ZULULAND DISTRICT MUNICIPALITY

DRAFT ANNUAL REPORT 2024/2025

Honourable Mayor: Cllr. MB Khumalo

Municipal Manager: Mr.RN Hlongwa

Private Bag X76

Ulundi

3838

Tel: 035 8745500

Email: kphungula@zululand.org.za

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1. ABOUT THIS ANNUAL REPORT

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

The purpose of an annual report is:

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

This Annual Report is therefore a reflection or record of activities and performance of the Zululand District Municipality for the period **01 July 2024 to 30 June 2025**.

2. FOREWORDS

MESSAGE FROM HIS WORSHIP THE MAYOR

As I officially present the Annual Report for the year 2024/25, I extend my heartfelt gratitude to the community of Zululand, our dedicated management team and the councillors for their unwavering commitment to serving the people of Zululand. Their collective efforts and resilience have enabled us to achieve significant progress despite the challenges we face as a rural indigent municipality.

Over the past year, we have recorded notable achievements in key service delivery areas. One of the most critical milestones has been the improvement in water provision. Through the deployment of water tankers, the Municipality successfully delivered 231 392kl per annum, ensuring that communities most in need had access to this essential resource. This achievement reflects our determination to address the pressing issue of water scarcity and to provide sustainable solutions for our people.

Despite financial constraints, limited resources and the pressures of a growing population, the Municipality has attained a performance level of over 89%, a testament to our resilience and dedication to service delivery. These achievements underscore our ability to overcome adversity and continue to deliver on our mandate.

In the area of governance, the Municipality has achieved key performance indicators that demonstrate the strength of collaboration and harmony between councillors and administration. This spirit of unity has been vital in ensuring that decisions are made in the best interest of our communities and that governance remains transparent and accountable.

Furthermore, progress in the Customer Care Report highlights our commitment to improving service delivery and responsiveness to community needs. This achievement is proof of our dedication to placing the people of Zululand at the centre of our work, ensuring that their voices are heard and their concerns addressed.

As we reflect on the year's accomplishments, we remain mindful of the challenges ahead. Yet, with the continued support of our community, councillors and management, we are confident in our ability to build on these successes and strive for even greater progress in the years to come.

Together, we will continue to advance the development of Zululand, ensuring that every achievement brings us closer to a brighter and more sustainable future for all.

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CLLR M.B KHUMALO
HONORABLE MAYOR: ZULULAND DISTRICT MUNICIPALITY

FOREWORD BY THE MUNICIPAL MANAGER MR R.N HLONGWA

It is no secret that our country continues to face significant financial challenges and municipalities are not exempt from these pressures. Once again, this Annual Performance Report is presented against a backdrop of financial constraints, limited budget allocations and difficulties in debt collection.

Despite these challenges, I am proud to report that the Zululand District Municipality has made commendable progress in delivering on its mandate. As the Accounting Officer entrusted with the responsibility of leading this institution, I am encouraged by the dedication, resilience and commitment shown by the municipal team in ensuring that service delivery remains a top priority.

Our core responsibility is to provide clean, safe water to our communities and we have made notable strides in this area. By June 2025, our water treatment plant had produced 82% of the targeted kilolitres, and we successfully completed 16 infrastructure contracts. Furthermore, over 800 households gained access to water that meets the minimum RDP standards, a significant step towards universal access to basic services.

In our ongoing efforts to empower communities and contribute to socio-economic development, the municipality trained over 100 young people in various career development and skills programmes. Additionally, through the Expanded Public Works Programme (EPWP), we created more than 1,000 job opportunities, allowing families to put food on the table and regain a sense of dignity.

Serving a predominantly indigent population, we recognize that meaningful partnerships are essential. We therefore continue to call on the private sector and all stakeholders within our district to collaborate with us in building better and more sustainable communities.

I wish to express my sincere gratitude to the senior management team, municipal staff and council for their unwavering dedication and support. The achievements reflected in this report are a testament to their hard work and commitment. As we reflect on the progress made, we remain equally focused on identifying areas of improvement. We commit to strengthening our systems, addressing operational gaps and working tirelessly to achieve even greater results in the coming financial year.

Together, we can move Zululand forward by serving through integrity

MR. R.N. HLONGWA

MUNICIPAL MANAGER

3. CHAPTER 1 –PROFILE OF THE ZULULAND DISTRICT MUNICIPALITY

3.1. Municipal Functions

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

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

(a) Integrated development planning for the district municipality as a whole including a framework for integrated development plans for the local municipalities within the area of the district municipality taking into account the integrated development plans of those local municipalities.

(b) Bulk supply of water that affects a significant proportion of municipalities in the district.

(c) Bulk supply of electricity that affects a significant proportion of municipalities in the district.

(d) Bulk sewage purification works and main sewage disposal that affects a significant proportion of municipalities in the district.

(e) Solid waste disposal sites serving the area of the district municipality as a whole.

(f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.

(g) Regulation of passenger transport services.

(h) Municipal airports serving the area of the district municipality as a whole.

(i) Municipal health services serving the area of the district municipality as a whole.

(j) Firefighting services serving the area of the district municipality as a whole.

(k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of the district municipality as a whole.

(l) The establishment, conduct and control of cemeteries and crematoria serving the district as a whole.

(m) Promotion of local tourism for the area of the district municipality.

(n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.

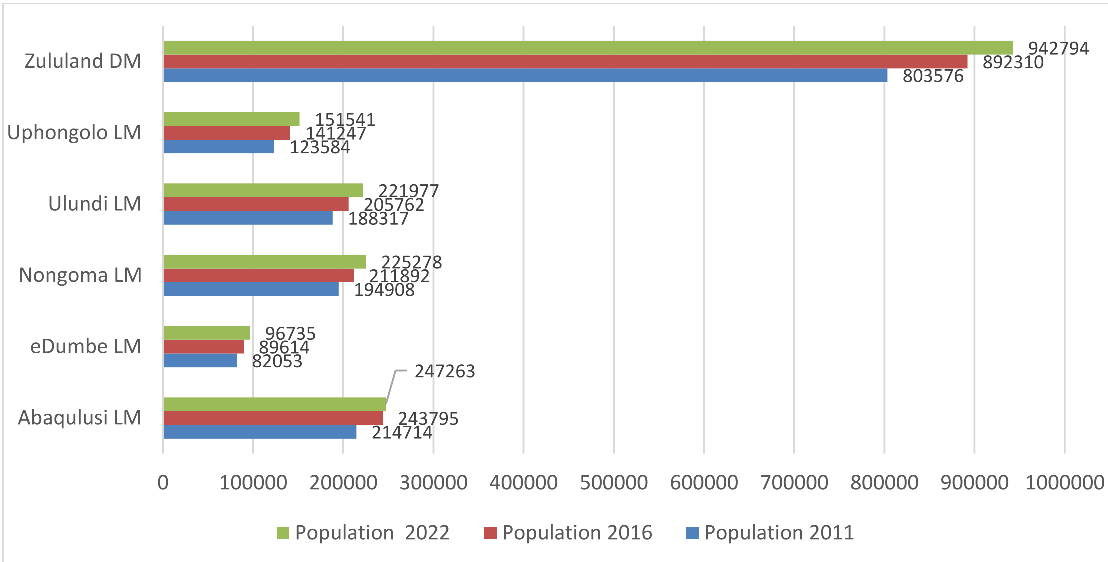
(o) The receipt, allocation and if applicable the distribution of grants made to the district municipality.

(p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

3.2. Demographic Profile

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

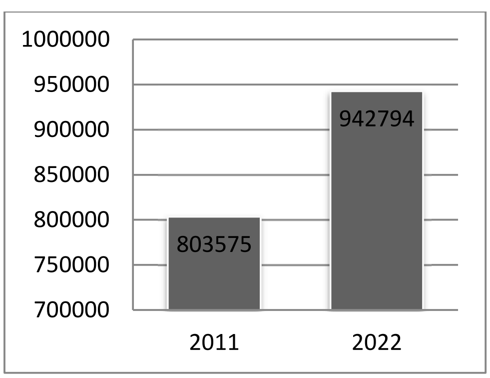
Figure 1 Local Municipality population comparison between 2011-2016



According to Census 2022 figures, Zululand District experienced an increase in its total population figures from 803 575 in 2011, to 942 794 in 2025.

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

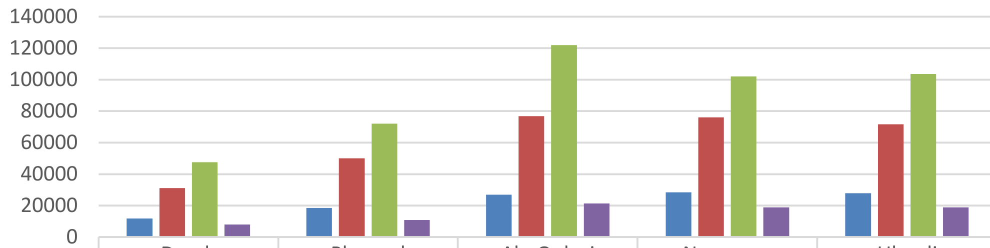
Figure 2 District population



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

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

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



	eDumbe	uPhongolo	AbaQulusi	Nongoma	Ulundi
0 - 4 years	11709	18541	26991	28351	27797
5 -- 19 years	31102	50020	76887	76062	71597
20 - 59 years	47541	72050	121940	101989	103613
60+	8057	10929	21436	18877	18967

0 - 4 years 5 -- 19 years 20 - 59 years 60+

Source: Census 2022

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

3.3. Socio Profile

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

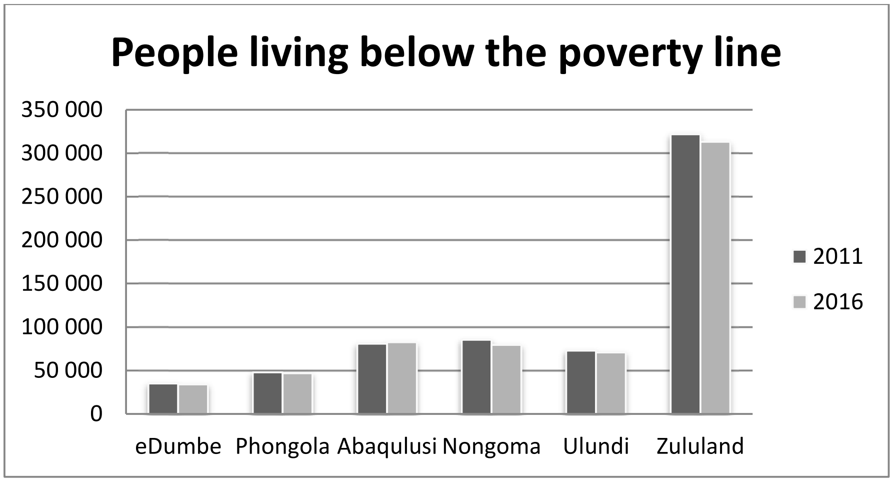
On the same scale Abaqulusi has the largest unemployment rate at 30.5% followed by eDumbe (25.7%); Ulundi(22.7%). The lowest unemployment rate is recorded by Nongoma at 17.6%.

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

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

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

Figure 3 Local Municipality general labour indicator comparison



Source: Global Insight, 2017

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

3.4. Impact Of Hiv/Aids

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

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

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

4. THE ZULULAND DISTRICT ECONOMY

Table 1 Sectoral performance

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

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

Manufacturing, which is the highest economic contributor in the province made a comparatively smaller contribution to the District economy (6.0%). Despite the District being largely dependent on the sector for employment, agriculture only made a 9.70% contribution to the district economy. In 2015, agriculture, mining, trade and accommodation, and general government sectors made larger contributions than in other areas of the province.

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

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

4.1. Infrastructure Profile

Human Settlements

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

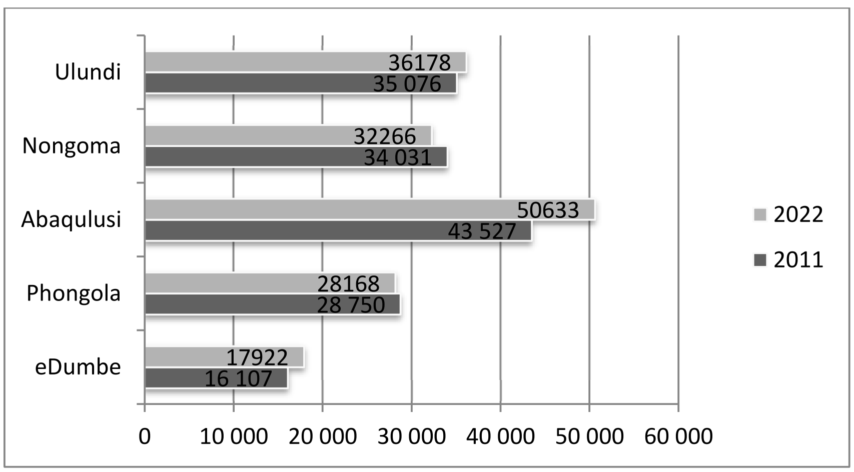


Figure 4 Households per Local Municipality

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

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

SERVICE LEVELS

ZDM has the following levels of service:

a. Regional schemes

b. Intermediate Stand-Alone Schemes

c. Rudimentary Water Supply Schemes

d. Rural Sanitation Roll-Outs (New Infrastructure and Phase 3 Replacement Programme)

Water Provision

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

Water Backlog Analysis

The table below indicates the status in ZDM regarding water services backlogs and progress with the provision of water to at least RDP standards. Out of the 241 400 households in Zululand, approximately 54 561 (20.60 households either do not have access to water or have inadequate access to water (below RDP level of service).

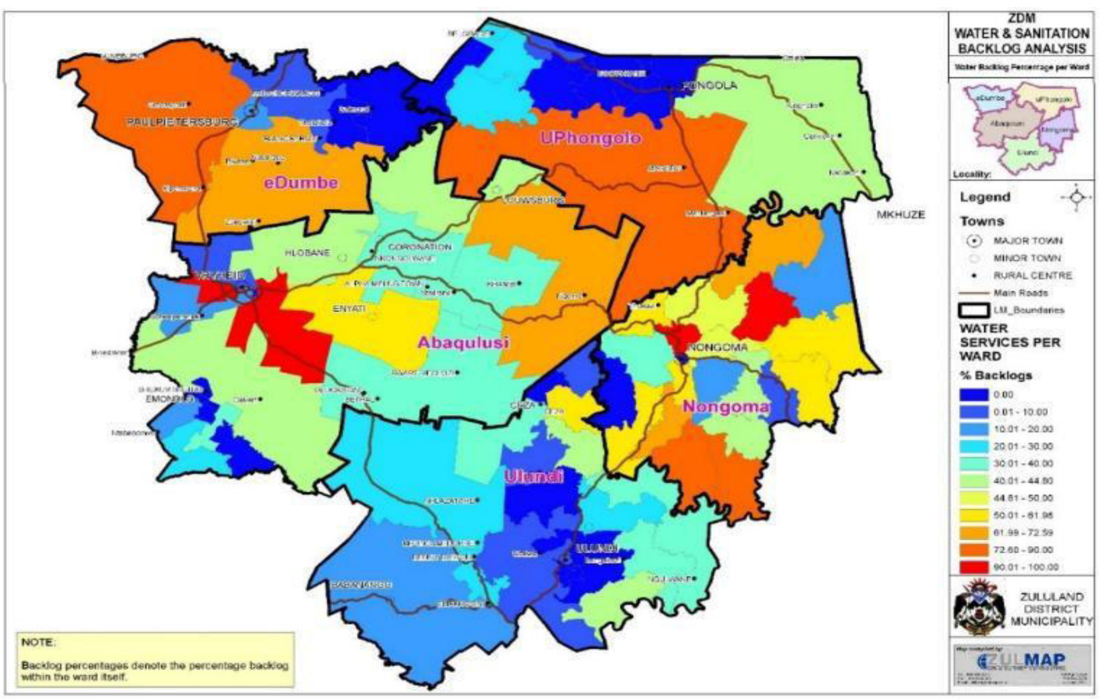
Table 35: Access to Water

WATER	TOTAL HOUSEHOLDS	BACKLOGS	% BACKLOGS in LM	% OF TOTAL BACKLOGS
AbaQulusi LM	63 329	17 120	27,03	31,38
eDumbe LM	23 617	4 900	20,75	8,98
Nongoma LM	58 040	20 748	35,75	38,03
Ulundi LM	57 622	6 591	11,44	12,08
uPhongolo LM	38 792	5 202	13,41	9,53
Total	**241 400**	**28 774**	**22,60**	**100**

Source: WSDP, 2024

The map below demonstrates the spatial representation of water backlogs spread across the 5 local municipalities. From the map, it can be concluded that the worst percentage of backlogs can be found in pockets between Nongoma and Abaqulusi Local Municipality.

Spatial representation of water backlogs:



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 5 Sanitation backlog trends

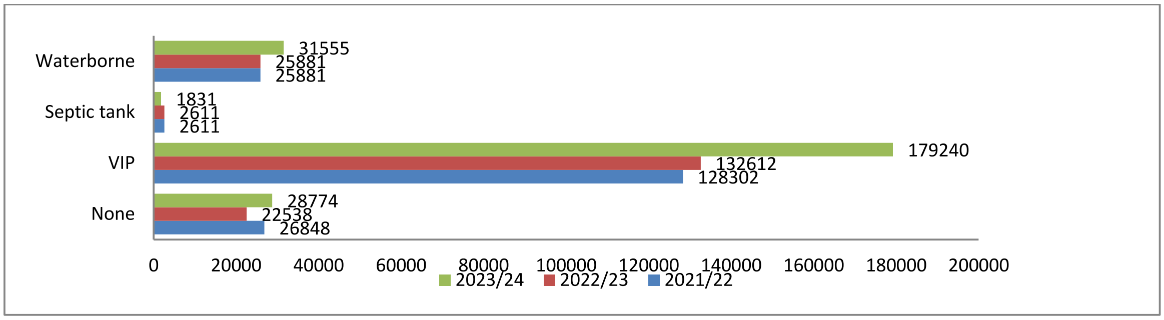


Table 2 Access to electricity

Municipality	Total Households	No of H/H electrified (2016)	No of H/H Backlog	% Backlog per LM
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 3 Road infrastructure backlogs

Local Municipality	Paved Roads (km)			Unpaved Roads(km)			Total(km)
	Flexible	Concrete	Block	Gravel	Earth	Track	
Abaqulusi LM	262.99	0.00	0.00	1564.71	0.00	1054.40	**2882.10**
eDumbe LM	43.24	0.00	0.00	791.86	5.96	701.85	**1542.91**
Nongoma LM	29.86	0.07	0.00	1226.87	116.38	35.33	**1408.51**
Ulundi LM	145.67	1.42	3.13	370.66	434.95	1180.15	**2135.98**
uPhongolo LM	112.07	0.00	0.00	1266.84	0.80	957.47	**2337.17**
Total	**593.84**	**1.49**	**3.13**	**5220.93**	**558.08**	**3929.19**	**10306.67**

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

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

Table 4 Road infrastructure assets

Unpaved Roads	Paved Roads	Traffic Count Stations	Bridges	Culverts	Ancillary Assets
9708.20	598.45	225	66	95	12202

According to the RRAMS implemented in 2016, the District Municipality had a total road network of 2030km. The current RRAMS has identified that the municipality has a total of 10306.67km of road network. This extent is broken up to 9708.20km of unpaved roads and 598.45km paved roads. The project is still ongoing and only Ulundi LM has been fully assessed and will be the only LM fully updated in this report. Nongoma has been partially assessed to date (726.937km) and results for this extent is updated; the remaining LMs still contain data sourced from the 2016 RRAMS project results.

The information provided only shows Ulundi and Nongoma for the roads that have been assessed as the latest updated LMs, Abaqulusi, eDumbe and uPhongolo LMs still reflect data sourced from 2016 and will be updated once the new data captured from the current RRAMS project have been provided.

Table 5 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	0.0%	13.0%	8.0%	12.0%	66.0%	28.68
Ulundi LM	4.0%	8.0%	29.0%	29.0%	30.0%	150.22
uPhongolo LM	6.23%	7.64%	22.53%	39.71%	23.89%	37.05

Source: RRAMS 2016 and 2024

Abaqulusi has 78.66% of its paved road network being in a poor to very poor condition, having the highest percentage of road network sitting in a poor state. Nongoma has the second highest percentage of its road links in poor condition, sitting at 78.0%, followed by uPhongolo with 63.60%, eDumbe and Ulundi follow with 63.26% and 59.00% respectively. Majority of the road network sits in a bad condition, and this indicates that there is an urgent need for the implementation of road rehabilitation and repair programmes across the ZDM's paved road network.

The capital investment required to repair the road network is indicated below, however these values are subject to change once all conditional assessments have been completed:

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

Local Municipality	Rehabilitation	Special Maintenance	Periodic Maintenance	Total by Municipality
Abaqulusi	R1 501 838.25	R675 827.22	R225 275.73	R2 402 941.20
eDumbe	R862 549.71	R388 147.37	R129 382.45	R1 380 079.53
Nongoma	R728 756.92	R375 461.87	R1 146 173.35	R2 250 392.14
Ulundi	R3 828 778.33	R1 722 950.24	R563 616.74	R6 115 345.31
uPhongolo	R5 318 174.99	R2 393 178.75	R797 726.25	R8 509 079.98
Total by District	**R12 240 098.19**	**R5 555 565.44**	**R2 862 174.53**	**R20 657 838.16**

Table 7 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	3.0%	12.0%	24.0%	15.0%	47.0%	698.26
Ulundi LM	5.0%	10.0%	71.0%	11.0%	3.0%	1985.76
uPhongolo LM	38.15%	10.70%	15.23%	8.66%	27.26%	199.37

Source: RRAMS 2016 and 2024

Abaqulusi has 70.47% of its road in a poor to very poor condition, making this LM have the highest percentage of its unpaved road links sitting in a bad state. Nongoma LM follows, having 62.00% of its network being in a poor to very poor condition. eDumbe has 52.86%, uPhongolo has 35.92% and Ulundi having the lowest percentage of 14.00% of its road network sitting in a poor to very poor condition. These results indicate that the top 3 LMs having the worst roads are Abaqulusi, Nongoma and eDumbe and require urgent rehabilitation and upgrading interventions on their road network. The rest of the LMs need moderate urgency to maintain and upgrade the roads.

The capital investment required to repair the road network is indicated below, however these values are subject to change once all conditional assessments have been completed:

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

Local Municipality	Construction	Re-gravelling	Reshaping	Total by Municipality
Abaqulusi	R4 823 081.60	R2 770 180.21	R0	R7 593 261.82
eDumbe	R2 194 231.03	R1 260 276.27	R409 037.78	R3 863 545.09
Nongoma	R227 467.63	R130 648.07	R5 831.24	R363 946.94
Ulundi	R12 181 826.18	R6 996 741.19	R1 461 162.03	R20 639 729.40
uPhongolo	R1 121 010.67	R643 862.54	R0	R1 764 873.20
Total by District	**R20 547 617.11**	**R11 801 708.28**	**R1 876 031.05**	**R34 225 356.45**

These results and financial requirements are subject to change upon completion of the current RRAMS project. The conditional assessment results of the inspected road network will be updated, and a recalculation will be conducted to give the latest visual condition indices and financials.

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

Rail Transportation

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

Richards Bay, including fero-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
Prince Mangosuthu Buthelezi Airport (Ulundi Airport) – 2024/2025

Prince Mangosuthu Buthelezi Airport, also known as Ulundi Airport, is strategically located in Ulundi and continues to play a key role in servicing general aviation, including business charters, tourism-related flights, and flights for various other industries. The airport remains a vital asset to the Zululand region, offering essential connectivity and supporting both economic development and social services.

Operational Overview (2024/2025)

- **Total Number of Flights:** 176
- **Total Number of Passengers Departing:** 1,229
- **Total Revenue from Airport Fees:** R144,059.89

In 2023, airport fees were reintroduced. These funds are earmarked for the ongoing maintenance and development of airport infrastructure to ensure continued safe operations and improved service offerings.

Economic and Social Impact

The airport provides critical airlift capacity into the Zululand region, significantly enhancing access for tourists visiting key conservation and hospitality destinations such as **Mfulawozi Wilderness** and **Babanango Game Reserve**. These reserves not only support tourism but also contribute to job creation and broader economic development in the region.

In addition, the airport plays a vital humanitarian role. **Air Mercy Services** uses the airport as a base for medical flights, enabling specialist doctors to reach communities in **Ulundi** and **Nongoma**, thereby improving healthcare delivery in remote areas.

Infrastructure and Licensing Developments

In 2024, the **World Geodetic System 1984 (WGS 84) survey** was completed by ATNS to enable the implementation of modern navigational systems and support **instrument landing capabilities**.

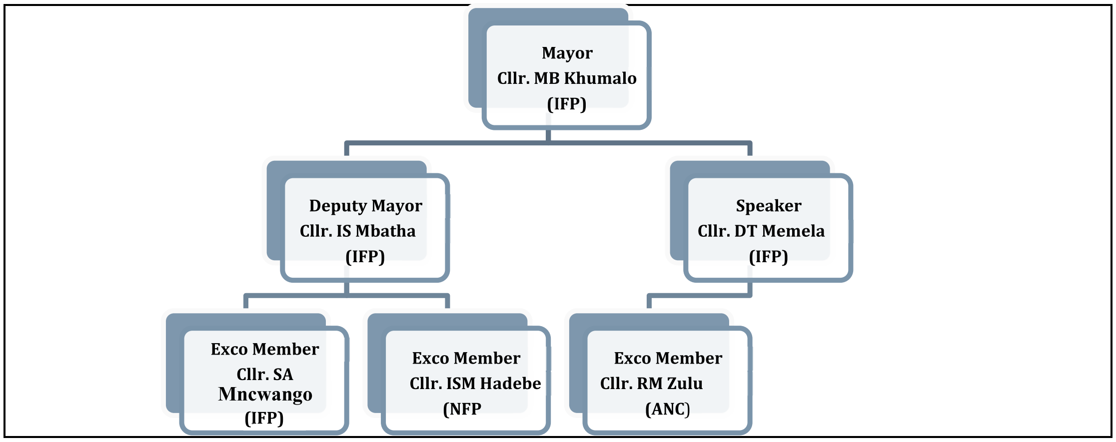
The airport has completed the necessary documentation for a **Category 4 (CAT4) license**, which is a critical step toward attracting **scheduled commercial flights**. The application is in preparation for submission to the **South African Civil Aviation Authority (SACAA)**.

Strategic Importance

In line with regional development goals, Prince Mangosuthu Buthelezi Airport is recognized as a **strategic infrastructure asset**, pivotal to unlocking economic opportunities, promoting tourism, and enhancing access to essential services in Zululand. Continued investment in its development will ensure it remains a cornerstone of the region’s growth trajectory.

5. CHAPTER 2 – GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

5.1. Political Governance Organogram



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

Political Governance Performance

Portfolio Committees

Table 9 Portfolio Committee performance

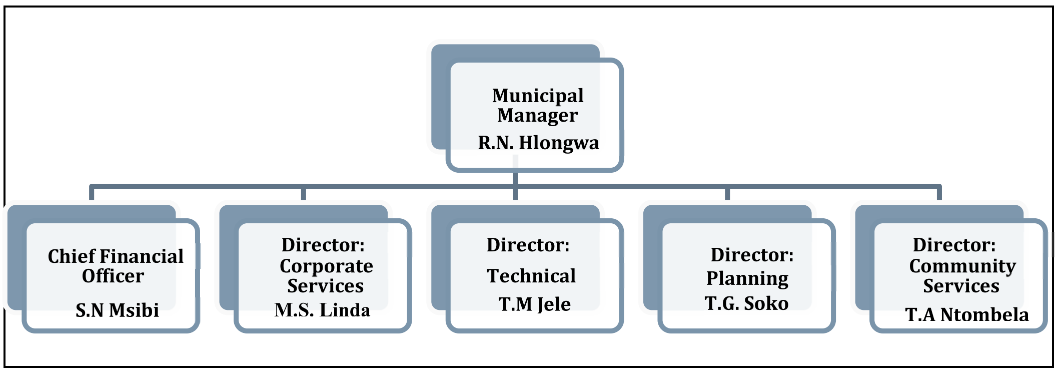
Chairperson	Description	Date
Cllr. MB Khumalo	Finance Portfolio Committee	17.08.2024 17.10.2024 21.05.2025
Cllr.SI Mbatha	Technical Services Portfolio Committee	19.09.2024 04.12.2024 11.03.2025 05.06.2025
Cllr. ISM Hadebe	Corporate Services Portfolio Committee	14.08.2024 12.00.2024 06.02.2025 16.04.2025
Cllr SA Mncwango	Planning Services Portfolio Committee	13.11.2024 13.08.2025 20.05.2025
Cllr MB Khumalo	Community Services Portfolio Committee	17.07.2024 28.10.2024 06.02.2025 20.06.2025
Cllr S Shelembe	Municipal Public Accounts Committee	18.09.2024 24.03.2025 08.04.2025
Cllr MJ Khumalo	Local Labour Forum	17.06.2024 18.12.2024 04.02.2025 15.04.2025

Table 10 Council and EXCO Meeting performance

COUNCIL AND EXCO MEETINGS	22/23	23/24	2024/25
	Number of meetings:	Number of meetings:	Dates:
EXCO	14	15	25.07.2024; 29.08.2024; 29.09.2024; 29.10.2024; 26.11.2024; 23.10.2024; 23.01.2025; 25.02.2025; 25.03.2025; 24.04.2025; 21.05.2025; 26.06.2025
FULL COUNCIL	11	13	29.08.2024; 05.11.2024; 29.01.2025; 25.02.2025; 26.03.2025 and 22.03.2025

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 T.A Ntombela

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

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

Technical Services
Director: Mr TM Jele

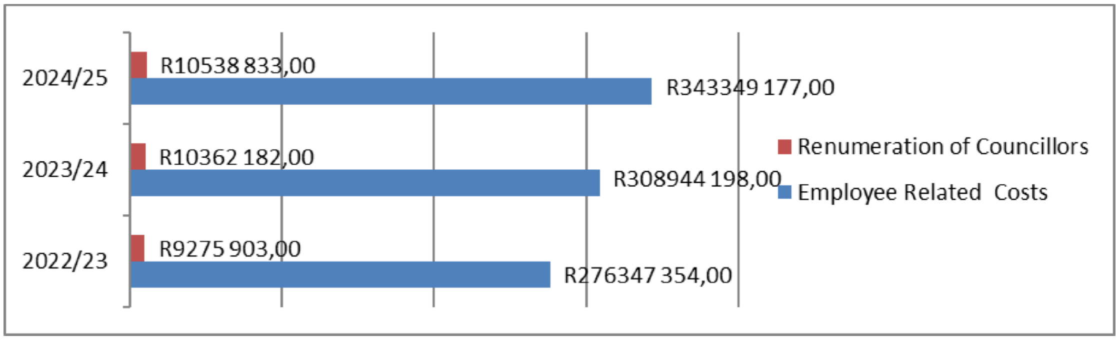
The Technical Services Department is a Water Services Provider for its area of jurisdiction. Focus is aimed at Water and Sanitation Services which are provided through the implementation of Regional Water Supply Schemes Programme (RWSS), Rudimentary Water Supply Schemes (Interim) and Sanitation (VIP 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 6 Organizational personnel related expenditure



According to note 33 of the Audited Financial Statements, employee related costs increased for the period under review from R 308, 944 198,00 in 2023/24 to R 343 349 177,00 in 2024/25.

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

Table 11 Benefits paid to employees

Item	2022/23	2023/24	2024/25
Motorcar allowances	R10 357 436.00	R 13 487 425.00	R 23 936 669.33
Housing benefits	R1 669 055.00	R 1 712 120.00	R 1 749 844.26
Cellular	R 739 685.00	R 1 097 683.00	R 861 478.58
Leave pay provision charge	R 5 523 383.00	R 6 562 070.00	R 5 645 195.56
Total	**R18 289 559.00**	**22 859 297.00**	**32 193 187.73**

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

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

Remuneration Packages of the Senior Managers

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

Table 12 Remuneration of Senior Managers

Employee	Remuneration 2024/25
Municipal Manager	1 875 913
Chief Financial Officer	1 359 086
Planning	1 365 414
Technical	957 470
Corporate	1 726 700
Community	1 454 781
Chief Operations Officer	1 760 264
Chief Operations & Maintenance Specialist	673 115

Employment and Vacancies

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

Table 13 Posts and vacancy 3-year comparison

Department	2022/23		2023/24		2024/25	
	No. of Posts	No. vacancies	No. of posts	No. of vacancies	No. of posts	No. of vacancies
Budget & Treasury	63	06	61	5	59	5
Technical	360	22	374	27	360	19
Planning	22	01	22	2	24	0
Community	81	03	78	9	78	7
Corporate	102	06	125	10	105	4
MM's Office	50	06	61	3	44	5
Total	**678**	**44**	**721**	**56**	**670**	**40**

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

Senior Manager Appointments

There was one senior management appointment which was the and Director Technical Services.

Signing of Performance Agreements & Declaration of financial interests

All Senior Managers reporting to the Municipal Manager signed performance agreements for the 2024/2025 financial year in July 2024.

The Performance Agreements were submitted to the MEC: COGTA in August 2024 and also published in the media and website.

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

Performance Rewards
Performance Bonuses paid for the 2023/24 financial year are listed below. These bonuses were paid in the year under review:

Employee	Performance Bonus %
Municipal Manager	7%
Chief Financial Officer	7%
Planning	10%
Technical	10%
Community	8%

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

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

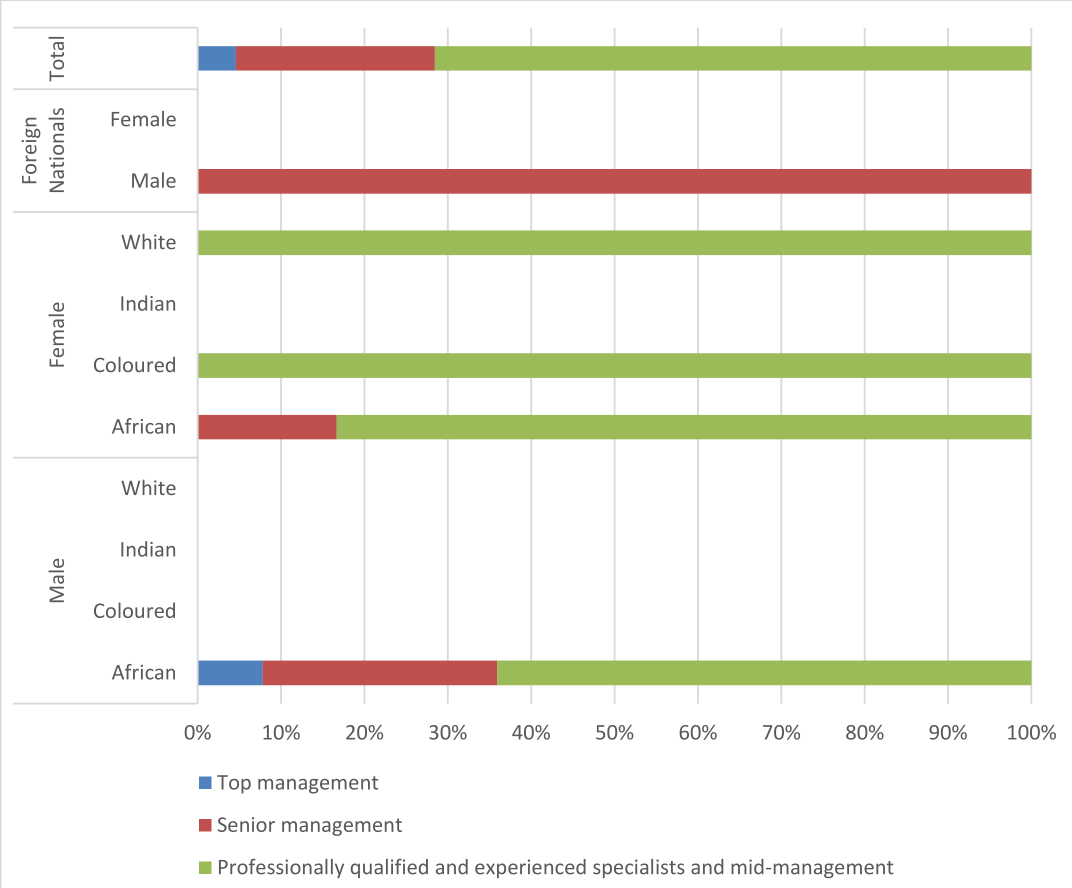
Job Evaluations
There are no job evaluation conducted for the period under review.

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

There were 40 vacant posts during the period under review. There were 630 filled posts and the vacancy rate was 5.9%

Employment Equity

Figure 7 Occupational Levels (Gender and Race)



Leave Utilization and Trends

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

Annual Leave			Sick Leave			Accrued leave		
22/23	**23/24**	**24/25**	**22/23**	**23/24**	**24/25**	**22/23**	**23/24**	**24/25**
6373	6915	6174	2659	2620	2768	1677	2220	2116

Annual Leave

During the period under review and the previous financial year, there was a decrease of 741 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 148.

Accrued Leave

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

Labour Relations

Table 15 Disciplinary issues

Disciplinary issues (nature of issue)	Pending				Concluded				Suspensions			
		23/24	22/23	24/25		22/23	23/24	24/25		22/23	23/24	24/25
		1	0	1		3	1	5		3	1	3

There was one suspension in 2023/2024 financial year and three suspensions in 2024/25 financial year . All those disciplinary matters have been finalized. Out of the three matters, we had one dismissal and two final written warnings.

Skills Development & Capacity Building

Table 16 Employees trained including expenditure

Department	2022/23		2023/24		2024/25	
	No. Trained	Total Expenditure	No. Trained	Total Expenditure	No. Trained	Total Expenditure
Councillors	37	R 1 588 591,58	31	R1 470 751.00	18	R1 141 069,29
Office of MM	9		6		7	
Budget & Treasury	20		19		25	
Technical	15		67		49	
Planning	10		5		8	
Corporate	10		73		11	
Community	19		41		19	

From the table above it can be observed that there has been a decrease in the expenditure of training of employees. This can be attributed to limited financial resources available to the municipality to upskill employees.

.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	Comunications 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 in the office of the Municipal Manager.

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

5.4. AUDITING AND OVERSIGHT

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

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

AUDIT OUTCOME

There are 5 audit outcome categories:

CLEAN AUDIT OUTCOME:

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

FINANCIALLY UNQUALIFIED AUDIT OPINION:

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

QUALIFIED AUDIT OPINION:

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

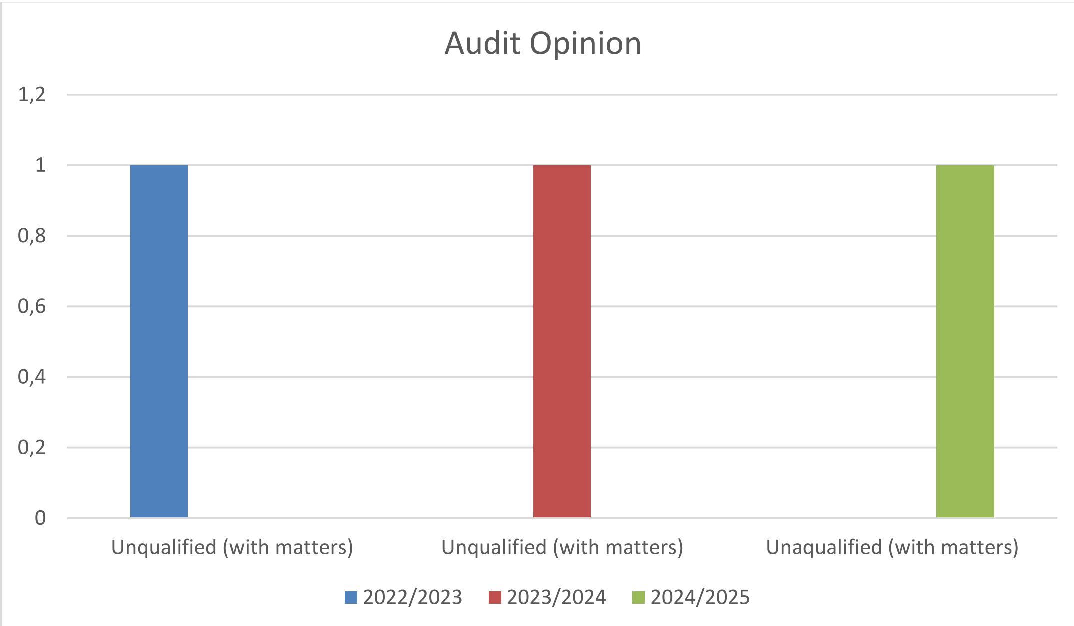
ADVERSE AUDIT OPINION:

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

DISCLAIMER OF AUDIT OPINION:

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

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



In 2023/24 and 2024/25 the municipality's Audit outcome received Unqualified Audit Opinion with matters

The formal audit outcome for the 2024/25 is an Unqualified Audit Opinion with matters. According to the Zululand District Municipality Audit for the year ending 30 June 2025 these were the matters of emphasis:

Restatement Of Corresponding Figures

As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Material Impairments - Receivables From Exchange Transactions

As disclosed in note 4 to the financial statements, the municipality increased the allowance for impairment on consumer receivables from exchange transactions to R259,56 million (2023-24: R227,35 million) as the recoverability of these amounts were doubtful.

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

The municipality takes these findings seriously and hence they will be addresses within the provisions of the Constitution and the Municipal Systems Act Section 4(2)(d) which makes provision for the council of the municipality, within the municipality's financial and administrative capacity with having 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 2024/2025 financial year was tabled to the Audit Committee on the 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 4 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:

Mr R. Nhleko (Chairperson)

Mr. EN Sithole

Ms. N Thungo

The Audit Committee has met 5 times for the financial year under review as displayed in the table below.

Table 17 Meetings of the Audit Committee

Chairperson	Description	Date
Mr EN Sithole Ms N Thungo - Member Mr R Nhleko - Member	Audit and Performance Audit Committee	22/07/2024; 21/08/2024; 27/08/2024; 21/01/2025; and 05/05/2025

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 2024/2025 was done internally. Senior Management and Middle Management were part of the process to provide inputs. Risk management becomes an important part in any business because of an increase in probability of occurring of events that could have positive or negative impact in the business. The municipality has risk management committee in place and effective.

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

Table 18 Organizational Risk Management

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

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

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

5.6. ANTI-CORRUPTION AND FRAUD

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

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

5.7. CODE OF CONDUCT

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

5.8. SUPPLY CHAIN MANAGEMENT

Table 19 Quotations and deviations

Description	Total Value (2022/23)	Total Value (2023/24)	Total Value (2024/25)
Deviations	R9 756 406	3 115 890	R 3 655 334

During the period under review, the municipality saw an increase of R 539 344.00 in Section 36 deviations compared to the 2023/24 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).

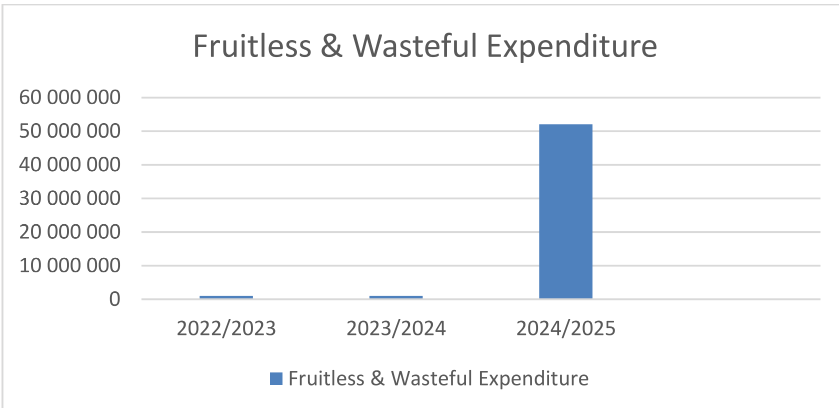
Irregular expenditure

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

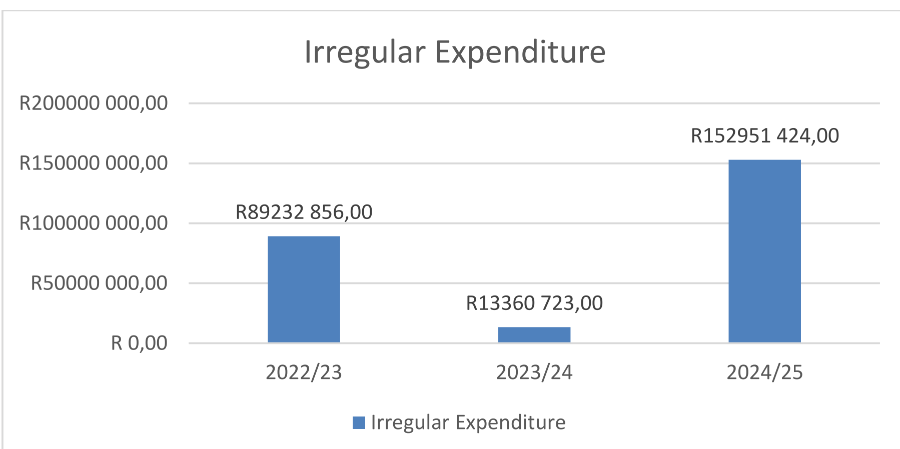
The municipality had incurred fruitless and wasteful expenditure over the years. This type of expenditure is resultant from penalties and interest charged accounts due to late payment of a particular invoice or statements. Major portion of this expenditure is caused by an additional cost paid due to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

Figure 8 Fruitless and wasteful expenditure



According to note 53 (page 99) of the Audited Financial Statements, fruitless and wasteful expenditure for the period under review amounts to R 52 090 445 which has increased by R 48 842 045 from 2023/24 financial year.

Figure 9 Irregular expenditure



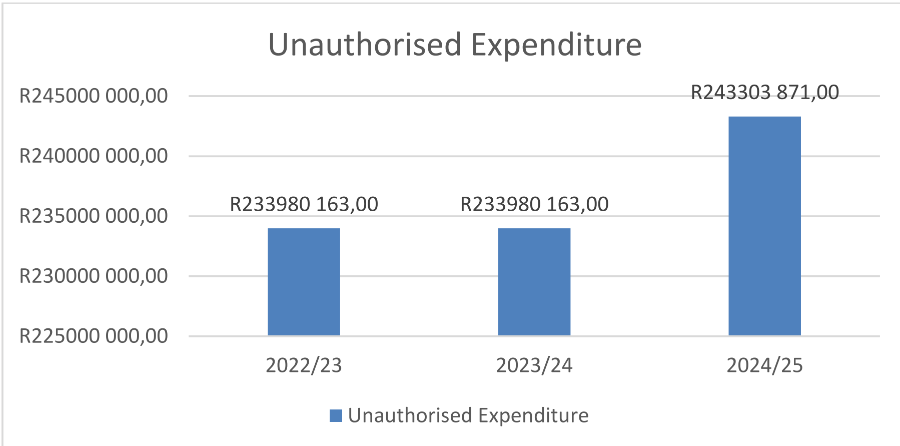
According to note 53 (page 98) of the Audited Financial Statements, Irregular expenditure for the period under review amounts to R 152 951 424 which has increased by R129 398 865 from 2023/24 financial year.

According to note 53, the incidents can be identified as follows:

Item No.	Description	Amount
1	Non- compliance MSCMR	R80 971 395
2	Non-compliance with CIDBR	R66 138 981

3	Non-compliance with PPPFA	R5 841 048

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



According to note 53 (page 97) of the Audited Financial Statements, unauthorised expenditure for the period under review amounts to R 243 303 871 which has increased by R 9 557 777 from 2023/24.

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:

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

6. CHAPTER 3 – STRATEGIC PRIORITIES

KPA Ref.	Key Performance Area	SOOG Ref.	Strategic Oriented Outcome Goal(SOOG)	SO Ref.	Strategic Objective(SO)	2022	2023	2024	2025
1	**Basic Service Delivery & Infrastructure**	**SOOG 1.1**	All categories of Municipal Infrastructure and resources are stable and maintained *(Water& sanitation, disaster & fire management, district airports& district roads)*	**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 *(Effective Asset Management, internal &community capacity building, collecting revenue, tariffs, monitoring & evaluation, environmental management)*	**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 *(Build capacity, optimisation &beneficiation)*	**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 *(Including all government facilities)* *(Mobilise funding, service delivery model, manage indigents)*	**x**	**x**	**x**	**x**
2	**Local Economic & Social Developm ent**	**SOOG 2.1**	The municipality's competitive advantage in agriculture, natural environment, culture and heritage is exploited optimally to create jobs,		Capacitate and provide emerging famers with support	**x**	**x**	**x**	**x**

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

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

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

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

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

6	**Spatial Planning & Environmental Management**	**SOOG 6.1**	Compact human settlements that are socially cohesive	**SO 6.1.1**	Promoting integrated human settlements using spatial development strategies, frameworks and policies	**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**

7. CHAPTER 4 – SERVICE DELIVERY PERFORMANCE ANALYSIS FOR THE FINANCIAL YEAR 2024/2025

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

The table and graph below provide an overview of the Municipality's overall performance for the financial year ending on June 30, 2025. Consequently, a picture of the Municipality's performance is produced by tabulating the total percentage of objectives established by all directorates.

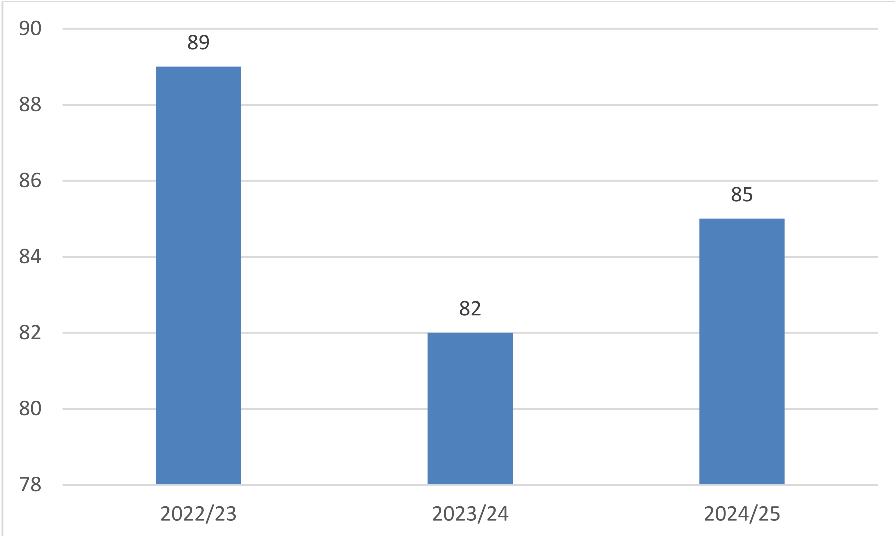
Due to difficulties such as adjustments in grants to lower value by National Treasury; change of Senior Manager and the National Elections which causes instability in political leaders. Despite these obstacles, the Zululand District Municipality managed obtain performance of the municipality to the level of 85% for the 2024/2025 financial year in comparison to 82% in the 2023/2024.

This presents an improvement of 3% from the previous financial year. As previously reported in the 23/24 Financial year, the Municipality focused its efforts towards improving service delivery indicators and zoom in on the performance of the core mandate of the Municipality and employed monitoring controls that ensure we attend to issues that create a gap in the standard of the service delivery provided by the Municipality. The Municipality will continuously monitor its performance extremely carefully to improve as we are not yet where we are aiming to be, which is 100% efficiency in the provision of our core mandate of service delivery.

2022/2023		**2023/2024**		**2024/2025**	
Achieved	Not Achieved	Achieved	Not Achieved	Achieved	Not Achieved
89%	11%	82%	18%	85	15%

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

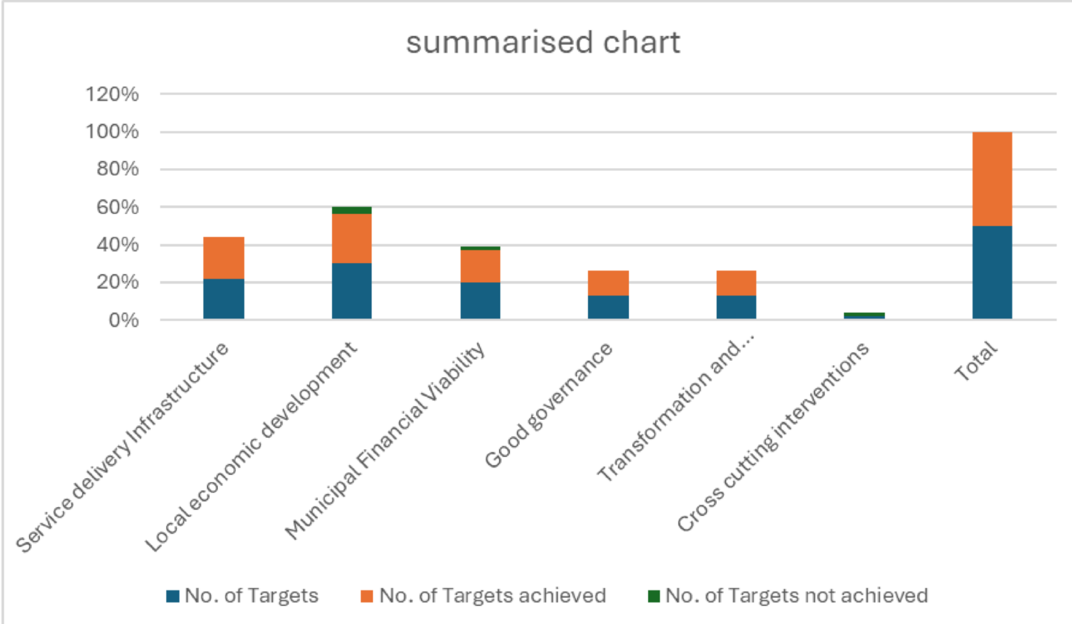
Figure 10 Performance comparison in %



The table below illustrates the summary of overall performance of the Municipality for the financial year ending June 2025. This indicates that the total number of objectives established for all directorates combined is tabulated, providing an overview of the Municipality's performance. This straightforward summary showed that, of the 46 KPIs that were set for the municipality, the Zululand District Municipality succeeded in achieving 39 of them, with only 7 KPIs remaining unmet. Each KPI's causes for deviation have been included in the report, along with a description of the remedial measures that must be taken to raise performance. The organizational scorecard, annexure A, is attached. It provides a thorough explanation of the causes for deviation and corrective measures per KPI and provides a complete report for each.

KPA No.	KPA	No. of Targets	No. of Targets achieved	No. of Targets not achieved
1	Service Delivery and Infrastructure Provision	10	9	1
2	Local Economic Development	14	12	2
3	Municipal Financial Viability and Management	9	8	2
4	Good Governance and Public participation	6	6	0
5	Municipal Transformation and Organizational Development	6	5	1
6	Cross cutting interventions	1	0	1
	Total	**46**	**39**	**7**

The table below presents the outcome of each Key Performance Area (KPA).



7.1. INFRASTRUCTURE & SERVICE DELIVERY PERFORMANCE

Key water and sanitation projects implemented in 2024/2025 are attached as appendix G:

Customer Care

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

Customer Care Report Status			
No of service requests	**Fin Year**		
System	**2022/2023**	**2023/2024**	**2024/2025**
Tech - Hlahlindlela / Khambi (Vryheid)	170	22	141
Tech - Mandlakazi RS	132	305	177
Tech - Nkonjeni (Urban)	787	772	761
Tech - Nkonjeni RS	114	59	56
Tech - Sim Central & East (Phongola)	261	111	642
Tech - Sim West - Rural (eDumbe)	13	3	3
Tech - Sim West – Urban/rural (eDumbe)	158	83	299
Tech - Usuthu (Urban)	351	601	619
Tech - Usuthu RS	150	184	20
Tech - Usuthu Water Tankers	78	66	43
Tech - W & S Bulk	2		2
Tech - Water Loss	257	86	93
Tech - Water Meter Management	694	986	711

Tech - Water Tankers	496	427	315
Tech - Water Tankers Pongola	1	8	5
Tech - Prepaid Meters			1
Tech - Water Tankers Abaqulusi			6
Grand Total	**3664**	**3713**	**3894**

Operations & Maintenance

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

Departmental Sections

Bulk Section

Bulk Section is responsible for following:

- Management, Operations and Maintenance of the bulk infrastructure across the district, Zululand District Municipality has a total number of thirty-four (34) water treatment plants.
- Water and Wastewater quality monitoring.

All the ZDM water treatment plants combined in the 2024/25 financial year, they managed to produce 82% (Percentage) of 27 480 600 kℓ/annum and that water quality was at 95.25% (Percentage) of ZDM compliance (external laboratory tested water samples) monitored determinants. The average hours of notification to community prior to planned interruptions per annum was 115 hours.

Monitoring and Evaluation

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

Water Tankers were able to deliver 307210Kl in the 2024/25 financial year at a target of 70000Kl per quarter {Volume (kiloliters) supplied to community within ZDM through water tanker per quarter}, out of 59 Water Tanker with 29 being hired from the external service providers and 27 are leased and 3 are owned by ZDM.

Key Challenges

- Water Quality; Rudimentary schemes still remain a challenge, because most of them don’t have proper treatment facilities e.g. filters and clarifiers.
- High cost to meet DWAF requirements in frequency of samples.

- Waste water quality; compromised by the age of waste water treatment facilities, ponds in particular.
- Design capacity of plants being exceeded.
- Power failures and load shedding.
- Turnaround time being too long for new power installation and response to power failures.

7.2. MUNICIPAL DISTRICT AIRPORTS

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

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

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

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

The airport has 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 need 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 it vital to the community.

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

Executive Summary

The 2024/25 operational year at Prince Mangosuthu Buthelezi Airport marked significant developments in infrastructure, improved revenue and community engagement. This report provides an overview of the airport's performance, community engagement, and operational improvements over the past year.

Airport Operations Overview

Flight Operations

Item	22/23	23/24	24/25
Passenger Arrivals	390	652	1,229
Flights	77	110	176

Number of Flights & Passengers: We had a total of 1229 passenger at the airport and 176 flights were operated this year, these were a combination of charter flights and air mercy services bringing much needed specialised medical assistance to the community.

Economic and Social Impact

The airport provides critical airlift capacity into the Zululand region, significantly enhancing access for tourists visiting key conservation and hospitality destinations such as **Mfulawozi Wilderness** and **Babanango Game Reserve**. These reserves not only support tourism but also contribute to job creation and broader economic development in the region.

In addition, the airport plays a vital humanitarian role. **Air Mercy Services** uses the airport as a base for medical flights, enabling specialist doctors to reach communities in **Ulundi** and **Nongoma**, thereby improving healthcare delivery in remote areas.

Infrastructure and Licensing Developments

In 2024, the **World Geodetic System 1984 (WGS 84) survey** was completed by ATNS to enable the implementation of modern navigational systems and support **instrument landing capabilities**.

The airport has completed the necessary documentation for a **Category 4 (CAT4) license**, which is a critical step toward attracting **scheduled commercial flights**. The application is in preparation for submission to the **South African Civil Aviation Authority (SACAA)**.

Strategic Importance

In line with regional development goals, Prince Mangosuthu Buthelezi Airport is recognized as a **strategic infrastructure asset**, pivotal to unlocking economic opportunities, promoting tourism, and enhancing access to essential services in Zululand. Continued investment in its development will ensure it remains a cornerstone of the region’s growth trajectory.

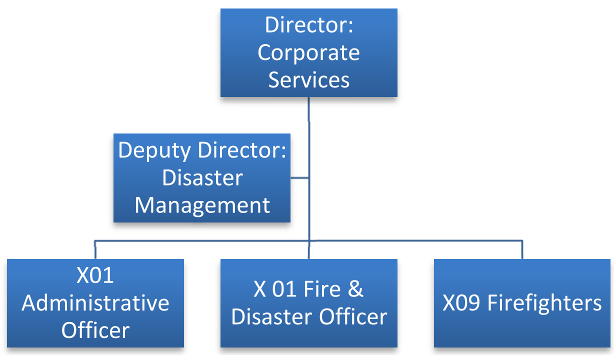
7.3. Disaster Management

The disaster risk management function and DMC in the municipality resort under the Community 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 11 High Level Disaster Management Organogram



The Disaster Management Centre operates 24/7.

Zululand District Disaster Advisory Committee (DDMAC)

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

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

Table 20 ZDM Disaster Management IGR Meetings

ZDM PRACTIONER'S FORUM MEETING	ZDM ADVISORY FORUM MEETING

13 February 2025	27 February 2025
16 April 2025	14 May 2025
15 August 2025	28 August 2025
09 October 2025	06 November 2025

The Zululand District Disaster Risk Management Plan has been approved on the in March 2023 (Reviewal is urgent required) 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 departments (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 the 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 : 1148
- ❖ Edumbe Municipality : 110
- ❖ UPhongolo Municipality : 155
- ❖ Nongoma Municipality : 302
- ❖ Ulundi Municipality : 319

Two thousand and thirty-four (2034) households were assessed during the period of 1st July 2024 to 30 June 2025 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;
- Heavy rains
- Lightning;
- Snow;
- Drowning;
- Hail Storms;
- Body discovered and

- Motor Vehicle Accident / 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.

Below is the summary of incidents occurred during the period of 1st July 2024 to 30th June 2025.

Table 21 Disaster Occurrences by type

MUNICIPALITY	STRONG WINDS	MVA	FIRES	HEAVY RAINS	HAIL STORM	LIGHTNING	DROWNING	SNOW	BODY DISCOVERED	GRANDTOTAL
Abaqulusi	16	15	55	37	11	09	04	02	01	150
Phongola	04	24	22	30	00	06	04	00	00	90
Ulundi	14	02	31	15	06	01	00	01	00	70
Edumbe	08	00	18	38	04	00	00	00	00	68
Nongoma	10	01	39	29	07	02	00	00	00	88
GRANDTOTAL	52	42	165	150	28	18	08	00	01	466

SUMMARY OF THE DAMAGED OCCURRED

1ST JULY 2024 TO 30TH JUNE 2025

MUNICIPALITY	NO OF INCIDENTS	HOUSEHOLDS AFFECTED	PARTIALLY DAMAGED	TOTAL DESTROYED	FATALITIES	INJURIES	PEOPLE AFFECTED	HOMELESS	DEAD LIVESTOCK
Abaqulusi	150	1148	1141	308	28	97	9016	00	737
Phongola	90	155	90	72	17	38	875	12	00
Ulundi	70	319	417	223	17	31	3619	00	59
Edumbe	68	110	279	105	1	04	1217	00	00
Nongoma	88	302	244	242	1	01	1871	32	00
GRANDTOTAL	466	2034	2171	950	64	168	16598	44	796

Four hundred and sixty-six (466) incidents had been reported and assessed by Zululand District Municipality during the period of 1st July 2024 to 30th June 2025. Two thousand and thirty-four (2034) households; sixteen thousand five hundred and ninety-eight (16598) people being affected by the following hazards: fires; strong winds, Lightning's; hailstorms; heavy rains; drowning; snow; body discovered and motor vehicle incidents / accidents. Two thousand one hundred and seventy-one (2171) structures were partially damaged and nine hundred and fifty (950) structures were total destroyed. Sixty-four (64) fatalities and one hundred and sixty-eighty (168) 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.

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Awareness campaigns and Trainings were conducted to the following areas:

NO	AREA/LOCAL MUNICIPALITY	NAME AND AREA OF THE AWARENESS CAMPAIGN	DATE VISIT	REMARKS
1.	Ulundi Municipality	Disaster Management Awareness Campaign held at KwaNdebele Traditional Council	17th August 2024	Successful
2.	Ulundi Municipality	Disaster Management Awareness Campaign held at Mabedlane Clinic	29th August 2024	Successful
3.	Ulundi Municipality	Disaster Management Awareness Campaign held at Mthingana High School	30th August 2024	Successful
4.	Ulundi Municipality	Disaster Management Awareness Campaign	30th August 2024	Successful

		held at Mahloni Primary School		
5.	Ulundi Municipality	Disaster Management Awareness Campaign held at KwaGwebu Primary School	3rd September 2024	Successful
6.	Ulundi Municipality	Disaster Management Awareness Campaign held at Intathakusa Primary School	3rd September 2024	Successful
7.	Ulundi Municipality	Disaster Management Awareness Campaign held at Mhloluthini High School	9th September 2024	Successful
8.	UPhongolo Municipality	Disaster Management Awareness Campaign held at Ncotshane High School	17th September 2024	Successful
9.	Ulundi Municipality	Disaster Management Awareness Campaign held at Erasfontein Primary School	18th September 2024	Successful
10.	Ulundi Municipality	Disaster Management Awareness Campaign held at Ntababomvu High School	10th October 2024	Successful
11.	Ulundi Municipality	Disaster Management Awareness Campaign held at Mgulwane Primary School	11th October 2024	Successful
12.	Ulundi Municipality	Disaster Management Awareness Campaign held at Cottlands Primary School	14th October 2024	Successful
13.	UPhongolo Municipality	Disaster Management Awareness Campaign held at Lalela H.P School	18th October 2024	Successful
14.	UPhongolo Municipality	Gabela Area Tribal Court	23rd October 2024	Successful
15.	Abaqulusi Municipality	Zululand District Road Block, Spaza Shops Inspection and Anti-Substance Abuse Awareness Campaign	20 November 2024	Successful
16.	Ulundi Municipality	Zululand District Municipality Disaster Risk Reduction Campaign held at Ceza KwaNdebele Traditional Council.	21 November 2024	Successful
17.	UPhongola Municipality	Zululand District Municipality Disaster Risk Reduction Campaign held at Ceza KwaNdebele Traditional Council.	21 November 2024	Successful
18.	UPhongola Municipality	Zululand District Municipality Disaster	17 December 2024	Successful

		Risk Reduction Campaign held at Ceza KwaNdebele Traditional Council.		
20.	Abaqulusi Municipality	Disaster Management Awareness Campaign held at Vryheid High School	22 January 2025	Successful
21.	Nongoma Municipality	Disaster Management Awareness Campaign held at Mlokothwa High School	23 January 2025	Successful
22.	Ulundi Municipality	Disaster Management Awareness Campaign held at Mahlabathini High School	24 January 2025	Successful
23.	Edumbe Municipality	Disaster Management Awareness Campaign held at Bilanyoni High School	29 January 2025	Successful
24.	Ulundi Municipality	Awareness Campaign held at Mame Primary School	29 January 2025	Successful
25.	UPhongolo Municipality	UPhongolo Academy Awareness Campaign held at UPhongolo.	04 February 2025	Successful
26.	Ulundi Municipality	Ebaqulusini Fire Station.	13 March 2025	Successful
27.	Ulundi Municipality	Ekhethelo Lodge	17 March 2025	Successful
28.	Ulundi Municipality	Ehlathini Lodge	17 March 2025	Successful
29.	Ulundi Municipality	The House of the Traditional Leaders	18 March 2025	Successful
30.	Ulundi Municipality	Disaster Management Awareness Campaign held at Nqulwane FS School	12th May 2025	Successful
31.	Ulundi Municipality	Disaster Management Awareness Campaign held at Esiphiva P.P School	13th May 2025	Successful
32.	Ulundi Municipality	Disaster Management Awareness Campaign held at Hlanganani P.P School	13th May 2025	Successful
33.	Ulundi Municipality	Disaster Management Awareness Campaign held at Elomo Clinic	21st May 2025	Successful
34.	Nongoma Municipality	Disaster Management Awareness Campaign held at Mqubula Primary School	27th May 2025	Successful
35.	Ulundi Municipality	Disaster Management Awareness Campaign	30th May 2025	Successful

		held at Ondini High School		
36.	Ulundi Municipality	Disaster Management Awareness Campaign held at Isicoco Primary School	05th June 2025	Successful
37.	Ulundi Municipality	Disaster Management Awareness Campaign held at Mbopha Guest House	13th June 2025	Successful
38.	Ulundi Municipality	Disaster Management Awareness Campaign held at EMbudle Primary School	13th June 2025	Successful

- Thirty-eight awareness campaigns were conducted successful during during the period of 1st July 2024 to 30th June 2025.

Trainings

NO	AREA/LOCAL MUNICIPALITY	AREA OF THE AWARENESS CAMPAIGN	DATE VISIT	REMARKS
1.	Ulundi Municipality	KwaPhindangene Traditional Council-Fire Breaks	1st July 2024	Successful
2.	Ulundi Municipality	KwaPhindangene Traditional Council – Fire Breaks	2nd July 2024	Successful
3.	Ulundi Municipality	Indonsa Arts and Crafts Basic Training on Handling Fire Extinguishers	4th July 2024	Successful
4.	Ulundi Municipality	Disaster Risk Reduction Fire Breaks held at KwaKhethomthandayo Royal Household	5th July 2024	Successful
5.	Ulundi Municipality	Mbopha B&B Fire Safety Training on how to use Fire Extinguishers	05th August 2024	Successful
6.	Ulundi Municipality	Disaster Risk Management on Fire and Disaster GPS Coordinates Held at Prince Mangosuthu Buthelezi Boardroom	08th August 2024	Successful
7.	UPhongolo Municipality	Disaster Management Awareness Campaign Staff Induction	21st October 2024	Successful
8.	Ulundi Municipality	Disaster Management Awareness Campaign Operation Mbo held at Gabela Prima Area Tribal Court School	23rd October 2024	Successful
9.	Nongoma Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus	06 November 2024	Successful

		Conducted at Usuthu WTW and Vuna WTW		
10.	Nongoma Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus Conducted at Mandlakazi WTW .	07 November 2024	Successful
11.	Pongola Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus Conducted at Pongola WTW .	11 November 2024	Successful
12.	EDumbe Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus Conducted at EDumbe WTW .	19 November 2024	Successful
13.	EDumbe Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus Conducted at Frischgewaad WTW .	19 November 2024	Successful
14.	Ulundi Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus Conducted at Ulundi (Mabedlane) WTW .	20 November 2024	Successful
15.	Nongoma Municipality	Disaster Risk Reduction Management Handling of Breathing Apparatus Conducted at Ulundi (Sewerage) WTW .	20 November 2024	Successful
16.	Ulundi Municipality	Sandile Khumalo Inco. Attorney’s & Conveyancers Offices	05 February 2025	Successful
17.	Ulundi Municipality	Ebaqulusini Fire Station.	13 March 2025	Successful
18.	Ulundi Municipality	Ekhethelo Lodge	19 March 2025	Successful
19.	Ulundi Municipality	Mbopha Guests House	27 March 2025	Successful
20.	Ulundi Municipality	Safety Training on how to use Fire Extinguishers	02^{nd} June 2025	Successful
21.	Nongoma Municipality	Nongoma Caltex Garage Training on how to use Fire Extinguishers	05^{th} June 2025	Successful
22.	Abaqulusi Municipality	Vryheid Hospital Training on how to use Fire Extinguishers	19^{th} June 2025	Successful
23.	Pongola Municipality	Itshelejuba Training on how to use Fire Extinguishers	22^{nd} June 2025	Successful

7.4. LOCAL ECONOMIC DEVELOPMENT

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

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

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

LED Functionality

- Agricultural Development
- SMME and Cooperatives, Enterprise Development
- Capacity Building on SMMEs and Cooperatives
- Tractor mechanization programme
- Municipal support and relations
- Economic Development Projects

There is a fully fledged Unit dedicated to LED, as mentioned on this profile. This represents an elevated status for the LED function in comparison to other similarly sized municipalities which often have an LED Unit. The presence of a fully-fledged LED Unit in ZDM creates scope for institutional capacity in terms of human capital and financial resources, as well as departmental focus. The mandate of the LED Unit is presented in the organogram.

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.

7.5. District Development Agency

In KwaZulu-Natal (KZN), District Development Agencies (DDA) were introduced to implement strategic economic development projects and programmes within the district. The purpose of these agencies is to focus on catalytic projects that leads to investment and job creation. (https://www.kzncogta.gov.za)

The Zululand District Municipality (ZDM) registered its District Development Agency (Zululand Development Agency – ZDA), but had to temporarily suspend it in 2020, due to financial constraints. It was however resolved by Council in 2021, that the Agency be resuscitated to assist with the economic recovery of the district.

The following developments has been done to resuscitate the DDA in the Zululand District Municipality:

The DDA be re-established and the secondment of the CEO has been finalized with his secretariats.

Board members has been appointed with regular meetings being held timely.

The ZDM and ZDA enter into a Service Level Agreement in terms of Sec 76(b)(ii) outlining a clear mandate as what to be achieved by the ZDA.

That a list of high impact projects has been developed and prioritized for planning, packaging, and resourcing.

An establishment plan has been developed identifying the human resource, tools of trade and operational costs needed to sustain the agency.

Strategic Objectives of the DDA

- Funding Mobilisation
- Identification of Catalytic projects
- Project prioritization and facilitation
- Stakeholder engagement
- Institutional strengthening
- Governance and compliance
- Monitoring and evaluation.

General Opportunities and Constraints

This section provides some of the general opportunities and constraints that play a role in the development of the Zululand District.

General Opportunities for Development

Opportunity	Description
Private Public Partnerships	With the high level of government activity in the area, PPPs may provide opportunities for private sector growth.
Local Procurement	Local procurement entails obtaining personnel, services, supplies, and equipment from local or indigenous sources. Local procurement could raise local skills levels, reduce the amount of income leakage from the area and increase growth of local enterprise.
Shift towards a "Green Economy"	Since the local economy is relatively small in size, the cost of becoming more environmentally conscious is low in ZDM, and provides opportunities for activity such as recycling, wing farms, etc.
Cultural products	Cultural products in the form of arts and craft activities are linked with income generation, employment creation, tourism attraction, experiential education and improvements in the general quality of life of local residents.
Public works programs	Given the high level of unemployment and poverty, and the need for basic infrastructure upgrading public works could provide periodic respite for local residents.
Linkages with private game reserves	Private game reserves present opportunities that transcend economic sector (not just tourism) and could play a central role in the district's spatial development. Private game reserve has links with the trade,

Opportunity	Description
	agriculture and services sectors and promote expenditure in smaller settlements.
Business growth through shift in focus to townships	There exist vast opportunities for big business and SMMEs alike that will lead to economic and social upliftment and a realisation of township potential.

LED Strategy

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

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

Agricultural Sectoral Development

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

In order to achieve the aforementioned we employ different approaches which include provision of support of economic activities e.g. equipment and inputs, facilitating institutions that could help businesses within the district e.g. Co-ops, direct intervention in form of capacity building, and funding in some instances.
There were number of Cooperatives and SMMEs that were supported through agricultural inputs and other tools of trade:

Ukulima Rural Integrated Program

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

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

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

Allocation of Agricultural tractors in all Local Municipalities (UIRP)

Zululand District has 13 Agricultural tractors allocated to all 5 local municipalities as a ZDM property which is going to be controlled by ZDM through Satelite Offices for ploughing in all Cooperatives that request to be assisted.

Hectors Ploughed in each LM 2024-2025 FY

Local Municipality	Quarter 1		Quarter 2		Quarter 3		Quarter 4	
	Co-ops	**Hectors**	**Co-ops**	**Hectors**	**Co-ops**	**Hectors**	**Co-ops**	**Hectors**
Ulundi	87	121	91	138	72	119	78	124
Nongoma	79	131	84	141	75	134	76	137
uPhongolo	81	138	87	147	76	137	81	132
eDumbe	74	124	78	130	69	127	79	119
Abaqulusi	97	154	101	167	98	157	97	152

Capacity Building for SMMES and Cooperatives and other support initiated

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

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

PROJECT NAME	PROJECT DESCRIPTION	NUMBER OF BENEFICIARIES	PROJECT PROGRESS
NYDA capacity building programme to pitch for funding	Capacity Building for Pitch for Funding in Pongola, Ulundi, Nongoma	123	The training was done in Belgrade, Nongoma, and Ulundi in September, January, April
Ithala Fianance Development Corporation Training for 100 SMMEs	100 SMMEs were trained at Abaqulusi and also pitch for funding was implemented as a practice.	100 SMMEs	They were all trained, issued with certificates
SEDA capacity building for art and culture smmes and the general SMMEs in the district	SEDA issued capacity building programme for Business Management to Art and Craft SMMEs	174	The project was done in July, September, February (5 days Training)

Business regulatory, structures and LED forum project status in all 5 Local Municipalities:

ZDM has adopted the mandate to make sure that indeed, there is a fully flagged **ZDM LED Forum**, **Business compliance inspections** are being held, and functional and fully flagged which sit quarterly with the relevant stakeholders as per the adopted Terms of Reference, again it's also seeks to monitor the implementation of all projects implemented in Zululand. Our LED Forum and Business Compliance are conducted quarterly without fail as per the TORs adopted by the structure. Below are the tables indicating the functionality of the structures and compliance inspections conducted. This mandate is derived from the RSA Constitution, section 156 where all Municipalities has a mandate to develop and implement the by-laws for effective trade of the areas. We are also guided by business act 71 of 1991 which gives mandate to all local municipalities to issue and refuse business licence with the aim to enhance business compliance.

ZDM Business Forum launched:

This marked the significant milestone for the business community in Zululand with the successful launch of the Zululand District Business Forum. The successful project implementation was held in Zululand Council Chamber. For many years, business stakeholders within the district operated in silos across local municipalities. The establishment of the forum brings together diverse sectors under one umbrella to strengthen collaboration and foster inclusive economic growth. Speaking at the launch, his worship the Mayor of Zululand District Municipality, who also serves as a Chairperson the business forum, emphasized the importance of unity and sound working relations. He further cautioned that; the forum should not be run in a manner resembling a "Mafia structure" as has been experienced elsewhere.

LOCAL MUNICIPALITY	ADOPTED INFORMAL ECONOMY POLICY	GAZETTED INFORMAL ECONOMY BY-LAWS	ISSUING OF BUSINESS LICENSE AND PERMITS AUTOMATED	BUSINESS COMPLIANCE INSPECTIONS ARE CONDUCTED	SITTINGS OF LED FORUM MEETINGS QUARTELY
Nongoma Local Municipality	Yes	Yes	Yes	**All 4 quarters**	All 4 Quarters
Baqulusi Local Municipality	Yes	Yes	Yes	**All 4 quarters**	All 4 Quarters
Edumbe Local Municipality	Yes	Yes	Yes	**All 4 quarters**	Intervention s required and emails has been sent for intervention.
Ulundi Local Municipality	Yes	Yes	Yes	**All 4 quarters**	All 4 Quarters
uPhongolo Local Municipality	Yes	Yes	Yes	**All 4 quarters**	All 4 Quarters

All respective local Municipalities Business Forum executives' representatives were presented, and they indeed elected their 5 representatives whom they will form a Zululand District Business Forum where LED Unit will remain the secretariats of the forum. It was agreed that the Deputy Chairperson will be elected by chairperson after the launch. The followings were the elected representatives: **Mr. Emmanuel Sifiso Danisa from Abaqulusi, Ms Fikile Ntshangase from uPhongolo, Mr. Phumlani Mandiya Shongwe from eDumbe, Mr. Sibusiso Patrice Zulu from uLundi, and Mr. Melusi Ntshangase from Nongoma Municipality**.

Implementation of SMME support programmes:

Ithubalethu Bakery Cooperatives customized delivery vehicle handover:

The **ITHUBALETHU Bakery Cooperative** in **NONGOMA** received funding support from the **Small Enterprise Development Finance Agency (SEFDA)** amounting to **R900,000.00**. As part of this funding, a **customized delivery vehicle** was officially handed over to the cooperative in Nongoma Municipality Main Building.

Purpose of the Support:

To strengthen the cooperative's **production and distribution capacity**.
To ensure **efficient delivery** of baked products to local markets and communities.
To promote **sustainability and growth** of cooperative enterprises in Nongoma.

Strategic Impact:

Contributes to **local economic development (LED)**. Empowers **cooperatives and SMMEs** through access to resources. Strengthens collaboration between **funding agencies and the Municipality**. The handover marks a significant milestone in supporting community-based enterprises and demonstrates a commitment to **economic empowerment and cooperative development** in ZDM-Nongoma.

Vulumombo Primary Cooperative container handover:

The ZDM is pleased to announce the successful empowerment of the **NONGOMA Vulumombo Primary Cooperative**, which has received funding amounting to **R500,000** from the **Small Enterprise Development Finance Agency (SEDFA)**.

This funding has enabled the cooperative to acquire **6m containers** that will be utilized for operational and storage purposes, as well as the establishment of a fully functional **borehole** to address water supply needs critical for their production activities. The delivery and handover of the containers and borehole infrastructure were facilitated directly by the funder, SEDFA. This intervention marks a significant milestone in promoting cooperative development and advancing the objectives of **Local Economic Development (LED)** within Zululand District Municipality. The ZDM commends a good partnership with SEDFA for its continued support to local enterprises and ensuring that cooperatives such as Vulumombo are equipped with resources that enable them to grow, create employment opportunities, and contribute to the local economy. This initiative aligns with Nongoma Municipality's vision of fostering sustainable livelihoods, supporting small enterprises, and strengthening the cooperative sector as a driver of inclusive growth

IMPLEMENTATION OF TOURISM STRATEGY

Strategic Goal	Interventions
Strengthen the packaging and interpretation of heritage tourism product offering	Site inspection to Emakhosini Ophathe Heritage Park and kwa Ceza caves have been done in partnership with KZN Amafa & Research Institute and EDTEA. The Spirit of Emakhosini memorial and the access to it is in optimal conditions, the following interventions are required for the precinct: -Installation of solar power for lighting -New ablution facilities -Fencing of the site. Proposal for ZDM tourism packing conference is in place and seeking for funding of the conference.
Effectively leverage the value of local events.	Royal Events are promoted and attended. We have also listed several annual events which will be submitted to KZN TAFA events calendar for promotion. Conceptualising new events and side events which could complement existing events, including traditional music festivals, dance competitions as opportunities to celebrate Zulu culture.
Explore feasibility of and undertake further planning of other potentially new tourism products.	Dams assessment will be conducted to identify key aspects of recreational dam sites in consultation with the relevant and/or responsible authorities at each site, respectively. Whilst keeping conservation in mind, the district seeks to ensure that infrastructure, visitor needs, and environmental sustainability aspects are considered for future endeavours in as far as product diversification in the district is concerned.
Roll out of visible, well planned and appropriate Tourism Signage network across the Zululand District.	Sites where signs should be erected have been identified and proposals have been drafted for funding. District to partner with EDTEA and Moses Kotane Institute to draw up action plan which will include source of funding for tourism projects.
Strengthen district level tourism knowledge, awareness, skills and public sector support for the tourism industry.	Tourism School Awareness Campaigns done in the following Schools • Nsimbini High School -28 October 2024

	• Senzokuhle High School 29 October 2024 • Hlanganani Mazulu High School 29 October 2024 • Langalesizwe Primary School 30 October 2024 • Cana Combined School 30 October 2024 Zululand Youth Entrepreneurship and compliance Expo at Ulundi on 05 November 2024
Improve marketing to Increase tourist numbers and diversify target audiences.	Development of Zululand District Municipality Tourism Flyer and presented on the Community Services Portfolio Committee Meeting for approval has been done. Digital marketing platforms and implementing the best available technology. The tourism industry is highly dominated by digital sales channels and digital content, arguably more so than any other industry. This requires skills and expertise to implement. (Re-invent the Zululand Tourism Website)
Unlock the inherent value of cultural tourism experiences.	From a KZN Master Plan and Implementation committee meeting on 01-02 December 2023 a resolution was taken that a sub-committee should be formulated to look into the development of Royal Palaces route. This should be revisited. Zulu Royal Family have been contacted, and the project is in progress. Improve the availability of written information and packaging of cultural experiences in Zululand – as a district we are promoting and directing visitors to the Prince Mangosuthu Buthelezi Museum in Ulundi
Improve tourism information dissemination and reimagine tourism information offices.	Nongoma and UPhongolo LMs need new tourism information offices as their tourism offices are inside municipal buildings and inaccessible by tourists or day visitors. Currently in talks with Ulundi Garden Court and other tourism establishments to distribute ZDM Tourism Flyer to their guests/tourists visiting their premises Engagement with TKZN, AMAFA, KZN Wildlife and other potential partners around tourism information provision is currently in progress.
Improve road networks and stimulate tourism travel to rural areas.	Road infrastructure assessment has been done in partnership with EDTEA and DoT on 23 August 2023 on P432 Babanango Road. waiting for final report back from EDTEA. Access road to UMgungundlovu Multimedia Centre D256 still a challenge Completion of R66 Road between Nongoma and UPhongolo is in progress Improving secondary road access and related infrastructure to allow for direct connection between various tourism attractions is a

	complex goal due to the responsibility falling with external stakeholders and considerable budget requirements. This does not have any short term or easy solutions but will require ongoing lobbying and engagement with the private sector around needs.
Significantly increase capacity and institutional structures for effective destination management.	In process of discussing MOU/ SLA with Amafa Research Institute for mutual marketing and maintenance of heritage sites within the district Community Tourism Organisations (CTO's) is operational in four Local Municipalities (Ulundi, Nongoma, UPhongolo, and Abaqulusi). Currently working on forming a CTO stricture for Edumde Local Municipality

7.6. INDONSA ARTS AND CRAFTS CENTRE

The Indonsa Arts and Crafts Centre is a community development facility operating under the management of the Zululand District Municipality, in partnership with the KwaZulu-Natal Department of Sport, Arts and Culture (KZN DSAC). Since its inception in 2002, the Centre has served as a strategic platform for arts education, cultural development, youth empowerment, and local economic stimulation through cultural and creative industries. The arts and craft centre aligns with district and provincial priorities on youth development, skills training, economic participation, and cultural preservation

The Centre underwent verification by KZN DSAC officials, who confirmed that the Arts and Crafts Centre is **currently the best-performing arts centre in KwaZulu-Natal**, based on programme reach, implementation quality, and district-wide participation.

OBJECTIVES

. The key objectives of Indonsa Arts and Craft Centre:

- To promote skills development and empower communities through structured arts and hospitality programmes. `
- To stimulate the local creative economy and expand economic opportunities for emerging artists.
- To provide accessible, inclusive training for youth, women, and persons with disabilities.
- To support social cohesion through arts, culture, and heritage programmes.

TARGET BENEFICIARIES

- Unemployed youth
- Women and vulnerable groups
- Persons with disabilities
- Schools and learning institutions
- Local artists and cultural practitioners

KEY ACTIVITIES PERFORMED by the centre

Training and Skills Development

- Short courses in fashion design, visual arts, drama, music, and hospitality
- Work Integrated Learning (WIL) placements for Hospitality students
- Practical showcases, exhibitions, and assessments
- Completion of the 2024 and 2025 graduation cycles

Cultural, Social, and Public Events

- Africa Day Community Celebration
- Heritage Month activities, including Umkhosi Womhlanga Welcoming Ceremony
- Imbokodo Women's Month Festival
- Indonsa Festival Week
- Isintu Cultural Festival (funded by National DSAC)

Strategic Partnerships and Stakeholder Engagements

- Participation in provincial and district tourism events
- Performances at public gatherings, municipal programmes, and private sector events
- School outreach programmes and career expos

Film, Theatre, and Creative Industry Advancement

- Pilot filming of "Umbuso Welembe" – a heritage-based production promoting local storytelling and talent development.

PROJECTS COMPLETED DURING THE FINANCIAL YEAR

No.	Name of Project	Date Completed	Venue
1.	Fashion Design Short course graduation ceremony	10 July 2024	Indonsa Arts Centre
2.	Festival week	11&12 July 2024	Indonsa Arts Centre
3.	Work intergrated Learning, hospitality students' practicals. placement	17 July 2024	Nyanya Resort, Ekhethelo Lodge and Vikamani Lodge
4.	KZN Premier's Cup Gala Dinner	26 July 2024	Garden Court Ulundi
5.	On site verification by KZNDSAC	31 July 2024	Indonsa Arts Centre
6.	Imbokodo Festival	16 August 2024	Indonsa Arts Centre
7.	Prince Dabulamanzi carreer Expo	05 Sept 2024	Prince Dabulamanzi Primary School
8.	Prince Mangosuthu Legacy Cup Performance	08 Sept 2024	Prince Mangosuthu regional Stadium
9.	Welcoming Tourism Month	12 Sept 2024	Umgungundlovu Multi media Centre
10.	Drama Students perform for Mr M Nzuza	13 Sept 2024	Nongoma Inn
11.	Welcoming Heritage Month and Umkhosi womhlanga	13 Sept 2024	Ulundi 19 Junction
12.	Pilot shooting of Umbuso Welembe	25 Sept 2024	Umfolozi river bed
13.	Isintu Festival	25-29 Nov 2024	Indonsa Arts Centre
14.	Graduation Ceremony	25 Nov 2024	Indonsa Arts Centre
15.	Kzn theatre Festival	18 Feb 2025	The playhouse DBN
16.	Africa day celebration	25 May 2025	Prince Mangosuthu regional Stadium
17.	Visit to Ehlathini	01 June 2025	Ehlathini lodge
!8.	June !6 Commemoration	18 June 2025	Indonsa Arts Centre

BENEFICIARY STATISTICS

FIELD	YEAR	MALE	FEMALE	YOUTH	OLD	PWD	TOTAL
VISUAL ARTS	2024 2025	08 08	02 02	10 10	00 00	00 01	10 10
FASHION DESIGN	2024 2025	05 06	32 27	28 31	09 02	00 O2	37 33
MUSIC	2024 2025	10 09	02 12	12 20	00 01	00 00	12 21
DRAMA	2024 2025	12 16	17 16	29 32	00 00	00 00	29 32
Hospitality	2024 2025	05 12	20 45	25 57	00 00	00 00	25 57
TOTAL	**2024** **2025**	**40** **51**	**73** **102**	**104** **150**	**09** **03**	**00** **03**	**113** **153**

Total Enrolled Trainees:

- **2024:** 113 trainees
- **2025:** 153 trainees

6.2 Departmental Growth Highlights:

- Hospitality training reached **57 students**, implemented across all five local municipalities under the district.
- Participation levels in Drama, Fashion Design, and Music showed continued growth and strong community interest.
- Balanced participation between male and female trainees across most programmes.

7. CHALLENGES AND CONSTRAINTS

Despite strong performance, several operational and structural limitations affect full programme implementation:

- Training programmes are not yet accredited
- Limited classroom space and inadequate performance facilities
- Insufficient student accommodation for long-distance participants
- Lack of backup power supply, affecting digital, music, and kitchen operations
- Ageing infrastructure requiring renovation (fencing, guardhouse, buildings)
- No secure storage or armed security despite high-value equipment
- Inability to provide business starter packs for graduates entering the creative economy

The centre was also visited by the provincial department of Sports, Arts and Culture, which had the following recommendations:

- Improve formal reporting and documentation of activities
- Develop a comprehensive database of artists, trainees, and partners
- Enhance marketing and visibility, including social media presence
- Strengthen user profiles/portfolios for students
- Improve display and storage of visual artworks
- Expand outreach to schools and special groups
- Establish complementary onsite projects, such as a vegetable garden for Hospitality training

RECOMMENDATIONS To strengthen the Centre's performance and district impact, the following interventions are recommended:

1. Construction of a fully equipped **theatre and performance hall**
2. Establishment of a **training restaurant** for Hospitality programmes
3. Installation of a **solar-powered backup electricity system**
4. Development of **student dormitories** for trainees from outlying areas
5. Upgrading of access roads and parking facilities
6. Replacement of perimeter fencing and refurbishment of the guardhouse
7. Installation of exterior lighting for security and operational safety
8. Renovation and modernization of existing buildings
9. Investment in accredited training capacity and equipment

The 2024–2025 period reflects strong growth, high community impact, and increased recognition of Indonsa Arts and Crafts Centre as a provincial leader in arts and cultural development. With continued support from the Municipal Council, the Centre can further expand training opportunities, enhance economic participation, and strengthen cultural identity within Zululand District.

INDONSA CENTRE PICTURE GALLERY

ISINTU CULTURAL FESTIVAL 2024

Graduation ceremony

YOUTH MONTH

7.7. 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 to ensure compliance with the abovementioned Act.

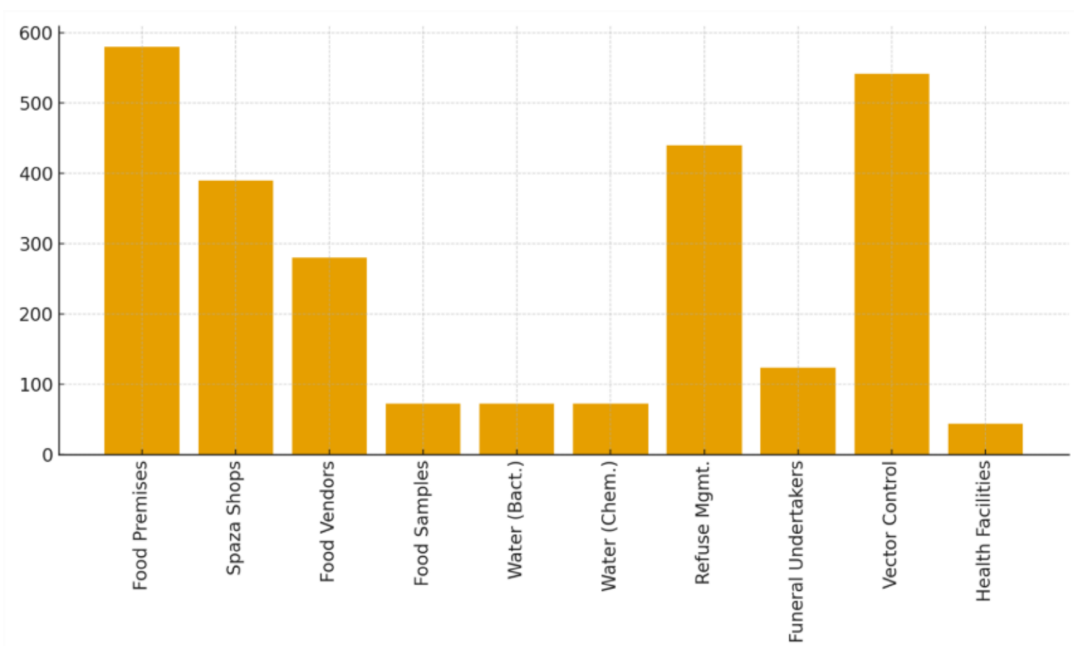
Below are the functions performed by Environmental Health Practitioners and Environmental Health Assistants of both South and North Region.

South Region Consists of two local municipalities, that is Ulundi and Nongoma, whereas North consists of three local municipalities; Abaqulusi, eDumbe, and uPhongola.

SERVICE STATISTICS FOR HEALTH INSPECTIONS

Summary of Service Statistics

The following graph provides a high-level overview of selected service activities conducted during the reporting year.



Detailed Performance Statistics

The table below summarizes the detailed performance statistics across all functional areas including food control, water quality monitoring, waste management, vector control, communicable disease response, environmental pollution control, and health surveillance of premises.

NO.	WORK ITEMS	NO. OF INSPECTIONS/ATTENDANCE	ACTION
		1. **FOOD CONTROL**	
a)	Number of food premises inspected	580	Those who complied were issued with COA; health education was conducted on non-compliance
b)	Number of Certificate of Acceptability Issued	87	The recommendation was given to those who did not obtain it.
c)	Number of spaza/tuck shops inspected	390	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
d)	Number of Food vendors inspected, and health educated	280	Street vendors were educated on waste management, personal hygiene and food safety
e)	Number of food samples taken	72	Food samples were complying
f)	Number of safe disposals of condemned foodstuff	135	All expired or dented food items were condemned by EHPs
g)	Number of people educated on food safety.	648	Education was conducted to impact knowledge to the food handlers and the minimization of food poisoning.
h)	Number of Complaints investigated	18	All complaints received were attended to and resolved
a)	Number of water samples taken (bacteriological)	72	
		2. WATER QUALITY CONTROL	
b)	Number of water samples taken (chemical)	72	
c)	Number of Complaints investigated	02	All complaints received were attended to and resolved
		3. WASTE MANAGEMENT	
a)	Number of premises inspected for refuse management (general waste)	440	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
b)	Number of facilities inspected for health care waste	156	Corrective measures were highlighted in inspection reports and

			followed up to address unsatisfactory conditions
c)	Number of landfill / dump sites and transfer stations inspected	12	All Inspections conducted yielded some improvements on unsatisfactory conditions noted on the previous inspection
d)	Number of illegal dumps investigated	22	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
4. DISPOSAL OF THE DEAD			
a)	Number of Funeral Undertakers inspected	124	Health education was given to those who were not complying, notices with recommendations were written
b)	Number of bodies exhumed	00	
c)	Number of graveyards inspected	04	
d)	Number of Certificate of Competence issued to funeral undertakers	05	Most funeral parlors were still valid.
e)	Number of complaints investigated	00	
5. ENVIRONMENTAL POLLUTION CONTROL			
a)	Number of premises inspected for air pollution.	101	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
b)	Number of environmental pollution complaints investigated	04	All complaints received were attended to and resolved
6. VECTOR CONTROL			
a)	Number of premises inspected for vector control.	541	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
b)	Number of vacant plots inspected for vector infestation.	00	N/A
c)	Number of complaints investigated	00	N/A
7. HEALTH SURVEILLANCE OF PREMISES			
a)	Number of Health Facilities inspected	44	Corrective measures were highlighted in inspection reports and followed up to address unsatisfactory conditions
b)	Number of schools inspected	22	Most school sanitation facilities were not complying; written

			notices were issued to the school
c)	Number of Crèches inspected	75	Health education was given to those who were not complying, notices with recommendations were written
d)	Number of Prisons/Police stations inspected	5	Corrective measures were highlighted in the inspection reports and followed up to address unsatisfactory conditions
e)	Number of accommodation establishments inspected.	23	Health education was given to those who were not complying, notices with recommendations were written
f)	Number of complaints investigated.	00	All complaints received were attended to and resolved
8. CONTROL OF COMMUNICABLE DISEASES			
a)	Number of health awareness events held	10	Health awareness was successfully
b)	Number of investigations of reported communicable diseases.	10	All reported communicable diseases were attended to, and no deaths were discovered.
c)	Number of food poisoning investigations	06	All reported communicable diseases were attended to, and no deaths were discovered.
d)	Number of Moore-pads sunk and processed.	10	They were all negative, no bacteria were isolated.
9. MISCELLANEOUS			
a)	Number of people educated on safe handling of chemicals and chemical containers.	163	Health awareness was successfully
b)	Number of farms educated on safe handling of chemicals and chemical containers.	00	N/A
c)	Number of complaints investigated.	00	N/A
d)	Building Plan Scrutiny	42	Health education was given to those who were not complying, notices with recommendations were written
e)	Licensing Inspection	381	Inspections were conducted and letters were written to the local municipalities for all those who complied. On noncompliance recommendations were

			given to the owner / manager
f)	Joint Operations	14	Joint operations were successfully tuck shops were closed and health awareness was conducted to those who were prohibited
g)	Meetings	14	All Meetings was successfully
h)	Training	10	All trainings were successfully

Achievements

- Strengthened interdepartmental collaboration with SALGA, DOH, and ZDM leadership
- Successful health and hygiene education for informal food handlers (Tuck Shop Business Owners)
- Joint operations leading to enforcement and improved compliance
- Increased revenue collection for MHS services

Challenges

- Critical staff shortages across the district.
- Lack of essential equipment (Refrigerators for satellite offices, Uniforms, MHS Branding Thermometers, Oil Tester, rewards material, Laptops for newly employed EHPs as they are currently using their personal Laptops)
- Delays in laboratory payments affecting sampling.
- Outdated MHS By-Laws requiring review.
- Newly appointed EHPs not yet trained as Peace Officers Flat organogram (See below organogram)

Salga, DOH, and MHS Training with ZDM COO, ZDM Speaker, and Community Portfolio members, and the attendance

Unbranded food stuff was removed from the shelfs by ZDM EHPs during the joint operations

ZDM EHPs during the Events doing Health inspections and food& water sampling

Registration and introduction by (HOD Community Services) on Safe Food and Hygiene Education and Awareness on informal food handlers (Tuck Shop Business owners)

7.8. DEMOCRACY AND GOVERNANCE PERFORMANCE

Compliance, Clean and Sound Administration

General Assessment Summary on Compliance

The Constitution

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

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

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

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

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

Annual financial statements

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

Procurement and contract management

Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

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 2024-25 financial year there were no findings of non-compliance for DoRA were noted. The municipality has complied with DoRA in all material respect.

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

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

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

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

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

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

Construction Industry Development Board Act, No. 38 of 2000 and its regulations.
Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 1 7 and 25(7A). This noncompliance was identified in the procurement processes for the management, operation and maintenance of water and wastewater treatment works and associated bulk infrastructure.

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 2024/25 IDP.

Phase/Activity	Timeframe
Situational Analysis	Sept 2023
Development Strategies	Oct 2023
Projects&Integration	Dec 2023
Draft Approval	Mar 2024
Final Approval	May 2024

Figure 12 IDP Process Plan Timetable

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

7.9. SPATIAL AND ENVIRONMENTAL MANAGEMENT PERFORMANCE

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

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

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

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

7.10. PERFORMANCE AGAINST GOVERNMENT LED PROGRAMMES

Free Basic Services and Indigent Support

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

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

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

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

Expanded Public Works Programme (EPWP)

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

- **Understanding of the EPWP programme for projects stakeholders.** ZDM feels that there is still a need to train service providers who are directly working on the projects these includes Project steering committees, Contractors, Engineering Consultants and ISD Consultants. The initiative will ensure compliance in terms of documentation, proper use of EPWP templates, understanding of Ministerial Determination, appropriate system for recruitment of participants, timely communication and reporting, paper trail and the full understating of EPWP programme.

- **Delays in the implementation of infrastructure projects**. In these projects, a large number of participants are recruited and their details captured on the EPWP system, however during the commencements of site works only few participants are allowed to start work and thus dropping the number of employment opportunities to be reported for current financial ending in March.

- Alignment of tender documents in terms of more labour intensity in all project to ensure that more participants are recruited to provide maximum work opportunities from projects.

PB Name	Work Opportunities Targets	Work Opportunities Achievement	Full Time Equivalent Targets	Full Time Equivalent Achievement	Work Opportunities % Achievement	Full Time Equivalent % Achievement
uPhongolo	489	429	192	176	88%	92%
AbaQulusi	548	831	238	404	152%	170%
Nongoma	554	647	151	186	117%	123%
Ulundi	564	489	214	329	87%	154%
Zululand	1 311	2 061	454	1 901	129%	145%

8. CHAPTER 5 – OVERVIEW OF FINANCIAL PERFORMANCE

8.1. STATEMENT OF FINANCIAL PERFORMANCE

Income

There is an increase noted on the operating revenue for 2024/2025 financial year indicating R1 542 178 compared to 2023/2024 which was at R593 899. Increase resulted from the insurance refund and inspections fee thus increase was noted.Total operating revenue indicates that the Municipality is more dependent on grant funding from National and Provincial Government.

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

Table 22 Operating revenue performance

Financial Year	2024-2025	2023-2024	2022-2023
Amount	R1 574 104 874	R1 614 662 372	R1 334 008 015

Table 23 Schedule of Loans & Conditional grants received

GRANT	2024-2025	2023-24	2022-23	2021-22
EQUITABLE SHARE	670 187 000.00	631 671 000.00	586390977.00	524 645 000.00
FMG	1 200 000.00	1 200 000.00	1200000.00	1 200 000.00
EPWP	5 227 000.00	7 077 000.00	8517000.00	9 612 000.00
LGSETA GRANT	667 175.00	1 693 864.00	478000.00	-
NATIONAL ARTS COUNCIL GRANT	68 201.00	57 343.00	19657.00	-
PRINCE MANGOSUTHU AIRPORT GRANT		2 000 000.00	500000.00	-
ACCELERATED INTERVENTION PROGRAMME (BOREHOLES)	-	-	1554104.00	-
INDONSA GRANT	955 500.00	1 911 000.00	1911000.00	1 911 000.00
KZN GRANT SPATIAL DEVELOPMENT FRAME	-	-		241 770.00
KZN GRANT TOURISM STRATEGY	-	-		269 354.00
KZN GRANT AMAFA RESEARCH INSTITUTE	180 000.00	200 000.00	200000.00	100 000.00
MIG	262 939 000.00	256 512 000.00	259530000.00	269 111 000.00
RBIG	431 247 000.00	413 905 000.00	250247000.00	222 531 000.00
WSIG	155 434 000.00	95 000 000.00	95000000.00	110 000 000.00
RRAMS	1 857 000.00	2 969 000.00	2529000.00	1 647 023.00
KZN KWAMAJOMELA PROJECT	-	-	1641817.00	7 958 503.00
MUNICIPAL DISASTER RELIEF GRANT	9 085 000.00			
TOTAL	**1 539 046 876.00**	**1 414 196 207.00**	**1 209 718 555.00**	**1 149 226 650.00**

Cash Balance

There was a significant decrease in available cash and cash equivalents over the period under review. The cash balance declined from R57,070,895 in the 2023–2024 financial year to R23,102,938 in the 2024–2025 financial year. This represents a decrease of R33,967,957 in absolute terms. In percentage terms, the cash balance declined by approximately 59.5%.

Loans

There is no additional loan taken by the municipality in the financial year ended 30 June 2025, however there is a remaining loan from the previous amount of **R 74 626 764**

Cash Coverage

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

Expenditure

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

Table 24 Operating expenditure performance

Financial Year	2024-2025	2023-24	2022-23	2021-22
Amount	1 205 520 638	R 1 214 393 414	R 992 266 417	R 917 533 545

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

Contracted services costs.

Included in contracted services costs are outsourced services, consultants and professional services and contractors. Contracted services costs contribute 36.76% to the current total expenditure. The expenditure costs attributed to contracted services costs was R366 698 253 (2022/23) and R370 958 209 (2023/24) and 276 562 990 in 2024/25.

Spending of operational grants

The Municipality received a total of R680.5 million operational grant funding, an increase from R645.8 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 R851.4 million capital grant funding, an increase from R768.3 million received in the previous financial year.

Of the total conditional grants received, R9.2 million was not spent.

Fruitless and wasteful expenditure

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

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

Table 25 Fruitless and wasteful expenditure

Financial Year	2024-2025	2023-2024	2022-23
Amount	52 090 445	1 062 333	1 046 939

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 0,21:1. However included in this calculation is retention of R 119 295 276 which is dependent on the future grant receipts and R 622 047 093 creditors at year-end. This retention does not have to be cash backed. Norm ratio is 2:1. The table below depicts current ratios over the period of three years (restated):

Table 26 Current ratio on performance

Financial Year	2024-2025	2023-24	2022-23
Current ratio	0.21:1	0.36:1	0.34:1

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

Debtors Impairment Percentage/ Current Debtors Collection Rate

The municipality has experienced an increase on the debtor's impairment percentage when comparing the two financial years. The gross debtor's balances were R233 569 891 million (2023/2024). While in 2024/2025-year gross debtors balance was R270 233 409 million showing an increase. Total impairment being R259 560 092.

Current Debtors Collection Rate		
2022/2023	**2023/2024**	**2024-2025**
Debtors opening balance R176 087 361.38 +Billing R61 936 249.73 _Closing balance R201 234 558.39 _ Bad debt written off R2 192 675.50	**Debtors opening balance R201 234 558.39 +Billing R84 681 098.15 _Closing balance R238 295 936.68 _ Bad debt written off R5 048 745.79**	**Debtors opening balance R238 295 936.68 + Billing R85 308 099.13 -R273 683 248.77 Bad debt written off-R1 208 183.48**
Collection rate 56%	**Collection rate 50%**	**57%**

The municipality had an increase on the annual collection rate for 2024/2025 financial year sitting at 57% when comparing the two financial years. In 2023/2024 collection rate was 50% and in 57% in 2024/2025 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 not improved as compared to the previous year. The municipality had a positive cash flow balances for both 2024 and 2025 financial years. Cash flow is being monitored on a regular basis to ensure budget savings. Budget and Finance Committee comprising all Directors is in place and meeting every week to monitor the actual expenditure vs expenditure projections.

Financial Recovery Plan

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

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

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

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

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

Municipal Standard Chart Of Accounts (Mscoa)

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

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

Assessment of Municipal Taxes And Service Charges arrears

Total debtors balance as at 30 June 2025 are made up as follows:

Table 27 Arrears on municipal taxes and service charges

Description	Gross debtors	Minus provision for impairment	Net debtors
Trade and other receivables from exchange transactions	R270 233 409	(R259 560 092)	R10 673 317
Receivables from non-exchange transactions	R14 546 819	(R13 166 994)	R1 379 825
Deposits	R26 293 204	R0	R26 293 204
VAT Receivable	R98 520 655	R0	R98 520 655
Operating lease receivable	R8 558	R0	R8 558
Total	**R409 602 645**	**(R272 727 086)**	**R110 582 355**

The total net debtors amounted to R110 582 355 as at 30 June 2025 increased as compared to net debtors' amount of R135 945 104 as at 30 June 2024.

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

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

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

Long Term Contracts and Public Private Partnerships

There were no public private partnerships during 2024-25 financial year.

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

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

Revenue Collection Performance by Vote and By Source

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

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

Table 28 Revenue collection performance by vote

Vote Description	2023/24	Current budget 2024/2025			Variences	
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Revenue by Vote						
Vote 01 - Council	-	-	-			
Vote 02 - Corporate Services	105 558 737.92	89 962 484	43 496 414	1 279 357	- 88 683 127	- 42 217 057
Vote 03 - Finance	655 775 704.14	680 029 540	680 755 457	682 608 840	2 579 300	1 853 383
Vote 04 - Community Development	2 285 425.46	3 215 379	11 558 679	2 873 555	- 341 824	- 8 685 124
Vote 05 - Planning & Wsa	775 605 615.71	581 490 000	856 704 000	856 704 000	275 214 000	-
Vote 06 - Technical Services	-	-	-		-	-
Vote 07 - Water Purification	-	-	-		-	-
Vote 08 - Water Distribution	59 562 120.84	69 060 988	62 083 904	56 065 921	- 12 995 067	- 6 017 983
Vote 09 - Waste Water	16 380 488.72	18 106 402	17 965 036	18 312 447	206 045	347 411
Total Revenue by Vote	**1 615 168 092.79**	**1 441 864 793**	**1 672 563 490**	**1 617 844 119**	**175 979 326**	**- 54 719 371**

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

Table 27 Total revenue

Description	2023/24	Current budget 2024/2025			Variences	
R thousand	**Audited Outcom**	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjusted Budget**
Revenue						
Exchange Revenue						
Service charges - Water	58 876 864.73	68 294 245.00	61 317 161.00	55 414 085	- 12 880 160.00	- 5 903 076.00
Service charges - Waste Water Management	16 024 006.19	17 732 004.00	17 732 004.00	18 129 405	397 401.00	397 401.00
Sale of Goods and Rendering of Service	760 200.90	578 301.00	230 419.00	627 005	48 704.00	396 586.00
Interest earned from Receivables	691 100.13	822 778.00	822 778.00	745 747	- 77 031.00	- 77 031.00
Interest earned from Current and Non Current Assets	15 458 239.94	7 500 000.00	7 500 000.00	8 128 592	628 592.00	628 592.00
Rental from Fixed Assets	558 834.40	503 998.00	503 998.00	462 924	- 41 074.00	- 41 074.00
Licence and permits	106 560.86	176 276.00	282 678.99	276 956	100 680.00	- 5 722.99
Operational Revenue	593 899.62	565 265.00	1 288 245.00	1 542 178	976 913.00	253 933.00
Non-Exchange Revenue					-	-
Fines, penalties and forfeits	875 060.74	1 466 871.00	580 220.99	448 937	- 1 017 934.00	- 131 283.99
Licences or permits					-	-
Transfer and subsidies - Operational	746 444 194.02	768 030 055.00	730 905 985.00	680 582 791	- 87 447 264.00	- 50 323 194.00
Interest	-	-			-	-
Fuel Levy					-	-
Operational Revenue	-	-			-	-
Gains on disposal of Assets	679 653.16	-			-	-
Other Gains	5 704 000.00	-		1 706 000	1 706 000.00	1 706 000.00
Discontinued Operations					-	-
Total Revenue (excluding capital transfers and contributions)	**846 772 614.69**	**865 669 793.00**	**821 163 489.98**	**768 064 620.00**	**- 97 605 173.00**	**- 53 098 869.98**

Table 28 Debtors age analysis

Description	Duration						
R thousands	**Current**	**0-30 Days**	**30-60 Days**	**60-90 Days**	**90-120 Days**	**>120Days**	**Total**
Trade and Other Receivables from Exchange Transactions - Water	R6 643 306	R3 953 813	R4 422 579	R3 903 581	R3 926 400	R192 391 081	R215 240 760
Trade Receivables from Exchange Transactions - Waste Water Management	R1 359 142	R993 814	R858 289	R1 011 714	R939 053	R48 957 364	R54 119 376
Service charges	R21 253	R175 619	R18 971	R51 943	R23 196	R582 291	R873 273
Total By Income Source	**R8 023 701**	**R5 123 246**	**R 5 299 839**	**R4 967 238**	**R4 888 649**	**R241 930 736**	**R270 233 409**

9. CHAPTER 6 – APPENDICES

9.1. AUDITED ANNUAL FINANCIAL STATEMENTS

The attached 2024/25 audited annual financial statements will be as per the *Departmental Financial Reporting Framework* as issued by National Treasury.

9.2. REPORT AND OPINION OF THE AUDITOR GENERAL

This is the audit opinion for the 2024/25 financial year issued by AGSA.

AUDITOR-GENERAL
SOUTH AFRICA

AUDITOR'S REPORT

Zululand District Municipality

2024-25

Date: 30 November 2025

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

Report on the audit of the financial statements

Opinion

1. have audited the financial statements of the Zululand District Municipality set out on Appendix 9.1 Annual Financial Statements page 90, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the 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 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (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 Matters – consumer receivables from exchange transactions

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

Material Impairments – consumer receivables from exchange transactions

7. As disclosed in note 4 to the financial statements, the municipality increased the allowance for impairment on consumer receivables from exchange transactions to R259,56 million (2023-24: R227,35 million) as the recoverability of these amounts were doubtful.

Restatement of corresponding figures

8. As disclosed in note 58 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2025.

Other Matter

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

Unaudited disclosure notes 51 and 52

10. In terms of section 125(2) (e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. These disclosure requirements 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 for the financial statements

11. 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.

12. 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 statement

13. 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.

1 4. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page xx, forms part of my auditor's report.

Report on the audit of the annual performance report

15. 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.

1 6. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance area	Page numbers	Purpose
Basic service delivery	Appendix 9.4 Annual Performance Report page 107-110	Continuously managing all existing infrastructure capital assets to minimize total cost of ownership and operation and ensuring access to the municipal services that local communities are entitled to.

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

1 8. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives

- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any measures taken to improve performance.

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

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

Other Matter

21 . I draw attention to the matter below.

Achievement of planned targets

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

Report on compliance with legislation

23. 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.

24. 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.

25. 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.

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

Annual Financial Statements

27. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 1 22(1) of the MFMA. Material misstatements of non-current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

28. Reasonable steps were not taken to ensure that money owed by the municipality was always paid within 30 days as required by section 65(2) (e) of the MFMA.

29. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R243,30 million, as disclosed in note 53.1 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on operational costs and depreciation and amortisation.

30. Reasonable steps were not taken to prevent irregular expenditure amounting to RI 52,95 million as disclosed in note 53.2 to the annual financial statements, as required by section 62(1) (d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.

31 . Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R52,09 million, as disclosed in note 53.3 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by fines, penalties and settlements on litigations.

Governance and Oversight

32. The audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 1 4(4) (a) (iii) on Municipal Planning and Performance Management.

Procurement and contract management

33. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

34. The preference point system was not applied to some of the procurement of goods and services as required by section) (a) of the Preferential Procurement Policy Framework Act.

35. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 1 7 and 25(7A). This noncompliance was identified in the procurement processes for the management, operation and maintenance of water and wastewater treatment works and associated bulk infrastructure.

36. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 1 1 6(2) of the MFMA.

Other information in the Annual Report

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

38. My opinion on the financial statements, and my reports on the audit of the annual performance report and 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.

39. 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.

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

Internal control deficiencies

41. 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.

42. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

43. The accounting officer together with senior management did not implement adequate review controls of the annual financial statements, procurement processes and expenditure management to proactively identify and correct errors to prevent non-compliances with legislation and unauthorised, irregular and fruitless and wasteful expenditure.

Auditor General

Pietermaritzburg

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

The auditor-general's responsibility for the audit

The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected key performance areas and on the municipality's compliance with selected requirements in key legislation.

Financial statements

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

- identify and assess the risks of material misstatement of 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 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 the 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.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: l , I 13(2), 1 4(1), 1 5, 24(2) (c) (iv), 28(1), 290), 29(2) 32(2), 32(2) 32(2) (a) 32(2) (a) (ii), 32(2) 32(6) (ii), 530) (c) (ii), (c) (bb), 540) 63(2) 63(2) 64(2) 64(2) 64(2) 64(2) 64(2) 65(2) 65(2) (b), 65(2) (e), 720) (a) (ii), 1 1 (c) (ii), 1 1 7, 122(1), 1 22(2), 1260)) 1 27(2), 127(5) (a) 127 (5) (a) 1 29(1), 1 29 1330) 1330) (c) 1) (c) (ii), 1 65(1), 1 1 65 (2) (b) (ii), 1 65 (2) (b) (iv), 1 65(2) (b) 1 65(2) (b) (vii), 1 66(2) 1 66(2) (a) (iv), 1 66(5), 1 70, 1 71 (4) 1 71 (4) (b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71 (l) 71 71 (2) 71 (2) 71 (2) 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 30) 3(3), 6, 7, 1 2(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 201 4	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 201 7	Regulations: 5, 1 2(3),13(b), 13(c), 16(a), 170) 19(21 (b), 220) (b) 22(2), 27(2) 27(2) (e), 28(1)(a)(i), 9(5)(b)(i), 32, 290))(ii), 38(1)(e), 36(1), 380) (iii), 43, 44, 38(1)(g) (i), (ii), 46(2) 46(2) (f)
Construction Industry Development Board Act 38 of 2000	Section: 1 8(1)
Construction Industry Development Board Regulations, 2004	Regulations: 1 7, 25(7A)
Division of Revenue Act	Sections: I l (6) 1 2(5), 1 6(1); 1 6(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)

Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 260), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41 41 41 (l) (c) (ii), 42, 43(2), 45(a), 560) 57(2) 57(4B), 57(6) 57A, 66(1) 66(1) 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 201 1	Regulations: 5(2), 5(3), 5(6), 8(4)

9.3. 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 2025.

Yours faithfully

9.4. ANNUAL PERFORMANCE REPORT 2024/25

ANNUAL PERFORMANCE REPORT -TOP LAYER/ORGANISATIONAL FINANCIAL YEAR - 2024/2025

								2023/2024		2024/2025								
KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref No	STRATEGY	PROJECTS	LOCAL	INDICATOR	ANNUAL TARGET 01 JULY 2023- 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023- 30 JUNE 2024	ANNUAL TARGET 01 JULY 2024- 30 JUNE 2025	ANNUAL ACTUAL 01 JULY 2024- 30 JUNE 2025	ACCUMULATIVE /NON-ACCUMULATIVES	UNIT OF MEASURE	Q4 Actual	STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
B2B PILLAR 2: BASIC SERVICE DELIVERY																		
KPA 1: BASIC SERVICE DELIVERY= 10 indicators																		
1	HOD (PLANNING)	Access to the full package of municipal services offered to the community is efficient, affordable,economical, acceptable quality, sustainable and supports economic growth	SO 1.2.1	Establishing and maintaining partnerships	Water Infrastructures Supply	ALL	Number of households within ZDM to be provided with access to water within RDP standard per quarter	800 households within ZDM to be provided with access to water within RDP standard by 30 June 2024	1100 households within ZDM to be provided with access to water within RDP standard by 30 June 2024	800 households within ZDM to be provided with access to water within RDP standard by 30 June 2025	893 households within ZDM to be provided with access to water within RDP standard	Accumulative	Number		ACHIEVED			List of beneficiaries and GPS co-ordinates

2	HOD (PLANNING)				Water Infrastructures Supply	ALL	Number of ZDM water contracts completed annually	New KPI	New KPI	15 ZDM contracts completed by 30 June 2025	16 ZDM contracts completed	Non - Accumulative	Number		**ACHIEVED**			Certificate of completion
3	HOD (PLANNING)				Water Infrastructures Supply	ALL	Number of ZDM water contracts under construction annually	New KPI	New KPI	28 ZDM water contracts under construction by 30 June 2025	28 ZDM water contracts under construction	Non - Accumulative	Number		**ACHIEVED**			Contract lists and appointment letter of service providers
4	HOD (TECH)				Bulk Water	ALL	Percentage of kilolitres produced by ZDM water treatment plants per quarter	70% kilolitres produced by ZDM water treatment plants by 30 June 2024	78,6% kilolitres produced by ZDM water treatment plants by 30 June 2024	70% kilolitres produced by ZDM water treatment plants by 30 June 2025	82% kilolitres produced by ZDM water treatment plant	Accumulative	Percentage		**ACHIEVED**			Monthly production report
5	HOD (TECH)				Water Quality Sampling	ALL	Percentage of ZDM Water determinants that pass laboratory tests	85% ZDM Water determinants that pass laboratory tests by 30 June 2024	96% ZDM Water determinants that pass laboratory tests by 30 June 2024	85% ZDM Water determinants that pass laboratory tests by 30 June 2025	95% ZDM Water determinants that pass laboratory tests	Non - Accumulative	Percentage		**ACHIEVED**			Lab results

							per quarter										
6	HOD (TECH)	All categories of Municipal Infrastructure and resources are stable and maintained	SO 1.1. 1	Continuously managing all existing infrastructure capital assets to minimize the	Operations and Maintenance	ALL	The average time taken to fix spillages per quarter	48Hrs average time taken to fix spillages by 30 June 2024	45,75 Hrs average time taken to fix spillages by 30 June 2024	24Hrs average time taken to fix spillages by 30 June 2025	5,84hrs average time taken to fix spillages	Non - Accumulative	Hours		**ACHIEVED**			Job card summary report
7	HOD (TECH)					ALL	The average time taken to suck septic tanks within ZDM per quarter	New KPI	New KPI	24Hrs taken to suck septic tanks within ZDM by 30 June 2025	8,44 hrs taken to suck septic tanks within ZDM	Non - Accumulative	Hours		**ACHIEVED**			Job cards summary report
8	HOD (FINANCE)						Date verification on ZDM infrastructure assets performed	New KPI	New KPI	Verification on ZDM infrastructure assets performed by 30 June 2025	Verification on ZDM infrastructure assets performed by 14 May 2025	Non - Accumulative	Date		**ACHIEVED**			Engineers Certificate
9	HOD (PLANNING)	Access to the full package of municipal services offered to the community	SO 1.2. 1	Establishing and	Water Infrastructures Supply	ALL	Number of assessment report of ZDM water service provide	New KPI	New KPI	4assessment report of ZDM water service provider (contractors)	4 assessment report of ZDM water service provider	Non - Accumulative	Number		**ACHIEVED**			Assessment Report

KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref No	STRATEGY	PROJECTS	LOCAL	INDICATOR	ANNUAL TARGET 01 JULY 2023- 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023- 30 JUNE 2024	ANNUAL TARGET 01 JULY 2024- 30 JUNE 2025	ANNUAL ACTUAL 01 JULY 2024 - 30 JUNE 2025	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE		STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
		is efficient, affordable, economical, acceptable quality, sustainable and supports economic growth					r (contractors) performed per quarter			performed by 30 June 2025	(contractors) performed							
10	HOD (PLANNING)						Number of assessment report of ZDM water service provider (consultants) performed per quarter	New KPI	New KPI	4 assessment report of ZDM water service provider (consultants) performed by 30 June 2025	4 assessment report of ZDM water service provider (consultants) performed	Non - Accumulative	Number		ACHIEVED			Assessment Report
B2B PILLAR 5: BUILDING CAPABLE LOCAL GOVERNMENT INSTITUTIONS																		
KPA2: LOCAL ECONOMIC & SOCIAL DEVELOPMENT = 14 indicators																		
11	HOD (COMMUNITY)	The overall economic and social conditions of the district are conducive for the creation of employment	SO 2.1.1	Support SMMEs and	LED	ALL	Number of SMMEs / Co-operatives supported annually	10 SMMEs / Co-operatives supported by 30 June 2024	10 SMMEs / Co-operatives supported by 30 June 2024	10 SMMEs / Co-operatives supported by 30 June 2025	11 SMMEs / Co-operatives supported	Non - Accumulative	Number		ACHIEVED			List of supported SMMEs and signed distribution form

12	HOD (COMMUNITY)	Arts culture and heritage is preserved	SO 2.4.1	Promoting arts, culture and heritage	Tourism	ALL	Number of tourism awareness campaigns held per quarter	4 tourism awareness campaigns held by 30 June 2024	20 tourism awareness campaigns held by 30 June 2024	20 tourism awareness campaigns held by 30 June 2025	20 tourism awareness campaigns held	Accumulative	Number		**ACHIEVED**			OOP and Attendance Register
13	HOD (COMMUNITY)				Indonsa	ALL	Number of students trained in music within ZDM annually	New KPI	New KPI	30 Students trained in music within ZDM by 30 June 2025	30 Students trained in music within ZDM	Non - Accumulative	Number		**ACHIEVED**			Graduation ceremony list
14	HOD (COMMUNITY)				Indonsa	ALL	Number of students trained in drama within ZDM annually	New KPI	New KPI	35 Students trained in drama within ZDM by 30 June 2025	35 Students trained in drama within ZDM	Non - Accumulative	Number		**ACHIEVED**			Graduation ceremony list
15	HOD (COMMUNITY)				Indonsa	ALL	Number of students within ZDM trained in visual art annually	New KPI	New KPI	10 students within ZDM trained in visual art by 30 June 2025	11 students within ZDM trained in virtual art	Non - Accumulative	Number		**ACHIEVED**			Graduation ceremony list

16	HOD (COMMUNITY)	Effects of poverty is minimised	SO 2.2.1	Alleviate poverty and promote socio-economic development	Indonsa	ALL	Number of students within ZDM trained in fashion design annually	New KPI	New KPI	35 students within ZDM trained in fashion design by 30 June 2025	35 students within ZDM trained in fashion design	Non - Accumulative	Number		**ACHIEVED**			Graduation ceremony list
17	COO				Special Programmes	ALL	Number of Special Programmes implemented annually	2 Special Programmes implemented by 30 June 2024	2 Special Programmes implemented by 30 June 2024	2 Special Programmes implemented by 30 June 2025	2 special Programmes implemented	Non - Accumulative	Number		**ACHIEVED**			Programmes; Attendance registers and Pictures
18	HOD (FINANCE)				Reduction of poverty	ALL	Number of implementation reports on Indigent Policy submitted to EXCO per quarter	4 implementation reports on Indigent Policy submitted to EXCO by 30 June 2024	4 implementation reports on Indigent Policy submitted to EXCO by 30 June 2024	4 implementation reports on Indigent Policy submitted to EXCO by 30 June 2025	4 implementation reports on Indigent Policy submitted to EXCO	Accumulative	Number		**ACHIEVED**			Copy of Indigent Policy Implementation report and proof of submission
19	HOD (COMMUNITY)					ALL	Number of jobs created through the ZDM municipal EPWP initiativ	1370 jobs created through the ZDM municipal EPWP initiatives including	2724 jobs created through the ZDM municipal EPWP initiativ	1370 jobs created through the ZDM municipal EPWP initiatives including	2061 jobs created through the ZDM municipal EPWP initiativ	Non - Accumulative	Number		**ACHIEVED**			Report retrieved from the EPWP system

							es including capital projects	capital projects by 30 June 2024	es including capital projects by 30 June 2024	capital projects by 30 June 2025	es including capital projects							
20	HOD (COMMUNITY)	Promoting and maximising social and economic development	SO 2.3.1	Regulating, monitoring and evaluating compliance of service providers to municipal health	Health Awareness Campaigns	ALL	Number of funeral parlours inspected within ZDM per quarter	New KPI	New KPI	140 funeral parlours inspected within ZDM by 30 June 2025	144 funeral parlours inspected within ZDM	Accumulative	Number		**ACHIEVED**			Summary of Inspection Register
21	HOD (COMMUNITY)					ALL	Number of food premises inspected within ZDM per quarter	New KPI	New KPI	192 food premises inspected within ZDM by 30 June 2025	299 food premises inspected within ZDM	Accumulative	Number		**ACHIEVED**			Summary of Inspection Register
22	HOD (COMMUNITY)					ALL	Number of water samples within ZDM collected for independent laboratory testing per quarter	New KPI	New KPI	96 water samples within ZDM collected for independent laboratory testing by 30 June 2025	77 water samples within ZDM collected for independent laboratory testing	Accumulative	Number		**Not Achieved**	In the Fourth Quarter of the 2024/2025 Financial Year, though, we could not achieve the KPI based on the fact that the NHLS would not take samples as there was an outstanding payment from previous	The Municipality will be able to address the issue for the upcoming Quarter by selecti	Summary of Inspection Register

																samples. Several attempts were made by the Department to remedy the situation (proof of requests/correspondence/emails is available) but no payment was made. This then put us in a situation whereby by the end of the quarter, we could not achieve the Indicator.	ng the new service provider because of the urgency of the problem, which has been discussed with the CFO.	
23	HOD (COMMUNITY)					ALL	Number of food samples within ZDM collected for independent laboratory testing per quarter	New KPI	New KPI	96 food samples within ZDM collected for independent laboratory testing by 30 June 2025	75 food samples within ZDM collected for independent laboratory testing	Accumulative	Number		**Not Achieved**	In the Fourth Quarter of the 2024/2025 Financial Year, though, we could not achieve the KPI based on the fact that the NHLS would not take samples as there was an outstanding payment from previous samples. Several attempts were made by the Department to remedy the situation (proof of	The Municipality will be able to address the issue for the upcoming Quarter by selecting the new service provider because of	Summary of Inspection Register

KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref No	STRATEGY	PROJECTS	LOCAL	INDICATOR	ANNUAL TARGET 01 JULY 2023- 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023- 30 JUNE 2024	ANNUAL TARGET 01 JULY 2024- 30 JUNE 2025	ANNUAL ACTUAL 01 JULY 2024 - 30 JUNE 2025	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE		STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
																requests/correspondence/emails is available) but no payment was made. This then put us in a situation whereby by the end of the quarter, we could not achieve the Indicator.	the urgency of the problem, which has been discussed with the CFO.	
24	HOD (COMMUNITY)	The health of Zululand communities and citizens is improved				ALL	Number of ZDM Municipal Health awareness campaigns held per quarter	20 ZDM Municipal Health awareness campaigns held by 30 June 2024	25 ZDM Municipal Health awareness campaigns held by 30 June 2024	20 ZDM Municipal Health awareness campaigns held by 30 June 2025	20 ZDM Municipal Health awareness campaigns held	Accumulative	Number		ACHIEVED			OOP and Attendance Register

B2B PILLAR 4: SOUND FINANCIAL MANAGEMENT

KPA 3: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT = 09 indicators

25	HOD (FINANCE)	The Municipality is financially viable with sound financial management	SO 3.1.1	Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the	Debt Collection	ALL	Percentage of Collection Rate achieved per quarter	60% Collection Rate achieved by 30 June 2024	49,7% Collection Rate achieved by 30 June 2024	60% Collection Rate achieved by 30 June 2025	57% Collection Rate achieved	Non - Accumulative	Percentage		**NOT ACHIEVED**	long-outstanding accounts where agreed, payment arrangements were not honoured Reduced inflow during the winter months resulted to water consumption decreases.	Implemented focused campaigns for account holders, including SMS payment reminders, formal demand notices, and on-site visits to high-value defaulters Launched and promoted settlement discount offers to encourage	Copy of Collection Report

																the settlement of long-term arrears.	
26	HOD(CORP)				Training & Development	ALL	Percentage of budget spent on implementing WSP	100% of budget spent on implementing WSP by 30 June 2024	110% of budget spent on implementing WSP by 30 June 2024	100% of budget spent on implementing WSP by 30 June 2025	96,83 of budget spent on implementing WSP	Non - Accumulative	Percentage		**NOT ACHIEVED**	The Advert was issued for the employees to apply for the busaries, unfortunately we have received few number of the application compare to the budget that has been allocated	Training will conduct more wellness to outline the importance of studying in this Financial Year 2025/2026	Expenditure report
27	HOD (FINANCE)		SO 3.1.2	Apply sound financial	Financial; Administration	ALL	Date Report on Sec 13 of the MFMA submitted to AG	Report on Sec 13 of the MFMA submitted to AG by 31 July 2023	Report on Sec 13 of the MFMA submitted to AG by 31 July 2023	Report on Sec 13 of the MFMA submitted to AG by 31 July 2024	Report on Sec 13 of the MFMA submitted to AG by 29 July 2024	Non - Accumulative	Date		**ACHIEVED**			Proof of submission and copy of Sec 13 report

28	HOD (FINANCE)		SO 3.1.3	Manage, monitor and review existing financial systems to support accurate and credible reporting, budget	On going process	ALL	Number of Sec 52 reports submitted to Council and Provincial Treasury per quarter	4 Sec 52 reports submitted to Council and Provincial Treasury by 30 June 2024	4 Sec 52 reports submitted to Council and Provincial Treasury by 30 June 2024	4 Sec 52 reports submitted to Council and Provincial Treasury by 30 June 2025	4 Sec 52 reports submitted to Council and Provincial Treasury	Accumulative	Number		**ACHIEVED**			Council Resolution and copy of Sec 52 report
29	HOD (PLANNING)				On going process	ALL	Date 2024/2025 IDP process plan including Budget timetable submitted to Council	New KPI	New KPI	2024/2025 IDP Process Plan including Budget time table submitted Council by 31 August 2024	2024/2025 IDP Process Plan including Budget time table submitted Council by 29 August 2024	Non - Accumulative	Date		**ACHIEVED**	POE Attached to USB		Council resolution and copy of IDP process plan including budget timetable
30	HOD (FINANCE)				On going process	ALL	Date of Submission of Sec 72 Mid - Year Budget & Performance Assessment to the Mayor & Provincial	New KPI	New KPI	Submission of Sec 72 Mid Year Budget & Performance Assessment to the Mayor & Provincial Treasury by 25	Submission of Sec 72 Mid Year Budget & Performance Assessment to the Mayor by 23 Jan 2025 & Provinci	Non - Accumulative	Date		**ACHIEVED**			Proof of submission and copy of Sec72 Mid - Year Budget & Performance Assessment

KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref No	STRATEGY	PROJECTS	LOCAL	INDICATOR	ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023- 30 JUNE 2024	ANNUAL TARGET 01 JULY 2024- 30 JUNE 2025	ANNUAL ACTUAL 01 JULY 2024 - 30 JUNE 2025	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE		STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
							Treasury			January 2025	al Treasury by 24 January 2025							
31	HOD (FINANCE)				On going process	ALL	Date adjustment Budget submitted to council	New KPI	New KPI	Adjustment Budget submitted to council by 28 Feb 2025	Adjustment Budget submitted to council by 25 Feb 2025	Non - Accumulative	Date		ACHIEVED			Council Resolution and copy of adjustment Budget
32	HOD (FINANCE)				On going process	ALL	Date Final Budget approved by Council	New KPI	New KPI	Final Budget approved by Council by 31 May 2025	Final Budget approved by Council by 22 May 2025	Non - Accumulative	Date		ACHIEVED			Council Resolution and copy of the final budget
33	HOD (FINANCE)		SO 3.1.4	Refine procurement	Revision of the SCM policy	ALL	Number of SCM quarterly reports submitted to EXCO per quarter	4 SCM quarterly reports submitted to EXCO by 30 June 2024	4 SCM quarterly reports submitted to EXCO by 30 June 2024	4 SCM quarterly reports submitted to EXCO by 30 June 2025	4 SCM quarterly reports submitted to EXCO	Accumulative	Number		ACHIEVED			Proof of submission and Copy of SCM Quarterly reports

KPA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION = 06 indicators

34	COO		SO 4.1.2	Promoting transparent and accountable governance through regular	LEGAL	ALL	Number of reports on legal functions submitted to MM per quarter	4 report on legal functions submitted to MM by 30 June 2024	4 report on legal functions submitted to MM by 30 June 2024	4report on legal functions submitted to MM by 30 June 2025	4 report on legal functions submitted to MM	Accumulative	Number		ACHIEVED			Proof of submission and report
35	COO				Communications	ALL	Number of ZDM newsletter published per quarter	New KPI	New KPI	4 ZDM newsletter published by 30 June 2025	4 ZDM newsletter published	Accumulative	Number		ACHIEVED	Attached to USB		Newsletters
36	COO				Budget and IDP Roadshow	ALL	Number of Community engagements held Bia annual	8 Community engagements held Bia annual	8 Community engagements held Bia annual	8 Community engagements held Bia annual	10 Community engagements held	Accumulative	Number		ACHIEVED	Attached to USB		Notice, OOP, And copy of report
37	HOD (COMMUNITY)		4.1.3	Systematic development and or	LED	ALL	Number of implementation reports on the ZDM LED strategy submitted to Comm	New KPI	New KPI	4 implementation reports on the ZDM LED strategy submitted to Community Serives Portfolio Committ	4 implementation reports on the ZDM LED strategy submitted to Community	Accumulative	Number		ACHIEVED	Q4 Report is Attached to USB		Copy of report and proof of submission

KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref No	STRATEGY	PROJECTS	LOCAL	INDICATOR	ANNUAL TARGET 01 JULY 2023 - 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023- 30 JUNE 2024	ANNUAL TARGET 01 JULY 2024- 30 JUNE 2025	ANNUAL ACTUAL 01 JULY 2024 - 30 JUNE 2025	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE		STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
							unity Services Portfolio Committee per quarter			ee by 30 June 2025	Serives Portfolio Committee							
38	COO		SO 4.1.4	Monitoring, review and progressively improve service	Auditing	ALL	Number of reports tabled by the Audit Comm Chairperson to Council	2 reports tabled by the Audit Comm Chairperson to Council by 30 June 2024	1 reports tabled by the Audit Comm Chairperson to Council by 30 June 2024	2 reports tabled by the Audit Comm Chairperson to Council by 30 June 2025	2 reports tabled by the Audit Comm Chairperson to Council	Accumulative	Number		ACHIEVED			Council agenda and copy of report
39	HOD (CORP)				Council Support	ALL	Number of MPAC meetings coordinated per quarter	New KPI	New KPI	4 MPAC meetings coordinated by 30 June 2025	5 MPAC meetings coordinated	Accumulative	Number		ACHIEVED			Notice, Agenda and attendance register

KPA 5: MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT = 06 indicators

40	HOD (CORP)	The municipality is adequately resourced with a skilled workforce capable of carrying out its developmental mandate. Strong career pathing is achieved	SO 5.1.1	Investing in a workforce to meet service delivery	Employee Assistance Programme	ALL	Number of EAP health awareness campaign conducted per quarter	4 EAP health awareness campaign conducted by 30 June 2024	4 EAP health awareness campaign conducted by 30 June 2024	4 EAP health awareness campaign conducted by 30 June 2025	4 EAP health awareness campaign conducted	Accumulative	Number		**ACHIEVED**			Notice, OOP, Attendance register and Copy of Presentation
41	HOD (CORP)				Training & Development	ALL	Date WSP report submitted to LGSETA	WSP report submitted to LGSETA by 30 June 2024	WSP report submitted to LGSETA by 24 April 2024	WSP report submitted to LGSETA by 30 June 2025	WSP report submitted to LGSETA by 17 April 2025	Non-Accumulative	Date		**ACHIEVED**			Copy of WSP Report and Proof of submission
42	HOD (CORP)		SO 5.1.2	Promoting sound labour relations	Training & Development	ALL	Date employment equity reports submitted to Department of Labour	New KPI	New KPI	Employment equity reports submitted to Department of Labour by 15 Jan 2025	Employment equity reports submitted to Department of Labour by 09 January 2025	Non-Accumulative	Date		**ACHIEVED**			Proof of submission and copy of employment equity plan report
43	COO		SO 5.1.5	Establishing consistency and	DDM	ALL	Number of Municipal Manager Technical IGR/DDM meetings coordin	4 Municipal Manager Technical IGR/DDM meetings coordinated by	5 Municipal Manager Technical IGR/DDM meetings coordinated	4 Municipal Manager Technical IGR/DDM meetings coordinated by	4 Municipal Manager Technical IGR/DDM meetings coordinated	Accumulative	Number		**ACHIEVED**			Notice, Agenda and Attendance Register

							ated per quarter	30 June 2024	by 30 June 2024	30 June 2025								
44	HOD (FINANCE)		SO 5.1.3	Optimize workforce productivity enforcing a sound organizational culture	Auditing	ALL	Date 2023/2024 AFS submitted to AG	New KPI	New KPI	2023/2024 AFS submitted to AG by 31 Aug 2024	2023/2024 AFS submitted to AG 29 Aug 2024	Non-Accumulative	Date		**ACHIEVED**	ATTACHED TO USB		Proof of submission and copy of AFS
45	HOD (COM)				EPWP	ALL	Date of submission of narrative 2023/2024 Annual Report on EPWP to Department of Public Works	New KPI	New KPI	Submission on narrative 2023/2024 Annual Report on EPWP to Department of Public Works by 15 July 2024	Submission on narrative 2023/2024 Annual Report on EPWP to Department of Public Works by 18 July 2024	Non-Accumulative	Date		**NOT ACHIEVED**	Department of Public works reviewed and ammended the submission date of the Annual report to 31 August due to that the municipalities were unable to meet the previous stipulated date of 15 July. The dates were changed after the adjustment has occurred, due to that the reporting target was not changed which resulted to a non-achieved of the target.	The reporting target date will be ammended in 3rd Quarter on adjustment budget in new financial year 2025/2026.	Proof of submission and copy of report

KPI NO.	PROGRAM DRIVER	OUTCOME	IDP Strategic Objective Ref No	STRATEGY	PROJECTS	LOCAL	INDICATOR	ANNUAL TARGET 01 JULY 2023- 30 JUNE 2024	ANNUAL ACTUAL 01 JULY 2023 - 30 JUNE 2024	ANNUAL TARGET 01 JULY 2024 - 30 JUNE 2025	ANNUAL ACTUAL 01 JULY 2024 - 30 JUNE 2025	ACCUMULATIVE /NON-ACCUMULATIVE	UNIT OF MEASURE		STATUS	REASON FOR VARIANCE	MEASURE OF IMPROVEMENT	PORTFOLIO OF EVIDENCE
Spatial Planning & Environmental Management																		
KPA 6: CROSS CUTTING INTERVENTIONS = 01 indicators																		
46	HOD (COM)	Disasters are prevented and dealt with effectively where they occur	SO 6.1.2	Promoting and conserving the natural	Disaster Management	ALL	Number of lightning conductors installed in identified rural households within ZDM per quarter	100 of lightning conductors installed in identified rural households within ZDM by 30 June 2024	83 of lightning conductors installed in identified rural households within ZDM by 30 June 2024	60 of lightning conductors installed in identified rural households within ZDM by 30 June 2025	100 of lightning conductors installed in identified rural households within ZDM	Accumulative	Number		ACHIEVED			certificate of compliance and Beneficiary list with GPS coordinates

9.5. PERFORMANCE OF SERVICE PROVIDERS

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

Bid Number	***Name of external Service Provider***	***Date Contract Awarded***	***Service provided in terms of the SLA***	***Value of project***	***Assessment of Service Providers Performance***		
					G	***S***	***P***
ZDM029/2022	Fleet horizon solution (pty)ltd	09/06/2022	Procurement of fleet on full maintanance and lease and related services for a three yerar period	R102 069 810,97	*G*		
ZDM021/2022	Bonakude Consulting (PTY)LTD	04/03/2022	Provision of internal audit services for a period of three years	Tendered rate	*G*		
ZDM045/2023	Khetha Cleaning services	19/07/2023	Provision of landscaping maintanance services, pest control and general support	R5 581 185,22	*G*		

ZDM002/2022	LUMD INVESTMENTS (PTY)LTD	21/10/2021	HIRE OF OFFICE ACCOMMODATION IN ABAQULUSI (VRYHEID)	R12 715 997,71	*G*	
ZDM022/2022	TRAVEL WITH FLAIR (PTY)LTD	25/05/2022	SERVICE PROVIDER FOR TRAVEL MANAGEMENT	Tender rate	*G*	
ZDM027/2022	RECOVERIES AMANQUHE	25/05/2022	SERVICE PROVIDER FOR DEBT COLLECTION	R3 290 632,68	*G*	
ZDM028/2022	EKENE ENVESTMENTS CC	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 08WATER TANKES AT NONGOMA AND PONGOLA AREA	Tender rate	*G*	
ZDM028/2022	UHAQANE MI CONTRACTORS	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 03 WATER TANKES EDUMBE AREA	Tender rate	*G*	
ZDM028/2022	KHABENI PROJECT AND ENTERPRISE	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 07WATER TANKES AT ULUNDI AND NONGOMA	Tender rate	*G*	
ZDM028/2022	SIDWABA TRADING CC	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 03 WATER TANKES AT PONGOLA AREA	Tender rate	*G*	
ZDM028/2022	LITHAKAZI INVESTMENT (PTY)LTD	14/07/2022	APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 03 WATER TANKES AT NONGOMA	Tender rate	*G*	
ZDM028/2022	MAKHONGOLO CIVILS AND SERVICES	14/07/2022	ALLOCATION APPOINTMENT OF SERVICES PROVIDER TO SUPPLY OF PORTABLE WATER USING 04 WATER TANKES AT ABAQULUSI AREA	Tender rate	*G*	
ZDM034/2021	EDU AFRICA CC	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	*G*	
ZDM034/2021	MAKHONGOLO CIVILS AND SERVICES	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	*G*	
ZDM034/2021	KHABENI PROJECT AND ENTERPRISE	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	*G*	
ZDM034/2021	SOMKHANDA PLANT HIRE CC	03/09/2021	PROVISION OF YELLOW PLANT	Tender rate	*G*	

ZDM025/2022	DR TD KHOZA	10/10/2021	SERVICE PROVIDER FOR OCCUPATIONAL MEDICAL PRACTTITIONER FOR RENDERING MEDICAL RELATED SERVICES	Tender rate	G		
ZDM013/2020	MSENGE PROTECTION (PTY)LTD	2020/03/25	PROVISION OF GURDING SECURITY SERVICES TO THE ZULULAND DISTRICT MUNICIPALITY PROPERTIES AND INFRASTRUCTURE LOCATED IN ABAQULUSI AND EDUMBE FOR A PERIOD OF 3 YEARS	Tendered rate	G		
ZDM014/2020	Aros Protection service	2020/03/25	PROVISION OF GURDING SECURITY SERVICES TO THE ZULULAND DISTRICT MUNICIPALITY PROPERTIES AND INFRASTRUCTURE LOCATED IN ULUNDI FOR A PERIOD OF 3 YEARS	Tendered rate	G		
ZDM051/2023	AC INDUSTRIAL SALES & SERVICES (PTY)LTD	2023/09/04	COMPLETION OF MGAMUNDE DOMESTIC RETICULATION NERTWORK ZONE B&B1	R23 766 730,68			P
ZDM033/2023	AFROSTRUCTURES(PTY)LTD	2023/02/28	MANDLAKAZI UPSTREAM BULK SECTION 1B	R240 016 500	G		
ZDM052/2023	AFROSTRUCTURES(PTY)LTD	2023/08/29	CONSTRUCTION OF MANDLAKAZI UPSTREAM BULK SECTION 1C	R420 581 000	G		
ZDM016/2022	AKWANDE CIVILS CC	2023/03/27	CONSTRUCTION OF MANDLAKAZI PHASE 5.3 BULK WATER SUPPLY:13.3 KM OF BULK GRAVITY MAIN AND ASSOCIATED RESEIVORS	R33 253 231,82	G		
ZDM028/2023	GREAT EFFORTS CONTRACTORS (PTY) Ltd	2023/09/22	COSTRUCTION OF GOLELA WATER SUPPLY SCHEME.	R13 054 875,60	G		
ZDM012/2022	BAVULELE ENGINEERING (PTY)LTD	2021/11/10	PROVISION OF PROFESSIONAL SUPPORT FOR THE PROJECT MANAGEMENT UNIT (PMU)	R55 344 480	G		
ZDM036/2022	Fakalintuli Construction	2022/07/14	SUPPLY AND DELIVERY OF FUEL AND RELATED SERVICES TO ZULULAND DISTRICT MUNICIPALITY FOR A PERIOD OF 36 MONTH AS AND WHEN REQUIRED	Tendered rate	G		
ZDM036/2023-2024	Fakalintuli Construction	2024/06/11	SUPPLY AND DELIVERY OF FUEL AND RELATED SERVICES TO ZULULAND DISTRICT MUNICIPALITY FOR A PERIOD OF 36 MONTH AS AND WHEN REQUIRED	R50 696 840	G		
ZDM013/2023-2024	FAKUDE BUILDING CONTRACTORS	2024/02/07	NZOLOLO WATER SUPPLY CONSTRUCTION	R13 734 773,98	G		
ZDM027/2023-2024	FAKUDE BUILDING CONTRACTORS	2024/04/30	HLAHLINDLELA REGIONAL SCHEME RETICULATION	R15 784 688,98	G		
ZDM055/2023	ABSA BANK LIMITED	2023/08/15	CALL FOR PROPOSAL FROM FINANCIAL INSTITUTIONS REGISTERED INTERMS OF BANK ACT	R100 000 000	G		

ZDM029/2022	FLEET HORIZON	2022/05/25	PROCUREMENT OF FLEET ON FULL MAINTENANCE	R102 069 810,93	G		
ZDM048/2021	GREENRO SOLUTIONS	2023/02/01	Upgrading of existing WTW Power Supply to 22 KVA	R17 242 572,26			P
ZDM046/2023	ICON CONSTRUCTION	2024/08/01	MANDLAKAZI PHASE 5,6	R185 482 653,12	G		
ZDM062/2021	JAMJO CIVILS (PTY)LTD	2021/10/21	CONSTRUCTION OF MANDLAKAZI PHASE 5.2 BULK WATER SUPPLY	R65 450 000		S	
ZDM048/2023	JAMJO CIVILS (PTY)LTD	2024/02/02	ESIPHAMBANWENI DOMESTIC RETICULATION ZONE L1A	R34 305 454,55		S	
ZDM045/2023	KHETHA CLEANING SERVICES	2023/07/19	PROVISION OF LANDSCAPING MAINTANANCE SERVICES PEST CONTROL	R5 581 185,22	G		
ZDM-RT3-2022	KONICA MINOLTA	2023/02/10	SUPPLY AND DELIVERY INSTALLATION COMMISSIONING AND MAINTENANCE OF OFFICE AUTOMATION SOLUTIONS	R1 834 316,28	G		
ZDM040/2022	Lateral Unison insurance broker	2022/07/14	RENDERING OF SHORT-TERM INSURANCE AND ADVISORY SERVICES OF MUNICIPAL ASSETS FOR A PERIOD OF 36 MONTHS.	R2 339 718	G		
ZDM006/2023/2024	MBOVA CONSTRUCTION	2024/02/13	CONSTRUCTION OF MANDLAKAZI PHASE 5,4 MGXANYINE ZONE D3 DOMESTIC RETICULATION NERTWORK	R19 630 478,74		S	
ZDM020/2021	MELA OKUHLE TRADING ENTERPRISE	2022/05/14	EMHLANGENI STAND-ALONE WATER SUPPLY SCHEME	R42 623 371,80		S	
ZDM032/2023	MELA OKUHLE TRADING ENTERPRISE	2023/03/02	SIDUMO WATER SUPPLY	R31 312 563,52	G		
ZDM059/2023	MELA OKUHLE TRADING ENTERPRISE	2023/10/19	SIMDLANGETSHA WEST RWSS	R184 072 754,05		S	
ZDM020/2023-2024	MHLONIPHENI GENERAL TRADING	2024/05/06	MANDLAKAZI PHASE 5.5 UMSEBE RETICULATION NETWORK FOR ZONE 11 &12	R72 101 831,83		S	
ZDM017/2023	MIYELANI TRADING AND PROJECT	2023/01/23	NZOLOLO WATER SUPPLY	R11 816 431,50	G		

ZDM030/2023	MQHELE TRADING AND PROJECTS	2023/02/28	PHETHU WATER SUPPLY	R32 500 857,94	G	
ZDM008/2023-2024	MQHELEWETHU TRADING AND PROJECT	2024/02/06	SIMDLANGETSHA WEST CONSTRUCTION BULK GRAVITY MAIN TO THOLAKELE AND MPENDU	R44 056 877,42		S
ZDM019/2023-2024	NAP HOLDINGS	2024/04/16	CONSTRUCTION OF MANDLAKAZI PHASE 5.5 ISIBONELO ZONE J1, J2 & J3	R50 242 722,99		S
ZDM002/2023	NOVUBU CONSTRUCTION CC	2023/01/27	NJOMELWANE WATER SUPPLY	R28 981 916,48	G	
ZDM035/2023	NRB PIPING SYSTEMS (PTY)LTD	2023/03/27	CONSTRUCTION OF MANDLAKAZI PHASE 5.6A PIPE SUPPLY CONTRACT	R21 779 297,78	G	
ZDM043/2022	ORABILE JN TRADING AND PROJECT	2022/12/05	SUPPLY AND DELIVERY OF PROTECTIVE CLOTHING OF ZDM FOR THE PERIOD OF 3 YEARS	R1 866 178,46	G	
ZDM013/2022	PARADOX YOUNG AND ASSOCIATES (PTY)LTD	2021/12/02	PROVISION OF PROFESSIONAL CIVIL ENGINEERING SERVICES AND INTERRELATED SERVICES FOR RUDIMENTARY NORTH	R14 370 790,38	G	
ZDM073/2021	PHINDILE CIVILS AND BUILDING PROJECTS CC	2022/05/12	SITING DRILLING TESTING AND EQUIPPING OF BOREHOLES -SOUTH	R21 287 430,12	G	
ZDM034/2023-2024	PHINDILE CIVILS AND BUILDING PROJECTS CC	2024/08/01	SITTING ,DRILLING ,EQUIPING AND TESTING OF BOREHOLE NORTH	R34 430 447,29		S
ZDM001/2020	QUARTEX TECHNOLOGIES	2020/01/01	SPECIALIST SOFTWARE AND DATA MANAGEMENT SUPPORT	Tendered rate	G	
ZDM005/2023-2024	R AND D CONTRACTORS	2024/01/24	CONSTRUCTION OF MANDLAKAZI PHASE 5,2 MAHLOMANE ZONE E1 & E2 RETICULATION NERTWORK	R27 342 647,48		S
ZDM012/2023-2024	RURAL PUMPS CC	2024/02/06	SIMDLANGETSHA WEST RWSS CONSTRUCTION OF MPUNZANE 5ML RESEVOIRS, RISING MAIN GRAVITY TO OPHIZANE AND PADDAFONTEIN	R145 703 284,99		S
ZDM024/2023	RURAL PUMPS CC	2023/01/23	BHOKWENI WATER SUPPLY	R12 897 086,12	G	
ZDM031/2023	RURAL PUMPS CC	2023/03/16	BRUSH WATER SUPPLY	R31 192 250,86	G	

ZDM019/2023	SIZABONKE CIVILS /PILCON PROJECTS	2023/01/26	EXTENTION TO ULUNDI WATER	R105 584 271,65	G		
ZDM030/2022	SMEC SOUTH AFRICA (PTY)LTD	2022/02/01	RURAL ROADS ASSEST MANAGEMENT	R17 242 572	G		
ZDM034/2023	SOUNDRITE CONSTRUCTION	2023/04/25	CONSTRUCTION OF MANDLAKAZI PHASE 5.3 BULK WATER SUPPLY:23 KM OF BULK GRAVITY MAIN AND ASSOCIATED RESEIVORS	R79 025 497,01			P
ZDM025/2023	IKHUBA HOLDINGS	2023/08/17	CONSTRUCTION OF NKONJENI WCD PHASE THREE	R18 157 462,10		S	
ZDM057/2023	IKHUBA HOLDINGS	2023/11/19	SIMDLANGETSHA WEST WCDM PHASE	R14 473 752,78		S	
ZDM053/2023	Kusasa Commodities 330 (Pty) Ltd	2023/09/19	CONSTRUCTION OD SIMDLANGETSA	R9 370 803,75	G		
ZDM043/2023	AC INDUSTRIAL SALES & SERVICES (PTY)LTD	2023/08/24	SITTING,DRILLING,TESTING AND EQUIPING OF BOREHOLE AND RETICULATION KHAMBI RWSS WATER SUPPLY	R18 328 504,86	G		
ZDM050/2023	ZAMISANANI	2024/02/14	MANQASHI DOMESTIC	R34 552 362,81		S	
ZDM049/2023	ZAMISANANI	2024/02/02	ODUSHWINI DOMESTIC	R41 331 997,18		S	
ZDM015/2021	ZANA MANZI SERVICES (PTY)LTD	2021/10/21	MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AI\D WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE FOR (THREE) YEAR PERTOD	R261 047 102,89	G		
ZDM061/2023	ZANA MANZI SERVICES (PTY)LTD/ WATER SOLUTION JV	2023/11/14	BACKUP POWER SUPPLY AT CRITICAL WATER PUMP STATION WITHIN ZDM	R63 104 361,82	G		
ZDM 030/2023-2024	AFROSTRUCTURES(PTY)LTD	2025/01/27	MANDLAKAZI PHASE 5 :UPSTREAM BULKS-POST TENSIONED PIPE BRIDGE (MKUZE PIPE BRIDGE)	R134 715 607,57	G		

ZDM032/2023-2024	ZIBONEPHI PROJECT AND BUSINESS ENTERPRISE	2024/06/11	RENOVATING AND REFURBISMENT OF AIRPORT	R2 128 640,80	G		
ZDM 031/2023-2024	ICON CONSTRUCTION	2025/01/27	MANDLAKAZI UPSTREAM BULK SECTION 1B	R573 727 409,34		S	
ZDM015/2024-2025	QUARTEX TECHNOLOGIES	2024/11/18	SPECIALIST SOFTWARE AND DATA MANAGEMENT SUPPORT	R4 402 890	G		
ZDM001/2024-2025	ZANA MANZI SERVICES (PTY)LTD	2024/11/19	MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AI\D WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE FOR 3(THREE) YEAR PERTOD	R357 001 358,60	G		
ZDM017/2024-2025	SMEC SOUTH AFRICA (PTY)LTD	2025/02/14	ZULULAND DISTRICT MUNICIPALITY ROADS ASSET MANAGEMENT FOR 36 MONTHS	R5 728 828,27	G		
ZDM016/2024-2025	ISIBUKO DEVELOPMENT PLANNERS	2025/03/07	ZULULAND DISTRICT MUNICIPALITY INTERGRATED DEVELOPMENT PLANNING & GENERAL SUPPORT	R1 341 973,67	G		
ZDM036/2024-2025	NOVUBU CONSTRUCTION CC	2025/06/05	MIG OPERATION & MAINTENANCE REFURBISHMENT AND BULK INFRASTRUCTURE: SOUTHERN REGION	R12 595 668,25	G		
ZDM035/2024-2025	NOVUBU CONSTRUCTION CC	2025/06/05	MIG OPERATION & MAINTENANCE REFURBISHMENT AND BULK INFRASTRUCTURE: SOUTHERN REGION	R15 277 088,75	G		
ZDM055/2024-2025	ISLULU TRADINH	2025/05/27	DISASTER INTERVENTION FOR WATER WASTEWATER INFRASTRUCTURE CAUSED BY FLOODS -NORTHERN REGION	R6 193 202,53	G		
ZDM056/2024-2025	GESS TRADING	2025/05/27	DISASTER INTERVENTION FOR WATER WASTEWATER INFRASTRUCTURE CAUSED BY FLOODS -NORTHERN REGION	R3 133 750,00	G		
ZDM062/2022	SOMABHIZINISI AND ASSOCIATE (PTY)LTD	2023/07/28	PANEL OF SERVICE PROVIDERS FOR ZULULAND DISTRICT MUNICIPALITY PLANNING,COORDINATION AND EVENTS	Tendered rate	G		
ZDM062/2022	DGM Functions and Events services cc	2023/07/28	PANEL OF SERVICE PROVIDERS FOR ZULULAND DISTRICT MUNICIPALITY PLANNING,COORDINATION AND EVENTS	Tendered rate	G		

ZDM030/2022	SBONUKUSA TRADING (PTY)LTD	2023/07/28	Panel of constractors for Emergency water repairs and maintenance:Sourth for ZDM	Tendered rate	G	
ZDM062/2022	AARU CONSTRUCTION AND PROJECT (PTY) LTD	2023/07/28	PANEL OF SERVICE PROVIDERS FOR ZULULAND DISTRICT MUNICIPALITY PLANNING,COORDINATION AND EVENTS	Tendered rate	G	
ZDM029/2022	AB PROJECTS (PTY) LTD	2023/07/28	Panel of constractors for Emergency water repairs and maintenance:Sourth for ZDM	Tendered rate	G	
ZDM040/2023	AC INDUSTRIAL SALES AND SERVICES	2023/10/01	Consultants Roster	Tendered rate	G	
ZDM040/2023	DLV ENGINEERING AND PROJECT MANAGERS	2023/10/01	Consultants Roster	Tendered rate	G	
ZDM025/2022	DR TD KHOZA PRACTICE INCORPORATED	2022/05/09	Panel of service providers for occupational medical practitioner for rendering medical for 36 months	Tendered rate	G	
ZDM034/2021	EDU AFRICA CC	2021/09/03	Plant and Equipment hiring	Tendered rate	G	
ZDM062/2022	EKHETHELO LODGE	2023/07/28	PANEL OF SERVICE PROVIDERS FOR ZULULAND DISTRICT MUNICIPALITY PLANNING,COORDINATION AND EVENTS	Tendered rate	G	
ZDMQ0001/07/2024-2025	Mawanda Cleaning & Trading (Pty) Ltd	23/07/2024	Request for acquisition of grocer stock: Still water	R 4 000,00	G	
ZDMQ0003/07/2024-2025	NMA 993 (Pty) Ltd	06/08/2024	Request for acquisition of grocer stock:	R 5 005,00	G	
ZDMQ0002/07/2024-2025	Ayanda Mbanga Communications (pty) Ltd	15/08/2024	Advertising service for specialist software and data management support in the newspaper.	R 8 798,33	G	
ZDMQ0004/08/2024-2025	Brand Partners (Pty) Ltd	05/09/2024	Purchase of Municipal branding	R 48 544,88	G	

ZDMQ0005/08/2024 -2025	Tshokodo Construction and Catering	15/08/2024	Request for acquisition of metro files	R 662,17	23	G	
ZDMQ0006/08/2024 -2025	Vexoscore (Pty) Ltd	15/08/2024	Maintenance and service of fire engine	R 941,88	138	G	
ZDMQ0007/08/2024 -2025	Mpunga Electronics	02/10/2024	Zululand District Municipality Mayor's garage repairs.	R 000,00	165	G	
ZDMQ0008/08/2024 -2025	Cybertech solutions	09/10/2024	Supply and delivery of leadership photos	R 600,00	27	G	
ZDMQ0009/08/2024 -2025	Mzuuzu Projects (Pty) Ltd	05/09/2024	Supply and delivery of electrical material	R 530,00	14	G	
ZDMQ0010/09/2024 -2025	Dlukulasamakhosi Trading	01/10/2024	Supply and Delivery of Gifts Items	R 750,00	35	G	
ZDMQ0021/10/2024 -2025	Khwela Print and Sign	28/11/2024	Supply and delivery of Stationery (Calendars, Diaries, Folders and Notepads for the year 2025	R 457,18	145	G	
ZDMQ0024/11/2024 -2025	MG Investment	20/11/2024	Supply and Delivery of Portable Coolerbox	R 700,00	9	G	
ZDMQ0013/11/2024 -2025	NMA 993 (Pty) Ltd	22/10/2024	Supply and Delivry of Grocer Stock (Still Water)	R 130,00	5	G	
ZDMQ0034/12/2024 -2025	Khwela Print and Sign	12/12/2024	Supply and Delivery of A1 Calendars for the year 2025	R 568,50	194	G	
ZDMQ0038/01/2024 -2025	Tomela Trading	28/01/2025	Catering Service	R 625,00	8	G	
ZDMQ0041/02/2024 -2025	Yayoh Trading	14/03/2025	Advertising service for a tender in the newspaper.(Annual report 2023-2024).	R 694,88	5	G	
ZDMQ0043/02/2024 -2025	Tozane Trading	17/04/2025	Supply and delivery of Cleaning material for ZDM main office and satelites.	R 392,36	62	G	
ZDMQ0044/03/2024 -2025	Mntambo Financial Consulting	07/04/2025	Request for quotation for the proqurement of UIFW Expenditure Investigation services in terms of MFMA Section 32(2)	R 500,00	195	G	

ZDMQ0050/04/2024-2025	Ametsi trading	06/05/2025	Request for Purchase of LED Items	R 59 450,00	G		
ZDMQ0051/04/2024-2025	Laphuma Lashona Trading	06/05/2025	Supply and Deliver of Sport Kits	R 93 000,00	G		
ZDMQ0055/05/2024-2025	Almikka	12/06/2025	Supply and delivery of Office Laptops for finance staff.	R 135 541,00	G		
ZDMQ0057/05/2024-2025	Madladla group	21/05/2025	Catering Lunch	R 6 750,00	G		
ZDMQ0060/05/2024-2025	Jolwayo Smart Projects (Pty) Ltd	17/06/2025	Procurement for Indigent Verification	R 127 987,65	G		
ZDM067/2022	BBN CONSTRUCTION (PTY) LTD	06/05/2022	Plumbing Materials Roster	Tendered rate	G		
ZDM025/2022	EMPHETHWENI MEDICAL CENTER (PTY) LTD	09/05/2022	Occupational Health Panel	Tendered rate	G		
ZDM023/2022	GARLICKE & BOUSFIELD INC	27/05/2022	Legal Services Panel	Tendered rate	G		
ZDM062/2023	GLADMOD TRANSPORT AND PROJECTS 47CC	01/11/2023	Events Management Roster	Tendered rate	G		
ZDM010/2022	KHULANJALO CONSULTING PTY LTD	27/10/2021	LED and Sport Supplies Panel	Tendered rate	G		
ZDM009/2023-2024	KWAKHUMBUZA (PTY)LTD	21/11/2023	SALGA Games Roster	Tendered rate	G		
ZDM003/2022	KWALINDOKUHLE TRADING	27/10/2021	Stationary Supply Panel	Tendered rate	G		
ZDM024/2022	MAMNCANE CATERING AND BUSINESS ENTERPRISE	27/10/2021	Catering Services Panel	Tendered rate	G		
ZDM010/2022	MAYENZEKA ENHLE (PTY)LTD	27/10/2021	LED and Sport Supplies Panel	Tendered rate	G		
ZDM009/2023-2024	MMML PROJECTS	21/11/2023	SALGA Games Roster	Tendered rate	G		
ZDM062/2023	MQAPHELI SUPPLIERS	01/11/2023	Events Management Panel	Tendered rate	G		
ZDM024/2022	MQAPHELI SUPPLIERS	27/10/2021	Catering Services Panel	Tendered rate	G		
ZDM067/2022	NOLITO ENTERPRISE PTY LTD	06/05/2022	Plumbing Materials Panel	Tendered rate	G		
ZDM030/2021	PHINDILE CIVILS AND BUILDING PROJECTS CC	18/08/2022	Emergency water repairs and maintenance-South	Tendered rate	G		
ZDM029/2021	RURAL PUMPS CC	18/08/2022	Emergency water repairs and maintenance-North	Tendered rate	G		
ZDM062/2023	SOMABHIZINISI AND ASSOCIATE	01/11/2023	Events Management Panel	Tendered rate	G		
ZDM023/2022	STOWELL AND CO INC	27/05/2022	Legal Services Panel	Tendered rate	G		
ZDM067/2022	VELASAKHE CONSTRUCTION PTY LTD	06/05/2022	Plumbing Materials Panel	Tendered rate	G		

9.6. AUDIT ACTION PLAN

This is the Audit Action Plan for the 2024/2025 Financial Year in response to the AGs Report for the same period.

Audit finding	Legislative requirements	Audit narration	Internal control deficiency	Recommendation	Management response	Management action	Auditors conclusion	Due date
Unauthorised and fruitless and wasteful expenditure not prevented	In terms of section 62(1)(d) of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose, take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented. Contrary to section 62 (1)(d) of the MFMA, the ac and counting officer did not take reasonable steps to prevent the reoccurrence of similar instances of unauthorised and fruitless and wasteful expenditure as disclosed in note 53,1 and 53,3 respectively,	Contrary to section 62(1)(d) of the MFMA, the accounting officer did not take reasonable steps to prevent the re-occurrence of similar instances of unauthorised and fruitless and wasteful expenditure as disclosed in note 53.1 and 53.3 respectively. The following tables refers: TABLE A: Unauthorised expenditure Nature 2024-25 (Current year) Non-cash items R72 207 065 Cash items R177 075 226 Total AFS R249 282 29 2023-24 (Prior year) Non-cash items R75 485 973 Cash items R158 260 121 Total AFS R233 746 094 As reflected in the table above, unauthorised expenditure was incurred during both the current and prior financial years. This was primarily attributable to overspending on the total amount appropriated in the municipality's final approved budget. These costs could have been avoided had management implemented appropriate and timely measures to	The accounting officer and audit committee, supported by internal audit, did not exercise adequate oversight and monitoring of the audit action plan to prevent repeat findings of non-compliance with key legislation.	The accounting officer and audit committee, supported by internal audit, must strengthen the oversight and monitoring of the audit action plan to prevent repeat findings of non-compliance with key legislation, and hold responsible officials accountable where limited or no progress is identified.	Agreed. The municipality notes the recurrence of these findings and concurs that enhanced internal control measures are necessary to address the root causes identified. The unauthorised expenditure mainly arose due to overspending on certain budget votes, resulting from operational demands. The fruitless and wasteful expenditure primarily relates to interest on overdue accounts and penalties arising from litigation settlements.	1. Interest and Late Payment Controls: The municipality has established a payment scheduling system to ensure that creditors are paid within the prescribed period. A designated official within Expenditure is responsible for monitoring due dates and identifying potential late payments for escalation. Payment plans are being made to address the compliance. 2. Litigation Cost Management: The municipality will strengthen coordination between the Legal Services Unit and the Accounting Officer to manage legal cases proactively and to explore alternative dispute resolution mechanisms to avoid unnecessary	Management's comments and remedial actions are noted. The implementation of these measures is expected to contribute meaningfully to the prevention of unauthorised, fruitless, and wasteful expenditure. These actions will be subject to review during the next audit cycle. However, the requirements of section 62(1)(d) remain not complied with in the 2024/25 financial year and this will be reported in the auditor's report as material non-compliance	31/03/2026

		prevent such occurrences. TABLE B: Fruitless and wasteful expenditure Nature 2024-25 (Current year) Interest on overdue accounts R396 792 Overpayment R0 Fines/penalties/settlements on litigations R47 451 652 Interest on excess loan - ABSA Interest R4 242 001 Total amount R52 090 445 2023-24 (Prior year) Interest on overdue accounts R666 422 Overpayment R395 911 Fines/penalties/settlements on litigations R0 Interest on excess loan - ABSA Interest R2 186 067 Total amount R3 248 400 As reflected in the table above, fruitless and wasteful expenditure was incurred in both the prior and current financial years, specifically relating to interest charges on overdue accounts and loan facilities. These costs could have been avoided had management implemented appropriate and timely				litigation and related penalties. 3. Audit Action Plan Oversight: Internal Audit and the Audit Committee will closely monitor the implementation of the audit action plan quarterly. Progress will be tracked, and areas of limited improvement will be escalated to management and Council for intervention. 4. Accountability and Consequence Management: Where instances of negligence or non-compliance are identified, appropriate disciplinary and recovery actions will be instituted in line with the municipality's consequence management framework.		

		measures to prevent such occurrences. Consequently, this results in material non-compliance with section 62(1)(d) of the MFMA and non-compliance paragraphs will be included in the audit report accordingly. A similar finding was identified and communicated to management during the previous year audit.						
Contracts awarded to suppliers whose tax matters were not in order	In terms of section 62(1)(d) of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented. In terms of Municipal Supply	Paragraph 48 of the Zululand District Municipality SCM policy states that: (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order. (2) Before making an award to a person the municipal manager must first check with SARS whether that person's tax matters are in order. (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order. Notwithstanding the above, it was noted that two	The Bid Evaluation Committee (BEC) did not perform a proper review of the documentation submitted by the respective bidders to confirm that the suppliers tax matters were in order prior to submission to the BAC. The Bid Adjudication Committee (BAC) did not perform a proper review of the bid evaluation submission to	The accounting officer, together with the support of internal audit and the audit committee, should develop, approve, and implement a bid evaluation and bid adjudication committee SCM checklist that incorporates all applicable SCM prescripts, which should be reviewed, signed, and dated by the respective chairpersons as evidence of validation. All future expenditure incurred under these contracts should be	Management acknowledges the audit finding. The identified contracts were awarded during the 2024/2025 financial year under exceptional emergency conditions to ensure continuity of critical water and sanitation services following disaster incidents that impacted various areas within the District. At the time of the award, Gess Trading was listed on the National Treasury's Central Supplier Database	1. Develop and implement a standardised SCM Compliance Checklist for BEC and BAC reviews, incorporating verification of SARS tax compliance, CSD registration, and other legislative prescripts. Develop and implement a standardised SCM Compliance Checklist for BEC and BAC reviews, incorporating verification of SARS tax compliance, CSD registration, and other legislative prescripts.	Management response is acknowledged. The supporting documents have been evaluated. However, the auditor would like to draw management's attention to the fact that management should have satisfied themselves that the tax matters are in order before or on the date of award. There is no evidence in the BEC and BAC minutes of meetings that management has	17/10/2025

	Chain Management (SCM) regulations (13)(b): A supply chain management policy must state that the municipality or municipal entity may not consider a written quotation or bid unless the provider who submitted the quotation or bid has authorised the municipality or municipal entity to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order. Municipal SCM regulation 43(1) states that the supply chain management policy of a municipality or municipal entity must, irrespective of the procurement process followed, state that the municipality or municipal entity may not make any award above R15 000 to a person whose tax matters	contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, which is in contravention of Municipal SCM Regulation 43. The following suppliers were not tax compliant at the date of award and therefore should not have been awarded the contracts: Reference Supplier Description Contract amount (R) ZDM055/2024-025 Islulu Trading Disaster intervention 6 193 202.25 ZDM056/2024-2025 Gess Trading Disaster intervention for water waste 3 133 750.00 Total 9 326 952.25 The CSD reports that reflected a non-compliant tax status were printed out and included in the BAC meeting packs however, were not diligently reviewed by the BAC. This results in a material non-compliance with Municipal SCM regulation 43. No expenditure was incurred on these contracts during the 2024-25 financial year, however, all future expenditure under these contracts will result in	confirm that it is supported by sufficient and appropriate supporting documents prior to recommendation for award. The Bid Adjudication Committee (BAC) did not perform a proper review of the bid evaluation submission to confirm that it is supported by sufficient and appropriate supporting documents prior to recommendation for award. The accounting officer together with internal audit and audit committee, did not exercise adequate oversight to ensure that the municipality developed and implemented adequate controls within supply chain management to support	disclosed as irregular expenditure.	(CSD) as non-compliant due to outstanding administrative matters with SARS. The service provider has since resolved its tax compliance issues, as evidenced by the correspondence attached as Annexure A. In respect of Isilulu Trading, valid proof has been provided confirming that the company was in the process of regularising its tax affairs with SARS at the time of award, as detailed in Annexure B.	2. Internal Audit to include quarterly reviews on tax compliance verification within SCM processes and report findings to the Audit Committee. 3. Disclose all future expenditure under these contracts as irregular expenditure, with proper tracking and reporting in accordance with MFMA section 62(1)(d) and MFMA Circular 68.	satisfied themselves that the tax matters are in order. In relation to Isilulu Trading, the required supporting documentation confirming that the supplier acknowledges their outstanding tax matters and has made arrangements with the South African Revenue Service (SARS) was not submitted with the returnable documents. The payment arrangement shows that supplier's debt should have been settled on 31 January 2025 which was prior to the date of award, however, the supplier still had a non-compliant tax status at the date of award. Furthermore, management did not conduct the necessary verification with SARS within the prescribed seven-day period to	

	have not been declared by the South African Revenue Service to be in order Municipal SCM regulation 43(2) states that before making an award to a person, a municipality or municipal entity must first check with SARS whether that person's tax matters are in order. Paragraph 48 of the Zululand District Municipality SCM policy states that: (1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order. (2) Before making an award to a person the municipal manager must first check with SARS whether that person's tax matters are in order. (3) If SARS does not respond within 7 days such a person's tax	irregular expenditure. The material non-compliance will be reported in the audit report.	compliance with applicable legislation.				confirm that the supplier's tax matters were in order. As a result, the non-compliance remains unresolved. In relation to Gess Trading, the Central Supplier Database (CSD) report submitted reflects the supplier's status as at 20 October 2024 as tax compliant. However, on the date of award, 12 June 2025, the supplier was tax non-compliant. As a result, the non-compliance remains unresolved. Consequently, there requirements of Municipal SCM regulation 43(1) and (2) and the SCM policy remains not complied with and the resultant non-compliance is material and will be reported in the auditor report for the year under review.	

	matters may for purposes of subparagraph (1) be presumed to be in order. Notwithstanding the above, it was noted that two contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, which is in contravention of Municipal SCM Regulation 43. The following suppliers were not tax compliant at the date of award and therefore should not have been awarded the contracts:							

Overstatement of Water Infrastructure	In terms section 62(1)(b) of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality is responsible for the managing of the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards. The Conceptual Framework for General Purpose Financial Reporting paragraph 8.32 states that all material transactions, events, and other items reported are presented in a manner that conveys their substance rather than their legal or other form so that the qualitative characteristics of relevance and representational faithfulness are	events to be recorded in terms of their substance rather than legal form. In this case, as demonstrated in the table above, ALM satisfies both recognition criteria for PPE in terms of GRAP 17 for the water infrastructure based on the substance of the agreement between the two municipalities, even though it does not have legal ownership over the assets. The water infrastructure should therefore be recorded as property, plant and equipment in the financial statements and fixed asset register of ALM and not ZDM. Consequently property, plant and equipment recorded in the ZDM annual financial statements is materially overstated by an amount of R366 366 553.32	The Chief Financial Officer (CFO) and asset manager did not adequately assess the water services agreement to determine the correct accounting treatment of the assets in terms of GRAP and to recognise the substance of the agreement rather than their legal form, resulting in the incorrect recognition of water infrastructure. The accounting officer did not effectively exercise adequate oversight ensure that the municipality correctly applied GRAP standards relating to water infrastructure subject to the water services delivery agreement. The audit committee supported by internal audit did not effectively	The Chief Financial Officer (CFO) and asset manager should thoroughly assess agreements that the municipality is party to determine the correct accounting treatment of the assets in terms of GRAP and to recognise the substance of the agreement rather than their legal form. The accounting officer should exercise adequate oversight ensure that the municipality correctly applies GRAP standards in relation to agreements entered into. The audit committee supported by internal audit should effectively discharge their responsibilities to ensure that the municipality correctly applies GRAP standards relating to agreements to which the municipality is party to. The water infrastructure should be derecognised from the ZDM fixed asset register and AFS and disclose a correction of prior period error in terms of GRAP 3.	Management concurs with the auditor's finding. However, it is important to note that the Water Services Implementation Agreement defines the water services area in clause 1.2.26 as follows: "Water services area" means the area in which the WSP provides water services on the effective date, being the geographical areas of Abaqulusi Local Municipality, but excludes rural areas as demarcated on the map and/or list attached as Annexure B." In line with the above definition, Zululand District Municipality (ZDM) continues to service and construct new infrastructure in the rural areas of Abaqulusi Local Municipality, which remain under the District's	1. Removal of assets under Abaqulusi Local Municipality valued at R76 409 495.65 2. Update the Asset Register codes and inclusion of correct geospatial data	Management response is acknowledged and has been assessed. The incorrect inclusion of assets within the Water Services Provider (WSP) area has been addressed. Management has performed a detailed assessment and adjusted the carrying amount of assets within the WSP area by R76,409,495.65, which has been verified against supporting documentation. The adjustment is accepted, and the remaining non-adjustment is reasonable given the contractual obligations specifically that these assets are located in rural areas of Abaqulusi Local Municipality and phased transfer arrangements outlined in the Water Services Implementation Agreement. Accordingly, the audit finding is considered	05/11/2025

	achieved. In terms of GRAP 17 (Property Plant and Equipment) paragraph 7, the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and (b) the cost or fair value of the item can be measured reliably A water service delivery agreement was entered into by Zululand District Municipality and Abaqulusi Local Municipality which is effective 01 July 2024. In this agreement it is stated that Abaqulusi Local Municipality will be responsible to provide water services only to the existing areas utilising only the Phase 1 Sites. The existing areas and		discharge their responsibilities to ensure that the municipality correctly applied GRAP standards relating to water infrastructure subject to the water services delivery agreement.	The proposed adjustment should be submitted to the auditors for further evaluation.	jurisdiction. The audit finding reflects a total asset value of R366 366 553.32, representing all assets located within the Abaqulusi Local Municipality boundary. However, this amount is not entirely accurate, as it includes assets outside the defined WSP service areas. A detailed assessment has been undertaken to distinguish between assets within and outside the WSP area. The verified total carrying value of assets within the WSP area amounts to R76 409 495.65. The original asset list for the WSP areas is attached as Annexure A, clearly identifying the relevant assets. It is understood that the audit team may have relied on location address		resolved. However, it is important to note that an internal control deficiency remains, and it is encouraged that management expedite the integration of spatial data into the Asset Register and ensure that asset location codes are updated accordingly for all water and sanitation infrastructure. Furthermore, the municipality should enforce a culture of inspecting all contracts entered into for their potential impact on financial reporting.	

	conditions are in contained in the previous agreement. Per the definitions 2.12 “Phase 1 Sites” means all plants, sites and related infrastructure that are currently owned and/or controlled by ALM and utilized to provide water services to the Existing Areas” The previous agreement was a Water Service Implementation Agreement was entered into between Zululand District Municipality (Water Service Authority - WSA) and Abaqulusi Local Municipality (Water Service Provider - WSP) effective for the period of 01 July 2022 to 30 June 2024 which states the following: Paragraph 4.4 The WSA delegates and assigns to the WSP all powers, rights, duties and obligations				information and coding to compile the affected asset list; however, these codes and descriptions do not accurately reflect physical location boundaries. The value of the assets identified as using incorrect codes amounts to R289 957 057.67. These assets continue to be operated and maintained by Zululand District Municipality until the effective date of the Term Sheet for the Water Services Delivery Agreement and Phased Transfer of Assets, with Phase 2 becoming effective on 1 July 2027. Management acknowledges that assets no longer under the control of the municipality will be removed from the Asset Register, with the appropriate adjustments reflected in the Annual Financial Statements (AFS).			

	capable of being delegated and assigned in terms of law, subject to the provision of this agreement, as necessary for or incidental to be effective, efficient, sustainable and affordable through- 4.4.1 provision of the water services to the consumers within the water services area; 4.4.2 collection of the water services revenue 4.4.3 controls of the WSP's accounting, financial management and budgeting activities in respect of the water services revenue in accordance with the water service budget; 4.4.4 applying and enforcing of the WSA's credit control and debt collection bylaws in respect of the water services revenue; 4.4.5 exercise of such powers that the WSA enjoys, in discharging its responsibility for				This adjustment will reduce the carrying amount by R76 409 495.65. Currently, the Asset Register does not contain geospatial coordinates for asset locations. The spatial data is maintained separately within the Municipal GIS system, and as part of the ongoing Asset Register upgrade, these coordinates will be integrated to improve accuracy and verification of asset locations. Management has also determined that the existing asset location codes are inaccurate and will be updated once the spatial data is fully incorporated into the register. The upgrade of the Asset Register to include geospatial information has been prioritised and will be fast-			

	ensuring access to water services, in terms of current or future by laws relating to water services; 4.4.6 discharge, compliance, exercise or fulfilment of any powers, rights, duties and obligations in terms of this agreement Paragraph 30.1 Subjects to terms stated in the agreement, the WSP undertakes and assumes the responsibility for the provision of the water services at its own technical risk and will be liable to the WSA for the fulfilment and discharge of its obligations and requirement in respect of the provision of water services Paragraph 8.1. states that: 1. The WSP shall be responsible for the management of the water services system in accordance with the business plan				tracked to strengthen internal control and data integrity			

	and approved budget so that it is operational and efficient, which includes, but is not limited to leakage control and repair, automation and replacement of certain parts, equipment or machinery. 2. The WSP shall take all steps to protect the water services system in accordance with the operations manual. 3. The WSP shall be responsible for maintaining the water services system and shall be responsible for all costs associated with such assets including maintenance costs, Insurance, licensing and running costs. 4. Any maintenance, rehabilitation and/or modification of the water services system undertaken by the WSP shall conform to all relevant regulatory provisions. Paragraph 8.2.1 The WSP shall							

	have exclusive access to and use of the immovable and movable assets and the property comprising the water services system. The assets shall not be used for any purpose other than as is authorized in the contract. Paragraph 24 The parties agree that any surplus remaining after actual costs (being all audited costs associated with the provision of water services) have been deducted from audited water revenue income in any financial year shall be retained water revenue income for the WSP. Paragraph 26 Neither the WSA nor the WSP shall under any circumstance be entitled to dispose of or encumber or grant any security rights to any of the water services system without the consent of the							

	WSA and/or the WSP. The WSA shall remain the owner of the water services system at all times. Annexure B to the water services agreement lists the following WSP operated plants (water and wastewater): Water infrastructure subject to the water services agreement listed in the Annexure B and the table above have been incorrectly recognised as PPE in the fixed asset register of Zululand District Municipality (ZDM). The recognition criteria for the recognition of PPE in light of the agreements above have assessed as follows to determine which municipality should recognise the water infrastructure: Paragraph 26 of the water service							

	agreement states that "The WSA shall remain the owner of the water services system at all times" which confirms that Zululand District Municipality (ZDM) is the legal owner of the assets. However, the GRAP reporting framework requires transactions and events to be recorded in terms of their substance rather than legal form. In this case, as demonstrated in the table above, ALM satisfies both recognition criteria for PPE in terms of GRAP 17 for the water infrastructure based on the substance of the agreement between the two municipalities, even though it does not have legal ownership over the assets. The water infrastructure should therefore be recorded as property, plant and equipment in the financial							

	statements and fixed asset register of ALM and not ZDM. The table below contains the water infrastructure operated by Abaqulusi Local Municipality incorrectly recorded in the fixed asset register and financial statements of Zululand District Municipality: Refer to the Microsoft Excel document Annexure A attached for the full extract of the assets from the ZDM fixed asset register in which the values of the assets are reflected in columns CG, CH and CI and the location in column L. Consequently property, plant and equipment recorded in the ZDM annual financial statements is materially overstated by an							

	amount of R366 366 553.32							
Payments not made within 30 days	In terms of section 65(1) of the Municipal Finance Management Act (MFMA) states that "The accounting officer of a municipality is responsible for the management of the expenditure of the municipality." Section 65(2)(e) of the MFMA states that, "The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure that all money owing by the municipality be paid within 30	A review of the expenditure payments revealed that certain payments were not made within 30 days of receipt of the relevant invoices or statements. It is noted that the municipality does maintain a register to track the receipt of all invoices however this register does not age the days outstanding from the invoice receipt date and if further not monitored on a regular basis to support compliance with the legislated timelines. A similar finding was raised in the previous years.	The Chief Financial Officer (CFO) did not develop and implement an adequate invoice register that is regularly monitored to confirm that supplier invoices received were paid within the legislated 30-day period, as required by section 65(2)(e) of the MFMA. The accounting officer together with internal audit and audit committee did not exercise adequate	The CFO should update the invoice register to include as a minimum, a field to age the number of days outstanding from date of receipt the invoice which should be regularly monitored to ensure compliance with section 65(2)(e) of the MFMA The accounting officer, together with the support of internal audit and audit committee should improve their monitoring of the audit action plan and recommendations by external audit to ensure that matters	Management acknowledges the audit finding. It is noted that certain payments were not effected within the legislated 30-day period after receipt of invoices, as required by Section 65(2)(e) of the MFMA. The delays were mainly due to verification processes, delays in the receipt of supporting documentation from user departments, and cash flow constraints experienced during the	1. Enhancement of Invoice Register: The Expenditure Section will enhance the current invoice register to include an automated field to calculate and display the number of days elapsed from the date of invoice receipt. 2. Regular Monitoring: The register will be reviewed weekly by the Expenditure Accountant and reported to the CFO for oversight.	Management's comments are noted. The finding remains reportable as material non-compliance with section 65(2)(e) of the MFMA, as certain payments were not made within 30 days of receipt of invoices. This finding will be reported in the audit report as a material non-compliance.	01/11/2025

	days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure		oversight to monitor the audit action plan to confirm that adequate controls are implemented to prevent the re-occurrence of the non-compliance relating to payments not made within 30 days of receipt of the invoice.	are addressed in a timely manner..	affected periods. Management concurs that although a manual invoice register is maintained, it did not include automated tracking or ageing functionality to identify invoices nearing the 30-day payment period. In addition, communication between departments and the Expenditure Section regarding invoice status updates requires strengthening. Management has commenced a process to automate the invoice tracking register and improve interdepartmental coordination to ensure full compliance with section 65(2)(e) of the MFMA.	Invoices approaching 25 days will be flagged for prioritised processing. 3. Payment Arrangements: In instances where temporary cash flow constraints prevent full settlement within 30 days, formal payment arrangements will be made with affected service providers. These arrangements will be: o Negotiated in writing and approved by the CFO. o Recorded in a Payment Arrangement Register indicating the agreed payment schedule, supporting justification, and reference to the related invoices. o Communicated transparently to suppliers to maintain good relationships and avoid interest or penalties. o Monitored to		

						ensure that the municipality honours the revised payment commitments in full and timeously. 4. Departmental Accountability: User departments will be instructed to submit verified invoices to the Finance Section within three (3) working days of receipt to prevent backlogs and unnecessary delays. 5. Cash Flow Coordination: The CFO will strengthen coordination between the Expenditure and Budget & Treasury Sections to improve cash flow forecasting and payment scheduling, ensuring that sufficient liquidity is maintained to settle legitimate supplier invoices within 30 days.		

1. Contracts awarded to suppliers with CIDB grading below the minimum	In terms of section 62(1)(d) of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented. Construction Industry Disciplinary Board Regulation 17 states that a contractor registered in a contractor grading designation indicated in column 1 of the Table 8 below, is considered to be capable of undertaking a contract in the range of tender values indicated in column 2 of that table in the class of the construction works to which the	Notwithstanding the above, the following instances of non-compliance with the CIDB Act and its regulations were identified. It was noted that the following suppliers did not have the suitable grading for the relevant contracts. For project 1, the incorrect CIDB grading was included in the advertisement and the supplier awarded did not comply with the suitable grading, while for project 2, the correct CIDB grading was included in the advert but the supplier awarded did not comply with the suitable grading. Tender number Supplier Grading Required grading Value ZDM001/2024-2025 Zana Manzi 8ME 9ME 357 001 358,60 ZDM056/2024-2025 Gess Trading 1ME 3ME or higher 3 133 750,00 It should further be noted that, with respect to ZDM001/2024-25, a similar finding was communicated to management during the 2021-22 financial year regarding the previous award of the contract to the same supplier, Zana Manzi Services (Pty) Ltd. This recurrence is indicative of possible bid rigging, as the same circumstances	The Bid Specification Committee did not evaluate the grading suitable for the contracts to ensure that the appropriate grading requirement is included in the tender invitation. The Bid Evaluation Committee and Bid Adjudication Committees did not perform adequate reviews on the evaluation of bids to ensure that the award was made to contractors registered at the CIDB grading suitable for the contract value. The accounting officer together with internal audit and audit committee did not exercise adequate oversight to ensure that the municipality developed and implemented adequate controls within	The Bid Specification Committee should perform a proper review of the bid advertisement/tender invitation to confirm that it includes the correct CIDB grading required for the estimated value of the procurement, prior to the approval thereof. The Bid Evaluation Committee and Bid Adjudication Committees should improve their reviews on the evaluation of bids to confirm that the award was made to contractors registered at the CIDB grading suitable for the contract value The accounting officer, together with the support of internal audit and audit committee should develop, approve and implement a Bid Specification Committee, Bid Evaluation and Bid Adjudication Committee SCM checklist which incorporates all of the applicable SCM prescripts which should be reviewed, signed and dated by	Management acknowledges the audit finding. The Municipality notes that the contract for Project ZDM001/2024-25 was awarded to a contractor whose CIDB grading (8ME) was below the grading (9ME) that would have been suitable for the total contract value in terms of the amended Regulation 17 of the CIDB Regulations (Government Gazette No. 42561, Notice 357 of 2019). The deviation arose from an error during the specification and advertisement stage, where the incorrect CIDB grading was reflected in the tender invitation and subsequently carried through to the evaluation and award stages. However, management confirms that the expenditure incurred to date (R56 892.69 as at	1. Continue to monitor expenditure under Project ZDM001/2024-25 to ensure that the cumulative value does not exceed the grading threshold. 2. Review the project scope annually to align with the applicable CIDB grading. 3. Implement and enforce the CIDB Verification and Compliance Checklist across all infrastructure-related tenders. 4. Ensure Internal Audit validates implementation of these controls and reports progress to the Audit Committee	Management response is acknowledged. However, the auditor would like to draw management's attention to Inform Practice Note #3 to the CIDB Act. Paragraph 3.3 states that regulation 25(7A) allows an employer to evaluate tenders received from registered contractors who tender above the tender value range associated with their contractor grading designation provided that the margin with which the tender value range is exceeded is "reasonable". This regulation is designed to provide clients with a degree of latitude to evaluate competitive tenders which are in relatively close proximity to the lower limit of a tender value range without compromising the risk management	30/03/2026

	category of registration of that contractor relates Grade Current (TVR) 1 200 000 2 650 000 3 2 000 000 4 4 000 000 5 6 500 000 6 13 000 000 7 40 000 000 8 130 000 000 9 No Limit The values in regulation 17 were amended in the Government Gazette number 42561 notice number 357 of 2019. Government Gazette number 42561 notice number 357 of 2019 schedule 1 states that the tender value range adjustments set out in Table 8 of Regulation 17 is hereby amended and adjusted as set out in Table 1 below: TABLE 1 TENDER VALUE RANGE ADJUSTMENTS (TVR) Grade Current (TVR) Proposed	have been identified in the current year, resulting in the same supplier being awarded the contract despite continued non-compliance with SCM prescripts and management should conduct a thorough investigation into this award. Consequently, the awarding of these contracts does not meet the requirements and provisions of the CIDB Act. This results in a material non-compliance with the requirements of the CIDB Act and will be reported in the audit report and all expenditure incurred should be regarded as irregular expenditure and disclosed accordingly.	supply chain management to support compliance with applicable legislation.	the respective chairpersons as evidence of validation thereof. Expenditure incurred and future expenditure on the contracts should be disclosed is irregular expenditure.	30 June 2025) remains within the permissible threshold of the awarded 8ME grading, and therefore no expenditure exceeding the contractor's grading limit has been incurred. Consequently, no portion of the expenditure can currently be disclosed as irregular under Section 62(1)(d) of the MFMA. The Municipality will, however, continue to monitor the contract closely. The scope of work will be reviewed annually to ensure that the cumulative value of work executed does not exceed the approved contract value aligned to the advertised CIDB grading level. Should the value of work approach or exceed the grading limit, management will take corrective action in line with the CIDB		principles on which the register is based. The regulation permits tenders to be awarded to a contractor outside of his tender value range on condition that: I) The amount by which the tendered sum exceeds the tender value range is reasonable; ii) The award of a contract to such a contractor does not impose any undue risk. In the context of the Construction Industry Development Regulations "reasonable" means that the employer's assessment of the capabilities and capacity of the tenderer to perform a specific contract above the tender value range of his or her contractor grading designation is fully justifiable and acceptable to someone who was not part of the evaluation process. It would	

	Adjustment (TVR) 1 200 000 500 000 2 650 000 1 000 000 3 2 000 000 3 000 000 4 4 000 000 6 000 000 5 6 500 000 10 000 000 6 13 000 000 20 000 000 7 40 000 000 60 000 000 8 130 000 000 200 000 000 9 No Limit N/A Schedule 3 of the government gazette states that these tender value range adjustments takes effect three months after the date of publication in the Gazette of the notice by the Minister. The government gazette was published on 5 July 2019 therefore the ranges were effective from 7 October 2019. In terms of CIDB regulation 25(7A) An organ of state may subject to its procurement policy and notwithstanding anything to the contrary contained				Regulations, including a possible review, variation, or termination of the remaining scope. For Project ZDM056/2024-25, although the correct CIDB grading was included in the tender advert (3ME), the awarded bidder held a grading of 1ME, which was not compliant with the prescribed range. The review controls at the Bid Specification, Evaluation, and Adjudication stages did not adequately validate the CIDB grading requirement against the updated tender value ranges. To prevent recurrence, the following corrective measures will be implemented: § Introduction of a CIDB Verification and Compliance Checklist to be		be unreasonable to award a contract to a registered contractor which is significantly higher than the maximum tender value range associated with their current contractor grading designation. In order to provide some broad guidance in the case of tenders close to a threshold, it is suggested that tendering an amount of up to 10 or 15 percent above the upper limit of the tender value range associated with a particular contractor grading designation would in most circumstances be considered "reasonable". On the other hand, tendering an amount of 20% or more above the upper limit is likely to be considered unreasonable. The contracts were evaluated in terms of the prescribed requirements. For	

	in this regulation, evaluate and award a tender offer from a tenderer who is registered but who tendered outside of his or her tender value range as contemplated in regulation 17, provided that – (a) the margin with which the tenderer exceeded his or her tender value range contemplated in regulation 17, is reasonable; (b) the award of the contract does not pose undue risk to the organ of state; (c) the tender offer in all other aspects comply with these Regulations; and (d) the report referred to in regulation 21 or 38(5) and (6), indicates whether this sub regulation was applied in the award of the tender. Notwithstanding the above, the following instances of non-compliance with the CIDB Act				signed by BSC, BEC, and BAC chairpersons. § Mandatory CIDB grading verification against the CIDB Register of Contractors before any bid advertisement or award. § Annual refresher training for SCM officials and committee members on CIDB compliance requirements. § Strengthening of Internal Audit oversight through quarterly compliance reviews.		the awards to be compliant, all of the above requirements must be met. However, since none of the provisos stated were satisfied, the entire contract value is rendered non-compliant. Accordingly, the award remains non-compliant with the CIDB requirements, and the full contract value constitutes irregular expenditure. Furthermore, as per the expenditure report and contract register provided to the auditor for contract ZDM001/2024-2025, the expenditure to date amounts to R33,253,915.05 and not R56,892.69. The expenditure to date of R33,253,915.05 should therefore be recorded as irregular expenditure.	

	and its regulations were identified. It was noted that the following suppliers did not have the suitable grading for the relevant contracts. For project 1, the incorrect CIDB grading was included in the advertisement and the supplier awarded did not comply with the suitable grading, while for project 2, the correct CIDB grading was included in the advert but the supplier awarded did not comply with the suitable grading. Project No. Project 1: ZDM001/2024-2025 Project 2: ZDM056/2024-2025 Value of contract (R) 357 001 358,60 3 133 750,00 Grading required as per advert and tender invitation 8ME or higher 3ME or higher Winning bidder Zana Manzi Services Pty Ltd Gess Trading Grading of the							

	winning bidder 8ME 1ME Suitable grading for the contract as per amended Table 8 in regulation 17 9ME 3ME or higher The margin in which contract value exceed the upper limit 78% 526% Reasonableness Unreasonable as it exceeds 15% Unreasonable as it exceeds 15% Expenditure as at 30 June 2025 (R) 33 253 915,05 0 Total expenditure as at 30 June 2025 (R) 33 253 915,05 It should further be noted that, with respect to ZDM001/2024-25, a similar finding was communicated to management during the 2021-22 financial year regarding the previous award of the contract to the same supplier, Zana Manzi Services (Pty) Ltd. This recurrence is indicative of possible bid rigging, as the							

	same circumstances have been identified in the current year, resulting in the same supplier being awarded the contract despite continued non-compliance with SCM prescripts and management should conduct a thorough investigation into this award. Consequently, the awarding of these contracts does not meet the requirements and provisions of the CIDB Act. This results in a material non-compliance with the requirements of the CIDB Act and will be reported in the audit report and all expenditure incurred should be regarded as irregular expenditure and disclosed accordingly.							

Irregular expenditure register insufficiently detailed	Section 125(2)(d) of the Municipal Finance Management Act (MFMA) requires that notes to the annal financial statements of a municipality or municipal entity must disclose the particulars of: I) any material losses and any material irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable; (ii) any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures; and (iii) any material losses recovered or written off; Section 62(1)(b) of the MFMA requires that the	The following entries in the 2024-25 irregular expenditure register detail the nature of the irregular expenditure, however, do not explicitly state what requirement has been contravened to give rise to irregular expenditure: To ensure compliance and enhance accountability, the register should explicitly detail the nature of each irregular expenditure item. This includes stating which legislative/policy requirement was contravened and what was done/not done that resulted in the contravention of the requirement. Such clarity is essential for effective oversight, accurate financial reporting, and the implementation of appropriate remedial or disciplinary actions. Such clarity is essential for effective oversight, accurate financial reporting, and the implementation of appropriate remedial or disciplinary actions. Parts a and b above result in an internal control deficiency as it relates to prior years irregular expenditure.	The Supply Chain Management manager did not adequately assess, classify and link each instance of irregular expenditure to the specific contravened provision of applicable legislation to ensure transparency and accountability in the financial disclosures. The Chief Financial Officer did not adequately review the irregular expenditure register to ensure that it is sufficiently detailed.	The SCM manager should update the entire 2024/25 irregular expenditure register to include a mandatory field that clearly specifies the exact legislative or policy provision breached. The reason column of the register should also be completed in detail to state what was done/not done that resulted in the contravention of or non-compliance with legislative requirements. The updated register should be provided to the auditors for further evaluation The Chief Financial Officer should thoroughly review the irregular expenditure register to ensure that it is sufficiently detailed.	Agree. Management notes that this shortcoming may have resulted from inconsistent data capture practices and limited verification during the quarterly review process of the register. The Chief Financial Officer (CFO) will strengthen review procedures to ensure that all entries are validated for completeness, accuracy, and traceability to source documentation before submission to internal audit and external auditors. Furthermore, the Supply Chain Management (SCM) Unit will be required to ensure that all irregular expenditure captured is supported by a reference to the relevant section or regulation contravened (for example, "MFMA s62(1)(b), SCM	The SCM Manager together with Accountant: Compliance will review and update the 2024/2025 Irregular Expenditure Register to include: • A mandatory field specifying the exact legislative or policy provision contravened. • A detailed reason column describing the action or omission that resulted in the non-compliance. • Proper cross-referencing to voucher numbers, contract numbers, and supporting documentation. 2. The CFO will institute a monthly review checklist to ensure that all future irregular expenditure records are captured accurately and that the register is aligned with the MFMA Circular 68 guidance and National Treasury UIFW reporting template	Management response is duly acknowledged. The updated register incorporating detailed justifications has been received and thoroughly assessed. Based on this review, the auditor concludes that the register is sufficiently comprehensive and the validity of the irregular expenditure has been confirmed and this aspect of the finding is resolved. The internal control deficiency remains and management should ensure that the register is detailed going forward.	30/30/2025

	accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards In terms of the MFMA, Irregular expenditure in relation to a municipality or municipal entity, means— (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170; (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a				Regulation 17(c), or PPPFA s2(1)(d)”). This will enhance transparency, accountability, and the accuracy of financial disclosures.			

	requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act; (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office Bearers Act, 1998 (Act No. 20 of 1998) ; or (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by laws giving effect to such policy, and which has not been condoned in terms of such policy or bylaw, It is noted with concern that the 2024-25 register for irregular expenditure does not comply with the requirements of Section 62(1)(b)							

	of the MFMA. Specifically, the register fails to clearly articulate the nature of the transgression in relation to the applicable legislative or policy provisions, without specifying which particular legislative or policy requirement that has been contravened as indicated below: a) The following entries in the 2024-25 irregular expenditure register merely states that "SCM processes were not followed" and does not explicitly state what requirement has been contravened to give rise to irregular expenditure							

Incorrect accounting for National Skills Fund agreement	Paragraph .09 GRAP 109 – Accounting by principals and agents states that: When an entity directs another entity to undertake an activity on its behalf, it must consider whether it is a party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an entity acting on behalf of another entity in relation to transactions with third parties. In the absence of transactions with third parties, the arrangement is not a principal-agent arrangement, and the entity then acts in another capacity rather than as an agent. Paragraph 13 of GRAP 109 states that "A principal is an entity that directs another (an agent) to undertake transactions with third parties, for the benefit of the principal, in terms	During the audit of the 2024-25 financial statements, it was identified that the municipality is party to an agreement with the National Skills Fund (NSF) to provide training in accordance with the project plan. The municipality currently recognises revenue from non-exchange transactions for funds received that were spent on the project and expenditure for expenses incurred in executing the project. Based on the assessment above, it has been concluded that ZDM and the NSF have a principal-agent arrangement in which ZDM is an agent. In terms of paragraph 43 of GRAP 109, an agent recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal. This results in revenue from exchange transactions: Transfers and subsidies – Operational being materially overstated by R42 036 584 (2023-24: R100 633 987) and contracted services being materially overstated by R42 246 585 (2023-24: R100 663 587).	The Chief Financial Officer (CFO) and reporting manager did not adequately assess the memorandum of agreement to determine the correct accounting treatment of the transactions in terms of GRAP and to identify that the principal-agent relationship, resulting in the incorrect treatment of the transactions. The accounting officer did not effectively exercise adequate oversight ensure that the municipality correctly applied GRAP standards relating to the NSF MoA. The audit committee supported by internal audit did not effectively discharge their responsibilities to ensure that the municipality correctly applied GRAP standards	The Chief Financial Officer (CFO) and reporting manager should thoroughly assess agreements that the municipality is party to determine the correct accounting treatment of the agreement in terms of GRAP. The accounting officer should exercise adequate oversight ensure that the municipality correctly applies GRAP standards in relation to agreements entered into. The audit committee supported by internal audit should effectively discharge their responsibilities to ensure that the municipality correctly applies GRAP standards relating to agreements to which the municipality is party to. The NSF related revenue and expenditure should be derecognised from the AFS and a correction of prior period error in terms of GRAP 3 should be disclosed. A principal-agent arrangements note should be disclosed in the AFS to include the	Management acknowledges the internal control deficiencies noted. The oversight arose due to an interpretation error in assessing the accounting treatment of the NSF agreement. The matter will be corrected by strengthening internal review processes to ensure that all agreements are formally assessed against the relevant GRAP standards before accounting recognition is made. The CFO will ensure that such assessments are reviewed prior to inclusion in the Annual Financial Statements.	Management agrees with the audit finding. Upon review, it is confirmed that the National Skills Fund (NSF) Memorandum of Agreement constitutes a principal-agent arrangement in accordance with GRAP 109. The municipality acted as an agent responsible for the implementation of the project on behalf of the NSF and therefore should not have recognised the related project receipts and payments as its own revenue and expenditure. The municipality acknowledges that this resulted in the overstatement of both revenue and expenditure in the 2024/2025 Annual Financial Statements and the omission of the required principal-agent disclosure notes.	Management's comments are noted. The remedial actions indicated by management address the misstatement and control deficiency and should be implemented by management. The journals provided were subjected to audit procedures, and the proposed adjustments were verified against supporting documentation and applicable accounting standards. Based on the work performed, we conclude that the adjustments have been correctly processed and appropriately reflected in the Annual Financial Statements (AFS). The irregular expenditure incurred on the expenditure made in terms of this contract remains that of the municipality. The internal control deficiency aspect of the finding remains.	30/11/2025

	of a binding arrangement. The focus of this Standard is establishing whether one entity directs another in relation to specific transactions with third parties within a particular arrangement, rather than considering whether one entity directs or has the power over another entity generally” Paragraph 16 of GRAP 109 states that “When an entity is party to a principal-agent arrangement, it shall assess whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether an entity is a principal or an agent requires the entity to assess	The municipality has also not made the disclosures required by paragraphs 62 to 65 of GRAP 109 in the 2024-25 AFS which is qualitatively material.	relating to the NSF MoA.	required disclosures for an agent in terms of GRAP 109. The commission revenue related to this arrangement should be identified and recorded as revenue. The proposed adjustment should be submitted to the auditors for further evaluation.				

	whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.”							
Absence of Fraud and Corruption Awareness Training and Unapproved Whistleblowing Policy	In terms of paragraph 3.1.5 of the Zululand District Municipality Fraud Prevention Strategy: “The main purpose of fraud and corruption awareness workshops / training is to assist in the prevention, detection and reporting of fraud and corruption by raising the level of awareness as to how fraud and corruption is manifested in the workplace. In this regard, all employees will receive training on	It was noted that the Municipality did not implement the required training and awareness activities for employees. Specifically: • Training on the Anti-Fraud and Corruption Strategy was not conducted. • Training on the Whistleblowing Policy was not conducted. • Training on how to respond to fraud and corruption was not conducted. • Training on manifestations of fraud and corruption in the workplace was not conducted. Furthermore, the Whistleblowing Policy remains in draft form and has not been formally approved by Council.	The Head of Department - Corporate services has not implemented formal training and awareness programs on the Anti-Fraud and Corruption Strategy, the Whistleblowing Policy, or procedures for responding to fraud and corruption. Additionally, the Whistleblowing Policy remains in draft form and unapproved by Council. This constitutes a control deficiency, as	• Approval of Whistleblowing Policy: The Council of Zululand District Municipality should formally approve the Whistleblowing Policy to provide a legally enforceable framework for reporting fraud, corruption, and unethical conduct, ensuring employees and members of the public can report incidents with confidence. • Employee Training and Awareness Programs: The Head of Corporate Services should develop and implement a structured training program for all	The municipality has crafted a draft policy with is ready for approval in the next council sitting. Workshopping the policy is the compulsory process that follows.	The policy will be submitted for approval by council and procedures developed for implementation.	Management’s comments are noted. The suggested remedial action should be implemented and this will be followed up on during the next audit cycle	31/12/2025

	the following: • Anti-Fraud and Corruption strategy; • Code of Conduct for employees; • Whistle blowing policy; • How to respond to fraud and corruption; and • Manifestations of fraud and corruption in the workplace. The Municipality has identified the Head of Department Corporate Services who would be responsible for employee awareness and he will arrange and schedule awareness sessions throughout the year." In terms of the draft Whistleblowing Policy, "the policy will come into effect on the date of approval by Council."		employees are not adequately informed of, or equipped to comply with, the Municipality's fraud prevention and reporting	employees, including: o Comprehensive training on the Municipality's Anti-Fraud and Corruption Strategy and Whistleblowing Policy o Instruction on how to recognise, respond to, and report incidents of fraud and corruption. o Awareness sessions on manifestations of fraud and corruption relevant to municipal operations, including falsified claims, conflicts of interest, and misappropriation of municipal resources. • Monitoring and Evaluation of Training Effectiveness: Head of department and line managers should establish mechanisms to monitor and assess the effectiveness of training initiatives, including post-training evaluations, refresher courses, and tracking whistleblowing reports. Feedback should be used to continuously improve training content and delivery. • Integration with Internal Controls and Governance: Training and awareness initiatives should be				

				linked to the Municipality's broader internal control framework. Employees should understand how their actions contribute to prevention, detection, and response strategies and be aware of the consequences of non-compliance or misconduct.				
Invalid deviation from SCM process	In terms of Municipal Supply Chain Management (SCM) regulation 36(1): A supply chain management policy may allow the accounting officer (a) to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only – (I) in an emergency;	The reason for the deviation was stated as an emergency, motivated by the need to extend the contract for a hired vehicle used by the Mayor after his official car was involved in an accident. Supplier Deviation no. Service Amount AGAPE CAR HIRE (PTY) LTD DEV7499 Hire of vehicle for the Mayor R118 417,75 However, the deviation is considered invalid, as the justification pertains to a contract extension rather than an unforeseen emergency. In terms of SCM Regulations, contract extensions should be processed through the	There is inadequate planning and monitoring of contract expiries and procurement timelines, resulting in unauthorised contract extensions being processed as emergency deviations. Expenditure incurred should be disclosed as irregular expenditure.	The SCM Manager failed to ensure compliance with SCM Regulations, indicating a weakness in controls over contract management and procurement planning.	The deviation cited under DEV7499 – Agape Car Hire (Pty) Ltd was processed to ensure the continued availability of a vehicle for the Mayor while the official mayoral vehicle was undergoing repairs following an accident. The intention was to maintain uninterrupted support to the Office of the Mayor for official duties. However, management acknowledges that	§ All future deviations to be reviewed and verified by the SCM Manager prior to submission to the Accounting Officer to ensure correct classification and justification § The SCM Manager to review of all 2025/2026 deviation registers to identify and correct any misclassified deviations. § The expenditure incurred under this deviation will be disclosed as irregular expenditure in the	Management's acknowledgement that the deviation under DEV7499 was incorrectly classified under SCM Regulation 36(1)(a) and that the justification captured did not accurately reflect the actual circumstances is noted. The planned remedial actions, including enhanced review processes, mandatory compliance checks, and improved oversight by the SCM Manager, are also noted and, if effectively	15/11/2025

	(ii) if such goods or services are produced or available from a single provider only; (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile; (iv) acquisition of animals for zoos; or (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and (b) to ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature. The municipal manager must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next	standard procurement processes and do not qualify as emergency deviations. Management should have anticipated the expiry of the Agape contract and planned the competitive bidding process accordingly.			the justification provided was incorrectly classified under SCM Regulation 36(1)(a) as an emergency, and the reason captured on the deviation form did not correctly reflect the actual circumstances. The deviation should have clearly stated that the extension was necessitated by the ongoing repair of the official vehicle, and not as an unforeseen emergency. This incorrect classification and wording resulted in the deviation not meeting the full requirements of Regulation 36(1)(a). § Introduce a mandatory compliance checklist for all deviation requests, verified by the SCM Compliance Officer and CFO prior to submission to the Accounting Officer. § Require	Annual Financial Statements and reported to Council in accordance with MFMA Section 125(2)(	implemented, are expected to strengthen controls over future deviations. However, despite these interventions, the municipality did not comply with Section 62(1)(a) of the MFMA, as the deviation did not meet the requirements of SCM Regulation 36(1)(a) and resulted in irregular expenditure. Accordingly, the finding will be reported in the Management Report.	

	meeting of the council then include as a note to the annual financial statements. This results in non-compliance with regulation 36(1)(a) of the municipal supply chain management regulation and all expenditure incurred will need to be disclosed as irregular expenditure in the notes to the annual financial statements.				supporting documentation to substantiate the reason for deviation. § The SCM Manager will review and sign off all deviation registers monthly to ensure proper classification and compliance.			
Wastewater Treatment Works (WWTW) operated without required licences	Section 63(1)(a) of the Municipal Finance Management Act (MFMA) states that, the accounting officer of a municipality is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. Section 21 of the National Water Act 36 of 1998 (NWA) states that, for the purposes of this Act, water use includes- (a) taking water	During the audit, it was noted that the municipality operates all but one of its Wastewater Treatment Works (WWTWs) without the required licenses. The only licensed WWTW is Mandlakazi, indicating that compliance with regulatory licensing requirements is significantly lacking across the remaining facilities.	The Head of Department (Technical Services) did not ensure that all Wastewater Treatment Works (WWTWs) under their control had valid operating licenses, as required by Section 22(1)(b) of the National Water Act (NWA). Management has failed to establish and implement a compliance checklist aligned with the requirements of	The Head of Department (Technical Services) must urgently implement controls to ensure that all Wastewater Treatment Works (WWTWs) obtain and maintain valid operating licenses in compliance with Section 22(1)(b) of the National Water Act (NWA). This should include: • Developing a compliance monitoring framework that tracks licensing status for each WWTW. • Assigning accountability to the relevant officials for	the treatment works were inherited form the department and are operated with the General Authorisation in terms of Section 39 of the national water act,1998. municipality has started the process for water use license applications.	Apply for Water Use Licenses for all existing plants	Managements comment regarding the water use license applications are noted and management should continue with the process of the applications. We will follow up in the next audit cycle, with regards to the outcome of the applications.	30/05/2026

	from a water resource: (b) storing water: (c) impeding or diverting the flow of water in a watercourse: (d) engaging in a stream flow reduction activity contemplated in section 36; (e) engaging in a controlled activity identified as such in section 37(1) or declared under section 38(1): (f) discharging waste or water containing waste into a water resource through a pipe, canal. sewer. sea outfall or other conduit: (g) disposing of waste in a manner which may detrimentally impact on a water resource; (h) disposing in any manner of water which contains waste from. or which has been heated in. any industrial or power generation process; (I) altering the bed, banks. course or characteristics of a watercourse:		the MFMA, NWA, and NEMA. The absence of such a control mechanism has resulted in inadequate monitoring and a lack of assurance that the municipality complies with applicable legislation.	timely license applications and renewals. • Regular reporting to senior management and council on compliance status. Management should develop and implement a compliance checklist aligned with the requirements of the MFMA, NWA, and NEMA, and monitor it regularly to ensure that the municipality maintains full compliance with all applicable legislation.				

	Section 22(1) of the NWA states that, a person may only use water- (a) without a licence- (I) if that water use is permissible under Schedule I: (ii) if that water use is permissible as a continuation of an existing lawful use; or (iii) if that water use is permissible in terms of a general authorisation issued under section 39; (b) if the water use is authorised by a licence under this Act; or (c) if the responsible authority has dispensed with a licence requirement under subsection (3) Section 22(3) of the NWA states that, a responsible authority may dispense with the requirement for a licence for water use if it is satisfied that the purpose of this Act will be met by the grant of a licence, permit or other							

	administration under any other law. Section 28(1) of the National Environmental Management Act (NEMA) states that, every person who causes, has caused or may cause significant pollution or degradation of the environment must take reasonable measures to prevent such pollution or degradation from occurring, continuing or recurring, or, in so far as such harm to the environment is authorised by law or cannot reasonably be avoided or stopped, to minimise and rectify such pollution or degradation of the environment.							

Irregular expenditure not prevented	In terms of section 62(1)(d) of the Municipal Finance Management Act (MFMA), the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented. In terms of the MFMA, Irregular expenditure in relation to a municipality or municipal entity, means— (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170; (b) expenditure incurred by a municipality or	Contrary to section 62(1)(d) of the MFMA, the accounting officer did not take reasonable steps to prevent the re-occurrence of similar instances of irregular expenditure as disclosed in note 53.2. Description of expenditure 2024-25 Amount (R) 2023-24 Amount (R) Irregular expenditure 71 612 140 23 552 559 Irregular expenditure was incurred in the prior year as well as the current year. The major transgressions that resulted in irregular expenditure not prevented are expenditure on expired contracts, invalid deviations, expenditure on suppliers who do not have contracts with municipality and quotations not advertised. The cause of the irregular expenditure could have been prevented if reasonable steps had been taken to prevent the re-occurrence in the current year on new contracts and quotations.	The accounting officer and audit committee, supported by internal audit, did not exercise adequate oversight and monitoring of the audit action plan to prevent repeat findings of non-compliance with key legislation.	The accounting officer and audit committee, supported by internal audit, must strengthen the oversight and monitoring of the audit action plan to prevent repeat findings of non-compliance with key legislation, and hold responsible officials accountable where limited or no progress is identified.	Management agrees to the finding and concurs that the municipality continues to face challenges in preventing irregular expenditure. Efforts were made to strengthen SCM compliance controls during the 2024/25 financial year; however, deficiencies persisted due to inadequate monitoring and follow-up on recurring issues raised in previous audits Management acknowledges that internal oversight mechanisms were not adequately enforced, resulting in repeat audit findings. The Accounting Officer, Audit Committee, and Internal Audit will enhance coordination to ensure robust tracking and reporting on irregular expenditure. The Audit Action Plan	§ Review and update payments compliance checklists to ensure pre-payment verification and validity of contracts. § Strengthen the audit action plan monitoring framework with tracking of all SCM related findings. § Perform quarterly reconciliation between the Irregular Expenditure Register, SCM Register, and Contract Register.	Management's comments and remedial actions are noted. The implementation of these measures are expected to contribute meaningfully to the prevention of irregular expenditure. These actions will be subject to review during the next audit cycle. However, the requirements of section 62(1)(d) remain not complied with in the 2024/25 financial year and this will be reported in the auditor's report as material non-compliance.	15/11/2025

	municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act; (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office Bearers Act, 1998 (Act No. 20 of 1998) ; or (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by laws giving effect to such policy, and which has not been condoned in terms of such policy or bylaw, Contrary to section 62(1)(d) of the MFMA, the accounting officer				will be integrated into departmental performance monitoring to ensure accountability. The control environment will be strengthened through: § Institutionalising Audit Action Plan Monitoring: All audit findings are now assigned to specific officials with clear timelines, tracked through a centralised monitoring dashboard managed by Internal Audit. § Oversight by Audit Committee and Council Structures: Progress reports on irregular expenditure prevention and consequence management are presented quarterly to the Audit Committee, MPAC, and EXCO. § Reconciliation Controls: Regular reconciliation between the Irregular Expenditure Register, Contract			

	did not take reasonable steps to prevent the re-occurrence of similar instances of irregular expenditure as disclosed in note 53.2. Irregular expenditure 71 612 140 (2024-25)23 552 559 (2023-24) Irregular expenditure was incurred in the prior year as well as the current year. The major transgressions that resulted in irregular expenditure not prevented are expenditure on expired contracts, invalid deviations, expenditure on suppliers who do not have contracts with municipality and quotations not advertised. The cause of the irregular expenditure could have been prevented if reasonable steps had been taken to prevent the re-occurrence in the current year on				Register, and Payment Register is now a standing monthly control, ensuring completeness and accuracy..			

	new contracts and quotations Consequently, this results in material non-compliance with section 62(1)(d) of the MFMA and non-compliance paragraphs will be included in the audit report accordingly. A similar finding was identified and communicated to management during the previous audit period							
Performance of service providers are not monitored on a monthly basis	In terms of Section 116(2)(b) of the Municipal Finance Management Act, No. 56 of 2023 (MFMA), the accounting officer of a municipality or municipal entity must monitor on a monthly basis the performance of the contractor under the contract or agreement; Contrary to the above, no evidence could be provided by the municipality confirming that the performance	Contrary to the above, no evidence could be provided by the municipality confirming that the performance of service providers was monitored on monthly as required by Section 116(2)(b) of the MFMA. Progress reports/Monitoring evaluation reports: • ZDM001/2024-2025 - MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AND WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE - ZANAMANZI SERVICES	The Supply Chain Management (SCM) manager did not implement monitoring mechanisms to track and evaluate the performance of contractors which are not construction related on a monthly basis. The accounting officer together with internal audit and audit committee did not exercise adequate	The SCM manager should implement effective monitoring mechanisms to track and assess contractor performance on a monthly basis, to ensure compliance with contractual obligations and early detection of underperformance. Management should develop a template for the monitoring of performance of service providers for contacts which are not construction related which should be implemented and	Agree. The gaps identified were primarily due to the absence of a standardized monitoring template and inconsistent coordination between user departments and the Supply Chain Management (SCM) Unit. The municipality recognizes that the existing contract management processes require strengthening to ensure compliance	§ Develop and implement a standardized Service Provider Performance Monitoring Template to be used by all departments for monthly assessments of service providers. § The SCM Manager will ensure that all user departments submit signed monthly performance evaluation reports for each active service provider. § Consolidated	Management's acknowledgement of the gaps in monthly monitoring of service provider performance, including the absence of a standardised monitoring template and inconsistent coordination between user departments and the SCM Unit, is noted. The planned remedial actions—such as implementing a standardized monitoring	30/11/2025

	of service providers was monitored on monthly as required by Section 116(2)(b) of the MFMA.	(PTY)LTD • ZDM021/2024-2025 - MANAGEMENT AND OPERATION OF MPUPHUSI RIVER SAND MINING BORROW PIT - MELA OKUHLE TRADING ENTERPRISE • ZDM015/2021 - MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AI\D WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE - ZANA MANZI • ZDM012/2022 - PROVISION OF PROFESSIONAL SUPPORT FOR THE PROJECT MANAGEMENT UNIT (PMU) – BAVULELE (14-Aug-2025 • ZDM014/2020 - PROVISION OF GURDING SECURITY SERVICES TO THE ZULULAND DISTRICT MUNICIPALITY PROPERTIES AND INFRASTRUCTURE LOCATED IN ULUNDI FOR A PERIOD OF 3 YEARS - AROS PROTECTION SERVICE (24-Oct-2025 This resulted in material non-compliance with section 116(2)(b) of the MFMA, as no monitoring or progress reports were provided to demonstrate proper contract management. The lack of	oversight to ensure that the municipality developed and implemented adequate controls within supply chain management to support compliance with applicable legislation	completed on a monthly basis.	with Section 116(2)(b) and Section 62(1)(d) of the MFMA. The SCM Unit, in collaboration with user departments, will institutionalize a performance monitoring framework that ensures monthly reporting, evaluation, and documentation of service provider performance across all contracts.	monthly reports will be reviewed by the Chief Financial Officer (CFO) and submitted to the Municipal Manager for oversight and compliance tracking. § Internal Audit will verify adherence to the new monitoring process during quarterly reviews. § Findings and compliance status will be tabled at the Audit Committee for monitoring and reporting to Council.	template, enforcing monthly performance submissions by user departments, and strengthening oversight by the SCM Manager, CFO, Internal Audit, and the Audit Committee—are also noted and, if effectively implemented, are expected to improve contract management processes. However, despite these planned improvements, the municipality did not comply with Section 116(2)(b) of the MFMA, as monthly monitoring and documentation of service provider performance were not performed as required during the period under review. Accordingly, the finding remains and will be reported in the Management Report and Audit Report.	

		supporting evidence caused a limitation of scope, preventing confirmation of compliance with legislative requirements. A non-compliance paragraph will be included in the audit report. Consequently, this results in material non-compliance with section 62(1)(d) of the MFMA and non-compliance paragraphs will be included in the audit report accordingly. A similar finding was identified and communicated to management during the previous year audit.						
1. Contract management non-compliances identified	Section 116(1) of the Municipal Finance Management Act (MFMA) states that "A contract or agreement procured through the supply chain management system of a municipality or municipal entity must— (a) be in writing (b) stipulate the terms and conditions of the contract or agreement, which must include provisions providing for— (I) the termination of the contract or	a) Dispute resolution mechanisms not stipulated in contract Non-compliance was identified in the following contracts where the contract did not stipulate the terms and conditions of the contract in relation to dispute resolution. ZDM001/2024-2025 - ZANAMANZI SERVICES (PTY)LTD(MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AND WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE)R357 001 358,60 ZDM020/2021 - MELA OKUHLE TRADING ENTERPRISE (EMHLANGENI	The SCM manager did not perform adequate reviews of contracts prior to approval to ensure compliance with Section 116 of the MFMA and the provisions established by the National Treasury for General Conditions of Contract. The accounting officer together with internal audit and audit committee did not exercise adequate	The SCM manager should review contracts prior to approval to ensure compliance with Section 116 of the MFMA and the provisions established by the National Treasury for General Conditions of Contract. The accounting officer, together with the support of internal audit and audit committee should develop, approve and implement a checklist which incorporates all of the applicable SCM contract management prescripts which should be reviewed,	Agreed. It is noted that in several historical contracts particularly those concluded prior to the 2024/2025 financial year the standard form of agreement issued to service providers did not include explicit dispute resolution or termination clauses. In some instances, these omissions arose due to reliance on outdated contract templates and insufficient quality assurance reviews prior to finalization.	§ Contract Template Review: SCM and Legal Services will jointly review and update all contract templates to align with MFMA Section 116(1) and National Treasury's GCC within 30 days. § Implementation of Contract Compliance Checklist: A mandatory pre-approval checklist will be developed and implemented to ensure that every contract contains all prescribed clauses prior to signing. § Filing and	Management's acknowledgement of the omissions in several contracts—specifically the absence of dispute-resolution mechanisms and termination clauses for non-performance or under-performance—is noted. The reliance on outdated contract templates, insufficient quality-assurance reviews, and weaknesses in contract oversight contributed to non-compliance with Section	30/11/2025

	agreement in the case of non- or under-performance; (ii) dispute resolution mechanisms to settle disputes between the parties; (iii) a periodic review of the contract or agreement once every three years in the case of a contract or agreement for longer than three years; and (iv) any other matters that may be prescribed.	STAND-ALONE WATER SUPPLY SCHEME)R42 623 371,80 ZDM043/2023 - AC INDUSTRIAL SALES & SERVICES (PTY)LTD SITTING,DRILLING,TESTING AND EQUIPING OF BOREHOLE AND RETICULATION KHAMBI RWSS WATER SUPPLY R18 328 504,86 ZDM015/2021 - ZANA MANZI MANAGEMENT, OPERATION AND MAINTENANCE OF WATER AI\D WASTEWATER TREATMENT WORKS AND ASSOCIATED BULK INFRASTRUCTURE R261 047 102,89 ZDM012/2023 - 2024 - RURAL PUMPS SIMDLANGETSHA WEST RWSS CONSTRUCTION OF MPUNZANE 5ML RESEVOIRS, RISING MAIN GRAVITY TO OPHIZANE AND PADDAFONTEIN R145 703 284,99 ZDM019/2023 - SIZABONKE CIVILS /PILCON PROJECTS EXTENSION TO ULUNDI WATER R105 584 271,65 ZDM061/2023 - ZANA MANZI SERVICES (PTY)LTD/ WATER SOLUTION JV BACKUP POWER SUPPLY AT	oversight to ensure that the municipality developed and implemented adequate controls within supply chain management to support compliance with applicable legislation.	signed and dated by the SCM manager as evidence of validation thereof	Management further notes that the missing signature page for contract ZDM051/2023 AC Industrial Sales & Services (Pty) Ltd was due to incomplete filing of the scanned contract in the SCM records; however, the original signed copy is available in hard copy and will be submitted to the Auditor General for verification. Management concurs that there were weaknesses in the contract review process and insufficient oversight to ensure that all contracts fully complied with the requirements of Section 116(1)(b) of the MFMA and the General Conditions of Contract (GCC 2010). The absence of a structured review checklist contributed to inconsistent inclusion of key contractual	Record-Management Control: SCM Records Section will verify that all signed contract documents are scanned and uploaded in full, including signature pages, and stored in both hard-copy and electronic repositories.	116(1)(b) of the MFMA and the General Conditions of Contract (GCC 2010). Management's explanation regarding the missing signature page for contract ZDM051/2023 and the confirmation that the original signed copy is available for verification is also noted. The planned remedial actions, including standardisation of contract templates, introduction of a mandatory contract compliance checklist, strengthened collaboration with Legal Services, improved record-management practices, and periodic independent reviews by Internal Audit, are appropriate and, if effectively implemented, are expected to strengthen the municipality's contract-	

		CRITICAL WATER PUMP STATION WITHIN ZDM R63 104 361,82 ZDM008/2023-2024 - MQHELEWETHU SIMDLANGETSHA WEST CONSTRUCTION BULK GRAVITY MAIN TO THOLAKELE AND MPENDU R44 056 877,42 This results in non-compliance with section 116(1)(b)(I) of the MFMA. b) Terms for termination in the event of non-performance or under performance not stipulated in contract Non-compliance was identified in the following contracts, as they did not stipulate terms for termination in the event of non performance or under performance: ZDM025/2023 - IKHUBA HOLDINGS CONSTRUCTION OF NKONJENI WCD R18 157 462,1 ZDM027/2023-2024 - FAKUDE BUILDING CONTRACTORS HLAHLINDLELA REGIONAL SCHEME RETICULATION - FAKUDE BUILDING R15 784 688,98 ZDM025/2023 - IKHUBA HOLDINGS CONSTRUCTION OF NKONJENI WCD R18 157			provisions. To strengthen control, SCM has initiated a process to standardize all contract templates in consultation with the Legal Services Unit to ensure that all future contracts include: § Clear termination clauses for non or under performance; § Defined dispute-resolution mechanisms (e.g. mediation and arbitration process); and § Evidence of periodic contract performance reviews in compliance with Section 116(2)(b). Furthermore, the internal audit unit will incorporate periodic sampling of executed contracts in its annual compliance reviews to verify adherence to MFMA contract management requirements.		management environment. However, despite these planned improvements, the municipality did not comply with Section 116(1)(b) of the MFMA for the 2024/25 year, as the contracts reviewed did not include key mandatory provisions relating to dispute resolution and termination for non-performance, and contract documentation was not consistently filed and retained.	

		462,1 This results in non-compliance with section 116(1)(b)(I) of the MFMA. b) Terms for termination in the event of non-performance or under performance not stipulated in contract Non-compliance was identified in the following contracts, as they did not stipulate terms for termination in the event of non performance or under performance: ZDM012/2022 - BAVULELE PROVISION OF PROFESSIONAL SUPPORT FOR THE PROJECT MANAGEMENT UNIT (PMU) R 55 344 480,00 ZDM051/2023 - AC INDUSTRIAL SALES & SERVICES (PTY)LTD COMPLETION OF MGAMUNDE DOMESTIC RETICULATION NERTWORK ZONE B&B1 R 23 766 730,68 This results in non-compliance with section 116(1)(b)(ii) of the MFMA. c) Signed contract not available Non-compliance was identified in the following procurement as the tender						

		documents included a contract, however, the page that should contains the signatures was not included in the documents provided for audit. It could therefore not be confirmed that there is a signed contract in place for the item below. ZDM051/2023 - AC INDUSTRIAL SALES & SERVICES (PTY)LTD COMPLETION OF MGAMUNDE DOMESTIC RETICULATION NERTWORK ZONE B&B1 R 23 766 730,68 This results in non-compliance with section 116(a) of the MFMA.						
Contingent liabilities discrepancies identified	Paragraph 19 of Standard of Generally Recognised Accounting Practice (GRAP 19) – Provisions, Contingent Liabilities and Contingent Assets defines a contingent liability as follows: Contingent Liability (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of	During the audit of contingent liabilities (note 48) in the 2024-25 annual financial statements (AFS), the following discrepancies were identified: a) It was confirmed that the 2024-25 Litigations register does not agree to the contingent liabilities note to the AFS. The following cases have been confirmed to be closed as per independent confirmation from the attorneys. The cases should therefore be removed from the Litigations Register or clearly indicated to be closed with an amount of R0. The cases have been correctly disclosed with an	The legal department together with the reporting manager did not ensure that the Litigations Register was accurate and complete. The Chief Financial Officer (CFO) not adequately review the contingencies disclosed in the Annual Financial Statements. Certain cases reflected in the Litigations Register were	The legal department together with the reporting manager should exercise due care to ensure that the Litigations Register is accurate and complete. The CFO should implement a robust review process to ensure that the litigation register is complete and reconciles to the contingencies disclosed in the AFS, in line with the definitions of contingent liabilities. All cases meeting the criteria for disclosure should be included in	a) The absence of a documented review and sign-off process between the Manager: Legal Services and the Manager: AFS (Reporting) before AFS submission contributed to the misalignment between the two registers. To strengthen compliance with Section 62(1)(c)(I) of the MFMA and GRAP 19 paragraph 101, the following control	a) The absence of a documented review and sign-off process between the Manager: Legal Services and the Manager: AFS (Reporting) before AFS submission contributed to the misalignment between the two registers. To strengthen compliance with Section 62(1)(c)(I) of the MFMA and GRAP 19 paragraph 101, the following control	Management Response is acknowledged. This finding is resolved, the adjusted annual financial statements has inspected and the adjustments have been made appropriately. The control deficiency remains and will be followed up on during the next audit cycle.	30/11/2025

	one or more uncertain future events not wholly within the control of the entity; or (b) a present obligation that arises from past events but is not recognised because: (I) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability.	amount of R0 in the contingent liabilities note to the financial statements No. Case Amount as per the 2024-25 Litigations Register (R) 1) Zululand District Municipality // Employee 3 250 000,00 2) Zululand District Municipality // Employee 4 75 000,00 3) Zululand District Municipality // MEC COGTA (COGTA's report) 500 000,00 4) Zululand District Municipality // Rocla 1 000 000,00 5) Zululand District Municipality // JB Mavundla & Another 350 000,00 6) Zululand District Municipality // ESKOM Holdings 2 196 570,00 7) Zululand District Municipality // Minister of Water & Sanitation 40 000 000,00 8) Zululand District Municipality // TMS 350 000,00 9) Zululand District Municipality // Moteko Construction 400 000,00 10) Zululand District Municipality // Department of education 500 000,00 11) Zululand District Municipality // Dlamini Ndlovu Engineering 500 000,00	omitted from the AFS disclosure and certain cases were included in the Litigations Register when they should have been removed.	the Litigation Register. Management should investigate the identified discrepancies, update the Litigations Register and the contingent liabilities note in the AFS to include all relevant cases that were previously omitted.	improvements will be implemented: § The Manager: AFS will continue to obtain written confirmations from all appointed attorneys through the Manager: Legal Services each year-end, and these will serve as the sole source documents for the final Contingent Liabilities Register used for AFS disclosure. § Before submission of the AFS, a joint sign-off process will be completed by the Manager: Legal Services and Manager: AFS, confirming that all matters disclosed comply with GRAP 19 and are supported by valid attorney confirmations. § The Chief Financial Officer will oversee the reconciliation process and will ensure that the AFS review checklist explicitly includes	improvements will be implemented: § The Manager: AFS will continue to obtain written confirmations from all appointed attorneys through the Manager: Legal Services each year-end, and these will serve as the sole source documents for the final Contingent Liabilities Register used for AFS disclosure. § Before submission of the AFS, a joint sign-off process will be completed by the Manager: Legal Services and Manager: AFS, confirming that all matters disclosed comply with GRAP 19 and are supported by valid attorney confirmations. § The Chief Financial Officer will oversee the reconciliation process and will ensure that the AFS review checklist explicitly includes		

		12) Zululand District Municipality // ABSA and another 5 000 000,00 13) Zululand District Municipality / /JAMJO CIVILS 320 000,00 . b) The following amounts as per Attorneys confirmation does not agree to AFS & Litigations Register: No. Case Amount as per Attorneys (R) 2024-25 Amount as per AFS (R) Amount as per Litigations Register (R) 1) Zululand District Municipality // Employee 5 100 000,00 50 000,00 50 000,00 This results in the amount as per the contingent liabilities note in the financial statements being understated by R50 000. c) The following case has been confirmed by the attorneys and has been included in the Litigations Register, however, has not been included in the contingent liabilities note to the AFS. The amounts as per the attorney's confirmation and litigations register also differ. No. Case Amount as per Attorneys Amount as per Litigations Register (R) 4) Zululand District Municipality // Mhlongo R250 000 - R350 000 in			verification of contingent liabilities against attorney confirmations and internal registers before approval of financial statements.	verification of contingent liabilities against attorney confirmations and internal registers before approval of financial statements.		

		costs if the application in argued and found in favour of Mhlongo. Costs of R100 000 if ZDM successfully opposes the application. 350 000,00 d) The following contingent liability has been included in the AFS, however it does not appear in the Litigations Register: No. Case Amount as per AFS (R) 1) Zululand District Municipality // FNB & Siyakhula Distributors 100 000.00 This results in the contingencies disclosure being incomplete. e) The following case disclosed in the contingent liabilities not does not meet the definition of a contingent liability as it is not a possible or present obligation and should be removed from the note: No. Case Amount as per the AFS (R) 1) Zululand District Municipality // Abaqulusi Local Municipality Conclusion and implementation of an SLA between Zululand District Municipality & Abaqulusi Local Municipality in terms of Section 78 of MSA no 32 of 2000. We were mandated to obtain a Section 78 Report,						

		whereafter, we were tasked the negotiating the terms of an agreement between Zululand District Municipality and Abaqulusi Local Municipality nominating ALM as the preferred service provider for water in the area. Subject to the municipalities providing all outstanding documentation soon, phase 1 (finalisation and signature of the agreement) will be finalised by end July 2025. Thereafter it will be the implantation and monitoring in phase 2. 2 000 000,00 This results in contingent liabilities being overstated by R2 000 000.						
Audit committee did not report to council at least twice a year on the municipality's performance management system	In terms of Section 14(4)(a) of the Local government: Municipal planning and performance management regulations, 2001, A performance audit committee must - (I) review the quarterly reports submitted to it in terms of sub-regulation (1)(c)(ii); (ii) review the municipality's performance	During the audit of compliance with legislation in relation to oversight and governance, it was noted that contrary to the above requirements, the audit committee made only one presentation to the council in respect of the 2024/2025 financial year relating to performance. This presentation took place on the 26 March 2025. The auditor inspected the audit committee report, as well as the minutes of the council meeting held on the aforementioned date, noting that in this report the audit committee did not review the	The audit committee chairperson did not ensure that the audit committee submitted an audit report on the review of the performance management system of the municipality to the council at least twice during a financial year, resulting in non-compliance with legislation. The audit	The audit committee chairperson must ensure that an audit report on the review of the performance management system of the municipality is submitted to the council at least twice during a financial year as required in order for the committee to effectively discharge their duties. The chairperson must also ensure that the report has fully evaluated the performance management system of the municipality.	The audit committee will ensure that reports are reported to the council as per auditors' recommendations.	Committees will assist the audit committee by including the report in the council pack to ensure that performance reports are presented in the council.	As a result, this non-compliance remains, as the Audit Committee did not fulfil its legislative responsibilities relating to the review of the municipality's performance management system. Consequently, the required oversight reporting was not submitted to Council during the year for the 2024-25 financial year.	30/03/2026

	management system and make recommendations in this regard to the council of that municipality; and (iii) at least twice during a financial year submit an audit report to the municipal council concerned.	performance management system and make suitable recommendations to the council through the audit committee report. The audit committee report included the committee's evaluation of the annual financial statements and annual performance report, however, did not specifically evaluate the municipality's performance management system twice a year. Thus, this presentation cannot be considered towards the audit committee meeting this target, whereby at least twice a year at a minimum the audit committee is required to make such presentation.	committee did not effectively discharge their duties for the year as the required number of reports were not submitted to council and the one report prepared did not fully evaluate the performance management system of the municipality.				It is recommended that the Audit Committee submit at least two reports per financial year to Council detailing the results of its review of the municipality's performance management system	
Understatement of performance reported in the Annual Performance Report	In terms of chapter 3.2 of the Framework for Managing Programme Performance Information (FMPPI): A good performance indicator should be: a) Reliable: the indicator should be accurate enough for its intended use and respond to changes in the level of performance. b) Well-defined: the indicator needs to have a	The table below reflects that the indicator relating to the number of households within ZDM to be provided with access to water within RDP standard per quarter which was incorrectly calculated and incorrectly recorded in the Annual Performance Report (APR): The average time taken to suck septic tanks within ZDM per quarter 8.44 hrs hours taken to suck a septic tanks as per APR 8.77 hrs Difference 0.07 Percentage different 0.80% Consequently, the figures reported in the APR for the	The Head of Department: Planning and the Performance Management unit did not adequately review the annual performance report to ensure that the information reported is accurately calculated and agrees to the supporting portfolio of evidence.	The Head of Department: Planning and the Performance Management unit should perform adequate reviews of the annual performance report to ensure that the information reported is accurate and agrees to the supporting portfolio of evidence. The Head of Department: Planning and the Performance management unit should investigate the above issue and make the necessary adjustment to the annual performance report.	Management acknowledges the internal control deficiency identified. A joint investigation by the Performance Management Unit and Technical Services has confirmed that the error originated in the Q1 annual summary report, where an incorrect calculation led to the annual actual figure being understated by 0.07 hours. The necessary adjustments will	Prior to the submission of the Portfolio of Evidence (POE) for audit, management will implement a rigorous review process led by the Departmental Head. This process will ensure that all performance data calculations are accurately derived from the quarterly reports (POE) and correctly consolidated and captured in the Annual Performance Report (APR).	Managements comments are noted, the updated APR was audited and the necessary changes were made. There adjustment has no effect on the conclusion expressed by the AGSA.	30/11/2025

	clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use. c) Verifiable: it must be possible to validate the processes and systems that produce the indicator. d) Cost-effective: the usefulness of the indicator must justify the cost of collecting the data. e) Appropriate: the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target. f) Relevant: the indicator must relate logically and directly link to an aspect of the institution's mandate, and the realization of strategic goals and objectives. In terms of chapter	indicator above is misstated.			be made to the Annual Performance Report (APR) to correct this misstatement.			

	5.2(1) and (3) of the FMPPI requires that a performance information system should be integrated within existing management processes and systems. The accounting officer or head official of an institution is responsible for ensuring that the institution has: Appropriate documentation and systems to collect, collate, verify, and store the information.							
Unfunded budget	Section 18(1) of the MFMA states that an annual budget may only be funded from realistic anticipated revenues to be collected, cash-backed accumulated funds from previous years' surpluses not committed for other purposes and borrowed funds. Section 5(2) of the MFMA mandates National Treasury to take appropriate steps	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 MFMA) for not preparing a budget appropriately. National Treasury declared the municipality's 2024-25 adjustment budget to be unfunded due to a deficit in net cash flows that were projected for the 2024-25 financial year. Consequently, the purpose	The accounting officer did not ensure that adequate controls are in place to ensure that the budget prepared was only funded from realistic anticipated revenues to be collected, cash-backed accumulated funds from previous years' surpluses not committed for other purposes and borrowed funds.	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 2024/2025 adjustment budget was declared unfunded by Treasury. However, it is important to highlight that a detailed Funding Plan was developed and submitted to both Council and the National and Provincial Treasuries prior to the tabling of the Adjustment Budget. This plan was intended to demonstrate the	§ Continue implementing the Funding Plan developed and submitted before the 2024/2025 Adjustment Budget, ensuring quarterly review and alignment with NT recommendations. § Intensify implementation of the Revenue Collection Plan to increase cash inflows § Enforce cost-containment measures across all departments in line with MFMA	The municipality's adjusted budget remains unfunded for the current financial year, similar to the prior year where the same issue was reported. Despite management's implementation of a budget funding plan, the recurrence of an unfunded budget indicates that the plan has not yet achieved its intended objectives. This represents a continuing internal control	30/05/2026

	if a municipality commits a breach of this Act, including the stopping of funds to a municipality in terms of section 216(2) of the Constitution if the municipality commits a serious or persistent material breach of any measures referred herein and take any other appropriate steps necessary to perform its functions effectively.	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.			municipality's commitment to restoring funding compliance through enhanced revenue collection, improved debt recovery mechanisms and strict expenditure controls. The Budget and Treasury Office (BTO) has instituted the following enhancements: § Monthly monitoring of cash-flow performance and funding ratios to ensure ongoing compliance; § Integration of the Funding Plan into the municipality's Revenue Collection Strategy, ensuring that the improvement trajectory is measurable and reportable; and § Regular progress reporting to the Manco, Executive Committee and Council on the	Circular 116 to reduce operational deficits. § Submit quarterly progress reports to Council, Provincial Treasury, and National Treasury demonstrating improvements in the funded ratio and cash-flow sustainability.	deficiency in financial planning and sustainability. Auditors will continue to monitor progress on the implementation of corrective measures.	

					implementation of the Funding Plan.			
1. Practically complete assets disclosed under PPE under construction	In terms of section 62(1)(b) of the Municipal Finance Management (MFMA) Act 56 of 2003, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.	During the audit of property, plant and equipment (PPE), it was noted that infrastructure projects which are practically complete as per the practical completion certificates were recorded as PPE under construction in the Fixed Asset Register (FAR) for 2024-25 financial period. Table 1 below demonstrates projects which were practically complete during the 2023-24 financial period, however, these projects are incorrectly recorded as opening infrastructure work in progress in the 2024-25 financial statements. Consequently, the opening balance of infrastructure PPE under construction is	The Chief Financial Officer (CFO), Asset Manager and Technical Services department did not ensure that assets that were practically complete were transferred to completed assets, resulting in an understatement of completed assets and depreciation not being provided for due to poor communication. The CFO, Asset Manager and Technical	The CFO and asset manager should ensure that assets recorded in the fixed asset register have locations that enables assets to be located without ambiguity or uncertainty. This information should be included in the register, whether it be an address and/or co-ordinates that enable assets to be located exactly where there are in use or progress.	Agree. Management acknowledges the audit finding. An internal investigation was conducted, and the Fixed Asset Register (FAR) as well as PPE Note 10 have been updated to correct the classification and depreciation errors relating to the affected assets.	To prevent recurrence, the PMU and Asset Management Unit will strengthen communication processes and formally develop a Standard Operating Procedure (SOP) that ensures all Practical Completion Certificates and project handover information are communicated immediately upon completion. This will ensure timely asset recognition, componentisation, and depreciation in compliance with GRAP 17 and	Management response is acknowledged, and the adjusted annual financial statements have been evaluated. The adjustments were appropriately applied. This finding is resolved however the internal control deficiency remains. The Remedial Actions will be followed up in the next audit period.	30/11/2025

	In terms of GRAP 17.06, Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction In terms of GRAP 17.10, An entity evaluates under this recognition principle all its property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it In terms of GRAP 17.21, The cost of an item of property, plant and equipment comprises: b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of	overstated by R454 785 555.24 and the prior year infrastructure PPE under construction additions is understated by the same amount. Although the overall balance of property, plant and equipment is not misstated, presentation and disclosure within the property, plant and equipment note (note 10) to the financial statements is materially misstated. This also results in PPE being overstated by R2 023 247.05 due to depreciation for 2023-24 not being provided for as the assets were incorrectly classified as under construction. Table 2 below demonstrates additions to practically completed projects during the 2024-25 period which are incorrectly recorded under infrastructure PPE under construction. Consequently, infrastructure PPE under construction is overstated by R82 526 975.07 overstated, Property Plant and Equipment is overstated by R104 034.56 due to a prior year depreciation misstatement. Although the overall balance of property, plant and equipment is not misstated, presentation and disclosure within the	Services department should develop standard operating procedures to ensure that practically completed projects are communicated to the asset manager promptly to ensure the assets are appropriately accounted for. Management must investigate the issue above and amend the FAR and PPE note to account for the transfer out of infrastructure under construction and into completed assets. Management should componentise the additions completed, allocate appropriate useful lives of each component and recalculate depreciation on the asset from the date that it is practically			MFMA requirements.		

	operating in the manner intended by management In terms of GRAP 17.68, Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.” In terms of GRAP 17.87, An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed: (a) The cumulative expenditure recognised in the carrying value of property, plant and equipment. These expenditures shall be disclosed in aggregate per class of asset.	property, plant and equipment note (note 10) to the financial statements is materially misstated. Furthermore depreciation in the current year is understated by approximately R969 187.34. The abovementioned has led to non-compliance with section 62 (1)(b).	completed. Management should disclose a correction of prior period error in accordance with GRAP 3. Management should calculate depreciation on the asset from the date it was practically completed and make the necessary adjustments. Management should provide the auditors with evidence of the above correction.					

Lack of GPS Coordinates and Erf Numbers on fixed assets	Section 62(1)(c)(I) of the MFMA states that the accounting officer of a municipality is responsible for the managing of the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and risk management and internal control. Section 5.1.1 of the MFMA Local Government Capital Assets Management Guideline of the states that the type of information required in an asset register should include information on the following aspects: Identification • Asset number: a unique system-generated identifier, bar code or other unique number so that the individual asset can be	Part 4 of Zululand District Municipality Fixed Asset Management Policy stated that the fixed asset register shall be maintained in the format determined by the chief financial officer, which format shall comply with the requirements of generally recognised accounting practice (GRAP) and generally accepted municipal accounting practice (GAMAP) and any other accounting requirements This results in an internal control deficiency as detailed locations have not been captured for immovable assets in the fixed asset register. Which may be prescribed by the Accounting Standards Board. The fixed asset register shall reflect the following information: • a brief but meaningful description of each asset • the date on which the asset was acquired or brought into use • the location of the asset • the department(s) or vote(s) within which the assets will be used • the title deed number, in the case of fixed property • the stand number, in the case of fixed property • where applicable, the identification number, as determined in compliance with part 11 below	The CFO and asset manager should ensure that assets recorded in the fixed asset register have locations that enables assets to be located without ambiguity or uncertainty. This information should be included in the register, whether it be an address and/or co-ordinates that enable assets to be located exactly where there are in use or progress.	The CFO and asset manager should ensure that assets recorded in the fixed asset register have locations that enables assets to be located without ambiguity or uncertainty. This information should be included in the register, whether it be an address and/or co-ordinates that enable assets to be located exactly where there are in use or progress.	Agree. GPS co-ordinates and other detailed location identifiers for all immovable assets will be updated and incorporated into the Fixed Asset Register to ensure compliance with MFMA, Treasury guidelines, and the municipality's Fixed Asset Management Policy.	Recorded in a Payment Arrangement Register indicating the agreed payment schedule, supporting justification, and reference to the related invoices.	Management response is acknowledged. Management has committed to upgrading the FAR to a GRAP-compliant standard and integrating spatial data through the municipal GIS Unit. The planned remedial actions, including monthly GPS updates, physical verification of assets, and development of a Standard Operating Procedure (SOP), are noted and will significantly improve asset location accuracy and compliance with MFMA and Treasury guidelines. The internal control deficiency remains until the FAR contains complete and verifiable location data for all immovable assets. It is encouraged that management prioritize the integration of GPS	30/05/2026

	distinguished from others. • Asset specific identifiers (where applicable): e.g. serial numbers, registration number, erf. number. • Asset description: e.g. 2005 Toyota Corolla 140i, brown wooden six-seater Boardroom table, etc. • Location:eg Office 123,Stores ABC.Erf Xyz, GPS:recommended for easy location						coordinates and Erf numbers into the FAR and ensure that the GIS Unit's monthly updates are consistently implemented and monitored. The development of the SOP to coordinate PMU, Asset Management, and GIS processes should be expedited to strengthen internal controls and ensure sustainability of the corrective action. The SOP will be followed up in the next audit period.	
Non-functional Cross-Border Water Scheme Project: Mandlakazi-Hlabisa	Zululand District Municipality (ZDM) and uMkhanyakude District Municipality (UKDM) entered into an agreement on 26 August 2014 for a cross-border water supply scheme, allowing UKDM to receive bulk water via the Mandlakazi water scheme. The two Water Service Authorities (WSAs) utilize shared infrastructure,	The original mandate for efficient and effective distribution of water resources comes from Section 27(1)(b) read together with S27(2) of the Constitution of the Republic of South Africa, Act no 108 of 1996 , which states that every citizen has a right to, amongst other things, sufficient food and water, placing water at the forefront of human development and therefore emphasizing the importance of the infrastructure management and beneficial use.	• The impact of failing water infrastructure from ZDM is significant and far-reaching, affecting various vulnerable rural areas communities around Hlabisa. This is notable in that the bulk water infrastructure project scheme was intended to supply 51 431 people in Hlabisa and 18 606	The implementation and sustainability of the scheme is at risk if the issues raised above persist without resolution, and it is crucial for management to implement immediate corrective actions to resolve the matter, specifically: • ZDM and UKDM to establish a task team that includes representation from DWS, community, KZN CoGTA and Office from the Premier	Management agrees on the finding with specific comment below.	ZDM and UKDM will establish task team to include DWS, COGTA and Premier's office. Maintenance officers will be placed to strategic points along the pipeline.	Management's comments have been acknowledged. The installation of pressure control devices to ensure water delivery to affected communities, including Hlabisa, is noted and appreciated. Management has accepted the recommendations, including forming a task team with DWS, COGTA, and the Premier's	30/06/2026

	including water treatment works that are owned, operated, and maintained by ZDM. This arrangement was primarily necessitated by the insufficient surface and groundwater resources in the Hlabisa area. The total estimated cost of the project was R209.4 million, which included VAT and professional fees. The main funding source was the Department of Water Affairs (DWA), which contributed R169 million. Additionally, the project received co-funding from the Municipal Infrastructure Grant (MIG) programme, amounting to R29.9 million through UKDM. Therefore, the difference of R10.5 million comes from UKDM and ZDM's own funds. The conditions of the agreement are	In addition, Section 62(1)(a) of the Municipal Finance Management Act, no 56 of 2003 (MFMA) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically. The Mandlakazi-Hlabisa project has encountered a notable halt in functionality for approximately 6 years since its completion/commissioning of the Water treatment works in August 2019. The primary challenges originated from ZDM, which encompass the following (Mandlakazi Phase 1-4 bulk water supply progress report 1: For rehab and commission of existing bulk supply system, dated January 2020): • People along the pipeline were not receiving water, the pipeline was therefore vandalized • Community at the main command reservoir started closing valves and controlling the flow of water and refused water to flow towards Hlabisa	people in Ezibayeni area of Hlabisa Local Municipality (LM) including Hlabisa Town, with a total population of 70 037 people being served by the scheme. This situation has resulted in an approximate 6-year delay for the community's access to water from the scheme, which is essential for fostering a supportive environment for the community, as water is vital for life. • Currently UKDM asset value has been being impaired by R 38 032 500 due to its non-functionality. • Extended periods of inactivity have caused the pumpstation infrastructure vulnerable to vandalism • Additional costs will be incurred for the reinstallation and repairs of	(OTP) to formalise the risks mitigation strategies and address them in accordance with a time bound action plan. • ZDM should implement stricter law enforcement and establish community policing forums to protect the infrastructure. There must be co-ordination between the local authorities and community leaders to raise awareness and safeguard infrastructure. • Establish strong monitoring and reporting systems to assess progress, detect possible bottlenecks at an early stage, and implement proactive measures to resolve them. • ZDM and UKDM to conduct a needs assessment to inform budgets required for asset restoration. • An action plan should be developed with timeframes and responsible person set to address the above issues. • DWS should exercise oversight function with the			Office to restore functionality to the Mandlakazi-Hlabisa scheme. A follow-up audit will be conducted in the 2025/26 financial year to confirm implementation and full operational status.	

	depicted below in paragraphs 4.1, 5.1.2 and 5.1.4 as stipulated agreement: • Paragraph 4.1 and 5.1.2 of the agreement that stipulates that ZDM shall endeavour to ensure that the water services shall be delivered uninterruptedly to the UKDM by the ZDM at its command reservoirs. • Paragraph 5.1.2 that requires ZDM to operate and maintain the treatment works and all or any infrastructure or equipment necessary to enable it to deliver water to the UKDM in terms of this agreement in good order and condition and to undertake such maintenance repairs and refurbishment as may be necessary from time to time for that purpose. • Paragraph 5.1.4 which requires that immediately and without delay	In addressing these issues, ZDM has implemented the following measures to alleviate this bottleneck (Request for Information 64 of 2025, dated 22 September 2025 refers): • ZDM has repaired the pipeline on various occasions. • Traditional leaders and Institutional and Social Development (ISD) were involved in trying to resolve the community issue. • Installation of smart lock manhole lids on key chambers to prevent tampering with valves. • Dedicated water supplies to the people around command reservoir. • Installation of control valves at reservoir to distribute water equally to the communities. • Cattle troughs/connections supplied to mitigate vandalism for cattle water. While ZDM tried to address these challenges, the actions taken have not yet been effective to yield results so far for Hlabisa to receive water as contractually intended. Consequently, ZDM has not adhered to its contractual agreement with UKDM in line with the following contractual agreement paragraphs 4.1, 5.1.2 and	electrical systems at vandalised pumpstation. • Failure to adhere to essential legislative and regulatory requirements not only breaches statutory obligations but also hinders service delivery.	coordinated assistance of KZN COGTA and OTP to ensure that water supply is reinstated without further delays				

	ZDM take all steps necessary to restore the flow of water as required.	5.1.4. Proactive risk management is critical in identifying potential challenges before they escalate and disrupt project implementation. The prolonged non-functionality of the Mandlakazi-Hlabisa cross-border water scheme, now dormant for nearly a decade, highlights a lack of foresight and inadequate joint planning by ZDM and UKZM. Specifically, the failure to consider water supply for communities along the pipeline route led to social unrest and infrastructure vandalism, which could have been mitigated through early engagement and contingency planning. Moreover, the absence of robust law enforcement mechanisms continues to hinder the successful operation of the scheme and poses a persistent risk to its sustainability. To address this, ZDM is reminded of its obligations under Section 63 of the Municipal Finance Management Act (MFMA), which mandates that the accounting officer of a municipality is responsible for the management, safeguarding, and maintenance of municipal assets.						

Awards to suppliers not evaluated in accordance with the 2022 Preferential Procurement Regulations	Treasury Regulation 16A3.2 requires that a supply chain management system must be fair, equitable, transparent, competitive and cost effective and be consistent with the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA). In terms of Section 2(1) of the Preferential Procurement Policy Framework Act no.05 of 2000, an organ of state must determine its preferential procurement policy and implement it within the following framework: (a) where a Preference point system must be followed (b)(ii) for contracts with a Rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific gods as	The PPPFA provides for the 80/20 preference points system to apply in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes. Consequently, where there is no tender* invited, for example in the case of petty cash purchases, the 80/20 preference points system will not apply. * "tender" includes price quotations as per the definition of "tender" in the PPR2022 Contrary to the above requirements, the following awards from a panel were not evaluated in accordance with the 80/20 Preference Points System: ZDM024/2022 Mamncane catering and business enterprise Catering for Siyaya emhlangeni event R 69 600,00 ZDM009/2023-2024 Aaru Construction SALGA game catering R 1 200 500,00 ZDM062/2023 Aaru Construction Mangosuthu legacy cup R 4 570 948,00 It should be noted that PPPFA 2022 does not apply during the formation of the panel as there is no price. This should be done during the award for work as	The Chief Financial Officer (CFO) did not implement adequate procedures to ensure that awards from the panel are subject to correct evaluation method as per the PPPFA. The internal audit and audit committee did not exercise oversight on the utilisation of panels to ensure that the requirements of the PPPFA are complied with.	The accounting officer should establish and implement a quotations SCM compliance checklist, to confirm adherence prior to the evaluation and approval of awards. This checklist should be reviewed by the SCM manager and signed and dated as evidence thereof, prior to the approval of the award. The panels standard operating procedures should be updated to require the calculation of points for every award from a panel. The internal audit and audit committee should exercise oversight on the utilisation of panels to ensure that the requirements of the PPPFA are complied with. Management should investigate the entire population to identify awards made from panels where a preference point system was not followed. These items must be added to the irregular expenditure	Agreed. The omission of preference point evaluation was limited to three (3) sampled panel quotations during the audit review. This occurred due to an administrative oversight at the time of award and not as a systemic control failure. Management has since conducted a comprehensive review of the total population of panel-based awards for the period under review. The review confirmed that all other awards were evaluated in accordance with the 2022 Preferential Procurement Regulations and that the non-compliance was limited to the three instances identified by the auditors. A mandatory PPPFA compliance checklist has been introduced for all panel-based	A mandatory PPPFA compliance checklist has been introduced for all panel-based quotations to ensure that preference-point calculations are completed and attached to the evaluation report before approval. Additionally, the Panel Standard Operating Procedure (SOP) will be amended to clearly state that all panel quotations must be evaluated under the applicable preference points system (80/20 or 90/10). The revised SOP will be approved and implemented.	Management's response has been acknowledged. Management has revisited the population and confirmed that evaluations were conducted for other awards made through the panel. Further testing of awards across the population verified that the evaluation process was applied to the remaining awards. It has also been confirmed that these items have been added to the revised irregular expenditure register. Nevertheless, non-compliance persists in respect of the awards listed above, and this will be formally reported in the auditor's report.	30/11/2025

	contemplated in paragraph (d) provided that the lowest acceptable tender scores 80 points for price. Section 4(1) of the Preferential Procurement Policy Framework further states that the following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes: $Ps=80\left\{1-\frac{Pt-Pmin}{Pmin}\right\}$ Where- Ps = Points scored for price of tender under consideration. Pt = Price of tender under consideration; and Pmin = Price of lowest acceptable tender. Regulation (4)(2)	members of the panel submit quotations with prices. This results in a material non-compliance with Section 2(1)(a) of the Preferential Procurement Policy Framework Act and this expenditure incurred results in irregular expenditure.		register and provided to the auditors for validation.	quotations to ensure that preference-point calculations are completed and attached to the evaluation report before approval. Additionally, the Panel Standard Operating Procedure (SOP) will be amended to clearly state that all panel quotations must be evaluated under the applicable preference points system (80/20 or 90/10). The revised SOP will be approved and implemented.			

	then states that a maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender. In terms of the Frequently Asked Questions (FAQs) issued by National Treasury on the 2022 Preferential Procurement Regulations, the response to question 7 states the following: In terms of section 2(1) of the PPPFA, an organ of state must determine its preferential procurement policy and implement it within the framework prescribed. The word "prescribed" is defined to mean prescribed by regulation made under section 5, and section 5 of the PPPFA empowers the Minister to make regulations. Therefore, organs of state are not empowered to prescribe threshold values							

	for the application of the PPPFA, only the Minister of Finance is empowered to do so.							
Inadequate controls and procedures surrounding supply chain management and procurement processes	Section 62(1)(c)(I) of the MFMA states that the accounting officer of a municipality is responsible for managing financial administration of the municipality and must for this purpose take reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Furthermore, regulation 2(1)(b) of the Municipal	The following deficiencies were identified in the supply chain management system: a) The supply chain management policy lacked provisions addressing the establishment, management, and utilisation of panels of service providers. b) The municipality has not developed and implemented a formal Standard Operating Procedure (SOP) to support the fair and transparent rotation of suppliers including proper governance of panel-related processes. c) The General SOP for the utilisation of panels does not explain how panels will be utilised.	The CFO together with the Supply Chain Manager did not update, approve and implement the supply chain management policy together with related procedures to confirm the fair and transparent rotation and administration of panels in compliance with the applicable SCM prescripts.	The CFO together with the Supply Chain Manager should update and improve the General SOP on panels, to confirm the fair and transparent rotation and administration of panels in compliance with the applicable SCM prescripts.	The Municipality acknowledges that the current SCM Policy and SOPs require enhancement to fully address the management and utilisation of supplier panels in line with the MFMA and applicable SCM Regulations. The absence of detailed rotation mechanisms has been identified as a procedural weakness, and corrective measures are being instituted. Management has since prioritised	§ Revise the SCM Policy and Panel SOP on panel management to include clear and transparent procedures for rotation and utilisation. § Submit the updated SCM Policy and SOP to Council for approval. § Implement quarterly internal reviews to monitor compliance with the approved rotation system. § Update the internal control checklist and SCM compliance	Management's comments have been duly noted. The Supply Chain Management (SCM) Policy and Standard Operating Procedures (SOP) serve as critical guiding documents within the municipality to ensure compliance with applicable legislation and to safeguard the integrity of the procurement process. Matters relating to these issues will be addressed and followed up during the 2025–2026 audit cycle.	31/03/2026

	supply Chain Management Regulations 2017 provides that each municipality and each municipal entity must have and implement a supply chain management policy that is fair, equitable, transparent, competitive, and cost effective.	d) Only 3 suppliers are invited for work in a panel instead of all of them, and it is not clear in the SOP the on how these three suppliers are selected. e) The General SOP is only approved by the CFO and was not approved by council. The above deficiencies identified expose the system to abuse and manipulation which is conducive to fraud resulting in non-compliance with applicable SCM prescripts and the incurrence of irregular expenditure.			the review of all SCM policies and related SOPs to incorporate clear guidelines for panel establishment, supplier rotation, and equitable participation. Furthermore, controls will be strengthened to ensure all SCM operational procedures receive Council approval before implementation.	register accordingly.	The finding will be formally tabled in the management report.	
Contract register incomplete	Section 62(1)(c)(i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. This provision directly supports	The following contracts identified in the commitment register were not included in the contract register. However, these contracts were utilised in the current year. This results in the contract register being incomplete. ZDM001/2020 Specialist Software And Data Management Support. Quartex Technologies 01-Jan- ZDM013/2022 Provision Of Professional Civil Engineering Services And Interrelated Services For Rudimentary North Paradox Young And Associates (Pty)Ltd 02-Dec-24 ZDM029/2022	The SCM manager did not implement a monthly reconciliation between the commitment register and the contract register to ensure the completeness of the contract register.	The supply chain manager should implement monthly reconciliation of commitment register to the contract register to ensure that the contract register is accurate, complete and regularly updated with active contracts. The SCM manager should revisit the contract register to ensure that all contracts that should have been included have included in the contract register and submit the updated complete contract register for audit purposes	Management acknowledges the audit finding regarding the omission of one contract (ZDM001/2020 – Specialist Software and Data Management Support by Quartex Technologies) from the contract register. The omission was due to the new tender for the same service coming into effect in November 2024, and as such, the previous contract had already expired and was	§ The entire contract register and confirmed completeness through a full-population reconciliation exercise between the commitment and contract registers. § Procedures will be implemented to enforce monthly reconciliations and quarterly management reviews of the contract register to ensure that any new or amended contracts are captured promptly	Management's comments are noted. The updated contract register has been received, and it has been confirmed that these items have now been included. The control deficiency remains and management should implement measures to ensure that the contract register is complete.	30/11/2025

	the need for a complete and accurate contract register. Failure to include contracts that were utilized during the financial year undermines transparency and internal control and may expose the municipality to compliance risks.	Procurement Of Fleet On Full Maintenance Fleet Horizon 25-May-25 Consequently, this may result in overpayments to service providers due to inadequate contract tracking, as evidenced by a lack of regular review of a complete contract register. ZDM040/2022 Rendering Of Short-Term Insurance And Advisory Services Of Municipal Assets For A Period Of 36 Months. Lateral Unison Insurance Broker 14-Jul-25			no longer active at the time of the audit. All other contracts listed in the audit communication are reflected in the approved contract register. The Supply Chain Management (SCM) Unit will perform a monthly reconciliation between the commitment register and the contract register. This control will ensure that all active contracts are included, accurately recorded, and reconciled on a continuous basis to enhance completeness, accuracy, and transparency in line with Section 62(1)(c)(i) of the MFMA.			

Irregular expenditure inaccurately recorded	MFMA Circular 68 – Guidelines on UIFW advise that a number of municipalities requested clarification of irregular expenditure from a VAT perspective. Municipalities are advised to record their irregular expenditure in the irregular expenditure register and consequently disclose it in the annual financial statements (AFS) inclusive of VAT. The latter is dure to the amount of the transgression from the provisions of the applicable legislations as contained in the irregular expenditure is the full value of the transgression involved and not just a portion of the transaction. It is therefore important to include VAT in the register and the AFS disclosure note for them to also be complete. It therefore follows that should	Recording irregular expenditure in the register and in the disclosure of the AFS inclusive of VAT is not in contravention of any GRAP standard nor the reporting framework and is also not in contravention of the VAT Act, since the entity is expected to continue accounting for the underlying transactions in terms of the applicable GRAP standards. For example, the underlying transaction refers to the acquisition of the item procurement processes in acquiring that item of PPE. The disclosure of the irregular expenditure in the AFS and the irregular expenditure (and resultantly having a register to support this disclosure) represents just the quantification of the amount of the transgression as a result of non-compliance with the relevant legislation to enhance accountability and therefore should not be construed as an "underlying accounting transaction". Hence, with this background in mind fair presentation in the AFS should not be negatively affected. Notwithstanding the above, it has been identified that the following transactions were recorded net of VAT in the irregular expenditure	The CFO did not ensure sufficient and appropriate validation control in the financial reporting process to ensure VAT is included in the irregular expenditure register and AFS disclosure.	The CFO should implement adequate reviews of the irregular expenditure register to ensure compliance with the requirements of circular 68 of MFMA The CFO should revisit the entire population of irregular expenditure and ensure that amounts are recorded inclusive of VAT where VAT was charged in the invoice.	Agreed. Management acknowledges that this resulted in incomplete disclosure of the total value of irregular expenditure reported in the 2024/2025 AFS. The CFO's office will implement additional verification steps during the compilation of the irregular expenditure register to ensure all entries are inclusive of VAT. Going forward, the register will be reviewed monthly by Manager: SCM and validated by the CFO prior to submission for AFS preparation.	The municipality has recalculated the irregular expenditure to include VAT and will adjust the irregular expenditure register and disclosure note by R9 442 467.10 to ensure compliance with MFMA Circular 68. An updated Irregular Register will be submitted to the Audit team.	The irregular expenditure register has been received and reviewed to confirm that all transactions have been appropriately recorded, inclusive of VAT. It has been verified that the value of the additional adjustment to the population amounts to R9,442,467.10. Accordingly, the adjustment made by management is deemed accurate, and the finding is considered resolved.	30/11/2025

	the irregular expenditure need to be recovered or written off would be the full value of the transaction involved. VAT would not be an issue at that stage either, as the normal VAT rules would apply accordingly.	register and in the irregular expenditure disclosure note. It was identified that the difference is due to the VAT charged on the invoice. Consequently, the irregular expenditure disclosed in the AFS is understated by a projected misstatement of R15 654 721,74.						
1. Budget vs Actual Statement not aligned with actual financial statements and missing variances	In terms of GRAP 24 section 19, An entity shall present a comparison of budget and actual amounts as additional budget columns in the financial statements only where the e financial statements and the budget are prepared on a comparable basis. .20 Comparisons of budget and actual amounts may be presented in a separate financial statement ("statement of comparison of budget and actual	a) During the audit of the Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025, the following differences were noted between amounts disclosed in the Budget vs Actual Statement and the actual figures in the SOFP and SOFPER B) The following line items in the Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025 have no explanation of material differences disclosed, despite differences between budgeted and actual amounts: Inadequate review and	The Chief Financial Officer (CFO) and reporting manager did not implement adequate controls to ensure reconciliation between the Statement of Comparison of Budget and Actual Amounts, the final adjusted budget, the Statement of Financial Position and the Statement of Financial Performance, nor ensure that all material variances were	The CFO and reporting manager must perform a detailed reconciliation between the between the Statement of Comparison of Budget and Actual Amounts, the final adjusted budget, the Statement of Financial Position and the Statement of Financial Performance before finalising the Annual Financial Statements and ensure all material variances are disclosed and explained in the notes, in line with GRAP 24. Management should	a) Agree, the differences emanated from AFS presentation by nature in terms of GRAP 1 and budget statement in terms of MFMA MBRR budget template as directed by GRAP 24 par 23 b) Agree, some of the variance explanation were omitted because they were below 5% materiality. The municipality did not include the materiality percentage in the accounting policy, and variance percentages were not included in the	a) A classification reconciliation disclosure between AFS and budget statement will b) The accounting policy for materiality will be updated, and percentages will be included in the budget statement. c) The statement of budget comparison will be updated with virements to present the final budget and agree to unauthorized expenditure note.	Management response is acknowledged. The differences emanating from AFS presentation by nature in terms of GRAP 1 agree to the AFS disclosure and agree with no material issues noted, the latest updated AFS s were provided with the added variance explanation by management and now talk to the variance and the virements are now included in the statement of budget comparison and agree to budget	30/11/2025

	amounts" or a similarly titled statement) included in the complete set of financial statements as specified in GRAP 1. Alternatively, where the financial statements and the budget are prepared on a comparable basis – that is, on the same basis of accounting for the same entity and reporting period, and adopt the same classification structure – additional columns may be added to the face of the financial statements presented in accordance with Standards of GRAP. These additional columns will identify approved and final budget amounts and, if the entity so chooses, differences between the budget and actual amounts. .21 When the budget and financial statements are not prepared on a	reconciliation between the Budget vs Actual Statement and the financial statements. Lack of proper variance analysis and disclosure controls. C) The following differences were noted between the unauthorised expenditure calculation and the Statement of Comparison of Budget and Actual Amounts	disclosed and explained.	investigate the above and amend unauthorised expenditure disclosure.	statement which assist in identifying line items that require explanations. c) Agree, virements were incorrectly omitted from the statement of budget comparison as they were considered in the calculation and disclosure of unauthorized expenditure. a) The CFO and the reporting manager will ensure compliance with GRAP 24 requirements with regards to the reconciliation of classes between AFS and the budget statement. b) The CFO and the reporting manager will ensure accounting policies relating to materiality are properly reviewed and the completeness of the budget statement is reviewed to ensure statements contain all the information useful to users.		amounts. The finding is resolved.	

	comparable basis, a separate statement of comparison of budget and actual amounts is presented. In these cases, to ensure that readers do not misinterpret financial information that is prepared on different bases, the financial statements could usefully clarify that the budget and the accounting bases differ and the statement of comparison of budget and actual amounts is prepared on the budget basis. .22 Where budgets are prepared on the accrual basis and encompass the full set of financial statements, additional budget columns can be added to the face of the financial statements required by Standards of GRAP. In some cases, budgets prepared on the accrual basis may be presented in				c) The CFO and the reporting manager will ensure the final budget includes virements processed to ensure correct final budget is presented in the AFS.			

	the form of only certain of the financial statements that comprise the full set of financial statements as specified by Standards of GRAP – for example, the budget may be presented as a statement of financial performance or a cash flow statement, with additional information provided in supporting schedules. In these cases, the additional budget columns can be included on the face of the financial statements that are also adopted for presentation of the budget. Determining the extent of comparison involves professional judgement, applied in the context of the objective of this Standard and the qualitative characteristics of financial reporting. .30 An entity shall							

	disclose in the notes to the financial statements an explanation of the reasons for material differences between the budget and actual amounts. Materiality shall be determined in accordance with the Framework for the Preparation and Presentation of Financial Statements. .31 The explanation of material differences shall include: Whether the differences are due to changes in accounting policies, Changes in the basis of accounting adopted for the budget, Timing differences, Other factors such as unforeseen circumstances. .32 Where the budget and the financial statements are prepared on different bases, the entity shall disclose the basis adopted for the							

	budget and the nature of differences. .33 An entity shall disclose the period covered by the budget and the scope of the budget (e.g., whether it includes only the municipality or also controlled entities). .34 If the budget is revised during the reporting period, the entity shall disclose the nature of the revisions and the reasons for them. .35 An entity shall disclose the reconciliation between the actual amounts on a comparable basis and the actual amounts presented in the financial statements, identifying separately any basis differences, timing differences, and entity differences. GRAP 24 and MFMA require municipalities to present a comparison of budgeted and actual amounts							

	with explanations for material variances. Differences were noted between the Budget vs Actual Statement and the Statement of Financial Performance and the Statement of Financial Position, and certain line items have no explanations for material differences.							
1. Irregular expenditure register incomplete	Section 62(1)(b) of the MFMA requires that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any Section 125(2)(d) of the MFMA requires that notes to the annal financial	a) During the review of the completeness of irregular expenditure, it was identified that the following instances of irregular expenditure were reported to council but were not included in the irregular expenditure register. 90041084 Kaluji Trading and projects Pty Ltd R155 790,00 90041628 Kaluji Trading and projects Pty Ltd R81 720,00 90041628 Kaluji Trading and projects Pty Ltd R88 920,00 Total R326 430.00 As a result, the register does not reflect the full extent of irregular expenditure, rendering it incomplete	The Supply Chain Management (SCM) Manager did not adequately ensure that all instances of irregular expenditure were accurately and comprehensively recorded in the irregular expenditure register. This oversight compromises the completeness and reliability of the register and may result in non-compliance with applicable financial management	The Supply Chain Management (SCM) Manager should ensure that the transactions identified above are duly recorded in the irregular expenditure register. In addition, the irregular expenditure not disclosed should be assessed by management and included in the irregular expenditure register. The Manager: Annual Financial Statements (AFS) and Chief Financial Officer should ensure that the narrative disclosure in the irregular expenditure	) Agree, The municipality maintained in year registers and annal registers, irregular expenditure reported to council on a monthly/quarterly basis was incorrectly omitted in the annual irregular register. b) Agree, R2 389 051 was irregular expenditure on a multi-year contract which was first identified in 2023, and was incorrectly unreported in 2024 and later	a) The annual irregular register will be updated with all registers submitted to council during the year. b) The irregular expenditure note disclosure narration paragraph will be updated to reflect the correct amount.	Management response is acknowledged. The updated irregular expenditure provided by management includes the transactions listed above. The audit finding is resolved.	30/11/2025

	statements of a municipality or municipal entity must disclose the particulars of: (i) any material losses and any material irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable; (ii) any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures; and (iii) any material losses recovered or written off; irregular expenditure in relation to a municipality or municipal entity, means— (a) expenditure incurred by a municipality or municipal entity in contravention of,		regulations. The Manager: Annual Financial Statements (AFS) and Chief Financial Officer did not perform a sufficiently thorough review of the irregular expenditure disclosure note to verify the accuracy of the amounts recorded in the financial statements. This oversight contributed to the misstatement of disclosed figures and reflects a weakness in the financial reporting review process.	disclosure note is appropriately updated to reflect the correct amount of R25,853,693.00, in alignment with the figures reported in the financial statements. This adjustment is necessary to ensure accurate and transparent financial reporting. The Accounting Officer should implement and maintain robust review procedures to ensure that the financial statements are thoroughly examined prior to finalization. This will facilitate the early identification and correction of any misstatements, thereby enhancing the accuracy, reliability, and compliance of the financial reporting process.	reported in 2025 as irregular expenditure for the prior year. this irregular expenditure was added and written off as per 2023 council committee investigation report resolution in the 2025 register. The narration in the AFS of R23 464 642 refers only to council committee investigations conducted in the audit/current year, and not investigations done in prior years. a) The SCM Manager will going forward maintain a single register to streamline reporting and ensure duplicate work is avoided and room for omissions is eliminated. b) The CFO and the AFS Manager will ensure irregular expenditure disclosure note table and			

	or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170; (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act; (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office Bearers Act, 1998 (Act No. 20 of 1998) ; or (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by laws giving effect				narration agree to each other.			

	to such policy, and which has not been condoned in terms of such policy or bylaw, Notwithstanding the above, the following inconsistencies were identified during the audit of irregular expenditure:							
1. Overall Internal Control Deficiency (ICD) identified during the audit	Section 62(1)(c)(i) of the of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) states that the accounting officer of a municipality is responsible for the managing of the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and risk management and	During the 2024-25 audit of Zululand District Municipality, we identified the following issues: 1. The Chief Financial Officer (CFO) approved the payment on the payment voucher on a date that is after the electronic payment date for payment voucher number 90040538 relating to payment certificate No:019, supported with invoice No.1138. Confirmed that the payment was made on 31 October 2024, for the construction of Mandlakazi Upstream Bulk Section 1B to vendor Afrostructures (Pty) Ltd. Confirmed that the payment was authorised by the SCM Manager dated 31 October 2024, electronic	The accounting officer and senior management did not ensure timely approval of payment vouchers, proper review and sign-off of retention and contingent liability registers, and overall compliance with MFMA requirements.	Management should:• Enforce timely approval of payment vouchers before electronic payment execution. • Implement a formal review and sign-off process for retention and contingent liability registers by responsible officials. • Strengthen oversight by the accounting officer and audit committee to ensure compliance with MFMA and related legislation	Disagree. The municipality confirms that the system run date for the payment batch was 31 October 2024, but the actual funds release and posting to the municipal bank account occurred on 08 November 2024, subsequent to the CFO's formal approval on that same date. Therefore, the approval and release of payment were executed within proper control and authorisation timelines. (Annexure A)	§ Implement monthly review and dual sign-off (Deputy CFO & CFO) for both Retention Register and Reconciliation § Develop and maintain monthly Contingent Liabilities Register with attorney confirmations § Submit final signed Contingent Liabilities Register to Manager: AFS monthly	1. Management's comment are noted, the auditor has subsequently inspected the additional document has provided. The finding has been resolved. 2. Management's comments are noted, this will be followed up in the next cycle. 3. Management's comments are noted, this will be followed up in the next cycle.	30/11/2025

	internal control.	payment date was 31 October 2024. Confirmed that payment was approved after this date by the CFO dated 08 November 2024. 2. The 2024-25 retentions register supplied as at 31 March 2025 was not signed by the Deputy CFO or CFO indicating no evidence that a review was performed. 3. The 2024-25 contingent liabilities register was not approved and signed off by the deputy CFO, CFO or municipal manager indicating no evidence that a review was performed. These deficiencies increase the risk of non-compliance with MFMA and internal policies, unauthorised or irregular payments, incomplete financial records, and weak governance oversight. This could lead to audit qualifications, reputational damage, and potential financial loss.			2. Agree. The municipality confirms that the retention reconciliation document was signed monthly by the Deputy CFO and CFO as part of the review process. The Retentions Register generated from the financial system was attached to this reconciliation as supporting documentation. However, to strengthen internal controls, both the Retentions Register and the Reconciliation Report will henceforth be signed monthly by the responsible officials. 3. Agree. The Contingent Liabilities Register will be developed and maintained by the Manager: Legal monthly. The register will include supporting confirmations from attorneys for all active cases listed as contingent			

					matters. Once reviewed and signed within the Legal Section, the final approved register will be submitted to the Manager: AFS for inclusion in the monthly financial statements to ensure alignment with GRAP 19 and MFMA Section 125(2)(c) disclosure requirements. § The Retention and Contingent Liability Registers and their accompanying reconciliations are signed monthly by the Deputy CFO and CFO. § Manager: Legal will be accountable for maintaining an up-to-date Contingent Liabilities Register supported by confirmations from attorneys for all pending legal cases. § Manager: AFS will ensure that all final signed registers are filed and reflected in the monthly financial			

					statements for management review and submission to the Audit Committee.			
Depreciation discrepancies	Section 62(1)(c)(i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial risk management and internal controls In terms of GRAP 17 paragraph 55 the depreciable	The following depreciation differences were noted between the depreciation as recorded in the fixed asset register and the auditor's recalculation. Consequently, depreciation (note 37) in the annual financial statements is understated with by R2 988 551 and property, plant and equipment (note 10) is overstated by the same amount.	The Chief Financial Officer and the Assets Manager did not perform adequate review of the depreciation calculations used to populate the annual financial statements, to ensure that the term passed used in the calculations are correct.	The accounting officer and the assets manager should perform adequate reviews of the depreciation calculations used to populate the annual financial statements, to confirm that the term passed used in the calculations are correct. The accounting officer and the assets manager need to investigate the differences above.	Disagree with the finding. Management reiterates that depreciation calculations were re-performed by the municipality. Depreciation was calculated as follows: Depreciation formula applied: Carrying Value at Beginning of Year ÷ Remaining Useful Life at the Beginning × Current Term of the Asset. Management asserts that the methodology	We will revisit the whole population and recalculate the depreciation.	Management response is acknowledged and the depreciation formular provided is applied. However, upon review with the formular provided differences were still noted. As a result this finding remains unresolved. Furthermore, the finding has no impact on the audit opinion.	31/05/2026

	amount of an asset shall be allocated on a systematic basis over its useful life.				applied is consistent with the municipality’s asset accounting processes.			
Land procured not capitalised	In terms of section 62(1)(b) of the Municipal Finance Management (MFMA) Act 56 of 2003,The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.	A Deed Sale agreement was entered into by Zululand District Municipality (The purchaser) and Meyer Investment Trust (Seller) whereby the seller hereby sell to the purchaser who here by purchases the property known as Erf 508 Paulpietersburg with an extent of 2855 square meters. On the 15th of May 2025 the Municipality was invoiced an amount of R2 400 000 as the purchase price. This amount was paid by the Municipality to the seller on the 16 May 2025. On the 27 August 2025 the Erf 508 land was officially registered at the Deeds office of Pietermaritzburg as Transferred to Zululand District Municipality. It is evident that during the	Inadequate review of the sale agreement and reconciliation to the deeds search office by the Chief financial officer and the asset manager. The Chief Financial Officer (CFO), assets manager and reporting manager did not adequately assess the agreement to determine the correct accounting treatment of the transactions in terms of GRAP	The Chief Financial Officer (CFO), assets manager and reporting manager should thoroughly assess agreements that the municipality is party to determine the correct accounting treatment of the agreement in terms of GRAP. Management should investigate the above matter and submit the outcome of the exercise to the auditors for evaluation.	Management acknowledges weaknesses in monitoring registration progress with conveyancers and will strengthen processes to ensure timeous receipt of evidence from Deeds Office and conveyancers.	§ Implement a formal tracking and follow up process with conveyancers for all property purchases and disposals. § Require written confirmation of transfer events within five (5) working days of registration. § The property will be capitalised on the municipal asset register	Management response is acknowledged, and the important facts have been taken into consideration. This finding is resolved.	30/11/2025

	Paragraph 13 of iGRAP 18 – Recognition and Derecognition of Land states that, an entity should assess whether it controls land using the criteria in paragraph .16. Control is evidenced by the rights and obligations arising from a binding arrangement In paragraph 14 of iGRAP 18 it is stated that a binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights and can be evidenced in several ways: (a) a contract concluded between the parties; (b) legislation, supporting regulations or similar means; or (c) through the operation of law, including common	financial period ending 30 June 2025 the Municipality and the seller entered into a binding arrangement which was a sale deed where the Land was procured from the seller. And after 30 June 2025 but before 30 August 2025 the municipality also obtained the tittle deed over the property. This is an adjusting event. Consequently Property, Plant and equipment - Land in note 10 to the financial statements is understated by the amount of R2 400 000.	resulting in the incorrect treatment of the transactions.					

	law. In paragraph 19 of iGRAP18 it is stated that, in the absence of an entity demonstrating that it has granted the right to direct access to and restrict or deny access of others to the land to another entity, the legal owner controls the land as it retains the right to direct access to land, and to restrict or deny the access of others to land. The legal owner is thus able to demonstrate both criteria in paragraph .16. GRAP 14 (Events after the reporting date) paragraph 03 stated the following terms are used in this Standard with the meanings specified: Events after the 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: (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)							
Nil Value Assets in use	Section 62(1)(c)(i) of the MFMA states that, the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial risk management and internal controls	In terms of GRAP 17 paragraph 55 the depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The following depreciation differences were noted between the depreciation as recorded in the fixed asset register and the auditor's recalculation. Consequently, depreciation (note 37) in the annual financial statements is understated with by R2 988 551 and property, plant and equipment (note 10) is overstated by the same amount.	The Chief Financial Officer and the Assets Manager did not perform adequate review of the depreciation calculations used to populate the annual financial statements, to ensure that the term passed used in the calculations are correct.	The accounting officer and the assets manager should perform adequate reviews of the depreciation calculations used to populate the annual financial statements, to confirm that the term passed used in the calculations are correct. The accounting officer and the assets manager need to investigate the differences above.	Assets' useful lives will be reviewed and revised in advance in accordance with GRAP 17 requirements. The municipality will implement a structured annual process to reassess useful lives and residual values for all capital assets.	Assets' useful lives will be reviewed and revised in advance, and corrective adjustments will be made to the asset register where necessary	Management Response is acknowledged. This finding remains an internal control deficiency and will be followed up in the next audit period.	30/05/2026

4. Insufficient water supply at Spekboom-Nkwanyana Store	Section 24 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) affirms that every person has the right to an environment that is not harmful to their health or well-being. In addition, Section 27(1)(b) guarantees everyone the right to access sufficient water, while Section 152(1) outlines the key objectives of local government, which include ensuring the sustainable provision of services to communities and promoting a safe and healthy environment. The National Water Act (NWA), 1998 (Act No. 36 of 1998) must be read in conjunction with the Water Services Act (WSA), 1997 (Act No. 108 of 1997), which serves as the principal legislative framework governing the	During a site visit conducted on 4 November 2025 at the Pongola, Spekboom Nkwanyana Store, it was observed that no water flowed when the tap at the location was opened. Upon enquiry with the property owner, it was explained that the area was not scheduled to receive water on that day. Consequently, residents were unable to access water from this communal collection point, which serves as a critical source for the entire community. This situation places the affected community at a severe disadvantage, as it restricts their access to a basic human necessity and undermines their ability to meet essential daily needs. Moreover, it constitutes a violation of Section 27(1)(b) of the Constitution of the Republic of South Africa, 1996, which guarantees everyone the right to access sufficient water. The occurrence further reflects a failure on the part of the municipality, both in its capacity as a Water Services Authority and as a Water Services Provider, to fulfil its constitutional and statutory obligations as set out in the Water Services Act, 1997 (Act No. 108 of 1997). As the entity responsible for ensuring	HOD technical did not ensure that the communities falling within the Pongola Spekboom Nkwanyana Store had sufficient access to water in line with Section 27(1)(b) of the Constitution of the Republic of South Africa, 1996, which guarantees everyone the right to access sufficient water.	HOD technical should establish a formal plan to ensure consistent water supply across all communities, including contingency measures for periods of water shortage, infrastructure failure, or maintenance interruptions. The plan should outline clear response procedures, timelines, and accountability mechanisms to minimise service disruptions. •HOD technical should undertake a comprehensive assessment of existing water infrastructure to identify bottlenecks, leaks, and capacity constraints affecting supply consistency. •HOD technical Implement a structured maintenance and upgrade programme to enhance the reliability and efficiency of water distribution systems. •Where water rationing is unavoidable, HOD technical should ensure that a fair, transparent, and well-communicated	Agree. The interruption in water supply is attributed to operational constraints within the Pongola Scheme, including ageing infrastructure, limited source capacity, and scheduled rationing that was not adequately communicated to the affected community.	1. Develop and implement a district wide Water Supply Stabilisation Plan, including contingency measures for shortage periods, pump failures, drought stress and planned maintenance. 2. Conduct a detailed assessment of existing water infrastructure within the Pongola Spekboom Nkwanyana supply zone to identify leakages, capacity constraints and pressure losses. 3. Implement a structured preventative maintenance programme for pumps, reticulation lines, reservoirs, and pressure-management valves. 4. Develop a transparent, equitable and formally approved rationing schedule (where unavoidable), and	Management response is acknowledged and this finding has been resolved however an internal control deficiency remains the remedial actions will be followed up in the next audit period.	28/02/2026

	provision and regulation of water services, including potable water and sanitation. Under the WSA, the responsibility for ensuring access to these essential services rests with water services authorities—primarily municipalities. These authorities, operating through designated water services providers, are mandated to facilitate and maintain equitable, sustainable access to both water supply and sanitation services for all communities within their areas of jurisdiction.	equitable, reliable, and sustainable access to water services, the municipality's inability to provide consistent water supply demonstrates shortcomings in service delivery, planning, and resource management ultimately compromising the community's constitutional right to water. It is also further noted that this water scarcity issue is not isolated, to this location. It is a common trend of service delivery failures throughout the district.		schedule is developed in consultation with affected communities. •HOD technical should establish regular monitoring and reporting protocols on water availability, supply interruptions, and community complaints. •HOD technical should create open communication channels between the municipality and community representatives to ensure feedback on water challenges is received and addressed efficiently. •HOD technical should conduct awareness campaigns to educate residents on water conservation and reporting of supply issues. •HOD technical should ensure all measures align with the Constitution, the Water Services Act (Act No. 108 of 1997), and the National Water Act (Act No. 36 of 1998) to uphold the municipality's legal and constitutional obligations.		communicate it to communities through ward councillors, CDWs, website, SMS and radio. 5. Conduct awareness campaigns on responsible water usage, leak reporting and household storage practices, targeting high-risk communities. 6. Conduct awareness campaigns on responsible water usage, leak reporting and household storage practices, targeting high risk communities.		

Internal control deficiencies identified in audit committee	Section 166(3)(b)(i) of MFMA states that in performing its functions, an audit committee must liaise with the internal audit unit of the municipality. Section 166(4) of MFMA states that an audit committee must – a) Consist of at least three persons with appropriate experience, of whom the majority may not be in the employ of the municipality or municipal entity, as the case may be; and b) meet as often as is required to perform its functions, but at least four times a year. . Paragraph 5.2 of PSACF: Principles for the audit committee's role in performance management states that the audit committee must review and comment on annual reports within the stipulated time frames.	An evaluation of the audit committee revealed the following issues: a) The audit committee did not hold independent meetings with internal audit, separate from municipal management. While a representative from internal audit attended nearly all audit committee meetings, best practice dictates that the audit committee should engage with internal audit in the absence of management. This practice reinforces the independence of internal audit and strengthens the oversight responsibilities of both the audit committee and internal audit function within the municipality. b) There is no evidence to confirm that the audit committee reviewed the municipality's annual report within the legislated timeframe of seven months after year-end. The report was tabled to council without prior review or input from the audit committee. c) Not all committee members attended the meetings. One of the audit committee members only attended 3 out of the 5 meetings for the year. The inadequate attendance compromises quorum and the committee's ability to	The accounting officer did not implement formal attendance monitoring and follow up mechanisms to ensure compliance with the requirements of Section 166 of MFMA. The Chief Operating Officer did not ensure that the scheduling and planning of audit committee meetings adequately covered all mandatory meetings, resulting in non-compliance with legislative requirements and potential gaps in governance oversight. The Chief Operating Officer did not ensure that the audit Committee conducts a review of the scope and coverage of the Internal Audit	It is recommended that the audit committee schedule periodic closed sessions with internal audit, without management present, to promote transparency, enhance oversight effectiveness, and align with governance best practices. The accounting officer should implement formal attendance monitoring and follow up mechanisms to ensure compliance with the requirements of Section 166 of MFMA. The Chief Operating Officer should, at the commencement of each financial year, ensure that the Audit Committee review the Internal Audit (IA) scope and plan to ensure alignment with the external audit approach. This review aims to identify opportunities for synergy and value enhancement in the overall assurance process. Where necessary, the committee should facilitate a meeting	a) We disagree with the finding. The in-camera meetings between Internal Audit and the Audit Committee are not mandatory; such meetings are held only when the need arises. b) We disagree with the finding. The Annual Report had already been submitted and was thoroughly reviewed and discussed by the Audit Committee during its meeting on 21 January 2025. We have attached the minutes of the meeting and the report discussed. c) We disagree with the finding. Section 166(4)(a) requires that the Audit Committee consist of at least three personnel and further stipulates that the committee must meet as often as necessary, but at least four times per year. Our records confirm that the Audit Committee met	The in camera meeting will be included in the agenda together with the pack for Annual performance review. AGSA will be included in the meeting for discussion of the IA Plan.	a) Management comments are noted. However, the recommendations remain as the best recommended practice is that such meetings must be held at least annually to strengthens the oversight responsibilities of both the audit committee and internal audit function within the municipality. b) The evidence provided has been reviewed and evaluated. It was noted that the discussion of the annual report was included under agenda item 8.1.5. However, the minutes of the meeting do not reflect that this item was actually discussed. As a result, the internal control deficiency remains, since the evidence presented does not adequately demonstrate that the audit committee engaged in a formal discussion	28/02/2026

	Paragraph 11 of PSACF: Public Sector Audit Committee role in overseeing Internal Audit states that the audit committee should encourage cooperation between external and internal audit. Review coverage and scope between external and internal audit to avoid duplication and possible cost savings from the alignment of the two functions. Timing of internal audits and the months during the financial period that the audit scope will cover must be aligned. In some cases reports from internal audit cannot be used by the external auditors as they do not cover a substantial portion of the financial year and are sometimes not completed timeously to inform the external audit and avoid the	discharge its oversight responsibilities effectively and may lead to delays in addressing key governance requirements regarding and risk matters. d) The Audit Committee did not adequately review the scope and coverage of the Internal Audit and External Audit functions at the beginning of the financial year. This oversight limited the opportunity to encourage cooperation between the two assurance providers. Without such a review, there is an increased risk of duplication of audit efforts and missed opportunities for cost savings through alignment. The Audit Committee's operational effectiveness is currently compromised by a combination of structural, procedural, and compliance weaknesses. These issues collectively result in internal control deficiencies that hinder the committee's ability to fulfil its oversight mandate. Such deficiencies may expose the municipality to governance failures, reputational damage, and erosion of public trust. A key area of concern is the lack of coordination between internal audit and external audit functions. To optimise the value of combined assurance, it is	and External Audit functions at the beginning of the financial year.	between Internal Audit and the Auditor-General of South Africa (AGSA) to promote coordination and alignment of audit efforts.	more than four times during the year. In all sittings, quorum requirements were met, as legislation requires the presence of at least two of the three appointed members. Although one member was absent from two of the meetings, this did not affect the proceedings because a quorum was still achieved. d) We disagree with the finding. The audit committee adequately reviewed the scope of the internal audit and approved the IA annual plan, and external audit scope during the presentation of the engagement letter by AGSA. During the presentation of the audit strategy and the engagement letter, AGSA specifically indicated that they would not be placing any		of the annual report. c) Management's comments are acknowledged, and it is confirmed that quorum was achieved. However, concern remains regarding the repeated absence of a member from three consecutive meetings without valid justification. In addition, it was unclear whether the member was attending to other municipal responsibilities during these absences. Such circumstances compromise the effectiveness of the audit committee's oversight responsibilities. This matter should be closely monitored going forward and will be followed up during the next audit cycle. d) Management's comments are acknowledged. The internal audit work plan was reviewed and	

	duplication of effort. This will ensure optimisation of the combined assurance obtained.	essential that the audit committee actively reviews and aligns the timing, scope, and coverage of internal and external audits. This includes ensuring that internal audit engagements are scheduled to cover a substantial portion of the financial year and are completed timeously, enabling their outputs to inform and support the external audit process. Where necessary, the committee should facilitate coordination meetings between Internal Audit and the Auditor-General of South Africa (AGSA) to promote alignment and enhance audit efficiency. Failure to implement these practices not only perpetuates inefficiencies and duplication of effort but also undermines the integrity and reliability of the municipality's assurance framework			reliance on the work of the internal audit during the 2024/25 audit, the internal audit plan differs in timing and scope to the external audit. There is no duplication of work between internal audit and external audit.		approved on 22 July 2024, which is appropriate as it occurred at the beginning of the financial year. However, the audit strategy and engagement letter were presented by the Auditor-General of South Africa (AGSA) on 02 September 2025, which was after year-end. Best practice dictates that the audit committee should review these documents at the start of the financial year to promote cost-effectiveness and ensure timely oversight. In instances where the audit strategy and engagement letter are presented after year-end, the prior year's audit strategy may be relied upon to maintain compliance with this requirement. Furthermore, it is noted that the engagement letter and audit strategy remain valid for the year until the next presentation.	

1. Incomplete disclosure of halted projects and projects taking a long to complete	In terms of Section 62(1)(c)(i) of the Municipal Finance Management Act, the accounting officer of a municipality is responsible for the managing of the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and risk management and internal control	Paragraph 87 of GRAP 17, An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed: (a) The cumulative expenditure recognized in the carrying value of property, plant and equipment. These expenditures shall be disclosed in aggregate per class of asset. (b) The carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays. (c) The carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s). The entity shall also disclose reasons for halting the construction or development of the asset and indicate whether any impairment losses have been recognized in relation to these assets Paragraph 23 of GRAP 17 states that, In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a	The Chief Financial Officer (CFO), Asset Manager and Technical Services department did not ensure that projects that are halted projects/projects taking long to complete have been disclosed, resulting in the disclosure being incomplete The accounting officer did not effectively exercise adequate oversight ensure that the municipality correctly applied GRAP 17.	The Chief Financial Officer (CFO) and asset manager should investigate the above and disclose the projects in terms of GRAP 17. The CFO, Asset Manager and Technical Services department should develop standard operating procedures to ensure that halted projects/projects taking long to complete are communicated to the asset manager promptly to ensure the halted projects are disclosed in the financial statements. Management should note the indicator of impairment and assess whether these assets are impaired. The proposed adjustment should be submitted to the auditors for further evaluation.	Agree. The financial statement note will be amended to incorporate the affected projects and ensure full compliance with the disclosure requirements. Oversight will be strengthened to ensure timely identification and communication of halted projects and projects experiencing significant delays. The CFO and HOD: Planning will collaborate to ensure that all relevant information is provided timeously to the Asset Management Unit for proper reporting and disclosure. Management further undertakes to develop and implement Standard Operating Procedures (SOPs) that will govern: § the communication of	Development and implementation of SOPs to strengthen reporting, oversight and disclosure of halted and delayed projects.	Management response is acknowledged. The revised Note 10 PPE has been inspected and confirmed that the projects taking long to complete as well as the halted projects have been disclosed. As a result, this finding is resolved. The remedial action will be followed up in the next audit period	30/11/2025

		minimum, the following indications: Internal sources of information (e) A decision to halt the construction of the asset before it is complete or in a usable condition. In the review of Property, plant and equipment the following projects were identified to have been halted or taking longer than expected to complete, however, have not been disclosed in NOTE 10 Property, Plant and Equipment. This results in a misstatement in the presentation and disclosure of property, plant and equipment			halted or delayed projects, § the monthly flow of information between Planning Department and Finance, These SOPs will ensure that halted projects and projects taking significantly longer than expected are identified promptly and disclosed appropriately in the financial statements			
Asset Under Construction does not agree to supporting	Section 62(1)(b) of the MFMA states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms	Paragraph 17 of GRAP 1 states that financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.	The Chief Financial Officer and asset manager did not prepare regular, accurate and complete financial statements as the supporting documentation differs from the amount disclosed.	The CFO and asset manager must perform thorough reviews of the entry in the asset register against the supporting invoice and payment certificate to ensure that expenditure on these projects recorded is accurate.	Disagree with the finding, the differences identified are as results of cession agreement signed by service providers. Each service provider invoices separately from each other but the claim is against the same project.	None	Management response has been acknowledged. And has been assessed upon inspection of the supporting documents confirmed that the differences relate to Cessions which were not considered in the auditors' calculation. The total cumulative costs recorded per project reconcile to the signed	30/11/2025

	and standards. Section 62(1)(c)(i) of the MFMA states that the accounting officer of a municipality is responsible for the managing of the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent system of financial and risk management and internal control.	During the audit of Assets Under Construction, it was noted that the following assets did not agree to the supporting documentation, being the payment vouchers used to pay the suppliers: Consequently, Asset under construction is misstated and the impact of the misstatement has been assessed as not material.					contracts, progress certificates, and total payment certificates.	
1. Irregular Expenditure Disclosure: Comparative Amounts Not Aligned	Section 62(1)(b) of the MFMA requires that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards	During the review of the irregular expenditure disclosure in the current year Annual Financial Statements (AFS), it was noted that the comparative figures presented do not align with those disclosed in the prior year audited AFS. Subsequent audit procedures revealed that the variance is attributable to the incorrect recording of irregular expenditure related to SMEC South Africa in the prior year, as reflected below: Note 53.2 Irregular expenditure	The Supply Chain Management (SCM) manager did not adequately scrutinise all irregular expenditure amounts to confirm their accuracy and completeness prior to disclosure. This lapse in oversight reflects a weakness in internal control processes related to financial reporting and	The Supply Chain Management (SCM) manager should scrutinise all irregular expenditure amounts to confirm their accuracy and completeness prior to disclosure. The Manager: Annual Financial Statements (AFS) and CFO should ensure that comparative amounts are accurately recorded in accordance with the prior year audited figures. Furthermore, the current year's	Agree. The opening balance for irregular expenditure will be corrected and the UIFW (irregular expenditure) register for 2023/24 will be updated accordingly.	§ Restate the opening balance for irregular § Update the 2023/24 UIFW register to reflect the correct irregular expenditure amount for SMEC South Africa. § Strengthen the review and reconciliation process for irregular expenditure disclosures, including alignment to audited figures.	Management response is acknowledged. The adjusted AFS have been evaluated, and the irregular expenditure discloser have been updated. Audit finding is resolved.	30/11/2025

	Section 125(2)(d) of the MFMA requires that notes to the annal financial statements of a municipality or municipal entity must disclose the particulars of: (i) any material losses and any material irregular or fruitless and wasteful expenditures, including in the case of a municipality, any material unauthorised expenditure, that occurred during the financial year, and whether these are recoverable; (ii) any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures; and (iii) any material losses recovered or written off;	Consequently, the comparative amounts are overstated by R4 999 558.	compliance monitoring. The Manager: Annual Financial Statements (AFS) and Chief Financial Officer (CFO) did not adequately review the comparative figures to ensure alignment with the prior year audited financial statements.	opening balances must be adjusted to reflect a correction of error relating to irregular expenditure incurred on SMEC South Africa.				

Inadequate going concern disclosure	In terms of section 62(1) (b) of the Municipal Finance Management (MFMA) Act 56 of 2003, “The accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that full and proper records of the financial affairs of the municipality are kept in accordance with any prescribed norms and standards.” Paragraph 17 of GRAP 1 (Presentation of Financial Statements) states that fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses. Additional	During the audit of the going concern disclosure, it was noted that the disclosure included in the annual financial statements is not adequate as it does not clearly and fairly present the municipality’s going concern assessment. The municipality is operating in a financially constrained environment with several indicators of potential financial distress: •Failing to make payments as and when due, due to financial reasons and adverse indicators The municipality’s liquidity position is critically weak, evidenced by a current ratio of 0.21:1 and is far below the acceptable norm of 2:1, which indicates an inability to meet even a quarter of its short-term obligations. This reinforces the fact that for every R1 of debt the municipality has, the municipality only has 21c to cover it. Current payables have ballooned by 41.1%, while creditor days have deteriorated from 140 to 170 days which is well above the legislated payment period of 30 days, signalling severe cash flow strain and an increasing reliance on delaying payments to suppliers. With only one month of cash coverage, the municipality is unable to consistently meet its operating expenses, placing	Management did not perform an adequate review of the annual financial statements in relation to the disclosure of the going concern of the municipality.	Management should amend the going concern note to clarify and fairly present events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern as well as the mitigating factors. The updated disclosure should be provided to the auditors for audit.	Agree. Although the going concern disclosure note was included in the AFS, the municipality acknowledges that additional information must be incorporated to fully and transparently present all material uncertainties and the mitigating factors relevant to the going concern assessment.	The going concern disclosure in the AFS will be amended to ensure fair presentation in line with GRAP 1 requirements.	Management’s comments are noted. The finding has been resolved as management has included adequate disclosure in relation to its going concern assumption.	30/11/2025

	disclosure when necessary, is presumed to result in financial statements that achieve fair presentation. Paragraph 27 of GRAP 1 (Presentation of Financial Statements) states that "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those	essential services at risk. This financial pressure is further reflected in the widespread halting of projects by contractors due to non-payment, resulting in significant delays across key infrastructure initiatives. Collectively, these indicators indicate poor liquidity directly undermining both operational stability and capital project delivery. •Long-term funding used to finance operational expenses We note the loan secured by management; however, one of the key indicators of material uncertainty in terms of is the reliance on long-term funding to finance operational expenditure. The loan, with a 10-year term, is long-term in nature, and the audit of borrowings in confirmed that in the prior year portions of the R100 million were used to fund operating activities. The borrowings facility could be used by the municipality again in future. This reinforces concerns regarding the entity's weak liquidity position. The use of long-term funding for short-term operational needs reflects significant financial strain, contributes to the poor current ratio discussed above, and underscores the municipality's difficulty to						

	uncertainties shall be disclosed. When the financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern." In terms of GRAP 1.28, "In assessing whether the going concern assumption is appropriate management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date." Extract of note 49: Management's disclosure "The municipality is operating at a net asset position. •There municipality has 10 year fixed term borrowing agreement of R 100 000 000 with	sustainably finance its day-to-day activities from its normal revenue streams. •Revenue generation and collection and funding constraints •When looking at the ratios that speaks to revenue collections, we are seeing that the municipality is not collecting revenues fast enough to make payment to creditors, in which payment to creditors is required within 30 days. The debtors' days for consumer debtors drastically worsened from 30 days, in the 2023-24 financial period to 53 days in the 2024-25 financial period. • We are further concerned the debt-impairment provision which has worsened from 95% of the total accounts receivable in the 2023-24 financial year, to being 96% of the total accounts receivable in the 2024-25 financial year. Essentially management is forecasting that of the receivables sitting in the financial statements, only 4% management expect to receive. •This leads us to the point whereby management has highlighted government will continue to allocate equitable share of national revenue and other Division of Revenue Act grants to municipalities. The equitable share may						

	ABSA bank. •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 0,21:1. However included in this calculation is retention of R 119 295 276 which is dependent on the future grant receipts and R 622 047 093 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 pays its creditors as they become due. •National Sphere of Government will continue to allocate equitable share of national revenue and other Division of	continue long into the future, we agree, however the monetary extent of what the municipality receives is not cast in stone. With growing pressures on the fiscus, we see it daily that budgets are being slashed due to government not having sufficient money. • 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 MFMA) for not preparing a budget appropriately. National Treasury declared the municipality's 2024-25 adjustment budget to be unfunded due to a deficit in net cash flows that were projected for the 2024-25 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. This poses as obstacle to the municipality, as this could see a decrease or withholding of the						

	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."	equitable share transfer in future, and this would leave the municipality in a very precarious position. •Cash flow constraints and uncontrolled budget spend •Through inspection of the audit committee report which was presented to the ZDM council dated 26 March 2025. It was brought to the attention of audit committee chairperson between February 2025-March 2025, that ZDM is experiencing cash flow challenges, and the following was stated, "a meeting has been requested with the Senior Management to interrogate matters raised above with the sole purpose of finding an urgent solutions that will stabilise the Municipality for the remainder of the financial year 2024/25." The municipality also incurred a significant amount of unauthorised expenditure in the current year. •Deterioration in assets used to generate revenue and or cash flow When looking at current liabilities we noted that there was decrease in available cash and cash equivalents, there was a decrease from R 57 070 895 in the 2023-2024 period, to that of R 23 102 938 in the 2024-25 period, this sharp decrease in represents a decrease amounting to R 33						

		967 957, and in percentage terms, this represents a decrease of 59.5% in the cash balance. It is however noted that these adverse events and conditions are mitigated by the following: • Budget funding plan (financial recovery plan) • Management's financial performance and budget forecast for the next three years • The municipality's approved budget for 2025-2026 financial year was assessed by Provincial Treasury as funded • Continued government support as the municipality received the equitable share grant for 2025-26 • The revenue enhancement strategy in place • No material pending legal claims This is a "close-call" going concern assessment, meaning that although there are significant financial pressures, management's mitigation plans are currently considered sufficient. However, because risks are elevated, enhanced and transparent disclosure is required. This results in the going concern note disclosure not being fairly presented.						

Material impairments - consumer receivables from exchange transactions	None (Matter of emphasis	As disclosed in note 4 to the financial statements, the municipality increased the allowance for impairment on consumer receivables from exchange transactions to R259,56 million (2023-24: R227,35 million) as the recoverability of these amounts were doubtful.						

9.7. REPORT ON THE AUDIT COMMITTEE

AUDIT COMMITTEE REPORT

We are pleased to submit our report for the financial year concluded on 30 June 2025

Audit Committee Responsibility

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

LEGISLATIVE MANDATE

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

Effectiveness of Internal Controls

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

- Reports of the Internal Audit reports for 2024/25 highlighted a level of slightly improvement on the internal controls of a Municipality
- The Audit Committee made recommendations to management to address deficiencies and highlighted and the committee will continue monitoring the implementation of these recommendations.

Risk Management

During the year under review the Risk Management Section presented the Risk Management Policies and Registers for the 2024-2025 financial year to the committee and there was a huge improvement on the effectiveness of the Risk Management Committee in the Municipality.

Evaluation of Annual Financial Statements

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

Key Focus Areas for the Municipality

While there is an overall improvement in the audit of 2024/25; the Audit committee has urged the Municipality to ensure that it implements urgent action plans that will reduce its Unauthorised, Fruitless & Wasteful Expenditure and Irregular Expenditure going forward.

Sincerely,

Mr. Erick Nsikayezwe Sithole

Chairperson of the Audit Committee

Zululand District Municipality

9.8. COUNCILLOR PERFORMANCE

EXECUTIVE COMMITTEE

LA: LEAVE OF ABSENCE

P: PRESENT

A: ABSENT

NA: NOT ALLOCATED BEFORE

COUNCIL MEETINGS

NAME	29/08/2024	05/11/2024	29/01/2025	25/02/2025	26/03/2025	22/05/2025
Mayor **1.Cllr MB Khumalo**	P	P	P	P	p	P
Deputy Mayor **2. SI Mbatha**	P	P	P	P	P	P
Speaker **3.Cllr DT Memela**	LA	P	P	LA	P	P
4.Cllr SA Mncwango EXCO MEMBER	LA	P	P	P	A	P
5. Cllr ISM Hadebe EXCO Member	P	P	LA	P	p	P
6.Cllr RM Zulu EXCO Member	P	p	P	P	A	P
7.Cllr BK Khumalo	P	A	P	P	A	P
8.Cllr SE Nkwanyana	A	P	P	P	P	P

NAME	29/08/ 2024	05/11/24	29/01/2025	25/02/2025	26/03/25	22/05/25
9.Cllr BJ Mncwango	P	P	P	P	P	P
10.Cllr M Mntambo	P	P	P	P	A	P
11. Cllr TD Ndlovu	P	P	P	P	A	P
12. Cllr MP Williams	P	P	P	P	P	P
13. Cllr KM Ntuli	LA	P	P	P	P	P
14. Cllr TM Ndwandwe	P	P	P	P	P	P
15. Cllr NP Mavuso	P	P	P	LA	P	P
16. Cllr ZH Zungu	P	P	P	P	P	P
17. Cllr ND Masondo	P	P	P	P	P	P
18. Cllr AM Sibiya	P	P	P	P	P	P
19. Cllr FM Dlamini	P	P	P	P	P	P
20. Cllr BC Nhlabathi	P	P	P	P	P	P

NAME	29 August 2024	05/11/24	29/01/2025	25/02/2025	26/03/25	22/05/25
21. Cllr NG Xaba	A	P	P	P	A	P
22. Cllr ND Mngomezulu	P	P	P	P	P	LA
23. Cllr CM Nxumalo-Sibiya	P	P	P	LA	P	P
24. Cllr VV Dlamini	P	P	P	P	P	P
25. Cllr PP Selepe	P	P	P	P	P	P
26. Cllr KR Jiyane	p	P	P	P	A	P
27. Cllr MR Dubazane	P	P	P	P	A	P
28. Cllr CN Mavundla	P	P	P	LA	P	A

NAME	29/08/2024	05/11/24	29/01/2025	25/02/2025	26/03/25	22/05/25
29. Cllr JB Mavundla	A	P	P	P	A	P
30. Cllr. NS Magagula	P	P	P	P	A	P
31. Cllr TA Ntshangase	P	P	P	LA	P	P
32. Cllr SV Nxumalo	P	A	P	LA	A	A
33. Cllr NF Zungu	P	P	P	P	A	P
34. Cllr S Shelembe	P	P	P	P	A	P
35. Cllr SS Ntombela	P	P	A	P	A	P
36. Cllr HN Sikhakhana	P	P	P	P	P	P
37. Cllr IR Barnes	A	A	A	P	P	P

CORPORATE SERVICES PORTFOLIO COMMITTEE

NAME	14 /08/ 2024	29 /11/ 2024	6/02/2025	16 April 2025
1.Cllr ISM Hadebe	N/A	LA	P	P
1. Cllr. SA Mncwango	P	NA	NA	NA
2. Cllr. MP Williams	P	P	P	LA
3. Cllr. TD Ndlovu	P	P	P	P
4. Cllr. CN Mavundla	P	P	LA	P
5. Cllr. ZH Zungu	P	LA	P	P
6. Cllr. SV Nxumalo	P	P	P	P
7. Cllr. CM Nxumalo-Sibiya	P	P	LA	P
8. Cllr. VV Dlamini	P	P	P	P
9. Cllr. RM Dubazane	P	A	LA	P
10. Cllr.MA Sibiya	P	P	P	P
11. Inkosi SQ Mtungwa	LA	LA	P	LA

TECHNICAL SERVICES PORTFOLIO COMMITTEE

NAME	19 SEPTEMBER 2024	04 DECEMBER 2024	11 MARCH 2025	05 JUNE 2025
1. Cllr SI Mbatha (Chairperson)	P	LA		P
2. Cllr. SA Mncwango	LA	P	P	P
3. Cllr. KM Ntuli	P	P	P	LA
4. Cllr. ND Masondo	LA	LA	P	LA
5. Cllr. SS Ntombela	P	P	P	P
6. Cllr. AM Sibiya	P	P	P	P
7. Cllr. JB Mavundla	P	P	P	P
8. Cllr. BK Khumalo	LA	P	P	P
9. Cllr. PP Selepe	P	P	P	P
10. Cllr.HN Sikhakhana	P	P	P	LA
Inkosi ZN Mbatha	LA	LA	P	LA

PLANNING SERVICES PORTFOLIO COMMITTEE

NAME	20 AUGUST 2024	04 DECEMBER 2024	14 AUGUST 2025	13 NOVEMBER 2025
1. Cllr SA Mncwango **(Chairperson)**	NA	LA	P	P
2. Cllr SE Nkwanyana	P	P	P	P
3. Cllr KM Ntuli	LA	P	P	P
4. Cllr BJ Mncwango	LA	LA	P	P
5. Cllr ZH Zungu	LA	LA	P	P
6. Cllr. FM Dlamini	LA	P	P	P
7. Cllr. NS Magagula	LA	LA	P	LA
8. Cllr. TA Ntshangase	P	P	P	P
9. Cllr ND Mngomezulu	P	P	P	P
10. Cllr. BC Nhlabathi	P	P	P	P
11. Cllr. IR Barnes	NA	NA	LA	LA
12. Inkosi LD Ntshangase	LA	LA	LA	P

FINANCIAL SERVICES PORTFOLIO COMMITTEE

NAME	25 JULY 2024	17 OCTOBER 2024	21 MAY 2025	18 JUNE 2025
1. Cllr MB Khumalo (Chairperson)	P	P	P	P
2. Cllr SI Mbatha	P	P	P	P
3. Cllr M Mntambo	P	P	P	A
4. Cllr BJ Mncwango	P	P	P	P
5. **6. Cllr NG Xaba**	P	P	P	P
7. Cllr ISM Hadebe	P	P	P	P
8. Cllr BC Nhlabathi	P	P	P	P
9. Cllr JB Mavundla	P	P	P	P
10. Cllr TM Ndwandwe	P	P	P	P
11. Cllr SE Nkwanyana	NA	NA	A	A
12. Cllr KR Jiyane	P	P	P	P

13. Inkosi SQ Mtungwa	LA	A	A	P

NAME	18 July 2024	28 Oct 2024	05 Feb 2025	20 June 2025
1. Cllr. MB Khumalo	NA	V	P	LA
2. Cllr. SE Nkwanyana	P	P	P	P
3. Cllr. BK Khumalo	P	P	P	P
4. Cllr. RM Zulu	p	V	P	LA
5. Cllr. TM Ndwandwe	P	P	P	P
6. Cllr. FM Dlamini	P	P	LA	P
7. Cllr. NP Mavuso	P	V	P	P
8. Cllr. NF Zungu	P	V	P	P
9. Cllr. ND Masondo	P	P	P	P
10. Cllr. SV Nxumalo	P	A	P	P
11. Cllr. TD Ndlovu	P	V	P	LA
12. Cllr. KR Jiyane	P	A	NA	LA

13. Inkosi ZN Mbatha	A	A	A	A
14. Cllr. ISM Hadebe	P	NA	NA	NA

Community Services Portfolio Committee

LOCAL LABOUR FORUM

NAME	17 SEPT 2024	18 DEC 2024	04 FEB 2025	15 April 2025
1. Cllr. CN Mavundla	P	P	P	P
2. Cllr. FM Dlamini	A	P	LA	P
3. Cllr. ISM Hadebe	LA	LA	P	P
4. Cllr. CM Nxumalo-Sibiya	P	P	P	LA
5. Cllr. MP Williams	LA	LA	LA	LA

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

NAME	30 SEPT 2024	15 OCT 2024	03 March 2025	08 April 2025
1. Cllr. S Shelembe	P	P	P	P
2. Cllr. VV Dlamini	P	P	P	LA
3. Cllr. M Mntambo	P	P	A	V
4. Cllr. MP Williams	P	P	P	P
5. Cllr. SS Ntombela	P	P	P	P
6. Cllr. PP Selepe	P	P	P	P
7. Cllr. HN Sikhakhana	NA	P	P	P

9.9. KEY WATER AND SANITATION PROJECTS 2024/2025

ZDM 011/2019	Simdlangentsha West Regional Water Supply Scheme - Construction Frischgewaagd, Abstraction Works, Staff Accomodation and Bilanyoni Booster Pumpstation.	Edumbe LM, Bilanyoni, Ward 4	R34 597 917,12	R33 129 552,35
ZDM ZDM057/2023	Simdlangentsha West Water Conservation Demand Management Phase1	Ward 4- Bilanyoni Ward 5 Tholakele Ward 5 Mpundu Ward 6 eMakholweni Ward 8- Ophuzane Ward 8- Mapayi Ward 10- Mangosuthu	R14 473 752,78	R14 471 889,45
ZDM008/2023-2024	Simdlangentsha West RWSS - Construction of Bulk Gravity Main to Tholakele and Mpundu	eDumbe Ward 5 Tholakele and Mpundu	R44 056 877,42	R32 136 287,84
ZDM012/2023-2024	Simdlangentsha West Rwss Construction Of Mpunzane 5ml Reservoir, Rising Main And Gravity to Ophuzane & Paddafontein	eDumbe, Ward 5,8-Mpunzi and Bilanyoni	R145 703 284,99	R81 416 043,00
ZDM059/2023	Construction of 10ML Terminal Reservoir	Edumbe LM;ward 4 & 10 Frischgewaagd, Mangosuthu,Bilanyoni,Enkembeni A&C	R184 072 754,05	R106 283 985,88
ABAQULUSI LOCAL MUNICIPALITY				
ZDM 043/2023	Khambi Water Supply: Siting, Drilling, Testing and Equipping of Borehole and Reticulation Khambi RWSS Water Supply AFA	Abaqulusi LM Wards 2 and 3	R18 328 504,86	R16 649 691,27

ZDM 073/2021	Sitting, Drilling and Equipping of 4 x CoGTA Boreholes	Abaqulusi LM Wards 12 and 13	R3 000 000,00	R18 429 167,58
ZDM027/2023-2024	Hlahlindlela Regional Scheme reticulation and Reservoirs	Abaqulusi LM	R15 784 688,98	R13 116 419,10
ZDM020/2021	Mhlangeni Stand Alone Water Supply Scheme	Abaqulusi LM,Ward 15,eMhlangeni, ward 17 Emadwaleni	R48 920 199,77	R47 554 454,94
ZDM035/2024-2025	Operations and Maintenance (Phase 1) refurbishment of bulk infrastructure- Northern region	Upongola LM, Abaqulusi LM, Edumbe LM	R15 277 088,75	R0.00
ULUNDI LOCAL MUNICPALITY				
ZDM030/2023	Ceza SAWSS - Phethu	Ulundi LM, Ward 2, Phethu	R32 500 857,94	R32 259 463,79
ZDM031/2023	Ceza SAWSS - Brush	Ulundi LM, Ward 2, Brush	R31 577 396,61	R31 574 488,80
ZDM032/2023	Ceza SAWSS - Sidumo	Ulundi LM, Ward 4, SIdumo	R31 312 563,52	R30 839 605,84
ZDM 025/2023	Nkonjeni Water Conservation Demand Management Phase 3	Ulundi LM, Ward 6, 10 &12 Bayeni, Manzabomvu, Cobe, Langakazi, Ezihlalo, Hawini, Mahleza, Mamkhize, Mapayini, Ezibindini, Qwane, Mission 2, Olundi Unit BA, Ulundi Unit B1, Mbangayiya	R20 577 991,91	R20 556 149,71
ZDM024/2023	Bhokweni Water Supply	Ulundi LM, Ward 7, Bhokweni	R12 897 086,12	R12 820 316,96
ZDM002/2023	Njomelwane Water Supply	Ulundi LM, Ward 14, Njomelwane, England and Nqolothi	R28 981 916,48	R28 313 337,20

ZDM016/2023	Ntabankulu Water Supply	Ulundi LM, Ward 15, Ntabankulu, Nyoni and Nhluba	R11 736 151,42	R11 648 299,95
ZDM013/2023-2024	Nzololo Water Supply	Ulundi LM, Ward 16, Nzololo	R13 734 773,98	R13 534 475,28
ZDM001/2023	Makhosini Water Supply	Ulundi LM, Ward 16, 23(Makhosini,Hhodlweni,Nkiliji,Sgodiphola, Senzangakhona, Vezunyawo, Nobamba and Ngono)	R26 585 500,00	R26 490 413,12
ZDM019/2023	Extension to Ulundi Water Treatment Works Phase 2	Ulundi LM, Ward 17 eMabedlana, Mthinzima, Nkonjeni North and Nkonjeni South	R105 584 271,65	R77 031 505,08
ZDM048/2021	Upgrading of existing WTW Power Supply to 22 KVA	Ulundi LM, Ward 17 eMabedlana, Mthinzima, Nkonjeni North and Central	R17 242 572,26	R16 940 148,50
ZDM036/2024-2025	Operations and Maintenance (Phase 1) refurbishment of bulk infrastructure- Southern region	Ulundi LM & Nongoma LM	R12 595 688,25	R2 975 707,97
NONGOMA LOCAL MUNICPALITY				
ZDM 007/2022	Mandlakazi Bulk Water Supply Scheme: Upstream Bulk Section 1A	Nongoma LM Ward 1,Entire Mandlakazi, Phongola LM Ward 14, Gumbi/Candover	R188 534 008,79	R186 376 315,39
ZDM033/2023	Mandlakazi Phase 5: Upstream Bulks - Abstraction Works Phase 1B	Nongoma LM Ward 1, Entire Mandlakazi Phongolo LM Ward 14, Gumbi/Candover	R240 016 500,00	R235 871 585,22
ZDM 052/2023	Mandlakazi Bulk Water Supply Scheme: Upstream Bulk Section 1C	All Mandlakazi and Hlabisa	R420 581 000,00	R377 466 472,06

ZDM040/2021	Mandlakazi RWSS Phase 5.1 - Construction of Mngamunde Domestic Reticulation Network for Zone C1 / D1	Nongoma LM, Ward 1,Mngamunde	R16 056 836,14	R13 144 304,11
ZDM051/2023	Mandlakazi RWSS Phase 5.1 - Completion of Mngamunde Domestic Reticulation Network for Zone B / B1	Nongoma LM,Ward 2 Mngamunde,Zidwadweni, Embangweni, Mtengase, Gega	R23 766 730,68	R23 766 732,70
ZDM016/2022	Mandlakazi Phase 5,3: Bulk Water Supply	Nongoma Lm Ward 3 -Okhalweni	R33 253 231,82	R31 163 754,75
ZDM006/2023-2024	Construction Of Mandlakazi Phase 5.4 Mgxayine Zone D3 Domestic Reticulation Network	Nongoma Ward 3 -Mgxanyini, Esicelwini,Mduda, Sigodiphola	R19 630 478,74	R18 033 730,70
ZDM 062/2021	Construction of Mandlakazi Phase 5.2 : Bulk Water Supply	Nongoma LM, Ward 3, 22 -Mahlombe	R75 546 055,43	R75 531 265,70
ZDM005/2023-2024	Construction Of Mandlakazi Phase 5.2 Mahlomane Zone E1 &E2	Nongoma Ward 3 & 22-Mahlomane,Kolubomvu,KwaJuba, Shalashala	R27 342 647,48	R9 957 236,64
ZDM034/2023	Mandlakazi Phase 5,4: Bulk Water Supply	Nongoma LM Ward 03 Sovana,Hlushwaneni, Mgxanyini, Mduda, Esigodiphola, Magendene, Macijo, Njonyomane, Machibini, Vesonweni, portion of Kolubomvu, Mapambeni, Dlakuse	R79 025 497,01	R70 403 121,46
ZDM 050/2023	Manqashi Domestic Reticulation Network: Zone L1-C	Nongoma LM; Ward 4 Emangqeleni, Khokhwaneni and Manqashi	R34 552 362,81	R22 382 491,01

ZDM 073/2021	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)	R21 287 430,12	R18 429 167,58
ZDM046/2023	Mandlakazi Phase 5.6A: Bulk Water Supply	Nongoma LM: Ward 2, 6, 20 & 22; Manqeshaneni, Esigodiphola,Ekubungazeleni, Bambelentulo,Nkabane, Ndimhlane, Zibusele, Maduma and Meyana, Magomba, Phumanyova, Cabokwakhe, Esiphambanweni, Odushwini, Emangqeleni , Khenani , Khokhwaneni, Ezimbomvini	R185 482 653,12	R83 808 712,78
ZDM 049/2023	Construction of Odushwini Domestic Reticulation Network Zone L1B	Nongoma LM; Ward 4 Phumanyova , Odushwini , Khenani and Ezibomvini	R41 311 977,18	R21 189 128,92
ZDM 048/2023	Esiphambanweni Domestic Reticulation Network: Zone L1-A	Nongoma LM; Ward 6 Esiphambaweni, Cabokwakhe and Phumanyova	R34 305 454,55	R21 575 365,83
ZDM020/2023-2024	Construction of Mandlakazi Phase 5,5 : Umsebe Zone 11 and 12 Reticulation Network	Ward 5: eMsebe	R72 101 831,83	R11 854 411,60
ZDM019/2023-2024	Construction of Mandlakazi Phase 5,5 : Isibonelo Zone J1,j2 and J3 Reticulation Network	Ward 2:Isibonelo	R50 242 722,99	R8 530 867,92
ZDM021/2024-2025	Management and operation of Mpuphusi river sand mining borrow pit	Ward 5 and 18 All Mandlakazi, Jozini and Hlabisa	R67 486 866,10	R0.00
ZDM034/2024-2025	Kombuzi zone G1 reticulation network	Ward 3 and 18 Maqhineni,Maceneni,Ezinhlabeni,Qondile, Ezingweni, Emagqebeni, Gagasini, No7, Manqayini	R54 220 468,93	R0.00

ZDM032/2024-2025	Eskhuthwaneni zone C2 & C3 reticulation network	ward 14 Okhalweni, Esikhuthwaneni	R20 891 797,65	R0.00
UPONGOLA LOCAL MUNICPALITY				
ZDM 053/2023	Simdlangentsha Central RWSS Phase 4: Belgrade Water Treatment Works Upgrade	Uphongolo Local Municipality - Ward 5 - Evimbemshini, Ombimbini, Ncithini, Altona, Manzabomvu, Dungamanzi, Gesi, Ntabakayishi, Kwambulu, Mfaloyalo, Thusazane, Ebumbenu/Ezibayeni, Emabomvu, Kortnek, Mgwadlu, Nkosentsha, Maganda, Mafindose, Klipwal, Bongaspoort, Ezinketheni, Mfenyane, Dlomololo	R9 370 803,75	R9 367 804,38
ZDM 028/2023	Golela Water Supply scheme	Uphongolo Local Municipality, Ward 14 The project area/settlement (Golela) is located under Ward 14 of Uphongolo LM within the jurisdiction of Zululand District Municipality. (this area doesny have settlements as such)	R13 054 875,90	R11 764 133,69
ZDM034/2023-2024	Rudimentary Phase 5: Drilling, Testing and Equipping of Boreholes (North)	Uphongolo Local Municipality, Ward 14, Gumbi and Abaqulusi Ward 14, Smashwini	R34 430 447,29	R9 212 137,84
ZDM030/2023-2024	Mandlakazi Phase 5: Upstream Bulks - Post Tensioned Pipe Bridge	Nongoma LM Ward 1,Entire Mandlakazi, and Hlabisa	R134 715 607,57	R54 754 368,86
ZDM031/2023-2024	Mandlakazi Phase 5: Upstream Bulk: Abstraction and High lift Pump stations (Abstraction works, Reservoirs and Pump Stations x 2)	Nongoma LM Ward 1,Entire Mandlakazi	R573 727 409,34	R97 278 082,93

9.10. LONG TERM CONTRACTS

Vendor/Supplier	Description	Contract Value Contr.	Start Date Contr.	End Date Contr.	Duration (Term-Period)	Responsible Department	Status
LUMD INVESTMENTS (PTY)LTD	Office Rental	12 715 997.71	2021/10/21	2031/10/21	5yrs	Corporate services	Active

9.11. RISK REGISTER

Risk No	KPA	Strategic Objective (SO)	Risk Name	Root Cause	Consequences	Risk Owner	Impact Scale (1-10)	Likelihood Scale (1-10)	Inherent Risk	Inherent Risk	Control Details	Current Control Effectiveness (Updated)	Residual Risk (Current)	Current Control Effectiveness	Residual Risk (Current)	**Future Plan**	Action Owner	Due Date
01	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	**Under-collection of revenue from service charges**	• 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.	• Low cash inflows. • Unfunded budget. • Poor financial viability • Threats in going concern. • High level of reliance on government grants funding.	**General Manager: Financial Services (CFO) (S Msibi)**	**5**	**8**	**40%**	**Moderate**	• Credit Control and Debt Management Policy is in place. • Indigent Policy is in place. • Indigent Register is in place. • Debt Incentive Programme is in place. • Disconnection instructions are implemented. • Exception Reports are being used.	**30%**	**28%**	**Ineffective**	**Low**	• Conduct community awareness to customers to encourage payment of government provided services (**On-going**). • Review SLA with the existing Debt Collector to optimise revenue collection. **(31/12/2024).**	Deputy General Manager: Revenue Management (NN Zungu)	31/12/2024

02	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.2. Apply sound financial management practises to keep a positive cash balance, coverage and liquidity ratios.	**Liquidity risk (Cash coverage < 1)**	• 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).	• Threats in going concern. • Inability to settle invoices as become due (non-compliance with S65 of the MFMA). • Uspent conditional grants at year end. • Unconsistent reporting to grant funders. • Repution damage of the institution. • Community unrest with the service providers. • Lack of	**General Manager: Financial Services (CFO) (S Msibi)**	**5**	**4**	**20%**	**Low**	• Approved Budget is in place. • Budget Funding Plan is in place. • Cost Containment Regulations are in place. • Disciplinary Board on Financial Misconduct is in place. • Consequence Management and Accountability Framework is in place.	**60%**	**8%**	**Partially Effective**	**Low**	• Monitor implementation of Cost Containment In-Year Reports to Council **(Quarterly)**.	Deputy General Manager: Expenditure & SCM (S Makhathini)	Quarterly

					service delivery due to non-payment of service providers.												
03	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	**Material impairment of debtors from exchange transactions (water and waste water).**	• High volume of outstanding debtors. • Low debtors collection rate.	• Negative audit opinion. • Cash flow problems.	**General Manager: Financial Services (CFO) (S Msibi)**	**4**	**5**	**20%**	**Low**	• Credit Control and Debt Management Policy is in place. • Indigent Policy and Registers are in place. • Debt Incentive Programme is currently in place. • Disconnections are conducted on a set amount. • Exception Reports.	**40%**	**12%**	**Partially Effective**	**Low**	• Process write-off of Indigent Debtors (as per AFS Plan)(**12/07/2024**). • Adopt and implement Debt Incentive Scheme for the whole financial year - 2024/25. (**On-going**).	Deputy General Manager: Revenue Management (NN Zungu)	12/07/2024 On-going
04	KPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	SO 4.1.4. Systematic development and or review and monitoring impleme	**Material water distribution losses. (Norm: 15% - 30%).**	• Crime motivated by sale of scrap metals (e.g. copper cables that supply power to the facilities, plant, pump stations,	• Negative audit opinion. • Limited supply of water. • Negative	**General Manager: Technical Services (TM Jele)**	**4**	**5**	**20%**	**Low**	• Water Conversation and Water Demand Management (WCWDM) Strategy is in place.	**35%**	**13%**	**Partially Effective**	**Low**	• Monitor implementation reports submitted to Council of Water Conversation and Water Demand	Deputy General Manager: Water Services Authority (N	Quarterly

		ntation of all municipal policies, bylaws, strategies, plans and frameworks in line with any applicable legislation		etc.) • Vandalisation of water infrastructure by community. • Water leaks from illegal connections and ageing infrastructure. • Lack of water meters (zonal meters).	impact on basic service delivery.											Management (WCWDM) Strategy. (**Quarterly**).	Mosiea)	
05	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are	**Continuous disruption of electricity from Eskom power supply (loadshedding).**	• Eskom loadshedding (national crisis). • Aging Eskom infrastructure. • Low Eskom's generation capacity to the national grid.	• Negative effect to water provision (basic service delivery). • Damages to water infrastructure due to power surge. • High maintenance expenditure. • Community unrests.	**General Manager: Technical Services (TM Jele)**	**6**	**4**	**24%**	**Low**	• Standby generators are in plant as a backup power supply. • Maintenance plan is in place.	**45%**	**13%**	**Partially Effective**	**Low**	• Procurement and installation of Backup Power Supply at all Critical Water Pump Stations within ZDM Area. (**31/12/2024**).	Deputy General Manager: Bulk (BS Ngubane)	31/12/2024

		entitled to.																
06	KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	SO 5.1.5. Building adequate infrastructure, equipment and resources to respond to service interruptions.	**Business continuity risks e.g. unplanned outages and other interruptions to utility supply.**	• 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 • No Disaster Recovery Plan (DRP) testing.	• Loss of data. • Disruptions and corruption of data. • Exposure of sensitive data to outsiders. • Unrestricted access from hackers.	**General Manager: Corporate Services (MS Linda)**	**8**	**8**	**64%**	**High**	• Further interventions to be planned once problem well understood • ICT Steering Committee is in place. • ICT Strategy is in place. • ICT Policy is in place. • ICT KPIs are reported quarterly to the departmental scorecard. • Antivirus software is installed in each computer. • SLAs are in place with all system vendors. • Business Cases for ICT projects	**20%**	**51%**	**Ineffective**	**Moderate**	• Conduct Disaster Recovery Plan (DRP) testing once a year. (**31/03/2025**). • Conduct Backup Restoration testing once a year. (**31/03/2025**).	Information Technology (IT) Officer (L Ngubane)	31/03/2025

											are in place.							
07	KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	SO 5.1.5. Building adequate infrastructure, equipment and resources to respond to service interruptions.	**Malware (malicious software), data breaches, phishing, ransomware and other cyberattacks.**	• No Firewall employeed. • Responding to malicios links (emails). • Divulging sensitive information over a phone call and other phishing scams.	• Loss of confidential data. • financial loss from illegal transactions. • Exposure of sensitive systems to outsiders. • Unrestricted access from hackers.	**General Manager: Corporate Services (MS Linda)**	**5**	**3**	**15%**	**Low**	• ICT Steering Committee is in place. • ICT Strategy is in place. • ICT Policy is in place. • Firewall is in place. • SLAs are in place with all system vendors. • Business Cases for ICT projects are in place.	**60%**	**6%**	**Partially Effective**	**Low**	• Conduct Penetration testing once a year. (31/03/2025).	Information Technology (IT) Officer (L Ngubane)	31/03/2025
08	KPA 04 - GOOD GOVERNANCE AND PUBLIC PARTICIPATION	SO 4.1.5. To discourage fraud and corruption through effective enforcement of	**Collusion between service providers and officials signing for poor quality works or services not**	• Official's ambitions for personal gain. • Collusion of officials with service providers. • Lack of monitoring of project	• Financial loss. • Poor quality of work delivered. • Breakdowns of	**Chief Operations Officer (S Mosia)**	**3**	**3**	**9%**	**Low**	• Engineer Certificate are used to certify quality of work completed for construction projects. • Goods	**50%**	**5%**	**Partially Effective**	**Low**	• Develop Municipal Whistle Blowing Policy for approval by Council. (**31/12/2024**).	Deputy General Manager: Research and Policies (K Ntuli)	31/12/2024

		fraud and corruption policy as well as monitoring and implementation of consequence management.	**rendered (fraud risk).**	against approved specification.	infrastructure assets. • High expenditures on repairs.						Received Vouchers (GRV) are issued by SCM to confirm receipts of goods. • Code of Ethics are in place for all officials. • Disciplinary Board Committee is in place. • Fraud Prevention Policy and Fraud Reporting Procedures are in place. • Risk Management Policy is in place. • Risk Management Committee is in place.							
09	KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	SO 5.1.3. Optimise workforce productivity by enforcing a sound organizational culture.	**Theft and/or loss of municipal documents (e.g. tender documents and BID records) to avoid disciplinary**	• Collusion between officials and external parties to destroy or manipulate internal documents. • No Centralised Electronic	• Financial loss. • Unsuccessful disciplinary proceedings of officials. •	**General Manager: Corporate Services (MS Linda)**	**3**	**4**	**12%**	**Low**	• Records Management Policy is in place. • Access controlled strong rooms (HR files and Bid documents) are in	**70%**	**4%**	**Effective**	**Low**	• Procurement of Electronic Records, Documents and Offsite Storage System. (**31/12/2024**).	Deputy General Manager: Corporate Services (MS Buthelezi)	31/12/2024

			proceedings.	Document Management system. • Dishonesty of officials. • Unrestricted access to important documents.	Unsuccessful litigations in court. • Inadequate information provided for external audit purposes (limitation of scope). • Negative audit outcome.						place. • Manual Control Registers are maintained for issuing of documents. • Records Management section is functional.							
10	KPA 02 - LOCAL ECONOMIC & SOCIAL DEVELOPMENT	SO 2.1.2. Building the capacity of the people to engage in the economy.	**Inability to effectively implement all tourism programmes as per the approved Tourism Strategy.**	• Local Economic and Social Development Strategy is in place. • Insufficient budget allocation to drive LED and Tourism programmes. • Lack of co-operation from local municipalities. • Lack of skilled personnel to	• Contributor to increasing unemployment rate. • High rate of crime.	**General Manager: Community Services (TA Ntombela)**	**4**	**4**	**16%**	**Low**	• Existing partnership with Department of Economic Development Tourism and Environmental Affairs (EDTEA). • Tourism Forum is in place. • CTOs, LED staff and Councillors (Tourism portfolio members) were	**70%**	**5%**	**Effective**	**Low**	• Establish new stakeholders for financial support to drive tourism programmes. (**31/12/2024**).	Manager: Tourism (A Khumalo)	31/12/2024

				undertake such activities. • Poor maintenance of tourism attractions by local municipalities and Amafa. • Poor tourism signage.							trained by EDTEA. • Local Economic Development Forum is in place. • Partnership with provincial and national government. • Tourism Strategy is in place							
1 1	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are	**Limited ability to respond to disaster incidents (floods, drought, fire veld, lightning and emergencies).**	• 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 procuremen	• Loss of life. • Damages to infrastructure. • Displacement of people. • Informal settlements. • Loss of livestock. • Degradation of environment.	**General Manager: Corporate Services (MS Linda)**	**4**	**5**	**20%**	**Low**	• Disaster Management Act is in place. • ZDM Disaster Management Sector Plan is in place. • Zululand District Disaster Advisory Forum is in place. • District Coordinating Forum: Fire & Rescue is in place. • Budget allocation for disaster programmes.	**80%**	**4%**	**Effective**	**Low**	• Establish Municipal (ZDM) Disaster Management Centre. (**30/06/2025**).	Deputy General Manager: Disaster Management Services (F Lushaba)	30/06/2025

		entitled to.		t process. • No ZDM Disaster Management Centre. • Unmapped of potential disaster areas.														
12	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are entitled to.	**Lack of adequate water infrastructure to address backlogs on water provision.**	• Budget Constraints (insufficient grant allocation for capital projects) • Unplanned settlements.	• Threat of contracting diseases like cholera. • High cost of water provision as an alternative model e.g. water tankers. • Negative media publicity. • Community unrest.	**General Manager: Planning & Development Services (TG Soko)**	**6**	**4**	**24%**	**Low**	• Water Services Development Plan (WSDP) - 2024/25 is in place. • Business Plans are in place to apply for capital funding. • MIG, WSIG allocations are gazetted. • Planning Services Portfolio Committee is in place. • Water Services Act is in place.	**60%**	**10%**	**Partially Effective**	**Low**	• Review and adoption of Water Services Development Plan (WSDP) by Council. (**31/03/2025**).	Deputy General Manager: Water Services Authority (N Mosiea)	31/03/2025
13	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND	SO 3.1.1. Establishing and maintaining a sound	**Excessive use of water tankers to supply water to**	• Water infrastructure backlog. • Water pumps and/or	• Lack of water service delivery. • Commu	**General Manager: Technical Service**	**5**	**3**	**15%**	**Low**	• IDP is in place. • Strategy is in place to minimise downtime	**55%**	**7%**	**Partially Effective**	**Low**	• Develop Water Tankers Reduction Strategy for Council	Deputy General Manager: M&E	30/06/2025

	MANAGEMENT	and sustainable management of the fiscal and financial affairs of the municipality and its entities.	**the community as an alternative method.**	engine breakdowns. • Loadshedding. • Lack of water sources for rudimentary supply systems. • Drought.	nity unrest. • High operating expenditure.	**s (TM Jele)**					to repair water infrastructure schemes. • Maintenance plan is in place. • Operational budget allocation.					approval. (**30/06/2025**).	(O&M) (SM Mhlongo)	
14	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.1.1. 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,	**Vandalism of municipal infrastructure through sabotage by community members.**	• Sabotage by community members. • Absence of responsibility culture by community members. • Theft of municipal infrastructure. • Illegal creation of business opportunity from repairing damaged infrastructure. • Expression of fustration by community members. • Personal gain.	• Negative impact on water service delivery. • Community unrest. • Repetitive repairs expenditures. • Water losses.	**General Manager: Financial Services (CFO) (S Msibi)**	**6**	**5**	**30%**	**Low**	• Municipal Water Services Bylaws are in place. • Credit Control Policy is in place. • Security Protection service is employeed. • Asset Insurance Policy cover is in place.	**40%**	**18%**	**Partially Effective**	**Low**	• Issue Damage Claims against Insurance Institution for all damages of insured assets instead of using own money to repair. (**On-going**). • Review existing SLA with the Security Service Provider for possible claims of vandalism within the protected areas where	Deputy General Manager: M&E (O&M) (SM Mhlongo)	On-going.

		monitoring & evaluation, environmental management).														security service is employed. (**31/12/2024**).		
15	KPA 01 - BASIC SERVICE DELIVERY AND INFRASTRUCTURE	SO 1.2.1. Establishing and maintaining partnerships with government and private sector to accelerate provision of universal, equitable & consistent access to the municipal services that local communities are entitled to.	**Illegal connections and theft of water and sanitation infrastructure.**	• 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. • Personal gain.	• Service delivery protests. • Poor service delivery. • Water and sewerage service disruptions. • Water losses. • Wastage of financial resources on repetitive repairs expenditures. • Negative media coverage.	**General Manager: Financial Services (CFO) (S Msibi)**	**6**	**4**	**24%**	**Low**	• Community meetings are conducted where illegal connections and vandalism would have occurred before fixing the vandalised infrastructure. • Criminal cases are opened with SAPS. • CAPEX Portfolio Committee is in place. • Water Service Bylaws are in place. • Credit Control Policy is in place. • Disconnection of illegal connection	**40%**	**14%**	**Partially Effective**	**Low**	• Customer Care to develop a Community Outreach Awareness Programme (**31/12/2023**). • Conduct community awareness about the impact of theft and general water provision issues through the Hon. Mayor's radio slots (**On-going**)	Manager: Customer Care (AT Mdletshe)	On-going On-going

											once identified.							
16	KPA 05 - MUNICIPAL TRANSFORMATION & ORGANIZATIONAL DEVELOPMENT	SO 5.1.1. Investing in a workforce to meet service delivery demand through implementing a culture of continuous learning and improvement.	**Inability to employ and retain special skills to effectively and efficiently achieve the objectives of the municipality.**	• No Retention Strategy. • No HR Strategy. • Inadequate compensation due to Task Grading system as a result cannot attract outsiders.	• High employment turnover rate. • Loss of specialised skills due to resignations. • High level of dependency to consultants.	**General Manager: Corporate Services (MS Linda)**	**3**	**3**	**9%**	**Low**	• Workplace Skills Development Plan (WSDP) is in place. • Human Resourse Policy is in place. • Training programmes are in place. • Grant funding from LGSETA.	**80%**	**2%**	**Effective**	**Low**	• Develop Human Resource (HR) Strategy for Council approval. (**30/09/2024**). • Develop Staff Retention Strategy for Council approval. (**30/09/2024**).	Deputy General Manager: Corporate Services (MS Buthelezi)	30/09/2024 30/09/2024
17	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.3. Manage, monitor and review existing financial systems to support accurate and credible reporting, budget monitori	**Material misstatements found in the Annual Financial Statements due to current and prior period errors (Non-compliance with S122 of the MFMA).**	• Inadequate review of AFS before submitted to AGSA for external audit. • Emerging amendments to the existing Standards of GRAP. • Lack of training on new	• Negative audit outcome. • Negative publicity. • Non-compliance with MFMA S122. • Increased	**General Manager: Financial Services (CFO) (S Msibi)**	**5**	**2**	**10%**	**Low**	• MFMA and SCM Regulations are in place. • Municipal SCM Policy is in place. • Staff trainings are provided by CoGTA/PT/ CIGFARO. • SCM Implementation	**55%**	**5%**	**Partially Effective**	**Low**	• Preparation of biannual AFS (2024/25), conduct internal audit review and issue internal audit report to the Audit Committee.	Manager: Annual Financial Statements (AFS) (P Buthelezi)	31/03/2025 02/08/2024

		ng and complian ce.		amendment s to exsisting Standards of GRAP and other legislation. • Undue influence over procuremen t processes. • Material errors found in the AFS.	percepti on of fraud and corrupti on. • Non-complia nce with the SA Standar ds of GRAP.						Report are provided quarterly. • Consequen ce Manageme nt and Accountabil ity (CMA) Framework is in place. • AFS Manager responsible for AFS preparation .					**(31/03/20 25).** • Conduct independe nt (external) review of 2023/24 AFS by Altimax. (**02/08/20 24**).		
1 8	KPA 03 - MUNICIPA L FINANCIAL VIABILITY AND MANAGE MENT	SO 3.1.4. Refine procure ment systems and processe s to respond to the demand for services.	**Non-compliance with Municipal SCM Regulations (Occurrence of UIFW Expenditure s).**	• Emerging amendment s to the existing SCM legislations. • Lack of training on new amendment s to Municipal SCM Regulations and other applicable legislations. • No implementa tion of procuremen t plans. • Undue influence on procuremen t processes. •	• Negative audit outcome . • Negative publicity . • Occurre nce of UIFW expendit ures. • Increase d percepti on of fraud and corrupti on. • Material non-complia	**General Manag er: Financi al Service s (CFO) (S Msibi)**	**5**	**3**	**15%**	**Low**	• MFMA and SCM Regulations are in place. • Municipal SCM Policy is in place. • Staff trainings are provided by CoGTA/PT/ CIGFARO to SCM officials. • SCM Implement ation Reports are provided quarterly. • Consequen ce Manageme nt and Accountabil	**65%**	**5%**	**Effectiv e**	**Low**	• Adopt and implement UIFW Expenditur es Reduction Strategy (**30/09/20 24**).	Deputy Genera l Manag er: Expend iture & SCM (S Makhat hini)	30/09/ 2024

					nce with MFMA and Municipal SCM Regulations. • Possible matters financial misconduct.						ity (CMA) Framework is in place. • Disciplinary Board is in place.							
19	KPA 03 - MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	SO 3.1.1. Establishing and maintaining a sound and sustainable management of the fiscal and financial affairs of the municipality and its entities.	**Inability to prepare and implement a funded budget.**	• Use of incremental budget method instead of zero-based budgeting method. • Ineffective procurement planning. • Excessive commitments/awards above approved budget. • Funding of Ad hoc projects/ emergency projects not budget for. • High volume of creditors at beginning of the year.	• Occurrence of Unauthorised expenditures. • Negative audit outcome. • Negative impact on basic service delivery.	**General Manager: Financial Services (CFO) (S Msibi)**	**6**	**2**	**12%**	**Low**	• Budget and Reporting Regulations are in place. • Budget Policy is in place. • Monthly Budget Reconciliations are in place. • Adequate budget human resource structure is in place. • Budget Reporting template from National Treasury is in place. • Budget Steering Committee is functional. • Finance	**70%**	**4%**	**Effective**	**Low**	• Report implementation of Budget Funding Plan to the Finance Portfolio/Budget Steering Committee /Council (**Quarterly**).	Manager: Budget & Financial Reporting (L Buthelezi)	Quarterly

											Portfolio Committee is in place. • Monthly Budget Statements reports are preapared. • 2024-25 Budget Funding Plan is in place.							
20	KPA 02 - LOCAL ECONOMIC & SOCIAL DEVELOPMENT	SO 2.3.1. Regulating, monitoring and evaluating compliance of service providers to municipal health standards.	**Public health risk related to food safety.**	• Food adulteration (*deliberate alteration of foods*). • Genetically modified (GM) foods. • Shelving of outdated foods or foods past their used-by date (*expired foods*). • Excessive chemicals used during contamination of foods.	• Health hazards • Loss of life. • Community unrest or strikes.	**General Manager: Community Services (TA Ntombela)**	**3**	**4**	**12%**	**Low**	• ZDM Municipal Health Services (MHS) is in place. • Independent laboratory testing of water and food samples are done quarterly by ZDM MHS. • Joint Business Compliant Inspections (*stakeholders: ZDM MHS; EDTEA; SAPS; Home Affairs (Immigration Services); DOL and LM's LED section*) are done	**65%**	**4%**	**Effective**	**Low**	• Conduct extended Joint Business Compliance Inspections of food premises together with ALL LMs and relevant stakeholders. (**Quarterly**).	Acting Manager: Municipal Health Services (N Buthelezi)	Quarterly

											quarterly. • Inspections of Food Premises are done quarterly by ZDM MHS.							

9.12. THIRD TIER ORGANIZATIONAL STRUCTURE

BUTHELEZI	MINENHLE SIKHOMBISO	DEPUTY DIRECTOR- CORPORATE
BUTHELEZI	PHILASANDE WENDY	MANAGER: ANNUAL FINANCIAL STA
BUTHELEZI	LUNGISANI MBONGISENI	MANAGER: FIN SUPPORT& BUDGET
ZULU	SINENHLANHLA NIKEZIWE	MANAGER: EXPENDITURE
MNYANDU	PHAKAMANI ZAMANI	MANAGER: ASSETS
DLADLA	THULISIWE THANDANANI	MANAGER: INCOME
DLOMO	MBONISENI KHANYISANI	MANAGER: INTERNAL AUDIT
VAN ONNA	MICHELLE	MANAGER: AIRPORT
NGUBANE	SAYINANI ZANAZO	MANAGER: FLEET
GUMEDE	REEVES TRAVIS MBONENI	DEP DIRECTOR: ARTS & CULTURE
KHESWA	SIYABONGA	DEPUTY DIRECTOR PMU
KHUMALO	DUMISANE ARCHIBALD	MANAGER TOURISM – 30 /06 /2024
KWEYAMA	KHULEKANI MAURICE	MANAGER: COUNCIL SPT&SECRETAR
LUSHABA	ANDRIAS FELOKWAKHE	DEPUTY DIRECTOR: DISASTER&FM
MAKHATHINI	SIBUSISIWE	DEPUTY DIRECTOR: EXPENDITURE
ZULU	THEMBINKOSI SIKHOMBISO	MANAGER: SUPPLY CHAIN MNGMNT
MDLALOSE	THOBELINKOSI DOCTOR	MANAGER: OPERATION & MAINTENAN
MHLONGO	SIMO MAXWELL	DEPUTY DIRECTOR: MON & EVAL
NTULI	NOMBULELO BERYL	DEPUTY DIRECTOR: RESEARCH & POLIC
MOSIA	SIBONGISENI PHILANI	CHIEF OPERATING OFFICER
MTHETHWA	ZANELE DEBORAH	MANAGER- COMMUNICATIONS
MTHIMKHULU	SIPHESIHLE THANDUXOLO GODS	MANAGER: INFORMATION &COMMTEC **–(RESIGNED 22 / 10/2024)**
MTSHALI	SIBUSISO	DEPUTY DIRECTOR: PLANNING
MOSIEA	NOMFUNDO SIJABULILE	DEPUTY DIRECTOR: WSA
NGUBANE	BERNARD SIZWE	DEPUTY DIRECTOR: SOUTH – **(RESIGNED 31 /12 /2024)**

MAZIBUKO	SIYAMDUMISA LLOYD	DEPUTY DIRECTOR: NORTH
SHELEMBE	SIBUSISIWE NOMPUMELELO	MANAGER-LEGAL COMPLIANCE
NTANZI	PHUMZILE ZAMANGWENYA	DEPUTY DIRECTOR: SATELLITTE
SHOBEDE	HOPEWELL NTOKOZO MLAMULI	MANAGER: OPERATION & MANINTENAC
SIBIYA	THOBILE PRUDENCE	DEP DIR: MAYORAL SUPPORT – **(RESIGNED 31 /07 /2024)**
NXUMALO	MDUDUZI LANCELOT	MANAGER: MAYORAL SUPPORT
MDLETSHE	ALSON THOLUMUZI	MANAGER: CUSTOMER CARE
SIBIYA	THENJIWE DELISIWE	DEPUTY CHIEF FINANCIAL OFFIC
SIBIYA	BONGANI CYPRIAN	DEPUTY DIRECTOR: STAKEHOLDER
MASONDO	THEMBA ANDRIESON	DEPUTY DIRECTOR: SPECIAL PROGRMS
XABA	ZEBLON MOSES	MANAGER WATER & SANITATION
ZONDI	FANELESIBONGE KHETHOKUHLE	MANAGER: PERFORMANCE MAN SYST
ZULU	SIBUSISO BUSIZWE	DEP. DIRECTOR: LED COMMUNITY
ZUNGU	NQOBILE NKOSINOTHANDO	DEPUTY CHIEF FINANCIAL OFFIC
ZWANE	BHEKI SIMON	DEPUTY DIRECTOR: SPORTS
MABIKA	THULANE GOODENOUGH	MANAGER WATER & SANITATION
CELE	HLENGIWE NOTHANDO	MANAGER: OPERATION & MAINTENAN
NGOBESA	SIBUSISO DAVID	MANAGER: OPERATION & MAINTENAN
ZWANE	NQUBEKO SPHESONKE	MANAGER: OPERATION & MAINTENAN