 - 30 June 2023	STATUS	REASON FOR VIAR/ANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE
Promoting transparent and accountable governance through regular community engagements and effective administration.	44	Number of ZDM Municipal Health awareness campaigns held per quarter	SO 4.1.2	4 ZDM Municipal Health awareness campaigns by 30 June 2022	10	8 ZDM Municipal Health awareness campaigns per quarter by 30 June 2023	8 ZDM Municipal Health awareness campaigns by 30 June 2023	Achieved		
	45	Number of ZDM disaster awareness campaigns held per quarter		4 ZDM disaster awareness campaigns held by 30 June 2022	4	20 ZDM disaster awareness campaigns held per quarter by 30 June 2023	23 ZDM disaster awareness campaigns held by 30 June 2023	Achieved		
	46	Number of ZDM District Civil Society Forum meetings held per quarter		4 ZDM District Civil Society Forum meetings held by 30 June 2022	2	4 ZDM District Civil Society Forum meetings held per quarter by 30 June 2023	4 ZDM District Civil Society Forum meetings held by 30 June 2023	Achieved		

Systematic development and or review and monitoring implementation of all municipal policies, bylaws, strategies, plans and frameworks in line with any applicable legislation	47	Number of implementation reports on the ZDM LED strategy submitted to Community Services Portfolio Committee per quarter	New KPI	New KPI	4 implementation reports on the ZDM LED strategy submitted to Community Services Portfolio Committee per quarter by 30 June 2023	4 implementation reports on the ZDM LED strategy submitted to Community Services Portfolio Committee by 30 June 2023	Achieved		
	48	Number of implementation reports on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee per quarter	New KPI	New KPI	4 implementation reports on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee per quarter by 30 June 2023	4 implementation report on Indonsa Arts & Craft Centre business strategy submitted to Community Services Portfolio Committee by 30 June 2023	Achieved		
	49	Date revised ZDM internal audit charter adopted by Audit Committee	17 May 2022	Revised ZDM internal audit charter adopted by Audit Committee by 30 June 2022	Revised ZDM internal audit charter adopted by Audit Committee by 30 June 2023	Revised ZDM internal audit charter adopted by Audit Committee on 11 July 2023	Not Achieved	APAC meeting that was scheduled for 27 June 2023 was rescheduled for 11 July 2023.	Tabled on the meeting scheduled for 11 July 2023.
	50	Date ZDM Service Delivery Charter adopted by council	25 Feb 2022	ZDM Service Delivery Charter adopted by 30 June 2022	ZDM Service Delivery Charter adopted council by 30 June 2023	ZDM Service Delivery Charter adopted council on 28 July 2022	Achieved		
	SO 4.1.4								

51	Date WSIG and RBIG Annual Implementation Plan submitted to Department of Water and Sanitation	WSIG and RBIG Annual Implementation Plan submitted to Department of Water and Sanitation by 15 Jun 2022	15 Jun 2022	WSIG and RBIG Annual Implementation Plan submitted to Department of Water and Sanitation by 15 Jun 2023	WSIG and RBIG Annual Implementation Plan submitted to Department of Water and Sanitation on 31 May 2023	Achieved		
52	Date PMU Business Plan submitted to KZN-COGTA	PMU Business Plan submitted to KZN-COGTA by 30 April 2023	26 Mar 2022	PMU Business Plan submitted to KZN-COGTA by 30 April 2023	PMU Business Plan submitted to KZN-COGTA on 06 March 2023	Achieved		
53	Date Three Year Proforma Implementation Plan submitted to KZN-COGTA	Three Year Proforma Implementation Plan submitted to KZN-COGTA by 30 January 2022	19 Jan 2022	Three Year Proforma Implementation Plan submitted to KZN-COGTA by 30 January 2023	Three Year Proforma Implementation Plan submitted to KZN-COGTA on 30 Jan 2023	Achieved		
54	Date MSA Sec 11(3)(a) MFMA 16(1), 24(2), 53(1)(c)(i), 62(1)(f), 79(1)(c) Policies and bylaws submitted to the Council	MSA Sec 11(3)(a) MFMA 16(1), 24(2), 53(1)(c)(i), 62(1)(f), 79(1)(c) Policies and bylaws submitted to the Council by 30 June 2022	05 Feb 2022	MSA Sec 11(3)(a) MFMA 16(1), 24(2), 53(1)(c)(i), 62(1)(f), 79(1)(c) Policies and bylaws submitted to the Council by 30 June 2023	MSA Sec 11(3)(a) MFMA 16(1), 24(2), 53(1)(c)(i), 62(1)(f), 79(1)(c) Policies and bylaws submitted to the Council on 26 May 2023	Achieved		

KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT

Strategic Objective(SO)	KPI No.	Key Performance Indicator	Responsible Department	Annual Target 01 July 2021 - 30 June 2022	Annual Actual 01 July 2021 - 30 June 2022	Annual Target 01 July 2022 - 30 June 2023	Actual Annual 01 July 2022 - 30 June 2023	STATUS	REASON FOR VIARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE
Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement	55	Number of policy workshops conducted for ZDM employees per quarter	SO 5.1.1	4 policy workshops conducted for ZDM employees by 30 June 2022	3	4 policy workshops conducted for ZDM employees per quarter by 30 June 2023	4 policy workshops conducted for ZDM employees by 30 June 2023	Achieved		
	56	Number of ZDM employees trained on Batho Pele principles per quarter		120 ZDM employees trained on Batho Pele principles by 30 June 2022	238	120 ZDM employees trained on Batho Pele principles per quarter by 30 June 2023	174 ZDM employees trained on Batho Pele principles by 30 June 2023	Achieved		
	57	Number workshops conducted on labour relations matters to ZDM employees per quarter		4 workshops conducted on labour relations matters to ZDM employees by 30 June 2022	3	4 workshops conducted on labour relations matters to ZDM employees per quarter by 30 June 2023	4 workshops conducted on labour relations matters to ZDM employees by 30 June 2023	Achieved		
	58	Date WSP report submitted to LGSETA		WSP report submitted to LGSETA by 30 June 2022	29 Apr 2022	WSP report submitted to LGSETA by 30 June 2023	WSP report submitted to LGSETA on 26 Apr 2023	Achieved		

Promoting sound labour relations through promoting effective human resource practises	59	Date employment equity reports submitted to Department of Labour	SO 5.1.2	Employment equity reports submitted to Department of Labour by 15 Jan 2022	14 Jan 2022	Employment equity reports submitted to Department of Labour by 15 Jan 2023	Employment equity reports submitted to Department of Labour on 06 Jan 2023	Achieved		
	60	Date employment equity plan reports submitted to Local Labour Forum		New KPI	New KPI	Employment equity report submitted to Local Labour Forum by 30 June 2023	Employment equity report submitted to Local Labour Forum on 17 Nov 2022	Achieved		
	61	Date 2023/2024 ZDM organogram approved by council		2022/2023 ZDM organogram approved by council by 30 June 2022	30 Jun 2022	2023/2024 ZDM organogram approved by council by 30 June 2023	2023/2024 ZDM organogram approved by council on 29 March 2023	Achieved		
	62	Number of District monthly statistics report submissions to Provincial Department of Health per quarter	SO 5.1.3	12 District monthly statistics report submissions to Provincial Department of Health by 30 June 2022	27	12 District monthly statistics report submissions to Provincial Department of Health per quarter by 30 June 2023	20 District monthly statistics report submissions to Provincial Department of Health by 30 June 2023	Achieved		
Optimise workforce productivity by enforcing a sound organizational culture	63	Number of Quarterly evaluation reports on Integrated grant EPWP submitted to Department of Public Works per quarter		4 Quarterly evaluation reports on Integrated grant EPWP submitted to Department of Public Works by 30 June 2022	4	4 Quarterly evaluation reports on Integrated grant EPWP submitted to Department of Public Works per quarter by 30 June 2023	4 Quarterly evaluation reports on Integrated grant EPWP submitted to Department of Public Works by 30 June 2023	Achieved		

64	Number of integrated grant expenditure reports submitted to the Department of Public Works per quarter	12	12 integrated grant expenditure reports submitted to the Department of Public Works by 30 June 2022	12 integrated grant expenditure reports submitted to the Department of Public Works by 30 June 2023	Achieved		
65	Date of submission of narrative 2021/2022 Annual Report on EPWP to Department of Public Works	15 July 2021	Submission on narrative 2021/2022 Annual Report on EPWP to Department of Public Works by 15 July 2021	Submission on narrative 2021/2022 Annual Report on EPWP to Department of Public Works on 14 July 2022	Achieved		
66	Number of MIG Claims uploads onto MIG MIS and submission of the MIG Expenditure and Commitments Schedule [MECS] to KZN-COGTA per quarter	10	12 MIG Claims uploads onto MIG MIS and submission of the MIG Expenditure and Commitments Schedule [MECS] to KZN-COGTA by 30 June 2022	12 MIG Claims uploads onto MIG MIS and submission of the MIG Expenditure and Commitments Schedule [MECS] to KZN-COGTA per quarter by 30 June 2023	Achieved		
67	Number of WSIG and RBIG QPE Reports submitted to Department of Water & Sanitation per quarter	4	4 WSIG and RBIG QPE Reports submitted to Department of Water & Sanitation by 30 June 2022	6 WSIG and RBIG QPE Reports submitted to Department of Water & Sanitation by 30 June 2023	Achieved		

68	Date MIG Annual Performance Evaluation Report submitted to KZN-COGTA		MIG Annual Performance Evaluation Report submitted to KZN-COGTA by 30 Sept 2021	08 Sep 2021	MIG Annual Performance Evaluation Report submitted to KZN-COGTA by 30 Sept 2022	MIG Annual Performance Evaluation Report submitted to KZN-COGTA on 01 Sep 2022	Achieved		
69	Number of MIG Expenditure Proof of Payments uploaded to KZN-COGTA on MIG MIS per quarter	10	12 MIG Expenditure Proof of Payments uploaded to KZN-COGTA on MIG MIS by 30 June 2023	12	12 MIG Expenditure Proof of Payments uploaded to KZN-COGTA on MIG MIS per quarter by 30 June 2023	12 MIG Expenditure Proof of Payments uploaded to KZN-COGTA on MIG MIS by 30 June 2023	Achieved		
70	Number of WSIG and RBIG Monthly Reports (5B) submitted to Department of Water & Sanitation per quarter	12	12 WSIG and RBIG Monthly Reports (5B) submitted to Department of Water & Sanitation by 30 June 2022	12	12 WSIG and RBIG Monthly Reports (5B) submitted to Department of Water & Sanitation per quarter by 30 June 2023	12 WSIG and RBIG Monthly Reports (5B) submitted to Department of Water & Sanitation by 30 June 2023	Achieved		
71	Date Final IDP submitted to Council for adoption	27 May 2022	Final IDP submitted to Council for adoption by 31 May 2022	27 May 2022	Final IDP submitted to Council for adoption by 31 May 2023	Final IDP submitted to Council for adoption on 26 May 2023	Achieved		
72	Date final SDBIP 2023/2024 submitted to the Mayor	22 June 2022	Final SDBIP 2022/2023 submitted to the Mayor by 28 June 2022	22 June 2022	Final SDBIP 2022/2023 submitted to the Mayor by 28 June 2023	Final SDBIP 2022/2023 submitted to the Mayor on 07 Jun 2023	Achieved		

73	Date Annual Report adopted by Council	27 Jan 2022	Annual Report adopted by Council by 31 Jan 2022	Annual Report adopted by Council by 31 Jan 2023	Annual Report adopted by Council on 31 Jan 2023	Achieved		
74	Date AFS submitted to AG	31 Aug 2021	AFS submitted to AG by 31 Aug 2021	AFS submitted to AG by 31 Aug 2022	AFS submitted to AG on 31 Aug 2022	Achieved		
75	Date AFS audit opinion 2021/2022 achieved	30 Nov 2021	AFS audit opinion 2020/2021 achieved by 31 December 2021	AFS audit opinion 2021/2022 achieved by 31 December 2022	AFS audit opinion 2021/2022 achieved on 30 Nov 2022	Achieved		
76	Date APR audit opinion 2021/2022 achieved	30 Nov 2021	APR unqualified audit opinion 2020/2021 achieved by 31 December 2021	APR unqualified audit opinion 2021/2022 achieved by 31 December 2022	APR unqualified audit opinion 2021/2022 achieved on 30 Nov 2022	Achieved		
77	Date AG corrective action plan developed	31 Dec 2021	AG Corrective action plan developed by 31 December 2021	AG Corrective action plan developed by 31 December 2022	AG Corrective action plan developed on 08 December 2022	Achieved		
78	Percentage of resolved issues as per corrective action plan targets	65%	100% resolved issues as per corrective action plan targets by 30 June 2022	100% resolved issues as per corrective action plan targets by 30 June 2023	92% resolved issues as per corrective action plan targets by 30 June 2023	Not Achieved	8% requires financial resources. Provided for in 2023/24 budget allocation.	8% of outstanding audit findings will be resolved by 31/12/2023 from 2023/24 budget allocation.

Monitor, review and progressively improve service delivery performance through improvement of business processes and systems, performance auditing, risk management and oversight	79	Number of PMS reports submitted to Internal Audit per quarter	SO 5.1.4							
	80	Date Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA	4 PMS reports submitted to Internal Audit by 30 June 2022	4	4 PMS reports submitted to Internal Audit per quarter by 30 June 2023	4 PMS reports submitted to Internal Audit by 30 June 2023	Achieved			
	81	Date Performance Agreements for ZDM Senior Managers published in print and electronic platforms	Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA by 14 Aug 2021	13 Aug 2021	Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA by 14 Aug 2022	Performance Agreements for ZDM Senior Managers submitted to KZN-COGTA on 12 Aug 2022	Achieved			
	82	Date Internal Audit Plan submitted to Audit Committee for adoption	Performance Agreements for ZDM Senior Managers published in print and electronic platforms by 30 August 2021	19 & 20 Aug 2021	Performance Agreements for ZDM Senior Managers published in print and electronic platforms by 30 August 2022	Performance Agreements for ZDM Senior Managers published in print and electronic platforms on 12 Aug 2022 & 15 Aug 2022	Achieved			

83	Number of Consolidated Internal Audit reports submitted to the Audit committee per quarter	4	Consolidated Internal Audit reports submitted to the Audit committee by 30 June 2022	6	4	Consolidated Internal Audit reports submitted to the Audit committee per quarter by 30 June 2023	5	Consolidated Internal Audit reports submitted to the Audit committee by 30 June 2023	Achieved		
84	Number of Audit Committee meetings coordinated per quarter	4	Audit committee meetings coordinated by 30 June 2022	6	4	Audit committee meetings coordinated per quarter by 30 June 2023	5	Audit committee meetings coordinated by 30 June 2023	Achieved		
85	Date ZDM Annual Performance Report submitted to AG	31 Aug 2021	ZDM Annual Performance Report submitted to AG by 31 August 2021	31 Aug 2021	31 Aug 2021	ZDM Annual Performance Report submitted to AG by 31 August 2022	31 Aug 2022	ZDM Annual Performance Report submitted to AG on 31 August 2022	Achieved		
86	Number of MPMR Sec 14 (2)(g) meetings in relation to Audit Committee secretariat services provided per quarter	4	4 MPMR Sec 14 (2)(g) meetings in relation to Audit Committee secretariat services provided by 30 June 2022	6	4	4 MPMR Sec 14 (2)(g) meetings in relation to Audit Committee secretariat services provided held by 30 June 2023	5	5 MPMR Sec 14 (2)(g) meetings in relation to Audit Committee secretariat services provided held by 30 June 2023	Achieved		
87	Number of EXCO Meetings coordinated per quarter	4	4 EXCO Meetings coordinated by 30 June 2022	5	4	4 EXCO Meetings coordinated per quarter by 30 June 2023	12	12 EXCO Meetings coordinated by 30 June 2023	Achieved		

88	Number of MSA Sec 79 (1) portfolio committee meetings coordinated per quarter	11	16 MSA Sec 79 (1) portfolio committee meetings coordinated by 30 June 2022	16 MSA Sec 79 (1) portfolio committee meetings coordinated per quarter by 30 June 2023	20 MSA Sec 79 (1) portfolio committee meetings coordinated by 30 June 2023	Achieved		
89	Number of MPAC meetings coordinated per quarter	4	4 MPAC meetings coordinated by 30 June 2022	4 MPAC meetings coordinated per quarter by 30 June 2023	6 MPAC meetings coordinated by 30 June 2023	Achieved		
90	Number of Council Meetings coordinated per quarter	6	4 Council Meetings coordinated by 30 June 2022	4 Council Meetings coordinated per quarter by 30 June 2023	9 Council Meetings coordinated by 30 June 2023	Achieved		
91	Number of Revenue Steering Committee meetings conducted per quarter	4	4 Revenue Steering Committee meetings conducted by 30 June 2022	4 Revenue Steering Committee meetings conducted per quarter by 30 June 2023	4 Revenue Steering Committee meetings conducted by 30 June 2023	Achieved		
92	Number of ICT steering committee meetings held per quarter	4	4 ICT steering committee meetings held by 30 June 2022	4 ICT steering committee meetings held per quarter by 30 June 2023	4 ICT steering committee meetings held by 30 June 2023	Achieved		
93	Number of Municipal Manager Technical IGR/DDM meetings coordinated per quarter	4	4 Municipal Manager Technical IGR/DDM meetings coordinated by 30 June 2022	4 Municipal Manager Technical IGR/DDM meetings coordinated per quarter by 30 June 2023	4 Municipal Manager Technical IGR/DDM meetings coordinated by 30 June 2023	Achieved		
Establishing consistency and alignment between the district and locals by regular co-ordination of Intergovernmental Relations		SO 5.1.6						

94	Number of Provincial Council for AIDS (PCA) presentations submitted to Office of the Premier by ZDM per quarter	4	4 Provincial Council for AIDS (PCA) presentations submitted to Office of the Premier by ZDM per quarter by 30 June 2022	4	4 Provincial Council for AIDS (PCA) presentations submitted to Office of the Premier by ZDM per quarter by 30 June 2023	4 Provincial Council for AIDS (PCA) presentations submitted to Office of the Premier by ZDM by 30 June 2023	Achieved		
95	Number of reports submitted to Community Services Portfolio Committee on Civil Society Forum per quarter	New KPI	New KPI	New KPI	4 reports submitted to Community Services Portfolio Committee on Civil Society Forum per quarter by 30 June 2023	1 reports submitted to Community Services Portfolio Committee on Civil Society Forum by 30 June 2023	Not Achieved	The reports were not submitted due to lack of understanding of the PMS reporting	HOD Community invited PMS unit to workshop middle management of the department on capacity building of key performance indicators.
96	Number of ZDM EPWP forum meeting conducted per quarter	4	4 ZDM EPWP forum meetings conducted by 30 June 2022	4	4 ZDM EPWP forum meetings conducted per quarter by 30 June 2023	4 ZDM EPWP forum meetings conducted by 30 June 2023	Achieved		
97	Number of ZDM Tourism Forum meetings held per quarter	4	4 ZDM Tourism Forum meetings held by 30 June 2022	4	4 ZDM Tourism Forum meetings held per quarter by 30 June 2023	4 ZDM Tourism Forum meetings held by 30 June 2023	Achieved		
98	Number of ZDM District Youth Committee Meetings held per quarter	New KPI	New KPI	New KPI	4 ZDM District Youth Committee Meetings held per quarter by 30 June 2023	4 ZDM District Youth Committee Meetings held by 30 June 2023	Achieved		

E - 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.

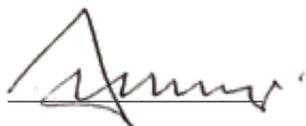
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 2021.

Yours faithfully



Accounting Officer

Name: MR. RN HLONGWA

Date: 30 January 2024



REPORT TO THE COUNCIL OF ZULULAND

By the chairperson of the Audit Committee: Mr. Erick Sithole



PRIOR AFS SUBMISSION OF AFS TO AG

Table of contents:

1. Composition of the Audit Committee
2. Details of the meetings held in the 3rd & 4th Quarter
3. Internal Audit reports completed
4. Risk management matters
5. Annual financial statements

1. Composition of the Audit Committee

Mr Erick Nsikayezwe Sithole – Audit Committee Chairperson & Performance Audit Committee

Ms Nqobile Thungo- Member of Audit Committee

Mr Ron Nhleko – Audit Committee Member & Chairperson of Risk

Management Committee **2. Details of the Meetings held in the 3rd & 4th**

Quarter

Audit Committee Meetings held are as follows:

24 February 2023

18 May 2023

11 July 2023 26 July 2023

24 August 2023

27 August 2023

3. Internal audit reports completed

No.	Focus Area	Status
1.	Performance INFORMATION (Q1 100% Alignments, Q1, Q2, Q3 & Q4)	Completed
2.	Annual Performance Report Review	Completed
3.	Follow-ups on internal audit reports	Completed
4.	Review of Annual Financial Statement	Completed
5.	Review of the annual report	Completed
6.	Action plan on AG Audit Report and Management Report	Completed
7.	Asset Management	Completed
8.	Stores & Stock count	Completed

9.	Irregular Expenditure	Completed
10.	Debt and Credit Control Management	Completed
11.	Creditors and Payments	Completed
12.	Human Resources Management	Completed
13.	Repairs and Maintenance	Completed
14.	Water Tankers	Completed
15.	Records Management/ Auxiliary Audit	Completed
16.	Project Management	Completed
17.	Metered Billings	Completed
18.	Provision of Water	Completed
19.	IT General Controls	Completed
20.	Fleet Management	Completed
21.	Subsistence and Travel	Completed
22.	Loss Control	Completed
23.	Occupational Health & Safety	Completed
24.	IDP Compliance	Completed
25.	MFMA Compliance Review	Completed
26.	Commitment	Completed

4. Risk Management Matters

Risk management has been done. The risk register was approved by the Risk Management and Audit Committee for 2023/2024.

5. Annual Financial Statements

The annual financial statement for 2022/2023 were presented to the Audit Committee and were reviewed by the AG at the highest level, reviewed by the internal auditors and independent service providers and recommended for approval by the audit committee to the council. The council was requested to note the following:

Unauthorised Expenditure- R 237 824 263

Fruitless Expenditure – R1 046 939

Irregular Expenditure – R 79 877 357

The management will investigate to determine the way forward in line with AFMA and other prescripts in terms of irregular, unauthorised and fruitless expenditure.

REPORT FROM AG 2022/23 HIGHLIGHTS

- a. Clean audit on performance management
- b. Unqualified audit opinion on financial statements with much improvement
- c. AG noted that the management was co-operative throughout the audit
- d. The management was submitting the information on time
- e. Final AG report to be issued on or before 04 December 2023

6. Recommendation

The Audit Committee would like the council to note this report.

THANK YOU



Mr Erick Nsikayezwe Sithole

30 November 2023

G - KEY WATER AND SANITATION PROJECTS

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Simdlangentsha West Regional Water Supply Scheme - Construction of Raising Main from Frischgewaagd Abstraction Works to Bilanyoni Terminal Reservoir	Edumbe LM: Bilanyoni - Ward 4	R 37 933 051,12
Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accommodation and Bilanyoni Booster Pumpstation.	Edumbe LM: Bilanyoni - Ward 4	R 32 566 996,01
The Installation of ± 1000 pre-cast concrete VIP toilet units at Zululand District Municipality - North	Edumbe LM: Ward 5 & 7 - (Obivane, Mbalenhle, Ekhuzeni, Kwavova) Pongola LM: Ward 1 - (Zamani, kwaHhinihini, 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 7 229 066,62
Construction Of Ndulinde Rudimentary Water Reticulation Supply	Abaqulusi LM: ward 3 - Ndulinde and Ngadini	R 10 978 826,93

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Mhlangeni Stand Alone Water Supply Scheme	Abaqulusi LM: Ward 15 - eMhlangeni, ward 17 Emadwaleni	R 22 142 157,02
Refurbishment of Chambers and Replacement of Valves for the Emondlo Water Supply Project Phase WCDM	Abaqulusi LM: Ward 12 & ward 20	R 4 768 351,51
Zululand Rudimentary Programme: Siting, Drilling, Testing and Equipping of Borehole North	Abaqulusi LM: Wards 2, 3, 4, 5, 6, 7, 14 & 15 (Emhlabeneni, Ongane, Zwathi, Esigangeni, Magongolo, Shoba, Emdenganduku, Ngenetsheni, Mantsho, Kwamzwezwe, Ezibomvu, Esimashwini) Edumbe LM: Wards 1, 2, 5, 6, 7, 8 & 10 (Emkhuphane, Ehloko, Egedlase, Esikhaleni, Tholakele, Ophuzane, Natal Spar, Obishini, Obivane, Mangosuthu) Pongola LM: Wards 4, 6, 8 & 14 (Kortnek, Nkosentsha, Matshamnyama, Sivule, Golela)	R 4 622 405,22
Siting Drilling and Equipping of 4 x COGTA Boreholes	Abaqulusi LM Wards 12 and 13	R 326 787,45
Ceza Stand Alone Water Supply Pipeline	Ulundi LM, Ward 3 - eGazini	R 18 857 157,8
Ceza Stand Alone Water Supply Phase 4: Nhlonga Reticulation and Weir	Ulundi LM: Ward 2 & 3 - (Nhlonga, Nsukangihlale, Brush)	R 30 460 437,94
Upgrade of Ulundi Water Treatment Works and Refurbishment / Upgrade of Nkonjeni Regional Water Supply Scheme 1A - Civil Works	Ulundi LM: Ward 17 - eMabedlane	R 14 051 270,24

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Nkonjeni Borehole Augmentation	Ulundi LM: Ward 17, 13, 10,8 & 4 - (Ohlelo, Ogodweni, Mashulu, Endinde, Stedham, KwankuLu and Kwamshayazafe 3)	R 34 540 821,06
Construction of Rising Main from Ulundi Water Treatment Works to Mabedlane Reservoir	Ulundi LM: Ward 17 - eMabedlane	R 66 719 027,00
The Installation of ± 1000 pre-cast concrete VIP toilet units at Zululand District Municipality - South	Ulundi LM: Ward 16 - (Mzamo, Mhlathuze, Mobeni, Ngenetsheni, Ncele) Nongoma LM: Wards 3 & 5 - (Mpuphusi, Toyisa, Machibini, Mageneni, Maphandeni, Njongomane, Vesonweni)	R 12 307 291,83
Ntabankulu Water Supply	Ulundi LM: Ward 15 - (Ntabankulu, Nyoni and Nhluba)	R3 833 219,67
Nzololo Water Supply	Ulundi LM: Ward 16 - Nzololo	R1 419 265,57
Extension to Ulundi Water Treatment Works Phase 2	Ulundi LM: Ward 17 - eMabedlane	R29 095 567,37
Bhokweni Water Supply	Ulundi LM: Ward 7 - Bhokweni	R 4 507 979,04
Makhosini Water Supply	Ulundi LM: Ward 16 & 23 - (Makhosini, Hhodlweni, Nkiliji, Sgodiphola, Senzangakhona, Vezunyawo, Nobamba and Ngono)	R 8 298 583,14
Njomelwane Water Supply	Ulundi LM: Ward 14 - (Njomelwane, England and Nqolothi)	R 6 927 972,77
Upgrading of existing WTW Power Supply to 22 KVA	Ulundi LM: Ward 17 - eMabedlane	R 318 914,77
Ceza SAWSS - Brush	Ulundi LM: Ward 2 - Brush	R 4 488 282,71
Ceza SAWSS - Sodumo	Ulundi LM: Ward 4 - Sodumo	R 4 768 414,27
Ceza SAWSS - Phethu	Ulundi LM: Ward 2 - Phethu	R 5 765 966,62

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
Mandlakazi Phase 5.1 Bulk Water Supply: Construction of 3km Bulk Gravity Mains, Completion on commissioning of 9km Bulk Gravity Mains and 3 RC Reservoirs	Nongoma LM: Ward 1 - Kwamngwamunde	R 24 516 838,46
Usuthu Holinyoka Pump Station Mechanical Installation	Nongoma LM: Ward 4, 9, 10, 11, 12, 16, 17, 18, 19 & 20 - Holinyoka	R 29 919 426,21
Usuthu Lindizwe Pump Station Mechanical Installation	Nongoma LM: Ward 4, 9, 10, 11, 12, 16, 17, 18, 19 & 20 - Holinyoka	R 33 222 610,26
Kwamajomela Small Scale Manufacturing Value Add Centre in Nongoma	Nongoma LM: Ward 17 - Kwamajomela	R11 625 073,22
Construction of Mandlakazi Phase 5.2: Bulk Water Supply	Nongoma LM: Ward 3 & 22	R 37 700 362,49
Mandlakazi Bulk Water Supply Scheme: Upstream Bulk Section 1A	Nongoma LM: Ward 1 - Entire Mandlakazi Phongola LM: Ward 14 - Gumbi/Candover	R 137 874 280,85
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 8 508 186,63
Completion of Ophalule Phase 1: Bulk Line Reticulation	Nongoma LM: Ward 16 - Ophalule	R674 509,48
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 16 320 280,19

PROJECT NAME	Municipality & Ward Number/Settlement Name	Expenditure at 30 June 2023
	Emfeneni1, Ezikhumbeni, Basalimlilo, Thinta's Drift, Njomelwane & Makhosini)	
Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone B / B1	Nongoma LM: Ward 1 - Mngamunde	R 3 232 943,3
Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone C1 / D1	Nongoma LM: Ward 1 - Mngamunde	R 2 658 779,43
Construction of Usuthu Reticulation Network Phase 1 B	Nongoma LM: Ward 14 - (Ezilonyeni & Matshempunzi)	
Mandlakazi Phase 5,3: Bulk Water Supply	Nongoma LM: Ward 3	R 3 907 152,12
Mandlakazi Phase 5: Upstream Bulks - Abstraction Works Phase 1B	Nongoma LM: Ward 1 - Entire Mandlakazi uPhongola LM: Ward 14 - Gumbi/Candover	R 106 346 314,61
Mandlakazi Phase 5,4: Bulk Water Supply	Nongoma LM: Ward 3	R 4 610 455,2
Mandlakazi Phase 5,6A: Bilk Water Supply (Pipe Supply Contract)	Nongoma LM: Wards 5, 6 & 20	R 11 668 260,03
Simdlangentsha East: Internal Water Reticulation Phase 1B	uPhongola LM: Ward 10 & 13 – (Ngedele and Mshushulu)	R 13 670 377,12
Simdlangentsha Central RWSS - Phase 3: The Construction of A 2.5 MI Reinforced Concrete Reservoir at Ombimini	uPhongola LM: Ward 3 - Ombimbini	R 11 349 486,69
Gumbi Water Supply Extention - Phase 1	uPhongola LM: Gumbi	R635 456,03
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 5 397 388,37

ANNUAL REPORT ON COUNCILLOR ATTENDANCE AT COUNCIL MEETINGS

EXECUTIVE COMMITTEE

DATES	TD BUTHELEZI	TD NDLOVU	NP NDLELA	ISM HADEBE	BK KHUMALO	SI MBATHA
21/07/2022	P	P	P	P	P	
26/07/2022						
30/08/2022	P	P	P	P	P	
30/09/2022	LA	P	P	P	P	
24/10/2022	P	P	P	P	P	
08/11/2022						
29/11/2022	P	P	P	P	P	
20/12/2022	P	P	P	P	A	
25/01/2023	P	LA	A	P	P	
22/02/2023						
28/02/2023	P	RESIGNED	P	P	P	P
29/03/2023	P	RESIGNED	P	A	A	P
26/04/2023	P	RESIGNED	P	P	A	P
23/05/2023	P	RESIGNED	P	P	A	P
30/06/2023	P	RESIGNED	P	P	A	P

LA: LEAVE OF ABSENCE

P: PRESENT

A: ABSENT

NA: NOT ALLOCATED BEFORE

COUNCIL MEETINGS

NAME	22 July 2022	28 July 2022	30 Aug 2022	31 Oct 2022	10 Nov 2022	29 Nov 2022	20 Dec 2022	31 Jan 2023	28 Feb 2023	29 March 2023	26 May 2023	30 June 2023
<u>Mayor</u> 1.Cllr TD Buthelezi	P	P	LA	P	P	P	P	P	P	P	P	P
<u>Deputy Mayor</u> 2. TD Ndlovu (resigned as DM replaced by Cllr SI Mbatha as of 31/01/2023)	P	P	P	P	P	P	P	P	A	A	P	A
<u>Speaker</u> 3.Cllr DT Memela	P	P	P	P	P	P	P	P	P	P	P	P
4.Cllr NP Ndlela-EXCO Resigned early June 2023 replaced by Cllr MB Khumalo	P	P	P	P	P	P	P	P	P	P	P	P
5. Cllr ISM Hadebe EXCO Member	P	P	P	P	P	P	P	P	A	A	P	P
6.Cllr BK Khumalo EXCO Member	P	A	P	P	P	P	A	P	A	A	P	P
7.Cllr Prince MMM Zulu (Replacement) Cllr SA Mncwango	P	P	P	P	P	Deceased	Deceased					
8.Cllr SE Nkwanyana	P	P	P	P	P	P	P	P	P	P	P	P

NAME	22 July 2022	28 July 2022	30 Aug 2022	10 Nov 2023	29 Nov 2022	20 Dec 2022	31 Jan 2023	28 Feb 2023	29 Mar 2023	26 May 2023	30 June 2023
9. Cllr BJ Mncwango	P	P	P	P	P	P	P	P	P	P	P
10. Cllr M Mintambo	LA	P	P	P	P	P	P	P	P	P	P
11. Cllr SI Mbatha	P	P	P	P	P	P	P	P	P	P	P
12. Cllr SM Mdlalose Resigned early June 2023 replaced by Cllr MP Williams	P	P	P	P	P	P	P	P	P	P	P
13. Cllr MP Williams Resigned early June 2023 replaced by Cllr KM Ntuli	P	P	P	P	P	P	P	P	P	P	P
14. Cllr TM Ndwandwe	P	P	P	P	P	P	P	P	P	P	P
15. Cllr NP Mavuso	P	A	P	P	P	P	P	P	P	P	P
16. Cllr ZH Zungu	P	P	P	P	P	P	P	P	P	P	P
17. Cllr ND Masondo	P	A	P	P	A	A	P	P	P	P	P
18. Cllr AM Sibiya	P	P	P	P	P	P	P	P	P	P	P
19. Cllr FM Dlamini	P	P	P	P	P	P	P	P	P	P	P
20. Cllr BC Nhlabathi	P	P	P	P	P	P	P	A	A	P	P

NAME	27 July 2022	28 July 2022	30 Aug 2022	10 Nov 2022	29 Nov 2022	20 Dec 2022	31 Jan 2023	28 Feb 2023	29 Mar 2023	26 May 2023	30 June 2023
21. Cllr RM Zulu	P	P	P	P	P	A	P	A	A	P	P
22. Cllr ND Mngomezulu	P	P	P	P	P	A	P	A	A	P	P
23. Cllr CM Nxumalo-Sibiya	P	P	P	P	P	P	P	A	A	P	P
24. Cllr TA Ntshangase	P	A	P	P	P	P	P	A	A	P	P
25. Cllr VV Dlamini	P	P	P	P	P	P	P	A	A	P	P
26. Cllr PP Selepe	P	A	P	P	P	P	P	A	A	P	P
27. Cllr BH Sithole	A	P	P	P	P	P	P	A	A	P	P
28. Cllr MR Dubazane	P	P	P	P	P	A	P	A	A	P	P
29. Cllr B Nxumalo	A	P	P	P	P	P	P	P	P	P	P

NAME	22 July 2022	28 July 2022	30 Aug 2022	10 Nov 2022	29 Nov 2022	20 Dec 2022	31 Jan 2022	28 Feb 2023	29 Mar 2023	26 May 2023	30 June 2023
30. Cllr JB Mavundla	A	A	P	P	P	P	P	A	A	P	P
31. Cllr. NS Magagula	A	P	P	P	P	A	P	A	A	P	P
32. Cllr AT Mdletshe	P	P	P	P	P	P	P	A	A	Resigned	Resigned
33. Cllr SV Nxumalo	P	P	LA	P	P	A	P	A	A	P	P
34. Cllr NF Zungu	P	P	P	P	P	P	P	A	A	P	P
35. Cllr S Shelembe	P	P	P	P	P	P	P	P	P	P	P
36. Cllr SS Ntombela	P	P	P	P	P	P	P	A	A	P	P
37. Cllr CN Mavundla	P	A	P	P	P	A	P	P	P	P	P

CORPORATE SERVICES PORTFOLIO COMMITTEE

NAME	14 Sep 2022	25 Nov 2022	02 March 2023	18 Apr 2023
1. Cllr. TD Ndlovu	P	P	A	A
2. Cllr. CN Mavundla	P	A	P	LA
3. Cllr. MP Williams	P	P	P	P
4. Cllr. ZH Zungu	P	P	P	P
5. Cllr. NS Magagula	A	A	Moved to another portfolio	Moved to another portfolio
6. Cllr. SV Nxumalo	P	P	A	Moved to another portfolio
7. Cllr. CM Nxumalo-Sibiya	P	P	A	A
8. Cllr. VV Dlamini	P	P	P	A
9. Cllr. RM Dubazane	P	A	P	A
10. Cllr SA Mncwango	NA	NA	P	P
11. Cllr. NP Ndlela	NA	NA	P	P
12. Cllr.MA Sibiya	NA	NA	P	P
13. Cllr. B Nxumalo	NA	NA	A	P

TECHNICAL SERVICES PORTFOLIO COMMITTEE

NAME	01 JULY 2022	28 SEPTEMBER 2022	14 MARCH 2023	09 JUNE 2023
1. Cllr. TD Buthelezi (Chairperson)	P	P	Moved to another portfolio	Moved to another portfolio
2. Cllr. SI Mbatha	P	P	P	P
3. Cllr. MMM Zulu	P	P	deceased	Deceased
4. Cllr. ND Masondo	P	A	P	P
5. Cllr. SM Mdlalose	P	P	P	P
6. Cllr. SS Ntombela	P	P	P	P
7. Cllr. BK Khumalo	P	P	P	P
8. Cllr. PP Selepe	P	P	P	P
9. Cllr. SA Mncwango	NA	NA	P	P
10. Cllr. AM Sibiya	NA	NA	P	P
11. Cllr. JB Mavundla	NA	NA	P	P

PLANNING SERVICES PORTFOLIO COMMITTEE

NAME	16 AUGUST 2022	01 DECEMBER 2022	14 MARCH 2023	16 MAY 2023
1. Cllr NP Ndlela	P	P	P	P
2. Cllr SI Mbatha	P	P	P	P
3. Cllr BJ Mncwango	P	P	P	P
4. Cllr AM Sibiya	P	A	P	P
5. Cllr B Nxumalo	P	P	LA	P
6. Cllr. NS Magagula	LA	P	LA	P
7. Cllr. TA Ntshangase	P	P	P	LA
8. Cllr. ND Mgomezulu	P	P	LA	P
9. Cllr SE Nkwanyana	NA	NA	P	P
10. Cllr. ZH Zungu	NA	NA	P	A
11. Cllr. BC Nhlabathi	NA	NA	P	P

FINANCIAL SERVICES PORTFOLIO COMMITTEE

NAME	27 SEPTEMBER 2023	19 OCTOBER 2022	28 MARCH 2023	23 MAY 2023
1. Cllr TD Buthelezi (Chairperson)	P	P	P	P
2. Cllr SI Mbatha	P	P	A	P
3. Cllr M Mntambo	P	P	P	P
4. Cllr BJ Mncwango	P	P	P	LA
5. Cllr BH Sithole	P	A	A	P
6. Cllr ISM Hadebe	P	P	A	P
7. Cllr BC Nhlabathi	P	P	P	P
8. Cllr JB Mavundla	NA	NA	P	P
9. Cllr TM Ndwandwe	NA	NA	P	P

COMMUNITY SERVICES PORTFOLIO COMMITTEE

NAME	22 Sep 2022	18 Oct 2022	28 Nov 2022	7 Mar 2023	14 June 2023
1. Cllr. ISM Hadebe	P	P	P	P	P
2. Cllr. SE Nkwanyana	P	A	P	P	P
3. Cllr. BK Khumalo	A	P	P	P	P
4. Cllr. RM Zulu	A	P	P	P	A
5. Cllr. TM Ndwandwe	P	P	P	P	P
6. Cllr. FM Dlamini	P	P	P	P	P
7. Cllr NP Mavuso	P	P	P	P	P
8. Cllr AT Mdletshe	A	P	P	P	Resigned
9. Cllr. NF Zungu	P	P	P	P	P
10 Cllr. ND Masondo	NA	NA	NA	P	P
11. Cllr. SM Mdlalose	NA	NA	NA	P	A

LOCAL LABOUR FORUM

NAME	19 AUG 2022	25 NOV 2022	13 APR 2023
1. Cllr. MP Williams	P	P	P
2. Cllr. TD Ndlovu	LA	A	P
3. Cllr. Nxumalo-Sibiya	A	P	P
4. Cllr. AT Mdletshe	P	P	P
5. Cllr. CN Mavundla	A	P	P

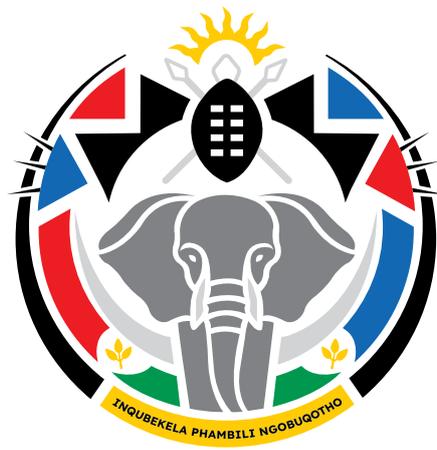
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NAME	19 Jul 2022	23 Aug 2022	10 Oct 2022	14 Feb 2023	16 May
1. Cllr. S Shelembe	P	P	P	P	P
2. Cllr. RM Zulu	P	P	P	P	P
3. Cllr. AT Mdletshe	P	P	P	P	LA
4. Cllr. M Mntambo	P	P	A	P	P
5. Cllr. MP Williams	P	A	A	P	P

Tender Number	Tender Name	Supplier Name	Contract (Order) Amount
ZDM016/2022	CONSTRUCTION OF MANDLAKAZI PHASE 5.3 BULK	RURAL PUMPS CC	11 592 112,13
ZDM048/2021	22KV MEDIUM VOLTAGE SWITCH GEAR UPGRADE	GREENRO SOLUTION S	17 242 572,26
ZDM030/2022	ZULULAND DISTRICT MUNICIPALITY RURAL ROADS ASSET MANAGEMENT SYSTEM	SMEC SOUTH AFRICA PTY LTD	4 829 698,92
ZDM036/2022	SUPPLY AND DELIVERY OF FUEL AND RELATED SERVICES.	FAKALINTULI CONSTRUCTION (PTY) LTD	1 830 080,00
ZDM043/2022	SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING FOR A PERIOD OF THREE YEARS	OARABILE JIN TRADING	1 866 178,46
ZDM001/2023	MAKHOSINI WATER SUPPLY	AFROSTRUCTURE (PTY) LTD	26585500,00
ZDM002/2023	NJOMELWANE WATER SUPPLY	NOVUBU CONSTRUCTION	R 28 981 916,48
ZDM003/2023	ZULULAND DISTRICT MUNICIPALITY EVENTS PLANING	MQAPHELI SUPPLIERS	R 5 242 000,00
ZDM008/2023	CONSTRUCTION OF USUTHU WATER RETICULATION NETWORK PHASE 1B	ISIVININI CONSTRUCTION	R 19 938 405,82
ZDM010/2023	ROSTER FOR THE PROVISION OF CLOSE PROTECTION (VIP) SECURITY SERVICES OF A PERIOD OF ONE YEAR	ROASTER	Rates
ZDM016/2023	NTABANKULU WATER SUPPLY	RURAL PUMPS CC	R 11 592 112,13
ZDM030/2023	PHETHU WATER SUPPLY	MQHELEWETHU	R 32 500 857,94
ZDM031/2023	BRUSH WATER SUPPLY	RURAL PUMPS CC	R 31 192 252,01
ZDM032/2023	SIDUMO WATER SUPPLY	MELA OKUHLE	R 31 312 563,52
ZDM033/2023	MANDLAKAZI UPS.TREAM	AFROSTRUCTURE (PTY) LTD	R 240 016 500,00
ZDM034/2023	CONSTRUCTION OF MANDLAKAZI PHASE 5.3 BULK WATER	SOUND RITR	R 79 025 497,01
ZDM035/2023	CONSTRUCTION OF MANDLAKAZI PHASE 5,6a PIPE SUPPLY CONTRACT	ZAMISANANI	R 7 726 688,54
ZDM017/2023	NZOLOLO WATER SUPPLIER	MIYELANI CONSTRUCTION	R 11 816 431,50
ZDM019/2023	EXTENSION OF ULUNDI PHASE 2	SIZABONKE CIVILS T/A PILCON PROJECT	R 105 584 271,12
ZDM024/2023	BHOKWENI WATER SUPPLIER	RURAL PUMPS CC	R12 897 086,12
ZDM040/2022	RENDERING OF SHORT-TERM INSURANCE	LATERAL UNISON INSURANCE	R2 339 718,00
ZDM028/2022	PANEL OF SERVICES PROVIDER TO SUPPLY PORTABLE WATER WATER TANKES	PANEL	Rates

J - 3RD TIER ADMINISTRATION MANAGERS LISTING

240	BUTHELEZI	MINENHLE SIKHOMBISO	DEPUTY DIRECTOR- CORPORATE
615	BUTHELEZI	PHILASANDE WENDY	MANAGER:ANNUAL FINANCIAL STA
519	BUTHELEZI	LUNGISANI MBONGISENI	MANAGER:FIN SUPPORT& BUDGET
144	DLADLA	THULISIWE THANDANANI	MANAGER:INCOME
490	DLOMO	MBONISENI KHANYISANI	MANAGER:INTERNAL AUDIT
CT456	GREEN-THOMPSON	MICHELLE	MANAGER: AIRPORT
497	GUMEDE	REEVES TRAVIS MBONENI	DEP DIRECTOR:ARTS & CULTURE
524	KHESWA	SIYABONGA	DEPUTY DIRECTOR PMU
686	KHUMALO	DUMISANE ARCHIBALD	MANAGER TOURISM
146	KWEYAMA	KHULEKANI MAURICE	MANAGER:COUNCIL SPT&SECRETAR
782	LUSHABA	ANDRIAS FELOKWAKHE	DEPUTY DIRECTOR: DISASTER&FM
799	MAKHATHINI	SIBUSISIWE	DEPUTY DIRECTOR: EXPENDITURE
794	MASINGA	THOKOZANI PERCYVAL	MANAGER:SUPPLY CHAIN MNGMNT
165	MDLALOSE	THOBELINKOSI DOCTOR	MANAGER WATER & SANITATION
460	MHLONGO	SIMO MAXWELL	DEPUTY DIRECTOR:MON & EVAL
747	MOSIA	SIBONGISENI PHILANI	CHIEF OPERATING OFFICER
735	MTHETHWA	ZANELE DEBORAH	MANAGER- COMMUNICATIONS
758	MTHIMKHULU	SIPHESIHLE THANDUXOLO GOI	MANAGER:INFORMATION &COMMTEC
200	NGCOBO	MLUNGISI SIBONGAKONKE	DEPUTY DIRECTOR PLANNING
244	NGUBANE	BERNARD SIZWE	DEPUTY DIRECTOR :SOUTH
734	NHLENGETHWA	SIBUSISIWE NOMPUMELELO	MANAGER-LEGAL COMPLIANCE
619	NTANZI	PHUMZILE ZAMANGWENYA	DEPUTY DIRECTOR:SATELLITTE
359	SHOBEDE	HOPEWELL NTOKOZO MLAMUI	MANAGER:PLAN&OPRTNS-SOUTH
201	SIBIYA	THOBILE PRUDENCE	DEP DIR: MAYORAL SUPPORT
56	SIBIYA	THENJIWE DELISIWE	DEPUTY CHIEF FINANCIAL OFFIC
63	SIBIYA	BONGANI CYPRIAN	DEPUTY DIRECTOR:STAKEHOLDER
CT455	VUNDLA	LEONARD BHEKUMUZI	MANAGER:SOCIAL ILLS& HS
419	XABA	ZEBLON MOSES	MANAGER WATER & SANITATION
520	ZONDI	FANELESIBONGE KHETHOKUHI	MANAGER:PERFORMANCE MAN SYST
784	ZULU	SIBUSISO BUSIZWE	DEP. DIRECTOR:LED COMMUNITY
742	ZUNGU	NQOBILE NKOSINOTHANDO	DEPUTY CHIEF FINANCIAL OFFIC
136	ZWANE	BHEKI SIMON	DEPUTY DIRECTOR:SPORTS
726	ZWANE	NQUBEKO SPHESONKE	MANAGER:PLANNING&OPERATION-N



Zululand
District Municipality





Zululand

District Municipality

Honourable Mayor: Cllr. TD Buthelezi
Municipal Manager: Mr. RN Hlongwa

Private Bag X76
Ulundi
3838

ANNUAL REPORT

2022/2023

Tel: 035 874 5500
Email: kphungula@zululand.org.za

