



ANNUAL REPORT – 2019/2020

UMKHANYAKUDE DISTRICT MUNICIPALITY

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FOREWORD BY THE MAYOR

uMkhanyakude District Municipality has been in existence for almost two decades. The District has limited financial resource to satisfy unlimited needs of its community. An attempt was made to use limited resources wisely by eliminating non-priority issues in the IDP and budget for 2019/2020. The Council had the responsibility to eradicate the high volume of service delivery backlogs particularly the infrastructure (water and sanitation) in the whole District of uMkhanyakude. The District had to pay more attention and focus on addressing an aging infrastructure that instigated huge water losses and continuously interrupted service delivery to the needy communities. The 2019 /2020 financial year has been a huge challenge because of the CORVID 19 pandemic that was experienced around the globe and had negative impact on service delivery.

The District Municipality is faced with the challenge of high unemployment rate (youth and women) and high rate of indigent households. This affects revenue collection of the Municipality. On the basis of none generation of revenue the huge portion of the equitable share is allocated for free basic services to cater for the indigent households.

The total consolidated operating revenue budget and capital contribution budget for uMkhanyakude District Municipality was about R499m which was spread for six key performance areas but it was not enough to address all the community needs. Because of the pandemic, National government assisted with R53m for Corvid 19 to address critical needs on water. The challenge for rural municipalities is characterised by insufficient funding which emanates from poor collection of revenue therefore this hampers local economic development initiatives in the District communities. The little that was done in local economies was through uMhlosinga Development Agency which is an entity of the Municipality that is mandated to focus on catalytic economic development projects. Details of work done by the Agency is attached in this annual report as Annexure F.

Auditor General's opinion on administrative matters both financial and non-financial was very disappointing. It was a regression from 2018,2019 as an adverse opinion was achieved by the Municipality in the 2019/2020 financial year. The Accounting Officer is addressing issues raised in the report with a view to implementing corrective measures as per the audit action plan.

In conclusion it is important to emphasise that administrators and councillors should be mindful of the fact that the constitutional mandate of the Municipality is developmentally orientated, and it is the prime responsibility for everyone. The annual report for 2019/2020 financial year will give a reflection on the extent to which community expectations we met or not met. It is with pain to report that the big chunk of targets could not be fully met as per the expectations. The Accounting Officer will ensure that necessary arrangements are made towards ensuring that issues raised in Auditor General's report are addressed in the next coming financial year.



Cllr G. P. Moodley
His Worship the Mayor

FOREWORD BY THE MUNICIPAL MANAGER

In September 2019 the process of preparation of the IDP document commenced after the adoption of the IDP process and framework plan. The process of implementing the IDP is concluded by taking stock on what the Municipality has managed to implement and the extent to which expectations were met. The preparation of the annual report represents the evaluation of the Municipality's performance. It reflects on all six key performance areas of the Municipality.

There was a major drive during 2019/2020 to introduce regular reporting systems in all departments. This then required that all members of extended MANCO be introduced in signing performance agreements with their general managers. Performance agreements were effective as from the second half of the financial year. All managers signed their performance agreements and had to report to their seniors on a monthly basis. This process though got interrupted unexpectedly by the COVID-19 lockdown. In the next coming financial year performance agreements will be effective right from the onset.

On the 10th to the 11th October 2019 the Municipality hosted an Investment Summit which was well attended by high profile private and public representatives. The conference was poised to focus on 4 perspectives, namely Infrastructure as an Enabler; Land Agriculture & Tourism; Mining and Manufacturing; and 4IR (Fourth Industrial Revolution). One of the resolutions taken during the Summit was that there should be a Tourism and Investment Committee that will monitor the implementation of resolutions taken during the Summit. This committee has sat twice but not much had been achieved by the Committee at the end of 2019/2020 financial year due to COVID-19 interruptions.

The State President, Cyril M. Ramaphosa in October 2019 introduced the District Development Model (DDM) which assisted in prioritizing the service delivery in an arena that is represented by all government stakeholders. The District Profile will be developed and it will assist in guiding the concept of One Plan in the District.

In Water Schemes that are not working properly, we have great news to share that the Municipality managed to employ Operations and Maintenance Manager who will take a full responsibility in servicing water schemes. In that sentiment it is believed that most challenges will be addressed.

Generally, the performance of the Municipality was not good as the Auditor General's audit opinion was adverse. Some of the issues were repeat finding which could not be resolved and occurred in more than five previous years. The audit action plan has already been developed to address matters raised by Auditor General. Financial viability and basic service delivery are two most critical key performance areas that need serious attention as most issues raised by Auditor General emanate from these two areas.

Despite all the challenges as reflected in this annual report, the administrative team of the Municipality is still committed to improve areas where there are shortfalls.



Mr. M. A. Nkosi
Municipal Manager

MUNICIPAL POWERS AND FUNCTIONS

Municipal Powers and Functions reflect activities that municipalities are obliged to perform. Partly it all depends on the category of the municipality. In terms of the Municipal Structures Act Umkhanyakude District Municipality falls under Category C.

The powers and functions of the UMkhanyakude District Municipality, tabled in terms of sections 83 and 84 of the Municipal Structures Act, are as follows:

- 1) 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 developments plans on those local municipalities,
- 2) Bulk supply of water that affects a significant proportion of municipalities in the district
- 3) Bulk supply of electricity that affects a significant proportion of municipalities in the district.
- 4) Municipal Health Services serving the area of the District Municipality as a whole
- 5) Fire Fighting services serving the area of the District Municipality as a whole

The following functions are shared by both the district and its family of municipalities:

- 1) Promotion of local Tourism;
- 2) Fire-fighting services;
- 3) Municipal airports;
- 4) Municipal planning;
- 5) Municipal public transport;
- 6) Cemeteries, funeral parlours and crematoria;
- 7) Refuse removals, refuse dumps and solid waste removals;
- 8) The establishment conducts and control of fresh produce markets and abattoirs; and
- 9) Municipal roads which form integral part of a road transport system for the area of the District Municipality as a whole.

SUMMARY OF ANNUAL REPORT LEGISLATIVE FRAMEWORK

INTRODUCTION

In terms of section 121(1) of the MFMA, every municipality and every municipality must for each financial year prepare an annual report. In terms of section 127(2) of the MFMA, the Mayor of the Municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the Municipality's sole or shared control.

The Annual Financial Statement of the Municipality {section 121(3)(a)}

The Annual Financial Statement of the Municipality including the consolidations have been prepared and submitted to Auditor-General for audit. Such audited Consolidated Annual Financial Statement have been included in the Annual Report which was tabled to Council for adoption. ***See AFS***

The Auditor-General's Report {section 121(3)(b)}

Auditor-General has audited and issued a report on the Consolidated and Separated Financial Statements, report on other legal and Regulatory requirements and other Reports. The report of Auditor-General is included in the Annual Report which was tabled to Council for adoption. ***See Annexure B***

The Annual Performance Report {section 121(3)(c') and section 121(3) (d)}

The Annual Performance report was Prepared and submitted to Auditor-General for audit. Such audited Annual performance report is included in the Annual report which was tabled to Council for adoption. The Annual performance report was audited by Auditor-General in terms of section 45(b) of the Municipal Systems Act (MSA). ***See Chapter 4, page 110***

An assessment of the arrears on Municipal charges {section 121 (e')}

The analysis and the assessment of the arrears on municipal charges has been made in the Annual Financial Statement under Trade and Other Receivables in **Note 4** of Audited Annual Financial Statements. Such audited Annual Financial Statements have been included in **Chapter 6**

Revenue Performance against the budget {section 121(3) (f)}

The revenue performance has been made in form of Statement of Comparison between the budget and the actual amounts of the Annual Financials (AFS). However, it must be mentioned that the actual revenue collection has been very low due to the reason but not limited to the following:

- High number of indigents within the entire district;
- High number of unemployed within the district;
- Continuous none availability of water supply to the community within the district;
- Huge number of unmetered properties and illegal connection; etc.

See Appendix A of the AFS

121 (3) (f) An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.

See Appendix A of the AFS, page 7

Other Action Plan {section 121(3)(g)}

The Audit action plan has been prepared to correct issues raised by Auditor-General and is part of the Annual Report as **Annexure C**

Other issues of importance in connection with the AFS {section 121 (3)(h)}

(a) Liquidity

The liquidity of the municipality has been affected negatively in the sense that current Liabilities have exceeded the current assets of the municipality. The reason being that the huge amounts of receivables / debtors have being written off and some doubtful which resulted in a huge reduction of current assets. However, such incidence was disclosed in the Annual Financial Statement under Going Concern in **note 46** of the AFS. The municipality is not financial self-sustainable as it entirely depended on grants.

(b) Property, plant and equipment

The property, plant and equipment has huge amount of Work-in progress (WIP) which means that the capital projects are not getting complete. Such delay on completion of capital projects has negative impact on actual service delivery on the ground. See **note no 8** on AFS for more details.

Section 121 (3) (i) Any information as determined by municipality

The municipality is wholly dependent on the government grant allocations through Division of Revenue Act (DORA) for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the UMkhanyakude District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Section 121 (3) (j) Any recommendations of the municipality's audit committee

See Annexure E

Section 121 (3) (k) Any other information as may be prescribed

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Disclosures:-

Allocations from organ of state (section 123(1)(a))

The allocations from organ of state have been analyzed and disclosed on the audited Annual Financial Statements (AFS) in **note 23**. Such AFS have been included in the Annual Report for tabling to Council.

Section 123 (1) (a) (ii) Allocations received from a municipal entity or another municipality

None

Section 123 (1) (b) (i) Allocations made to a municipal entity or another municipality

The municipality has established a Development Agency called uMhlosinga Development Agency (UMDA). It is wholly owned by uMkhanyakude District Municipality. The Annual allocations are made to uMhlosinga Development Agency.

The allocation made by the municipality to municipal entity (UMHlosinga Development) R6 880 747 on page 54 of the AFS.

Section 123 (1) (b) (ii) Allocations made to any other organ of state

None

Section 123 (1) (c) Details of how the allocations that were received were spent per vote excluding equitable share. Note 4 on page 49 to page 53 of the Annual Financial Statements AFS.

Attachment per AFS

Section 123 (1) (d) (i) The municipality has complied with allocation made to it by National Government

Yes

Section 123 (1) (d) (ii) The municipality has complied with allocations made to it other than by National organs of state

Yes

Section 123 (1) (e) Reasons for non-compliance with grant conditions referred to above

None

Section 123 (1) (f) Delays or withholding of funds DoRA

None

Section 123 (1) (a) Reasons for delay or withholding of funds ... DoRA

None

Section 124 (1) (a) Salaries, allowances and benefits of political office-bearers and councillors of the municipality (financial and in-kind)

Remunertaion of councillors

Note 25 on page 57 of the AFS.

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. The Mayor and the Speaker are provided with offices and secretarial support at the cost of the Council.

All Councillors are re-imbursed for kilometres travelled on official duties with the exception of the Mayor.

The Deputy Mayor and other Executive Committee Members each have an office and share secretarial support at the cost of the Council.

The Mayor has 2 full-time bodyguards and 1 relief bodyguard

Section 124 (1) (b) Statement by the accounting officer that salaries, allowances and benefits are in accordance with the framework in s 219 of the Constitution

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Section 124 (1) (c) Arrears owed by individual councillors to the municipality or its municipal entity for rates and services which were at any time during the year outstanding for more than 90 days.

None

Section 124 (1) (c) Salaries, allowances and benefits of the municipal manager, CFO and every senior manager

Employee related costs Note 24 on page to 57 of the AFS.

Section 125 (1) (a) List of all municipal entities under the shared or sole control of the municipality

UMhlosinga Development Agency

Section 125 (1) (b) Total amount of contributions to organised local government for the year and any outstanding amounts at year end [if the amount is "nil" indicate so]

Nil

Section 125 (1) (c) Taxes

Nil

Section 125 (2) (a) Name of bank where account is held

See page 2 of the AFS

Section 125 (2) (b) The Details of the bank account are disclosed in the Annual Financial Statements (AFS) in **note 8 on page 38 under Cash and Cash Equivalents**.

Section 125 (2) (c) Particulars of contingent liabilities at year end

See Note 42, page 71 on AFS for disciplinary matters and supplier disagreements

Section 125 (2) (d) (i) The unauthorized and irregular Expenditure has been disclosed in the AFS per note 34, 35 and 36 from page 58 to page 59. Such AFS are included in the Annual Report for tabling to Council.

Note 37 – 39 on page 67 of the AFS.

Municipal Systems Act Requirements

MSA s45 – Audited performance measures

See Annual Performance Report on Chapter 4, page 110

MSA s46 (1) (a) - (i) the municipality's, and any service provider's, performance during that financial year, also in comparison with targets of and with performance in the previous financial year;

See page 95

MSA s46 (1) (a) – (ii) Current year's performance and targets as well as the prior year

See page Annexure D

MSA s46 (1) (a) – (iii) Performance report measures that were taken or are to be taken to improve performance

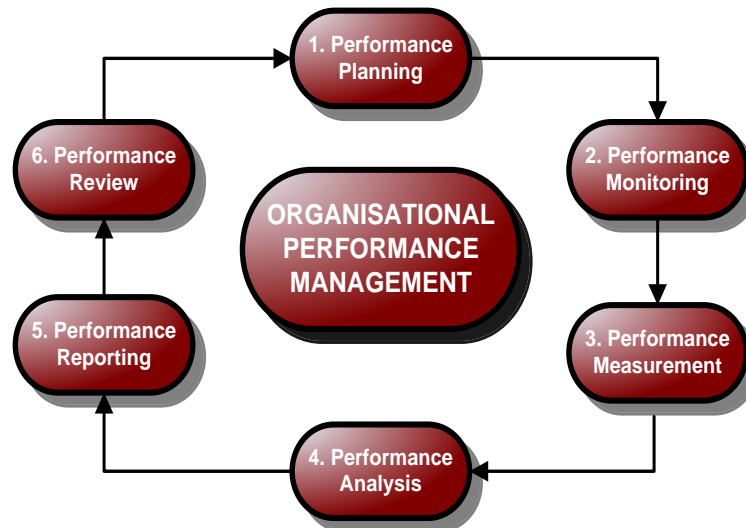
See Annexure D

MSA s46 (1) (a) - Service delivery priorities and performance targets set for the next financial year

See page 122

PERFORMANCE MANAGEMENT PROCESSES

The annual process of managing performance at organizational level in the Municipality involves the steps as set out in the diagram below:



Performance Planning

The performance of the Municipality is managed in terms of its IDP and the process of compiling an IDP and the annual review thereof therefore constitutes the process of planning for performance.

Performance monitoring

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator as set out in the organizational scorecard (and a service delivery target contained in a SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting and review is due.

Performance measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. When performance measurement is due, managers are expected to collect and collate the necessary performance data or information and capture the result against the target for the period concerned on the organizational scorecard and relevant SDBIP scorecard and report the result accordingly.

Performance analysis

Performance analysis involves the process of making sense of measurements. It requires interpretation of the measurements as conducted in terms of the previous step to determine whether targets have been met and exceeded and to project whether future targets will be met or not. Where targets have not been met, performance analysis requires that the reasons therefore should be examined and corrective action be taken. Where targets have been met or exceeded, the key factors that resulted in such success should be documented and shared so as to ensure organizational learning.

Performance reporting and review

This section is further divided into three sections dealing with the requirements for in-year versus annual reporting and reviews respectively and lastly a summary is provided of the various reporting requirements.

In-year performance reporting and review

This step involves submission of the scorecards to the Executive Committee for consideration and review of the performance of the Municipality as a whole. The first such report is a major milestone in the implementation of any PMS and it marks the beginning of what should become a regular event namely using the performance report as a tool to review the Municipality's performance and to make important political and management decisions on how to improve.

The organizational and SDBIP scorecards are submitted to the Executive Committee for consideration and review on a quarterly, half yearly basis.

Annual performance reporting and review

On an annual basis, a comprehensive report on the performance of the Municipality is compiled in terms of the MFMA as well as the Municipal Systems Act. After the adoption of the annual report by council it is then subjected to an oversight process which also involve public participation.

Summary of various performance reporting requirements

The following table, derived from both the legislative framework for performance management and this PMS Framework, summarizes for ease of reference and understanding the various performance reporting deadlines as it applies to the Municipality:

Report	Frequency	Submitted for consideration and/or review to	Remarks
1. SDBIPs	Quarterly	Executive Committee	See MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	See sections 71 and 54 of the MFMA
3. Organisational Scorecard	Quarterly	Executive Committee	This PMS Framework
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	See sections 72 and 54 of the MFMA
5. Performance report	Annually	Council	See section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report
6. Annual report	Annually	Council	See section 121 of the MFMA

The Municipality uses the Key Performance model. In the said model, all indicators are grouped together under the national key performance areas as per the Systems Act and the local key performance areas as per the Umkhanyakude District Municipality's IDP. The said Model therefore enables the Municipality to assess its performance based on the national and its own local key performance areas.

The following are the six Key Performance Areas (KPA's) that are being used in the preferred performance management model:

- Institutional Transformation and Development
- Service Delivery and Infrastructure Development;
- Local Economic Development;
- Good Governance and Public Participation; and
- Municipal Financial Viability and Management
- Cross Cutting Interventions

1. OVERVIEW OF UMKHANYAKUDE DISTRICT MUNICIPALITY

District Overview

UMkhanyakude District Municipality is located in the far Northern region of KwaZulu-Natal Province in South Africa (**32,014489; -27,622242**). At 12 818 km² and with a population totalling 689,090, the District is the 2nd largest District in KwaZulu-Natal, in terms of size, behind its neighbouring District, Zululand District Municipality. UMkhanyakude District also has the World Heritage Site known as Isimangaliso Wetland Park which encompasses the entire coastline of more than 200 km. The Map below indicates the boundaries of the 5 local municipalities within the UMkhanyakude District and surrounding neighbourhoods. The District Municipality consists of the following municipalities:

Local Municipalities within the

District

- UMhlabuyalingana Municipality (KZ 271)
- Jozini Municipality (KZ 272)
- The Big 5 Hlabisa Municipality (KZ 276)
- Mtubatuba Municipality (KZ 275)

The District Municipality is located in Mkhuze and has:

- The Republic of Mozambique to the North
- The Indian Ocean to the East
- King Cetshwayo DM to the South (DC28)
- Zululand DM to the West (DC26)
- the Kingdom of eSwatini to the North- West

1.1 Brief Demographic Profile for uMkhanyakude Municipalities

The Population

Table 1: Population Figures - STATSSA 2016 Community Survey

	UMhlabuyalingana	Jozini	Big 5 Hlabisa	Mtubatuba	Umkhanyakude
2011	156,736	186,502	107,183	175,425	625,846
2016	172,077	198,215	116,622	202,176	689,090
% Growth	8,9%	5,9%	8,7%	13,2%	9,2%

Table 2: Population by Group Type for Umkhanyakude District - STATSSA 2016 Community Survey

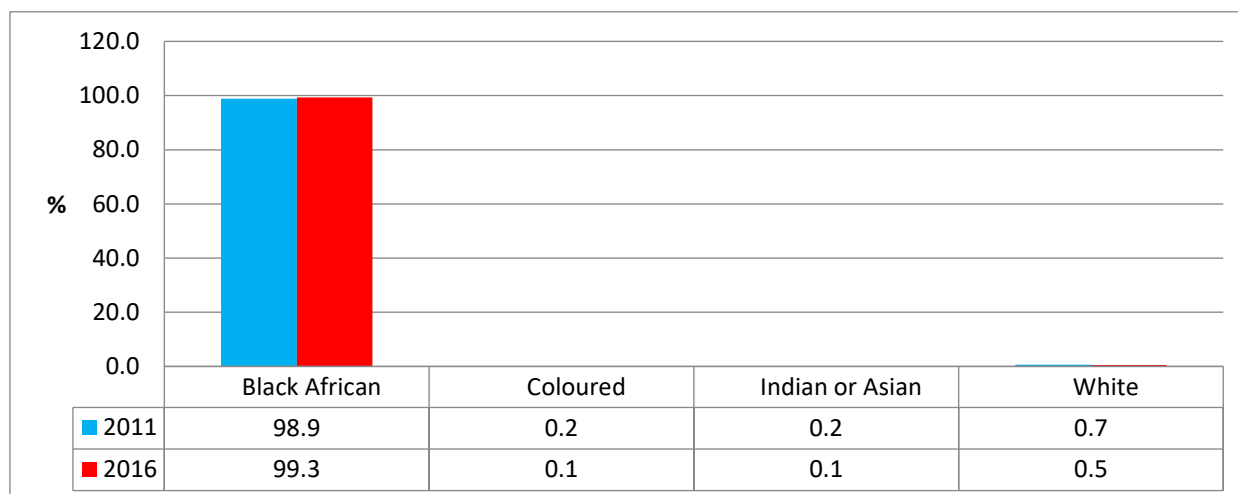


Table 3: Household Figures - STATSSA 2016 Community Survey

Municipality	Household Size	No of Wards	Traditional Councils
Umhlabuyalingana	39 614	18	4
Jozini	44 584	20	7
Mtubatuba	41 792	20	1
Big 5 Hlabisa	25 255	13	6
UKDM	151 245	71	18

2. MUNICIPAL GOVERNANCE

The institutional structure of the municipality is divided into two levels, the Political and Administrative structures. The Administrative structure is accountable to the Political structure. The administration of the Municipality is structured according to the powers and functions allocated to municipalities as per Chapter 3 of the Municipal Systems Act and Regulations 32 of 2000. The Municipality is guided by the policies and procedures which are developed from National and Provincial guidelines and adopted by Council.

2.1 Political Governance

The Council comprises 31 seats allocated according to proportional representation as per Schedule 2 (7) of the Local Government Municipal Structures Act and Regulations 117 of 1998 and representative of all Local Municipalities.

The Council is made up of the following political parties: Inkatha Freedom Party (14 Councillors), African National Congress (16 Councillors) and Economic Freedom Fighters (01 Councillor).

The principal structure of the municipality is Council which is chaired by the Speaker of Council, Councilor M.S. Msane. The Executive Committee (EXCO) which is chaired by the Mayor of Council, Cllr.T.S.Mkhombo is the delegated political structure that deals with the day to day running of the Municipality and further reports its affairs to Council for noting and consideration depending on the matter in question.

To ensure effectiveness of oversight; council is further divided into various committees which are established in terms of Sections 79 and 80 of the Local Government: Municipal Structures Act (Act no 117 of 1998). These committees include:

No.	Committee	Relevant Section of the MSA	Chairperson
1.	Executive Committee	Section 80	Cllr T.S.Mkhombo
2.	Finance Portfolio Committee	Section 80	Cllr T.S.Mkhombo
3.	Corporate Governance Portfolio Committee	Section 80	Cllr F.C.Hlabisa
4.	COMPED	Section 80	Cllr M.S.Ngcobo
5.	Technical Services Portfolio Committee	Section 80	Cllr T.S.Mkhombo
6.	Municipal Public Accounts Committee	Section 79	Cllr SW Mzinyane

2.2 Administrative Governance

Organisational Structure

In accordance with municipal legislation, UMkhanyakude District Municipality has developed an organizational structure which has been adopted by Council. The managerial structure has been developed in a manner that would enable the Municipality to deliver on its priorities and objectives, as set out in the Municipality's Integrated Development Plan. UMkhanyakude District Municipality consists of six departments, namely:

No.	Position	Appointment Status
1.	Municipal Manager	Filled
2.	GM: Corporate Services	Filled
3.	Chief Financial Officer	Filled
4.	GM: COMPED	Filled
5.	GM: Technical Services	Vacant

TOP MANAGEMENT STRUCTURE

THE OFFICE OF THE MUNICIPAL MANAGER IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- Overall Administrative Management & Oversight
- Municipal Support functions
- Communications, Marketing and Branding
- Internal Audit & Risk Management
- Legal Services
- Research & Policy Development
- Intergovernmental Relations (IGR)
- Batho Pele Implementation & Monitoring

THE CORPORATE SERVICES DIRECTORATE IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- Information Communication Technology
- Support Services (Administration, Auxiliary Services, Council Support, Facilities Management;
- Records and Information Management and Knowledge Management)
- Human Resources Management (Organizational Development, Recruitment and Selection,
- Employee Wellness and Occupational Safety, Career Development, Performance Management,
- Human Resources Development, Labour Relations and Batho Pele)

THE FINANCIAL SERVICES DIRECTORATE IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- Budget and Treasury Management
- Supply Chain Management
- Revenue Management
- Expenditure Management
- Financial Control and Cash Management
- Accounting and Reporting

THE TECHNICAL SERVICES DIRECTORATE IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- Municipal Infrastructure Planning, Funding, Maintenance and Development Management
- Electricity Distribution Management
- Water Distribution Management
- Sanitation Distribution Management
- Roads and Storm water
- Waste Management
- Water Quality Monitoring
- Project Management Unit

THE PLANNING & ECONOMIC DEVELOPMENT DIRECTORATE IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- Spatial Planning
- Land Use Management & Administration
- Geographical Information Systems (GIS)
- Integrated Transport Planning
- Environmental Planning & Management
- District-Wide Growth & Development Planning (DGDP)
- Secretariat to the District Development & Planning Commission (DDPC)
- Human Settlement Planning & Coordination
- Integrated Development Planning (IDP)
- Performance Management Systems (PMS)
- Local Economic Development (LED)
- Tourism Development & Marketing
- uMhloosinga Development Agency (UMDA)

THE COMMUNITY SERVICES DIRECTORATE IS RESPONSIBLE FOR THE FOLLOWING FUNCTIONS:

- Fire Services
- Disaster Management
- Special Programmes
- Youth & Sports Development & Support Programmes
- People with Disabilities Development & Support Programmes
- Elderly People Development & Support Programmes
- Women Development & Support Programmes
- HIV/Aids Support Programmes
- Sector Development
- Environmental Health Planning & Management
- Protection Services
- Social Development

2.3 Corporate Governance

Website Functionality

- The municipal website is fully functional. The up-time is normally 99.9%. The Information Communication Unit comprises of the Information Technology Manager, the IT Technician/Officer and the IT Helpdesk. The personnel within this section has been trained on updating the Website. Administrator Username and Password have been created to administer the site.
- The information is supposed to be uploaded on the website on weekly basis and be authorized by the relevant Head of Department within which that function resides. A Web Interface has also been created.
- The municipal website has approximately 1000 visitors per month for both viewing and downloading of documents.
- Website uptime in the year 2018-2019 has been 99%.

3. PERFORMANCE HIGHLIGHTS

3.1 Corporate Services

Council and Standing Committee meetings held during 2019/2020 financial year:

Council	Executive Committee	Corporate Governance Portfolio Committee	Community and PED Portfolio Committee	Finance Portfolio Committee	Infrastructure Portfolio Committee	MPAC	Local Labour Forum
16	13	11	08	11	07	06	06

2019/2020 PERFORMANCE HIGHLIGHTS

- Review of the organizational structure and its adoption by council
- Filling of critical positions, i.e. General Manager Technical Services and Community Services respectively
- Signing of Agreements of Employment and Performance Agreements by all Section 54 and 56 Managers;
- Compilation and submission of the 2019/2020 Workplace Skills Plan and the Training report to LGSETA;
- Implementation of a 100% Skills Audit
- Conducting Health and Safety Risk Assessments.

ORGANIZATIONAL DEVELOPMENT PERFORMANCE

SECTION A: MUNICIPAL PERFORMANCE OVERVIEW

Employee Totals (as per the approved organogram)	Board and General (24) Corporate Services (47) Community Services (56) Financial Services (114) Technical Services (87) PED (23) Employees on contracts (10)
Total	351 (excluding casual workers & contracts)
Turnover	Deaths (07) Resignations (03) Early Retirements (01) Expiry of Contracts (0) Dismissal (0) Engagements (32)
Total	43
Vacancies (as per the approved organogram)	Board and General (10) Corporate Services (16) Community Services (21)

	Financial Services (30) Technical Services (55) PED (13)
Total	145

Managing Employee Workforce

Policies

UMkhanyakude District Municipality has developed a number of policies that deal with the management of human resources and administration. The following policies were developed and reviewed:

Human Resources Management Policies

- Hours of Work Policy
- Overtime Policy
- Benefits and Allowances Policy
- Acting Allowance Policy
- Cellular Phones Policy
- Transport Allowance Policy
- Remuneration Policy
- Long Service Benefit Policy
- Subsistence and Traveling Policy
- Leave of Absence Policy
- Health and Safety Policy
- Employee Assistance Programme Policy
- HIV and AIDS Policy
- Training Policy
- Internship Policy
- Employment Relations Policy
- Incapacity Code and Procedures
- Sexual Harassment Policy
- Racial and Ethnic Harassment Policy
- Employee Study Assistance Policy
- Termination of Employment Policy
- Recruitment and Selection Policy
- Staff Retention Policy
- Employment Equity Policy
- Human Resources Management Policy
- Records Management Policy
- Information Technology Security Policy
- Use of Internet and Email
- Telephone - Private Calls Policy

- Municipal Housing Scheme and Assistance Policy
- Motor Vehicle Usage Policy

Administration Policies

- IT Security Policy (Firewall Policy under IT Security Policy)
- Backup Policy
- Change Management Policy
- IT Disaster Recovery Plan.

Suspensions

- None

Dismissals

- None

Annual report on labour matters in the Municipality

Date	Parties	Nature of disputes	Status Quo
05 July 2019	Miss JK Bhengu vs UKDM(DC27)	Attended arbitration hearing of Miss JK Bhengu	Concluded
29 July 2019	MR T Gwala vs UKDM(DC27)	Attended arbitration hearing of Mr T Gwala	Concluded
14 August 2019	J K Bhengu & 3 others vs UKDM(DC27)	Attended Conciliation Hearing	Concluded
28 August 2019	B J Gumede & 1 other and also matter involving SAMWU o b o M Shandu & others vs UKDM(DC27)	Attended two Conciliation hearings	Concluded
07 November 2019	Shandu & 100 others vs UKDM(DC27)	Attended Conciliation Hearing of M Shandu & 100 others	Concluded
18 November 2019	B P Sibiya vs UKDM(DC27)	Attended arbitration hearing	Concluded
22 November 2019	J K Bhengu & 3 Others vs UKDM(DC27)	Attended Conciliation Hearing of J K Bhengu & 3 Others	Concluded
12 December 2020	M E Nxumalo and three others vs UKDM(DC27)	Attended disciplinary hearing	Concluded
08 and 17 June 2020	Senior managers vs UKDM(DC27)	Attended disciplinary hearing	Concluded

2019/2020 Annual Training Report

Summary: Sixty five (65) Staff members
Four (4) Interns

Employee Initials & Surname	Position	Department	Training attended	Service Provider/ Institution
26 Employees	Different position levels	From different departments	IOD reporting procedures	Department of labour
9 Water Plant Operators	Water plant operators	Technical Services	Water and waste water process control	Khosithi Training Insitute
Mr M Mavimbela Mr S Buthelezi Mr.S Dlamini	Asset Clerk, Accountant Finance Intern	Finance Services	Asset Management Training	CIGFARO
Mr Muzi Mgwaba Mr Sphelele Buthelezi	Payroll Clerk Finance Intern	Finance Services	Asset Management Training	Pay Day
Linda Sakha NJ Mthiyane SK Nene	Registry Officer Chief Operating Officer Corporate Intern	Corporate Services Technical Services	Disciplinary Collective Agreement Training	SALGA
Cllr F Hlabisa	Deputy Mayor	Board and General	Municipal Leaders Media and Stake Holders Engagement Programme	SALGA
Municipal Manager Three General Managers Eleven Secretaries	Municipal Manager Three General Managers Eleven Secretaries	All Departments	MSCOA	CCG Systems
K.C Ngcobo NM Mthembu	Acting HR Manager General Manager CS	Corporate Services	Employment Equity Workshop	Dept of Labour and Cogta
Lethiwe Ntombela Sanele Duma Sandile Gumede	Committee Clerk OHS Officer Speaker's PA	Corporate Services Corporate Services Board and General	Records Management Course	Department of Arts and Culture
KC Ngcobo D.W Mtawali M.M Mhlongo C Fakude	Acting HR Manager SDF Officer Intern Disability Coordinator	Corporate Services & Board and General	Disability workshop	Cogta
KC Ngcobo D.W Mtawali S Duma	Acting HR Manager SDF Officer OHS Officer	Corporate Services	Peer Learning	Salga

S Buthelezi N.N Nyawo T.P Kweyama	Intern Payroll Clerk Expenditure Accountant	Finance Department	PayDay Workshop	PayDay Software
All Secretaries and PA's	Secretaries and PA's	All Departments	Protocol Workshop	OTP

Occupational Injuries report 2019/2020

No	Employee Name	Occupation	Brief Description	Date	Submission to DOL
1.	Mr A.M. Dube	Plumber: Phase 2	The employee was maintaining a leaking pipe line and the air valve exploded and knocked his forehead badly	07 January 2020 @ 10:00	The IOD case was reported to DOL in Compliance with COIDA
2.	Mr K.K. Hobe	Water Tanker Driver	An employee was jumping off the vehicle and missed the step and resulted in toe injury	14 May 2020 @ 15:00	The IOD case was reported to DOL in Compliance with COIDA

Challenges and Proposed Interventions for Corporate Services Department

Key Issue	Challenges	Proposed Interventions
Recruitment and Staff Appointment	<ul style="list-style-type: none"> • High staff turnover as a result of lack of recreational facilities and safe accommodation • Moratorium on the filling of positions 	<ul style="list-style-type: none"> • Review of the Municipal Retention Strategy • Optimal use of available resources
Council Structures	<ul style="list-style-type: none"> • Timeous implementation of ExCo and Council Resolutions 	<ul style="list-style-type: none"> • Implementation of the Resolutions Register.
Poor records management	<ul style="list-style-type: none"> • Appraisal of municipal records and disposal thereof 	<ul style="list-style-type: none"> • Implementation of file Plan enforced by management • Forward a request to Provincial Archives for records appraisal
Human Resources	<ul style="list-style-type: none"> • Staff misplacement • Lack of requisite skills especially on critical positions • Van der Merwe Salary System 	<ul style="list-style-type: none"> • Revision of the organogram • Staff placement • Development of job descriptions • TASK Job Evaluation

Facilities Management	<ul style="list-style-type: none"> • No ablution facilities and office space for municipal satellite areas 	<ul style="list-style-type: none"> • Procurement of park homes (subject to cost analysis). The number of employees will determine municipal priorities
Productivity and Staff Morale	<ul style="list-style-type: none"> • Productivity of employees is very low which is characterized by high rate of absenteeism and lack of discipline 	<ul style="list-style-type: none"> • Taking charge of employee management (All) • Consequence Management (All)
IT Management	<ul style="list-style-type: none"> • Inadequate Environmental controls in case of Disaster. • Back Up and Recovery Systems • Segregation of duties which may lead to fraud (AG Finding) 	<ul style="list-style-type: none"> • Provide budget to implement Fire detection & Suppression system, fire matt, fire door etc. • Procure Backup server for testing of all system updates & releases before deploying to the live environment. • Increased and appropriate utilization of ICT • Provision of personnel to the IT Unit
Skills Development	<ul style="list-style-type: none"> • Shortage of requisite skills to implement the municipal strategic plan (delivering services) 	<ul style="list-style-type: none"> • Empowering employees through focused and continuous professional / skills development • Performance Management

Administration Services Report

Security Services, Fleet Services and Office Automation

Security Services

	Security Management Report		
No.	Number of Security Guards	105	
	Location/Sites	24	
	Total Expenditure	R14,014,545.30	
	Challenges:		
	<ul style="list-style-type: none">• <u>More guards are needs to be available at nights.</u>		
	Fleet Utilisation Costs		
	No of vehicles	<u>74</u>	
	Licensing costs	<u>R537 825.00</u>	
	Fuel costs	<u>R6 866 315.30</u>	
	Repairs/maintenance costs	<u>R6 359 211.14</u>	
	Total expenditure	<u>R22,415,115.20</u>	
	Challenges:		
	<ul style="list-style-type: none">• <u>Drivers needs more advance training</u>• <u>Trucks are not in good condition</u>• <u>Vehicle disposal</u>• <u>Late payment</u>		

Office Automation Report			
	No of office machines	16	
	Location/Sites	12	
	Total costs as 30/06/19	<u>R1,317,860.36</u>	
<u>Challenges</u> <ul style="list-style-type: none"> • <u>The service of the contractor that we have at the moment need to be reviewed</u> • <u>These machines are out of order new machines are needed.</u> 			

3.2 Technical Services

Water and Sanitation Projects

Infrastructure projects implementation is one of the Project Management Unit (PMU) Section functions amongst many other PMU functions. Project Management Unit Section is under the directorate of Technical Service Department.

On completion of planning and procurement stage, Water Services Authority (WSA) Section hands over the projects to PMU Section for the implementation, monitoring and commissioning. PMU Section thereafter hands over the completed and signed-off projects to Operations and Maintenance (O&M) Section for operations and maintenance.

Water Services Capital Expenditure (CAPEX)

Umkhanyakude District Municipality had received conditional grants for the financial year 2019/2020 capital projects just like in the recent passed financial years from the government subsidy grants -Namely, Municipal Infrastructure Grant (MIG) and Water Services Infrastructure Grant (WSIG).

- Municipal Infrastructure Grant (**MIG**) to a total value of **R214, 959, 000 - 00**
- Water Services Infrastructure Grant (**WSIG**) to a total value of **R80,000, 000 - 00**

However, during the month of April 2020 whilst the country was still under level 05 lockdown, the office of the Municipal Manager received a correspondence from COGTA dated and signed 31/03/2020 advising UKDM as the Water Services Authority (WSA) to reprioritize the balance of 2019/20 MIG allocation (*see attached **ANNEXURE "A"** for ease of reference*).

The rationale behind this was to get all the MIG receiving municipalities including UKDM to reprioritize their projects for the purpose of realizing expenditure on transferred grant monies and curb the spread of the outbreak through consistent and reliable provision of water for hygiene purposes. In this letter COGTA had given guidelines for the reprioritization and all reprioritized projects had to be subjected to a normal project Business Plan scrutiny done by both department of Water and Sanitation (DWS) and COGTA.

Despite the limited time given to get the business plan ready and submitted on time for approval the relevant department did all possible to comply with requirements or conditions of reprioritization hence the receipt of all

approvals up to project registration by COGTA (see attached as **ANNEXURE “B”** and **ANNEXURE “C”** for reference). The reprioritized list of projects was presented and discussed in the District Command Centre (DCC) meeting which set on 7th April 2020. The grant funding received is given in Table 1 below further detailing the MIG Budget split to cover the approved COVID 19 MIG Projects reprioritization figures

Table 1: Grants allocation

GRANT	ALLOCATIONS FOR 2019/20
Municipal Infrastructure Grant (MIG)	R 214, 959, 000 - 00
MIG Budget – COVID 19 Reprioritization	R 53, 150, 000 - 00
MIG Budget – Balance After Reprioritization	R 161, 809,000 - 00
Water Services Infrastructure Grant (WSIG)	R 80, 000, 000 - 00
TOTAL	R 294, 959,000 - 00

All the MIG funded projects are reported to the Department of Co-operative Governance and Traditional Affairs (COGTA) and WSIG funded projects accordingly reported to the Department of Water and Sanitation and performance is measured against the approved implementation plans, respectively. To a very large extent the WSIG program for 2019/ 2020 had assisted this council to address the water supply crisis during trying period of COVID – 19 pandemic (*see below some of WSIG funded projects that had to be accelerated to completion thus curbing the virus spread*)

4. Record of Boreholes and Micro Water Supply Schemes Repaired

Repaired Boreholes

Item Number	Sub-ward Name	Ward Number	Local Municipality
1	Mfanela	Ward 6	Big/Five Hlabisa
2	Mbipha	Ward 6	Big/Five Hlabisa
3	Emganwini	Ward 7	Big/Five Hlabisa
4	Ekuphindseni	Ward 9	Big/Five Hlabisa
5	KwaSmolo	Ward 7	Big/Five Hlabisa
6	Enkomeni	Ward 8	Big five/ Hlabisa
7	KwaJoja	Ward 8	Big Five/Hlabisa
8	Majozini	Ward 2	Jozini
9	Mhlumeni	Ward 9	Jozini
10	Mange	Ward 1	Jozini
11	Ehlanzeni	Ward 1	Jozini
12	Manqayini	Ward 7	Jozini
13	Cezwane	Ward 4	Jozini
14	Somkhele	Ward 17	Mtubatuba
15	Sbhoweni	Ward 15	UMhlabuyalingana

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4. Record of Boreholes and Micro Water Supply Schemes Repaired --- CONTINUES

No	Sub-ward Name	Ward	LM	Date Repaired
1	Nomathiya/Somkhele	Ward 14	Mtubatuba	08/05/2020
2	Ezifundeni	Ward 7	Big/Five Hlabisa	09/05/2020
3	Manqayini, 1 st hand pump repaired	Ward 7	Jozini	10/05/2020
4	Bethangwe	Ward 7	Mtubatuba	11/05/2020
5	Gujini	Ward 4	Jozini	12/05/2020
6	Mnqobokazi Pipes stolen	Ward 1	Big/Five Hlabisa	Not repaired
7	Mapheleni	Ward 16	Mtubatuba	14/02/2020
8	Ntamu	Ward 16	Mtubatuba	14/05/2010
9	Manzamnandi	Ward 7	Mtubatuba	15/05/2020
10	Manqayini, 2 nd hand pump repaired	Ward 7	Jozini	16/05/2020
11	Nhlonhlela	Ward 1	Jozini	17/05/2020
12	Mthonjeni	Ward 14	Jozini	18/05/2020
13	Mkuze Covid 19 screening and testing			19/05/2020
14	Mkuze Covid 19 screening and testing continues			20/05/2020

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4. Record of Boreholes and Micro Water Supply Schemes Repaired --- CONTINUES

Repaired Water Schemes

1. Mabhokweni Scheme - Big5Hlabisa Ward 11
2. Mabhokisini Scheme - Big5Hlabisa Ward 12
3. Miyaneni Water Supply Scheme - Big5Hlabisa Ward 13
4. Matshemhlophe Water Supply Scheme - Big5Hlabisa Ward 09
5. Nkungwini Water Supply Scheme (by the Clinic) – Jozini Ward 18
6. Nkungwini Water Supply Scheme (by the School) – Jozini Ward 14
7. Machibini/Section 17
8. Ward18 Jozini (2 x Additional Stand alone schemes completed)

5. UKDM – WSIG 2019/20 PROJECTS

#WSIG PROGRAMME 2019/2020: JOZINI LOCAL MUNICIPALITY

A	B		C			D	E
Item No	Project Details		Social Component			Financials	Remarks on Progress
	Project Name	Project Scope (Summary)- Approved Implementation Plan	Local Municipality	Ward Number	Village/Settlement Name	Original Budget	
1	Refurbishment, Amend/ Upgrade of Rudimentary Water Infrastructure within Jozini Local Municipality as part of a Tanker Reduction Strategy : Jozini Local Municipality	includes installation of small localised borehole supply schemes in Nkhonhlela, Mshopi and Mhlekezi. Revive the existing Mange standslope scheme through the existing agricultural borehole	Jozini LM	1 and 20	Nkhonhlela, Mshopi, Mhlekezi and Mange	R3 650 171.00	completed / generator operated scheme as part of intervention
2		Connect Madonela to newly completed Jozini Bulk Supply Scheme. Install an inline booster pump to address the issues of low pressure affecting the system	Jozini LM	6	Madonela	R4 597 095.70	
3		Relocation of the obsolete VWTW from Ndumo to Emzinyeni and the construction of a new pipeline to supply the existing reticulation scheme. Supply and installation of 100kl elevated tank to augment the existing reinforced concrete structure	Jozini LM	10	Emzinyeni	R3 903 991.00	90% completed Scheduled for Mid June 2020
4		Refurbishment of Phophopho, highlift pumps and rising main to the Mosvold Hospital in Ingwavuma	Jozini LM	11	Mosvold Hospital	R1 510 434.00	65% waiting for complete change of pipe line – UKDM recommended
5		includes installation of small localised borehole supply schemes in Machobeni, Mbusikazi, Okhalweni and Eshlangwini	Jozini LM	14	Machobeni, Mbusikazi, Okhalweni and Eshlangwini	R920 032.00	Contractor on site
6		includes installation of small localised borehole supply schemes in Khume and Ekuhlaleni	Jozini LM	15	Khume and Ekuhlaleni	R1 295 922.00	Contractor on site
7		includes installation of small localised borehole supply schemes in Nkungwini and Ezibomu through equipping of new boreholes	Jozini LM	18	Nkungwini and Ezibomu	R1 500 000.00	completed/ generator operated scheme as part of intervention
TOTAL						R15 877 645.70	

5. UKDM – WSIG 2019/20 PROJECTS

Continues

#WSIG PROGRAMME 2019/2020: MTUBATUBA LOCAL MUNICIPALITY

A	B		C			D	E
Item No	Project Details		Social Component			Financials	Remarks on Progress
	Project Name	Project Scope (Summary)- Approved Implementation Plan	Local Municipality	Ward Number	Village/Settlement Name	Original Budget	
1	Capital Infrastructure Refurbishment/Upgrading in Mtubatuba Local Municipality	Augment Hluhluwe Phase 4 - Construct ± 4km of 90mm uPVC Pipeline from Hluhluwe Phase 4 (CR2) Scheme to augment Hluhluwe Phase 2 reservoir	Mtubatuba Local Municipality	7,8,9 & 10	Ophondweni Area	R3 928 893.12	Contractor has laid 4km pipeline and is on site connecting to the existing line and installing fittings - The community has stopped the project due to cross boundary issues
2		Shikishela Booster Pumps And Reticulation - Refurbish Shikishela booster pumps station, construct 20kl steel elevated tank, new ± 300m bulk line to steel tank and inspect and replace damage AV/IV	Mtubatuba Local Municipality	12	Shikishela Area	R3 384 153.48	Remaining installation of 30kl tank and booster pumps
3		Dukuduku/Khula Village Reticulation Refurbishment Scheme - Refurbish existing ± 6km of Dukuduku Reticulation pipeline and stand taps	Mtubatuba Local Municipality	4 & 3	Dukuduku and Khula Village	R3 843 892.35	Work remaining - Dukuduku construction of communal stand taps 30%, new retic 20% Khula Village Construction of yard stands 25% leaks
4		Kwamshaya Water Scheme Refurbishment - Refurbish existing ± 4km Reticulation pipeline and stand taps	Mtubatuba Local Municipality	13	Kwamshaya area	R2 039 120.11	Completed

5. UKDM – WSIG 2019/20 PROJECTS

Continues

#WSIG PROGRAMME 2019/2020: UMHLABUYALINGANA LOCAL MUNICIPALITY

A	B	C	E	G		
Item Number	Project Details	Social Component			Financials	Remarks on Progress
Project Name	Project Scope (Summary): Approved Implimentation Plan	Local Municipality	Ward Number	Village/Settlement Name	Original Budget	
1	Refurbishment And/ Upgrade of Roodimentary Water Infrastructure within Umhlabyalingana Local Municipality as part of a Tanker Reduction Strategy "	Umhlabyalingana LM	10	Enkanyezini Area	R3 516 318.71	Almost done
2		Umhlabyalingana LM	7	Mozi, Mtiwa Primary School and Esiboweni Area	R2 344 212.47	Almost Complete
3		Umhlabyalingana LM	6	Mpophomeni Area	R5 134 175.68	gen set
4		Umhlabyalingana LM	13 & 16	Thokazi and Emafa Areas	R6 380 970.61	end of june
5		Umhlabyalingana LM	2,3&7	Mphakathini,Mubeni,Qondweni/Mphakathini Area (Mbazwane Booster Pump Station)	R0.00	
TOTAL						R17 375 677.37

5. UKDM – WSIG 2019/20 PROJECTS

Continues

#WSIG PROGRAMME 2019/2020: BIG5HLABISA LOCAL MUNICIPALITY							
A	B		C			D	E
Item No	Project Details		Social Component			Financials	Remarks on Progress
	Project Name	Project Scope (Summary)- Approved Implementation Plan	Local Municipality	Ward Number	Village/Settlement Name	Original Budget	
6	Refurbishment And Upgrade of Rudimentary Water Infrastructure within Big 5 Hlabisa Local Municipality as part of a	<ul style="list-style-type: none">Equip 3 existing boreholes.Replace the high lift pumps and control panelsNew Plant Rooms should be constructed to prevent vandalism.The electrical panels will also be housed inside the plant room.The plant room shall be fenced.Water shall be pumped to existing command reservoir and then reticulated to surrounding communities.The estimated reticulation required is approximately 2650m.One Borehole is equipped and tested but the pipe line from the pump to the reservoir needs to be replaced due to the wrong class of pipe being used.	Big5 Hlabisa LM	9	Mansiya	R2 498 047.96	22/05/2020
7		<ul style="list-style-type: none">28kl tank to be replacedReplace the pumpPlant Rooms to be constructed, the electrical and mechanical equipment will be housed inside the plant room.The plant room and reservoir to be fenced.The estimated reticulation required is approximately 500m.	Big5 Hlabisa LM	12	Emabhokisini	R967 440.74	22/05/2020
8		<ul style="list-style-type: none">Existing pump and control box to be replaced.New Plant Rooms should be constructed, the plant room to house the mechanical and electrical equipment.The plant room to be fenced.The estimated reticulation required is approximately 500m.	Big5 Hlabisa LM	11	Stezi	R1 151 108.89	22/05/2020
9		<ul style="list-style-type: none">Pump test Bazaneni A borehole and upgrade the pump.Replace the Bazaneni B reservoirFence the reservoir and plant room.Replace Bazaneni B pumpConstruct plant room	Big5 Hlabisa LM	11	Bazaneni	R1 096 017.70	22/05/2020
SUB-TOTAL C						R5 712	24

4. Record of Boreholes and Micro Water Supply Schemes Repaired ---- CONTINUES

POE



Trenching for water pipeline
(WSIG Program
UMhlabuyalingana



One of the 3 x completed Steel
Tank Bases – Awaiting
Delivery of tanks



Pipe work in progress (WSIG
Program UMhlabuyalingana

4. Record of Boreholes and Micro Water Supply Schemes Repaired ---- CONTINUES

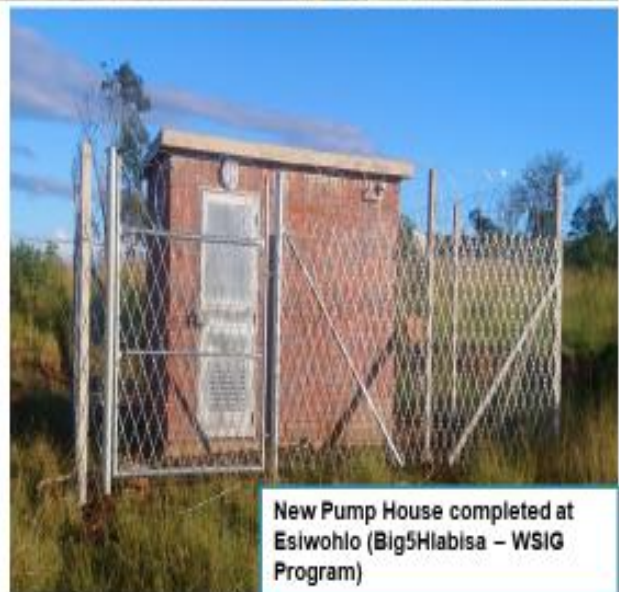
POE



New pipeline completed at Stezi (Big5Hlabisa - WSIG Program)



One of the Newly Completed Standpipes at Stezi (Big5Hlabisa - WSIG Program)



New Pump House completed at Esiwohlo (Big5Hlabisa - WSIG Program)

4. Record of Boreholes and Micro Water Supply Schemes Repaired ---- CONTINUES

POE



4. Record of Boreholes and Micro Water Supply Schemes Repaired --- CONTINUES



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3.3. 1 WATER AND SANITATION PROJECTS

All infrastructure projects were adversely affected by the country's lockdown due to COVID 19, subsequently expenditure as well suffered the same effect as new COVID 19 regulations were not making easy for the construction industry. See Table 2 below for expenditure as at end of June 2020.

SOURCE OF FUNDING	ALLOCATION	EXPENDITURE	% SPENT
MIG	R 214, 959, 000	R 158 964 684.58	73.95%
WSIG	R 80, 000, 000	R 80, 000, 000	100%

TOTALS	265, 387, 000	R 238,964,468-58	87%
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Table 2: Grants Expenditure

Water Service Infrastructure Grant (WSIG)

As the Water Services Authority (WSA), uMkhanyakude District Municipality (UKDM) is responsible for providing access of basic water and sanitation services within its area of jurisdiction, in its four (04) local municipalities, namely UMhlabuyalingana, Jozini, Big 5 Hlabisa, and Mtubatuba Local Municipalities.

The annual target for the water provision was to increase access to basic level of water provision from 68% (103496 HH) to 77% (116459 HH) of the total UKDM population (151245HH). This implies that the access to water provision was planned for least 8.5% (1296 HH) of the total population in the financial year 2019/20. Furthermore, the District Municipality conducted backlog study through its Water Service Master Plan late in the financial year and realized that the infrastructure coverage for water provision has increased to 81% compared to a 77% annual target for the fiscal year under consideration.

New/Upgrade water reticulation projects with communal standpipes which were completed in the financial year 2019/20 were in Jozini, Mhlabuyalingana and Mtubatuba Local Municipalities.

The following projects will have a direct and significant impact on communities upon completion:

- Sikhemelele Water Upgrade
- Manguzi Star of the Sea
- Mpukunyoni Community Water Supply Scheme
- Mtubatuba Sewer Upgrade
- Jozini Low Cost Housing (New WWTW)
- Thembaletu Sanitation

New Sanitation Projects Provided

In rural areas, UKDM provides a Ventilated Improved Pit (VIP) sanitation system through the Municipal Infrastructure Grant (MIG). For the sustainability of these projects, movable precast top structures are being used to enable the household to move the unit to another position once the pit is full and people are unable to provide themselves with de-sludging services. This has been under Mtubatuba Sanitation project. The Ingwavuma Sanitation project had block work superstructure. The District Municipality successfully provided 2553 VIP units in 2018/19 financial year through Ingwavuma Sanitation project. With Mtubatuba Sanitation 500 units were planned however they were not completed on time due to project late start which came as a result of other challenges on the ground.

During the Medium-Term Revenue and Expenditure Review Framework (MTREF) Mid-Year Review for Financial Year (FY) 2018/2019, it was established that the Ingwavuma Sanitation has been under implementation for over 5 years due to UKDM budgetary constraints. The turnaround strategy was required in order phase-out this project, hence an additional R12,2 million re-allocated to this project, considering the method of construction and the good performance of the Implementing Agent.

Therefore, the annual target for 2018/2019 financial year was increased from 1565 VIP units to 2553 due to re-allocation of budget after the Mid-Year Review.

Furthermore, the District Municipality is also upgrading sewer systems and wastewater treatment plants in urban and semi-urban areas. The urban/ semi-urban areas that were covered this financial year are within Jozini LM i.e construction of 1.2 M/l Jozini WWTW (Jozini Town) and Themba lethu Sanitation (Lindelani township). Both these sewer upgrades are multiple year projects hence no household yet connected to the system as projects are due for completion in 2019/20 financial year. The positive impact of the projects will only be realized in 2020/21 financial year when this project are complete and commissioned resp.

3.3 Community Services, Planning and Economic Development

Status of uMkhanyakude Disaster Management Centre

UMkhanyakude District Municipality has a functional District Disaster Management Centre (DDMC) which is established in terms of Disaster Management Act No. 57 of 2002 as amended in 2015. The various institutional measures have been established to ensure compliance with disaster management legislation and policies.

The disaster management centre is fully operational and has a fire station adjacent to it. This fire station is shared between the DDMC and The Big 5 Hlabisa Local Fire Department. The building is controlled by uMkhanyakude District Municipality including maintenance and up keep of building. The images below depict the Disaster Management Centre and the adjacent fire station.

Image 1: Back View of UKDMC



Image 2: Fire Station of UKDMC



Status of IGR Structures

2.1. District Disaster Risk Management Practitioners Meeting

The District Disaster Risk Management Practitioners forum has been established and comprises of all four (4) Local Municipalities of UMkhanyakude District which are Jozini, Mtubatuba, Big 5 Hlabisa and uMhlabuyalingana. The Practitioners meeting last sitting was on the **24th March 2020**.

2.2 District Disaster Risk Management Advisory Forum

The DDMAF seats quarterly and is very successful although there is a steady decline in the attendance of government department, and other stakeholders that take part in these sittings. The last sitting of the forum was on the **25th of March 2020** at uMkhanyakude UKDDMC boardroom.

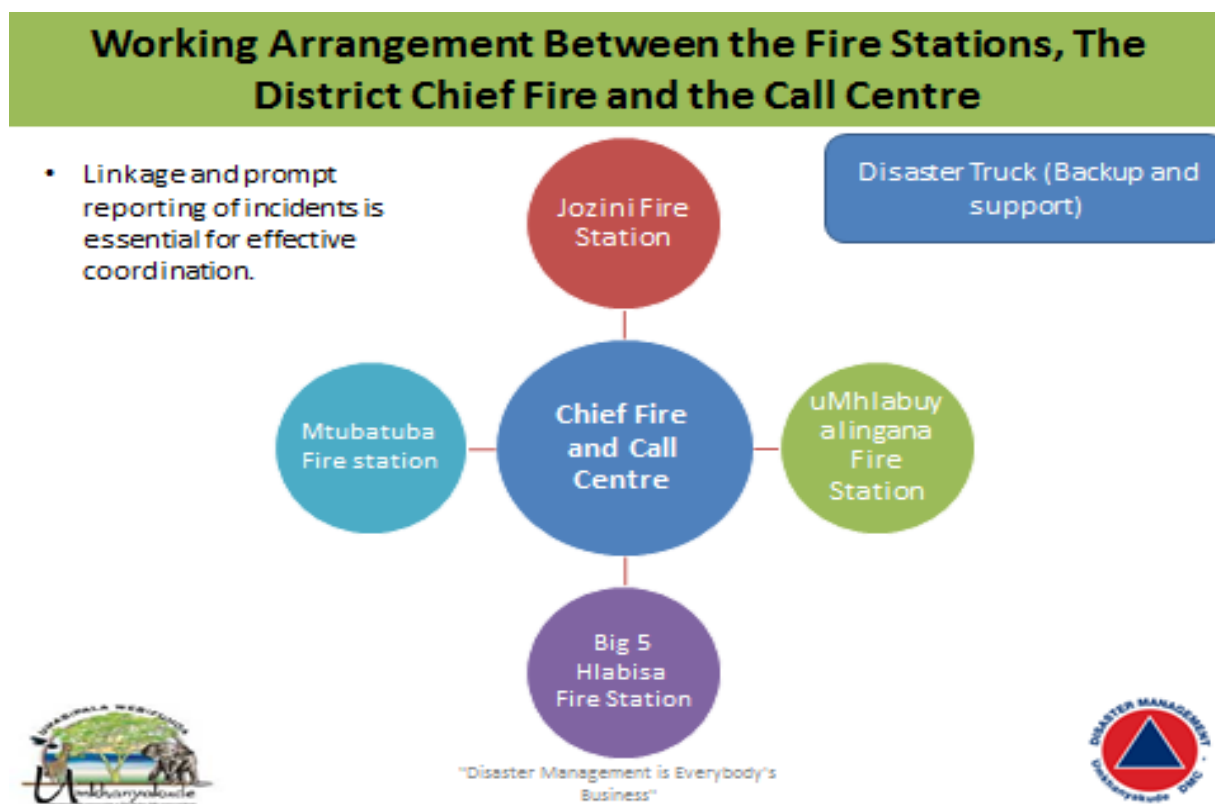
Status of Disaster Management Capacity

UMkhanyakude District Municipality has a functional District Disaster Management Centre, with the Manager appointed, Mr SE Mngoma. The Manager is supported by four Disaster Management Officers who are strategically allocated to local municipalities to ensure the fulfilment of the Disaster Management mandate as per KPAs and Enablers. The officers offer technical support to the local municipalities and fulfil all the requirements set in the job descriptions and UKDM SDBIP (Services Delivery and Budget Implementation Plan). The diagram below depicts how the organisational structure of the district disaster officers is set and their primary responsibilities.

Figure 1: Areas of Cooperation and deployment of disaster management officers



The Disaster Management Officers are executing various milestones and mainstreaming disaster management through awareness campaigns and capacity building programmes. Furthermore the Provincial Disaster Management Centre offers support with disaster relief material, as well as strategic support.



The Interim Chief Fire Officer and call centre Supervisor supports municipalities when responding to fire incidents. The five control centre operators, as employees of the district municipality are responsible for call taking, dispatching and reporting of incidents. They offer support to the responding agencies during incidents. The organogram below is the current existing one which only includes the UKDM Disaster Management Team.

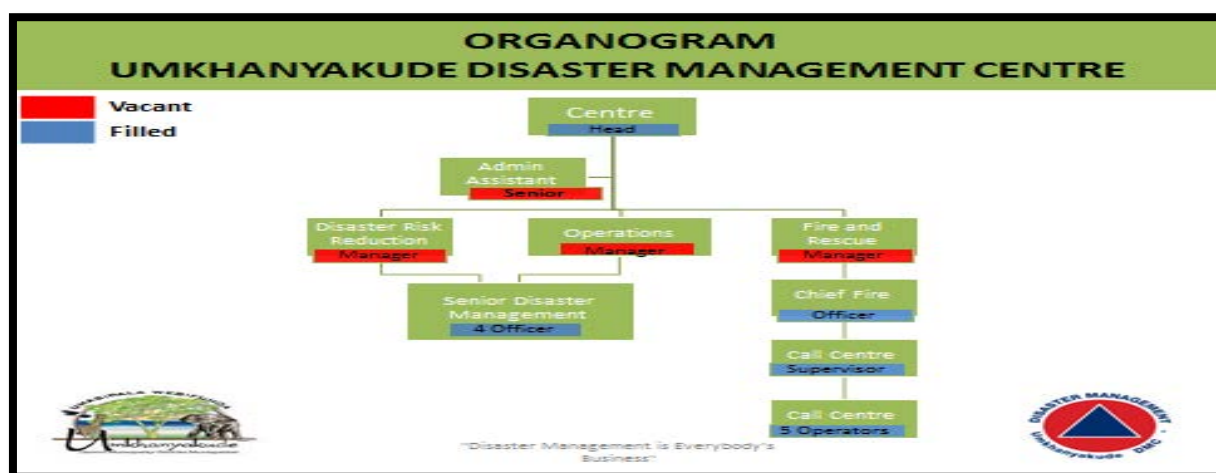


Figure 2: District Disaster Management Organogram

Status of uMkhanyakude District Disaster Management Plans / Framework

Disaster Management Framework

As required by Section 53 of the Disaster Management Act No.57 of 2002, as amended in 2015, uMkhanyakude District Disaster Risk Management Policy Framework has been established and approved by council, and was implemented. All four local municipalities are currently using Disaster Management Policy Framework of uMkhanyakude District.

Disaster Management Plan

The District Disaster management plan has been drafted and still in the process of being adopted by Council. The disaster management sector plan that is aligned with the IDP is in place. It is important to note that hazards and disaster risks are dynamic and this calls for various methods to be used in ensuring that an accurate risk profile for the district is carried-out to inform the development of the plan. All four local municipalities have developed their own Disaster Risk Management Plans, and have all been adopted by respective councils.

Readiness to deal with disasters

All incidents are attended to as and when they get reported, whilst rapid and effective response is done in a multi-disciplinary manner in partnership with other disaster management role-players. In its role of disaster management co-ordination, the district responds to incidents in supporting the four local municipalities within uMkhanyakude District i.e. uMhlabuyalingana, Jozini, Big 5 Hlabisa and Mtubatuba Local Municipalities. All applicable contingency plans (unique to particular hazards) get implemented as and when there is a need, with all role-players acutely aware of their roles and responsibilities. The support offered by the District Disaster Management Centre via the Disaster officers is benefiting the local Disaster Management Centres immensely.

The Fire and rescue services within the locals and the district are not up to SANS 10090 standard. This needs to be addressed soon, as fires are the most common disaster incidents reported for the **2019/2020** financial year, in the District. There are some challenges regarding a comprehensive Disaster Management Plans. There is no recent and approved disaster management plan from district municipality however all local municipalities which are uMhlabuyalingana, Mtubatuba and Big 5 Hlabisa have developed their plans in place. The number of the dedicated staff to disaster management and fire services has increased in the 2019/20 financial year but there is still additional stuff required. Municipalities have different challenges they encounter like no uniforms and PPEs, tools of trade and no proper working vehicles, to conduct disaster management and fire activities.

List of Priority Risks (Hazards)

UMkhanyakude District Municipality is prone to a number of natural and man-made hazards. The vulnerability differs, by either socio-economic status or the exposure of a particular household or community to a specific hazard. Below is the list of hazards that were reported and responded to.

Table 1: Priority Hazards identified at UMkhanyakude District

	Incident Type	Areas Affected
UMkhanyakude District Municipality	<ul style="list-style-type: none">• COVID 19	All Municipalities
	<ul style="list-style-type: none">• Structural Fires	All Municipalities
	<ul style="list-style-type: none">• MVAs	All Municipalities
	<ul style="list-style-type: none">• Heavy Rain	All Municipalities
	<ul style="list-style-type: none">• Lightning	All Municipalities
	<ul style="list-style-type: none">• Drowning	Jozini L.M
	<ul style="list-style-type: none">• Veld fires	All Municipalities
	<ul style="list-style-type: none">• Strong Wind	All Municipalities
	<ul style="list-style-type: none">•	

Response and Recovery

Annual Incidents (July 2019 to June 2020)

The district has experienced a significant decrease in the number of incidents during the first quarter. There is a slight decrease of incidents during the second quarter. The trend analysis graph also shows that December 2019 had the highest number of MVAs reported. During 2019/20 financial year **one thousand five hundred and seventh seven (1577) incidents**, a total number of **four thousand six hundred and one (4601) people** were affected, this is coupled with **nine hundred and twenty five (925) affected households**. Emphasis still needs to be put on awareness campaigns whilst the issue of capacity is still a challenge. The incident analysis graph below depicts the above mentioned information.

Incidents Analysis

Figure 3: Trend Analysis Graph

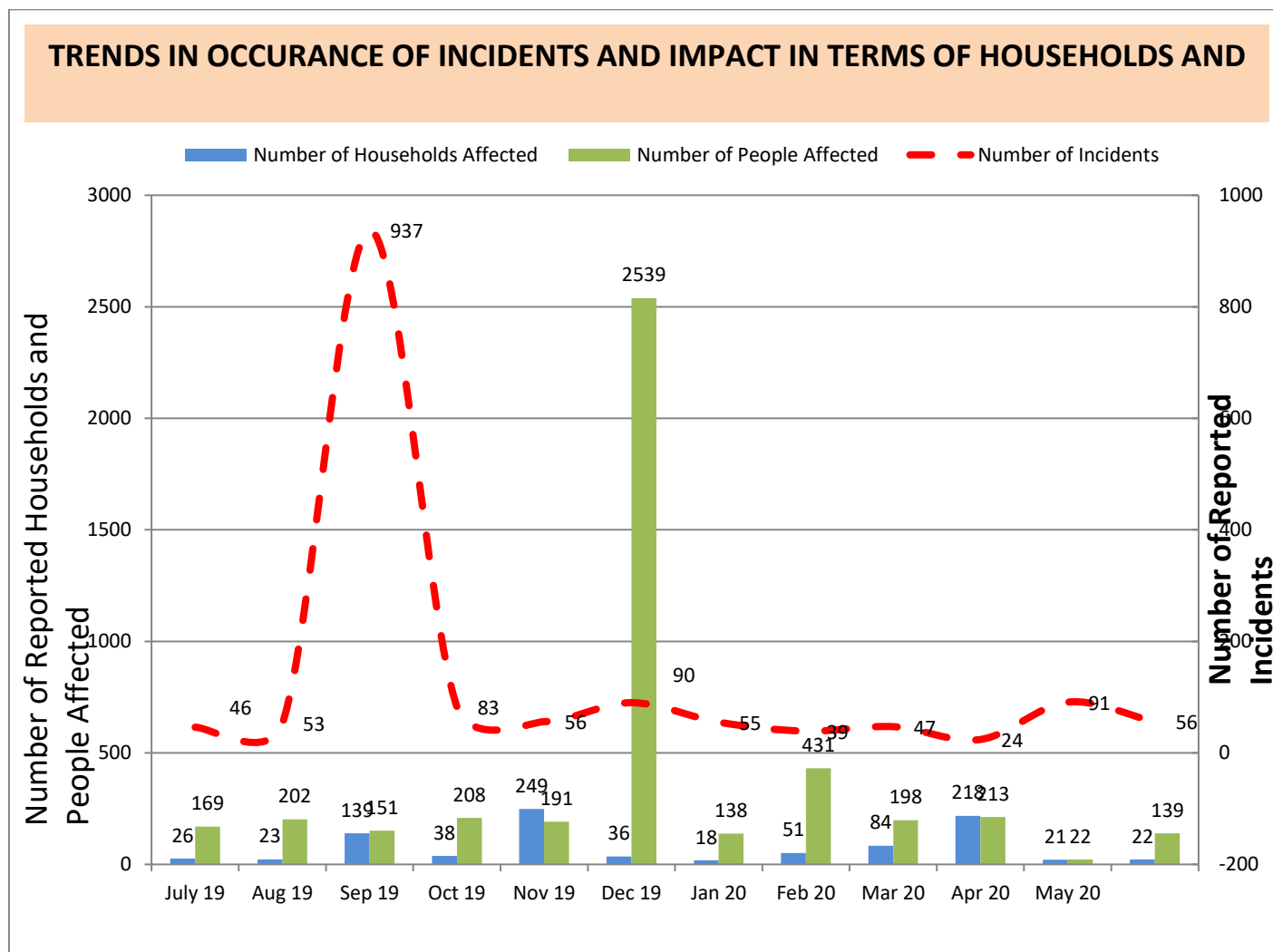
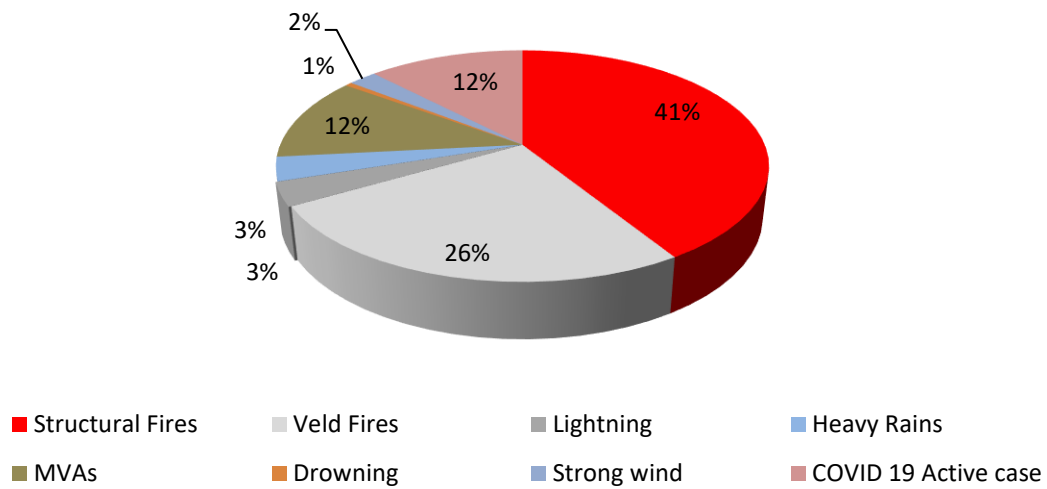


Figure 1 indicates the incidents in percentage, during 2019/20 financial MVAs and household fires continued to dominate within with highest the number of 31% for both incidents type reported within the four local municipalities under uMkhanyakude District Municipality, see pie chart below.

uMkhanyakude No. of Incidents Type



Images displaying the impact of the incidents within uMkhanyakude District

Image 1: MVA major incident Jozini Town on the 10/06/2020



Image 2: MVA major incident Jozini Town with 11 fatalities on the 10/06/2020



Image 3 MVA at N2-30 Mfekayi area near Mganwini. Kilo post 29.2N on the 19/10/2019

Image 4: Houses damaged by strong wind on the 25/10/2019 / BIG 5 HLABISA



Image5: Structural fire at Ntshembeni Family Ward 17: Munywana Area Jozini LM



Image 6: House fire at Shikishela area ward 12 kwaNsele Mtubatu L M



Image 7: Mkhize family affected by strong wind at ward 7 kwasmolo area Big 5 Hlabisa L M



Image 8: Structural Fire at Manqe Family ward 13 eMabundeni Big 5 Hlabisa LM



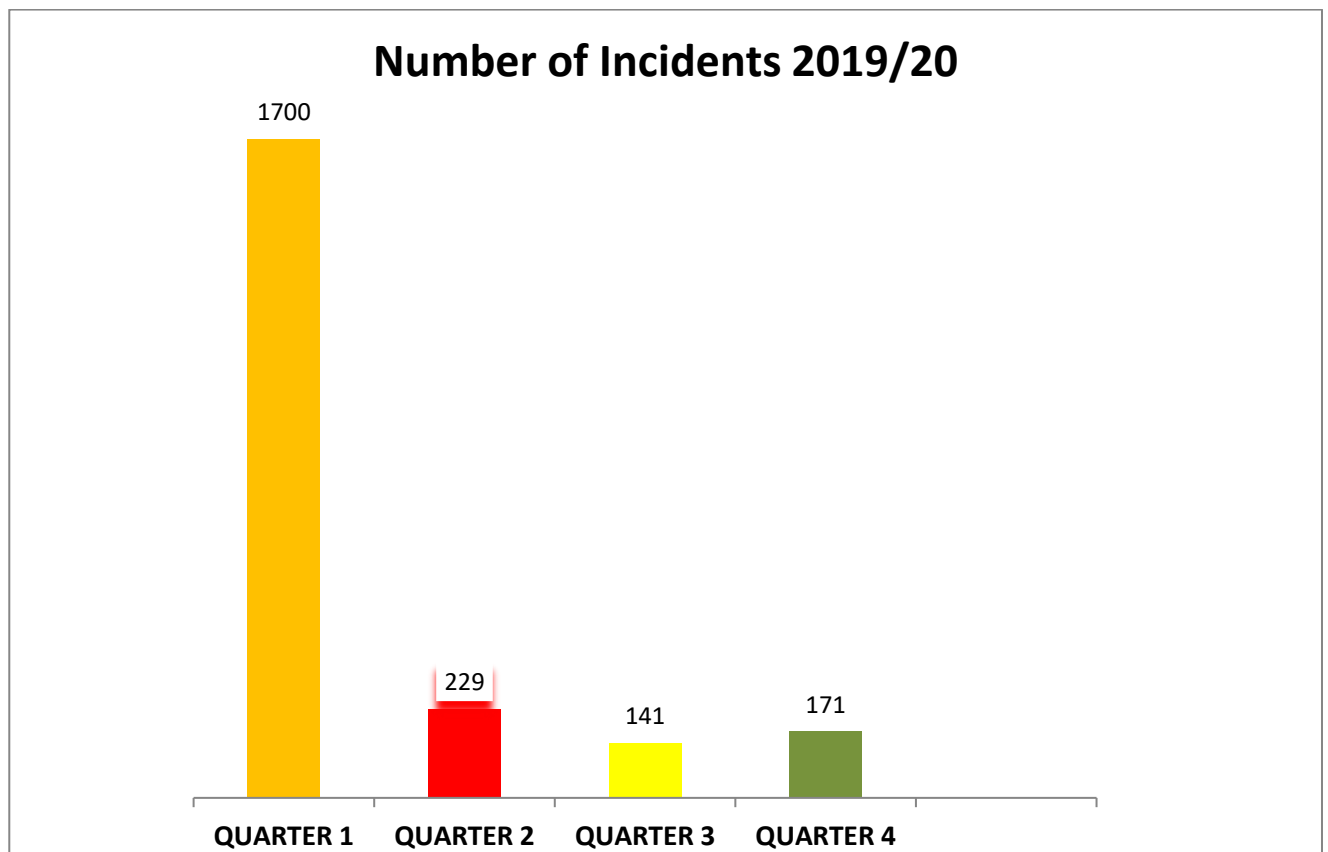
Image 9: Structural fire from Zwane family at Nkombose Area ward 6 – Mtubatuba L.M
11/05/2020



Image 10: Strong wind blown away the roof at Ward 17: Jozini LM



6.4. Bar Graph indicating the number of Incidents per quarter



Material Issued

The table below indicates the relief material issued by the local municipalities and district to the affected families Provincial Disaster Centre supported with relief as well. See table below.

Table 3: Material issued to the affected communities

Quarter	Blankets	Tents	Plastic Sheeting	Matrasses	Emergency Temporal Shelter	Kitchen Box
Quarter 1	114	28	06	05	04	02
Quarter 2	88	16	10	30	04	02
Quarter 3	95	06	67	23	17	10
Quarter 4	125	06	65	26	15	10
Total	422	56	148	84	40	24

Capacity building and Awareness Campaigns

Table 4: uMkhanyakude Capacity Building and Awareness Campaigns Conducted

School Awareness Campaigns

MUNICIPALITY	DATE	NAME OF SCHOOL	WARD	NUMBER OF STUDENTS
1.uMhlabuyalingana L.M	29/01/2020	ST Joseph Primary		
	24/01/ 2020	Masulumane Primary		
	04/24/2020	Gazini primary school	4	300
	04/02/ 2020	Thandizwe primary school	7	250
	05/02/ 2020	Esigedeni high school	10	166
	05/02/ 2020	Mphakathini primary school	2	233
	05/03/2020	Hlulabantu primary school	9	750
	29/01/2020	ST Joseph Primary		
	24/01/ 2020	Masulumane Primary		
	04/24/2020	Gazini primary school	4	300
	04/02/ 2020	Thandizwe primary school	7	250
	25/07/20199	Mshudu Primary School	12	132
	27/07/2019	Phumani Primary School	8	111
	16/08/2019	St Joseph Primary School	-	76
	28/08/2019	Nkathwini Primary School	-	56
	13/09/2019	Mshudu Primary School	12	76
	17/09/2019	Ekuthukezeni Primary School	6	56

2. Jozini L.M	22/01/2020	Lifaletu High School	07	600
	20/01/2020	Makhonyeni Primary School	04	700
	22/01/2020	Khindi Jobe High School	02	250
	21/01/2020	Mandlethu High School	07	270
	22/01/2020	Ophansi Primary School	11	300
	22/01/2020	Emabandleni High School	09	500
	17/02/2020	Mandla Mthenthwa school of Excellence	16	30
3. Big 5 Hlabisa L.M	17/01/2020	Phunyane P. School	10	325
	22/01/2020	Nomaganga P. School	08	345
	28/01/2020	Sovane P. School	05	365
	29/01/2020	Mmiso H. School	11	315
	04/02/2020	Hlambanyathi School	13	193
	06/02/2020	Nondumiso H School	13	189
	07/02/2020	Malusi P. School	12	210
	12/02/2020	Mpelenyane School	8	193
	17/02/2020	Inqubeko School	11	169
	18/02/2020	Ekwethembeni School	11	73
	18/02/2020	Thembandla School		71
	11/03/2020	Nomaganga P. School	8	156
	12/03/2020	Qunwane P. School	13	149
	12/03/2020	Gwegwede P. School	13	169
	17/03/2020	Hlabisa P.School	11	294
	24/07/2019	Mnyakazi Primary School	10	67
	25/07/2019	Godloza High School	10	59
	17/08/2019	Mnyakazi Primary School	10	67
	15/08/2019	Kwethembeni Primary School	-	35
	01/08/2019	Mgangatho Primary School	-	53
	02/08/2019	Gwegwede Primary School	-	59
	22/08/2019	Nqutshini Primary School	-	63
	27/08/2019	Nibela Primary School	-	47
	28/08/2019	Ekuseni Primary School	-	56
	04/09/2019	Ezibayeni Primary School	-	234
	06/09/2019	Ekuphindisweni Primary School	-	241
	13/09/2019	Phomokwakhe Primary School	-	257
4. Mtubatuba L.M	23/01/2020	Mzabalazo Primary School		1070
	23/01/2020	Mnotho Primary School		701
	24/01/2020	Ebaswazini Primary School		
	29/01/2020	Mcebo High School		
	23/01/2020	Welani Primary School		84
	23/01/2020	Mzabalazo Primary School		
	03/02/2020	Isolesizwe High School	17	528
	03/02/2020	Sphambano High School	11	371
	04/02/2020	Inkosi Mgwazeni High School	18	869
	06/02/2020	Nkosikayingangathi High	13	707
	02/03/2020	Jinga Primary School	16	260

	12/03/2020	Monzi Uloa Primary School	5	665
	16/03/2020	Sphelele Primary School	16	175
	23/01/2020	Mzabalazo Primary School		1070
	23/01/2020	Mnotho Primary School		701
	24/01/2020	Ebaswazini Primary School		
	15/07/2019	Nordale outreach school	4	70
	29/07/2019	Somkhele Primary School	6	598
	31/07/2019	Mthulasizwe Secondary School	1	270
	20/08/2019	Siyathuthuka Primary School	-	721
	22/08/2019	Entweni Primary School	-	347
	23/08/2019	Mtholo Primary School	-	304
	29/08/2019	Malanda Primary School	-	171
	30/08/2019	Nkolokotho Primary School	-	323
	31/08/2018	Emthulansizwe Secondary School	-	270
	05/09/2019	Qalangokuhle Primary School	-	240
	10/09/2019	Duma Primary School	-	240
	13/09/2019	Nkombane Primary School	-	843
	14/09/2019	Buhlebemvelo Primary School	-	1087
	18/09/2019	Machwetshana Primary School	-	370
	27/09/2019	Mfundabasha Primary School	-	732
TOTAL			21511	

Images displaying the School Awareness Campaigns Conducted

Image1: Awareness campaign at Ophansi Primary School (Jozini)



Image 2: Awareness campaign magengebula primary school ward 8 (Big 5 Hlabisa)



Image 3: : Godloza High School Awareness Campaign Big 5 Hlabisa

Image 4: Nkombane Primary School Awareness Campaign at Mtubatuba



Image 5: Isibani P. School ward 12 Big 5 Hlabisa L.M
11/07/2019



Image 6: Duma P. School at Mtubatuba L.M
10/09/2019



School Disaster Management Plan Workshops

Municipality	DATE	CIRCUITS	NUMBER OF PEOPLE
uMhlabuyalingana	08/04/2019	uMhlabuyalingana	200
Jozini	09/04/2019	Ingwavuma	90
	10/04/2019	uBombo	100
Mtubatuba	27/05/2019	Mtubatuba	500
Big 5 Hlabisa			
TOTAL			4

OSS WAR ROOMS

MUNICIPALITY	DATE	NAME OF AREA	WARD	NUMBER OF PEOPLE
uMhlabuyalingana	19/07/2019	Madenela Community Hall	Ward 14	26
	04/02/2020	Hlazane area	5	14
	10/02/2020	Sicabazini youth academy	8	21
Jozini	17/08/2019	Jozini Board Room	7	25
	20/02/2020	Mhlekazi Hall	19	20
	21/02/2020	Nondabuya Hall	8	18
Big 5 Hlabisa	19/07/2019	Mganwini	7&8	55
	23/08/2019	Mganwini	7&8	55
	23/01/2020	Ethembeni Multipurpose Centre	11	32
	23/01/2020	<i>iNtuthuko Special School</i>	12	22
	03/03/2020	Bazaneni Community Hall	11	43
	06/02/2020	Ezibayeni Tribal Authority	09	37
	13/02/2020	Masuku community Hall	03	28
Mtubatuba	19/02/2020	Gxaba Hall	17	31
TOTAL				427

Images of OSS War Rooms

Image 1: War room conducted at Big 5 Hlabisa Ward 7&8 Mganwini area	Image 2: War Room meeting at ward 17 Igxaba hall Mtubatuba
	

Image 3: War room at Ntenga Hall ward 6
20/07/2019 in Jozini L.M



Image 4: War Room meeting at EZibayeni Tribal at
ward 09 Big 5 Hlabisa



WORKSHOP AND TRAINING

MUNICIPALITY	TYPE TRIANING	DATE
JOZINI L M	Motor Vehicle Rescue Module	06/01/2020
UMhlabuyalingana L M	National fire safety prevention seminar held at Bloemfontein	09/03/2020
JOZINI L M	Disaster, Fire & Rescue Wellness Session	05/03/2020

MUNICIPALITY	DATE	TYPE / NAME OF EVENT	Venue	Event category
Umhlabuyalingana	06/07/2019	Mehluko Comedy	Mbazwana Art Centre	Low Risk
	16/07/2019	Handover of 2 boats by Department of Transport	Nkovukeni Area	Medium Risk
	18/07/2019	Opening of Thengani Hall during Mandela Day	Thengani Area	Medium Risk

	18/07/2019	Cleaning of Ekuthukuzeni Disability Home	Ekuthukuzeni Area	Low Risk
Jozini	06/07/2019	Visit of Minister of Agriculture at Mjindi Farming Association	Mjindi Camp	Low Risk
	10/07/2019	Land Claims	Biva Community Hall	Low Risk
	18/07/2019	Cabinet Visit	Makhonyeni Hall	Low Risk
Big 5 Hlabisa	-	-	-	-
Mtubatuba	-	-	-	-
TOTAL NUMBER OF EVENTS				07

ECTION 15 EVENT SAFETY AND SECURITY PLANNING COMMITTEE MEETING

Prevention and Mitigation Measures

Fire and Rescue Service (Fire Safety Inspections)

Table 6 uMkhanyakude District Fire and Rescue Services conducted several fire inspections.

Name of facility	Municipality	Date	Description of activities	Compliance Y/N	Action taken
Bhambanana Y Junction shop	Jozini	29/01/2020	Fire Safety Inspection	YES	None, They were compliant
Thokazi Area(Phumu phele Tuck Shop)	Umhlabuya lingana	22/01/2020	Fire Rescue	n/a	n/a
Sakhile furniture shop	UMhlabuya lingana	13/01/2020	Fire Safety Inspection	n/a	n/a
J-ZEE fashion shop at Manguzi	UMhlabuya lingana	13/01/2020	Fire Safety Inspection	n/a	n/a
Ekuphile Dental surgery	UMhlabuya lingana	13/01/2020	Fire Safety Inspection	n/a	n/a

Bazoma 921 Trading	UMhlabuya lingana	13/01/2020	Fire Safety Inspection	n/a	n/a
Manguzi Pharmacy	UMhlabuya lingana	13/01/2020	Fire Safety Inspection	n/a	n/a
Hlabisa Hardware	Big 5 Hlabisa	06/01/2020	Fire Safety Inspection	No	Many things need to be sorted out.
Shoprite Checkers	Mtubatuba	10/02.2020	Fire Compliance Inspection	No	A letter with recommendations was sent.
Choppies Jwayelani Mtuba	Mtubatuba	11/02/2020	Fire Compliance Inspection	no	A letter with recommendations was sent.
Boxes North	Mtubatuba	08/02/2020	Fire Compliance Inspection	No	A letter with recommendations was sent.
St Lucia Living Lodge	Mtubatuba	19/02/2020	Fire Compliance Inspection	Yes	Everything in order.
Nqubeko P School	Mtubatuba	06/02/2020	Fire Safety Inspection	Yes	Few things which needs to sorted.
Sovane P School	Mtubatuba	11/02/2020	Fire Safety Inspection	Yes	Few things, which need to be, sorted especially at the kitchen the issue of gas and emergency exit door.
Thembaman dla School	Mtubatuba	19/02/2020	Fire Safety Inspection	Yes	They need to sort out the issue of gas as well.
Nibela care centre	Big 5 Hlabisa	20/02/2020	Fire Safety Inspection	no	They must service fire extinguisher and add more jojo tanks.
Good Luck Hlabisa	Big 5 Hlabisa	20/02/2020	Fire Safety Inspection	Yes	They need to sort out the issue of the emergency signs to install
Raim motor spars	Big 5 Hlabisa	20/02/2020	Fire Safety Inspection	Yes	Few things, which need to be sorted.
Jock Morrison	Big 5 Hlabisa	20/02/2020	Fire Safety Inspection	no	A letter with recommendations was sent.

Libalele Trading Shop	Big 5 Hlabisa	27/02/2020	Fire Safety Inspection	no	A letter with recommendations was sent.
Sofa and Bed Factor Shop	Big 5 Hlabisa	27/02/2020	Fire Safety Inspection	no	A letter with recommendations was sent.
Mboza clinic	Umhlabuya lingana	11/02/2020	Fire Safety Inspection	Yes	A letter with recommendations sent
Mseleni care and compassion ministers	Umhlabuya lingana	24/02/2020	Fire Safety Inspection	Yes	A letter with recommendations sent.
Ndlulamithi Lodge	Big 5 Hlabisa LM	10 March 2020	Fire Safety Inspection	No	A recommendation letter was sent.
Sunset Lodge	Big 5 Hlabisa LM	10 March 2020	Fire Safety Inspection	No	A recommendation letter was sent.
Manguzi Cash and Cary	uMhlabuya lingana LM	04 March 2020	Fire Safety Inspection	Yes	A Compliance certificate was issued
Sodwana Bay Lodge Heli Pad	uMhlabuya lingana LM	04 March 2020	Fire Safety Inspection	No	A recommendation letter was sent.
Nova pine	12/06/2020	Big 5 Hlabisa	Inspection	yes	They meet all requirements
Bhambanana Supermarket	15/06/2020	Jozini	Fire Safety Inspection	No	The store was advised to keep clear of the exit door, place signage and install fire extinguishers.
Discount Supermarket	15/06/2020	Jozini	Fire Safety Inspection	No	The store was advised to refill and service expired fire extinguishers, install direction signage, install hose reel, cut long grass around the building, sort out electrical wires lying on the floor.

Vumase Supermarket	20/06/2020	Jozini	Fire Safety Inspection	no	The store was advised to install fire equipments
Total	25				

OPERATION KHUCULULA (REMOVAL OF EXPIRED AND DAMAGED GOODS IN STORES)

MUNICIPALITY	TOWN
uMhlabuyalingana	-
Jozini	Jozini Town
Big 5 Hlabisa	Hlabisa Town
Mtubatuba	Mtuba Town

Pictures of operation khuculula



Disaster Management Advisory Forums

MUNICIPALITY	DATE
UKDMC	25/03/2020
Big 5 Hlabisa	
Mtubatuba	05/02/2020
Jozini	10/02/2020
uMhlabuyalingana	24/03/2020

Jozini Advisory Forum held on the 10/02/ 2020



Mtubatuba Advisory forum held on 05/02/2020



11. COVID-19 INFECTION TABLE

Incident Date	Affected Municipality	Affected Wards	Affected Areas	Number of people affected	Gender	Adult/Child
21/04/2020	Mtubatuba Municipality	Ward 4	St Lucia Town	6	2 Females 4 Males	Adults
24/04/2020	Jozini Municipality	Ward 1	Bayala Lodge	2	Male	Adult
27/05/2020	Jozini Municipality	Ward 1	Bayala Lodge	3	Males	1x Child 2 adult
31/05/2020	Jozini Municipality	Ward 1	Bayala Lodge	11	5 Males 6 Females	All Adults
TOTAL NUMBER OF POSITIVE PERSONS				22		

- Out of 6 cases from St Lucia Mtubatuba who were tested positive for Covid-19, four have been discharged as they have recovered, awaiting to be collected by their embassy.
- The one Boy that tested positive has as well recovered and been discharged.
- All the 21 Cases that tested positive have now been cleared of Covid-19.
- No new cases reported to date

Best Practices / Achievements / Successes

- Through the District turnaround time when responding to reported incidents is highly commendable. This is due to district proper coordination and integration, in partnership with all role-players and stakeholders in the district.
- There has been numerous awareness campaigns and capacity building programs that have assisted the District in mainstreaming Disaster Management to communities. The table below indicates the number of school awareness campaigns conducted in the **4th Quarter of 2019/20 Financial Year**.

Intervention and future interventions

Municipality	Intervention	Future interventions
Mtubatuba L.M	<p>-Sanitised people during pension pay-outs in Post Office, all Supermarkets & Bank queues, including social distancing</p> <p>-Sanitising Municipal buildings and yards – twice a week and after every meeting (as & when)</p> <p>-Towns sanitation including taxi ranks, malls, petrol filling stations – once a week</p> <p>-Sanitising all 12 clinics in Mtubatuba Municipality</p> <p>-Sanitising of both Magistrate courts – KwaMsane & Mtubatuba and police stations</p> <p>-Sanitising Mgezanhliziyo Traditional court and offices</p> <p>-Sanitised community markets – in town, Zamimpilo, St. Lucia</p>	<p>-Will be done in coming pensions pay-outs / as & when</p> <p>-It will be continued</p> <p>-It will be continued</p> <p>-Clinics will also be sanitized regularly</p> <p>-SAPS Facilities will be sanitized regularly</p> <p>On-going (as & when)</p> <p>On-going</p>
Big 5 Hlabisa L.M	<p>-Sanitised people during pension pay-outs in Post Office, all Supermarkets & Bank queues, including social distancing</p> <p>Sanitising Municipal buildings and yards –</p> <p>-Towns sanitation including taxi ranks, petrol filling stations</p>	<p>-Will be done in coming pensions pay-outs / as & when</p> <p>-It will be on –going</p> <p>-It will be on –going</p>
Jozini L.M	<p>-Awareness's were conducted via loud hailing from point to point to the Municipal towns</p> <p>-Towns sanitation including post office , taxi ranks, petrol filling stations</p>	<p>-It will be on –going</p> <p>-It will be on –going</p>
<u>UMhlabuyalingana L.M</u>	<p>-Towns sanitation including post office , taxi ranks, petrol filling stations</p> <p>-They conducted road blocks within the municipal towns</p> <p>-They provide support for sanitation during the funeral gatherings</p> <p>They issued 956 permits to the shops, spaza and informal traders to all municipal economical harbour.</p>	<p>-It will be on –going</p> <p>-Intensifying law enforcement</p> <p>-It will be on –going</p> <p>-Intensifying the law enforcement within the parameters of the law</p>

COVID-19 REPORT

Various activities have been conducted by 4 Local Municipalities within the district as mitigation measures to fight the covid- 19 Pandemic Disaster.

Pictures: Covid-19

Big 5 Hlabisa L.M. was sanitising their public areas by Disaster Management and fire fighter and monitoring compliance from local business by multi – disciplinary team



Sanitising Big 5 Hlabisa Twons and public facilities



Law enforcement and inspection by multi-disciplinary team on the 21 April 2020



Image depicting the road block at Big 5 Hlabisa 21 April 2020

Mtubatuba town was sanitising by Disaster Management and fire fighter after pension pay-out 30/04/2020 & 31/04/2020



Jozini L.M. conducted road blocks and monitoring compliance from local business by multi – disciplinary team



Jozini L.M. was sanitising their public areas by Disaster Management and fire fighter and monitoring compliance from local business by multi – disciplinary team



sanitising Jozini Post Office by Jozini Municipal team



Enforcing lockdown regulation, Road Block & COVID-19 Screening at Nkonkoni, Jozini L.M by multi-disciplinary team



Enforcing lockdown regulations and Monitoring compliance at Jozini municipal towns by multi-disciplinary team



Mtubatuba Local Municipal Command Council Meeting chaired by The Mayor CLLR V.M. Gumede (22-04-2020)

Conclusion

A big challenge is still regarding administrative especially with tools of trade where work is overwhelmingly high with limited resources; management is still addressing the issue. There is a great need from the district together with the local municipalities to have a functional working relationship. Most of the targets have been met however internal issues are hindering the fully functioning.

LOCAL ECONOMIC DEVELOPMENT (LED) & TOURISM DEVELOPMENT & MARKETING ANNUAL REPORT 2019/20

Local Economic Development (LED)

The economic profile of uMkhanyakude District Municipality is correctly determined by the Local Economic Development (LED), which is Tourism and Agriculture. Community Planning and Economic Development is the main Department that expedites stimulation of uMkhanyakude Local Economic Development and Tourism services. This happens through a lot of cascaded programmes that the said unit has developed. It aligns itself with other components that have the potential in increasing job opportunities and poverty eradication. The district is proactive in assuring the growth of the local business operations. To ensure continued Economic development in the area, the key priorities of uMkhanyakude district include the following:

CORE FUNCTIONS & SERVICES

- Economic development
- Tourism promotion and Development
- Community-based poverty alleviation projects
- Training and capacity building programmes
- Cooperatives and SMME's development.
- Aligning the strategic direction of Spatial Development Plans

KEY PERFORMANCE INDICATORS

- Develop and support SSME's and co-operatives through infrastructure development:
- Co-op and SMME's Development programme
- Tourism Promotion and Development
- Developing Rural Tourism through adopting Responsible Tourism practices;
- Improving job creation opportunities and tourism service excellence;
- Channel efforts for tourism entrepreneurial opportunities
- Tourism Transformation

LED STRUCTURES

- Fully-fledged District Wide L.E.D /Tourism Forum that sit quarterly
- District wide informal economy chamber/committee
- District wide Tourism Community Organization (CTO)

- District Tourism and Investment Council

a) LED AND TOURISM STRATEGY

- The District have manage to acquire funding for the development Tourism strategy, through EDTEA, but due to delays cause by covid-19 the target will be completed in 2020/21 FY. The terms of reference has been developed for the appointment of a qualified service provider.
- The District LED strategy will also be moved to the next financial year, the service provider has been appointed, first PSC to be schedule. The inception report has been submitted by the service provider it will be approved during the first PSC meeting. The strategy was funded internally in the 2019/2020 financial year.

b) SUPPORT TO COOPERATIVES AND SMME'S

- Local Municipalities were requested to identify and submit cooperatives and SMME's for funding.
- Due to financial difficulties only one cooperative was supported (Isilungiso Agricultural cooperative, Mtubatuba Local Municipality) with chicks and growers.
- The remaining cooperatives are to be funded in 2020/21 FY.
- Two policies (Preferential Procurement Policy and Enterprise and Supplier Development Policy) were developed which seek to assist emerging contractors and SMME's to be competitive.
- Also, municipalities were engaged to establish their business chambers so that their committees would eventually establish the District Chamber.
- Only one municipality is yet to establish their chamber.

c) INFORMAL ECONOMY CHAMBER

- Informal economy plays a crucial role in improving and contributing a huge percentage to the economy of the district.
- The informal economy chamber was established, and the forum is scheduled to sit quarterly.
- However, there have been a very poor attendance from the stakeholders, a decision has therefore been taken that these meetings are hosted on rotational basis.
- The function of this chamber is to report on issues concerning the informal traders
- Due to COVID-19, only 2 meetings sat as per the schedule.

d) AGRI-PARKS.

An Agri-Park is a networked innovation system of agro-production, processing, logistics, marketing, training, and extension services located in District Municipalities. As a network, it enables the growth of market-driven commodity value chains and contributes to the achievement of rural economic transformation.

Agri-Parks offer a viable solution in addressing social and economic inequalities, unemployment and poverty by promoting agro-industrialisation within small-scale farming and emerging commercial farming sectors, thus ensuring that the escalated land distribution, more inclusive restitution and strengthen land rights are accompanied by equitable, efficient and well-planned land and agricultural development.

The Department of Rural Development and Land Reform, KZN Department of Agriculture and uMkhanyakude District family of municipalities has embarked on a journey to compile a credible and implementable business plan which will talk to the District farmer's needs.

So far, three commodities have been identified, which are believed to have the desired impact in the quest to change the situation of the district. These commodities are;

- Vegetables
- Livestock and
- Cotton

However, it must be noted that this does not mean these three are the only commodities that you can find in our district, but they are the prioritized commodities. This is in line with the Department of Rural Development and Land Reform that only three commodities are to be identified. Thus far the District has established a committee called District Agri-Park Management Committee (DAMC) which seeks to represent the interests of the communities of the district.

A Project Steering Committee called DJOC has however, ceased to sit bi-monthly. An email was written to the Chairperson of the structure and in return requested a meeting with senior officials from the District Municipality. In the recent meetings regarding the operationalization of the Bhambanana, it emerged that 3 feedlots are under construction (Isibetheli, Hluhluwe and Manyiseni feedlots). These feedlots would have been completed by end of March 2020.

In addition to that, the Department of Agriculture and Rural Development has committed to fund repairs of the snags that were identified during an assessment visit by the Department's Technical Team. It was envisaged that the abattoir should be operational by April 2020, sadly due to COVID-19 it has been delayed.

e) RADICAL AGRARIAN SOCIO-ECONOMIC TRANSFORMATION (RASET)

A Programme, dubbed Radical Agrarian Socio-Economic Transformation (RASET), for the participation of Farmers with previously disadvantaged backgrounds in the food value chain was initiated following resolutions of the Provincial Cabinet (Resolution 246) on the 6th of July 2016 and resolutions of the MEC's (EDTEA) Consultative Workshop on the 10th of January 2017.

RASET is an empowerment programme for previously disadvantaged individuals (PDIs) to participate in the production, processing and distribution of food within the food value chains.

A Project Team was put together consisting of departmental officials (from DARD, COGTA, EDTEA, MEC, OTP, DOE, DOH and DSD) permanently seconded to the RASET programme. The team started operating during the second week of January 2017 located at the Durban Fresh Produce Market.

The RASET team has, after conducting consultative meetings with the farmers for the whole District, compiled a report for the whole district including models to be used for the programme to be a success and link with the agri-park programme.

- All stakeholders including Government Departments must assist the Secondary Cooperatives
- Farmers must interact with stakeholders through the Secondary Cooperatives.
- The new Secondary Coops must be a home for all Black African Crop Farmers of South African origin and with previously disadvantaged backgrounds within their Local Municipalities.

- UMDA was tasked with implementing the programme and was supported with 3 x 7 ton trucks and 2 4X4 single cabs for school deliveries.
- Ithala Bank would be the Asset Managers.
- Ithala Bank as the implementing agent, would be responsible for bulk buying of commodities which cannot be found from the local suppliers.
- A Service Level Agreement must be signed between Ithala Bank and UMDA and would be inclusive of the assets.
- UMDA is to be financed by R3 Million, however it is still not clear whether the transaction is to be called a grant or loan as per the PFMA requirements.
- UMDA has already signed a Service Legal Agreement with the Department of Education.
- UMDA is currently finalizing a transport plan as they are to start distribution to schools by 02 April 2019.
- State of readiness by farmers is the main concern, hence Ithala Bank would do most of bulk buying.
- UMDA is required to develop Planting Plans with their farmers, this would ensure that the programme has all the required products.

f) TOURISM INDABA

Tourism Indaba is an annual trade exhibition profiling all forms of businesses in the tourism industry. The well-established international and domestic tourism businesses attend this event. The event offers a wide array of tourism industry experiences to the emerging tourism enterprises. This year's event was cancelled due to covid-19.

g) TOURISM PROMOTIONAL MATERIAL

The core competence of the uMkhanyakude District Municipality tourism unit is marketing; it bridges the public and private sector objectives and operates with a level of flexibility to ensure the destination can be competitively positioned. Creation and co-ordination of tourism experience routes across its district and beyond municipal boundaries is also core competence. Above that, tourism is one of the economic drives for the District.

Procure promotional material, including participation at domestic tourism events, where such materials are distributed to potential tourists and tourism investors. Through these events, previously the District Municipality has managed to attract investment to the value of more than R10 million. The procurement of promotional material has been done and the materials have been delivered. The memo for the development of economic website and purchase of advertisement space in tourist's publication has been prepared but couldn't go through SCM processes due to budget issues.

h) DISTRICT WIDE LED / TOURISM FORUM

The structure sits quarterly to discuss LED and Tourism District wide issues, the forum were successfully held in each quarter. The forum comprises of Local Municipalities, CTO and sector departments.

i) DISTRICT WIDE INVESTMENT SUMMIT

The District Investment Summit was held in October 2019 at Bonamanzi Game Reserve, wherein different stakeholders within the Investment space were part. One of the critical issues discussed was investment attraction, investment retention and transformation. A resolution was then taken that a District Tourism and Investment Council be established to oversee the District's Investment issues.

j) DISTRICT TOURISM AND INVESTMENT COUNCIL

Emanating from the District Investment Summit, the establishment of District Tourism and Investment Council was resolved. It's sit quarterly and comprises of Amakhosi, Mayors, and Municipal Managers, UMDA, Sector Departments, LED and Tourism components of family of Municipalities.

k) OTHER ACTIVITIES

Tourism has been identified as one of the six fixed priority areas in the New Growth Path (NGP). UMkhanyakude District Municipality through its Tourism Development and Promotion programme aims to engross towards the marketing and further identification of the already existing but unremarkable tourism products and services within the area. The focus of UMkhanyakude District Municipality is on both development and facilitation of tourism growth within the area. This is through providing support to a variety of public and private tourism key stakeholders at UMkhanyakude Stimulating Domestic Tourism and Education

- Good relationship with tourism and LED sector departments and other relevant stakeholders.
- Participated in the Kosi Bay Boarder Development PSC meetings
- Participated at Ingodini Border Caves projects
- Developed Ingodini Feasibility study
- Participated in the KZN Master Plan Committee meetings
- Participated at Mkuze Airport Development meetings
- Participated in the Projects Steering Committee meetings for KZN-Sodwana Bay – Amangwane Community Lodge.
- Participated on Local Municipalities LED/Tourism Forums.
- Participated in the Planners Forum Meetings.
- Participated on CTO meetings and AGMs
- Participated on a Provincial Tourism Forum meeting
- Participated on PTIC Meetings (Provincial Tourism investment committee)
- Held the District Investment summit
- Business Development workshop in partnership with NEF

Sector Departments Funded Projects

Projects under implementation

Project name	Description	Location	Funding	Lead department	Status
Ingodini Border caves feasibility study	Feasibility study	Jozini LM	R1Million	EDTEA	Completed
Amangwane Community Lodge	Accommodation facilities	UMhlabuyalingana LM	R18 Million	Department of Environmental Affairs	In progress

PROJECTS TO BE IMPLEMENTED FROM 2019-2022

Project Name	Project Description	Project Location	Project Beneficiaries	Project Type	Project Budget
KZN-Mabasa Community Game Reserve	Development of infrastructure for the benefit of communities within KwaMabasa and surroundings.	Umhlabuyalingana	Mabasa Community	Infrastructure	R20 Million
KZN-Sodwana Bay Amangwane Community Lodge phase 2	Construction of staff quarters, chalets and conference centre facility procurement.	Umhlabuyalingana	KwaMbila Traditional Council	Infrastructure	R20 Million
Tshaneni Community Lodge and Cultural Village	Easy access to the caves, viewing deck for the glorious landscape, traditional huts and restaurant and bar.	Jozini	Sibuyelekhaya Community Trust	Infrastructure	R15 Million
KZN-Hlathikhulu Trails Phase 3	Renovations to existing structures, walkways to Dingane's grave, construction of new chalets, museum and bird viewing decks.	Jozini	Nyawo Community Trust	Infrastructure	R10 Million
KZN-Ngodini Border Caves Project	Development of recreational park, zip liners braai facilities and viewing decks on top of the Border Caves, giving spectacular view of Lebombo Mountain Range and Swaziland	Jozini	Jozini Local Municipality	Infrastructure	R12 Million
KZN Mtuba-Nordale Beautification	Greening & Open Space Management	Mtubatuba	Mtubatuba Local Municipality	Infrastructure	R5 Million
Total					R82 Million

SPECIAL PROGRAMMES

BACKGROUND

The Special Programmes section comprise of six programmes which are Arts & Culture, Disability & Children, Expanded Public Works Programme (EPWP), Gender & Senior Citizens, HIV & Aids and Sport & Youth. These programmes fall under Good Governance and Public Services.

The Budget allocated for Special Programmes for the 2019/20 Financial Year is reflected hereunder. Of the whole sum of 12 594 00 (100%) the section was able to spend 2 936 483.45 (23.31) in quarter 1. The expenditure could have been more than the reflected %, but some requisitions were still not committed at the SCM, e.g requisition for electric pianos and trophies which could support the Choral and Cultural activities Artists. Some of the delays had been caused by the fact that the District Municipality works together with the Local Municipalities and Department of Arts, Culture, Sport and Recreation , of which the District cannot achieve its targets without their readiness, e. g the District Sport Awards that were postponed for November as well as the District Salga Games Selection postponed to October and later took place in 13 March 2020.

Out of 6 Programmes: 5 of them could spend their partial allocation during Q1 and Q2. This was due to the unavailability of funds. Only one Programmes was able to spend continuously, and that is Expanded Public Works Programme (EPWP)

CHILDREN AND DISABILITY PROGRAMMES

CHILDREN PROGRAMMES FOR AUGUST 2019

PROGRAM ME	KPI NO	DATE	VENUE	EXPENDITURE	ACTIVITY	POE	REPORT
CHILDREN	E2.1.3.1	06 August 2019	UMhlabuyalingana Municipality	None	District Advisory Council For Children (DACC) Meeting	<ul style="list-style-type: none"> • Invitation letter • Agenda • Minutes • Attendance Register 	District Advisory Council for Children Meetings conducted quarterly as per the plan. It These meetings were chaired by the Deputy Chair since the Chairperson was never present in the meetings. Issues that are being discussed

							are concerning children within the District. This meeting was deliberating on Spelling Bee Competition, 2019 Provincial Boys Empowerment Programme, Training on the new reporting template. These Programmes need to take place in the first quarter of the financial year
	E2.1.3.2	25 August 2019	uMkhanyakude District Council Chamber	None	Spelling Bee Competition	<ul style="list-style-type: none"> • Programme • Report • Attendance Register 	The Programme was held at uMkhanyakude District Municipality Council Chamber. The Spelling Bee competition is a program planned for every learner to participate on it is to assist the usage of the English language and thus ensuring the use of

							<p>correct words in sentences of English language. The competition was for students of grade 04 to grade 06 and the competition was open to every learner in any school around uMkhanyaku de District and there were 46 spellers competing in 2019 competition. The competitors were given two chances to spell words in two different round where in both round speller were given a chance to spell the word that the pronouncer pronounce for them if the speller wishes to ask the pronouncer to pronounce the word again and</p>
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							<p>the speller is afforded more than once chances to try spelling the word but only if she or he did not complete spelling the word. Even when the speller had missed the word but is not eliminated in both round one and two as it is regarded as warm up rounds but will be eliminated in round three as the elimination will start at round three. When the speller misses the word the red coupon is raised by the time keeper and when the speller has spelled the word correctly the green coupon is raised. Three learners qualified to participate in the Provincial Competition</p>
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	Provincial Program me	23 – 25 Augu st 2019	Meetmekaar Resort, Mtubatuba	None	Boys Empowerm ent Programme	<ul style="list-style-type: none"> • Invitatio n • Program me • Report • Attenda nce Register 	The Programme was held at Meetmekaar Resort in Mtubatuba. 10 Districts in the Province participated in the programme. UMkhanyak ude District brought 108 boys as it was initially identified as the hosting District. The Programme was embraced by the Provincial Premier Mr. S Zikalala, King Cetshwayo District Mayor Cllr Mkhulisi and uMkhanyaku de District Mayor Cllr TS Mkhombo. The purpose of the program to educate and assist the boys to shape their future as most time focus is turned more to girl child and leaving the
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							vulnerable boys to be the perpetrators of abuse, teenage pregnancy, rape and all sort of crime. There are lot of tough to boys so they will grow and become proper man not the abusive monsters. The Provincial Premier addressed the boys himself.
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DISABILITY PROGRAMMES FOR AUGUST 2019

PROGRAM ME	KPI NO	DATE	VENUE	EXPENDITURE	ACTIVITY	POE	REPORT
DISABILITY	E2.1.3.6	07 August 2019	Jozini Municipality	R2 100.00	District Disability Forum meetings	<ul style="list-style-type: none"> • Invitation letter • Agenda • Minutes • Attendance Register 	District Disability forum Meetings were conducted quarterly as per the plan. These meetings were chaired by the designed Chairperson. In these meetings issues concerning people with disabilities are discussed. In this quarterly meeting deliberations were based on Disability Sport

							Indaba, Sport Day, Beauty Contest, progress with Maputaland Community Radio, Awareness campaign to people with Albinism and election of the new delegates to Disability Parliament
	E2.1.3.13	14 August 2019	Tembe Tribal Hall, uMhlabuyalingana	None	People with Albinism Awareness Campaign	<ul style="list-style-type: none"> • Invitation letter • Programme 	The Campaign was conducted by Office of the Premier (MRM) and Intshukumo Organisation and was held at uMhlabuyalingana Municipality in Tembe Tribal Hall. It was targeting 500 people around uMkhanyakude District. It was aimed at raising awareness to People with Albinism and moves away the stigma that is attached to them and also to bring together communities within the District to discuss the challenges facing the citizens and to map out the way forward towards a

							sustainable and inclusive future. Different Stakeholders rendered word of Support including the District Mayor Cllr TS Mkhombo
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The Provincial Disability Games were hosted during the month of October 2019. The UKDM Team successfully attended

HIV AND AIDS SEPTEMBER 2019

DATE	WORK DONE	KPI NO.	PLACE	POE	EXPENDITURE	COMMENTS
12/09/2019	Planning Meeting for community dialogue: Provincial She Conquers	E.1.1.11	Mbazwana Library	Attendance register	Funded by the Office of the Premier	Poor participation from stakeholders was observed. UMhlabuyalingana Local Municipality did not attend neither did it support the preparations for the event.
25/09/2019	Provincial She conquers community dialogue on social ills	E.1.1.11	Mbazwana Library	attendance register, Agenda and report	Funded by the Office of the Premier	The event went well however non participation with no apologies by uMhlabuyalingana was inappropriate
20 /09/2019	THP'S Meeting	E.1.1.12	UKDM : Council Chamber	Invitation, attendance register		There was a conflict amongst THP 'S regarding the District forums, the conflicts emanated as a result of power and affiliation. It was discovered that THP'S is segregated into 4 affiliations, which the meeting was

						able to resolve that out of all 4 affiliations there will be two representatives so that they are all represented in the District forum
30/09/2019	LAC meeting	E.1.1.16	Hlabisa	Invitation, attendance register	None	The gaps and discrepancies to data collating was noticed. Other stakeholders were reporting data for Q1 while others were reporting data for Q 2 due to the fact that the meeting was called prior the end of the month while reports still need to be prepared. It was highly recommended that HIV and AIDS Coordinator should align the scheduled dates for LAC a week after the month so that stakeholders should have the opportunity to consolidate data prior the LAC sitting. It was also noted that there is poor communication between the LAC Secretariat and LTT Secretariat as it was announced that ward 4 will be awarded for the work done in the war room while there is no report for war rooms

						submitted by Big Five Hlabisa.
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From January 2020 to March 2020 before Covid 19 Lock down on 26 March 2020, there was only 1 DAC Meetings. POE submitted to PMS

Out of HIV and Aids allocated R580 000 only R166 070 was spent and this was due to the Municipal's non availability of funds

SENIOR CITIZENS

<u>DATE</u>	<u>WORK DONE</u>	<u>KPI NO.</u>	<u>PLACE</u>	<u>POE</u>	<u>EXPENDITURE</u>	<u>COMMENTS</u>
02/09/2019	Plenary for District Golden Games	E1.1.53	DMC	Invitation and attendance register	-	The meeting was attended by all relevant stakeholders including District family of Municipalities and sector department; DOH, DSD, DSR, Age-in-Action, and forum members. The LM'S were reminded to finalised files for Golden Games with of documentations requires. It was also emphasised that list of leadership that the list of District leadership

						that will attend be forwarded to province before the end of week.
10-12/09/19	PROVINCIAL SC GOLDEN GAMES SELECTIONS	E1.1.56	Ugu Sports and Leisure	Invitation and attendance register	R62 000 Accomodation for Cllrs and Technical staff,R 12 800 refreshments, R171 000 full attire and two soccer jersey	The Umkhanyakude District team went well to Ugu District and participated as part of 11 District including one Metro to Provincial SC Golden Games 2019. Umkhanyakude got position 11 and more that 10 players selected to attend National Golden Games at East London on the 20th to 26th October 2019.
17/09/2019	Provincial meeting Survey on progress focus on GBV	E1.1.47	DBN - Cormmecal Building	Attendance Register,	Invitation, attendance register	The National delegation to KZN province came to get report from all relevant Gender focal person on how far with programmes for Gender Based Violence. The meeting was attendance by Focal person from District Municipalities, Sector departments, OTP, and Provincial Gender Commission. It was emphasized that the issue of GBV be takes seriously and be part of any agenda items in all programmes. Gender Commission also informed the meetting about the research that is

						underway and that Findings will be presented to Municipalities.
26/08/2019		E.1.1.56	PMB-Legislature	Invitation letter, attendance register	Invitation, attendance register	The meeting was chaired by Quality of life Chaiperson: Ms Mchunu. It was reported that Provincial Parliament will be held at KwaDukuza under Ilembe District, 40 delegates are expected to attend from 11 Districts, 3 delegates and COordinators to be transported by District Municipality on the 30th September 2019 to Ballito where they will be accomodated and back on the 03 October 2019.

YOUTH & SPORTS

DATE	KPI	KPI NO.	EXPENDITURE	POE	COMMENTS
	SALGA Games District Selections	E.1.1.1.3			Scheduled for the 6 th

					of October 2019
	District Sports Awards	E.1.1.1.9	R32 807.50 FOR 150 Deligates R3 210 for additional 15 Councillors Total = R36 017		Scheduled for the 28 th of November 2019
	Consultation forum for Youth Development policy	E.1.1.5.1			Scheduled for the 11 th of October 2019
	SALGA Games team Preparations commencement	E.1.1.1.6	147 660	Purchase order	Venue secured at Khulani Special school
	SALGA Games Affiliation Fee	E.1.1.1.2	Awaiting for invoice		Waiting for the invoice from SALGA
13 March 2020	District Sport Awards were held		Money already paid for in October 2019		

Salga Games took place in Durban on 12 – 15 December

Whole amount spent for Youth and Sports amounted to 2 366 997.00

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XPANDED PUBLIC WORKS PROGRAMME (EPWP) SEPTEMBER 2019

<u>DATE</u>	<u>WORK DONE</u>	<u>KPI NO.</u>	<u>PLACE</u>	<u>POE</u>	<u>EXPENDITURE</u>	<u>COMMENTS</u>
<u>July 2019 to June 2020</u>	<u>Salaries were promptly paid</u>	<u>E1.1.6</u>	<u>UKDM Payroll section</u>	<u>Submitted to PMS</u>	<u>4 674 000 + equitable share paid to the 45 unemployed Graduates</u>	<u>Was able to spend all the allocated grant in due time</u>
26 09/2019	Conduct EPWP Forum meeting to discuss progress and report on the target and performance for the EPWP.	E1.1.6	UMkhanyakude Disaster Centre in Hluhluwe	Attendance Register, agenda and draft minutes	None	The EPWP to report progress to all relevant structures including Portfolios, IGR, MM's forum etc.
20/09/2019	Payment of stipend to 218 EPWP participants	E1.1.6	UMkhanyakude	Payment schedule	R870 327.92	The stipend is paid for August and September 2019 since the project delayed. The EPWP project was planned to start on the 1st of July 2019.
01/09/2019	Submission of requisition to SupplyChain Section for the procurement of protective clothing for 200 EPWP participants	E1.1.6	UMkhanyakude	Copy of the requisition and advert	None	Awaiting for SCM processes.

NB The PPE Clothing for the EPWP Participants was eventually purchased in May 2020 and amounted to R266 230

KPI NUMBER	PROGRAM	TARGETS	CORRECTIVE MEASURES
E.1.1.1	Children and Disability	1. Disability Forum meeting 2. Provincial Disability Games 3. District Children Advisory Council meeting	N/A
E.1.1.2	HIV and Aids	1. Workshop for People Living with HIV and AIDS (PLWHA) 2. Support for PLWHA Chicken Project 3. Plenaries for World Aids Day	Workshop for PLWHA to be done when budget issue has been finalised RESULT No budget anymore
E.1.1.3	Gender and Senior citizen	1. Workshop for Senior Citizens 2. Gender based violence awareness Campaign 3. Men's Dialogue 4. Plenary for 16 Days of Activism 5. Provincial Gender Machinery meeting	Still waiting for adjustment budget RESULT No budget anymore
E.1.1.4	Youth and Sport	1. Consultation Forum for Youth (Workshop) 2. Career exhibition for Youth	Still waiting for budget adjustment RESULT No budget anymore
E.1.1.5	EPWP	1. Payment of salaries	Fully paid from July 2019 up to June 2020
E.1.1.6	Arts and Culture	Only supported uMkhosi womhlanga of eMachobeni and Amarula festival	Thereafter funds were no longer available -

CONCLUSION

The year 2019/2021 was not a fruitful year financially. This was also worsened by the spread of Covid 19 lockdown which started on 26 March 2020

DEVELOPMENT PLANNING SERVICES PROGRESS REPORT

Development Planning Shared Services Programme (DPSS)

Under the reporting period the Development Planning Services was strategically responsible for the overall facilitation, coordination, implementation, management and monitoring of the following core functional areas as well as Performance Highlights presented below according to each core function. A table under each core function is provided indicating broad challenges that was facing the section under reporting period. Similarly a suit of possible recommendations to the identified challenges is included in the same table.

Development Planning Services

Key Performance Areas (KPA's):

- ✓ Cross-Cutting Issues
- ✓ Institutional Development & Public Participation

Core Functions & Services

- ✓ Spatial Planning
- ✓ Land Use Management & Administration
- ✓ Geographical Information System (GIS)
- ✓ Human Settlement Planning & Coordination
- ✓ Integrated Transport Planning
- ✓ Environmental Planning & Management
- ✓ Building Inspectorate and Control
- ✓ District Development Planning Services Governance & Coordination (i.e. District Development Planners Forum)
- ✓ District Environmental Planning & Management Governance & Coordination (i.e. District Environmental Planning & Management Forum)

QUARTER 1

UMKHANYAKUDE JOINT MUNICIPAL PLANNING TRIBUNAL REPORT Q1-Q4

Development application	Magnitude	Decision	Reason
Application for the proposed construction of a free standing cellular communication base station with 35m on portion 5 of lot 54 under Mtubatuba Local Municipality	1 cellular mast	Approved	All was in order.
Application for proposed rezoning of erf 151 St. Lucia in order for the construction of a Guest House.	1802m ² property	Not approved	Incomplete Parking Relaxations
Application for the proposed construction of a free standing cellular communication base station with 50m lattice type mast on the remainder of	1 cellular mast	Not approved	No consent from land owner. (Ingonyama Trust Board).

farm no 15822 Nsombosi Primary School under Mtubatuba Local			
<ul style="list-style-type: none"> Application for the proposed construction of a free standing cellular communication base station with 50m lattice type mast on the remainder of the farm reserve no 3 of farm no 15822 	1 cellular mast	Not approved	No consent from land owner. (Ingonyama Trust Board).
<ul style="list-style-type: none"> Lease 16 on remainder of portion 12 reserve no. 14 no 15834 HV of KZN Province. 		Chairperson of the DJMPT to decide on the application 14 days from the date of the	Planners report not consistent with information provided.
<ul style="list-style-type: none"> Telecommunication mast on Indumo Farm No. 97147 portion 4. 	1 cellular mast	Approved	All was in order.
<ul style="list-style-type: none"> Telecommunication mast on the farm Makanes Drift no.1 14563 (Makhana primary school) 	1 cellular mast	approved	All was in order.
<ul style="list-style-type: none"> Ndumo Rural Housing 	75 units	Approved	All was in order.
<ul style="list-style-type: none"> Private game lodge on remainder of portio 4 of the farm Mkuzi Wes 	Game lodge	Approved	All was in order.
<ul style="list-style-type: none"> Nyalazi Subsidized housing project on the farm reserve no.3 , no 	1000 units	Approved	All was in order.
<ul style="list-style-type: none"> Proposed consent for the construction of an educational building in a place of worship on erf 	Grade 1-7	Deferred	information not sufficient
<ul style="list-style-type: none"> Proposed bed and breakfast on the remainder of Erf 102 St 	4 units	Approved	All was in order
<ul style="list-style-type: none"> Proposed development of land outside the scheme to accommodate a petrol filling station on portion 2 of the farm 		Approved	All was in order

Lease 16 on remainder of portion 12 reserve no. 14 no 15834 HV of KZN Province.		Chairperson of the DJMPT to decide on the application 14 days from the date of the meeting	Planners report not consistent with information provided.
Telecommunication mast on Indumo Farm No. 97147 portion 4.	1 cellular mast	Approved	All was in order.
▪ Telecommunication mast on the farm Makanes Drift no.1 14563 (Makhana primary	1 cellular mast	approved	All was in order.
▪ Ndumo Rural Housing	75 units	Approved	All was in order.
▪ Private game lodge on remainder of portio 4 of the	Game lodge	Approved	All was in order.
▪ Nyalazi Subsidized housing project on the farm reserve	1000 units	Approved	All was in order.
▪ Proposed consent for the construction of an educational building in a place	Grade 1-7	Deferred	information not sufficient
▪ Proposed bed and breakfast on the	4 units	Approved	All was in order
▪ Proposed development of land outside the scheme to accommodate a petrol filling station on portion 2 of the		Approved	All was in order

Subdivision of Municipal Offices

A letter addressing the Land claims that was lodged against Farm Harlingen 13433 was submitted to the land claims commissioner. A Sales agreement with Dr Senekal and the Municipality's Authorised signatory was finalised in August 2019. A SPLUMA Application was submitted to Jozini Local Municipality for processing and approval.

DPSS Support to LM's

As part of support rendered to local Municipalities, uMkhanyakude District Joint Municipal Planning Tribunal is one of the core functions that the district is assisting the local municipalities with to ensure that development is sustained around the district and development applications are assessed and processed timeously. A successful JMPT Hearing was held on the 30th August 2019.

Procurement of Software Licences for uMkhanyakude District Municipality

In order to perform mapping activities, the GIS unit uses the ArcGIS software which is owned by ESRI-SA, annual maintenance fees are paid to the ESRI-SA, the benefit is that

the software programs are upgraded timeously and staying on maintenance helps keep up with the latest products and to have access to other services that ESRI offer when you are on maintenance. The Systems get aligned with that of Cogta DIS Unit. The process is with the finance department to settle the fees.

Provincial GIS Forum Meeting

On the 20th September 2019, Cogta conducted a provincial forum meeting where all District n LM's GIS professional meeting to discuss GIS issues and it serves as a platform for capacity building as certain organisations are invited to come and share case products, data, software's etc. to this conference presentation were conducted by ESRI SA on their new software products ArcGIS pro, and GLS Consulting showcasing their software and the projects conducted in certain municipalities in KZN. The other part of the forum was to discuss the datasets available in Municipalities and how should be shared,

most importantly the cemetery datasets which was requested to district and LM's by the office of the premier through Cogta DIS Unit, whereby other Municipalities never assisted with the data, but all agreed to share data.

ESRI USER Conference

Every after 2 years Esri SA conduct a User Conference in South Africa, this time around the Conference is at the Champagne Sports Resort, Central Drakensberg in KZN. The conference will last for a period of five days starting on the 22nd – 25th October 2019, registration and fees are mandatory to get access to attend the conference, for uMkhanyakude DM one GIS official will be attended the Conference,

GIS Revenue Enhancement Project

The GIS Unit intends to contribute by availing necessary data and system to the Municipality, analysis on settlements and the interaction with the services especially rendered by the municipality especially the infrastructure, a profound system will enable the municipality to take significant decisions with regards to the management services. The idea was to appoint a service provider hence the process is still with the SCM BEC, they arrange meeting but no progress is made in terms of finalising BEC processes so that we move to advertising.

Umkhanyakude District Wide Planning Forum

Three District Wide Planning forum meetings were conducted successfully, one meeting was cancelled due to Lockdown.

QUARTER 2

DPSS Support to LM's

As part of support rendered to local Municipalities, uMkhanyakude District Joint Municipal Planning Tribunal is one of the core functions that the district is assisting the local municipalities with to ensure that development is sustained around the district and development applications are assessed and processed timeously. The DPSS unit has initiated the procurement process for a recording device that is of importance in the DJMPT sittings for the purpose of recording proceedings of these meetings.

Further support to uMhlabuyalingana LM as they are developing Skhemelele Nodal Plan, the DPSS Team serve as PSC members of the project, recently a meeting was attended as the project approaches its completion phase.

Single Land use schemes support to Mtubatuba LM, Jozini LM, and Big 5 Hlabisa LM, these projects are outsourced but the team play an advisory role and GIS data support.

Surveyor General Office Capacity Building Workshop

On the 7th November 2019, the Surveyor General's office in partnership with COGTA conducted a capacity building workshop where Planners, GIS personnel and Building inspectors of the municipalities were invited in order to capacitate them with issues regarding lodging of subdivision applications, sectional titles and applications for servitudes as well as road closures. In this workshop, the roles that planning personnel plays in the lodging of these applications as well as legal mandate associated with such were discussed. Legal implementations in terms of the Surveyor General Office procedures was emphasized. Candidates attending this workshop were capacitated regarding encroachment servitudes, road/public place closure and processes of subdivision of agricultural land. The workshop was indeed fruitful.

Social Development Capacity Building Programme

On the 25th and 26th November 2019, the Department of Social Development hosted a capacity building workshop which was aimed to equip IDP and Spatial Development Framework officials within the district on the incorporation of demographic dividend into planning, to provide

guidance in terms of policy briefs on the mainstreaming of demographic dividend into planning and to guide the alignment of the IDPs with demographic dividend indicators and targets set in the latest Provincial Growth and Development Strategy and support to sector plans.

The Unit has attended GISSA AGM & Workshop. This deals with GIS related issues, the workshop help keep the professionals up to date with the latest technologies.

Subdivision Proposal for Municipal Offices (2 additional portions)

UMkhanyakude has engaged Dr. Senekal to request 2 portion of land, site visit/meeting with Dr Senekal was done during month September as per the request by the Municipal Manager to get the two portions of land in exchange for two sites for Dr Senekal at the Airport for the purposes of Dr Senekal Airplanes Hangers.

The below maps indicate how the sites will be subdivided to form small portions of land, 3 of the site were donated to Amakhosi, and two Political Parties. UMkhanyakude will be responsible for all the subdivisions and consolidations if necessary.

Map 1 indicate the additional sites in lime colour, and the blue indicates the existing site that was subdivided from the farm of Dr Senekal's farm land and this is where the district offices are currently built. The sub-division process was completed and submitted to Jozini Local Municipality for approval. The only thing that is missing at this point in town is the consent from the Land Claims Commissioner.

The proposed subdivision was presented to the Municipal Manager for inputs purposes, and gave permission that we continue engage Dr Senekal so that the matter is put to finality. The proposal was then presented to council for consideration.

Planning Law Conference

Every year, the SALGA in the province of Kwa-Zulu Natal hosts a Planning Law Conference. The conference aims at tackling the issues that are being faced by the development planning

practitioners on a day to day bases. The conference also provides a platform for the practitioners not only to look at the challenges, but also share best practices and experiences. Like the previous year, this forum was hosted in Ballito at Ebandla hotel, under the KwaDukuza Local Municipality area of jurisdiction from the 26th to the 27th of September 2019. The conference was indeed a success, with two (2) delegates

representing UMkhanyakude District Municipality. Mr. Mgabadeli Mbatha (Senior Town & Regional Planner) and Ms. Nomfundo Dube (Town Planning Technician).

Map 1. Proposed portions to be added to the subdivision project



Sub-Division Disaster Centre

Just like the offices in Mkuze main offices, the Disaster Management Centre that was constructed in Hluhluwe under the Big 5 Hlabisa Local Municipality was constructed before the land was subdivided. The district municipality is also in the process to sub-divide this land in one to ensure that the land and property are under the assets of Umkhanyakude District Municipality. The subdivision processes is now in the stage where an application for subdivision has been lodged to Big 5 Hlabisa Local Municipality and a portion number has been reserved in the Surveyor General's Office awaiting the planning approval.

Review of District SDF

After a couple of years having to review the Spatial Development Framework in house, due to financial constraints, the district was able to procure services of a competent service provider that will assist the municipality review this significant strategic planning document. The services of Mashize Investments were appointed early this financial year to handle the project. An inception report was forwarded to the municipality where the planning department made necessary comments. The PSC meeting where all stakeholders such as LMs and Sector departments will discuss the inception report is scheduled to take place on the 10th December 2019.

Mange Sills Centre Development Planning and Implementation

The proposed Mange Skills Centre Project is progressing fairly well with the bid evaluation committee of Services Seta currently in the process of identifying the best main contractor for the project. There has been a delay with the development planning application, as there hasn't been an approval for such from the District Municipal Planning Tribunal or Jozini Local Municipality. Jozini Local Municipality had requested comments from sector departments which were forwarded to the municipality. We are currently awaiting for a letter from Jozini LM to deem the application complete and make a decision on the application.

Support to Mhlosinga Development Agency

UMhlosinga Development Agency is currently developing Mkhuze airport, however our unit is part of the PSC for the project wherein we give support with regards to the SPLUMA Development Application, the Unit assisted in developing terms of reference and advert for the application. The Unit will further facilitate throughout the process till the application is approved.

GIS Support Services

Procurement of 10 GPS devices for uMkhanyakude District Municipality

These gadgets will not only be used by the Development Planning Unit, by the entire organization. This will include the following, General mapping, Capturing of co-ordinates for disaster incidents and Capturing of boreholes, reservoirs and other operational measures by the Technical Department. The process is with the SCM department as a supplier had to be appointed.

Procurement of Software Licences for uMkhanyakude District Municipality

In order to perform mapping activities, the GIS unit uses the ArcGIS software which is owned by ESRI-SA, annual maintenance fees are paid to the ESRI-SA, the benefit is that the software programs are upgraded timeously and staying on maintenance helps keep up with the latest products and to have access to other services that ESRI offer when you on maintenance. The Systems get aligned with that of Cogta GIS Unit. The process is with the finance department to settle the fees.

Map Production

Mapping support rendered to technical services (electricity unit), to Mhlabuyalingana LM planning department and for subdivision projects.

QUARTER 3

KPI NO	PROJECTED	ACTUAL (FINANCIAL AND NON-FINANCIAL)	COMMENTS	C O	POE
F.1.1.1	Development of SDF	Achieved Draft SDF document compiled and submitted to UKDM	PSC meeting was conducted successfully		Draft SDF Document Letter requesting SDF funding from
F1.1.2	Number of Planning Meeting	Not Achieved Not due for reporting for	Not due for reporting for march 2020.		None
F1.1.3	Subdivision of Municipal Offices	Achieved Draft advert received and sent to service provider for	Disaster Centre application to be advertised for public comments		Draft Advert
F1.1.4	Number of Capacity building programmes	Not achieved None attended for reporting month	None attended		None

F1.1.5	Number of Development Planning Services administration Support	Partially Achieved Support to Local Municipality Planning/GIS Programmes and projects. Enquiries from internal and external	Issues of staff shortages affects functionality		Email Correspondence Mkhuze airport application support (advert & Tor's) Mange Skills Centre Development (Letter and email correspondence
F1.1.6	Number of GIS Systems Development, Maintenance and Data Collection and Management	Achieved Data/mapping support to stakeholders, maintenance, data collection, implementation throughout the	Mapping service rendered successfully as projected for the month		Maps and email correspondence Attendance register
F1.1.7	Environmental Management	Partially achieved Environmental			Email Correspondence and Agenda

QUARTER 4

GIS MAPPING SERVICES

UKDM mapping services is assisting the Big 5 Hlabisa Local Municipality in the review of the 2019/20 Spatial Development Framework. Big 5 Hlabisa is doing their review in house so mapping support is given to them on that basis. Below is an example of the type of mapping that is required from our department

GIS support

A meeting was held between Umkhanyakude GIS services and Umkhanyakude Disaster services where they requested assistance in terms of mapping for their strategic documents such as Disaster framework, Local Sector Plans and the Master Disaster Management Plan. In this meeting it was resolved that a working session between the two departments be undertaken. A working session took place on the 28th February 2020 where risk capacities were rated for the disaster hazard maps. This was done for all four Local Municipalities under the jurisdiction of Umkhanyakude.

It was resolved that disaster management officials must get location of photo app to capture coordinates in substitution for GPS gadgets (please see figure 2 below). Umkhanyakude GIS services assisted disaster centre officials in preparing their disaster management sector plan. Support that was given includes mapping of disaster hazards and road accident hotspot

Support was rendered to Big 5 Hlabisa LM by producing maps that were included in their Spatial Development Framework (SDF). Maps that were produced include Land Use Maps, zoning map, environmental sensitivity, land ownership and land reform status etc. Please see figure 3 below.

Assisted technical services with the mapping of water infrastructure so that they can easily identify schools that need water during this time of pandemic. Please see example below.

2 DEVELOPMENT PLANNING SERVICES

2.1 uMkhanyakude District Spatial Development Framework

An email was received from Mashize Investments requesting a date for public participation regarding the development of our Spatial Development Framework. A major challenge hindering this project from being completed is the fiscal challenges of the municipality. Public participation was done in form of a virtual meeting due to the Covid -19 pandemic that prevented gathering. A final Spatial Development Framework report has been submitted and awaiting adoption by council.

2.2 Subdivision of Disaster Centre Offices

An application was lodged to Big 5 Hlabisa LM for the subdivision of town lands of Hluhluwe No. 15944 (Portion 10000 Hluhluwe) to form designated Erf to be known as Erf 1861 Hluhluwe (UKDM Disaster centre offices). The application was deemed complete and the advert template was forwarded to the service provider to make quotations in the Zululand observer and Ilanga newspapers. The advert template is attached as portfolio of evidence. Due to the Covid- 19 pandemic, the advertisement was not placed on the newspaper before April 2020, it is expected to be advertised by the end of July 2020.

2.3 Subdivision of Umkhanyakude Main offices (Mkuze)

An application was lodged to Jozini Local Municipality for the Subdivision of a portion of Farm Harlingen 13433 to form designated portion 12 of the same farm. A record of decision stating that the application has been **approved** was received from Jozini Local Municipality with the conditions of establishment. The Municipal Manager (M.A Nkosi) accepted the conditions of establishment and the acceptance letter was forwarded to Jozini LM. The next step is for the approved diagram (by Jozini) has been lodged to the surveyor general's office for their approval. The record of decision and acceptance of COE is attached as portfolio of evidence.

An additional subdivision and consolidation project has been initiated following an agreement that was made between the municipality and Dr Senekal. A memo and terms of ref are attached as portfolio of evidence.

2.4 Mange Skills Centre

A development application was lodged to the Jozini Local Municipality for a Skills centre in Mange. The application has been deemed complete and a signed advert template has been forwarded to the service provider to advertise on the local newspaper. A notice was put on site for the public to lodge their comments. The next stage is for the JMPT to approve the SPLUMA application in relation to this project.

2.5 UMkhanyakude District Planning Forum

The planning forum that was meant to be held in quarter four was postponed due to the Covid-19 crisis that prevented gatherings.

2.6 Mkuze Regional Airport Technical Committee Meeting

A meeting led by Umhlosinga Development Agency was held on the 12th June 2020 to discuss the project status quo of Mkuze Airport project. Our role as a Development Planning Services will be to support UMDA with the procedures needed to submit the SPLUMA application to Jozini Local Municipality.

2019/20 performance Summary

K F	PROJECTE D	ACTUAL (FINANCIAL	COMMENTS		POE
F3 .1.	Development o f SDF	Final SDF document received	Awaiting adoption by council.		Final SDF document

F3. 1.2	Number of Planning Foru m Meetings	3 of 4 Planning forums conducted successfully.	The fourth and final Planning forum could not be conducted due to the Covid -19 Pandemic that		Attendance Register, Agenda, Minutes, Invitations
	UMkhanyaku de DJMPT	JMPT functional and had successful sittings during the 2019/20 FY.	Progress report attached.	DJMPT to have a budget allocated	

F3.1.3	Subdivision of Municipal Offices	<p>The subdivision of Hluhluwe Disaster center offices is on public participation stage.</p> <p>Mkuze main office- the application has been lodged to the deeds office for final approval. The planning application has been approved with conditions by Jozini LM, conditions of Establishment accepted by the MM.</p>	<p>The application should be advertised by the end of July 2020.</p>	<p>The SPL UMA development application procedure has prescribed timeframes that cannot be rushed.</p>	<p>Attendance Register, Inception Report, Draft SG Diagram Letter of consent from Land Claims Commissioner and letter of consent from the Department of Agriculture. Approval from Jozini LM</p>
F3.1.4	Number of Capacity building programmes	<p>Esri User Conference attended by the GIS Specialist, such a conference enables professionals to be upraised with new technologies in the field of GIS,</p>	<p>The conferences, workshops, support sessions with LM's form part of capacity building programmes These meeting</p>		<p>Attendance Register, information pack with contact details for relevant personnel at Esri South Africa</p>

			coordination of Planning and GIS functions throughout the province, further to that its mandatory for professional to		
F3 .1. 5	Number of Developm ent Planning Services administra tion Support	Support to Local Municipality Planning/GIS Programmes and Projects is continuing at a satisfactory manner. Enquiries from internal and external stakeholders are attended to as and when be received. UKDM programs and projects are continuing a satisfactory manner. DJMPT fully Functional.	Issues of staff shortages affect functionality.		SPLUMA site visit attendance register 28 October 2019, Mtuba, Big 5 Hlabisa & Jozini Draft Wall to Wall Schemes, Invitation and attendance Register. Comments on Mange Skills Centre, Appointment of Main Contractor at Bid Adjudication stage.

F3 .1. 6	Number of GIS Systems Development, Maintenance and Data C	Data/mapping support to stakeholders, maintenance, data collection, implementation throughout the district is done as projected Acquisition of external support for GIS service	As for the GIS project all that was projected was done, some activities are out of our control hence other departments and structures of	SCM processes be fast-tracked, N on sitting of Specification Committee is delaying the project	Maps and email correspondence
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Challenges

Some development planning programmes were not fully achieved some not achieved due endless SCM processes that are beyond our control and the financial constraints faced by the Municipality.

Implementation of Wall to Wall Scheme is still a challenge to Local Municipality, only UMhlabuyalingana LM has completed its scheme.

UDJMPT Challenges

- Members that were gazetted, mainly from uMkhanyakude have not been attending the DJMPT sittings;
- Recording device for meetings has to be procured; and
- Appeals registrar has to be appointed by the district municipality.

Achievements

Despite the challenges, the Development Planning Shared Services served successfully in all competences outlined in the core functions and services, Furthermore, the DPSS model has been very instrumental to ensure that each participating LM has at least one in-house Planner to capacitate.

The DPSS unit has received 4GIS interns from Cogta adding to limited existing staff component of the unit

3.4 Office of the Municipal Manager

Functions of the Office of the Municipal Manager are as follows:

- Establishing, develop and manage economically viable, effective and accountable administration.
- Taking full liability for sound financial management.
- Coordinating and manage Intergovernmental Relations (IGR).
- Ensuring sound co-operative governance.
- Managing the Municipality's administration in accordance with the Constitution, Local Government Structures Act, the Municipal Systems Act, the Municipal Finance Management Act, the Public Management Act and all other provincial and national legislation applicable.

Participation of Traditional Leaders in Municipal Council Meetings

Legislative Background (Section 81 of Municipal Structures Act)

81. *(1) Traditional authorities that traditionally observe a system of customary law in the area of a municipality, may participate through their leaders, identified in terms of subsection (2), in the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council.*

Five members of the Traditional Council are sitting regularly in all Council meetings.

The Intergovernmental Relations (IGR)

The Provincial COGTA provided grant funding to support the Umkhanyakude family of municipalities in strengthening their IGR functions. Necessary forums required to facilitate IGR have been established and terms of reference to facilitate smooth operations for these forums have been developed. Dates of IGR meetings are incorporated in the District Events Calendar.

IGR REPORT FOR 2019/20 FY

The White Paper on Local Government provides the purpose for the establishment of IGR Forums which aims to:

- Promote and facilitate co-operative decision making;
- Co-ordinate and align priorities, budgets, policies and activities across interrelated functions and sectors;
- Ensure a smooth flow of information within government, and between government and communities, with a view to enhancing the implementation of policy and programmes; and
- Prevent and resolve conflicts and disputes.

The District and Local Municipalities are required to govern and perform municipal functions to secure the welfare of inhabitants within municipal districts. Intergovernmental Relations Framework Act No. 13 of 2005 provides legislative requirements for the structures. The Protocol agreement which guide the functionality of forums were signed by all the Mayors on 25th October 2016.

The IGR Forum Committees were fully functional during 2018/2019 FT. The Mayors Forum is attended by the Chairperson of Traditional Leadership. The reports are tabled to Council meetings and the Province for compliance. The sitting of forums has assisted increasing the Back to Basics scoring.

Audit Committee

The functionality of the Audit Committee has improved. The committee sat four times during 2019/20 financial year. In the next coming financial year the Audit Committee will function smoothly.

Municipal Public Accounts Committee (MPAC)

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This also includes oversight over municipal entity. This committee is now fully functional and is performing its duties optimally.

Functionality of Bid Committees

The following committees are functional:

- Bid Specification
- Bid Evaluation; and
- Bid Adjudication

The committees meet as and when required to do so. The Bid committees have standing schedule of meetings. The functionality of these committees is at an acceptable level.

The Functionality of S79 and S80 Committees

The principal structure of the municipality is Council which is chaired by the Speaker of Council, Councillor, M. S. Msane. The Executive Committee (EXCO) which is chaired by the Mayor of Council, Cllr. T. S. Mkhombo is the delegated political structure that deals with the day to day running of the Municipality and further reports its affairs to Council for noting and consideration depending on the matter in question.

To ensure effectiveness; council is further divided into various committees which are established in terms of Sections 79 and 80 of the Local Government: Municipal Structures Act (Act no 117 of 1998). These committees include:

- Executive Committee
- Finance Committee
- Corporate Governance Portfolio Committee

- Technical Services Portfolio Committee
- Community Services, Planning & Economic Development Portfolio Committee
- Municipal Public Accounts Committee

IDP/Budget Izimbizo

Background

Background

In terms of the Municipal Systems Act no 32 of 2000 section 16 (1) municipality must develop a culture of community participation in the preparation, implementation and review of its Integrated Development Plan (IDP). Subsection (c) stipulates that a municipality should use its resources and allocate budget for the purposes of implementing all provisions stipulated in section 16, which includes the IDP.

One of the mandates for Local Government, is to give priority to the needs of the community. Communities are therefore given an opportunity to participate in the process of prioritizing their needs. Municipalities through the IDP/Budget process register the needs of its community and also set up programmes that would address these needs. Resources are then allocated to address needs that have been identified

IDP/Budget Izimbizo for 2019/2020

And abridged community report is contained in the following section:

Date: 21 November 2018

Venue: Nonjinjikazi Community Hall

Municipality: Jozini

No.	Name of the Person	Ward Number	Issue Raised	Required Intervention	Responsibility
1	ABSA Myeni	11	IDP is written in English	Translation	Communications Unit – DC 27
			No Job Opportunities	LED, EPWP	COMPED
2	Ntuthuko Mbamali	11	No water for 10 Years	Potable water services	Technical Services
3	Mimi Gina	11	Water for livestock animals	Dam for livestock	Jozini LM
4	Luke Khumalo	11	No water	Potable water services	Technical Services
			No Electricity	Free Basic Electricity	Jozini LM
5	Nelisiwe Ndlovu	5	No Houses	Low cost housing	Dept of Human Settlements
6	Bawinile Nyathi	17	No water from Shemula Scheme	Water reticulation	Technical Services
7	Mr Mabuyakhulu	11	Clinic is too far	Build an accessible clinic	Dept of Health
			No water	Potable water services	Technical Services
			No Electricity	Free Basic Electricity	Jozini LM
8	Samkelo Gumbi	13	No water	Potable water services	Technical Services
9	Sam Mpontshane	10	Clinic is too far – 15KM	Build an accessible clinic	Dept of Health
			Pastors Forum needs support	Tractor for farming	Jozini LM
10	Bhekani Khumalo	16	Water pipes without taps	Install taps	Technical Services
11	Meshack Jokweni	10	No water	Potable water services	Technical Services
			Farmers waste water – irrigation	By-laws for water usage	Technical Services
12	Mrs Ndlovu	11	No water (uses own transport to fetch water)	Potable water services	Technical Services
13	Diego	13	Needs support – Car Wash	LED – Youth Development	COMPED
14	Mzwakhe	13	No Houses	Low cost housing	Jozini LM
			No Electricity	Free Basic Electricity	Jozini LM
			No Speed calming humps	Install humps	DoT

Date: 23 November 2018

Venue: Msane – “D” Community Hall

Municipality: Mtubatuba

No.	Name of the Person	Ward Number	Issue Raised	Required Intervention	Responsibility
1	Mr Ngubane	Khula Vlg	High mast lights – Khula Village	Installation of Lights	KZ 275
			Football field left unfinished	Complete the project	KZ 275
2	Themba Magwaza	01	High mast lights - Msane	Installation of Lights	KZ 275
			Water metres not working	Replace water metres	DC 27
3	Mrs Mkhwanazi	02	No water	Provision of free basic water	DC 27
			No toilets	Provision of free basic sanitation services	DC 27
			No housing	Provision of low-cost housing	Dept of Human Settlements & KZ 275
4	Victor Mdamba	20	Bus Forum not consulted on planned development	Share information with all stakeholders	KZ 275 and DC 27
			No toilets	Provision of free basic sanitation services	DC 27
			No Water	Provision of free basic Water Services	DC 27
			No housing	Provision of low-cost housing	Dept of Human Settlements & KZ 275
5	Mvelo Shezi	-	Maintenance of Access roads is poor	Regular maintenance of access roads required	KZ 275
			No housing	Provision of low-cost housing	Dept of Human Settlements & KZ 275
6	Busisiwe Mhlaba	-	Bridge required at KwaNokhobo	Provide a bridge - KwaNokhobo	KZ 275
7	Ernie Zungu	20	Requires sewing machine	Provide sewing machine	ZK 275
8	Mr Thabethe	20	Request to fix water borne toilet system	Fix current water borne toilet system	DC 27
9	Phindile	20	High School required	Construction of a High School	DoE
10	Mr Dladla	20	Leaks in the current water system	Fix water leaks	DC 27
11			Specialised clinic for people with disabilities	Provision of specialised services for people with disabilities	DoH
12	Mrs Nthsangase	20	Her house was burnt down	A house needs to be built for Mrs Ntshangase	DC 27 & Dept of Human Settlement

Date: 27 November 2018

Venue: Qondweni Community Hall

Municipality: Umhlabuyalingana

No.	Name of the Person	Ward Number	Issue Raised	Required Intervention	Responsibility
1	Mr Nxumalo	7	No water	Provision of free basic water	DC 27
2	Ntuthwane Mthembu		No Electricity	Free Basic Electricity	KZ 271
3	Sphiwe Mthethwa	7	Need market for craftwork	Provide market links	KZ 271
4	B. S. Thwala	7	The school at Qondweni needs electricity	Provision of electricity	DoE
5	L. L. Zikhali	7	No water	Provision of free basic water	DC 27
6	Zikhali	3	No toilets in Manguzi Town	Provision of toilets	KZ 271
			Shopping Mall required	Provide land for development	KZ 271
			Boreholes no longer work	Repair non-functional boreholes	DC 27
7	Noma Ndlovu	7	Those that are far from the main road do not get any basic services	Provide basic services throughout the area	KZ 271 & DC 27
8	Mlambo	7	People with disabilities are neglected	Include PWD in all development initiatives within the ward	KZ 271 & DC 27
			School learners need decent transport to and from school	Reliable transport	Ward committee – KZ 271
			Buhlebuyeza area requires a High School	Investigate options for the construction of a new high school	DoE
			EPWP provides R700 pm stipend which is far below what others get in other wards – R1400	Matter to be investigated and necessary adjustments be effected	KZ 271

Date: 29 November 2018

Venue: Emakhosini Community Hall

Municipality: Hlabisa

No.	Name of the Person	Ward Number	Issue Raised	Required Intervention	Responsibility
1	Nompumelelo Dlamini	8	No Community Hall	Construction of the hall	KZ 276
			No Housing	Construction of low-cost housing	Dept of Human Settlements & KZ 276
			Mganwini Brick laying project not working	Project for bricklaying to be resuscitated	KZ 276
2	Ntombifuthi	7	Toilet structures are worn out	Rebuild toilets	DC 27
			DWA water tanks withdrawn	DC 27 to provide water	DC 27
			People are working in water schemes but do not get paid	Matter to be investigated and resolved appropriately	DC 27
3	Mdletshe	Ophaphasi	No water at all (Wela dam has run dry)	DC 27 to provide water	DC 27
4	Thuthukani	9	No electricity – Mansiya	KZ 276 to provide electricity	KZ 276
5	Mafuleka	6	DC 27 employees at Smolo area releases water only to white people	DC 27 to ensure that water is distributed to all members of the community	DC 27
6	Gugu Dlamini	12	Trenches for water pipes were dug and the project never continued	DC 27 to complete the project	DC 27
7	Sanele Mncube	12	Water pipes were damaged during road construction	DC 27 to restore water supply in the area	DC 27

Venue: Emakhosini Community Hall...

No.	Name of the Person	Ward Number	Issue Raised	Required Intervention	Responsibility
8	Sphelele	Mdletsheni	No tertiary institutions or colleges for technical skills	District-wide approach is required to address this matter	DoE
			Some water schemes are not functional since some employees took retirement	Staff with know how to be deployed to areas where there are dysfunctional water schemes	DC 27
9	Mr Zondo	6	No water at Ncwabakazi	DC 27 needs to investigate issues raised and provide solutions	DC 27
			Nhlebeli Dam has water that could be used		
10	Andile Ndlela	12	Jojo Tanks at Qunwane are for private use and not for the community		

Overall Response by the Mayor

- Issues of electricity in areas that Umkhanyakude is not responsible for, will be directed to Eskom through Local Municipality for areas that are serviced by Eskom
- The Mayor also mentioned that there is an initiative that is championed by His Excellency the State President Mr Ramaphosa to inject high quality infrastructure to the tune of R2,4bn in the next three years
- The Mayor also put emphasis on establishment of Policing Forum in order to combat crime
- Issues of craftwork projects will be directed to Arts and Culture
- Challenges of non-payment of services need to be addresses so that those that have the capability of paying for the services can honour their financial obligations appropriately
- All issues of water will be directed to Technical Services for urgent attention
- Issues of translating Municipal documents that are written in English will be looked into by Communications Unit
- All issues of water and sanitation will be directed to Technical Services for urgent attention
- The Minister responsible for water issues will be contacted so as to address cross border challenges whereby water is redirected to areas that deprive south africans access to water

3.5 Budget and Treasury Office

Financial Viability at a Glance

3.5.1 Financial Performance Ratios



NATIONAL TREASURY

MFMA Circular No 71

Municipal Finance Management Act No. 56 of 2003

Annexure 2

Interpretation of results

The green colour indicates that the result is within the norm and is acceptable

The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve the results.

Data should be captured in the blue colour cell to calculate a ratio.

In situations where the results are not within the acceptable norm, corrective actions/plans should be taken and referenced

Template for Calculation of Uniform Financial Ratios and Norms 2019/20 Projected

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS
						" R 000 "
1. FINANCIAL POSITION						
A. Asset Management/Utilisation						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		28%
					Total Operating Expenditure	637 131 749
					Taxation Expense	-
					Total Capital Expenditure	245 880 856
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%		100%
					PPE, Investment Property and Intangible Impairment	2 127 249 161
					PPE at carrying value	2 127 249 161
					Investment at carrying value	-
					Intangible Assets at carrying value	505 010
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) × 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		1%
					Total Repairs and Maintenance Expenditure	19 073 547
					PPE at carrying value	2 127 249 161
					Investment Property at Carrying value	-



NATIONAL TREASURY

MFMA Circular No 71

Municipal Finance Management Act No. 56 of 2003

Annexure 2

Interpretation of results

The green colour indicates that the result is within the acceptable range.

The red colour indicates that the result is not acceptable and corrective actions/plans should be put in place to improve results.

Data should be captured in the blue colour cell to ensure accuracy.

In situations where the results are not within the acceptable range, corrective actions/plans should be taken and reported.

Template for Calculation of Uniform Financial Ratios and Norms 2019/20 Projected

RATIO		FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS
" R 000 "						
1. FINANCIAL POSITION						
A. Asset Management/Utilisation						
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%	Total Operating Expenditure Taxation Expense Total Capital Expenditure	28% 637 131 749 - 245 880 856
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%	PPE, Investment Property and Intangible Impairment PPE at carrying value Investment at carrying value Intangible Assets at carrying value	100% 2 127 249 161 2 127 249 161 - 505 010
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) × 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%	Total Repairs and Maintenance Expenditure PPE at carrying value Investment Property at Carrying value	1% 19 073 547 2 127 249 161 -

4. ANNUAL PERFORMANCE REPORT FOR 2019/2020 FY

This section will indicate, in more detail, the performance of the Municipality for the financial year and makes reference to the supporting documentation, including the Municipal Scorecard. The performance reporting of the Municipality in this section is done in line with the 6 national KPA's and is the focus of the MSA Section 46 requirements and therefore reflects the performance of the Municipality for the financial year, comparisons to performance of the previous financial year and measures taken to improve performance.

Background to municipal scorecard

- The Municipal Scorecard **Annexure D** approach reflects the 6 national KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included within the Municipal Scorecard. This incorporates 54 priority measures selected from the IDP. The criteria used reflect factors such as previous performance levels, comparative performance and budget implications.

PERFORMANCE MANAGEMENT PROCESS

The Performance Management System (PMS) at Umkhanyakude District Municipality is mainly guided by the Framework (PMS Framework). The Municipality uses the Key Performance model. In the said model all indicators are grouped together under the national key performance areas as per the Systems Act and the local key performance areas as per the Umkhanyakude District Municipality's IDP. The said Model therefore enables the Municipality to assess its performance based on the national and its own local key performance areas.

The following are the five national Key Performance Areas (KPAs) that will be used in the preferred performance management model:

- Institutional Transformation and Development
- Service Delivery and Infrastructure Development;
- Local Economic Development;
- Good Governance and Public Participation; and
- Municipal Financial Viability and Management
- Cross Cutting Interventions

Regular reports were presented at MANCO on a monthly basis. Monthly reports then informed quarterly reports. The flow of reporting though was impacted negatively by COVID-19 pandemic.

4.1 Key Performance Area Report

The performance of the Municipality can be summarised as follows:

Narrative Report

- At an organisational level there was a total of **54 targets for 2019/2020** financial year
- Total number of targets that were **not achieved** - 49, representing **91%** (this includes 11 targets not achieved at all and **38** Targets that were **partially achieved**)
- Total number of targets achieved **5** representing **09%**

Key Performance Areas	Fully or Over-Achieved		Partially Achieved		Not Achieved		Total DC 27 Targets
	No.	%	No.	%	No.	%	No.
1. Municipal Transformation and Institutional Development	0	0%	9	100%	0	0%	9
2. Basic Service Delivery and Infrastructure Investment	0	0%	4	75%	4	25%	8
3. Local Economic Development	1	17%	5	83%	0	0%	6
4. Financial Viability and Management	2	15%	6	31%	5	54%	13
5. Good Governance & Public Participation	0	0%	10	87%	2	33%	12
6. Cross Cutting Interventions	2	33%	4	67%	0	0%	6
Total Targets	5	09%	38	72%	11	19%	54

For more details, see attached spreadsheet, Appendix 1

COMPARISON WITH PREVIOUS FINANCIAL YEARS

Details	Financial Years		
	2019-2020	2018-2019	2017-2018
Target achieved (%)	09%	75%	65%
Not achieved (%)	91%	25%	35%

- There were 54 targets to be reported on for 2019/2020 FY
- A large portion of targets could not be achieved during 2019/2020 which could be attributed to the impact of COVID-19 pandemic

Key Areas to Note

Improving Performance

- There was no improvement in the overall performance of the Municipality
- This draft report is currently being subjected to internal audit processes

Way Forward

- Strategies need to be reviewed so as to factor in the impact of COVID-19 pandemic

4.2 Service Delivery Priorities and Targets for 2020/2021 FY

Strategic Priorities

The following strategic priorities were adopted by Council during a strategic planning session that was held in March 2020

- a) Building a capable, ethical, and corrupt free District Municipality
 - i. Address inherent contradictions that are prevalent in the workplace
 - ii. Job descriptions and skills audit
 - iii. Skills development and capacity building
 - iv. Placement of personnel according to skills
 - v. Effective Performance Management

- b) Revenue Enhancement
 - i. Generate own revenue
 - ii. Increase of benefits from which can be enjoyed by all stakeholders
 - iii. Debtor cleansing process
 - iv. Effective metering and billing

- c) Service Delivery Driven
 - i. Ensure resources are adequately allocated;
 - ii. Look at physical, human and financial assets
 - iii. Maximise overall social and economic impact through effective and efficient service delivery
 - iv. Effective utilization of grant funding allocated

- d) Compliance with legislation
 - i. Complying with relevant legislation and policies
 - ii. Attend to all AG matters timeously
 - iii. Identify problems of non-compliance and address them effectively;
 - iv. Ensure effective monitoring and evaluation by legislated municipal structures

Goals, Objectives and Strategies

The following section reflects on goals, objectives and strategies.

KPA 1: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

OBJECTIVE	STRATEGY	KPI NO	TARGET
A1. To provide effective and efficient human resource management aimed at achieving a skilled workforce that is responsive to service delivery and change	Implementation and monitoring of Human Resources Development Strategy	A 1.1	4 HRD Strategy Functionality assessment reports Submitted to Council for noting by 30 June 2021
	Development, implementation and monitoring of Workplace Skills Plan	A 1.2	Council adopted WSP by 30 Nov 2020
		A 1.3	100% of Municipality's budget allocated for WSP spent on implementation by 30 June 2021
	Development, implementation and monitoring of Employment Equity Plan	A 1.4	4 EE Functionality assessment reports Submitted to Council for noting by 30 June 2021
	Employment of people from EE target (designated group) employed in the three highest levels of management	A 1.5	3 people employed by 30 June 2021
A2. To ensure effective implementation of Health and safety Plan	Develop, implement and monitor Health and Safety Risk Plan	A 2.1	4 Health and Safety Risk Plan functionality assessment reports submitted to Council for noting by 30 June 2021
A3 To ensure effective and efficient administration	Develop, Implement and monitor of admin support services plan	A 3.1	12 admin support services implementation reports submitted to ExCo for noting by 30 June 2021
A4. To ensure adherence to evolving technology	Develop Implement and monitor ICT Governance Framework	A 4.1	4 ICT Framework functionality assessment reports submitted to Council for noting by 30 June 2021

KPA 2: BASIC SERVICE DELIVERY (5)

OBJECTIVE	STRATEGY	KPI NO	TARGET
B1. To provide high quality infrastructure network to support improved quality of life and economic growth	Provision of basic services	B1.1	Not less than 80% Refurbishment and upgrading of bulk water infrastructure by 30 June 2021
		B1.2	1500 of households with access to basic level of service for sanitation provision by 30 June 2021
	Provision of electricity in Ingwavuma and KwaMsane	B1.3	Quarterly reports on bulk electricity purchases and sales submitted to Extended MANCO for discussion by 30 June 2021
	Implementation of water services provision planning	B1.4	4 reports submitted to Extended MANCO for discussion by 30 June 2021
	Provision of operations and maintenance for water and sanitation plants	B1.5	4 water and sanitation schemes functionality reports submitted to Council by 30 June 2021

KPA 3: LOCAL ECONOMIC DEVELOPMENT (4)

OBJECTIVE	STRATEGY	KPI NO	TARGET
C1. To expand district economic output and increase quantity and quality of employment opportunities	Development of Local Economic Development Strategy	C1.1	Council adoption of LED Strategy by 30 June 2021
	Promote SMME and entrepreneurial development	C1.2	4 of SMME and entrepreneurial programmes promoted by 30 June 2021
	Monitoring of uMhlosinga Development Agency's performance as per the Business Plan for operational budget and set aside programme	C1.3	4 quarterly performance review session reports submitted to Extended MANCO for Noting by 30 June 2021
	Improve the efficiency, innovation and variety of government-led decent job creation programmes	C1.4	800 Jobs created by 30 June 2021

KPA 4: FINANCIAL VIABILITY AND MANAGEMENT (7)

OBJECTIVE	STRATEGY	KPI NO	TARGET
D1 To Implement Revenue Collection Strategy	Implementation of revenue enhancement strategy	D1.1	Outstanding Service Debtors to Service Revenue ratio maintained at less than 0,5 throughout the 20/21 FY
		D1.2	More than 1 Debt coverage Ratio maintained throughout the 20/21 FY
D2 To improve expenditure management	Develop, implement and monitor standard operating procedures related to expenditure management	D2.1	12 monthly Creditors age analysis reviewed by 30 June 2021
		D2.2	More than 1 Cost Coverage Ratio maintained throughout the 20/21 FY
D3. To Improve Financial Management	Develop a credible budget and report in accordance with the provisions of the MFMA	D3.1	12 Reports submitted to the Mayor in Terms MFMA Section 71 by 30 June 2021
D4. To Effectively Implement Supply Chain Management Regulations	Submission of Quarterly Reports on Unauthorised, Irregular, Fruitless and Wasteful Expenditure	D4.1	12 Irregular registers updated by 30 June 2021
	Submission of Quarterly Reports on the implementation of Procurement Plan	D4.2	Quarterly Procurement Plan implementation reports submitted to Council for noting by 30 June 2021

KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (7)

OBJECTIVE	STRATEGY	KPI NO	TARGET
E1. To improve the quality of lives for people within Umkhanyakude District	Develop, Implement and monitor special programmes	E1.1	4 Programmes (Snr Citizens, Gender, HIV/AIDS & Disability) implemented by 30 June 2021
	Develop, Implement and monitor Environmental Health Management strategies and plans in accordance with applicable legislation	E1.2	16 Environmental Management Services functionality assessments conducted (water quality, Food Safety, Chemical Safety & Health and Hygiene) by 30 June 2021
E2. To ensure excellence in governance and leadership	Implementation of Risk management Plan	E2.1	4 functionality assessment reports on risk Management submitted to Council by 30 June 2021
	Ensure functionality of committees responsible for oversight	E2.2	4 oversight functionality reports submitted to Council by 30 June 2021 (4 for AUDCOM)
	Ensure functionality of IGR programmes	E2.3	8 IGR functionality reports submitted to Council by 30 June 2021 (4 for MM's Forum and 4 for Mayors Forum)
	Implementation of Back to Basics Action Plan	E2.4	Not less than 60% compliance in implementation of B2B maintained throughout 2020/2021 FY
	Develop, Implement and monitor Fraud and corruption prevention strategy	E2.5	4 Functionality Assessment of Fraud and Corruption Prevention Strategy Functionality submitted to Council during 20/21 FY

KPA 6: CROSS CUTTING INTERVENTIONS (4)

OBJECTIVE	STRATEGY	KPI NO	TARGET
F1. To ensure effective Organizational Performance Management System (PMS)	Develop PMS Framework to inform Monitoring and Review processes	F1.1	PMS Framework developed and adopted by Council by 30 June 2021
F2. To ensure effective integrated development planning (IDP)	Review IDP as per legislation and KZN COGTA Guide	F2.1	IDP Reviewed and adopted by Council by 31 May 2021
F3. To ensure integrity and quality of physical environment underpinned by a coherent spatial development pattern	Monitor the Implementation of SPLUMA and LUMF and applicable development pieces of legislation	F3.1	4 functionality assessment reports submitted to Extended MANCO for discussion on implementation of SPLUMA and LUMF by 30 June 2021
F4. To ensure functional and responsive Disaster Management Unit	Monitoring and evaluation of the implementation of Disaster Risk Reduction Plan	F4.1	4 Monitoring and evaluation reports on the implementation of Disaster Risk Reduction Plan submitted to Council by 30 June 2021

5. SERVICE PROVIDERS ASSESSMENT

Period: July 2019- June 2020

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

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2018/2019		Current Financial Year 2019/2020		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
SCMU 012/2018/19	MASHIZE INVESTMENT	11/07/2019	DEVELOPMENT OF UKDM AIR QUALITY MANAGEMENT PLAN	R323 000.00				R323 000			
SCMU 015/2018/19	ZANOKUHLE ENVIRONMENT SERVICES	11/07/2019	REVIEW OF THE 2018/19 SPATIAL DEVELOPMENT FRAMEWORK OF UKDM	R409 791.00				R409 791.00			
SCMU 019/2018/19	ASIPHILESANDE SECURITY SERVICES	01/11/2019	PROVISION OF SECURITY SERVICES	R18 233 326.80							
									✓		
SCMU 019/2018/19	THABZO SECURITY SERVICES	01/11/2019	PROVISION OF SECURITY SERVICES	R12 256 585.20					✓		
SCMU 021/2018/19	INDWE RISK SERVICES	04/10/2019	MUNICIPAL INSURANCE PORTFOLIO	R5 680 950.00					✓		
SCMU 018/2018/19	TMANSWORLD AMAHLE THANDO	04/10/2019	PANEL OF COMMUNICATION SERVICE PROVIDERS	RATE BASED					✓		

Bid Number	Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Value of project	Comparison with previous year 2018/2019		Current Financial Year 2019/2020		Assessment of Service Providers Performance		
					Target	Actual	Target	Actual	G	S	P
	SEKWATI INVESTMENTS MEDIA HOUSE HOLDING										
SCMU 001/2019/20	AFRICA UTILITY SERVICES	01/11/2019	MANUFACTURE, SUPPLY AND DELIVERY OF SMART METERS	R4 217 625.00					✓		
SCMU 002/2019/20	PANEL OF CONSULTING ENGINEERS	01/04/2020	CONSULTING ENGINEERS ON VARIOUS PROJECTS ALLOCATED AS AND WHEN	RATE BASED					✓		
SCMU 003/2019/20	KONICA MINOLTA ZULULAND	01/05/2020	PHOTOCOPIER CONTRACTS	R4 164 833.52						✓	
SCMU 012/2019/20	AFRICASIZA BUSINESS	01/05/2020	SUPPLY AND DELIVER OF PROTECTIVE CLOTHING FOR EPWP	R266 180.00						✓	
SCMU 013/2019/20	PANEL OF EMERGENCY CONTRACTORS	01/06/2020	PROVISION OF EMERGENCY REPAIRS ON VARIOUS WATER PROJECTS AS AND WHEN REQUIRED	RATE BASED				0.00	✓		

6. CONSOLIDATED ANNUAL FINANCIAL STATEMENTS -19/20

See Annexure A

ANNEXURES

Annexure A: Consolidated Annual Financial Statements – 2019/2020 FY

Annexure B: Auditor General's Report – 2019/2020 FY

Annexure C: Audit Action Plan – 2020/2021 FY

Annexure D: Organisational Scorecard for 2019/2020 FY

Annexure E: Audit Committee Report – 2019/2020 FY

Annexure F: Annual Report for uMhloosinga Development Agency – 2019/2020 FY

**ANNEXURE A: CONSOLIDATED ANNUAL FINANCIAL
STATEMENTS – 2019/2020 FY**

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

General Information

Legal form of entity	DC27 uMkhanyakude District Municipality
Nature of business and principal activities	The provision of services (electricity, water and sanitation) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Mayoral committee	Cllr Mkhombo TS (Mayor) Cllr Hlabisa FC (Deputy Mayor) Cllr Msane MS (Speaker) Cllr Moodley GP (Exco Member) Cllr Ngcobo M.S. (Exco Member) Cllr Zungu MC (Exco Member)
Councillors	Cllr Gina MA Cllr Gumede KS Cllr Gumede RH Cllr Gumede VE Cllr Gumede VM Cllr Khoza SJ Cllr Khumalo CT Cllr Mabika DP Cllr Mabika AV Cllr Madlopha PB Cllr Mathenjwa BS Cllr Mhlongo ZM Cllr Mpontshane KN Cllr Mthembu MJ Cllr Mthethwa NR Cllr Mthethwa NS Cllr Mthethwa SP Cllr Myeni SR Cllr Mzinyane SW Cllr Ngubane JG Cllr Sithole MB Cllr Zulu NR Cllr Zuma NE
Grading of local authority	Grade 4
Accounting Officer	M.A Nkosi
Chief Finance Officer (CFO)	Mabika T (Acting)
Business address	Harlingen No. 13433 Kingfisher Road Mkuze 3965
Postal address	P.O. Box 449 Mkuze 3965
Primary Bankers	ABSA

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

General Information

Auditors

Auditor-General South Africa
Registered Auditors

Legislation governing the municipality's operations

- Constitution of the Republic of south Africa (Act 108 of 1998)
- Local Government: Municipal Finance Management Act (Act no.56 of 2003)
- Local Government: Municipal Systems Act (Act 32 of 2000)
- Local Government: Municipal Structures Act (Act 117 of 1998)
- Division of Revenue Act (Act 1 of 2007)

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Index

The reports and statements set out below comprise the consolidated annual financial statements presented to the provincial legislature:

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Cash Flow Statement	8
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COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
WSSA	Water and Sanitation Services South Africa
COGTA	Corporative Governance and Traditional Affairs
AGSA	Auditor General South Africa

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The municipality is wholly dependent on the grant allocations through Division of Revenue Act (DORA) for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the municipality is a going concern and that the Provincial and Governments have neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the economic entity's consolidated annual financial statements. The consolidated annual financial statements have been examined by the economic entity's external auditors and their report is presented on page 5.

I also certify that salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office as disclosed in the financial statements below are within the upper limits of the Framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The consolidated annual financial statements set out on pages 5 to 73, which have been prepared on the going concern basis, were approved by the council on 27 November, 2020 and were signed on its behalf by:

M.A Nkosi
Accounting Officer

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Financial Position as at 30 June, 2020

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
Assets					
Current Assets					
Inventories	3	130,174,666	126,189,805	130,174,666	126,189,805
Receivables from exchange transactions	4	60,611,271	44,474,724	60,611,271	44,474,724
Other receivables from exchange transactions	5	2,669,385	9,249,249	2,622,915	9,249,249
Receivables from non-exchange transactions	6	1,690,909	13,579,640	-	-
VAT receivable	7	34,773,498	16,722,680	34,208,020	15,858,243
Cash and cash equivalents	8	94,728,586	41,078,092	60,183,062	40,140,071
		324,648,315	251,294,190	287,799,934	235,912,092
Non-Current Assets					
Property, plant and equipment	9	2,127,249,161	1,978,796,840	2,090,856,325	1,943,099,856
Intangible assets	10	505,010	594,035	95,224	141,122
Heritage assets	11	586,000	586,000	586,000	586,000
		2,128,340,171	1,979,976,875	2,091,537,549	1,943,826,978
Total Assets		2,452,988,486	2,231,271,065	2,379,337,483	2,179,739,070
Liabilities					
Current Liabilities					
Payables from exchange transactions	12	287,328,666	237,032,885	290,716,223	235,172,856
Consumer deposits	13	2,733,270	746,010	2,733,270	746,010
Unspent conditional grants and receipts	14	101,187,856	28,871,025	68,183,713	26,270,482
Current portion of defined benefit plan obligation	15	465,000	629,000	465,000	629,000
Current portion of loans	16	961,265	976,958	961,265	976,958
Bank overdraft	8	-	19,645	-	-
		392,676,057	268,275,523	363,059,471	263,795,306
Non-Current Liabilities					
Trade and other payables	17	6,521,637	11,353,495	6,521,637	11,353,495
Defined benefit plan obligation	15	9,261,000	8,163,000	9,261,000	8,163,000
Loans	16	3,630,272	4,496,406	3,630,272	4,496,406
		19,412,909	24,012,901	19,412,909	24,012,901
Total Liabilities		412,088,966	292,288,424	382,472,380	287,808,207
Net Assets		2,040,899,520	1,938,982,641	1,996,865,103	1,891,930,863
Accumulated surplus		2,040,899,518	1,938,982,641	1,996,865,100	1,891,930,864

* See Note 36 & 35

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2020	2019 Restated*	2020	2019 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	18	38,914,392	33,564,204	38,914,392	33,564,204
Rental of facilities and equipment	19	181,560	98,102	181,560	98,102
Interest income	20	16,551,776	6,431,954	16,031,336	6,393,737
Other income	21	1,071,725	628,561	1,045,872	501,124
Total revenue from exchange transactions		56,719,453	40,722,821	56,173,160	40,557,167
Revenue from non-exchange transactions					
Donations income	22	5,590,000	1,125,915	5,450,000	1,067,219
Government grants & subsidies	23	676,739,170	678,497,375	674,142,769	655,386,201
Total revenue from non-exchange transactions		682,329,170	679,623,290	679,592,769	656,453,420
Total revenue		739,048,623	720,346,111	735,765,929	697,010,587
Expenditure					
Employee related costs	24	(186,028,990)	(174,926,626)	(178,339,599)	(166,906,311)
Remuneration of councillors	25	(9,309,464)	(8,924,978)	(9,309,464)	(8,924,978)
Depreciation, amortisation and impairment	26	(102,630,086)	(63,869,805)	(101,281,388)	(63,161,435)
Finance costs	27	(2,945,010)	(2,777,168)	(2,937,358)	(2,736,207)
Debt Impairment	28	(24,781,496)	(7,243,044)	(24,781,496)	(7,243,044)
Repairs and maintenance	29	(19,073,547)	(77,023,027)	(19,037,459)	(77,006,881)
Bulk purchases	30	(94,639,937)	(122,273,074)	(94,639,937)	(122,273,074)
Contracted services	31	(86,775,341)	(97,936,541)	(86,650,494)	(86,476,788)
General Expenses	32	(110,947,878)	(130,215,757)	(113,854,498)	(138,678,025)
Total expenditure		(637,131,749)	(685,190,020)	(630,831,693)	(673,406,743)
Operating surplus		101,916,874	35,156,091	104,934,236	23,603,844
Surplus for the year		101,916,874	35,156,091	104,934,236	23,603,844

* See Note 36 & 35

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Economic entity		
Opening balance as previously reported	1,869,348,567	1,869,348,567
Adjustments		
Correction of errors (refer to Note 35)	34,477,983	34,477,983
Balance at 1 July, 2018 as restated*	1,903,826,550	1,903,826,550
Changes in net assets		
Surplus for the year	35,156,091	35,156,091
Total changes	35,156,091	35,156,091
Restated* Balance at 1 July, 2019	1,938,982,644	1,938,982,644
Changes in net assets		
Surplus for the year	101,916,874	101,916,874
Total changes	101,916,874	101,916,874
Balance at 30 June, 2020	2,040,899,518	2,040,899,518
Controlling entity		
Opening balance as previously reported	1,832,993,236	1,832,993,236
Adjustments		
Correction of errors (refer to Note 35)	35,333,784	35,333,784
Balance at 1 July, 2018 as restated*	1,868,327,020	1,868,327,020
Changes in net assets		
Surplus for the year	23,603,844	23,603,844
Total changes	23,603,844	23,603,844
Restated* Balance at 1 July, 2019	1,891,930,864	1,891,930,864
Changes in net assets		
Surplus for the year	104,934,236	104,934,236
Total changes	104,934,236	104,934,236
Balance at 30 June, 2020	1,996,865,100	1,996,865,100

* See Note 36 & 35

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
Cash flows from operating activities					
Receipts					
Service charges		21,391,568	21,734,924	21,391,568	21,734,924
Grants		760,944,676	669,293,124	716,055,946	663,696,447
Interest income		5,305,537	6,440,575	4,785,097	6,402,358
Other receipts		645,744	726,663	631,432	599,226
Donations in cash		140,000	58,696	-	-
		788,427,525	698,253,982	742,864,043	692,432,955
Payments					
Employee costs and remuneration of councillors		(192,043,817)	(174,832,091)	(184,211,716)	(167,158,495)
Suppliers		(294,476,205)	(352,624,534)	(292,381,047)	(361,839,660)
Finance costs		(1,402,880)	(2,074,684)	(1,395,228)	(2,033,724)
		(487,922,902)	(529,531,309)	(477,987,991)	(531,031,879)
Net cash flows from operating activities	33	300,504,623	168,722,673	264,876,052	161,401,076
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(245,880,856)	(191,256,276)	(243,938,761)	(182,809,993)
Proceeds from insurance for stolen assets		-	135,765	-	135,765
Purchase of intangible assets	10	(94,908)	(554,934)	(35,580)	(66,138)
Net cash flows from investing activities		(245,975,764)	(191,675,445)	(243,974,341)	(182,740,366)
Cash flows from financing activities					
Repayment of non-current loans		(858,722)	(851,724)	(858,722)	(851,724)
Net increase/(decrease) in cash and cash equivalents		53,670,137	(23,804,496)	20,042,989	(22,191,014)
Cash and cash equivalents at the beginning of the year		41,058,447	64,862,943	40,140,071	62,331,085
Cash and cash equivalents at the end of the year	8	94,728,584	41,058,447	60,183,060	40,140,071

* See Note 36 & 35

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	49,452,000	7,288,000	56,740,000	38,914,392	(17,825,608)	
Rental of facilities and equipment	100,000	75,000	175,000	181,560	6,560	
Interest received - Outstanding debt	8,211,400	-	8,211,400	11,266,830	3,055,430	
Interest on investments	6,001,200	-	6,001,200	5,284,946	(716,254)	
Other income	1,832,703	(221,503)	1,611,200	1,071,725	(539,475)	
Total revenue from exchange transactions	65,597,303	7,141,497	72,738,800	56,719,453	(16,019,347)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	769,933,269	30,980,681	800,913,950	676,739,170	(124,174,780)	
Donations income	-	-	-	5,590,000	5,590,000	
Fines, Penalties and Forfeits	500,000	(500,000)	-	-	-	
Total revenue from non-exchange transactions	770,433,269	30,480,681	800,913,950	682,329,170	(118,584,780)	
Total revenue	836,030,572	37,622,178	873,652,750	739,048,623	(134,604,127)	
Expenditure						
Employee Related Costs	(182,001,562)	629,679	(181,371,883)	(186,028,990)	(4,657,107)	
Remuneration of councillors	(9,856,350)	-	(9,856,350)	(9,309,464)	546,886	
Depreciation, amortisation and impairment	(42,319,000)	-	(42,319,000)	(102,630,086)	(60,311,086)	
Finance costs	(1,526,877)	-	(1,526,877)	(2,945,010)	(1,418,133)	
Debt Impairment	(20,283,400)	14,748,400	(5,535,000)	(24,781,496)	(19,246,496)	
Repairs and maintenance	(8,082,000)	(818,813)	(8,900,813)	(19,073,547)	(10,172,734)	
Bulk purchases	(129,099,000)	(4,644,018)	(133,743,018)	(94,639,937)	39,103,081	
Contracted Services	(59,817,804)	(23,481,612)	(83,299,416)	(86,775,341)	(3,475,925)	
General Expenses	(54,819,885)	6,478,739	(48,341,146)	(110,947,878)	(62,606,732)	
Total operating expenditure	(507,805,878)	(7,087,625)	(514,893,503)	(637,131,749)	(122,238,246)	
Operating surplus	328,224,694	30,534,553	358,759,247	101,916,874	(256,842,373)	
Capital expenditure	(317,750,711)	(44,082,656)	(361,833,367)	(245,975,764)	115,857,603	
Deficit before taxation	10,473,983	(13,548,103)	(3,074,120)	(144,058,890)	(140,984,770)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	10,473,983	(13,548,103)	(3,074,120)	(144,058,890)	(140,984,770)	

Refer to appendix A for reasons of variances between budget and actual amounts presented.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accruals Basis

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

Reconciliation

Basis difference

Capital expenditure

245,975,764

Actual Amount in the Statement of Financial Performance

101,916,874

Refer to appendix A for reasons of variances between budget and actual amounts presented.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accruals Basis

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

Statement of Financial Position

Assets

Current Assets

Inventories	124,845,735	-	124,845,735	130,174,666	5,328,931	
Receivables from exchange transactions	122,080,000	(50,735,288)	71,344,712	60,611,271	(10,733,441)	
Other receivables from exchange transactions	63,381,222	-	63,381,222	2,669,385	(60,711,837)	
Receivables from non-exchange transaction	-	-	-	1,690,909	1,690,909	
VAT receivable	-	-	-	34,773,498	34,773,498	
Current portion of long-term receivables	4,955,000	-	4,955,000	-	(4,955,000)	
Cash and cash equivalents	8,784,000	11,821,215	20,605,215	94,728,586	74,123,371	
	324,045,957	(38,914,073)	285,131,884	324,648,315	39,516,431	

Non-Current Assets

Property, plant and equipment	2,105,667,000	-	2,105,667,000	2,127,249,161	21,582,161	
Intangible assets	-	-	-	505,010	505,010	
Heritage assets	-	-	-	586,000	586,000	
Other non-current asset	21,743,000	-	21,743,000	-	(21,743,000)	
	2,127,410,000	-	2,127,410,000	2,128,340,171	930,171	
Total Assets	2,451,455,957	(38,914,073)	2,412,541,884	2,452,988,486	40,446,602	

Liabilities

Current Liabilities

Payables from exchange transactions	127,657,249	(71,172,774)	56,484,475	287,328,666	230,844,191	
Consumer deposits	-	-	-	2,733,270	2,733,270	
Unspent conditional grants and receipts	-	-	-	101,187,856	101,187,856	
Current portion of defined benefit obligation	-	-	-	465,000	465,000	
Current portion of loans	1,499,000	(1,499,000)	-	961,265	961,265	
	129,156,249	(72,671,774)	56,484,475	392,676,057	336,191,582	

Non-Current Liabilities

Trade and other payables	-	-	-	6,521,637	6,521,637	
Defined benefit obligation	29,181,396	(21,018,396)	8,163,000	9,261,000	1,098,000	
Non current loans	7,557,705	8,604,664	16,162,369	3,630,272	(12,532,097)	
	36,739,101	(12,413,732)	24,325,369	19,412,909	(4,912,460)	
Total Liabilities	165,895,350	(85,085,506)	80,809,844	412,088,966	331,279,122	
Net Assets	2,285,560,607	46,171,433	2,331,732,040	2,040,899,520	(290,832,520)	

Net Assets

Reserves

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accruals Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Accumulated surplus	2,285,560,607	46,171,433	2,331,732,040	2,036,986,829	(294,745,211)	
Undefined Difference	-	-	-	3,912,691	3,912,691	
Total Net Assets	2,285,560,607	46,171,433	2,331,732,040	2,036,986,829	(294,745,211)	

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Accruals Basis

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

Cash Flow Statement

Cash flows from operating activities

Receipts

Service charges	38,461,000	(8,461,000)	30,000,000	21,391,568	(8,608,432)
Grants	717,656,050	45,218,000	762,874,050	760,944,676	(1,929,374)
Interest income	6,000,000	-	6,000,000	5,305,537	(694,463)
Other receipts	1,685,000	-	1,685,000	657,286	(1,027,714)
Donations in cash	-	-	-	140,000	140,000
	763,802,050	36,757,000	800,559,050	788,439,067	(12,119,983)

Payments

Suppliers and Employee costs	(447,072,933)	(147,736,000)	(594,808,933)	(486,700,507)	108,108,426
Finance costs	(1,451,877)	-	(1,451,877)	(1,402,880)	48,997
	(448,524,810)	(147,736,000)	(596,260,810)	(488,103,387)	108,157,423

Net cash flows from operating activities	315,277,240	(110,979,000)	204,298,240	300,335,680	96,037,440
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Purchase of property, plant and equipment	(287,211,050)	(44,082,656)	(331,293,706)	(245,711,911)	85,581,795
Proceeds from disposal of property, plant and equipment	3,000,000	-	3,000,000	-	(3,000,000)
Purchase intangible assets	-	-	-	(94,908)	(94,908)

Net cash flows from investing activities	(284,211,050)	(44,082,656)	(328,293,706)	(245,806,819)	82,486,887
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Cash flows from financing activities

Repayment of non-current loans	(61,781,000)	49,259,067	(12,521,933)	(858,722)	11,663,211
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Net increase/(decrease) in cash and cash equivalents	(30,714,810)	(105,802,589)	(136,517,399)	53,670,139	190,187,538
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Cash and cash equivalents at the beginning of the year	-	31,997,696	31,997,696	41,058,447	9,060,751
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Cash and cash equivalents at the end of the year	(30,714,810)	(73,804,893)	(104,519,703)	94,728,586	199,248,289
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uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These consolidated annual financial statements are presented in South African Rand, which is the functional currency of the economic entity.

1.2 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

The consolidated annual financial statements comprise the annual financial statements of uMkhanyakude District Municipality (Controlling entity) and Umhloosinga Development Agency (Municipal entity), which is controlled by the Municipality.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases.

The consolidated annual financial statements of the controlling entity and its controlled entity used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Definitions:

Economic entity means a group of entities comprising a controlling entity and one or more controlled entities.

Controlling entity is an entity that has one or more controlled entities.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

Impairment of assets.
Defined benefit obligations for long service awards.
Useful lives and residual values of property, plant, and equipment.
Water and electricity losses.

Receivables from exchange and non exchange transactions

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

Defined benefit obligations

Defined benefit obligations were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Defined benefit obligations.

Allowance for doubtful debts

Impairment loss on receivables from exchange and non exchange transactions is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.5 Property, plant and equipment (continued)

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

Item	Average useful life
Land	Not depreciated
Buildings	:
• Residential dwellings	10-30 years
• Non residential dwellings	15-30 years
Infrastructure	:
• Electricity	5-60 years
• Water	5-100 years
• Sewerage	10-40 years
• Airports	15-30 years
• Stormwater	30-80 years
Other	:
• Furniture and office equipment	5-10 years
• Computer equipment	3-5 years
• Transport assets	5-7 years
• Other machinery and equipment	5-15 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

Intangible assets are initially recognised at cost when they are identifiable.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.6 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

Item	Average useful life
Computer software	5

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Heritage assets

Assets are resources controlled by an economic entity as a result of past events and from which future economic benefits or service potential are expected to flow to the economic entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an economic entity's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The economic entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the economic entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.7 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The economic entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the economic entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The economic entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Other receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Loans payable	Financial liability measured at amortised cost

Initial recognition

The economic entity recognises a financial asset or a financial liability in its statement of financial position when the economic entity becomes a party to the contractual provisions of the instrument.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.8 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

The economic entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.

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

Gains and losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The economic entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

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Accounting Policies

1.8 Financial instruments (continued)

Derecognition

Financial assets

The economic entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the economic entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the economic entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the economic entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The economic entity removes a financial liability (or a part of a financial liability) from its consolidated statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as income or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the consolidated statement of financial position when the economic entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Receivables from exchange transactions

Receivables from exchange transactions are measured at amortised cost.

Payables from exchange transactions

Trade and other payables are measured at amortised cost.

Loans payable

Loans payable are measured at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are subsequently recorded at amortised cost.

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Accounting Policies

1.9 Leases

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Income for leases is disclosed under revenue in consolidated statement of financial performance.

Operating leases - lessee

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

1.10 Inventories

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

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

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

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

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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

1.11 Impairment of cash-generating assets

Cash-generating assets are those assets held by the economic entity with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Identification

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

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

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

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the economic entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the economic entity applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the economic entity:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the economic entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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Accounting Policies

1.11 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

Reversal of impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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Accounting Policies

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

Identification

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

Reversal of an impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

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

1.13 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

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Accounting Policies

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the economic entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Pension Obligations

UMkhanyakude District Council and its employees contribute to the Natal Joint Municipal Pension Fund, Kwazulu-Natal Joint Municipal Provident Fund and GEPP which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No.24 of 1973) and in accordance with the requirements of the Pension Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.

1.15 Provisions and contingencies

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If the economic entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 42.

uMkhanyakude District Municipality and its Municipal entity

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Accounting Policies

1.16 Commitments

Commitment is referred to as the intention to commit to an outflow from the municipality's resources embodying economic benefits. Generally, a commitment arises when a decision is made to incur a liability in the form of a purchase contract (or similar documentation). Such a contractual commitment would be accompanied by, but not limited to, actions taken to determine the amount of the eventual resource outflow or a reliable estimate e.g. a quote, and conditions to be satisfied to establish an obligation e.g. delivery schedules.

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

These preconditions ensure that the information relating to commitments is relevant and capable of reliable measurement. A municipality may enter into a contract on or before the reporting date for expenditure over subsequent accounting periods e.g. a contract for construction of infrastructure assets, the purchase of major items of plant and equipment or significant consultancy contracts. In these events, a commitment exists at the reporting date as the municipality has contracted for expenditure but work has not commenced and no payments have been made.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the consolidated financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

Rendering of services

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

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

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

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

Service revenue comprises of electricity, water and sewer and is recognised based on consumption by consumers. Service revenue from prepaid electricity is recognised based on electricity purchase by consumers. .

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1.18 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the economic entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit. Non-exchange transactions are defined as transactions where the economic entity receives value from another entity without directly giving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

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

1.19 Interest income

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

1.20 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.22 Unauthorised expenditure

"Unauthorised expenditure", in relation to a municipality or municipal entity, means any expenditure incurred by a economic entity otherwise than in accordance with section 15 or 11(3) of MFMA, and includes-

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; or
- spending of an allocation referred to in paragraph (b), (c), or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation;

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1.22 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the consolidated statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the consolidated statement of financial performance.

1.24 Irregular expenditure

Irregular expenditure in relation to a municipality or municipal entity, means -

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of MFMA, and which has not been condoned in terms of section 170 of that Act;
- 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;
- 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 30 No. 20 of 1998); or
- 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 municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law,

but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure."

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Use of estimates

The preparation of consolidated annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entity's

accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the relevant sections of the consolidated annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

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Accounting Policies

1.26 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, repairs and maintenance expenditure, bulk purchases and general expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Major expenses include:

- Write downs of inventory and decreases in fair values of financial instruments classified as held at fair value;
- Losses on the disposal/impairment of non-current assets;
- Repairs and Maintenance - constitutes all costs of repairs and maintenance to buildings, infrastructure assets, motor vehicles and sports and recreational facilities;
- Bulk purchases - expenditure on the procurement of bulk water and electricity;
- Contracted services – Includes all expenditure under long term contracts with suppliers. Major costs included are Consultancy fees, fleet management costs, IT services and system support, Communication costs, Cellular and data services and security services costs, Photocopies and office equipment rental and insurance;
- Transfers and grants which relate to expenditure pertaining to free basic services; and
- General Expenses which constitute several of all other expense items which are not individually significant.

1.27 Consumer deposits

Consumer deposits represents security held by the municipality in respect of new consumer accounts opened. Once application for connection of services are made consumers are required to pay a nominal fee which is recognised as a Consumer deposit.

Consumer deposits are recognised at their nominal or carrying value.

Upon closure of a consumer's account the deposit is subsequently refunded by the economic entity to the consumer.

1.28 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisation (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01-July-2019 to 30-June-2020.

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

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.29 Budget information (continued)

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

Comparative information is not required.

1.30 Related parties

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

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.31 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.32 Changes accounting estimates and judgements

The economic entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Assets Useful Lives

Plant and equipment is depreciated over its useful life. The actual useful lives of the assets are assessed annually and vary depending on a number of factors. In reassessing the assets' useful lives, factors such as technological innovation and maintenance programmes are taken into account.

1.33 VAT

The Municipality is a registered VAT vendor and accounts for declaration and submission of VAT returns on a cash basis.

VAT as disclosed in the annual financial statements have been prepared on the accrual basis.

Additional text

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Accounting Policies

1.34 Water losses

Water losses are the sum of the real and apparent losses and are calculated from the difference between the system input volume and the authorised consumption. In most countries, the water losses were also considered to be unaccounted-for water.

Real losses are the physical water losses from the pressurised system, up to the point of measurement of customer use. In most cases, the real losses represent the unknown component in the overall water balance and the purpose of most water balance models is therefore to estimate the magnitude of the real losses so that the municipality can gauge whether or not it has a serious leakage problem. The real losses are calculated as the difference between the total losses and the estimated apparent losses.

Apparent losses or commercial losses are made up from the unauthorised consumption (theft or illegal use), plus all technical and administrative inaccuracies associated with customer metering. While it should be noted that the apparent losses should not be a major component of the water balance in most developed countries, it can represent the major element of the total losses in many developing countries. A systematic estimate should be made from local knowledge of the system and an analysis of technical and administrative aspects of the customer metering system.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019 Restated*

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 1 July, 2020 or later periods:

Standard/ Interpretation:		Effective date: Years beginning on or after
• GRAP 104 (amended): Financial Instruments	To be determined	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	To be determined	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	To be determined	Unlikely there will be a material impact
• IGRAP 20: Accounting for Adjustments to Revenue	1 April, 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	1 April, 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	1 April, 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	1 April, 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	1 April, 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	1 April, 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	1 April, 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	1 April, 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	1 April, 2020	No effective date determined.

3. Inventories

Materials-water pipes	107,422,788	107,422,788	107,422,788	107,422,788
Work in progress: VIP toilets	16,308,619	14,132,692	16,308,619	14,132,692
Water	1,893,879	1,614,945	1,893,879	1,614,945
Water meters	4,549,380	3,019,380	4,549,380	3,019,380
	130,174,666	126,189,805	130,174,666	126,189,805

Inventory is carried at the lower of its original cost and net replacement value.

During the 2019 financial year, water meters were impaired by R9 020 980.

During the 2019 financial year, VIP toilets amounting to R46,807,013 were completed and handed over to the community.

4. Receivables from exchange transactions

Gross balances

Electricity	9,859,652	11,738,278	9,859,652	11,738,278
Water	85,954,637	54,483,129	85,954,637	54,483,129
Sewerage	43,788,808	43,222,063	43,788,808	43,222,063
	139,603,097	109,443,470	139,603,097	109,443,470

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019
4. Receivables from exchange transactions (continued)				
Less: Allowance for impairment				
Allowance for impairment - Service charges	(78,991,826)	(64,968,747)	(78,991,826)	(64,968,747)
Net balance				
Service charges	60,611,271	44,474,724	60,611,271	44,474,724
Summary of receivables by customer classification				
Residential				
Current (0 -30 days)	4,377,700	171,049	4,377,700	171,049
31 - 60 days	365,948	256,456	365,948	256,456
61 - 90 days	365,122	54,435	365,122	54,435
91 - 120 days	1,463,423	150,226	1,463,423	150,226
>120 days	75,053,460	61,912,624	75,053,460	61,912,624
	81,625,653	62,544,790	81,625,653	62,544,790
Less: Allowance for impairment	(60,045,512)	(51,055,930)	(60,045,512)	(51,055,930)
	21,580,141	11,488,860	21,580,141	11,488,860
Commercial				
Current (0 -30 days)	3,199,883	6,828,425	3,199,883	6,828,425
31 - 60 days	98,129	1,962,501	98,129	1,962,501
61 - 90 days	110,101	384,632	110,101	384,632
91 - 120 days	777,571	787,559	777,571	787,559
>120 days	33,236,626	21,753,279	33,236,626	21,753,279
	37,422,310	31,716,396	37,422,310	31,716,396
Less: Allowance for impairment	(18,946,314)	(13,912,817)	(18,946,314)	(13,912,817)
	18,475,996	17,803,579	18,475,996	17,803,579
National and provincial government				
Current (0 -30 days)	26,439	570,789	26,439	570,789
31 - 60 days	711,688	1,574,294	711,688	1,574,294
61 - 90 days	26,253	424,356	26,253	424,356
91 - 120 days	579,515	980,275	579,515	980,275
>120 days	19,211,240	8,434,547	19,211,240	8,434,547
	20,555,135	11,984,261	20,555,135	11,984,261
Total				
Current (0 -30 days)	8,289,270	7,570,263	8,289,270	7,570,263
31 - 60 days	490,516	3,793,251	490,516	3,793,251
61 - 90 days	501,477	863,424	501,477	863,424
91 - 120 days	2,820,509	1,918,060	2,820,509	1,918,060
>120 days	127,501,325	95,773,274	127,501,325	95,773,274
	139,603,097	109,918,272	139,603,097	109,918,272
Less: Allowance for impairment				
Current (0 -30 days)	(13,546)	-	(13,546)	-
31 - 60 days	(3,388)	-	(3,388)	-
61 - 90 days	(586,386)	(34,454)	(586,386)	(34,454)
>120 days	(78,388,547)	(64,934,293)	(78,388,547)	(64,934,293)
	(78,991,867)	(64,968,747)	(78,991,867)	(64,968,747)

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

4. Receivables from exchange transactions (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(64,968,747)	(60,090,193)	(64,968,747)	(60,090,193)
Contributions to allowance	(14,023,079)	(4,878,554)	(14,023,079)	(4,878,554)
	(78,991,826)	(64,968,747)	(78,991,826)	(64,968,747)

Receivables from exchange transaction past due but not impaired

Receivables from exchange transaction which are less than 2 months past due are not considered to be impaired. At 30 June, 2020, R 991,993 (2019: R 4,656,675) were past due but not impaired for the economic entity.

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

1 month past due	490,516	3,793,251	490,516	3,793,251
2 months past due	501,477	863,424	501,477	863,424

5. Other receivables from exchange transactions

Prepayments	8,032,607	8,382,165	8,014,521	8,382,165
Employee debtors	165,587	184,977	148,745	184,977
Interest receivable	86,911	107,502	86,911	107,502
Creditors with debit balances	1,790,671	524,919	1,790,671	524,919
Other receivables	482,067	49,686	482,067	49,686
Airport debtors	11,542	-	-	-
Allowance for impairment	(7,900,000)	-	(7,900,000)	-
	2,669,385	9,249,249	2,622,915	9,249,249

Employee debtors relates to overpayment on employees for travel allowance and payment to former Municipal manager after his contract had ended.

Allowance for impairment relates to prepayment that was paid long back and no progress in receiving the goods paid for.

6. Receivables from non-exchange transactions

Department of Education	1,690,909	13,078,440	-	-
CATHSETA	-	501,200	-	-
	1,690,909	13,579,640	-	-

Department of Education

Current (0 -30 days)	-	2,856,653	-	-
31 - 60 days	-	4,129,249	-	-
61 - 90 days	-	4,817,573	-	-
>120 days	1,690,909	1,776,165	-	-
	1,690,909	13,579,640	-	-

7. VAT receivable

The VAT receivable balance is comprised of:

Input VAT claimed through VAT 201 returns	18,702,581	5,783,139	18,137,103	4,918,702
Undeclared VAT output	(15,450,576)	(12,391,840)	(15,450,576)	(12,391,840)
Unclaimed VAT input	31,521,493	23,331,381	31,521,493	23,331,381
	34,773,498	16,722,680	34,208,020	15,858,243

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

7. VAT receivable (continued)

VAT for the economic entity is payable on the payment basis, therefore it is only submitted to SARS only once payment has been made to suppliers and money when money has been received from debtors.

VAT as disclosed in the annual financial statements is prepared on the accrual basis.

There were no late payments to SARS in the current year and all VAT returns were submitted on time for the controlling entity.

All VAT returns for the subsidiary were not submitted by the due date throughout the year.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,576	1,303	2,495	1,244
Bank balances	61,306,218	39,939,443	58,995,652	39,009,424
Call account balances	33,419,792	1,137,346	1,184,915	1,129,403
Bank overdraft	-	(19,645)	-	-
	94,728,586	41,058,447	60,183,062	40,140,071
Current assets	94,728,586	41,078,092	60,183,062	40,140,071
Current liabilities	-	(19,645)	-	-
	94,728,586	41,058,447	60,183,062	40,140,071

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

8. Cash and cash equivalents (continued)

The municipality and its municipal entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2020	30 June, 2019	30 June, 2018	30 June, 2020	30 June, 2019	30 June, 2018
Municipality Accounts						
First National Bank - Demand deposit - 62092993809	713,399	684,169	651,178	713,399	684,169	651,178
First National Bank - Demand deposit - 62027696478	104,292	101,036	97,969	104,292	101,036	97,969
First National Bank - Primary Account: 62026865321	9,644,035	22,561,976	52,367,266	9,644,035	22,561,976	52,367,266
ABSA Bank - 40-5310-7423	49,247,325	15,687,865	8,124,072	49,247,325	15,687,865	8,124,072
Ithala Bank - Club Account 23247671	-	658,547	636,685	-	658,547	636,685
ABSA Bank - Call Account - 91-1531-5268	436,245	410,710	385,390	436,245	410,710	385,390
First National Bank - Money Market Account - 62263733258	32,157	31,561	30,185	32,157	31,561	30,185
First National Bank - Business Call Account - 62309788498	3,114	2,963	2,803	3,114	2,963	2,803
Cash on hand	-	-	-	2,495	1,244	35,537
Municipal Entity Accounts						
Nedbank - Primary Cheque Account-1029736839	2,310,566	930,020	2,524,250	2,310,566	930,020	2,524,250
Nedbank - Call Account - 36990525	32,234,877	7,943	7,546	32,234,877	7,943	7,546
Cash on hand	-	-	-	81	59	63
Nedbank - credit card	-	(19,645)	-	-	(19,645)	-
Total	94,726,010	41,057,145	64,827,344	94,728,586	41,058,448	64,862,944

9. Property, plant and equipment

Economic entity	2020			2019 Restated*		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,157,250	-	1,157,250	1,157,250	-	1,157,250
Buildings	62,306,832	(20,496,245)	41,810,587	62,306,832	(18,309,049)	43,997,783
Infrastructure	2,388,957,675	(328,496,525)	2,060,461,150	2,159,992,326	(245,539,791)	1,914,452,535
Other property, plant and equipment	55,475,656	(31,655,482)	23,820,174	46,810,182	(27,620,910)	19,189,272
Total	2,507,897,413	(380,648,252)	2,127,249,161	2,270,266,590	(291,469,750)	1,978,796,840

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	2020	2019 Restated*	2020	2019
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9. Property, plant and equipment (continued)

Controlling entity	2020			2019 Restated*		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	1,157,250	-	1,157,250	1,157,250	-	1,157,250
Buildings	62,306,832	(20,496,245)	41,810,587	62,306,832	(18,309,049)	43,997,783
Infrastructure	2,350,828,226	(326,578,370)	2,024,249,856	2,123,684,363	(244,813,522)	1,878,870,841
Other property, plant and equipment	54,907,745	(31,269,113)	23,638,632	46,362,881	(27,288,899)	19,073,982
Total	2,469,200,053	(378,343,728)	2,090,856,325	2,233,511,326	(290,411,470)	1,943,099,856

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Donated assets	Assets handed over to the community	Depreciation	Impairment loss	Write off	Closing balance
Land	1,157,250	-	-	-	-	-	-	1,157,250
Buildings	43,997,783	-	-	-	(2,187,196)	-	-	41,810,587
Infrastructure	1,914,452,535	241,355,022	-	(6,127,017)	(50,368,890)	(33,921,322)	(4,929,178)	2,060,461,150
Other property, plant and equipment	19,189,272	4,525,834	5,450,000	-	(4,796,345)	-	(548,587)	23,820,174
	1,978,796,840	245,880,856	5,450,000	(6,127,017)	(57,352,431)	(33,921,322)	(5,477,765)	2,127,249,161

Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Donated assets	Depreciation	Impairment loss	Write off	Closing balance
Land	1,157,250	-	-	-	-	-	1,157,250
Buildings	50,901,661	-	-	(2,204,449)	(8,078)	(4,691,351)	43,997,783
Infrastructure	1,782,368,544	183,263,857	1,067,219	(39,872,741)	(326,049)	(12,048,295)	1,914,452,535
Other property, plant and equipment	15,898,897	7,992,419	-	(4,092,880)	(683)	(608,481)	19,189,272
	1,850,326,352	191,256,276	1,067,219	(46,170,070)	(334,810)	(17,348,127)	1,978,796,840

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Donated assets	Assets handed over to the community	Depreciation	Impairment loss	Write off	Closing balance
Land	1,157,250	-	-	-	-	-	-	1,157,250
Buildings	43,997,783	-	-	-	(2,187,196)	-	-	41,810,587
Infrastructure	1,878,870,841	239,533,536	-	(6,127,017)	(49,177,004)	(33,921,322)	(4,929,178)	2,024,249,856
Other property, plant and equipment	19,073,982	4,405,225	5,450,000	-	(4,741,988)	-	(548,587)	23,638,632
	1,943,099,856	243,938,761	5,450,000	(6,127,017)	(56,106,188)	(33,921,322)	(5,477,765)	2,090,856,325

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Donated assets	Depreciation	Impairment loss	Write off	Closing balance
Land	1,157,250	-	-	-	-	-	1,157,250
Buildings	50,901,661	-	-	(2,204,449)	(8,078)	(4,691,351)	43,997,783
Infrastructure	1,754,631,720	174,829,479	1,067,219	(39,283,233)	(326,049)	(12,048,295)	1,878,870,841
Other property, plant and equipment	15,711,849	7,980,514	-	(4,009,900)	-	(608,481)	19,073,982
	1,822,402,480	182,809,993	1,067,219	(45,497,582)	(334,127)	(17,348,127)	1,943,099,856

There were no assets pledged as security during the year.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Bulk pipeline from Mtubatuba to KwaMsane Contractor has been on and off site due to late delivery of required materials, pipes, couplings and bends.	16,932,032	14,617,641	16,932,032	14,617,641
Mpukunyoni Community Water Supply Community unrest at KwaMshaya and Phaphasi Reservoirs. The community at KwaMshaya reservoir demanded a standpipe.	22,591,983	5,390,401	22,591,983	5,390,401
Jozini Regional Community Water Supply Scheme phase 1 Contract was terminated before the contractor could start any work on the ground. The portion of 80million from prior year is complete and will be capitalised in 2021.	83,583,027	80,440,675	83,583,027	80,440,675
Mkuze Water Treatment works Upgrade and refurbishment The Electrical & Mechanical items are behind schedule as the subcontractor is off site due to non-payment by the main contractor	38,543,460	38,543,460	38,543,460	38,543,460
	161,650,502	138,992,177	161,650,502	138,992,177

Included in infrastructure cost of items of property plant and equipment is work in progress as follows:

Reconciliation of Work-in-Progress Economic entity - 2020

	Included within Infrastructure	Total
Opening balance	494,734,660	494,734,660
Additions	241,355,022	241,355,022
Transferred to completed items	(98,484,384)	(98,484,384)
	637,605,298	637,605,298

Reconciliation of Work-in-Progress Economic entity - 2019

	Included within Infrastructure	Included within Building	Total
Opening balance	624,422,819	4,691,351	629,114,170
Additions	183,263,857	-	183,263,857
Transferred to completed assets	(300,906,567)	-	(300,906,567)
Projects written off	(12,045,449)	(4,691,351)	(16,736,800)
	494,734,660	-	494,734,660

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress Controlling entity - 2020

	Included within Infrastructure	Total
Opening balance	493,386,918	493,386,918
Additions	239,533,536	239,533,536
Transferred to completed assets	(98,484,384)	(98,484,384)
	634,436,070	634,436,070

Reconciliation of Work-in-Progress Controlling entity - 2019

	Included within Infrastructure	Included within Buildings	Total
Opening balance	600,276,999	4,691,351	604,968,350
Additions	174,829,479	-	174,829,479
Transferred to completed assets	(269,674,111)	-	(269,674,111)
Projects written off	(12,045,449)	(4,691,351)	(16,736,800)
	493,386,918	-	493,386,918

Expenditure incurred to repair and maintain property, plant and equipment

Refer to note 29 for details of expenditure to repair and maintain property plant, and equipment.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

10. Intangible assets

Economic entity	2020			2019 Restated*		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	983,330	(478,320)	505,010	888,421	(294,386)	594,035
Controlling entity	2020			2019 Restated*		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	435,206	(339,982)	95,224	399,626	(258,504)	141,122

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Additions	Amortisation	Closing balance
Computer software	594,035	94,908	(183,933)	505,010

Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Additions	Amortisation	Closing balance
Computer software	192,350	554,934	(153,249)	594,035

Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Additions	Amortisation	Closing balance
Computer software	141,122	35,580	(81,478)	95,224

Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Additions	Amortisation	Closing balance
Computer software	192,350	66,138	(117,366)	141,122

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

11. Heritage assets

Economic entity	2020			2019 Restated*		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Mayoral regalia	586,000	-	586,000	586,000	-	586,000

Controlling entity	2020			2019 Restated*		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Mayoral regalia	586,000	-	586,000	586,000	-	586,000

Reconciliation of heritage assets Economic entity - 2020

	Opening balance	Closing balance
Mayoral regalia	586,000	586,000

Reconciliation of heritage assets Economic entity - 2019

	Opening balance	Closing balance
Mayoral regalia	586,000	586,000

Reconciliation of heritage assets Controlling entity - 2020

	Opening balance	Closing balance
Mayoral regalia	586,000	586,000

Reconciliation of heritage assets Controlling entity - 2019

	Opening balance	Closing balance
Mayoral regalia	586,000	586,000

Recognition of heritage assets

The deemed cost of the mayoral chain was determined using fair value. The fair value was determined by a Corlia Luyt, an independent jewellery designer and manufacturer, on 23 August 2016.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2020	2019 Restated* Restated*	2020	2019 Restated*
12. Payables from exchange transactions				
Trade payables	239,921,396	197,008,191	234,781,936	186,497,879
Other payables- Umhlosinga	-	-	8,966,080	9,232,055
Debtor prepayments	4,228,389	3,677,817	4,228,389	3,677,817
Employee deductions and suspense accounts	7,002,527	6,299,084	6,894,739	5,812,151
Accruals for 13th cheque payments	4,253,921	3,988,744	4,253,921	3,988,744
Accruals for leave pay	17,081,940	14,755,922	16,750,665	14,661,083
Retentions	14,840,493	11,303,127	14,840,493	11,303,127
	287,328,666	237,032,885	290,716,223	235,172,856

13. Consumer deposits

Consumer deposits - water	2,733,270	746,010	2,733,270	746,010
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14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

ACIP Grant	4,695	4,695	4,695	4,695
CATHSETA Bursary Grant	217,616	992,532	-	-
Councillors Training Grant	11,300	11,300	11,300	11,300
Disaster Management Grant	9,119	9,119	9,119	9,119
Mkuze Airfield Terminal Building	28,178,516	-	-	-
Environmental Management Grant	206,984	206,984	206,984	206,984
Industrial Development Corporation Grant	880,135	880,135	-	-
Kwadapha	578,891	578,891	578,891	578,891
Kwazibi National Lottery Grant	122,667	122,667	122,667	122,667
Lake Tete	81,301	81,301	81,301	81,301
MTN Grant	515,703	515,703	-	-
Mabibi National Lottery Grant	166,667	166,667	166,667	166,667
Mqobela National Lottery Grant	166,666	166,666	166,666	166,666
Municipal Infrastructure Grant	55,994,313	-	55,994,313	-
National Treasury ILO Grant	212,173	212,173	-	-
Cogta Grant	3,000,000	-	-	-
Ndumo Learners Shelter Grant	9,441,505	9,441,505	9,441,505	9,441,505
Nyezi Community HIV Centre	303,570	303,570	303,570	303,570
PIMMS/ NDT Operational Grant	300	300	300	300
Public Participation Customer Satisfaction Survey	39,000	39,000	39,000	39,000
Rural Road & Transport Management Grant	2,424	905	2,424	905
Umkhombi Tours	908,690	908,690	908,690	908,690
Financial management grant	54	-	54	-
Waste Management Grant	145,566	145,566	145,566	145,566
Water Services infrastructure Grant	1	14,082,656	1	14,082,656
	101,187,856	28,871,025	68,183,713	26,270,482

* See Note 36 & 35

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

15. Defined benefit plan Obligation

Reconciliation of defined benefit plan obligation - Economic entity - 2020

	Opening Balance	Service cost	Interest cost	Benefits paid	Actuarial gain	Closing balance
Long service awards	8,792,000	857,000	852,000	(739,273)	(35,727)	9,726,000

Reconciliation of defined benefit plan obligation - Economic entity - 2019

	Opening Balance	Service cost	Interest cost	Benefits paid	Actuarial losses	Closing balance
Long service awards	8,323,000	843,000	855,000	(1,474,315)	245,315	8,792,000

Reconciliation of defined benefit plan obligation - Controlling entity - 2020

	Opening Balance	Service cost	Interest cost	Benefits paid	Actuarial gain	Closing balance
Long service awards	8,792,000	857,000	852,000	(739,273)	(35,727)	9,726,000

Reconciliation of defined benefit plan obligation - Controlling entity - 2019

	Opening Balance	Service cost	Interest cost	Benefits paid	Actuarial losses	Closing balance
Long service awards	8,323,000	855,000	843,000	(1,474,315)	245,315	8,792,000

Defined benefit plan obligation disclosed in the Statement of Financial Position as:

Non-current liabilities	9,261,000	8,163,000	9,261,000	8,163,000
Current liabilities	465,000	629,000	465,000	629,000
	9,726,000	8,792,000	9,726,000	8,792,000

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

15. Defined benefit plan Obligation (continued)

Long service awards

Membership Data

As at 30 June 2020, the number of members entitled to receive long service leave awards from the Municipality were:

Gender	Number of active employees	Salary weighted average age (Years)	Weighted Average past service (Years)
Male	217	53.07	9.28
Female	114	42.62	10.82
Total	331	50.35	9.68.

Long service awards Liabilities

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. Awarded leave days are converted to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. The nominal and real zero curves as at 30 June 2020 supplied by the JSE were used to determine the discounted rates and CPI assumptions. As reflected below, the average age for mortality, retirements and withdrawals from service were also considered.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. It is further assumed that the current policy for awarding long service awards remains unchanged in the future.

The table below reflects a summary of the benefit policy:

Completed years of service	Total long service benefit awards (% of annual salary)	Formula used to calculate Total long service benefit award
10	4%	(10/250)*Annual salary
15	8%	(20/250)*Annual salary
20,25,30,35,40 and 45	12%	(30/250)*Annual salary

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

15. Defined benefit plan Obligation (continued)

Valuation Assumptions - Key Financial Variables	Assumed value 30 June 2020	Assumed value 30 June 2019
Discount rate	Yield Curve	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve**	Difference between nominal and real yield curve**
Normal salary increase	CPI + 1%	CPI + 1%
Net Effective Discount Rate	Yield Curve	Yield Curve
Average retirement age for all active employees	Based 63	Based 63
Mortality before retirement	SA 85-90	SA 85-90.

The table below sets out the assumed rates of withdrawal from services:

Age band	Males	Females
Age 20 - 24	16%	24%
Age 25 - 29	12%	18%
Age 30 - 34	10%	15%
Age 35 - 39	8%	10%
Age 40 - 44	6%	6%
Age 45 - 49	4%	4%
Age 50 - 54	2%	2%
Age 55 -59	1%	1%
Age 60+	0%	0%.

Valuation of assets

As at the valuation date, the long service leave liability award of the economic entity was unfunded, i.e. no dedicated assets have been set aside to meet this liability.

Amounts recognised in the Statement of Financial Position

Accrued defined benefit obligation	9,726,000	8,792,000	9,726,000	8,792,000
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Reconciliation of accrued defined benefit obligation:

Long service awards

Accrued liability as at preceding valuation date	8,792,000	8,323,000	8,792,000	8,323,000
Current service cost	857,000	855,000	857,000	855,000
Interest cost	852,000	843,000	852,000	843,000
Benefits paid	(739,273)	(1,474,315)	(739,273)	(1,474,315)
Actuarial (gain)/loss	(35,727)	245,315	(35,727)	245,315
Balance at year end	9,726,000	8,792,000	9,726,000	8,792,000

Net amounts recognised in Statement of Financial Performance

Current service cost	857,000	855,000	857,000	855,000
Interest cost	852,000	843,000	852,000	843,000
Benefits paid	(739,273)	(1,474,315)	(739,273)	(1,474,315)
Actuarial gain/(loss)	(35,727)	245,315	(35,727)	245,315
	934,000	469,000	934,000	469,000

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019
16. Loans				
Non-current portion of borrowings	3,630,271	4,496,406	3,630,271	4,496,406
Current portion of borrowings (including interest accrual)	961,265	976,958	961,265	976,958
	4,591,536	5,473,364	4,591,536	5,473,364

The municipality received two (2) loans from Development Bank of Southern Africa (DBSA) to fund the construction of the municipal buildings. The interest rates per each loan are as follows:

Loan 61000800, fixed interest rate at 6.75%

Loan 61000191, semi- floating interest rate. Interest reference is 6 Month Jibar (current base interest plus the margin).

Loan repayments are due bi-annually (i.e. on 31 March and 30 September each calendar year) with the final redemption date being 30 September 2025.

17. Trade and other payables

At amortised cost

Trade and other payables	6,521,637	11,353,495	6,521,637	11,353,495
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Barzani Development (Pty) Ltd

During the 2018 financial year, the municipality entered into a settlement agreement with Barzani Development (Pty) Ltd in which the amount of R 32,429,598 owing to Barzani will be repaid in 36 equal monthly installments. In the prior year, the amount of R11,353,495 is payable after 12 months and was reclassified from current liabilities to non current liabilities and the balance of R11,772,845 (2019) and R11,353,495 (2020) is included in trade and other payables as current liabilities (Refer to note 12). The full amount carries an effective interest of 5%.

WSSA

During the 2020 financial year, the municipality entered into a settlement agreement with WSSA for the amount owing after court ruled in favour of the later. The amount is payable in variable capital repayments, at 5% interest for the first five months from January 2020 to 31 May 2020, thereafter 8% for 13 months. An amount of R6,521,637 in the current financial year is payable after 12 months and was reclassified from current liabilities to non current liabilities and the balance of and R19,641,762 is included in trade and other payables as current liabilities (Refer to note 12).

Non-current liabilities

At amortised cost	6,521,637	11,353,495	6,521,637	11,353,495
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uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

18. Service charges

Sale of electricity	4,603,847	5,342,366	4,603,847	5,342,366
Sale of water	33,832,704	27,704,401	33,832,704	27,704,401
Sewerage and sanitation charges	477,841	517,437	477,841	517,437
	38,914,392	33,564,204	38,914,392	33,564,204

19. Rental of facilities and equipment

Facilities and equipment

Rental of facilities	181,560	98,102	181,560	98,102
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20. Interest income

Investments	5,228,825	5,878,728	4,708,385	5,840,511
Interest charged on trade and other receivables	11,266,830	-	11,266,830	-
Other bank balances	56,121	553,226	56,121	553,226
	16,551,776	6,431,954	16,031,336	6,393,737

21. Other income

Airport fees	25,853	46,915	-	-
Bad debts recovered	-	27,277	-	27,277
Commission	90,792	73,207	90,792	73,207
Connection fees	52,340	63,425	52,340	63,425
Fines and penalties	20,000	-	20,000	-
Insurance income	596,000	-	596,000	-
Refund from SETA	286,740	269,650	286,740	269,650
Sale of tender documents	-	148,087	-	67,565
	1,071,725	628,561	1,045,872	501,124

Insurance income received relates to income received in the current year for truck that was burnt in 2019 financial year. The truck was written off expense when it was burnt as there was uncertainty whether any income would be received from the insurance. Total write off loss in 2019 financial year was R366,935.

22. Public contributions and donations

Donations in kind	5,450,000	1,067,219	5,450,000	1,067,219
Cash donations	140,000	58,696	-	-
	5,590,000	1,125,915	5,450,000	1,067,219

The municipality received trucks and plant and machinery in 2020 financial year and water infrastructure assets during the prior year from COGTA. No conditions are attached on the donations.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
23. Government grants and subsidies				
Operating grants				
Equitable share	412,178,000	373,672,447	412,178,000	373,672,447
Industrial Development Corporation Grant	-	1,820,000	-	-
Environmental Management Grant	-	198,617	-	198,617
Expanded Public Works Programme	4,674,000	3,022,000	4,674,000	3,022,000
Finance Management Grant	1,464,946	1,000,000	1,464,946	1,000,000
Ingwavuma Prison and Electrical Upgrade	-	101,506	-	101,506
Lake Tete	-	185,700	-	185,700
Massification Grant	-	4,172,492	-	4,172,492
National school Nutrition Program	-	11,302,274	-	-
Ngodini boarder curve Grant	-	1,000,000	-	1,000,000
Public Participation & Customer Satisfaction Survey Grant	-	115,000	-	115,000
Rural Road and Transport Management Grant	2,778,481	2,623,095	2,778,481	2,623,095
CATHSETA Bursary Grant	774,917	1,226,966	-	-
	421,870,344	400,440,097	421,095,427	386,090,857
Capital grants				
Municipal Infrastructure Grant	158,964,687	210,378,000	158,964,687	210,378,000
Mkuze Airfield Terminal Building	1,821,484	8,761,934	-	-
Water services Infrastructure Grant	94,082,655	58,917,344	94,082,655	58,917,344
	254,868,826	278,057,278	253,047,342	269,295,344
	676,739,170	678,497,375	674,142,769	655,386,201
ACIP Grant				
Balance unspent at beginning of year	4,695	4,695	4,695	4,695
Conditions still to be met - remain liabilities (see note 14).				
Councillors Training Grant				
Balance unspent at beginning of year	11,300	11,300	11,300	11,300
Conditions still to be met - remain liabilities (see note 14).				
Disaster Management Grant				
Balance unspent at beginning of year	9,119	9,119	9,119	9,119
Conditions still to be met - remain liabilities (see note 14).				
Environmental Management Grant				
Balance unspent at beginning of year	206,984	405,600	206,984	405,600
Conditions met - transferred to revenue	-	(198,616)	-	(198,616)
	206,984	206,984	206,984	206,984
Conditions still to be met - remain liabilities (see note 14).				
Expanded Public Works Programme				
Current-year receipts	4,674,000	3,022,000	4,674,000	3,022,000

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
23. Government grants and subsidies (continued)				
Conditions met - transferred to revenue	(4,674,000)	(3,022,000)	(4,674,000)	(3,022,000)
	-	-	-	-
Financial Management Grant				
Current-year receipts	1,465,000	1,000,000	1,465,000	1,000,000
Conditions met - transferred to revenue	(1,464,946)	(1,000,000)	(1,464,946)	(1,000,000)
	54	-	54	-
Ingwavuma Prison Electrical Upgrade				
Balance unspent at beginning of year	-	101,506	-	101,506
Conditions met - transferred to revenue	-	(101,506)	-	(101,506)
	-	-	-	-
Kwadapha Grant				
Balance unspent at beginning of year	578,891	578,891	578,891	578,891
Conditions still to be met - remain liabilities (see note 14).				
Kwazibi National Lottery Grant				
Balance unspent at beginning of year	122,667	122,667	122,667	122,667
Conditions still to be met - remain liabilities (see note 14).				
Lake Tete Grant				
Balance unspent at beginning of year	81,301	267,001	81,301	267,001
Conditions met - transferred to revenue	-	(185,700)	-	(185,700)
	81,301	81,301	81,301	81,301
Conditions still to be met - remain liabilities (see note 14).				
Mabibi National Lottery Grant				
Balance unspent at beginning of year	166,667	166,667	166,667	166,667
Conditions still to be met - remain liabilities (see note 14).				
Massification Grant				
Balance unspent at beginning of year	-	4,172,492	-	4,172,492
Conditions met - transferred to revenue	-	(4,172,492)	-	(4,172,492)
	-	-	-	-
Mqobela National Lottery Grant				
Balance unspent at beginning of year	166,666	166,666	166,666	166,666
Conditions still to be met - remain liabilities (see note 14).				

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
23. Government grants and subsidies (continued)				
Municipal Infrastructure Grant				
Current-year receipts	214,959,000	210,378,000	214,959,000	210,378,000
Conditions met - transferred to revenue	(158,964,687)	(210,378,000)	(158,964,687)	(210,378,000)
	55,994,313	-	55,994,313	-
Conditions still to be met - remain liabilities (see note 14).				
National Schools Nutrition Programme Grant				
Balance receivable at the beginning of year	(13,078,439)	(1,776,165)	-	-
Current-year receipts	11,387,530	-	-	-
Conditions met - transferred to revenue	-	(11,302,274)	-	-
	(1,690,909)	(13,078,439)	-	-
Refer to note 6 for grants receivable.				
Ndumo Learners Shelter Grant				
Balance unspent at beginning of year	9,441,505	9,441,505	9,441,505	9,441,505
Conditions still to be met - remain liabilities (see note 14).				
Ngodini Boarder Cave Grant				
Balance unspent at beginning of year	-	1,000,000	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)	-	(1,000,000)
	-	-	-	-
Nyezi Community HIV Centre Grant				
Balance unspent at beginning of year	303,570	303,570	303,570	303,570
Conditions still to be met - remain liabilities (see note 14).				
Public Participation & Customer Satisfaction Survey Grant				
Balance unspent at beginning of year	39,000	154,000	39,000	154,000
Conditions met - transferred to revenue	-	(115,000)	-	(115,000)
	39,000	39,000	39,000	39,000
Conditions still to be met - remain liabilities (see note 14).				
PIMMS / NDT Operational Grant				
Balance unspent at beginning of year	300	300	300	300
Conditions still to be met - remain liabilities (see note 14).				
Rural Road & Transport Management Grant				
Balance unspent at beginning of year	905	89,447	905	89,447

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
23. Government grants and subsidies (continued)				
Current-year receipts	2,780,000	2,624,000	2,780,000	2,624,000
Conditions met - transferred to revenue	(2,778,481)	(2,623,095)	(2,778,481)	(2,623,095)
Unspent grant paid back	-	(89,447)	-	(89,447)
	2,424	905	2,424	905

Conditions still to be met - remain liabilities (see note 14).

Umkhombi Tours Grant

Balance unspent at beginning of year	908,690	908,690	908,690	908,690
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Conditions still to be met - remain liabilities (see note 14).

Water Service Infrastructure Grant

Balance unspent at beginning of year	14,082,656	-	14,082,656	-
Current-year receipts	80,000,000	73,000,000	80,000,000	73,000,000
Conditions met - transferred to revenue	(94,082,655)	(58,917,344)	(94,082,655)	(58,917,344)
	1	14,082,656	1	14,082,656

CATHSETA Bursary Grant

Balance unspent at beginning of year	992,532	121,621	-	-
Opening balance receivable (refer to note 6)	(501,200)	-	-	-
Current-year receipts	501,200	1,596,677	-	-
Conditions met - transferred to revenue	(774,916)	(1,226,966)	-	-
Closing balance receivable (refer to note 6)	-	501,200	-	-
	217,616	992,532	-	-

Conditions still to be met - remain liabilities (see note 14).

Mkuze Airfield Terminal Building

Balance unspent at beginning of year	-	6,761,934	-	6,880,747
Current-year receipts	30,000,000	2,000,000	-	-
Conditions met - transferred to revenue	(1,821,484)	(8,761,934)	-	-
Grants transferred to uMhlozinga Development Agency	-	-	-	(6,880,747)
	28,178,516	-	-	-

Conditions still to be met - remain liabilities (see note 14).

Industrial Development Corporation Grant

Balance unspent at beginning of year	880,135	700,135	-	-
Current-year receipts	-	2,000,000	-	-
Conditions met - transferred to revenue	-	(1,820,000)	-	-
	880,135	880,135	-	-

Conditions still to be met - remain liabilities (see note 14).

MTN Grant

Balance unspent at beginning of year	515,703	515,703	-	-
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uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

23. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 14).

National Treasury: ILO Grant

Balance unspent at beginning of year	212,173	212,173	-	-
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Conditions still to be met - remain liabilities (see note 14).

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	348,766,676	295,620,677	303,877,946	281,667,747
Unconditional grants received	412,178,000	373,672,447	412,178,000	373,672,447
	760,944,676	669,293,124	716,055,946	655,340,194

Equitable Share

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

The Equitable Share Grant also provides funding for the municipality to deliver free basic services to poor households and to subsidise the cost of administration and other core services for the municipality.

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
24. Employee related costs				
Basic	127,833,637	123,299,578	122,510,219	117,924,384
Bonus	8,666,312	7,151,534	8,666,312	7,151,534
Directors emoluments	1,203,008	1,269,342	-	-
Contributions to pensions, medical aids and UIF and other allowances	27,814,703	25,780,631	27,161,816	24,264,637
Housing benefits and allowances	1,930,796	1,628,512	1,930,796	1,628,512
Leave pay accrual charge	2,750,655	2,859,098	2,474,107	2,999,313
Overtime payments	5,223,562	3,801,269	5,223,562	3,801,269
Travel, motor car, accommodation, subsistence and other allowances	10,606,317	9,136,662	10,372,787	9,136,662
	186,028,990	174,926,626	178,339,599	166,906,311

Included in employee costs above is the following:

Remuneration of municipal manager

Annual Remuneration	1,043,371	1,242,218	1,043,371	1,242,218
Reimbursement of KM	151,795	-	151,795	-
Travel, housing and other allowances	335,498	127,773	335,498	127,773
Contributions to UIF, Medical and Pension Funds	14,681	100,130	14,681	100,130
	1,545,345	1,470,121	1,545,345	1,470,121

Remuneration of chief finance officer

Annual Remuneration	836,882	1,057,763	836,882	1,057,763
Travel, housing and other allowances	272,987	374,197	272,987	374,197
Contributions to UIF, Medical and Pension Funds	11,070	-	11,070	-
	1,120,939	1,431,960	1,120,939	1,431,960

During the 2020 financial year, the Chief Financial Officer(CFO) was suspended and and three people acted on his position consecutively.

Remuneration of the Chief Executive Officer -Umhlosinga Development Agency

Annual Remuneration	739,300	969,338	-	-
Travel, motor car, accommodation, subsistence and other allowances	483,337	4,578	-	-
Contributions to UIF, Medical and Pension Funds	65,625	121,750	-	-
	1,288,262	1,095,666	-	-

Remuneration of Chief Finance Officer - Umhlosinga Development Agency

Annual Remuneration	798,097	1,102,537	-	-
Travel, motor car, accommodation, subsistence and other allowances	246,047	-	-	-
Contributions to UIF, Medical and Pension Funds	100,603	191,999	-	-
	1,144,747	1,294,536	-	-

The Chief Financial Officer resigned during the year and an Acting Chief Financial Officer was appointed in November 2019 and still holds the office.

Remuneration of General Manager - Corporate Service

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019
24. Employee related costs (continued)				
Annual Remuneration	785,491	894,934	785,491	894,934
Reimbursement of KM	34,383	-	34,383	-
Travel, housing and other allowances	440,610	440,610	440,610	440,610
Contributions to UIF, Medical and Pension Funds	11,956	93,750	11,956	93,750
	1,272,440	1,429,294	1,272,440	1,429,294

Remuneration of General Manager - Community Services and Planning & Economic Development

Annual Remuneration	677,549	725,223	677,549	725,223
Reimbursement of KM	55,418	-	55,418	-
Travel, housing and other allowances	240,052	335,716	240,052	335,716
Contributions to UIF, Medical and Pension Funds	9,698	190,979	9,698	190,979
	982,717	1,251,918	982,717	1,251,918

Remuneration of General Manager - Technical Services

Annual Remuneration	88,583	730,806	88,583	730,806
Travel, housing and other allowances	74,778	159,242	74,778	159,242
Contributions to UIF, Medical and Pension Funds	753	6,802	753	6,802
	164,114	896,850	164,114	896,850

The General Manager for Technical Services resigned during the 2019 financial year and an Acting General manager was appointed. In May 2020, the General Manager for Technical Services was appointed.

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

25. Remuneration of councillors

Mayor	906,470	907,347	906,470	907,347
Deputy Mayor	835,720	835,135	835,720	835,135
Speaker	815,867	771,821	815,867	771,821
Executive Committee Members	2,267,005	1,744,790	2,267,005	1,744,790
Councillors	4,484,402	4,665,885	4,484,402	4,665,885
	9,309,464	8,924,978	9,309,464	8,924,978

Mayor

Mayoral allowance	718,711	718,711	718,711	718,711
Travel allowance	140,760	140,760	140,760	140,760
Cellphone allowance	40,800	40,800	40,800	40,800
Contributions to UIF, Medical and Pension Funds	6,199	7,076	6,199	7,076
	906,470	907,347	906,470	907,347

Deputy Mayor

Annual remuneration	574,967	574,967	574,967	574,967
Travel allowance	112,608	112,608	112,608	112,608
Cellphone allowance	40,800	40,800	40,800	40,800
Reimbursable claim	102,219	106,760	102,219	106,760
Contributions to UIF, Medical and Pension Funds	5,126	-	5,126	-
	835,720	835,135	835,720	835,135

Speaker

Annual remuneration	574,967	574,967	574,967	574,967
Travel allowance	112,608	112,608	112,608	112,608
Cellphone allowance	40,800	40,800	40,800	40,800
Reimbursable allowance	81,630	43,446	81,630	43,446
Contributions to UIF, Medical and Pension Funds	5,863	-	5,863	-
	815,868	771,821	815,868	771,821

In-kind benefits

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

The Mayor, Deputy Mayor and Speaker are provided with offices and secretarial support at the cost of the Council.

All Councillors are re-imbursed for kilometres travelled on official duties with the exception of the Mayor.

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

The Mayor and Speaker have two full-time bodyguards and one relief bodyguard.

The Chief Whip received security services paid for at the cost of the municipality to the amount of R429,244 including VAT during the 2020 financial year.

26. Depreciation, amortisation and impairment

Depreciation on property, plant and equipment	57,352,431	46,170,069	56,106,188	45,497,581
Amortisation on intangible assets	183,932	153,248	81,477	117,366
Impairment loss property plant and equipment	33,921,322	334,127	33,921,322	334,127
Write off of property plant and equipment	5,045,384	17,212,361	5,045,384	17,212,361
Write off through hand over to the community	6,127,017	-	6,127,017	-
	102,630,086	63,869,805	101,281,388	63,161,435

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2020	2019 Restated* Restated*	2020	2019 Restated*

26. Depreciation, amortisation and impairment (continued)

Write off loss as per income statement is shown net of proceeds from insurance of R432,381 (2019FY R135,765) for items of property, plant and equipment damaged/stolen. Refer to note 9 for full loss incurred.

27. Finance costs

Trade and other payables	2,521,140	2,272,089	2,513,488	2,231,128
Loans	423,870	505,079	423,870	505,079
	2,945,010	2,777,168	2,937,358	2,736,207

28. Debt impairment

Contributions to debt impairment provision	21,923,079	4,878,554	21,923,079	4,878,554
Bad debts written off	2,858,417	2,364,490	2,858,417	2,364,490
	24,781,496	7,243,044	24,781,496	7,243,044

Current year allowance for impairment includes R7,900,000 for other receivables. Refer to note 5.

29. Repairs and maintenance

Expenditure on repairs and maintenance comprised the following:

Electricity infrastructure	743,259	2,789,619	743,259	2,789,619
Furniture and Equipment	172,850	579,298	172,850	579,298
Buildings	36,088	658,527	-	642,381
Water distribution and sanitation infrastructure	18,121,350	72,995,583	18,121,350	72,995,583
	19,073,547	77,023,027	19,037,459	77,006,881

30. Bulk purchases

Electricity - Eskom	19,015,915	15,680,423	19,015,915	15,680,423
Water	75,624,022	106,592,651	75,624,022	106,592,651
	94,639,937	122,273,074	94,639,937	122,273,074

Bulk purchases comprises electricity and water purchased for resale. The municipality purifies water through the use of a contractor and all cost of chemicals and operational cost for water treatment form part of bulk water costs.

* See Note 36 & 35

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019
31. Contracted services				
Contracted services	86,775,341	97,936,541	86,650,494	86,476,788
Contracted services comprised the following :				
Financial consulting	10,701,620	13,568,635	10,701,620	13,568,635
Technical consulting	5,415,851	-	5,415,851	-
Fleet management	23,754,553	22,974,268	23,754,553	22,974,268
Insurance	2,116,029	1,322,359	2,079,523	1,290,218
Legal fees	16,708,429	24,092,912	16,708,429	24,092,912
Photocopies and office equipment rental	1,284,177	1,196,732	1,195,836	1,071,620
Cellular and data services	2,623,069	2,621,700	2,623,069	2,621,700
IT services and system support	238,739	1,426,305	238,739	1,426,305
Internal audit fees	3,561,758	1,900,174	3,561,758	1,900,174
Communication	1,602,948	1,124,383	1,602,948	1,124,383
Security services	18,760,515	16,397,958	18,760,515	16,397,958
School nutrition programme	-	11,302,500	-	-
Other services	7,653	8,615	7,653	8,615
	86,775,341	97,936,541	86,650,494	86,476,788

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
32. General expenses				
Accommodation	4,015,665	1,457,280	3,659,338	1,366,169
Accounting and administration expenses	-	140,513	-	-
Advertising	489,955	1,773,453	332,919	1,587,498
Audit committee fees	510,545	438,034	246,683	297,315
Audit fees	4,487,495	3,883,626	3,983,534	3,456,252
Internal audit fees	205,395	201,530	-	-
Bank charges	146,965	158,846	132,865	136,466
Community and Social services	1,088,780	1,858,645	1,088,780	1,858,645
Community development and training	450,018	439,547	450,018	439,547
Compensation fund	-	586,803	-	586,803
Conference and seminars	952,999	286,946	34,900	133,408
Court litigation expenses**	37,743,808	5,700,000	37,743,808	5,700,000
Electricity expenses	39,519,518	34,681,736	39,519,518	34,681,736
Events Organisation and catering	3,828,955	1,741,268	3,828,955	1,741,268
Fuel and oil	13,930	34,798	5,250	20,000
Grants and subsidies paid	232,516	1,814,126	-	-
Grants & Subsidies - Umhlosinga Development Agency	-	548,074	7,100,000	12,605,692
Legal expenses	43,672	-	-	-
Consumables and spare parts	666,101	-	666,101	-
Cellphone for staff	7,470	-	-	-
Inventory losses	-	9,020,980	-	9,020,980
Licences	1,711,334	393,967	1,661,426	393,967
Medical expenses	26,925	153,570	-	153,570
Meter reading and installation costs	-	4,638,379	-	4,638,379
Municipal Health	24,725	189,052	24,725	189,052
Other expenses	71,648	97,194	2,400	18,047
Penalties	46,093	2,027	-	-
Postage and courier	87	262	-	-
Printing, stationery and cleaning materials	1,277,587	1,172,092	1,224,634	1,152,588
Professional and consulting fees	1,747,497	1,952,697	845,552	1,754,782
Publicity	3,529,121	1,240,703	3,529,121	1,240,703
Rural Transport Management	2,416,070	2,122,543	2,416,070	2,122,543
Security costs	6,845	5,536	-	-
Sports DC27	4,054,384	4,440,411	4,054,384	4,440,411
Staff programs and functions	-	8,500	-	8,500
System support and IT expenses	511,655	78,034	223,917	39,409
Telephone and fax	40,520	31,720	-	-
Tourism Projects	567,933	1,034,130	567,933	1,034,130
Training	27,938	860,703	27,938	832,133
Uniforms and protective clothing	483,729	221,019	483,729	221,019
VIP toilets handed over to the community*	-	46,807,013	-	46,807,013
	110,947,878	130,215,757	113,854,498	138,678,025

*VIP toilets of R46 807 013 in the current financial year relates to VIP toilets that were handed over to the community and was expensed from inventory. Refer to not 3.

**Court litigation expenses in the current year comprises of payments to supplier in connection of court cases that were lost by the municipality in the current year, most of which were included under contingent liabilities in prior years.

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019
33. Cash generated from operations				
Surplus	101,916,874	35,156,091	104,934,236	23,603,844
Adjustments for:				
Depreciation, amortisation and impairment	102,630,086	63,869,805	101,281,388	63,161,435
Debt impairment	24,781,496	7,243,044	24,781,496	7,243,044
Movements in defined benefit obligations	934,000	469,000	934,000	469,000
Movement in interest on loan accrual	(23,102)	(16,969)	(23,102)	(16,969)
Donations received in kind (refer to note 9)	(5,450,000)	(1,067,219)	(5,450,000)	(1,067,219)
Insurance payout receivable (loss of stolen car)	432,381	-	432,381	-
Other non-cash items	-	(584,312)	-	-
Changes in working capital:				
Inventories	(3,984,861)	34,613,022	(3,984,861)	34,613,022
Receivables from non-exchange transactions	11,888,731	(11,803,475)	-	-
Receivables from exchange transactions	(33,018,043)	(11,829,279)	(33,018,043)	(11,829,279)
Other receivables from exchange transactions	(1,320,136)	677,143	(1,273,667)	677,143
Payables from exchange transactions	50,295,781	52,908,396	55,543,367	49,984,405
VAT	(18,050,817)	7,725,470	(18,349,776)	4,370,418
Unspent conditional grants and receipts	72,316,831	2,509,776	41,913,231	1,340,052
Consumer deposits	1,987,260	(346,919)	1,987,260	(346,919)
Movement in long term payables	(4,831,858)	(10,800,901)	(4,831,858)	(10,800,901)
	300,504,623	168,722,673	264,876,052	161,401,076

34. Auditors' remuneration

Fees	205,395	201,530	-	-
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35. Prior period errors

Error 1

Errors from the parent municipality

Payables from exchange transaction were overstated in prior years due to amounts that were raised on the system and suppliers could not prove that we owe them such amounts and some could not be traced. The full amount written off against accumulated surplus amounted to 40,505,770.

Employee related payables were overstated due to R12,859 that was overpaid to an employee as travel claim. The adjustment resulted in decrease in employee costs and decrease in payables (employee related expenses). Remuneration of councillors was also overstated in the prior year by R4,494 and this was corrected retrospectively.

Consumer deposits allocations to the value of R925,457 were incorrectly mapped to trade and other payables. This was adjusted retrospectively by mapping the account to consumer deposits.

Some invoices for property, plant and equipment amounting to R3,405,100; repairs and maintenance of R1,203,731; bulk purchases of R12,489,115 contracted services of R1,255,592 and general expenses of R2,438,707 were incorrectly not accrued for by the year end.

Some buildings were incorrectly depreciated over higher useful life for park homes. The error was corrected by restating the depreciation of these buildings retrospectively. Opening total derecognition adjustment made amounted to, R47,387, of which R4,636 relates to 2019 financial year.

Legal fees were incorrectly classified under general expenses, however these are contracted expenses and this was corrected retrospectively by mapping the adjusted legal costs totalling R24,092,912 to contracted services.

Errors from the subsidiary

During the prior year, pension and medical aid for the month of June were not accrued for. The adjustment was done to increase employee cost by total of R87,733 and increase in employee related payables by the same amount. Employee costs were understated by PAYE amounting to R399,200 that was not accrued for. Further, leave expense was also over provided by R25,489

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	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

35. Prior period errors (continued)

Intangible assets to the value of R475,725 were purchased in prior year and were not accrued for. Furthermore, related amortisation expense to the value of R35,052 was not recognised in prior year.

Professional expenses incurred in prior year of R197,914 were also not accrued for. Further, other expenses were overstated by R7,100.

Contracted expenses for school nutrition programme totalling R1,915,942 were also not accrued for in the prior year.

Payables with small debit balances netting off to R38,356 were also written of retrospectively to clear the age analysis.

Penalties for SDL R26,702 and interest amounting to R17,129 from SARS for late payment on employee deductions were not accrued in prior years. Further, penalties provision for late payment to of PAYE to SARS for were overstated by R125,021.

VAT was not charged by uMhloosinga on transfers from Umkhanyakude. The amount outstanding from uMkhanyakude that was received in the current year attracted VAT of R548,074 and this increased general expenses for the economic entity as the parent could not claim this amount.

Insurance expenses amounting to R32,141 was incorrectly mapped under general expenses instead of contracted services. The error was corrected by mapping the insurance from subsidiary to contracted expenses.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in receivables from non-exchange transactions	-	501,200	-	-
Increase in property plant and equipment	-	3,357,713	-	3,357,713
Increase in intangible assets	-	440,673	-	-
Increase in VAT receivable	-	2,587,986	-	3,039,660
Decrease in trade payables	-	13,129,715	-	15,765,760
Increase in employee related payables	-	(486,933)	-	-
Decrease in leave accrual	-	25,489	-	-
Decrease in consumer deposits	-	925,457	-	925,457
Increase in opening accumulated surplus	-	(40,424,667)	-	(40,463,019)

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

35. Prior period errors (continued)

Statement of financial performance

Increase in government grants & subsidies-CATHSETA	-	(501,200)	-	-
Decrease in employee costs (travel adjustment)	-	(12,859)	-	(12,859)
Increase in employee costs (medical aid and pensions)	-	461,444	-	-
Decrease in remuneration of councillors	-	(4,494)	-	(4,494)
Increase in Depreciation, amortisation and impairment	-	39,688	-	4,636
Increase in repairs and maintenance	-	1,203,731	-	1,203,731
Increase in bulk purchases (water)	-	12,489,115	-	12,489,115
Increase in contracted services	-	27,264,446	-	25,348,504
Decrease in general expenses	-	(21,045,777)	-	(21,654,205)
Increase in finance charges	-	17,129	-	-

The breakdown of Repairs and maintenance, Contracted services and General expenses are as follows:

Repairs and maintenance

Furniture and equipment	-	(4,565)	-	(4,565)
Water distribution and sanitation infrastructure	-	(1,853,438)	-	(1,853,438)
	-	(1,858,003)	-	(1,858,003)

Contracted services

Communication	-	(172,963)	-	(172,963)
Fleet management	-	1,368,210	-	1,368,210
IT services and system support	-	(27,826)	-	(27,826)
Financial consulting	-	88,171	-	88,171
School nutrition programme	-	1,915,942	-	-
	-	3,171,534	-	1,255,592

Legal fees (mapping error)***	-	24,092,912	-	24,092,912
Insurance (mapping error)	-	32,141	-	-
Total error	-	27,296,587	-	25,348,504

General expenses

Accommodation	-	77,330	-	77,330
Advertising	-	(4)	-	(4)
Community and social services	-	5,224	-	5,224
External audit fees	-	8,413	-	8,413
Fuel and oil	-	20,000	-	20,000
Legal fees	-	7,540	-	7,540
Meter reading	-	2,375,890	-	2,375,890
Municipal health	-	(6,000)	-	(6,000)
Other expenses	-	(34,057)	-	(26,957)
Penalties	-	(98,319)	-	-
Professional consulting	-	197,914	-	-
Publicity	-	1,500	-	1,500
Systems support and IT expenses	-	(24,229)	-	(24,229)
Grants paid to uMhloosinga	-	548,074	-	-
	-	3,079,276	-	2,438,707

Legal fees (mapping error)***	-	(24,092,912)	-	(24,092,912)
Insurance (mapping error)	-	(32,141)	-	-
Total error	-	(21,045,777)	-	(21,654,205)

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

35. Prior period errors (continued)

***The mapping error of legal fees adjustment of R24,092,912 is disclosed after correcting prior period error of R7,540 for legal fees that were understated by this figure in prior period.

Error 2

Errors from the parent municipality

During the prior year, receivables from exchange transactions were overstated by WSSA debtors that were included totalling R4,661,334, however no more receivables were due from WSSA. Further, a debtor payment of R100,242 (R99,975 for electricity and R267 for water) was erroneously recorded as grant income in the prior year. The error was corrected by reducing receivables and reducing unspent grants by the full amount in error.

Further, debtors written off in 2018 were misstated by R467,901 due to some customers that were not written off in full, resulting in overstatement of debtors and opening accumulated surplus in prior year.

Employee related deductions were not adjusted for in the cash flow statement to reflect amounts actually paid in cash. Also cash receipts from customers included the adjustment for other receivables, however these receivables do not affect service charges and this was corrected retrospectively.

Errors from the subsidiary

Property, plant and equipment items that were bought for third parties under IDC grant funding were incorrectly capitalised instead of being expensed as they do not belong to the agency. The cost of individual PPE line items affected were as follows:

- Infrastructure R656,604
- Other property, plant and equipment R531,200

The cash flow statement was also incorrectly presented due to errors in calculating cash generated from operations and errors in calculating receipts from service charges.

Related depreciation on these assets is follows:

	2019 depreciation expense	2018 and backwards	Total
Other property, plant and equipment	(103,972)	(327,605)	(431,577)

The effects of the adjustments are as follows:

Statement of financial position

Decrease in receivables from exchange transactions	-	(5,229,477)	-	(5,229,477)
Decrease in property, plant and equipment	-	(756,228)	-	-
Increase in unspent conditional grants and receipts	-	100,242	-	100,242
Decrease in opening accumulated surplus	-	5,989,435	-	5,129,235
	-	103,972	-	-

Statement of financial performance

Decrease in depreciation expense	-	(103,972)	-	-
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36. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and statement of cash flow that have been affected by prior-year adjustments:

Statement of financial position - extract

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

36. Prior-year adjustments (continued)

Economic entity - 2019

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	4	49,704,202	(5,229,477)	44,474,725
Receivables from non-exchange transactions	6	13,078,440	501,200	13,579,640
VAT receivable	7	14,134,694	2,587,986	16,722,680
Property plant and Equipment	9	1,976,195,356	2,601,484	1,978,796,840
Intangible assets	10	153,362	440,673	594,035
Payables from exchange transactions	12	(249,701,157)	12,668,272	(237,032,885)
Consumer deposits	13	(1,671,466)	925,457	(746,009)
Unspent conditional grants and receipts	14	(28,971,268)	100,243	(28,871,025)
Accumulated surplus		(1,924,386,803)	(14,595,838)	(1,938,982,641)
		(151,464,640)	-	(151,464,640)

Controlling entity - 2019

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	4	49,704,202	(5,229,477)	44,474,725
VAT receivable	7	12,818,583	3,039,660	15,858,243
Property, plant and equipment	9	1,939,742,144	3,357,712	1,943,099,856
Payables from exchange transactions	12	(250,938,616)	15,765,761	(235,172,855)
Consumer deposits	13	(1,671,466)	925,457	(746,009)
Unspent conditional grants and receipts	14	(26,370,725)	100,243	(26,270,482)
Accumulated surplus		(1,873,971,508)	(17,959,356)	(1,891,930,864)
		(150,687,386)	-	(150,687,386)

Statement of financial performance - extract

Economic entity - 2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Government grants & subsidies revenue	23	677,996,175	501,200	-	678,497,375
Employee related costs	24	(174,478,041)	(448,585)	-	(174,926,626)
Remuneration of councillors	25	(8,929,472)	4,494	-	(8,924,978)
Depreciation, impairment and amortisation	26	(63,934,089)	64,284	-	(63,869,805)
Finance costs	27	(2,760,038)	(17,129)	-	(2,777,167)
Repairs and maintenance	29	(75,819,296)	(1,203,731)	-	(77,023,027)
Bulk purchases	30	(109,783,960)	(12,489,115)	-	(122,273,075)
Contracted services	31	(70,639,953)	(3,171,535)	(24,125,053)	(97,936,541)
General expenditure	32	(151,261,534)	(3,079,276)	24,125,053	(130,215,757)
Net effect on surplus for the year		20,389,792	(19,839,393)	-	550,399

uMkhanyakude District Municipality and its Municipal entity

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

36. Prior-year adjustments (continued)

Controlling entity - 2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Employee related costs	24	(166,919,170)	12,859	-	(166,906,311)
Remuneration of councillors	25	(8,929,472)	4,494	-	(8,924,978)
Depreciation, impairment and amortisation	26	(63,156,799)	(4,636)	-	(63,161,435)
Repairs and maintenance	29	(75,803,150)	(1,203,731)	-	(77,006,881)
Bulk purchases	30	(109,783,960)	(12,489,115)	-	(122,273,075)
Contracted services	31	(61,128,283)	(1,255,593)	(24,092,912)	(86,476,788)
General expenditure	32	(160,332,231)	(2,438,706)	24,092,912	(138,678,025)
Net effect on surplus for the year		(646,053,065)	(17,374,428)	-	(663,427,493)

Cash flow statement

Economic entity - 2019

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Service charges		22,311,825	(576,901)	21,734,924
Other receipts		785,359	(58,696)	726,663
Grants		669,393,366	(100,242)	669,293,124
Donations in cash		-	58,696	58,696
Employee costs and remuneration of councillors		(183,407,514)	8,575,423	(174,832,091)
Finance costs		(2,057,555)	(17,129)	(2,074,684)
Payments to suppliers		(348,043,923)	(4,580,611)	(352,624,534)
Purchase of property, plant and equipment		(188,431,462)	(2,824,815)	(191,256,277)
Purchase of intangible assets		(79,208)	(475,726)	(554,934)
		(29,529,112)	(1)	(29,529,113)

Controlling entity - 2019

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services		22,311,825	(576,900)	21,734,925
Grants receipts		663,796,689	(100,242)	663,696,447
Employee costs and remuneration of councillors		(175,848,643)	8,690,148	(167,158,495)
Payments to suppliers		(357,231,756)	(4,607,904)	(361,839,660)
Purchase of property, plant and equipment		(179,404,892)	(3,405,101)	(182,809,993)
		(26,376,777)	1	(26,376,776)

37. Unauthorised expenditure

Opening balance	377,749,634	269,559,626	377,749,634	269,559,626
Add: Unauthorised expenditure - Current year	45,549,902	108,190,008	45,549,902	108,190,008
	423,299,536	377,749,634	423,299,536	377,749,634

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

37. Unauthorised expenditure (continued)

Unauthorised expenditure in the current financial year was incurred as a result of expenditure which exceeded the approved budget. No disciplinary actions or criminal proceedings were instituted due to reasons provided in Appendix A.

Refer to Appendix A for the comparison of actual versus budgeted expenditure.

38. Fruitless and wasteful expenditure

Opening balance	79,993,649	47,358,559	79,573,998	47,056,788
Add: Fruitless and wasteful expenditure - Current year	1,542,508	32,635,090	1,497,615	32,517,210
	81,536,157	79,993,649	81,071,613	79,573,998

Fruitless and wasteful expenditure comprise of interest and penalties relating to SARS EMP declarations and late payment of creditors, payments to employees whose contracts had ended and payments for cancellation of contracts for service providers.

Fruitless expenditure also includes infrastructure expenditure that was incurred in prior years but could not be identified where the work was done R16 736 801 (refer to note 9) and inventory that was written off as impairment in prior year of R9,020,980.

39. Irregular expenditure

Opening balance	2,342,911,036	1,841,006,097	2,328,925,446	1,834,587,834
Add: Irregular Expenditure - prior year contracts	389,780,061	412,638,464	389,780,061	412,638,464
Add: Irregular Expenditure - current year contracts	81,128,966	89,266,475	81,128,966	81,699,148
Add: Irregular Expenditure - from quotations	7,355,007	-	5,508,953	-
	2,821,175,070	2,342,911,036	2,805,343,426	2,328,925,446

No disciplinary actions or criminal proceedings were instituted as a result of irregular expenditure incurred.

40. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	268,817	197,200	268,817	197,200
Current year subscription / fee	5,096,220	4,397,978	4,592,259	3,970,604
Amount paid - current year	(5,066,114)	(4,129,161)	(4,562,153)	(3,701,787)
Amount paid - previous years	(268,817)	(197,200)	(268,817)	(197,200)
	30,106	268,817	30,106	268,817

PAYE and UIF

Opening balance	2,602,789	119,116	2,122,400	-
Current year subscription / fee	28,177,519	27,995,424	27,612,515	26,830,209
Amount paid - current year	(25,771,591)	(25,511,751)	(25,206,587)	(24,707,809)
Amount paid - previous years	(2,602,789)	-	(2,122,400)	-
	2,405,928	2,602,789	2,405,928	2,122,400

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Figures in Rand	2020	2019 Restated*	2020	2019

40. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Opening balance	3,047,541	(55,280)	3,065,919	-
Current year payroll deductions	39,762,823	36,631,909	38,893,359	35,166,746
Amount paid - current year	(36,326,468)	(33,529,088)	(35,475,382)	(32,100,827)
Amount paid - previous years	(3,065,919)	-	(3,065,919)	-
	3,417,977	3,047,541	3,417,977	3,065,919

SALGA Fees

Fees paid	1,773,392	1,505,600	1,773,392	1,505,600
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VAT

VAT receivable	34,773,498	16,722,681	34,208,020	15,858,244
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VAT output payables and VAT input receivables are shown in note . All VAT returns were submitted in time.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June, 2020:

30 June, 2020	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Moodley GP	-	232,534	232,534
Zungu MC	-	36,510	36,510
Gina MA	-	1,840	1,840
	-	270,884	270,884

30 June, 2019	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Moodley GP	-	220,191	220,191
Zungu MC	-	34,223	34,223
Gina MA	-	1,563	1,563
	-	255,977	255,977

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Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

41. Commitments

Authorised capital expenditure

Approved and contracted for

• Infrastructure	535,393,393	430,516,552	471,832,278	369,572,442
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Total capital commitments

Approved and contracted for	535,393,393	430,516,552	471,832,278	369,572,442
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Capital commitments are financed through government grants.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	92,217	151,627	92,217	97,652
- in second to fifth year inclusive	209,583	-	209,583	-
	301,800	151,627	301,800	97,652

Operating lease payments represent rentals payable by the economic entity for the office equipment. The economic entity's contract for photocopier machines came to an end in 2020 financial year and a new service provider was appointed.

Old lease terms

Leases was for a period of three (3) years with no contingent rentals payable. Lease rentals are charged at a fixed amount with 15% acceleration rate annually and the agreement came to an end as of 30 June 2020. Expenditure on lease rentals paid have been recognised on a straight-line basis in the Statement of Financial Performance.

New lease terms

Leases are contracted for a period of three (3) years with no contingent rentals payable. Lease rentals are charged at a fixed amount of R100,600(2020: 15% acceleration rate annually). The agreement only started post year end.

42. Contingencies

Supplier disagreements:

As at 30 June 2020, the economic entity had pending court cases with suppliers. Refer to the table below for details:

Supplier name and details of the case	Amount in dispute
Mageba: The supplier claims that they did engineering consulting services which the municipality disputes	4,124,993
Makhetha Development: Cancellation of Agreement	2,952,979
Begin Africa Services : Unpaid invoices for water assessment services	1,855,559
Thoga Beach Lodge: Disputed invoices for service rendered	1,395,058
New Height cc: Cancellation of contract	2,000,000
Nxumalo & Partners: Disputed invoices for investigation service rendered	22,597,500
Ziqoqe Construction: Disputed invoices for service rendered	2,850,973
Duyaza Construction: Cancellation of contract	4,829,429
Sakhokhule: Disputed invoices for service rendered	3,040,000
Various other small cases	1,075,532
	46,722,023

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

43. Related parties

Relationships

Umhlosinga Development Agency

Umhlosinga Development Agency is a municipal entity under the control of uMkhanyakude District Municipality to spearhead the economic development within the District.

Related party balances

Payables owing to related parties

Umhlosinga Development Agency	(8,966,080)	(9,232,055)
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Related party transactions

Transfers to related parties

Umhlosinga Development Agency: Expenditure incurred (Net of VAT)	7,100,000	12,605,692
Umhlosinga Development Agency: Transfers paid (VAT Inclusive)	8,085,975	12,666,859

Key management information

Refer to note 24 and note 25 for remuneration of key management and note 40 for amounts outstanding from Councillors.

44. Change in estimate

Property, plant and equipment

During the current year, management revised the useful life of some items of plant and equipment. The effect of this revision resulted in the decrease in depreciation charges for the current and future periods by R7,907,371 (**controlling entity** R 7,907,371)

45. Events after the reporting date

The economic entity was not aware of any material events that may have occurred between 30 June 2020 and the date when the annual financial statements were authorised.

46. Risk management

Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk.

The economic entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance.

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

46. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they become due. The municipality ensures that adequate funds are available to meet its expected and unexpected financial commitments

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Economic entity

At 30 June, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	866,202	874,195	2,676,224	79,757
Interest accrual on long term loan	95,064	-	-	-
Payables from exchange transactions	287,328,666	6,521,637	-	-
Consumer deposits	2,733,270	-	-	-
Unspent conditional grants	101,187,856	-	-	-
At 30 June, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	858,722	866,202	2,648,797	981,378
Interest accrual on long term loan	118,236	-	-	-
Payables from exchange transactions	237,032,885	11,353,495	-	-
Consumer deposits	746,010	-	-	-
Unspent conditional grants	28,871,025	-	-	-

Controlling entity

At 30 June, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	866,202	874,195	2,676,224	79,757
Interest accrual on long term loan	95,064	-	-	-
Payables from exchange transactions	290,716,223	6,521,637	-	-
Consumer deposits	2,733,270	-	-	-
Unspent conditional grants	68,183,713	-	-	-
At 30 June, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term loans	858,722	866,202	2,648,797	981,378
Interest accrual on long term loan	118,236	-	-	-
Payables from exchange transactions	235,172,856	11,353,495	-	-
Consumer deposits	746,010	-	-	-
Unspent conditional grants	26,270,482	-	-	-

uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2020	2019 Restated*	2020	2019

46. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and receivables. The economic entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables from exchange transactions are settled on a monthly basis, however some customers are not paying in time. Upon the new connections the consumers pays deposit in advance.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity - 2020	Economic entity - 2019	Controlling entity - 2020	Controlling entity - 2019
Receivables from exchange transactions	60,611,271	44,474,724	60,611,271	44,474,724
Other receivables from exchange transactions	2,669,385	9,249,249	2,622,915	9,249,249
Receivables from non-exchange transactions	1,690,909	13,579,640	-	-
Bank balances	94,726,010	41,037,500	60,180,567	40,138,827

Market risk

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings from DBSA.

At year end, financial instruments exposed to interest rate risk were as follows:

-A portion of the loan from Development Bank of South Africa that has semi- floating interest rate linked to Jibar. The municipality does not have any hedge cover for the risk of changes in interest rate, however it invests all its surplus funds from time to time during the year with banks, which yield interest income to help cover for any losses from change in interest rate.

-FNB Bank and ABSA deposits: The municipality invests surplus funds from time to time to earn interest income. Interest earned on surplus funds is variable based on the changes in prime rate. The municipality does not have any cover for the risk of changes in interest rate.

47. Deviation from supply chain management regulations

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

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

Items of goods and services were procured during the current financial year which deviated from the provisions of paragraph 12(1)(d)(i) as reflected above. As at 30 June 2020, deviations from Municipal Supply Chain Management Regulations for the year are as follows:

Total deviations for the year	4,276,444	77,066,066	4,231,733	77,066,066
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uMkhanyakude District Municipality and its Municipal entity

Consolidated Annual Financial Statements for the year ended 30 June, 2020

Notes to the Consolidated Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019 Restated*	2020	2019
48. Distribution losses				
Electricity distribution losses	16,317,685	12,101,038	16,317,685	12,101,038
Electricity distribution loss calculated as:				
Electricity purchases	12,816,252	21,347,699	12,208,393	18,092,297
Less: Electricity sales	(2,828,188)	(5,030,014)	(3,805,324)	(5,991,259)
Subtotal	9,988,064	16,317,685	8,403,069	12,101,038
	9,988,064	16,317,685	8,403,069	12,101,038
Water distribution loss:				
Water distribution losses	4,972,518	34,310,377	3,752,471	16,886,120
Water Loss %	27	27	-	-
	4,972,545	34,310,404	3,752,471	16,886,120
	4,972,545	34,310,404	3,752,471	16,886,120

49. Going concern

As at 30 June 2020, the economic entity had accumulated surplus of R2,040,899,518 (Controlling entity R1,996,865,100), however, we draw attention to the fact that the municipality's current liabilities exceeds its current assets by R68,027,742 (Controlling entity R75,259,537).

Further, the economic entity's unspent grants are not cash backed, with total unspent conditional grants as at the end of the 2020 financial year exceeding cash and cash equivalents by R6,459,270 (Controlling entity R8,000,651).

These conditions cast doubt upon the economic entity's ability to meet its short term obligations and continue operating.

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

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

**ANNEXURE B: AUDITOR GENERAL'S REPORT –
JUNE 2020**

Auditor-General

**Umkhanyakude District Municipality and
its municipal entity (The group)**

Audit report 2019-20

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council of Umkhanyakude District Municipality and its municipal entity

Report on the audit of the consolidated and separate financial statements

Adverse opinion

1. I have audited the consolidated and separate financial statements of the Umkhanyakude District Municipality and its municipal entity (the group) set out on pages X to X, which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, because of the significance of the matters described in the basis for adverse opinion section of this auditor's report, the consolidated and separate financial statements do not present fairly, in all material respects, the financial position of the group as at 30 June 2020, and groups financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003)(MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019)(Dora).

Basis for adverse opinion

Revenue from exchange transactions

3. The municipality did not fully account for service charge revenue in accordance with SA Standard of GRAP 9, *Revenue from exchange transactions*. I was unable to determine the full extent of the misstatement of the revenue from exchange transactions reported at R56,71 million (2019: R40,72 million) and the related receivables from exchange transactions of R60,61 million (2019: R44,74 million) in the consolidated and separate financial statements as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Receivables from exchange transactions

4. The municipality did not calculate the provision for impairment on debtors in accordance with the SA Standard of GRAP 104, *Financial instruments*. The municipality applied a uniform rate for all the debtors in calculating the impairment provision, and did not assess the credit risk for a group or subgroup of debtors, as required. In addition, I was also unable to obtain sufficient appropriate audit evidence that receivables from exchange transactions was properly accounted for, due to the status of the accounting records. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from exchange transactions stated at R60,61 million (2019: R44,74) in note 4 to the consolidated and separate financial statements.

Expenditure

5. The municipality did not account for repairs and maintenance, bulk purchases, and general expenses in terms of SA Standard of GRAP 1, *Presentation of financial statements*, due to inadequate controls over the recording of transactions. I was not able to determine the full extent of misstatements, as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for repairs and maintenance, bulk purchases, contracted services and general expenses. I could not confirm these expenses by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to total expenditure reported at R637,13 million and payables from exchange transactions of R287,32 million (2019: R237,03 million) in the consolidated and separate financial statements.

Property, plant and equipment

6. The municipality did not recognise items of property, plant and equipment in accordance with SA Standard of GRAP 17, *Property, plant and equipment*, due to asset additions that were incorrectly recognised and some assets that could not be physically located. This resulted in the overstatement of work-in-progress and payables from exchange transactions by R28,45 million in the consolidated and separate financial statements. Additionally, there was an impact on the surplus for the period, unspent conditional grants, and on the accumulated surplus.

Inventory

7. The municipality did not recognise inventory at the lower of cost and net realisable value in accordance with SA Standard of GRAP 12, *Inventories*. This was because indicators of write-down were not appropriately considered in the inventories related to water pipes and water and electricity meters. The municipality's inventory was reported at R130,17 million, which did not indicate the net realisable value thereof. I was unable to determine the extent of the misstatement on the net carrying amount of inventory in the consolidated and separate financial statements as it was impracticable to do so.

Unspent conditional grant liability

8. I was unable to obtain sufficient appropriate audit evidence regarding the unspent conditional grant liability, due to the status of accounting records. I was unable to confirm the conditional grant liability by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the unspent conditional grant liability stated at R101,18 million (2019: R28,87 million) in note 14 to the consolidated and separate financial statements.

Irregular expenditure

9. The municipality did not disclose irregular expenditure as required by section 125(2)(d) of the MFMA. This was due to some expenditure incurred made in contravention of the supply chain management requirements, which were not recorded. I was unable to determine the full extent of the irregular expenditure stated at R2,82 billion (2019: R2,34 billion) in note 39 to the financial statements as it was impracticable to do so.

Deviations from supply chain management regulations

10. During 2019, the municipality did not have adequate systems and controls to ensure that deviations from supply chain management regulations were recorded. I was unable to determine the full extent of adjustment to deviations from supply chain management regulations, stated at R77,06 million in note 47

to the consolidated and separate financial statements as it was impractical to do so. My audit opinion on the consolidated and separate financial statements for the period ended 30 June 2019 was modified accordingly. My opinion on the current year financial statements was also modified because of the effect of this matter on the comparability of the deviations from supply chain management regulations for the current period.

Distribution losses

11. I was unable to obtain sufficient appropriate audit evidence for the water and electricity losses disclosed at R34,31 million (2019: R16,88 million) and R16,31 million (2019: R12,10 million) respectively, in note 48 to the consolidated and separate financial statements. This was due to inadequate systems and processes for the recording and monitoring of these losses. I could not confirm the disclosed losses through alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the water and electricity losses disclosed in the consolidated and separate financial statements.

Context for the opinion

12. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
13. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' - *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) - as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
14. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Material uncertainty relating to going concern

15. I draw attention to the matter below. My opinion is not modified in respect of this matter.
16. The consolidated and separate financial statements in note 49 indicates that, as at 30 June 2020, the municipality's current liabilities exceeded its total assets by R68,03 million and some unspent grants were not cash backed. This condition indicates that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matter

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

Restatement of corresponding figures

18. As disclosed in notes 35 and 36 to the consolidated and separate financial statements, the corresponding figures for 30 June 2019 were restated because of errors in the consolidated and separate financial statements of the group at, and for the year ended, 30 June 2019.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the consolidated and separate financial statements

21. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
22. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

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

Report on the audit of the annual performance report

Introduction and scope

25. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
26. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning

documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

27. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the "basic service delivery and infrastructure development" objective presented on pages xx to xx of the municipality's annual performance report for the year ended 30 June 2020.
28. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
29. The material findings in respect of the usefulness and reliability of the selected objective are as follows:

Basic service delivery and infrastructure development

Various indicators

30. The indicators and targets stated below did not agree with the planned indicator and targets as per the approved service delivery and budget implementation plan (SDBIP) as council did not approve the amended SDBIP.

Indicators	Targets
Percentage completion of refurbishment and upgrading of bulk water infrastructure	Not less than 80% refurbishment and upgrading of bulk water infrastructure by 30 June 2020
Number of households with access to a minimum of basic level of service for sanitation provision	1500 households with access to basic level of service for sanitation provision by 30 June 2020

Various indicators

31. The following indicators and targets per the approved SDBIP were removed without the necessary approval from council:

Indicators	Targets
Date of developing Sanitation Master Plan	Sanitation Master Plan developed by 30 June 2020
Date of Reviewing of Water Services By-laws and Policies	Reviewed and Council Adopted Water Services By-laws and Policies for the District Municipality by 31 December 2019
Number of waste water business plans developed	4 waste water business plans (Manguzi, Hluhluwe, Hlabisa town and St Lucia) developed and submitted to Council for adoption by 30 June 2020

Indicator: Percentage completion of refurbishment and upgrading of bulk infrastructure

32. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source information, evidence and method of collection to be used when measuring the actual achievement for the indicator. This was due to a lack of measurement definitions and processes. I was unable to test whether the indicator was well-defined by alternative means.

Indicator: Number of households with access to a minimum of basic level of service for sanitation provision

33. The achievement for the target of households with access to a basic level of service for sanitation provision reported in the annual performance report was 216. However, the supporting evidence provided did not agree to the reported achievement.

Other matters

34. I draw attention to the matters below.

Achievement of planned targets

35. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 30 to 33 of this report.

Adjustment of material misstatements

36. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the "basic service delivery and infrastructure development" objective. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

37. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
38. The material findings on compliance with specific matters in key legislation are as follows:

Strategic planning and performance management

39. The performance management system and related controls were not maintained or were inadequate, as they did not describe how the performance measurement and reporting processes should be conducted and organised, as required by municipal planning and performance management regulation 7(1).
40. The SDBIP was revised during the year without approval of the council following approval of an adjustments budget, as required by section 54(1)(c) of the MFMA.

Financial statements and annual reports

41. The financial statements submitted for auditing purposes were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected and supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving an adverse audit opinion.

42. The 2018-19 annual report was not made public after being tabled in council as required by section 127(5)(a)(i) of the MFMA.
43. The local community was not invited to submit representations as required by section 127(5)(a)(ii) of the MFMA.
44. The council failed to adopt an oversight report containing the council's comments on the 2018-19 annual report, as required by section 129(1) of the MFMA.

Expenditure management

45. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. Unauthorised expenditure of R45,54 million was disclosed in note 37 to the financial statements. The majority of the unauthorised expenditure was caused by a lack of monitoring of expenditure against budgets and contracts.
46. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for adverse opinion paragraph. The majority of the disclosed irregular expenditure was caused by deviations from the SCM regulations, extension of contracts, payments on expired contracts and the required number of senior managers not being present during bid adjudication committee deliberations.
47. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure of R1,54 million was disclosed in note 38 to the financial statements. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties paid to the South African Revenue Service and creditors for late payments.
48. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval/authorisation of funds, as required by section 65(2)(a) of the MFMA.
49. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Procurement and contract management

50. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by supply chain management regulation 19(a). Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of supply chain management regulation 36(1). Similar non-compliance was reported in the prior year.
51. Some of the invitations for competitive bidding were not advertised for the required minimum period of days, in contravention of supply chain management regulations 22(1) and 22(2). Similar non-compliance was reported in the prior year.
52. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with supply chain management regulation 29(2). Similar non-compliance was reported in the prior year.
53. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of supply chain management regulation 5.
54. The performance of some of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was reported in the prior year.

- 55. The contract performance and monitoring measures and methods were not sufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA. Similar non-compliance was reported in the prior year.
- 56. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of supply chain management regulation 46(2)(e).

Consequence management

- 57. Unauthorised expenditure incurred by the municipality was not investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.
- 58. Fruitless and wasteful expenditure and irregular expenditure incurred by the municipality was not adequately investigated to determine whether any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Revenue management

- 59. Revenue due to the municipality was not calculated on a monthly basis, as required by section 64(2)(b) of the MFMA.
- 60. Accounts for services were not prepared on a monthly basis, as required by section 64(2)(c) of the MFMA.
- 61. An effective system of internal control for debtors and revenue was not in place, as required by section 64(2)(f) of the MFMA.
- 62. An adequate management, accounting and information system which accounts for revenue and debtors was not in place, as required by section 64(2)(e) of the MFMA.

Asset management

- 63. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Conditional grants

- 64. The Municipal Infrastructure Grant was not spent for its intended purposes in accordance with the applicable grant framework, as required by section 17(1) of the Division of Revenue Act 16 of 2019.

Other information

- 65. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.
- 66. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
- 67. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial

statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

68. 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

69. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the adverse opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
70. Leadership did not exercise adequate oversight responsibility over operations by taking appropriate action to ensure that internal control deficiencies were addressed in good time. Officials did not understand how to execute their responsibilities diligently and consistently due to the lack of training and monitoring by management in the daily execution of tasks. Consequently, day-to-day activities were not performed with the required vigour and diligence to allow credible and accurate reporting processes to take place. Responsibility, the expected levels of performance as well as consequences for poor performance were not ingrained into processes and disciplined enough to promote high levels of accountability for non-adherence to action plans and circumvention of policies and procedures.

Material irregularities

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

Material irregularities in progress

72. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due. These material irregularities will be included in the next year's auditor's report.

Other reports

73. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

74. A disciplinary hearing was conducted into allegations of misconduct against the former chief financial officer. The hearing was concluded in August 2020 and resulted in the termination of the chief financial officer's contract.
75. A private law firm investigated unauthorised, irregular, and fruitless and wasteful expenditure of the municipality at the request of the management covering the period 2017-18 and prior financial years. The outcome of the investigation was received by management but has to date not been reviewed and approved by the municipal public accounts committee and council.

AUDITOR GENERAL

Pietermaritzburg

21 April 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

76. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the municipality’s compliance with respect to the selected subject matters.

Consolidated and separate financial statements

77. In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, I also:
- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality and entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a group to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entity within the group to express an opinion on the consolidated and separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

- 78. 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.
- 79. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

ANNEXURE C: AUDIT ACTION PLAN – 2020/2021 FY

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat find	Responsible Person/Preparer	Timeline/Deadline	PROGRESS TO DATE
R E V E N U E & R E C E I V A B L E S	Long outstanding receivables	During the audit of receivables it was identified that there was a substantial number of long outstanding debtors. Furthermore, it was noted that the majority of debtors selected for sampling had not made any payments on their outstanding debts. The following customers were identified that were billed during the 2019/20 financial year as well as post year end, as detailed in the table below:	#20	Lack of Manpower to read all meters Ineffective billing Lack of monitoring of meters Absolute accounts on the system	(i) Revise Indigent policy and adopted by Council. (ii) Reconcile Indigent register and billing information. (iii) Data Cleansing of the entire system to remove all redundant and obsolete accounts. 1. Comparing latest valuation roll to the billing system 2. Investigate all differences identified between the Roll and the system 3.Full physical verification of the meters , noting meter numbers, condition, property ,etc. and develop the Meter list 4. Comparison between the Meter list and the updated Billing system 5. Generate an exception report on all the discrepancies identified and proper investigation 6. Updating the system with the correct information that agrees to the list.	Yes	CFO/Manager Revenue Billing Supervisor	30 Jun 21	
	Customers not Billed	During the auditing of revenue and the testing of a sample of electricity customers, in which the customers were selected from the physical meter readings and were traced to the billing report. It was noted, as detailed in the table below, that the following customers were not billed for the consumption of electricity as no meter readings were performed and no average billing was raised for the months in question	#20 #21 #22 #23	Lack of Manpower to read all meters Ineffective billing Lack of monitoring of meters Lack of debtor collection and follow up by management Inadequate of customer billings against listing Meter readings not done on monthly basis Average billing not done	(i) Conduct physical verification of meter readings in phases utilising EPWP (ii) Management to perform debtor cleansing exercise to ensure that all debtors are still valid, are being billed for services that they are receiving from the municipality. (iii) Analysis of the data cleansing reports and engage Technical Services on any discrepancies.	Yes	Ms Dlodlu (Revenue supervisor), Mr. Mthiyane (Technical Services)	30 Jun 21	
	Inaccurate revenue calculated due to incorrect tariffs used	During the recalculation of revenue from the sale of electricity, the following differences were noted as detailed in the table below, with the differences mainly due to the use of incorrect tariffs:	#24	Inadequate reviews before readings are captured Tariffs rates are not updated on the system for each financial year No reviewing to ensure that tariffs have been updated on the system for the new financial year	(i) Adopt and implement relevant tariffs approved NERSA during the budget process.	Yes	Ms Dlodlu (Revenue supervisor), Mr. Mthiyane (Technical Services)	30 Jun 21	
	Incorrect capturing of readings from physical meter readings onto the system	During the audit of revenue from sale of electricity it was noted that the Department of Justice Magistrate Court was billed 10 000 KWH more than the physical meter reading for the Month of March 2020, as a result of the physical meter reading being incorrectly captured onto the billing system.	#81	Inadequate reviews performed to ensure that meter readings are captured correctly Inadequate/no reconciliation of meter readings totals for the month to the total usage billed for the month	(i) Management to ensure that the work captured by the billing clerks is reviewed by the supervisor to eliminate human errors. (ii) provide training of meter readers.	No	CFO/Billing Supervisor	30 Jun 21	
	Incorrect tariffs used	During the recalculation of revenue from sale of electricity, it was noted that the incorrect tariff rates were applied to bill customers for the month of July 2019. The following customers, per the sample audited, were billed using the prior year tariff rates:	#82	Lack of reviews of data captured on the system.	(i) Management to review all consumer settings to ensure that the tariffs being applied are the correct tariffs for the consumers. (ii) Management to revisit the entire population to ensure correct tariffs are used for all customers.	No	CFO/Manager Revenue Billing Supervisor	30 Jun 21	
	Consumer Debtor Impairment	During the auditing of consumer debtors and reviewing the impairment amount to the criteria applied, it was noted that the impairment assessment was based on the same criteria as was used for the 2018/19 financial year and impairment of consumer debtors. The point system used below does not incorporate the observable data which is necessary to confirm if the objective evidence exist	#25	Impairment policy not updated to factor current economic factors and trends	Management to review the debt Impairment policy close to year-end to factor the latest economic conditions.	No	CFO/Manager Revenue Billing Supervisor	30 Jun 21	
	Pre-payment impairment not supported.	During the audit of other receivables for exchange transactions totalling R8 014 521, it was noted that an allowance for impairment totalling R7 900 000 was raised in respect of the other receivables. The amount of R7 900 000 was made up of two amounts - R3 000 000 for a supplier for which documentation is still awaited from management and R4 900 000 for SBT Civils for a prepayment that was made in error to the supplier in a prior financial year.	#26	Inadequate filing system	(i) Management to ensure that documents are filed properly. (ii) Legal manager should obtain a report from Municipal panel of attorneys relating prepared payment. (R7.9 million)	No	Ms. Thobile Khuzwayo (Legal Manager)	30 Jun 21	
	Incomplete disclosure of related party transactions	During the audit of related parties' note 41, it was noted that the disclosure of related party transactions with councillors was incomplete. The Councillors' arrear consumer accounts amount of R270 884 as detailed below was not included in the related parties disclosure note on the annual financial statements submitted for audit on 30 October 2020. The amount is disclosed on note 38 but not on note 41 or at least referred to as part of the	#69	Inadequate review of AFS to ensure completeness of disclosure	(i) To ensure that a disclosure note related to related party transactions is in accordance with GRAP Standards	No	CFO	30 Jun 21	
E X ~	Invoices not paid within 30 days	During the audit of fruitless and wasteful expenditure, it was noted that a substantial number of instances were due to late payments that attracted interest and penalties During the auditing of expenditure, it was noted that the following suppliers as detailed in the table below had not been paid within 30 days:	#11 #27	Cash flow issues Suppliers not submitting supporting information on time	(i) Centralise receipt of invoices to the Expenditure unit (ii) Register the invoices and stamped "date received" (iii) In case invoices submitted to the Department , the responsible user department is required to submit the invoice within Five (5) days. (iv) All invoices not returned or received within 30 days must be accompanied by a report explaining the reasons for not submitting the invoices on time. (v) Proper Training of Expenditure staff to ensure that the thoroughly check the details of the invoice and capture accurately. (vi) Establishment of Interim Finance Committee to prioritise payment of invoices and ensure proper maintenance of Cash Flow management.	Yes	CFO/Expenditure Manager	30 Jun 21	
	Insufficient evidence that goods and/or services paid for by the municipality were received	During the audit of expenditure, it was ascertained that the municipality did not have an adequate system of internal control in place where appropriate evidence of goods and/or services received were presented to the head of the user department, Chief Financial Officer (CFO) and accounting officer before payments were authorised. The confirmation of good and/or services document was not signed by the recipient as well as the goods and/or services received not being detailed. In many cases there is no evidence that municipality agreed with the quantity of the goods and/or services received.	#16	Inadequate record keeping or filing system Lack of training of SCM officials	(i) BTO share invoices with technical services(ii) Confirm reference of existing meter points with Eskom for verification /iii) Conduct verification of meter points (i) Develop standard reporting template for services delivered. (ii) Facilitate the standard reporting template for services delivered (iii) Management to ensure there are signed delivery notes for all goods received. (vi) Expenditure to include the delivery note on the checklist for the supporting documents to be attached to the payment voucher. (v) Proof of work done and report from user department must be attached e.g. time sheets, attendance registers etc.	No	Mr.S. Khumalo/ Ms. Mpume Msomi (Expenditure Manager) Mr Mabika (CFO)	30 Jun 21 30 Jun 21	

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat find	Responsible Person/Preparer	Timeline/Deadline	PROGRESS TO DATE	
P E N D I T U R E & P A Y A B L E S	Expenditure CUT-OFF	During the cut-off testing performed for the WSG expenditure, it was noted that the invoice detailed in the table below was only recorded in the 2020/21 financial year, although it was dated 30/06/2020, with the corresponding grant revenue being recognised in the 2019/20 financial year.	#17 #18	Inadequate record keeping or filing of invoices Inadequate reviewing to ensure that invoices are captured in the correct financial year	(i) Centralise receipt of invoices to the Expenditure unit (ii) Register the invoices and stamped "date received" (iii) In case invoices submitted to the Department , the responsible user department is required to submit the invoice within Five (5) days. (iv) Management to implement stricter controls to ensure all invoices are received and captured in time i.e. The supplier should not be paid until they send their latest statement. (v) Proper Training of Expenditure staff to ensure that the thoroughly check the details of the invoice and capture accurately. (vi)Development Of Standard operating procedures	Yes	EXPENDITURE MANAGER	30 Jun 21		
	Incorrect Classification of Invoices	During the audit of repairs and maintenance expenditure, it was noted that the following transactions were incorrectly classified:	#19	Inadequate reviewing of classification of expenditure prior to approval	(i) Review correct allocation of invoices to the General ledger Expenditure (ii) Vconduct voucher audit	Yes	EXPENDITURE MANAGER	31 Jul 21		
	Trade Creditors balance as per Creditors Age Analysis does not agree with the balance as per suppliers' invoices (Supplier statements not submitted to support year-end balances)	During the testing of trade creditors and verifying of year-end balances, the suppliers' statements or invoices as detailed in the table below were requested per request 22 (annexure A) dated 14.12.2020, however, to date no statements have been provided for auditing purposes, despite follow ups made	#28 #30	Inadequate maintainance of supporting documments	(i) Request supplier's statements on monthly basis (ii) Reconcile individual creditors on monthly basis. (iii) Management to impement stricter controls i.e The supplier should not be paid until they send their latest statement.	Yes	EXPENDITURE MANAGER	30 Jun 21		
	Unauthorised Payments	During the audit of expenditure it was identified that the following suppliers detailed in the table below were paid, even though the payment was not approved by the municipal manager, that is the municipal manager did not sign the cover page of the payment voucher and some invoices had not been signed by user department so as to confirm that goods were received:	#83	Municipal officials did not adequately review the voucher to ensure that authorisation has been finalised prior to recording of transaction	(i) The financial information system need to be intergrated to the banking system (ii) Management to review all payments and ensure all delegated officials have reviewed and signed payment voucher (iii) Expenditure to ensure that the voucher is signed by all delegated officials before it is filed. iv)Establishment of internal control unit to check all the payments vouchers for completness.	Yes	EXPENDITURE MANAGER	30 Jun 21		
	Unspent conditional grants that have not been used for the long period of time	During the planning of the audit and subsequent requesting of the MOAs and reviewing of the conditional grants register, it was noted that there was no Memorandum of Associations (MOAs) for 5 of the 22 unspent conditional grants that showed no movement. In addition, the amounts have been unused for a long period of time and, therefore, the municipality has not undertaken or completed the projects for which the grants were originally intended for.	#39	Inadequate maintenance of supporting documentation	(i) Engage departments to clear unspent conditional grants for revision of business plans.	Yes	CFO/Expenditure Manager	30 Jun 21		
	Unspent conditional grants not cashed back.	During the auditing of unspent conditional grants and the checking of the financial statements, it was noted that the unspent conditional grants of R88 183 713 per note 13 of the financial statements were not cash backed to the total amount of R8 000 651. This would, therefore, indicate that conditional grant funding was utilised for daily operating expenditure, which is contrary to the requirements of the MFMA and, therefore, deemed to be unauthorised expenditure by Audit.	#40	Non-monitoring of cash flow	(i) Engage departments to clear unspent conditional grants for revision of business plans.	No	CFO/Expenditure Manager	30 Jun 21		
P R O P E R T Y · P L A N T & E Q U I P M E	Reasonable steps not taken to safeguard infrastructure assets	During the audit of Property, Plant and Equipment, it was noted that infrastructure – work in progress - to the value of R16 736 801 was written off in the 2018/2019 financial period as the infrastructure could not be verified. It would be expected that the above write off would have been considered in conjunction with requirements of the asset policy as well as the Act.	#31	No controls in place to ensure assets are kept in a safe and secured location	Management to ensure proper recording/accounting for all transactions . Management to also ensure proper safeguarding of infrastructure assets. Fast track the implementation of the first 20km out of 60km/70km of Jozini regional community water scheme. R100m DWS escrtoral approval has been received 16/2020/03/kw Request for funding from RBIG to implement the remainder of the project	No	CFO/Assets Officer/Technical Director	30 Jun 21		
	Work in progress paid for by the municipality could not be verified	During the audit of assets under construction (work-in-progress), it was noted that certain payments had been made to Egeni Engineers for a construction of the assets, as detailed in the table below, for work done in the 2018/19 financial year, however some work could not be verified.	#32	Inadequate safeguarding of assets Inadequate monitoring of contractor performance Lack of consequence management	Management to ensure proper safeguarding of assets and perform full investigation in cases where there were payments and no work on site Adherence to General Condition of contract 2015 and guidelines when for materials onsite	No	CFO/Assets Officer/Technical Director	30 Jun 21		
	Assets not presented verification	During the audit of property, plant and equipment and the performing of physical verifications of the assets, the assets detailed in the table below were not verified by Audit:	#33	Inadequate safeguarding of assets Inadequate record keeping Inadequate assets verification and assets count at year end. Monthly asset reconcilliation not performed between the GL and FAR	management to ensure physical verification is performed regulary and only existing assets appear on the assets register. Management should perform the investigation on the missing assets and follow adequate steps to recover assets through insurance. Fast track the implementation of the first 20km out of 60km/70km of Jozini regional community water scheme. R100m DWS escrtoral approval has been received 16/2020/03/kw	Yes	CFO/Assets Officer/Technical Director	30 Jun 21	To follow up with Assets Accountant on the progress or the outcome of the investigation. The current year verification has not commenced due to COVID-19. We have not managed to meet with the Assets section to discuss the plan as employees are not on site.	
	Unreasonable useful lives of buildings	During the auditing of property, plant and equipment, it was noted that the buildings detailed in the table below had useful lives outside of the range determined by management and detailed in the accounting policy	#68	Inadequate reviewing of depreciation against the policy	Management to adjust the accounting policy to be in line with Treasury guidelines	No	CFO/ Assets Officer	30 Jun 21		
	Inventory not measured at lower of cost and Net realisable Value	During the audit of inventory – water pipes, it was ascertained that no assessment had been performed in respect of the water pipes that are held in stock by the municipality. The pipes were acquired, per the Auditor's knowledge as from 2012 and have been stored in open areas for the past 8 years, subject to the various weather elements. In addition, Audit performed a physically inspection of the pipes and a number of possible impairment factors were noted, that have not been taken in to account by management when evaluating the value of the pipes Per review of the financial statements, it was noted that inventory – water pipes was valued at cost (R107 422 788) per the value reflected in the financial statements, which was the same as the amount for the prior financial year, and no written assessment of cost or net realisable value was	#36	No formals plans in place by management for the use of pipes No formal assessment/valuations in writing performed Insufficient funds to be able to utilise the funds Failure to safeguard the asset	Management has to hire professionals who will assess the condition of the pipes and perform valuation thereof. This exercise will assist in determining which of the pipes are still usable in the current condition and which ones require motor relgning first. Technical department to apply for RBIG funding which will help the municipality to utilise the pipes and improve service delivery in the district.	No	CFO/Assets Officer/Technical Director	30 Jun 21		

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat find	Responsible Person/Preparer	Timeline/Deadline	PROGRESS TO DATE	
N T	No evaluation was performed to confirm the net realisable value of water meters and no controls in place to safeguard the meters	During the audit of inventory – water meters – as reported in note 3 of the annual financial statements, the following was noted: •During the 2019/20 financial year the municipality did not conduct a condition assessment of these water meters to confirm if the prior year assessment was still adequate. The municipality has also not used these meter for the whole of the financial year for its operation. The inability to use some of these meters in an environment where a number of users require meters is an indicator of impairment of these meters. •Municipality has assumed that the prior estimate by expert (JOAT) was adequate, however, audit submit that this assumption is not substantiated. oThere was no usage of the meters for a year, this condition led to the deterioration recognised as impairment in the previous year. oInventory hasn't moved in over a year. It indicates a lack of appetite for using these meters.	#37	Municipality failed to implement controls to safeguard the assets	Management to assess the condition of the smart meters and determine whether they are still usable. Proper planning for these meters. Appointment of expert to perform conditional assessment to confirm the net realisable value.	Yes	CFO/Assets Officer/Technical Director	30 Jun 21		
	Inventory understated	During the checking of the status of the inventory water pipes, pipes as detailed below were counted and a discrepancy noted between what the stock count sheet and pipes physically counted.	#38	Inadequate counting of assets	Management to ensure that the stock is counted by two individuals to minimise errors i.e the second employee to verify the count sheet.	No	CFO/Assets Officer	30 Jun 21		
DISCLOSURE	Going concern	During the review of the appropriateness of management's use of the going concern basis of accounting in the preparation of the annual financial statements, the following factors which cast material uncertainty on the municipality's ability to continue as a going concern were noted however these matters were not disclosed: a.Impairment of property plant and equipment increased from R33 127 (2018:19) to R33 921 322 (2019:20), this means that asset needed for service deliver are being lost, which will require replacements. b.Inspected the EXCO meeting minutes dated 25 August 2020 and confirmed that the municipality had not paid most of the suppliers who provided services during 2019-20, this is another indicator of going concern. c.The municipality has cash and cash equivalents amounting to R60 183 06 and unspent conditional grants of R68 183 713, thus grants are not cash backed. d.Creditors as percentage of cash and cash equivalent is significant high, which is above 400%, thus there is not enough funds to pay creditors as they become due. This has also been noted by failure to pay creditors timely, in some cases entering into arrangements. f.Municipality has contingent liabilities amounting to R43 682 023. If successful the municipality might have difficulties settling.	#45	Management did not thoroughly assess and disclose all factors affecting the ability of the municipality to continue as the going concern	Management to ensure that all factors that cast material uncertainty on the municipality's ability to continue as the going concern are appropriately disclosed		CFO	31 Aug 21		

SCM

Supply Chain processes not appropriately followed for COVID 19 procurements.	During the audit of COVID 19 procurement for which reprioritised Municipal Infrastructure Grant (MIG) funding was used, the appointed bidders listed in the table below were tested to ensure compliance with legislation. In assessing the requirements of par.3.5.1(i), management have not provided audit with letters of extensions / variations that indicate which original contracts the variations / extensions are being applied to and the percentage increase of each variation to determine if it was within the prescribed thresholds. To date, audit has only been furnished with letters of appointment. The above results in a non-compliance with Municipal Supply Chain Management Regulation 19(a) as well as MFMA circular 100 par.3.5.1(i) and (ii), leading to irregular expenditure.	#1	Management did not apply the requirements of SCM prescripts and related COVID 19 Circular appropriately	1. Management to ensure full and proper compliance with SCM regulation and MFMA.Training of Senior Management, SCM officials and bid committee should be conducted so that they are able to apply all prescripts and requirements correctly. 2. Internal audit investigation must be conducted on COVID projects and its recommendations must be implemented. 3. Establishment of disciplinary board 4. User departments must not directly procure goods and services for themselves without involving the SCM department.	No	SCM MANAGER/ INTERNAL AUDIT	30 Jun 21	
Awards made to bidders that did not comply with pre-screening requirements	During the audit of procurement and contract management, it was noted that the following suppliers did not meet the pre-qualifying criteria but were still evaluated further and subsequently awarded the tenders	#2	Management did not exercise due care when applying the pre-screening criteria.	1. Management to ensure full and proper compliance with PPR requirements when making awards. 2. Management to consider training bid committees and SCM officials so that they are able to apply all prescripts and requirements correctly.	No	SCM MANAGER	30 Jun 21	
Reasons for deviation not justifiable	During the audit of procurement and contract management, the following was noted for the deviation below.(Provision of security for Chief Whip). •The transaction was deviated on an emergency basis due to threats made on the life of the Chief Whip, however management has not furnished audit with evidence that any threat and risk analysis was conducted by the SAPS and there is also no evidence that the council or speaker supported the transaction. •The request was signed by the officials with no extra supporting evidence that EXCO or any authorised structures of council had concurred with the decision. •There is no council policy included for the provision of security to councillors which was quoted as being complied with in the motivation •It was also noted that the deviation memo was not signed and approved by the accounting officer.	#3 #7	Poor process over approval of deviations Lack of adequate reviews in respect of supporting documentation for procurement Poor record-keeping	1. User Department initiating the deviation must refer its request to the SCM office. 2. SCM unit should consider the request guided by the SCM policy/SCM regulation 36. 3. SCM must obtain the quotation ensuring value for money. 4. Accounting officer to ensure that all deviations are justifiable, SCM and expenditure section to ensure all vouchers are properly supported e.g Deviation form signed by accounting officer	Yes	SCM MANAGER	30 Jun 21	
Winning bidder not tax compliant on award date	During the audit of the bids for the 2019/2020 financial year, it was noted that the following bidder detailed in the table below was awarded a contract by the Bid Adjudication Committee (BAC) on 21 May 2019 whilst they were tax non-compliant as per details contained on the Central Supplier Database (CSD).	#4	Inadequate checking by SCM official for required supporting documentation Inadequate follow up of suppliers to CSD	1. SCM to ensure that the checklist in place has all the Treasury Regulation requirements including verifying from CSD the validity of the tax clearance certificate. 2. Intergration of the financial system and CSD.	Yes	SCM MANAGER	30 Jun 21	
Bids advertised for less than minimum number of days with no approved deviation	During the audit of procurement contract and management, it was noted that the following bids were advertised for less than the required period and no memo or approval indicating the reason for advertising less than the required period was included as a deviations, as detailed in the table below, thus resulting in irregular expenditure.	#5	Inadequate reviews by management in respect of supporting documentation No deviation approval attached	1. Management to consider training SCM officials so that they are able to apply all prescripts and requirements correctly. 2. Comprehensive checklist with all the requirements before bids are submitted for approval.	Yes	SCM MANAGER	30 Jun 21	
Tender not advertised in the local newspaper	During the audit of procurement and contract management, audit had not been provided with evidence that the following bids as detailed in the table below had advertised in the local newspapers:	#6	Inadequate checklist used to check all supporting documentation Inadequate review of supporting requirements by delegated officials Lack of knowledge, experience or training of SCM officilas	1. Management should ensure that all bids are advertised in the newspapers. 2. Comprehensive checklist with all the requirements.	Yes	CFO/SCM MANAGER	30 Jun 21	

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat find	Responsible Person/Preparer	Timeline/Deadline	PROGRESS TO DATE	
	Evaluation criteria sheet not signed as approved	During the audit of procurement and contract management and auditing of quotes, sufficient appropriate audit evidence could not be obtained that quotation were awarded to bidders that scored the highest points in the evaluation as the evaluation criteria sheets were not provided for auditing purposes. Audit was, therefore, unable to verify that the bidder, as detailed in the table below, scored the highest points and were correctly awarded the bid.	#8 #63	Inadequate training of SCM officials Inadequate checklist in respect of documentation required to be attached	1. SCM to ensure that the checklist in place has all the Treasury Regulation requirements including verifying from CSD the validity of the tax clearance certificate. 2. Management to conduct investigation to establish why business family interest was not declared by the identified official(s).	Yes	CFO/SCM MANAGER	30 Jun 21		
	Irregular expenditure not in the register	During the auditing of expenditure, procurement and management, and irregular expenditure as detailed in the table below, we noted the following deficiencies in the vouchers and all instances below are not recorded on the irregular expenditure register submitted for audit:	#9	Inadequate reviewing of the Irregular Expenditure Register Irregular expenditure register is not updated on monthly basis Unapproved deviations not recorded on the registered	1. Management to ensure that irregular expenditure is updated on monthly basis by the SCM unit and reviewed by management to minimise errors and omissions. 2. SCM to perform the voucher audit on a monthly basis. 3. Ensure that all payments of irregular contracts must be disclosed in the irregular expenditure expenditure. 4. SCM unit to ensure that all deviations are approved by management	Yes	CFO/SCM MANAGER	30 Jun 21		
	Employee did not disclose business interests	During the audit of procurement and contract management, the following connection was identified through CAATs (computer assisted audit techniques) as an awarded supplier who has a business partnership with an official in another business.	#10	Management/SCM officials have not followed up declarations to the CSD information Leadership failed to implement consequence management for similar cases	1. SCM to ensure that the checklist in place has all the Treasury Regulation requirements including verifying from CSD the validity of the tax clearance certificate. 2. Management to conduct investigation to establish the reasons for non-disclosure of business interests on implicated official(s).	Yes	CFO/SCM MANAGER	30 Jun 21		
	Late payment made to suppliers resulting in a municipality incurring financial losses	During the audit of fruitless and wasteful expenditure, it was noted that a substantial number of instances were due to late payments that attracted interest and penalties	#11	Poor budgeting and planning of funds by management Inadequate controls over expenditure management and tracking of invoices Cash flow problems experienced by the municipality	1. Management to ensure that akk the UIFWE incurred by the municipality are timeously investigated	No	CFO/SCM MANAGER	30 Jun 21		
	UIFWE incurred during 2018/19 not investigated	During the audit of consequence management it was identified that the unauthorised, irregular, fruitless and wasteful expenditure incurred during the 2018-19 had not been investigated as required by applicable legislation and regulations.	#12	Slow response from leadership to design and implement internal controls which ensures that UIFWE incurred are timely investigated	1. The Accounting Officer should adhere to SCM regulation 29 prescripts read with relevant circular when appointing Bid Adjudication Committee Members.	No	CFO/SCM MANAGER	30 Jun 21		
	Bid Adjudication Committee (BAC) not properly constituted	During the audit of procurement, we identified that the BAC committee for the tenders awarded as detailed in the table below was not properly constituted in line with SCM Regulation 29(2):	#13	Accounting officer failed to ensure that SCM policy was implemented and adhered to during the appointment of BEC members.	1. General Managers to ensure that the SLA between the municipality and the service provider states how performance will be monitored and consequences for non-performance should be stated clearly. (MFMA s116)	Yes	CFO/SCM MANAGER	30 Jun 21		
	Service providers' performance not monitored on a monthly basis	During the audit of procurement contract and management, it was noted that the following service providers' performances as detailed in the table below were not monitored on a monthly basis as prescribed by the MFMA, no evidence was received to support the monitoring.	#14	No formal monitoring processes implemented	1. Management to ensure that contracts are monitored and contract register is updated timeously and discussed in management meetings. 2. Maintain a separate contract register for all irregular contract and amend the policy accordingly. 3. Any amendments or variation of contracts should be subjected to bid committees in terms of MFMA S116.	Yes	CFO/SCM MANAGER	30 Jun 21		
	Expenditure made that are not in line with the contract	During the audit of contract management, it was noted that certain contracts per the contract register were not amended in line with section 116 of the MFMA, in addition the contracts had expired, however expenditure was still being incurred in the financial year 2019/20. In certain instances, the expenditure incurred to date exceeded the contract value, as detailed in the table below: (a) Expenditure incurred to date that exceeds the contract value (b) Payments made on expired contracts in the current year 2019/20	#15	Ineffecting monitoring of contracts	1. The Accounting Officer and Legal Services should ensure that all awarded bids are supported by contracts and SLAs within 14 days after the appointment letter has been issued. 2. Contract management policy and procedure manual must be updated.	No	CFO/SCM MANAGER	30 Jun 21		
	No contract in place for awarded bidders	During the audit of procurement and contract management, it was noted that the following suppliers on the contract register did not have signed contracts with the municipality:	#61	Inadequate contract management Inadequate recon management	1. Formal SCM/Procurement checklists to be developed 2. SCM to ensure SCM Regulation 6 reports are prepared, reviewed and presented to council quarterly	Yes	CFO/SCM MANAGER	30 Jun 21		
	Deviations not reported to council and not disclosed in the note	During the audit of procurement and contract management, it was noted that the following deviations as detailed in the table below had not been reported to council as required by the regulation, or disclosed as a note on financial statements:	#62	Inadequate reviewing and monitoring of deviations by management No controls in place for the the presenting of quarterly deviations reports to council	1. SCM Manager to ensure that the evaluation criteria sheet is approved	Yes	CFO/SCM MANAGER	30 Jun 21		
	Family interest not declared	During the audit of procurement and contract management, the following connection was identified through CAATs (computer assisted audit techniques) as an awarded supplier who is the spouse of a municipal official, as detailed in the table below:	#64	Management have not followed up declaration to CSD Leadership failed to implement consequence management	1. SCM to ensure that the checklist in place has all the Treasury Regulation requirements including verifying from CSD the validity of the tax clearance certificate. 2. Management to conduct investigation to establish the reasons for non-declaration of interest by the supplier(s).	Yes	CFO/SCM MANAGER	30 Jun 21		
	Declaration of Interest not submitted by supplier	During the audit of procurement and contract management, it was noted that the following supplier as detailed in the table below was awarded a contract based on a deviation approved, however, the supplier did not submit a declaration of interest form (MDB 4) along with the original bid.	#65	Inadequate checklist to support the contract documentation when approving the contract SCM and Bid committees not fully trained in respect of contract management	1. Management to plan for the completion of the annual procurement plan, starting with the end-user departments completing the plan on time for submission to SCM for consolidation and the AO to approve the plan on time to allow for submission by 30 June to PT.	No	CFO/SCM MANAGER	30 Jun 21		
	Annual procurement not approved	During the audit of procurement and contract management, it was ascertained that the 2019/20 financial year annual procurement plan was not signed as approved by the accounting officer and was not submitted to Provincial Treasury by the 30 June as required by legislation.	#66	Poor Planning by management Lack of oversight to ensure compliance with SCM Policy	1. Management to ensure full and proper compliance with PPR requirements when making awards. Management to consider training bid committees and SCM officials so that they are able to apply all prescripts and requirements correctly.	Yes	CFO/SCM MANAGER	30 Jun 21		
	Supplier did not declare that their municipal rates are up to date	During the audit of procurement and contract management, it was noted that the following awarded supplier as detailed in the table below had not submitted proof that their municipal rates and taxes were up to date:	#67	Inadequate checklist used to evaluate supporting documentation	Management to re-valueate the checklist to ensure all the requirements per the regulations are on the checklist and train officials on the use of the checklist.	No	CFO/SCM MANAGER	30 Jun 21		

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat find	Responsible Person/Preparer	Timeline/Deadline	PROGRESS TO DATE	
	Water losses calculation not reliable	These consumptions relate to water that was consumed by households with registered water connections, inclusive of metered and unmetered consumption, but were not billed throughout the period. The source data for registered water connections is unreliable as a result of the municipality not verifying information contained in the Community Survey Report. The quantity of 4 972 518 kilolitres and amount of R34 310 377 is not reliable. The limitation of scope misstatement is material	#41	Lack of review of expert workings No complete indigent register	Management to implement strategies and plans for meter readings Management to implement non-revenue strategy Installation of bulk meters in all strategic points i.e. raw water intake, clear water offtake, all reservoirs intakes and outtakes and all supply offtakes in our water systems. Digital platform that will host meter readings to be installed in the central point. Management to ensure that Indigent register is updated annually.	Yes	GM TECHNICAL/CFO/MAN	30 Jun 21		
	Electricity loss calculation estimate unreliable	Disclosure note for both water and electricity: •Although the disclosures for losses was made in note 46, there is no explanation as to the reason for these losses to have occurred, this does not achieve fair presentation as users have not been given information that is necessary to understand the disclosure note. This also amounts to non-compliance with section 125(2)(d) which requires the particulars of the material losses to be disclosed. •Additionally the 2019/20 figure of R16 317 685.15 was omitted from the disclosure, only the comparative amount was disclosed in the main note. Accordingly the data used is unreliable and the misstatement may be material as the presentation of the note is inaccurate and obscured	#42	Weaknesses in revenue system leading to unreliable data utilised	Management to implement strategies and plans for meter readings Installation of new smart meters	Yes	GM TECHNICAL /CFO	30 Jun 21		
	Commitments listing contract amount does not agree to the Contracts register	During the testing of commitments, it was noted that the contract values per the commitment listing differed to the contract values detailed in the contract register for the contracts detailed in the table below	#43 #44	Inadequate record keeping of contracts and variation orders	Management to ensure proper record keeping of contract documents supporting the values Management to ensure recon between Commitments and Contracts register is properly reviewed	No	CFO/GM TECHNICAL and S	30 Jun 21		
	Community Services									
EPWP Payments	During the auditing of employee costs and following up on payments made to interns in respect of the Expanded Public Works Programme (EPWP), the following issues, as detailed below, were noted when the payments made were compared to the National Population Register (NPR) using computer assisted auditing techniques (CAATs).	#84	Payment made Payment made Payment made Payment made	Inadequate record keeping Lack of follow up of personal information to ensure guidelines are complied with	(i) Adjustment schedule fruitless & Wasteful expenditure (ii) Investigate the fruitless & Wasteful expenditure to be considered by Council Committee & Council for write-off if it is irrecoverable. Resolved. (i) Adjustment schedule fruitless & Wasteful expenditure (ii) Investigate the fruitless & Wasteful expenditure to be considered by Council Committee & Council to be recoverable. (i) Adjustment schedule Irregular expenditure (ii) Investigate the Irregular expenditure to be considered by Council Committee & Council for write-off if it is irrecoverable.	Management to investigate the above matters to confirm whether interns misrepresented	No	GM COMPED/Mr Mhlanzi	30 Jun 21	

PMS

Site visit shortcomings	Site inspections were conducted at the undermentioned infrastructure projects from 18 - 20 November 2020 to establish existence, assess the quality and progress of the infrastructure; and to determine whether these were utilised by the community for the provision of water. The following were noted: (i) Deliverables on the bill of quantities were not met but payments were made (ii) Consultants issue completion certificates/ practical completion certificates while the project is incomplete	#34 #35 #76 #79	(i) Inadequate oversight, (ii) Critical project management techniques such as the stringent monitoring of progress and inadequate completeness inspections by the municipality at key milestones to ensure that the appointed service provider delivers on the prescribed deliverables including the planned scope of work within the stipulated timeframes and that construction work was of good quality and free from visible defects.	The municipality should institute proper controls to ensure that the payment process is more efficient and effective. (ii) Develop a physical verification checklist and monitoring the payments made against the actual progress verified. (iii) Conduct investigation for all payments made in relation to these projects (iv) The said investigation should also investigate the reasons for the deviation in scope including the costs that have been incurred in vain.		Performance/Technical Director/MM	30 Jun 21	
Reported indicators and targets were not complete when compared with planned indicators and targets.	During the audit of performance information, we noted that the following indicators that were in the Service Delivery and Budget Implementation Plan (SDBIP) had not been reported on in the Annual Performance Plan (APR) under the Basic Service Delivery and Infrastructure Investment key performance area, and no evidence submitted that the indicators had been removed with the approval of Council.	#46	Limited or no review by management to ensure consistency.	Management to properly review the APR and SDBIP to ensure the two are aligned.		MM/Performance	31 Aug 21	
No council resolutions for revised Service Delivery and Budget Implementation Plan (SDBIP) and Integrated Develop Plan (IDP) framework	During the auditing of performance information and the reviewing of the revised SDBIP and IDP framework for 2019/20 financial year, management did not provide Audit with the council resolutions approving the two documents.	#47	Council not sitting to approve documents.	Management to develop checklists to ensure compliance		PERFORMANCE/COUNCIL SUPPORT	31 Aug 21	
Annual Report	During the audit, it was noted that the draft annual report for 2018/19 was presented to Council on the 23rd of January 2020. Subsequently, no minutes have been received where Council approved the annual report, as well as no evidence was noted that the annual report was not been published as required by the MFMA and Municipal Systems Act. Furthermore, no oversight report was prepared and made public either. There annual report is also not included on the municipality website.	#48	Poor record keeping.	Better filing system to be implemented for the filing of council minutes and resolutions		GM CORPORATE/COUNCIL SUPPORT	30 Jun 21	
Unreliable evidence in support of targets achieved	During that audit of the performance reports and draft annual report, sufficient appropriate audit evidence was not submitted to Audit for the reported achievement. The target for the year was for an additional 1500 households to have access to basic level of service for sanitation provision by 30 June 2020. The evidence provided was in the form of happy letters provided for the achieved target of 216 for the year, however, the issues detailed below were noted with the evidence provided:	#49	Management did not ensure that the reported achievement for the financial year was supported by reliable evidence.	Management must implement policies and procedures to ensure that data presented for the achievement of targets is reviewed, verified and signed off as being accurate and correct		GM TECHNICAL/PERFORMANCE	30 Jun 21	
Reported indicators and targets were not consistent when compared with planned indicators and targets	During the audit, we noted that the indicators and targets stated in the Annual Performance Report (APR) were different from those in the Service Delivery and Budget Implementation Plan (SDBIP), as detailed in the tables below:	#50	Limited or no review to ensure consistency	Management must implement policies and procedures to ensure that data presented for the achievement of targets is reviewed, verified and signed off as being accurate and correct		MM/PERFORMANCE	30 Jun 21	

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat find	Responsible Person/Preparer	Timeline/Deadline	PROGRESS TO DATE	
	Targets is not specific, measurable and time bound	During the audit of performance information, it was noted that for the indicator: "Percentage completion of refurbishment and upgrading of bulk water infrastructure" - the target: Not less than 80% refurbishment and upgrading of bulk water infrastructure by 30 June 2020, was not specific, measurable and time bound, as detailed below: <ul style="list-style-type: none"> •It was not clear whether the target is an accumulative target or not, or whether it only considered projects started during the 2019/20 financial year. •The type of projects included in the target was not specified e.g. are finalised projects included in the calculation for the target? •No list provided of projects considered in the calculation of the target. 	#51	Management did not ensure that the target set was SMART	Management to review the target and ensure that it meets the SMART criteria by identifying exactly what projects are included in the calculation as well as indicating how the achievement of the target ensures that water services are delivered to all the community members of the district.		MM/GM TECHNICAL/PERFORMANCE	30 Jun 21		
	Performance indicators do not relate logically and directly to the objective and strategy	During the audit of the above indicator and target, there was no clear and logical link between the indicator and the strategic objective to which it relates. The indicator talks to the number of reports on bulk purchases and sales of electricity to be submitted to council while the objective talks to the provision of high quality infrastructure network to support improved quality of life and economic growth, with the strategy talking to the provision of electricity in Ingwavuma and KwaMsane areas.	#52	Management did not ensure that indicators are aligned to the objectives and strategy.	Management to revisit the indicators included in the Annual Performance Report and ensure that they are linked clearly to the strategy / objectives determined by the Municipality		GM TECHNICAL/ PERFORMANCE	30 Jun 21		
	Reported achievement not supported by sufficient audit evidence	During the audit it was noted that not only was the target for indicator: "Percentage completion of Refurbishment and upgrading of bulk water infrastructure" not specific, measurable and time bound but from the supporting documents provided by the municipality we could not verify that the 75,46% reported achievement was accurate. Audit was unable to link all the progress reports to the reported achievements in the performance report. The table below indicates the reported achievement by the municipality and the projects were progress reports could not be linked / used to substantiate the percentage completion.	#53	Inadequate record keeping. No reconciling of reported targets to supporting evidence.	Management must ensure that for every reported progress on projects there is supporting evidence reconciling to the percentage reflected per project.		GM TECHNICAL / PERFORMANCE	30 Jun 21		
	No Standard Operating Procedures	During the audit of performance information / the performance report submitted for auditing purposes it was identified that the municipality does not have Standard Operating Procedures (SOPs) in place on how the information reported on was to be verified to ensure that the information reported on is Valid, Accurate and Complete It was further noted that when the information was submitted for consolidation, the Heads of Departments (HODs) from the various departments did not sign off on the validity of the information.	#54	Management did not ensure that there are SOPs in place that direct the method in which information will be collected and verified	Management to developed and implement SOPs in respect of performance information in order to ensure clarity on supporting evidence is required, who is responsible for the collection of the evidence and who must sign off on the validity, accuracy and completeness of the information for consolidating and reporting purposes.		MM/ALL GMS/PERFORMANCE	30 Jun 21		
	Reported achievement for indicator is overstated	During the testing of the indicator number of reports on bulk purchases and sales of electricity submitted to Council and determining the accuracy and validity of the target reflected as achieved, it was identified that there was only evidence of one report submitted to council per council resolution dated 4 November 2019, therefore, the achievement of 2 reports submitted to Council is overstated.	#55	Inadequate filing of supporting evidence Inadequate review process	Management to put processes and controls in place, whereby a delegated official is tasked with the reviewing and reconciling of reported targets reflected in the performance reports to the supporting portfolio of evidence		GM TECHNICAL / PERFORMANCE	30 Jun 21		
	No link between the budget and the planning documents	During the audit it was noted that some of the indicators in the Service Delivery Budget and Implementation Plan were not allocated a budget. The following indicators under Basic Service Delivery and Infrastructure Investment Key Performance Area (KPA) did not have a budget attached to them in the SDBIP for the 2019/20 financial year: <ul style="list-style-type: none"> • Number of households with access to minimum of basic level of service for sanitation provision. • Number of reports on Bulk Purchases and sales of electricity submitted to Council •Blue Drop •Green Drop •Water conservation and demand 	#56	<ul style="list-style-type: none"> - Budget constraints. - Management did not ensure that the SDBIP was aligned to the budget for all indicators and targets. 	Management should, therefore, revisit the SDBIP and ensure going forward that all indicators and targets included in the SDBIP as assigned budgets, as determined in the approved budget of the municipality		MM/ PERFORMANCE	30 Jun 21		
	The Water Services Development Plan (WSDP) not adopted	During the audit it was noted that the indicator: Date of adoption of Water Services Development Plan (WSDP) by Council – had a target date of 31 March 2020. However, the target was not met as the WSDP was not adopted by council. The reasons provided for the none achievement of this indicator were that the finalization of both the WSDP and Water Service Master Plan (WSMP) could not be done due to the COVID 19 lockdown and no Council meetings as well as the non-payment of invoices due to insufficient budget	#57	<ul style="list-style-type: none"> •Poor processes over setting of target, and lack of monitoring of implementation •Lack of capacity to render basic services •Poor planning as the plans were not finalised within the required time-frames. 	Management to develop checklists to ensure compliance		GM TECHNICAL/MM/PERFORMANCE / COUNCIL	30 Jun 21		
	No quality testing for drinking water (Blue Drop) and Waste Water (Green Drop)	During the auditing of performance information, it was ascertained that the municipality did not test the quality of water provided to the communities. Furthermore, a request was made to the municipality to provide evidence that water quality testing took place during the year or to provide reports as evidence that the monitoring of water was done by the municipality, but no evidence was submitted for auditing purposes.	#58	<ul style="list-style-type: none"> •Poor monitoring of water quality by management. •Poor planning as no / limited quality testing of water performed. •Poor record keeping. 	Management to developed and implement the necessary plans to ensure that drinking and waste water quality is tested on a regular basis and steps taken to improve the quality if found to be unacceptable		MM/GM TECHNICAL / WSA/ PERFORMANCE	30 Jun 21		
	Reported achievement for indicator is overstated	During the testing of the indicator number of reports on bulk purchases and sales of electricity submitted to Council and determining the accuracy and validity of the target reflected as achieved, it was identified that there was only evidence of one report submitted to council per council resolution dated 4 November 2019, therefore, the achievement of 2 reports submitted to Council is overstated.	#59 #60	<ul style="list-style-type: none"> •Inadequate filing of supporting evidence. •No reconciling of reported achievements to portfolio of evidence. •Inadequate review process. 	Management to put processes and controls in place, whereby a delegated official is tasked with the reviewing and reconciling of reported targets reflected in the performance reports to the supporting portfolio of evidence.		GM TECHNICAL / WSA/ PERFORMANCE	30 Jun 21		
	MIG Reprioritisation for COVID 19 Projects	The project information for infrastructure projects was not provided by Technical Services Management and Office of the CFO	#70 #73	An effective records management systems is not in place to facilitate the collection, collation, verification, storing and reporting of information for management decision making purposes and monitoring within the timelines specified.	Management should implement a proper record management system to facilitate the collection, collation, verification, storing and reporting of information for management decision making purposes, monitoring and audit purposes.		GM TECHNICAL /CFO	31 Aug 21		
	Inadequate planning of projects	During the audit, it was found that when the needs assessment to install water tanks to respective communities was performed, it did not include/demonstrate an estimation of the AADD. Consequently, without determining the AADD the storage capacity that will suffice for 100% supply of water for certain hours could not be proven.	#71	The oversight processes were not effective to ensure that the scope of work was adequately defined to inform the needs assessment during planning.	Management should conduct a comprehensive needs analysis for every ward in order to ascertain that the storage tanks supplied to respective wards are sufficient in accordance with CSIR: Guidelines for Human Settlement Planning and Design (Red book).		PERFORMANCE / GM TECHNICAL	31 Aug 21		
	Bill of quantities shortcoming	During the audit, it was noted that the bill of quantities (BOQ) prepared by the consultants for the project did not reconcile to the contracts awarded to the contractor. It is evident from the under-mentioned differences noted in Table 2 that the accuracy and completeness of information detailed on the (BOQ) was not reviewed and approved by UKDM and updated by the consultant.	#72	The oversight processes over the monitoring and reconciliation of cost estimates compiled during the planning phase are not effective to ensure reliable information for decision making purposes and concluding the appointment letters.	The compilation of cost estimates should be strictly monitored through reviews by the municipal project managers with appropriate sign offs by delegated senior municipal officials. This should include a reconciliation of the cost estimates to records maintained at the municipality for the work required, as well as to the appointment letters of service providers.		GM:TECHNICAL	31 Aug 21		

COMPONENT	FINDING	DETAILED FINDING	Audit Finding No.	ROOT CAUSE	REMEDIAL ACTIONS	Repeat fil	Responsible Person/Preparer	Timeline/Dead line	PROGRESS TO DATE	
	Contract management shortcoming	It was noted that the municipality's contract management practices were not effective for the implementation of the COVID-19 projects	#74	Monitoring of critical contract deliverables by the professional team and the municipality's management did not take place at key milestone dates of the project to ensure that construction work was completed timeously.	Management should take strict corrective action such as imposing penalties on consultants and contractors that are responsible for the delays in completing projects should be implemented as stipulated in the contract.		GM TECHNICAL/ SCM/ PERFORMANCE	31 Aug 21		
	Payment shortcomings	During the audit it was noted that the supporting documentation of payments such as consultant invoices and a valuation analysis of the BoQ made to the consultants for the COVID-19 projects did not agree to the consultant's invoices submitted for payment. The under-mentioned differences were noted thereon	#75	The oversight processes over the monitoring and reconciliation of payments are not effective to avoid discrepancies.	Management should stringently monitor and reconcile payment records together with all supporting documentation on an ongoing basis to avoid or account for discrepancies.		GM TECHNICAL/ SCM/ PERFORMANCE	31 Aug 21		
	SIPDM requirements not implemented	Although the said SIPDM requirements were required to be included in the SCM policy by 1 July 2017 according to the instruction by National Treasury, these requirements were not approved and implemented by the municipality since 2017-18. It was established from the SCM Manager during the 2018-19 audit that the municipality was awaiting guidance from the Provincial Treasury for the implementation of the SIPDM for the municipality. Thus the SIPDM was not implemented at the municipality and the requirements were not included in the SCM Policy. Management has not followed up on the progress of this matter and the SIPDM has still not adopted at UKDM.	#77	There are insufficient controls within the municipality to ensure that all legislative requirements or instructions by National Treasury are implemented within the required timeframes.	Management ensure that the SCM policy be amended and approved to incorporate the requirements of the SIPDM.		GM TECHNICAL/ SCM/ PERFORMANCE	31 Aug 21		
			#78							

**ANNEXURE D: ORGANISATIONAL SCORECARD
FOR 2019/2020 FY**

UMKHANYAKUDE DISTRICT MUNICIPALITY																						
ANNUAL PERFORMANCE REPORT - 2019/2020																						
PERIOD: 2019/2020																						
KPA	GOAL	OBJECTIVE	STRATEGY	KPI NO	KPI	TARGET	UNIT OF MEASURE	DEMAND	BASELINE	BACKLOG	EXPENDITURE		2018-2019		2019-2020		ANALYSIS		RATING	POE	RESPONSIBILITY	
											BUDGET	ACTUAL	PROJECTED	ACTUAL	PROJECTED	ACTUAL	COMMENTS	CORRECTIVE MEASURES				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	Human Resources Development	A1. To provide effective and efficient human resource management aimed at achieving a skilled workforce that is responsive to service delivery and change	Implementation and monitoring of Human Resources Development Strategy	A 1.1	Number of HRD Strategy Functionality assessment reports Submitted to Council	4 HRD Plan Functionality assessment reports Submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 Reports	4 Reports	4 Reports	4 Reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	HRD Functionality Report	Corporate Services	
			Development, implementation and monitoring of Workplace Skills Plan	A 1.2	Date of implementing WSP	WSP Implemented by 30 June 2020	Date				R 0.00	R 0.00	Council Adopted WSP by 30 Nov 2018	Council Adopted WSP by 30 Nov 2018	WSDP Implementation Reports	WSDP Implementation Reports	Due to Covid-19 all trainings have been halted	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	Council Resolution	Corporate Services	
				A 1.3	Percentage of budget spent on implementing WSP	100% of Municipality's budget allocated for WSP spent on implementation by 30 June 2020	Percentage				R 0.00	R 0.00	100% Expenditure	R56 932.92	100% Expenditure	20% Expenditure	Report on budget spent available, due to Covid-19 a lot of trainings were halted	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	1	Expenditure Report	Corporate Services	
			Development, implementation and monitoring of Employment Equity Plan	A 1.4	Number of EE Functionality assessment reports Submitted to Extended MANCO	4 EE Functionality assessment reports Submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 EE Reports	4 EE Reports	4 EE Reports	4 EE Reports	EE reports are available but Q3 and Q4 could not be presented to MANCO due to COVID-19 Lockdown	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	EE Plan report	Corporate Services	
			Employment of people from EE target (designated group) employed in the three highest levels of management	A 1.5	Number of people from EE target employed in the three highest levels of management	3 people employed by 30 June 2020	Number				R 0.00	R 0.00	3 People Employed	3 People Employed	3 People Employed	2 People Employed	Only two females were found to be suitable and got employed in two highest levels of the Municipality	Next time higher levels of the organisational structure would target females	2	EE Plan report	Municipal Manager	
	Employee Wellness	A2. To ensure effective implementation of Health and safety Plan	Develop, implement and monitor Health and Safety Risk Plan	A 2.1	Number of Health and Safety Risk Plan functionality assessment reports submitted to MANCO	4 Health and Safety Risk Plan functionality assessment reports submitted to MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 HSP Reports	4 HSP Reports	4 HSP Reports	4 HSP Reports	HSP reports are available but Q3 and Q4 could not be presented to MANCO due to COVID-19 Lockdown	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	H & S Risk Plan	Corporate Services	
	Administrative support	A3 To ensure effective and efficient administration	Develop, Implement and monitor of admin support services plan	A 3.1	Number of admin support services implementation reports submitted to ExCo	12 admin support services implementation reports submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	12 Admin Reports	12 Admin Reports	12 Admin Reports	4 Admin Reports	Quarterly Admin reports are available as opposed to monthly reports but Q3 and Q4 could not be presented to MANCO due to COVID-19 Lockdown	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	1	Admin Support Services Reports	Corporate Services	
	Information Communication Technology	A4. To ensure adherence to evolving technology	Develop Implement and monitor ICT Governance Framework	A 4.1	Number of ICT Framework functionality assessment reports submitted to Council	4 ICT Framework functionality assessment reports submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 ICT Reports	4 ICT Reports	4 ICT Reports	4 ICT Reports	ICT reports are available but Q3 and Q4 could not be presented to MANCO due to COVID-19 Lockdown	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	ICT Framework functionality report	Corporate Services	
	Labour Relations	A5. To achieve sound and effective labour relations	Conduct regular assessment on the effectiveness of labour relations function	A5.1	Number of labour relations functionality assessment conducted and submitted to Extended MANCO	4 labour relations functionality assessment conducted and submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	N/A	N/A	4 Labour Relations Reports	4 Labour Relations Reports	LR reports are available but Q3 and Q4 could not be presented to MANCO due to COVID-19 Lockdown	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	LR Report	Corporate Services	
BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT			Provision of basic services	B1.1	Percentage completion of Refurbishment and upgrading of bulk water infrastructure	Not less than 80% Refurbishment and upgrading of bulk water infrastructure by 30 June 2020	Percentage	151 245 HH	116459.00	34 786	R294 959 000.00	R238 964 468.58	77% (116 459 HH + 1739HH = 118 198 HH - which is 5% of backlog)	75.14% (Accumulatively about 117 209 HH benefitted from potable water services to date - 750 HH achieved during 18-29 FY instead of 1739 HH)	80% Refurbishment and upgrading of bulk water infrastructure	22.71% Refurbishment and upgrading of bulk water infrastructure	1. The Municipality could not achieve 80% due to COVID -19 disruptions. 2. In April a National Lockdown was implemented and there was no construction on site for all the MIG projects. 3. In May most service providers were busy with re-establishing on their respective sites after being instructed by UKDM to return to site as all water projects are deemed essential. As part of planning to re-establish sites, services provided are to strictly have a Covid-19 health & Safety Plan in place before any works could commence. 4. Most contractors could not resume on site due to cashflow challenges and some due non-availability of material caused by lockdown disruptions. 4.A reprioritization of funds was requested by CoGTA to identify Covid-19 emergency projects to provide water to communities that are not supplied. This has been included in the overall progress of the MIG projects. 5. About 25 infrastructure projects were implemented during 2019/2020 FY. These include 9 MIG, 5 WSIG and 25 COVID-19. Of the 25 COVID-19 projects, 3 projects were excluded as these were not directly influencing the refurbishment of infrastructure. Details of these projects are indicated in the PoE list for KPI B 1-1. Expenditure though for these 3 projects is included in the COVID-19 expense item	1. To work on the recovery plan post lock down. 2. All projects that could not be completed during Q4 to be budgeted for and completed during 2020/2021 FY	1	Progress Reports	Technical Services	
					B1.2	Number of households with access to a minimum of basic level of service for sanitation provision	1500 households with access to basic level of service for sanitation provision by 30 June 2020	Number	151 245 HH	105 871	45 374	R 42 677 000.00	R 52 078 793.36	70% (105 871 HH + 3176HH = 109 047 HH - which is 7% of backlog)	69.64% (Accumulatively about 108 656 HH benefitted from sanitation services to date - 2785 HH achieved during 18-19 FY instead of 3176 HH)	1500 HHs	216 HHs	1. Mtuba Sanitation - Could have achieved more than 190 but failed due to covid-19 disruptions. 2. Jozini/Mhlabyalingana Sanitation - Implementation could not start due to COVID 19 shutdown 3. About 146 happy letters were signed During Q1 of 2020/2021 FY for work done during 2019/2020	1. Mtuba Sanitation - Service providers have since been appointed and plans to commence during Q4. 2. Jozini/Mhlabyalingana Sanitation - Implementation of the project to resume during 2020/2021 FY.	1	Happy letters	Technical Services
			Provision of electricity in Ingwavuma and KwaMsane	B1.3	Number of reports on Bulk Purchases and sales of electricity submitted to Council	4 reports on bulk electricity purchases and sales submitted to Council during 2019/2020 FY	Number	2 817	2 400	417	R 0.00	R 0.00	4 Bulk Electricity Reports	4 Bulk Electricity Reports	4 Reports submitted to Council	1 Report submitted to Council	Reports were prepared but Q1 and Q2 was sent to Council Resolution for noting. Council did not sit for Q3 and Q4 reporting sessions due to COVID-19 and Lockdown	Reports on revenue collected is "hidden" in S71 reports. Target will be reviewed in the next FY so as to give a desired impact.	1	Electricity Purchases Report	Technical Services	
			High quality infrastructure network	B1. To provide high quality infrastructure network to support improved quality of life and economic growth	Implementation of water services provision planning	B1.4	Date of adoption of Water Services Development Plan (WSDP) by Council	Council adopted WSDP by 31 March 2020	Date					R 0.00	R 0.00	Council Adopted WSDP by 30 June 2019	Project Inception - Data acquisition	Council adopted WSDP	1. All UKDM abstraction points audited and mapped 2. Existing UKDM boreholes audited and mapped 3. UKDM IDP input report completed 4. WSDP 80% loaded to DWS website	1. Finalisation of both WSDP and WSDP could not be done thus no final document adoption by council due to COVID 19 lockdown, and non payment of invoices due to insufficient budget. 2. Planned workshops and advertisement could not proceed due to Covid 19 regulations	Finalisation of both WSDP and WSDP, advertising and workshopping to be prioritised and budgeted for in the next financial year	2

KPA	GOAL	OBJECTIVE	STRATEGY	KPI NO	KPI	TARGET	UNIT OF MEASURE	DEMAND	BASELINE	BACKLOG	EXPENDITURE		2018-2019		2019-2020		ANALYSIS		RATING	POE	RESPONSIBILITY
											BUDGET	ACTUAL	PROJECTED	ACTUAL	PROJECTED	ACTUAL	COMMENTS	CORRECTIVE MEASURES			
BASIC SERVICE DELIVERY AND INFRASTRUCTURE INVESTMENT ...			Development of Wastewater Risk Abatement Plans (W2RAPs)	B1.7	Blue drop	Maintain 50% blue drop certification improvement during 2019/2020 FY	Date				R 0.00	R 0.00	50% blue drop certification	Not Achieved	50% blue drop certification	Planning for water quality was partially achieved	Consultants preparing water safety could not submit the final document because of non-payment of their invoices. Non-payment of invoices was due to limited insufficient budget. Furthermore, workshops could not be held due to COVID 19 regulations and lockdown	Project shifted, prioritised and budgeted for in the next financial year	Not Achieved	Blue drop status report	Technical Services
			Provision of Bulk Water Schemes functionality reports	B1.8	Green drop	Maintain 50% green drop certification during 2019/2020 FY	Number				R 0.00	R 0.00	50% green drop certification	Not Achieved	50% green drop certification	1.Final W2RAP draft submitted to UKDM for final comments. 2. Virtual progress meeting held	Workshops could not be held due to COVID 19 lockdown. The service provider withheld final W2RAP submission to UKDM because of their non-payment invoices. Invoices could not be paid due to insufficient budget.	Workshops and engagements meeting to be conducted when the levels of lockdown changes.	Not Achieved	Green drop status report	Technical Services
			Water conservation and demand	B1.9	Water conservation and demand	Maintain 10% reduction in water losses during 2019/2020 FY	Percentage				R 0.00	R 0.00	10% reduction in water losses	Not Achieved	10% reduction in water losses	Not Achieved	Budget constraints hindered the realisation of this target	Budget made to be made available in the next financial so PSP will be paid in the next year	Not Achieved	Water losses report	
			Provision of operations and maintenance for water and sanitation infrastructure	B1.10	Number of water and sanitation plants functionality assessment reports submitted to Extended MANCO.	4 water and sanitation schemes functionality assessment reports submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 water and sanitation schemes functionality assessment reports	1 water and sanitation schemes functionality assessment reports	4 water and sanitation schemes functionality assessment reports	Not Achieved	South Africa got put under COVID -19 level five (05) lockdown on 28th March 2020 just before the end of Q3 and when this happened this office was under normal circumstances already limping due to extremely limited financial resources amongst many other challenges.	Work on the O&M Post COVID-19 Recovery Plan - With clear line items/milestones, meaningful budget that compliments our set goals in terms of line items and set realistic targets & timelines but not all reports could be discussed at MANCO. In the new FY there will be focus on O&M reports at MANCO level	Not Achieved	O & M reports	
LOCAL ECONOMIC DEVELOPMENT	District economic growth and employment opportunities	C1. To expand district economic output and increase quantity and quality of employment opportunities	Development of Local Economic Development Strategy	C1.1	Date of Council adoption of LED and Tourism Strategies	Council adoption of LED and Tourism Strategies by 30 June 2020	Date				R 0.00	R 0.00	Council Resolution, LED Strategy	Not Achieved	Council adopted of LED and Tourism Strategy	Partially Achieved	Council is on recess due to COVID-19.TORs for the tourism plan have been developed and LED strategy awaiting SCM processes	Finalisation and adoption of the LED/Tourism Strategy to be concluded in 2020/2021	1	LED Strategy and Council Resolution	COMPED
			Develop and promote the agricultural potential of Umkhanyakude District	C1.2	Number of functionality assessments conducted on DCTO (Elephant Coast)	2 functionality assessments conducted on DCTO (Elephant Coast) and submitted to MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	2 functionality assessments conducted on	2 functionality assessments conducted on	2 functionality assessments conducted on	Partially Achieved	Due toCOVID-19 pandemic, reports could not be presented to MANCO	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	MANCO minutes	COMPED
			Develop and promote the tourism potential of Umkhanyakude District	C1.3	Number of Tourism destination marketing programmes implemented	4 Tourism destination marketing programmes (procurement of promotional material, development of economic development website, purchase of advertisement space in tourists publication and support of East3ROUTE project.) implemented by 30 June 2020	Number				R 0.00	R 0.00	4 Tourism programmes developed	4 Tourism programmes developed	4 Tourism destination marketing programmes implemented	Partially Achieved	Due toCOVID-19 pandemic and lockdown, this target could not be achieved fully	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	Tourism business Plans	COMPED
			Promote SMME and entrepreneurial development	C1.4	Number of Local Economic Development programmes coordinated and supported for municipalities	Coordinate and support 5 LED programmes (RASET, Agriparks, informal economy, cooperatives and SMMEs) by 30 June 2020	Number				R 0.00	R 0.00	4 SMME and entrepreneurial programmes	4 SMME and entrepreneurial programmes	1. Hosting and participation at the informal economy workshops and training. 2 Procurement of equipment for 4 identified SMMEs.	Partially Achieved	Due toCOVID-19 pandemic, budget constraints and lockdown, limited full achievement of this target	Strategies will be reviewed in the new FY so as to incorporate the impact of COVID-19 pandemic	2	Council adopted SMME Programmes	COMPED
			Monitoring of uMhlozinga Development Agency's performance as per the Business Plan for operational budget and set aside programme	C1.5	Number of quarterly performance review sessions held with UMDA	5 performance review reports submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	5 performance review reports	Not Achieved	5 performance review reports	Partially Achieved	Due toCOVID-19 pandemic, reports could not be presented to MANCO	Strategies will be reviewed so as to incorporate the impact of COVID-19 pandemic	2	MANCO minutes	Office of the MM
			Improve the efficiency, innovation and variety of government-led decent job creation programmes	C1.6	Number of jobs created through local economic development initiatives and capital projects	250 Jobs created by 30 June 2020	Number				R 0.00	R 0.00	800 Jobs	976 Jobs	250 Jobs created	278 Jobs created			3	Employment Records - EPWP	COMPED
FINANCIAL VIABILITY AND MANAGEMENT	Revenue Collection	D1 To Implement Revenue Collection Strategy	Implementation of revenue enhancement strategy	D1.1	Rand value billed on customers for water provision	Not less than R7 million billed for water provision per month throughout 2019/2020 FY	Number				R 0.00	R 0.00	N/A	N/A	> R84 million billed	R33 779 507	Due toCOVID-19 pandemic and lockdown, this target could not be achieved fully	This target will be revised during the mid-term so as to factor in the impact of COVID-19	1	Quarterly AFS	Financial Services
				D1.2	Rand value billed on customers for electricity provision	Not less than R3 million billed for electricity provision per month throughout 2019/2020 FY	Ratio				R 0.00	R 0.00	N/A	N/A	> R36 million billed	R4 138 560	Due toCOVID-19 pandemic and lockdown, this target could not be achieved fully	This target will be revised during the mid-term so as to factor in the impact of COVID-19	1	Quarterly AFS	Financial Services
				D1.3	Percentage collection on revenue for all billed customers	Not less than 70% revenue collected on previous month billing throughout 2019/2020 FY	Ratio				R 0.00	R 0.00	N/A	N/A	> 70%	Not Achieved	Due toCOVID-19 pandemic and lockdown, this target could not be achieved fully	This target will be revised during the mid-term so as to factor in the impact of COVID-19	Not Achieved	Quarterly AFS	Financial Services

KPA	GOAL	OBJECTIVE	STRATEGY	KPI NO	KPI	TARGET	UNIT OF MEASURE	DEMAND	BASELINE	BACKLOG	EXPENDITURE		2018-2019		2019-2020		ANALYSIS		RATING	POE	RESPONSIBILITY
											BUDGET	ACTUAL	PROJECTED	ACTUAL	PROJECTED	ACTUAL	COMMENTS	CORRECTIVE MEASURES			
FINANCIAL VIABILITY AND MANAGEMENT ...	Expenditure Management	D2 To improve expenditure management	Develop, implement and monitor standard operating procedures related to expenditure management	D2.1	Percentage of capital related grants ring-fenced	100% capital related grants ring-fenced throughout 2019/2020 FY	Number				R 0.00	R 0.00	N/A	N/A	100% grants ring fenced	Not Achieved	Cash backing is off by about R8m	Project prioritisation would have to be engaged in the new financial year and factor in economic recovery plan/COVID-19 impact	1	Quarterly AFS	Financial Services
				D2.2	Percentage of Unauthorised, Irregular, Fruitless and Wasteful Expenditure	Mentain 0% on Unauthorised, Irregular, Fruitless and Wasteful Expenditure throughout 2019/2020 FY	Percentage				R 0.00	R 0.00	0% UIFWE	Not Achieved	0% UIFWE	Not Achieved		This target will be revised during the mid-term so as to factor in the impact of COVID-19	Not Achieved	AFS	Financial Services
				D2.3	Number of days creditors are paid	30 days turnaround time to process payments to outstanding creditors throughout 2019/2020 FY	Ratio				R 0.00	R 0.00	not more than 30 days to process creditors	Not Achieved	not more than 30 days to process creditors	Not Achieved		This target will be revised during the mid-term so as to factor in the impact of COVID-19	Not Achieved	Quarterly AFS	Financial Services
				D2.4	Percentage payment on outstanding creditors	Not less than 50% payment on previous year's (c/b for 2018/2019) creditors by 30 June 2020	Percentage				R 0.00	R 0.00	Not less than 50% payment on previous year's (c/b for 2018/2019) creditors	Not Achieved	Not less than 50% payment on previous year's (c/b for 2018/2019) creditors	Not Achieved		This target will be revised during the mid-term so as to factor in the impact of COVID-19	Not Achieved	AFS	Financial Services
	Improve Financial Management	D3. To Improve Financial Management	Develop a credible budget and report in accordance with the provisions of the MFMA	D3.1	Number of functionality assessments conducted on Implementation of Procurement Plan	11 functionality assessments conducted on Implementation of Procurement Plan by 30 June 2020	Date				R 0.00	R 0.00	11 Procurement Plan reports	Not Achieved	11 Procurement Plan reports	3		This target will be revised during the mid-term so as to factor in the impact of COVID-19	1	Council Resolution	Financial Services
				D3.2	Number of reports submitted to the Extended MANCO of the municipality on the management of the contract or agreement and the performance of the contractor.	4 reports submitted to the Extended MANCO to discuss the contract or agreement and the performance of contractors by 30 June 2020	Number				R 0.00	R 0.00	4 Section 116 Reports	4 Section 116 Reports	4 Section 116 Reports	4 Section 116 Reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Targets will be reviewed in the new FY 2020/2021	2	Council Resolution, S 116 reports	Financial Services
				D3.3	Date of adoption of 20/21 Budget (preparation)	2020/2021 MTREF approved by Council by 31 May 2020	Number				R 0.00	R 0.00	Budget adopted by no later than 31 May 2020	Budget adopted by no later than 31 May 2020	Budget adopted by no later than 31 May 2020	Budget adopted by 31 May 2020			3	Council Resolution	Financial Services
	Implement Supply Chain Management Processes	D4. To Effectively Implement Supply Chain Management Regulations	Submission of Quarterly Reports on the implementation of Procurement Plan	D4.2	Number of budget Implementation reports (S71) submitted to Council	12 reports on budget Implementation reports (S71) submitted to Council by 30 June 2020	Number				R 0.00	R 0.00	12 Section 71 reports	12 Section 71 reports	12 Section 71 reports	12 Section 71 reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Targets will be reviewed in the new FY 2020/2021	2	S 71 Reports	Financial Services
	Sound financial management	D5. Implement sound financial management	Ensure functional Budget Steering Committee for the 2018/2019 Financial Year	D5.1	Date of submission of AFS to AG for audit purposes	Submission of AFS to AG for audit purposes by 30 September 2019	Number				R 0.00	R 0.00	Submission of AFS to AG	Submission of AFS to AG	Submission of AFS to AG	To be submitted on the 30 October 2020			3	AG Confirmation	Financial Services
	Management of assets and liabilities	D6. To ensure effective and efficient assets, investments and liabilities management	Update of 2017/2018 GRAP Compliant Asset Register	D6.3	Ratio in compliance with MFMA Section 65(2)(e)	More than 1 Debt coverage Ratio maintained throughout the 2019/20 FY	Date				R 0.00	R 0.00	> 1 Debt coverage ratio	Not Achieved	> 1 Debt coverage ratio	Not Achieved	Due to COVID-19 pandemic and lockdown, this target could not be achieved fully	This target will be revised during the mid-term so as to factor in the impact of COVID-19	Not Achieved	Asset management reports	Financial Services
GOOD GOV & PUB PARTICIPATION	Improve Quality of Life	E1. To improve the quality of lives for people within Umkhanyakude District	Develop, Implement and monitor special programmes	E1.1	Number of functionality Assessments conducted on Special Programmes	4 functionality assessment reports on 6 Special Programmes (Gender & Snr Citizens, HIV/AIDS, Disability & Children; Arts & Culture; EPWP; Youth & Sport) submitted to Extended MANCO for discussions by 30 June 2020	Number				R 0.00	R 0.00	4 Special Programmes Reports	4 Special Programmes Reports	4 Special Programmes Reports	4 Special Programmes Reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Targets will be reviewed in the new FY 2020/2021	2	Special Programmes Report	Community, Planning & Economic Development
			Develop, Implement and monitor Environmental Health Management strategies and plans in accordance with applicable legislation	E1.2	Number of Functionality assessment conducted on Environmental Management Services	4 Environmental Health Services (water quality, Food Control, Chemical Safety & Health and Hygiene, Waste Management, Vector Control, Environmental Pollution, Health Surveillance of Premises, Surveillance and prevention of communicable diseases) functionality assessment reports submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 Environmental Management Services Reports	4 Environmental Management Services Reports	4 Environmental Management Services Reports	4 Environmental Management Services Reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Targets will be reviewed in the new FY 2020/2021	2	EH Reports	Community, Planning & Economic Development
			Implementation of Risk management Plan	E2.1	Number of functionality assessment reports submitted to Extended MANCO.	4 functionality assessment reports on risk Management submitted to Extended MANCO for discussion by 30 June 2020	Number				R 0.00	R 0.00	4 Risk Management reports	4 Risk Management reports	4 Risk Management reports	4 Risk Management reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Targets will be reviewed in the new FY 2020/2021	2	Council Committee functionality Report	MM's Office
			Ensure functionality of committees responsible for oversight	E2.2	Number of oversight functionality assessment reports submitted to Extended MANCO	4 AUDCOM Functionality assessment reports submitted to Extended MANCO for discussions by 30 June 2020	Number				R 0.00	R 0.00	4 AUDCOM reports	4 AUDCOM reports	4 AUDCOM reports	4 AUDCOM reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Targets will be reviewed in the new FY 2020/2021	2	Implementation plan for Risk management	MM's Office
			Implementation of Public Participation Programmes	E2.3	Number of Public Participation programmes implemented	8 public participation programmes (IDP/Budget Izimbizo and IDP/Budget Consultative meetings - 2 per LM) implemented by 30 June 2020	Number				R 0.00	R 0.00	8 public participation programmes	4 public participation programmes	8 public participation programmes	4 public participation programmes	After March 2020, public engagements had to be done through media so as to keep up with social distancing regulations	Social media and radio slots will be used to interact with members of the community	2	MPAC and AUDCOM reports	MM's Office

KPA	GOAL	OBJECTIVE	STRATEGY	KPI NO	KPI	TARGET	UNIT OF MEASURE	DEMAND	BASELINE	BACKLOG	EXPENDITURE		2018-2019		2019-2020		ANALYSIS		RATING	POE	RESPONSIBILITY
											BUDGET	ACTUAL	PROJECTED	ACTUAL	PROJECTED	ACTUAL	COMMENTS	CORRECTIVE MEASURES			
GOOD GOV & PUB PARTICIPATION	Excellence in Governance and Leadership	E2. To ensure excellence in governance and leadership	Ensure functionality of IGR programmes	E2.4	Number of IGR functionality assessment reports submitted to Extended MANCO.	8 IGR functionality assessment reports submitted to Extended MANCO for discussion by 30 June 2020 (4 for MM's Forum and 4 for Mayors Forum	Number				R 0.00	R 0.00	8 IGR functionality assessment reports	4 IGR functionality assessment reports	8 IGR functionality assessment reports	4 IGR functionality assessment reports	There has been changes in the manner in which IGR is being implemented. The approach is now called District Development Model (DDM) whereby all sector departments and municipalities sit together to address issues of common interest (DDM introduced in October 2019)	The DDM reports will now represent most IGR interventions and those reports will be used to reports on progress made	1	Public Participation Report	MM's Office
			Ensure effective and functional Legal Services	E2.5	Number of functionality assessments conducted on Legal Services and submitted to Extended MANCO.	4 functionality assessments conducted on Legal Services and submitted to Extended MANCO for discussion by 30 June 2020	Number	R 0.00	R 0.00	4 functionality assessments conducted on Legal Services	4 functionality assessments conducted on Legal Services	4 functionality assessments conducted on Legal Services	4 functionality assessments conducted on Legal Services	There was no incumbent to take ownership of legal services until February 2020	The incumbent responsible for legal services will prepare reports timeously	2	Legal Reports	MM's Office			
			Implementation of Batho Pele Principles	E2.6	Number of Batho Pele functionality assessments submitted to Extended MANCO.	4 Batho Pele functionality assessments conducted and submitted to Extended MANCO for discussion by 30 June 2020	Number	R 0.00	R 0.00	4 Batho Pele functionality assessments conducted	Not Achieved	4 Batho Pele functionality assessments conducted	Not Achieved	There was no incumbent to take ownership of Batho Pele programme	Bato Pele Programme to be assigned to Corporate Services in 2020/2021	Not Achieved	Batho Pele policy and procedure manual, SDIP and Service Charter	MM's Office			
			Implementation of Back to Basics Action Plan	E2.7	Percentage compliance in the B2B Action Plan according to stipulated time frames	Not less than 60% compliance achieved in the B2B Action Plan according to stipulated time frames by 30 June 2020	Percentage	R 0.00	R 0.00	Not less than 60% compliance	Not Achieved	Not less than 60% compliance	43%	Q4 report still held by COGTA	Compliance issues need to be addressed monthly so that at the end of the quarter a credible score gets achieved	1	SDIP	MM's Office			
			Develop, Implement and monitor Communication strategy	E2.9	Number of functionality Assessments conducted on Communication Strategy	4 functionality assessments on communications strategy conducted by 30 June 2020	Number	R 0.00	R 0.00	4 functionality assessments on communications strategy	2 functionality assessments on communications strategy	4 functionality assessments on communications strategy	Not Achieved	No reports were submitted as the responsible incumbent was on suspension	Reports for the Communications Unit will be resolved in 2020-2021	Not Achieved	Report on cmpaigns	MM's Office			
			Implentation of Audit Action Plan relating to Internal Audit Findings	E2.10	% of internal audit findings resolved.	Not less than 80% of internal audit findings resolved by 30 June 2020	Number	R 0.00	R 0.00	Not less than 80% of internal audit findings resolved	Not Achieved	Not less than 80% of internal audit findings resolved	55%	the percentage achievement will be finalised as soon as the IA report for the APR has been finalised on or before the 26 October 2020	In the next FY, GMs will be made to account fully on IA issues by reporting progress made towards targets not achieved and those achieved partially	1	IA Reports	MM's Office			
			Implentation of Audit Action Plan relating to External Audit Findings	E2.11	% of External Audit Findings resolved.	Not less than 80% of External Audit Findings resolved by 30 June 2020	Number	R 0.00	R 0.00	Not less than 80% of External Audit Findings resolved	Not Achieved	Not less than 80% of External Audit Findings resolved	34%	as at 16 October 2020 only 22 out of 64 issues had been successfully resolved	outstanding matters still to be addressed before final submission to AG	1	EA Report	MM's Office			
CROSS CUTTING INTERVENTIONS	Performance Management System	F1. To ensure effective Organizational Performance Management System (PMS)	Develop PMS Framework to inform Monitoring and Review processes	F1.1	Date of Developing and monitoring of implementation of PMS Framework	PMS Framework developed and adopted by Council by 31 May 2020	Date	R 0.00	R 0.00	PMS Framework developed	PMS Framework developed	PMS Framework developed	PMS Framework developed			3	Council Resolution	MM's Office			
				F1.2	Number of M & E reports developed	5 reports developed by 30 June 2020	Number	R 0.00	R 0.00	5 M & E reports developed	5 M & E reports developed	5 M & E reports developed	5 M & E reports developed	The fifth report is the APR for 2019-2020 FY which is still being prepared and is in draft format for now.	As soon as the APR is ready and has been submitted to AG, then this target will be fully achieved	2	PMS Reports	MM's Office			
	Integrated Development Plan	F2. To ensure effective integrated development planning (IDP)	Review IDP as per legislation and KZN COGTA Guide	F2.1	Date of reviewing IDP as per legislation and KZN COGTA Guide	IDP Reviewed and adopted by Council by 31 May 2020	Date	R 0.00	R 0.00	IDP Reviewed and adopted by Council	IDP Reviewed and adopted by Council	IDP Reviewed and adopted by Council	IDP Reviewed and adopted by Council			3	Council Resolution	MM's Office			
	Integrity and Quality of Physical Environment	F3. To ensure integrity and quality of physical environment underpinned by a coherent spatial development pattern	Monitor the Implementation of SPLUMA and LUMF and applicable development pieces of legislation	F3.1	Number of functionality assessment reports on implementation of SPLUMA and LUMF submitted to MANCO	4 functionality assessment reports submitted to Extended MANCO for discussion on implementation of SPLUMA and LUMF by 30 June 2020	Date	R 0.00	R 0.00	4 SPLUMA and LUMF assessment reports	4 SPLUMA and LUMF assessment reports	4 SPLUMA and LUMF assessment reports	4 SPLUMA and LUMF assessment reports	Reports are available but could not be presented to MANCO due to COVID-19 Lockdown	Going forward, virtual meeting would be held to address compliance issues should the country regress to level 5 again in future	2	Council Resolution	COMPED			
			Implementation of Environmental Management Programmes	F3.2	Number of environmental management progress reports submitted to Extended MANCO	4 environmental management progress reports submitted to Extended MANCO for discussion by 30 June 2020	Number	R 0.00	R 0.00	4 environmental management progress reports	4 environmental management progress reports	4 environmental management progress reports	4 environmental management progress reports	Reports are available but Q3 and Q4 could not be presented to MANCO due to COVID-19 Lockdown	Going forward, virtual meeting would be held to address compliance issues should the country regress to level 5 again in future	1	Functionality Report	COMPED			
	Functional Disaster Management Unit	F4. To ensure functional and responsive Disaster Management Unit	Monitoring and evaluation of the implementation of Disaster Risk Reduction Plan	F4.1	Number of Monitoring and evaluation reports on the implementation of Disaster Risk Reduction Plan submitted to Extended MANCO	4 Monitoring and evaluation reports on the implementation of Disaster Risk Reduction Plan submitted to Extended MANCO for discussion by 30 June 2020	Number	R 0.00	R 0.00	4 Risk Reduction implementation rep[orts	4 Risk Reduction implementation rep[orts	4 Risk Reduction implementation rep[orts	4 Risk Reduction implementation rep[orts	Reports are available but could not be presented to MANCOdue to COVID-19 Lockdown, especially Q3 and Q4	Going forward, virtual meeting would be held to address compliance issues should the country regress to level 5 again in future	2	Functionality Report	COMPED			
Total											R 337 636 000.00	R 291 043 261.94									

Rating	Key		%	No of Targets
Expenditure	Expenditure		86.20%	N/A
N/D	Not Due		0%	0
No Budget	No Budget		0%	0
Not Achieved	Not Achieved		20%	11
1	Basic	Partially Achieved	28%	15
2	Basic 2		43%	23
3	Competent		9%	5
4	Advanced	Target Exceeded	0%	0
5	Superior		0%	0
				54

NAME OF OFFICIAL:
SIGNATURE OF OFFICIAL:
DESIGNATION OF OFFICIAL:
DATE:

**ANNEXURE E: AUDIT COMMITTEE REPORT –
2019/2020 FY**



REPORT OF THE AUDIT COMMITTEE TO THE UMKHANYAKUDE DISTRICT MUNICIPALITY COUNCIL

File Reference:
Report Number:

Author: Mrs. Charmaine Jugnarayan
Designation: Chairperson of the Audit Committee

CONFIDENTIAL
FOR CONSIDERATION

The Honourable Speaker
UMKHANYAKUDE DISTRICT MUNICIPALITY COUNCIL

**SUBJECT: AUDIT COMMITTEE REPORT FOR QUARTER ONE:
01 JULY 2019 TO 30 JUNE 2020: 2019/20 FINANCIAL YEAR**

DATE: 10 May 2021

1. INTRODUCTION

The Audit Committee of the Umkhanyakude District Municipality has pleasure in submitting its report to the Council for the above period for consideration.

2. PURPOSE

The purpose of this report is to apprise Umkhanyakude District Municipality Council of the outcome of the work done by the Audit Committee during quarters one & two of the 2019/20 financial period.

3. LEGISLATIVE PROVISIONS

- 3.1 In terms of Section 165 of the Municipal Finance Management Act, Act 56 of 2003 ("the MFMA"), Internal Audit Unit is directly accountable functionally to the Audit Committee. This accountability applies despite the administrative location of the Internal Audit Unit which is under the Office of the Municipal Manager.
- 3.2 Internal Audit Unit is responsible to the Accounting Officer to ensure that it gives assurance as to the effectiveness and efficiency of the systems of internal controls, governance and risk management at Umkhanyakude District Municipality Municipality. This should not, however, be construed as channelling the Internal Audit's direct responsibility to the Accounting Officer as this function reports to the Audit Committee as laid out in International Standards for the Professional Practice of Internal Audit (ISPPIA) issued by the Institute of Internal Auditors of South Africa (IIA).

- 3.3 ISPPA requires that matters which arise in the course of the internal audit activities are confidential and primary discussion is restricted to management and Accounting Officer. Discussion with management is necessary when the draft audit report has been prepared for management comments and action plan developed for consideration by the Audit Committee, Executive Committee and Council. This is an essential feature of the good relationship between the internal auditors, management and Council.
- 3.4 The report records the outcome of the work done by the Audit Committee. The committee from time to time made recommendations as preventative or corrective measures to the weaknesses identified by Internal Audit Unit in the municipality based on reports and information, financial reports in terms of Section 52, 66, 71 and 72 of the MFMA supplied to the Audit Committee.
- 3.5 The recommendations or advice in this report have been made based on certain information at a point in time and supplied to the Audit Committee and are subject to change after due consideration of new information received as well as subsequent deliberation with the municipality.

4. **MEMBERS**

The Audit Committee consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. The composition of the committee is minimum of three members as per section 166 (4) (a) of the MFMA.

The Audit Committee was appointed on 01 April 2017 and consists of 3 members.

<u>Name of Member</u>	<u>Number of Meetings Attended</u>
Mrs. C Jugnarayan (Chairperson)	6
Mr. DD Mncwabe	4
Mr. V Thembe	6

Overview of Activities

The Committee held 4 meetings during the period under review on the following dates:

16 August 2019;
 28 August 2019;
 28 October 2019;
 25 November 2019;
 14 February 2020; and
 29 May 2020(Virtual meeting)

Additional meetings, attended by all members, to attend to the annual financial statements and performance reports were held on:

04 September 2020 (Virtual meeting);
 16 October 2020 and
 29 October 2020

5. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee has complied with its responsibilities arising from section 166 of the Municipal Finance Management Act, Act 56 of 2003 (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 and has discharged all its responsibility as contained therein.

5.1 Institutionalisation of Internal Audit Function

Internal Audit Unit and Audit Committee operate within the mandate of the approved charters adopted by the Audit Committee and Council respectively.

5.2 Internal Audit Function

- (a) The work of the Internal Audit Activity is regulated by Section 165 MFMA, ISPPA & Internal Audit Charter.
- (b) In terms of S165 (1) each Municipality is required to have an internal audit, S165 (3) allows the municipality to co-source the internal audit function if the Municipality requires assistance to develop its internal capacity.
- (c) The internal audit services were out-sourced to Ntshidi and Associates, the firm of Chartered Accountants and Auditors who were appointed in April 2018.
- (d) The internal audit coverage plan for the 2019/20 year was approved by the Audit Committee on 28 June 2019.
- (e) Internal audit reports are presented and discussed with management before they were tabled at the Audit Committee meetings. Issues that were raised were, deliberated upon and recommendations made to Council including the findings raised by the Auditor-General in their audit report for 2017/18 financial year.
- (f) During the August meetings, the Audit Committee considered the internal audit reports for the 2019/20 financial year coverage plan.
- (g) The following progress against the internal audit plan for 2019/20 was reported in the August 2019 meetings: The period of audit coverage was 1 July 2018 to 30 June 2019

<u>No.</u>	<u>Audit Area</u>	<u>Status</u>
1	Performance Management System for 2018/19	Completed and reported in August AC meeting.
2	Review of the annual financial statements 30 June 2019	Completed and reported in August AC meeting.

- (h) Internal audit also prepared a report on their findings on the annual performance report for the year ended 30 June 2019, these findings were discussed directly with management and cleared prior to submission on 31 August 2019.
- (i) Emanating from findings raised in the HR and payroll report presented in April 2019, management had requested internal audit to perform 3 additional investigations, which were noted at in the October 2019 meeting.

<u>No.</u>	<u>Audit Area</u>	<u>Status</u>
1	Adhoc Assignment - Cell Phone Allowance	Completed and reported in October AC meeting.
2.	Adhoc Assignment – Creditors Verification	Completed and reported in October AC meeting.
3.	Adhoc Assignment – Debit Order Verification	Completed and reported in October AC meeting.

The Audit Committee has requested that these report be included in the internal audit plan and that hey be updated to include management action plans and the risk ratings of the findings, so that the AC can monitor implementation of the corrective action.

- (j) In the February 2020 meeting, 3 additional adhoc reports, as directed by Management were tabled in the meeting.

<u>No.</u>	<u>Audit Area</u>	<u>Status</u>
1	Adhoc Assignment - Review Appointment of Interns into Officers	Completed and reported in February AC meeting.
2.	Adhoc Assignment - Possible cover quoting	Completed and reported in February AC meeting.
3.	Adhoc Assignment - Secondment of Legal Manager	Completed and reported in February AC meeting.

- (k) The following audits as detailed in the 2019/20 coverage plan were completed and reported in the February 2020 meeting :

<u>No.</u>	<u>Audit Area</u>	<u>Audit Opinion</u>
1.	Performance Management System for Q1 & Q2 of 2019/20	High risk findings were noted in presentation of reporting, overall SMART principle and compliance with laws and regulations
2.	Disaster management	The internal controls indicate a significant improvement but still requires ongoing monitoring and review to ensure full compliance
3.	Occupational health and safety	The internal controls still requires improvement in particular ongoing monitoring and review

- (l) In the May 2020 meeting, 1 adhoc report, as directed by Management was tabled.

<u>No.</u>	<u>Audit Area</u>	<u>Status</u>
1	Adhoc Assignment – application of Transport Allowances Policy	Completed and reported in May 2020 AC meeting.

- (m) The following audits as detailed in the 2019/20 coverage plan were completed and reported in the May 2020 meeting :

<u>No.</u>	<u>Audit Area</u>	<u>Audit Opinion</u>
1.	Revenue, Debt Management and Grant Management	Internal controls over monthly consumers account billing, debt management and collection processes and electricity and water distribution losses require immediate management intervention in order to improve debt collection rate as required by MFMA and MSA. This view is further evidenced from the increase in debt delinquency ratio which increases the debtors' book
2.	HR and Payroll Management	The internal controls still requires improvement, ongoing monitoring and review to ensure full compliance.
3.	IT Review	The IT general controls in the Municipality are still not adequate
4.	Fleet Management	The internal controls still requires improvement, ongoing monitoring and review to ensure full compliance.
5.	Performance Management System for Q3 of 2019/20	High risk findings were noted in presentation of reporting, overall SMART principle and compliance with laws and regulations

- (n) The following audits as detailed in the 2019/20 coverage plan were completed and reported in the September 2020 meeting :

<u>No.</u>	<u>Audit Area</u>	<u>Audit Opinion</u>
1.	Contract & Project Management	The internal controls still requires improvement, ongoing monitoring and review to ensure full compliance.
2.	Expenditure management	Completed and finalised with management
3.	Compliance & Governance	Completed and finalised with management
4.	Internal Audit follow up	Done on an on-going basis, log sheets completed with Management

- (o) In the September 2020 meeting, the Audit Committee also approved the internal audit plan for the 2020/21 reporting period. :

- (p) The following audits as detailed in the 2019/20 coverage plan were tabled in the October 2020 meetings :

<u>No.</u>	<u>Audit Area</u>	<u>Audit Opinion</u>
1.	AFS review & Status of records	Report tabled on findings, IA to follow up on implementation of recommendations.
2.	APR review	Report tabled on findings, IA to follow up on implementation of recommendations.
3.	Supply Chain Management	Management comments finalised and report issued
4.	External Audit Follow up	Done on an on-going basis

- (q) The following audits as detailed in the 2019/20 coverage plan is in progress :

<u>No.</u>	<u>Audit Area</u>	<u>Status</u>
1.	Interim AFS	Not done, due in difficulties in financial reporting – performed AFS review for 30 June 2020
2.	Fixed Asset management	Not done, due in difficulties in financial reporting – deferred to 2020/21
3.	Water & Sanitation Management	Note done, could not commence due to lockdown – deferred to 2020/21

- (r) The Audit Committee continues to monitor the progress against the implementation of the annual audit plan.

5.3 System of Internal Control

- 5.3.1 The system of internal controls are designed to provide reasonable assurance that the assets are safeguarded and the liabilities and working capital are effectively and efficiently managed.
- 5.3.2 The Audit Committee for the period under review considered the reports by internal audit on the annual financial statements and for consideration. As indicated in 5.2 above, majority of the internal audit opinions indicated that the internal controls still requires improvement, ongoing monitoring and review to ensure full compliance.
- 5.3.3 To further enhance the processes in place, the Internal Audit Unit conducts follows up audits on previously reported internal audit findings and reports progress to senior management and the Audit Committee.
- 5.3.4 The internal audit reports indicated that the internal controls indicate a significant improvement but still requires ongoing monitoring and review to ensure full compliance. The Audit Committee is of the view that controls are in place, management need to ensure that these controls are implemented and we continue to monitor compliance.

5.3.5 No follow up audits were conducted during the period under review.

5.4 Performance management

The Audit Committee also serves as the performance Audit Committee for Umkhanyakude District Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001 (Section 14) (Regulations).

The Audit Committee noted the concerns raised by internal audit on the delays in providing the portfolio of evidence to support the PMS reports. The PMS Manager has been tasked with assisting the Directors and internal audit to ensure that the information is provided for audit.

The Audit Committee also noted the PMS quarterly reports & SDBIP. The quarterly internal audit reports were presented and considered the Audit Committee meetings. High risk findings were noted in presentation of reporting, overall SMART principle and compliance with laws and regulations.

The Audit Committee noted the performance management reports for the year ended 30 June 2020 prepared by management and internal audit reports on the findings thereon. We noted that of the total of 54 set key performance targets, 9% were achieved as at the 30 June 2020, while 68% of the 91% unachieved targets were partially achieved.

5.5 External Audit by Auditor-General

5.5.1 During the reporting period, representations from the Auditor-Generals Offices attend the audit Committee meetings.

5.5.2 The Auditor-General has held audit engagement meetings with the Management and staff. The audit strategy document will be tabled to management prior to the commencement of the audit.

5.5.3 The Auditor-General has provided the Municipality with a request for information for the audit, Management is in the process of complying. An online platform is being set up to provide audit information electronically.

5.5.4 The Audit Committee noted that management have not adequately addressed the findings raised by the Auditor-General, through its audit action plan. Internal audit was also not provided with information to carry out its follow up reviews. The Audit Committee also noted the concerns of raised by Cogta in the Municipalities lack of reporting on their requests on the implementation action of the Audit Action plan

- 5.5.5 Based on processes followed and assurances received from the Auditor-General, nothing has come to the committee's attention with regard to any matter concerning the independence of External Auditors.
- 5.5.6 In March 2021, the Auditor General issued his opinion on the external audit of the Municipality. It is with disappointment the the Audit Committee notes that the Municipality has received an adverse audit opinion.

5.6 Review of financial statements and accounting policies

From June 2019 until May 2020, the Audit Committee noted the submission of the S71 reports to the meeting. Management has worked on reducing its large outstanding creditors and grants liability, grants are now cash backed. The debtors book is still of concern, as there are still large amounts of monies due to the Municipality. Another concern is the revenue recognition and billing processes that appear to be lagging behind. The Audit Committee also noted the report by the CFO that the finances of the Municipality, although not yet stable but being closely managed.

The Audit Committee has noted that for the meetings of September and 16th October 2020, the CFO did not attend these meeting, and no S71 reports were tabled since the last report of April 2020.

The annual financial statements and progress on the preparation thereof was tabled by the Municipal Manager and consultant. Internal Audit presented their review finding on the AFS. Management have committed to address these findings. Internal Audit was still to complete their final review of the annual financial statements.

As a result of the lack of co-operation from the Chief Financial Officer and the Budget and Treasury Office, the Audit Committee resolved in the meeting of 16 October 2020, to task the Municipal Manager in his capacity as Accounting Officer to call a meeting and prepare a plan of action with all staff who should be involved in the preparation of the AFS and PMS reports for submission to Auditor-General, by Monday 19 October 2020. The Audit Committee also advised the Municipal Manager to consider at disciplinary action for staff not prepared to carry out their duties. COGTA also indicated that they will assist the municipality.

In the meeting of the 29th of October, the Municipal Manager reported that the meeting of 19th October did take place and addressed the following issues:

- Management audit action plan
- Annual financial statement preparation
- Request for information from the Auditor-General

On the issue of the Management audit action plan, there was no response, the annual financial statements made significant progress, and the request for information from the Auditor-General is progressing.

During this meeting, the Audit Committee, during its review of the financial statements for the year ended 30 June 2020, considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices (GRAP).

The Audit Committee noted that the Council did not sit for its meeting on 27th October and the items for write off, irrecoverable debtors and UIFWE were not tabled. The Committee noted that the trial balance and ledgers were finalised and not further adjustments will be made, there were items of disclosure that need to be updated before submission to the Auditor-General. The Audit Committee also noted the findings and recommendations of Internal Audit. The Audit Committee requested Internal Audit to complete their review process and follow up on the implementation of their recommendations prior to the submissions to the Auditor-General.

The Audit Committee is satisfied that the annual financial statements comply in all material respects with the relevant provisions of the Municipal Finance Management Act and GRAP and, pending certain adjustments be made, has approved the annual financial statements for submission to the Auditor-General.

5.7 Risk Management

The Municipality has a Risk Committee that is chaired by Mr. Thahir Fakir, who is independent of the Municipality. Mr. Fakir held meetings and training with management and staff on risk processes. The risk assessment workshops were held on July 2020.

The Audit Committee reviewed the Management Risk Committee Terms of Reference to ensure that the risk committee operates within a pre-approved terms of operation. The risk committee developed a detailed risk plan which clarifies key activities, outputs and each person's responsibilities for the current financial period.

The Risk Committee Chairperson presented their report. In the report, the following were highlighted:

- The risk management policy and strategy was reviewed.
- The risk register was reviewed.
- The Risk Committee continues to monitor the management of significant risks to the municipality, including emerging and prospective impacts.
- The 2019/2020 work plan
- The 2020/2021 work plan
- The status quo of each departments risk registers
- Review of the municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register
- Review of fraud and fraud controls

The municipality is progressing well with risk and has progressed from an immature to fairly mature stage. The overall internal controls are improving and the process of risk and risk assessment has highlighted the progress made during the prior year (2019/2020) as well as the current year (2020/2021). Credit must be given to strategic decisions taken by the leadership relating to cost management and processes to enhance revenue

The Risk Committee desires to see the municipality continue on an upward trajectory and in this regard have set forth some recommendations for the audit committee to include in their report to council, as outlined below:

Recommendations of the Risk Committee to Council:

- Council should ensure that risk forms part of the strategic planning process of the municipality for the 2020/2021 year
- All operational risk registers should be managed by the respective HOD's instead of being tabled at the risk management committee due to time constraints
- All directors continue to present their strategic risk progress on a quarterly basis to the risk management committee. Any director who is not present should send a representative in his/her place and continuous absenteeism should be reported to council
- The quarterly strategic and operational risk registers form part of respective portfolio meetings and part of respective director's scorecards.
- Fraud controls are prioritised in terms of budgeting and resources and fraud risk process be undertaken during the upcoming 6 months
- Council should ensure prioritisation of risk management in terms of capacity & skills – The appointment of a skilled person in the position of risk is urgent in this regard
- The risk committee and audit committee work together with management to assist in the issue of improving the municipality's audit opinion
- The process of training of risk to councillors and management be done in the upcoming year
- The municipality extend the risk committee to include the agency and that this be done on a quarterly basis to ensure consolidated plans being put forward

5.8 Information and Communication Technology

IT Governance Framework and Strategy is an engine of any organisation and should be developed and implemented urgently. Management have been actively addressing the concerns raised by the Auditor-General and the risk committee.

The issue of ICT was discussed during the June 2019 meeting and it was identified that the following are plaguing their management of risks in the 2019/2020 year:

- Understaffed ICT unit with too many users
- Limited training for ICT unit to remain current
- Outdated servers and server security
- Lack of strategic plan for all ICT activities
- Treatment of ICT as an operational rather than strategic function

As a control improvement, the Audit Committee has recommended that IT manager be invited to the meetings to report on progress.

5.9 Umhlosinga Development Agency

The Audit Committee of the Umkhanyakude District Municipality also acts as the Audit Committee of the Umhlosinga Development Agency. During the year the Audit Committee met 3 times to carry out its duties.

The Audit Committee met on 21 October 2020 to review the Annual financial statements, annual performance report and annual report. The members noted that there was no financial statements submitted for consideration. The meeting noted the concerns raised by the Acting Chief Financial Officer on staffing and IT challenges, as well as MSCoA system issues. This caused delays in the finalisation of the preparation of the records. The Acting Chief Financial Officer was still busy fixing errors, and had not yet commenced with the AFS preparation.

The Audit Committee resolved that Umhlosinga Development Agency management approach Inkazimulo Business and Advisory Services (the consultant used by the District Municipality) to assist the Acting Chief Financial Officer in the preparation of the AFS. The Committee also resolved that the Acting Chief Financial Officer assist UBAC internal audit to perform the AFS review on a piecemeal basis as and when sections are completed to assist and speed up the review process in preparation for the next meeting scheduled on 28 October 2020.

At the meeting held on 29 October 2020, the Audit Committee was presented with the first draft annual financial statements. The internal auditors presented their high level review on these financial statements. The Audit Committee noted these findings.

The Audit Committee also noted that the Agency has recorded a loss for the period under review. Upon inquiry, it was established that the income including operation grant from the District does not cover the operational costs of running the agency. The Audit Committee is concerned that the Agency may have a going concern issue, if corrective measures are not addressed immediately.

A follow up meeting is scheduled for 4 November 2020 to review the annual financial statements before submission to the Auditor-General on 6 November 2020.

The Audit Committee has noted the following concerns:

- The Audit Committee has expressed concern that the Agency had not been able to prepare if annual financial statement on time for submission to the Auditor-General. The reasons cited by the Acting Chief Financial Officer were staffing, lack of training and understanding on MSCoA, IT system and network issues,
- The finance department is understaffed and current finance staff require training on MSCoA
- The Audit Committee has expressed concern that the internal audit reports were not completed and tabled at each meeting throughout the year.
- No Audit Committee meeting was held in the second quarter of 2019/2020
- The position of the CEO has been filled in an acting capacity since January 2019, the position was filled in February 2020. This has created challenges in the strategic leadership of the organisation, of particular concern to the Audit Committee has been the lack of assistance to the internal audit function in the performance of their duties.
- During the 2018/19 Audit, the Committee noted that the CFO resigned in the midst of the external audit process, causing delays in the Auditor-General audit. During the 2019/20 the Audit Committee again notes that employment contract for the ACFO comes to an end in the midst of the External Audit. The Audit Committee has recommended that the Board look at a further extension until the Auditor-General audit is over, with a sufficient overlap and handover period. At

the time of our October 2020 meetings, the Audit Committee notes that the Agency is still supported by an Acting Chief Financial Officer, highlighting that this position has not been filled for almost a year.

- The Audit Committee also notes that the contract for the internal auditors ended in January 2020 and has recommended to the Board, in its 2018/19 report and again in the reports for 2019/20, that appointment processes be started early to ensure that the internal audit is functional throughout the year and there is a smooth handover process, if necessary. This has not been done, the Chief Executive Officer cited budget constraints for non-implementation.
- The Audit Committee Chairperson attended 1 Board meeting during the 2018/19 financial year and reported to the Board on their review of the 2017/18 annual financial statement and annual performance reports.
- Transfer funding from the District Municipality was always late and this created challenges in the execution of operations and payment of salaries and creditors.

At the meeting of 29 August 2020 the Audit Committee together with the leadership of the Municipality noted that intervention is required by the shareholder to assist the Agency.

5.10 Overall Positive Improvement

The Audit Committee was pleased with the improvements, especially with regards to risk management and performance management but was of the view that there more room for further improvements as effort was still required in a number of areas as highlighted in this report where there was slow progress in clearing issues raised by Internal Audit Unit and Auditor-General.

5.11 Recommendations

- (a) Council should ensure that key vacant positions are filled;
- (b) Council should ensure that there is support for the internal audit function;
- (c) Council and management should ensure prioritisation of appointment of the risk manager;
- (d) Council and management should also consider the recommendations of the Risk Committee on risk and general control enhancement;
- (e) Council together with management should implement a vigorous debt collection strategy;
- (f) The Council and management need to further enhance internal controls over revenue management and SCM processes;
- (g) Management should interact with the external auditors for interim audits with a view to identify and address shortcomings timely;
- (h) Management should ensure that accurate, reliable and complete financial and performance information is submitted quarterly for review by the Committee; and

- (i) The Council provide guidance to the Board and management of the Umholsinga Development Agency to ensure good governance.

Conclusion

The Audit Committee is of the opinion that in addition to the recommendations to Council, Management is required to implement appropriate systems of internal controls and/or corrective action to address the agreed concerns as identified by both Internal Audit, the Auditor-General and Senior Management. The status of implementation of corrective measures is to be reported at every meeting of the Audit Committee to enable monitoring. Overall the Audit Committee has noted a positive improvement in the functioning of the municipality and will seek to monitor the implementation of resolutions quarterly.

On behalf of the Audit Committee



Mrs. Charmaine Jugnarayan

Chairperson

Umkhanyakude District Municipality Audit Committee

10 May 2021

**ANNEXURE E: ANNUAL REPORT FOR UMHLOSINGA
DEVELOPMENT AGENCY 2019/2020 FY**



*"Opportunity
through Development"*
www.umd.org.za

UMHLOSINGA DEVELOPMENT AGENCY

2019/20 ANNUAL REPORT

UMHLOSINGA DEVELOPMENT AGENCY
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CHAPTER 1

INTRODUCTION AND OVERVIEW

1 FOREWORD FROM THE CHAIRMAN



To the residents of uMkhanyakude, uMkhanyakude Traditional House of Leadership, uMkhanyakude District Municipality and its Family of Municipalities, sector departments and investors; it is with pleasure to present the 2019/20 Annual Report on behalf of the uMhlosinga Development Agency's Board of Directors.

uMhlosinga Development Agency's Board of Directors comprises of seven non-executive members. As a Board, we are sons and daughters of uMkhanyakude District. We are passionate about the development of people of uMkhanyakude that we are mandated to serve. The infrastructure backlogs that face our district cannot be ignored and the low-income levels, however, there is hope.

uMkhanyakude District is strategically located, bordering two countries, Kingdom of eSwatini and Mozambique. The district enjoys the N2 which is gateway to other emerging economies and secondary towns. As a development agency, our objective is to maximise the potential of the district by creating an enabling environment for economic development and growth.

The 2019/20 financial year was the second financial year of this Board. As a Board charged with facilitating socio-economic development of uMkhanyakude District Municipality, it is our role to provide strategic leadership and oversight to UMDA, to play this role, Board Committees were established in order to exercise strategic leadership and oversight. According to the Municipal Finance Management Act and the Companies Act, the Board must establish an Audit Committee which is a statutory committee, and this has been complied with. Given the nature of UMDA, the Board established the Strategy, Trade and Investment Committee whose role is to lead in strategy formulation and drive the investment agenda of the agency as the core business of UMDA for Local Economic Development. The Board also realised that to achieve its mandate of facilitating economic development, it needed to take care of its institutional development, hence the formation of the Human Resources, Remuneration and Finance Committee. All Board Committees had three meetings respectively while the full Board has had eight meetings in the 2019/20 financial year.

The stability of UMDA is key in the effort to realise its mandate, the Board is pleased to inform all stakeholders and the public of uMkhanyakude of the appointment of a Chief Executive Officer on a

5year fixed term contract. The new CEO, Mr. Sibusiso Zondi assumed duties on the 1st of March 2020, with his credentials and experience, this is what UMDA needs at this point. The CEO has been tasked with the execution of the 2019-2024 Strategy which is aim at changing the economic landscape of the district for the better. The Board would like to thank Ms. Nandipa Bam, who served as an Interim Chief Executive Officer for the better part of 2019/20 financial, leadership stability in UMDA is key to ensuring good governance. The delays in the appointment of a Chief Financial Officer is acknowledged, and there is full commitment to the people of uMkhanyakude and Council that this matter will be resolved expeditiously.

This past financial year has seen some drastic changes in global economics and as a development agency mandated for facilitate socio-economic development, this has necessitated the need to be innovative in our approach towards economic development. The global pandemic of Corona Virus has challenged us all to rethink our economic development initiatives, while ensuring that uMkhanyakude District's economic drivers which are mainly retail, tourism, and agriculture remain sustainable. These industries have been hugely impacted by the lockdown restrictions imposed because of the Corona virus. As an entity, supporting and participating in the development and implementation of the District Economic Recovery Plans that is in-line with National Economic Recovery Plan is key in the resuscitation of the District economy.

The Corona Virus has forced UMDA to critically assess its operating environment in order to have a responsive strategy in these present times. The 2019-2024 Strategy review process was initiated with the Strategy, Trade and Investment Committee to navigate through these challenges and to ensure economic growth of the District.

Through our vision, mission, and strategic goals, we believe that we are a step closer to realising the mandate given to us by the Shareholder. UMDA's funding model requires that the entity develops strategic partnerships for projects and programmes for Local Economic Development. As a Board, acommitment is given to support management in its attempts in raising funds for project implementation and provide necessary approvals where Board resolutions are required. This is the fourth-generation strategic evaluation of UMDA and the need to turn around the district's economic is more urgent now, therefor UMDA will continue to create and straighten strategic partnerships with key stakeholders mainly Council, Amakhosi, government departments and investors for the benefit of all citizens of uMkhanyakude.

In conclusion, I would like to thank Board members without whom there is no Board and for their dedication and passion to develop the District, also to the Council, as a Board collective, we thank you for affording us this opportunity to lead UMDA and the management and staff, you are our foot soldiers, your effort is appreciated.

I thank you,

Mkhabela

Mr. Jabulani Mkhabela

Chairman of the Board of Directors

1.2 FOREWORD FROM THE CEO



It is a pleasure for me to be part of UMDA and I would like to thank the Board, the Shareholder and the community of uMkhanyakude for affording me the opportunity to serve as a Chief Executive Officer. As I joined the Agency, the whole world was going through the unprecedented disaster of COVID-19, while the devastating impact of COVID-19 cannot be ignored, there is hope that together we can resuscitate our livelihoods post this pandemic.

According to KZN COGTA, “District Development Agencies (DDA) or District SOC’s are future local economic growth drivers of the district and local municipalities in the Province of KwaZulu-Natal (KZN). These are Special Purpose Vehicles (SPVs) specifically designed as the implementers of strategic economic development projects and programmes for the family of municipalities within the districts, facilitating both private and public sector investment through inclusive projects.” This is the mandate that has informed UMDA strategy and plans in the past and the 2019 – 2024 strategy. The 2019/20 financial year was the first year of implementing the 2019-2024 strategy, this annual report presents progress made on the current strategy

uMhloosinga Development Agency is a municipal entity wholly owned by uMkhanyakude District Municipality, UMDA receives its operational grant from its shareholder, uMkhanyakude District Municipality which amounts to about 10% of its total income. For UMDA to implement projects or programme, it relies on strategic partnerships for its Capital funding. During the year under review, UMDA budget was negatively impacted by the cancellation of the National Schools Nutrition Programme earlier in the financial year. While this affected UMDA, there were institutions that positively responded on our fundraising requests or proposals. Through these proposals, agreements with KwaZulu Natal Department of Economic Development, Tourism and Environmental Affairs, CATHSSETA, and KwaZulu Natal Department of Corporate Governance and Traditional Affairs were signed and various projects were implemented through these partnerships. An amount of more than R32 million was mobilized in 2019/20 financial year.

Investment in the District is key in growing the economy, both public and private investment, UMDA has identified investment mobilization as key strategic area. In 2019/20 financial year, UMDA in partnership with the District Municipality hosted an Investment Summit in October 2019 and the implementation of the Summit resolutions has started and in the next summit, significant progress will be reported.

The Corona Virus has exposed the underdevelopment of the District in ICT, access to information and connectivity remains the major challenge, while working and studying from home have been the new normal, these cannot be achieved without connectivity, this why UMDA has prioritize plans to improve the District's Broadband. Faster and easy access to the internet to improve business effectiveness, it will ensure that learning and access to information improves in the district.

Agriculture remains the priority sector in the District, even with COVID, the sector has shown a lot of resilient, agricultural investment will no doubt cushion the impact of COVID and prevent the possible catastrophe of hunger. The support that the UMDA has been receiving from EDTEA and RASET has assisted farmers to transport their produce to the market with ease, this has improved income for farmers. UMDA is planning to improve skills and support small business competitiveness through the establishment of an Incubation Programme and a Training Academy within District.

As alluded earlier, there is hope, it is exciting time for the uMkhanyakude District to see the dream of having a regional airport coming closer to reality. For the financial year that has ended, it is a pleasure to confirm that budget was approved, and funds were made available for the construction of Mkhuze Airport, the construction of the Terminal Building has started, and Mkhuze Airport will soon become a Regional Airport. To date, EDTEA has committed over R100million for the development of Mkhuze Regional Airport and more than R35m has been spent. Plans to develop the whole of Mkhuze Airport prescient is at an advance stage, this include aviation and non- aviation developments, more investments are in the pipeline to develop Mkhuze as a City.

While progress has been made in various areas of development, there is still a lot to be done, to radically transform the economics of the district, the 2019-2024 Strategic roadmap adopted by Board demands an improve institutional relations to fast track the implementation of catalytic projects. UMDA aims to develop emerging farmers into commercial farmers, transform the tourism industry to be more inclusive, develop industries and improve human settlements where people can work, play, and stay.

I would like to thank the Board of UMDA for the support and guidance they have given me since my arrival and my predecessors for setting the tone and laying the foundation of which some of their plans are becoming a reality and the staff for the tremendous effort this pass year to achieve what has been achieved. there is hope for the better District of uMkhanyakude.

Sibusiso Zondi

Mr. Sibusiso Zondi
Chief Executive Officer

1.3 OVERVIEW OF UMHLOSINGA DEVELOPMENT AGENCY

The district is in the north-eastern corner of the province and shares a national border with Mozambique in the North, with Swaziland in the Northwest and is bounded to the east by the iSimangaliso world heritage site. uMkhanyakude District Municipality abuts the municipal districts of uThungulu (to the south) and Zululand (to the west). The district forms the southern portion of the Maputaland Coastal Plain, which extends southwards from East Africa, through Mozambique and into northern KwaZulu Natal.



The district is named after UMkhanyakude Tree (Acacia Xanthophyllous, Fever Tree which translated to English means “the light in the distance”). The district covers an area of approximately 12 818 km² and has a population of some 625 846 persons. The district is largely rural with only one formal town, namely Mtubatuba in the south. There are several towns in the area that are experiencing rapid growth including Mkuze, Hluhluwe, Jozini, Emanguzi and Mbazwana. The center of Jozini, in particular, has experienced considerable growth in investment and is fast becoming one of the strategic development nodes within the district.

Primary access to the district is by road mainly via the national N2 route (which links the southern and northern parts of the KwaZulu Natal province), and via the coastal SDI route (MR439), which upon completion, will link the national N2 route, with the city of Maputo, in Mozambique. The district is strategically linked to the provincial markets of KwaZulu Natal and Mpumalanga and to the neighbouring market of Swaziland, via the N2 route. In terms of international trade links, the district's has access to global markets through the provincial ports of Durban and Richards Bay. Upon completion of the LSDI route between Hluhluwe and Maputo, the district will have a direct link to the Port of Maputo, in Mozambique.

UMkhanyakude has outstanding potential for agriculture and tourism development, with the district having a wealth of natural beauty and outstanding landscapes, as well as a favorable climate and fertile soils for major agricultural production. The district is closely associated with the iSimangaliso, "Maputaland", the Makhathini Flats and the Pongola-Poort/Jozini Dam (constructed in the 1970's with the intention of unleashing the agricultural potential of the area).

Several initiatives have been taken in the post-apartheid period, to boost economic activity in the sub region, including:

1. The recognition of the iSimangaliso as a UNESCO World Heritage Site, in 1999.
2. The rollout of the Lebombo Spatial Development Initiative (LSDI), a joint program by South Africa, Swaziland and Mozambique that aims to unlock economic development potential of the wider Lubombo sub-region within the framework of the South African Development Community (SADC).
3. Tripartite Conservation Agreements with the two neighboring SADC countries of Swaziland and Mozambique focused on the future establishment of a Trans-Frontier Conservation Area (TFCA), to boost social and economic interchange, and tourism in the region.

Notwithstanding the aims and objectives associated with the abovementioned initiatives, the district currently remains an area characterized by extreme poverty and a pronounced lack of development across vast areas of the jurisdiction. It is for this reason amongst others that UMDA was established as a municipal entity dedicated to promoting economic development through the facilitation and implementation of economic catalytic projects.

A legislative framework relating to municipal entities came into effect through amendments to the Municipal Systems Act (MSA) and the enactment of the Municipal Finance Management Act (MFMA). The MSA defines three types of entities that may be established by a municipality with effect from 1st August 2004; private company, service utility or multi-jurisdictional service utility.

Prior to the MSA and MFMA requirements taking effect, municipalities used various arrangements to deliver services and manage the functions they performed. These included formation of trusts, section 21 companies and private companies. It was a requirement for municipalities to review these structures in view of the amended legislative framework and either convert them to an entity as per the amended legal framework or disestablish them, if they are no longer required. A review would cover such aspects as objectives of the entity, purpose for its establishment, activities being performed in an efficient and effective manner, providing value for money, sustainable budgets and viable funding, self-sustainability, appropriateness of governance structures to provide effective municipal oversight, accountability, transparency and reporting.

The uMhlozinga Development Agency Vision follows from that of the District, which is:

“To be the reliable economic development Agency that facilitates economic growth and investments in the uMkhanyakude District”

The Mission of UMDA is to co-ordinate, plan and manage the implementation of a locally driven program of catalytic projects, to fast track the development of the local economy of the district of uMkhanyakude.

The Goals of UMDA that flow from the Vision and Mission Statement and based on the mandate of the development agency are as follows:

- 1) To promote sustainable commercialisation of agriculture and establishment of agri-business industries in the district;
- 2) To develop a world class tourism sector;
- 3) To develop settlements that promote urbanisation and industrialisation;

- 4) To promote entrepreneurial development, developing business effectiveness and competitiveness, business retention and renewal, attracting new business and promoting investment in all economic sectors
- 5) To develop world class catalytic infrastructure that promotes economic development;
- 6) To develop institutional capacity of UMDA, at all levels, with the capacity to effectively implement and raise funds for catalytic projects and operational needs.

The Goals are further unpacked into **Objective Areas** as is indicated in the table below.

GOALS	OBJECTIVE AREA
1. Agriculture and Agri-business Development	1.1 Permaculture
	1.2 Commercial Farming
	1.3 Agribusiness Development
	1.4 Exports
2. Tourism Development	2.1 Product Development
	2.2 Destination Marketing
	2.3 Research and Knowledge Management
	2.4 Skills Development
3. Develop Infrastructure and Green Economy	3.1 Commercial air transport
	3.2 Renewable Energy
	3.3 ICT Infrastructure
	3.4 Waste Management Programme
4. Urbanisation and Industrialisation Development	4.1 Urban nodal development
	4.2 Rural land development
5. SMME Development and Support	5.1 Establishment of SMME One Stop Shop
	5.2 Establishment of SMME Unit within UMDA
	5.3 Provide necessary training & capacity building to SMME
	5.4 Development of SMME Strategy for UMDA
6. Institutional Development	6.1 Human Resources
	6.2 Finance
	6.3 Corporate Governance

In implementing the Goals and Objectives, UMDA will be providing “consulting services” such as undertaking feasibility studies; preparing business plans; undertake environmental and planning studies aimed at gaining the required approvals; prepare funding applications and put project and programme management systems in place when and where required.

GUIDING PRINCIPLE

The following guiding principles have been developed and are the foundation for decision making in UMDA. It informs how the UMDA is to prioritise and select its projects and assess its progress. The guiding principles are:

The nature and extent of the employment and income generation ability of the economic sustainable interventions identified.

- 1) The nature and extent of external and internal, public and private sector investment that the intervention can attract.
- 2) The multiplier impact of intervention through the creation of new and additional backward and forward linkages within the District.
- 3) Building the capital asset base (economic infrastructure) of the District on which further future interventions can be built.
- 4) Building the entrepreneurial, SMME, cooperative and small informal economic base capacity of the District.
- 5) The ability of the interventions to empowerment of youth, women and vulnerable groups and the contribution of the intervention towards poverty eradication.
- 6) The ability of the intervention to advance further business management principles also making allowances for UMDA to generate an income for future investment and funding operations.

CHAPTER 2

GOVERNANCE

2. SECTION A: GOVERNANCE STRUCTURES

2.1 BOARD GOVERNANCE

The Shareholder, uMkhanyakude District Municipality appointed the current Board of Directors for UMDA in November 2018. The Board's appointment was for a five-year period starting 2018/19 ending 2022/23 financial year. The Board of Directors (non-executive) were appointed in accordance with Section 86H of the Local Government Municipal Systems Act; 2000; as amended.

The Board is chaired by Mr. Mkhabela who leads six non-executive and two executive members. When the Board took office they developed their 2019-2024 Strategic Plan. The Strategic Plan of the Board spells out key strategic focus of the Board as follows:

The following were outcomes of the Strategic Planning session:

UMDA's Vision to: ***“To be the reliable economic development Agency that facilitates economic growth and investments in uMkhanyakude District”***

UMDA's Mission Statement: To co-ordinate, plan and manage the implementation of a locally driven program of catalytic projects, to fast track the development of the local economy of the district of uMkhanyakude.

The Goals of UMDA that flow from the Vision and Mission Statement and based on the mandate of the development agency are as follows:

- To promote sustainable commercialisation of agriculture and establishment of agri-business industries in the district.
- To develop a world class tourism sector.
- To develop settlements that promote urbanisation and industrialisation.

- To promote entrepreneurial development, developing business effectiveness and competitiveness, business retention and renewal, attracting new business and promoting investment in all economic sectors
- To develop world class catalytic infrastructure that promotes economic development.
- To develop institutional capacity of UMDA, at all levels, with the capacity to effectively implement and raise funds for catalytic projects and operational needs.

Meet the Board of Directors...



Mr J.S. Mkhabela
Chairperson



Mrs S.T. Mthembu
Deputy Chairperson



Mr M.N. Ndlovu
Board Member



Mr T.M. Mthethwa
Board Member



Mrs L.V. Khumalo
Board Member



Mr K.N. Ntshangase
Board Member



Mr R.P. Tembe
Board Member



Mr. BSG Zondi
Chief Executive Officer



Mr. L.S. Sibisi
Acting Chief Financial Officer

Board Committees:

BOARD MEMBER	CAPACITY	RACE	GENDER
<i>Mr. J.S. Mkhabela</i>	Non-executive	African	Male
<i>Mrs. S.T. Mthembu</i>	Non-executive	African	Female
<i>Mr. N.M. Ndlovu</i>	Non-executive	African	Male
<i>Mr. T.M Mthethwa</i>	Non-executive	African	Male
<i>Mrs. L.V. Khumalo</i>	Non-executive	African	Female
<i>Mr. K.N. Ntshangase</i>	Non-executive	African	Male
<i>Mr. R.P. Tembe</i>	Non-executive	African	Male
<i>Ms. N.S.N. Nam (Interim CEO contract ended 28 Feb 2020)</i>	Executive	African	Female
<i>Mr. B.S.G. Zondi (appointed as CEO in March 2020)</i>	Executive	African	Male
<i>Mr. L.S. Sibisi</i>	Executive	Africa	Male



Board Meetings:

BOARD MEMBER	BOARD MEETINGS			
	No. Meetings	Attendance	Apology	Absent
<i>Mr. J.S. Mkhabela</i>	08	08	00	00
<i>Mrs. S.T. Mthembu</i>	08	05	03	00
<i>Mr. N.M. Ndlovu</i>	08	06	02	00
<i>Mr. T.M. Mthethwa</i>	08	08	00	00
<i>Mrs. L.V. Khumalo</i>	08	08	00	00
<i>Mr. K.N. Ntshangase</i>	08	08	00	00
<i>Mr. R.P. Tembe</i>	08	03	05	00
<i>Ms. N.S.N. Bam (Interim CEO contract ended 28 Feb 2020)</i>	07	07	00	00
<i>Mr. B.S.G. Zondi (appointed as CEO in March 2020)</i>	01	01	00	00
<i>Mrs. S.S. Sibisi</i>	08	08	00	00

Board Committees

For the Board to function effectively it has established two Board Committees over and above the statutory Audit Committee. These committees were established during this financial year to allow the Board to engage on matters so to excise effective oversight. The Board Committees are:

- Human Resources, Remuneration and Finance Committee (HRRFC) and
- Strategy, Trade, and Investment Committee.

Human Resources, Remuneration and Finance Committee:

According to the HRRFC Charter that was approved by the Board on the 31st of January 2020, the committee was established to allow the Board to:

- discharge its oversight responsibility in relation to Finance, Human Resources and Remuneration.
- focus on primary areas of Human Resources Development, retention strategies, succession planning and remuneration of the Chief Executive Officer and Senior Managers and risks associated within the policies and practices of UMDA.
- Carry out investigations into financial affairs of the UMDA irregular expenditure, fruitless and wasteful expenditure and any other areas requested by other committees or by the Board.

Strategy, Trade and Investment Committee

According to the STIC charter that was approved by the Board on the 23rd of August 2019, the committee was established for to:

- Ensure the proper management of the strategy, trade and investment activities of the UMDA.
- Determine the strategic priorities of the UMDA operation.
- Determine the long-term development programmes of the UMDA in line with the approved UMDA mandate.
- Assess the effectiveness of major investment decisions and prospective investment projects, and access how these would increase shareholder value within the UMDA.

Board committees	Members	No. meetings	Attendance
Human Resources, Remuneration and Finance Committee (HRFC)	Mr. N.M. Ndlovu (Chairperson)	03	01
	Mr.K.N. Ntshangase (Member)	03	03
	Mrs. S.T. Mthembu (member)	03	01
Strategy, Trade and Investment Committee (STIC)	Mr. T.M. Mthethwa (Chairperson)	03	03
	Mr. K.N. Ntshangase (Member)	03	03
	Mrs. L.V. Khumalo (Member)	03	02
	Mr. R.P. Tembe (Member)	03	00

Board Engagements:

BOARD MEMBER	BOARD ENGAGEMENTS			
	UMkhanyakude District Municipality		Sector Departments	Investors
	Council	EXCO		
<i>Mr. J.S. Mkhabela</i>	✓	✓	✓	✓
<i>Mr. S.T. Mthembu</i>	✓	✗	✓	✓
<i>Mr. N.M. Ndlovu</i>	✓	✓	✓	✓
<i>Mr. T.M. Mthethwa</i>	✓	✓	✓	✓
<i>Mr. L.V. Khumalo</i>	✓	✗	✓	✓
<i>Mr. K.N. Ntshangase</i>	✓	✓	✓	✓
<i>Mr. R.P. Tembe</i>	✓	✗	✓	✗
<i>MR. B.S.G Zondi</i>	✓	✓	✓	✓
<i>Mr. S.S Sibisi</i>	✓	✓	✓	✓

2.2 **AUDIT COMMITTEE**

File Reference:

Author: Mrs. Charmaine Jugnarayan

Report Number:

Designation: Chairperson of the Audit Committee

CONFIDENTIAL

The Chair of the Board

FOR CONSIDERATION

UMHLOSINGA DEVELOPMENT AGENCY

SECTION B: INTERGOVERNMENTAL RELATIONS

RELATIONSHIP WITH AMAKHOSI

uMkhanyakude District is the second largest district in KwaZulu Natal with 12 818 km². In terms of land tenure, an estimated 50% of the district land falls under the Ingonyama Trust ownership with tribal councils who are custodians of the land. The uMkhanyakude Traditional House of Leadership currently led by Inkosi Gumede is key to the development opportunities that the UMDA is proposing.

The UMDA engages Amakhosi in projects as they are custodians of land in most of the areas of the district. The relationship with Amakhosi is cordial. This financial year the UMDA activities has afforded an opportunity to have meeting with:

- Nkosi Myeni of Jozini for the purpose of engagement on the operationalisation of the Jozini Value Adding Centre (JVAC). The operationalisation of the JVAC will ensure that produce of farmer is processes and packed before being sent to market.
- iNkosi yakwaSqakatha was engaged to requested land for an agribusiness incubation programme.
- A meeting was held with Nkosi Myeni of Mkhuze to formally introduce the Mkhuze Airport as construction is to commence beginning of the coming financial year.

During the 2019-2024 Strategic Planning session, the Board resolved to straighten the relationship between UMDA and the Traditional Council. UMDA will host a land summit for the purpose of engaging the uMkhanyakude Traditional House of Leadership on proposals that UMDA has for the district. It is important that UMDA creates this platform so to engage and get the necessary by-in.

LOCAL MUNICIPALITIES

The uMkhanyakude District Municipality is made up of four local municipalities namely, UMhlabuyalinga Local Municipality; Jozini Local Municipality; Hlabisa Big 5 False Bay Local Municipality; and Mtubatuba Local Municipality.

The local municipalities (LM) are the main beneficiaries of all UMDA projects as the communities and land are in the local municipalities. UMDA continues to engage with LMs for local economic development (LED). UMDA presents projects of a locality to the LM and participates in the following platforms as chaired by the uMkhanyakude District Municipality to maintain relationships:

- LED forums;
- Tourism forums;
- IDP Representative Forums; and
- UMDA also ensures that the LMs full participates in project through project steering committee meetings (PSC).

During the 2019/20 FY the UMDA implemented the following projects in the municipalities:

Goal	Objective Area	Target	Local Municipality
Agriculture and Agri-business Development	Commercial Farming	Commissioning of Ndumo Packhouse facility	Jozini Municipality
		Dukuduku Packhouse	Mtubatuba Municipality
		Skhemelele Packhouse	UMhlabuyalinga Municipality
		RASET – Markets for District Agricultural Produce	District Wide
	Agribusiness Development	Hydroponics	Jozini Municipality
		Bhambanana Abettor	Jozini Municipality
		Marula Processing	UMhlabuyalinga Municipality
		Virtual Fresh Produce Market	Jozini Municipality
		Food Security/Commodity Estate	Jozini Municipality

Goal	Objective Area	Target	Local Municipality
Develop Infrastructure and Green Economy	Commercial air transport	Construction of Mkhuze Airport Terminal Building	Jozini Municipality
		Establishment of a Fire and Rescue Service at Mkhuze Airport	Jozini Municipality
		Planning Approval for Non-Aviation Mkhuze Airport City Development	Jozini Municipality
		Promotion of Mkhuze Airport City Development	Jozini Municipality
	Renewable Energy	Jozini Hydro Development	Jozini Municipality
	ICT Infrastructure	Broadband Infrastructure	Jozini Municipality
Urbanisation and Industrialisation	Urban Development	Implement the Mkhuze Regeneration Plan	Jozini Municipality
		Implement Urban Renewal Plans for local municipalities	District Wide

RELATIONSHIP WITH STAKEHOLDERS

As UMDA is funded by UKDM for operational expenses, this leaves a gap for capital budget requirement. UMDA's mandate could never be discharged through its operational grant alone. UMDA's capital funding is derived mainly from government grants, this is achieved through engagements with sector departments both national and provincial, state-owned entities and the private sector for capital funding. The Board has taken Investment Promotion as a strategy to ensuring that the pool of funders is wider. Given the apartheid history which has led to spatial planning patterns in the country, uMkhanyakude District is faced with these historical infrastructure backlocks, UMDA has been mandated to facilitate economic growth to mitigate these challenges. Planning for economic development requires a multi-stakeholder approach with private-public partnerships as a key driver to unlocking the economic potential of the district

The relationship with stakeholders is therefore particularly important. In the past financial year, the UMDA has had much support from the Department of Corporative Governance and Traditional Affairs; and the Department of Economic Development, Tourism and Environmental Affairs (EDTEA). This relationship has boosted UMDA financial position and has made UMDA to be visible to local communities.

The UMDA has engaged the following stakeholders in the FY:

STAKEHOLDER	PURPOSE / PROJECT	TECHNICAL SUPPORT / FUNDING
The Industrial Development Corporation (IDC)	- The Establishment of a Canning/Packing Facility in UMkhanyakude	- Funding
The KwaZulu Natal Cooperative Governance and Traditional Affairs	- Radical Socio Economic Transformation	- Technical support for the National School's Nutrition Programme
EDTEA	- Mkhuze Airport Development	- Funding
CATHSSETA	- Bursary programme	- Funding

RELATIONSHIP WITH UMKHANYAKUDE DISTRICT MUNICIPALITY

The relationship between the UMDA and UKDM is governed by the Municipal Systems Act; Municipal Finance Management Act and Companies Act. Over the years the relationship between the two has evolved. Whilst the relationship is highly regulated, both parties have made attempts to ensuring that good governance and transparency between the two remains through a relationship of trust.

The relationship between the Shareholder, uMkhanyakude District Municipality and the Board of uMhlosinga Development Agency is governed by the primarily the Municipal Systems Act and the Municipal Finance Management Act. According to the Local Government Municipal Systems Amended Act, no 44 of 2003, 93B (a), the Parent Municipality having sole control, requires for annual performance targets and indicators to be established in agreement with the municipal entity. During the year under review, engagements between the shareholder for the signing of the Shareholder Compact. The Shareholder Compact with Annual Performance Targets, Budget and Board Remuneration Policy was signed between the Board and the shareholder for the 2019/20 financial year.

Municipal Systems Act, Section 93D requires for municipal representative in UMDA Board meetings. The uMkhanyakude District Municipal Council resolved that the Community, Planning and Economic Development Portfolio (CPED) is the portfolio that is to oversee the UMDA on behalf the shareholder. The CPED Portfolio Chairperson and Head of Department of CPED are invited to all board meetings as UKDM Council Representative.

SHAREHOLDER AND MANAGEMENT

The relationship between the Accounting Officers of both institutions is critical to the success of the local economic development mandate that is given to UMDA. UMDA engages the office of the Municipal Manager for both compliance and relationship requirements. According to the MFMA Section 87 (5) (b), the Accounting Officers have