



EHLANZENI
DISTRICT MUNICIPALITY

ANNUAL REPORT 2021/2022





CHAPTER 1	EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY	
	1.1 Executive Mayor's Foreword	1
	1.2 Municipal Manager's Foreword	3
	1.3 Municipal Overview	4
	1.4 Economic Growth	6
	1.5 Unemployment Status	7
CHAPTER 2	GOVERNANCE	
	Component A: Governance Structure	8
	Component B: Intergovernmental Relations	11
	Other District IGR Structures	12
	Administrative Governance	13
	Component C: Public Accountability and Participation	13
	Component D: Corporate Governance	14
	Risk Management	14
	Fraud and Anti-Corruption Strategy	20
	Supply Chain Management	21
	By-laws	21
	Website	22
	Municipal Oversight Committees	23
CHAPTER 3	SERVICE DELIVERY PERFORMANCE (PART I)	
	1. Introduction	24
	2. Integrated Planning, Budgeting and Performance Management for the FY 2021/2022	25
	2.1 Integrated Development Planning (IDP)	25
	2.2 District Strategic Priorities	25
	2.3 The Budgeting Process	26
	2.4 Alignment of the Organisation with the Strategy	26
	2.5 Service Delivery and Budget Implementation Plan	26
	2.6 Adjustment Budget	27
	2.7 SDBIP review	27
	3. District Key Performance Areas, Goals and Outcomes	27
	3.1 Basic Service Delivery	27
	3.2 Financial Viability and Management	27
	3.3 Local Economic Development	27
	3.4 Institutional Transformation and Development	27
	3.5 Public Participation and Good Governance	28
	4. Performance Summary for 2021/2022	30
	5. Performance results for 2021/2022	31
	6. Detailed Performance results for 2021/2022	55
	6.1 Improve the IDP Standard of EDM and LMs	56
	6.2 Mainstreaming of Marginalised Groups	57
	6.3 Deliver Services and Implement Projects in Line with the Mandate of EDM	58
	6.4 Create a conducive Environment for District Economic Development and Growth	68
	6.5 Support Local Municipalities in Specific Areas of Need	75
	6.6 Strengthen IGR and Stakeholder Relations	94
	6.7 Manage Performance	98
	6.8 Implement Monitoring and Evaluation	102
	6.9 Improve Staff Skills and Development	103
	6.10 Improve Internal and External Communications	105
	6.11 Manage Organisational Risks	108
	6.12 Improve Institutional Transformation and Development	109
	6.13 Ensure Prudent Financial Management	115
	7. Roll over projects completed in the current financial year	122
	8. Expenditure on projects which are not included in the organizational layer of the report	122
	9. Conclusion	124

CHAPTER 4	ORGANISATIONAL OVERVIEW (PART II)	
	Component A: Introduction to the Municipal Workforce	127
	Component B: Managing the Municipal Workforce Levels	130
	Component C: Capacitating the Municipal Workforce (Skills Development)	133
	Component D: Managing the Municipal Workforce Expenditure	135
CHAPTER 5	FINANCIAL PERFORMANCE	
	5.1 Financial performance	138
	5.2 Financial position	138
	5.3 Cash Flow	139
	5.4 Actual Performance vs approved Capital Budget	139
CHAPTER 6	AUDITOR-GENERAL'S AUDIT FINDINGS	
	Auditor-General's Audit Findings	140
CHAPTER 7	OVERSIGHT COMMITTEE REPORT	
	Oversight Committee Report	141
APPENDICES		151
	A: Councillors, Committee Allocation and Council Attendance	
	B: Committee and Committee purposes	
	C: Third Tier Administrative Structure	
	D: Powers and Functions of the Municipality	
	E: Recommendations of the Municipal Audit Committee	
VOLUME II	ANNUAL FINANCIAL STATEMENTS	152
	Annual Financial Statements	

LIST OF TABLES, FIGURES AND ACRONYMS

TABLES AND FIGURES

Figure 1	Locality of the District and the Local Municipalities	4
Figure 2	Population distribution of the Local Municipalities	5
Figure 3	Ehlanzeni District Municipality Strategy Map	30
Table 1	Population distribution of the five Local Municipalities	5
Table 2	Unemployment rate in Ehlanzeni and the Local Municipalities from 2013-2017	7
Table 3	District Strategic Objectives and Priorities reflected in terms of the KPAs	26
Table 4	Municipal Goals, Strategic Objectives and Key Performance Areas	28
Table 5	Performance Results for 2021/22	33
Table 6.1.1 (i)	Approval of the 5 year IDP for 2022/23 – 2026/27 FY by a specific date	56
Table 6.1.1 (ii)	Completion of the district Water Master Plan by a specific date	57
Table 6.2.1 (i)	Number of reports on mainstreaming of marginalized groups	57
Table 6.3.1 (i)	Number of inspections conducted on school facilities	58
Table 6.3.1 (ii)	Number of inspections conducted on Early Childhood Development Centres	59
Table 6.3.1 (iii)	Number of inspections conducted on hospital facilities	60
Table 6.3.1 (iv)	Number of microbiological and chemical samples analysed	61
Table 6.3.1 (v)	Number of inspections conducted on funeral undertaker facilities	62
Table 6.3.1 (vi)	Number of inspections conducted on Clinic facilities	63
Table 6.3.1 (vii)	Number of Disaster Risk assessment reviews held	64
Table 6.3.1 (viii)	Number of Inspections on Food Premises conducted	65
Table 6.3.1 (ix)	Number of Disaster Risk Management and Public Safety Awareness Campaigns held	66
Table 6.3.1 (x)	Finalisation of awarding bursaries for 2022 to students by the Bursary Committee	67
Table 6.4.1 (i)	Number of LTO/RTO supported with tourism development & promotion	68
Table 6.4.1 (ii)	Number of LED Stakeholder Engagements and support to Local Municipality (THALEDA)	70
Table 6.4.1 (iii)	Number of guesthouses supported on grading requirements, marketing, skills development, HR and service standards	71
Table 6.4.1 (iv)	Number of work opportunities created through the EDM Sector Based Skills Development Programme	72
Table 6.4.1 (v)	Number of Small-scale Farmers supported by means of a Structured Support Programme	73
Table 6.4.1 (vi)	Number of SMMEs/Cooperatives benefiting from mentorship programme	74
Table 6.5.1 (i)	Number of workshops implemented for Ward Committees (on Powers, Functions and Responsibilities of Ward Committees)	75
Table 6.5.1 (ii)	Percentage of Implementation of the Financial Support Plan to LMs	76
Table 6.5.1 (iii)	Number of District Positive Living Conventions held	77
Table 6.5.1 (vi)	Number of Sports Development Projects conducted	78
Table 6.5.1 (v)	Number of Disability Projects Implemented	79
Table 6.5.1 (vi)	Number of Elderly Projects Implemented	80
Table 6.5.1 (vii)	Number of Designs/Studies for Technical Services Projects completed	81
Table 6.5.1 (viii)	Number of Projects implemented as part of the Integrated Waste Management Programme	83
Table 6.5.1 (ix)	Number of World AIDS & TB Days held	84
Table 6.5.1 (x)	Number of Children's Rights Projects Implemented	85
Table 6.5.1 (xi)	Number of Jamborees held	86
Table 6.5.1 (xii)	Number of Speaker's Awareness Campaigns held	87
Table 6.5.1 (xiii)	Number of GBVF programmes Implemented	88
Table 6.6.1 (xiv)	Number of Technical Services projects completed	89
Table 6.6.1 (xv)	Number of Women Empowerment Projects Implemented	92
Table 6.6.1 (xvi)	Number of Youth Projects Implemented	93
Table 6.6.1 (i)	Number of Economic Growth and Job Creation Work Stream meetings held	94
Table 6.6.1 (ii)	Number of meetings held by the IDP Representative Forum	95
Table 6.6.1 (iii)	Number of meetings held by the Good Governance and Administrative Cluster	96
Table 6.6.1 (iv)	Number of Social Cluster meetings held	97
Table 6.7.1 (i)	Number of organizational performance reviews conducted	98
Table 6.7.1 (ii)	SDBIP for 2022/23 signed off by the Executive Mayor within 28 days after the approval of the budget	99
Table 6.7.2 (i)	Completion of the 2020/21 FY IPMS performance appraisal	101
Table 6.8.1 (i)	Number of project verifications conducted	102
Table 6.9.1 (i)	Percentage of qualifying applicants (officials) awarded Bursaries in terms of the Bursary Policy	103

for 2022

Table 6.9.1 (ii)	Number of Skills Development Programme implemented in terms of PDPs	104
Table 6.10.1 (i)	Number of articles featuring EDM publicised	105
Table 6.10.1 (ii)	Final and approved Annual Report printed and sent to relevant offices (2020/2021 Financial Year Annual Report)	106
Table 6.10.1 (iii)	Number of Media Awareness Campaigns held	107
Table 6.11.1 (i)	Percentage implementation of Quarterly Risk Mitigation Strategies	108
Table 6.12.1 (i)	Percentage requests from internal Departments attended to and provided with COVID-19 PPEs and supplies	109
Table 6.12.1 (ii)	Development of Project Management Standard Operating Procedures Template by a specific date	110
Table 6.12.1 (iii)	Number of EDM Vehicles purchased within the financial year	111
Table 6.12.1 (iv)	Number of Mayoral Outreach Projects held	112
Table 6.12.1 (v)	Number of speaker's Outreach Projects held	114
Table 6.13.1 (i)	Percentage of Compliance with Budget Legislative Framework (Budget Implementation)	115
Table 6.13.1 (ii)	Number of Reports on the Implementation of the Procurement Plan submitted to Treasury	116
Table 6.13.1 (iii)	Percentage compliance with Budget Legislative Framework (Budget Preparations)	117
Table 6.13.1 (iv)	Number of reports on the unauthorized, irregular, fruitless and wasteful expenditure submitted to Council	118
Table 6.13.1 (v)	Percentage compliance with Budget Legislative Framework (Budget Reporting)	119
Table 6.13.1 (vi)	Development of the 2020/21 FY Audit Action Plan	120
Table 6.13.1 (vii)	Number of SCM reports submitted to the Executive Mayor within 10 days after the end of each quarter	121
Table 6.14.1	Roll over projects completed in the current financial year	122
Table 6.15.1	Expenditure on projects which are not included in the organizational layer of the report	122
Table 6.16.1	Challenges and recommendation	125



EHLANZENI
DISTRICT MUNICIPALITY

ACRONYMS

APAC	Amalgamated Public Accounts Committee
BLM	Bushbuckridge Local Municipality
BM	Barberton Mines
BSC	Balanced Scorecard
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
CBD	Central Business District
CBP	Community Based Programme
CID	Central Improvement District
COGTA	Cooperative Governance and Traditional Affairs
CPSI	Centre for Public Sector Information
CWP	Community Works Programme
DWA	Department of Water Affairs
EDM	Ehlanzeni District Municipality
EEP	Employment Equity Plan
EMP	Environmental Management Plan
EWP	Extended Works Programme
FY	Financial Year
GIS	Geographical Information System
GIZ	Deutsche Gesellschaft Fuer Internationale Zusammenarbeit (German Governance Support Programme)
GPS	Geographical Position System
GWM&E	Government Wide Monitoring & Evaluation
IDP	Integrated Development Plan
HR	Human Resources
ICT	Information and Communications Technology
IGR	Intergovernmental Relations
IHL	Institute for Higher Learning
IOM	International Organisation for Migration
IMSP	Integrated Municipal Support Plan
IPMS	Individual Performance Management System
IWMP	Integrated Waste Management Plan
LED	Local Economic Development
LEFPA	Lowveld Escarpment Fire Protection Association
LM	Local Municipality
LMs	Local Municipalities
LMSP	Local Municipality Support Programme
LTO	Local Tourism Organisation
M&E	Monitoring and Evaluation
MFMA	Municipal finance Management Act (Act 32 of 2003)
MHS	Municipal Health Services
MIG	Municipal Infrastructure Grant
MLM	Mbombela Local Municipality
MOU	Memorandum of Understanding
MPAC	Municipal Public Accounts Committee
MSA	Local Government Municipal Systems Act, 2000 (Act 32 of 2000)
NDHS	National District Health System
NIHE	National Institution for Higher Education
NMMU	Nelson Mandela Metropolitan University
NLM	Nkomazi Local Municipality
NT	National Treasury
OMM	Office of the Municipal Manager
OPEX	Operational Expenditure
OPMS	Organizational Performance Management System
PDP	Personal Development Plan
PT	Provincial Treasury
R&D	Research and Development
SCM	Supply Chain Management
RRAMS	Rural Road Asset Management System
SDBIP	Service Delivery and Budget Implementation Plan



SLA	Service Level Agreement
SO	Strategic Objective
SMME	Small Micro Medium Enterprises
TLM	Thaba Chweu Local Municipality
TUT	Tshwane University of Technology
UJ	University of Johannesburg
ULM	Umjindi Local Municipality
WSDP	Water Service Development Plan
WSP	Workplace Skills Plan
WTW	Water Treatment Works
WWTW	Waste Water Treatment Works



1.1 Executive Mayor's Foreword

Circular No. 63 of the Local Government Municipal Finance Management Act, Act 56 of 2003 requires that every municipality and Municipal Entity must prepare an Annual Performance Report which must form part of the Annual Report for each Financial Year in accordance with section 46 of the Local Government Municipal Systems Act, Act 32 of 2000 (MSA) and section 121 of the Local Government Municipal Finance Management Act, Act 56 of 2003 with an aim to:

- **Provide a record of the activities of the municipality or entity during the Financial Year to which the report relates;**
- **Provide a report on performance in service delivery and budget implementation for the Financial Year;**
- **Promote accountability to the local community for decisions made throughout the year by the municipality or municipal entity; and**
- **Reduce the additional reporting requirements that will otherwise arise from Government Departments monitoring agencies and financial institutions.**

It is with the above understanding that I wish to take this opportunity and present to all our valuable stakeholders the 2021/22 Annual Report which satisfies all the structural requirements and format of such a report. I would also like to appreciate the level of commitment and support we have received from both the Executive and the Legislative Arms of Council and corporation of yourself our valuable stakeholders during this period. The collaboration, selflessness and passion for our work will remain at the centre of our hearts, even beyond the period under review.

It gives me pleasure to reflect on the municipality's performance during the 2021/22 Financial Year in which, according to the Auditor General's Assessment, the district obtained a Clean Audit. This is indeed pleasing to the heart as I further note that it could not have been possible without the sterling support received from various units and oversight structures particularly the MPAC and other Section 79 oversight structures. I therefore see it necessary to equally commend the support and guidance we have been receiving from all section 79 committees through their oversight work, the office of the Municipal Public Accounts Committee (MPAC), the Internal Audit Committee, Risk Management Committee and from our Individual Performance Review and Recognition Committee and other advisory committees attached to the institution.

Our Public Participation Programme and cooperative governance as contained in Chapter 4 Local Government Municipal Systems Act, Act 32 of 2000 read alongside chapter 3 of the Constitution of the Republic of South Africa would have not been realized if we did not live up to the stipulations of the Intergovernmental Relations Framework Act, Act 13 of 2003. It is through this engagement and consultation programmes and plans that assisted Ehlanzeni District Municipality to map out a clear District Wide Integrated Development Plan (IDP) which is further supported by a Service Delivery and Budget Implementation Plan (SDBIP) at an operational level. The support received from all sector departments and institutions like GIZ during the planning stages of our operations lacks space for enough illustration. This being the fact that such a plan was characterised by a number of developmental considerations which include among others, the District Development Model, the slowly weakening Covid-19 pandemic and very rife incidences of Gender Based Violence and Femicide which in my view could have been prevented only if we were a tolerant society. It nevertheless pleases me to indicate that the District Municipality remained alive to its course throughout all these challenges. We have nonetheless institutionalised Social Services Department to set aside adequate budget which assisted to convene awareness and engagements sessions. The district went to the media platforms to spread the messages of support to the victims and families of the victims of this scourge of GBVF. The district has also developed a draft GBVF strategy that projects six pillars for consideration, multisectoral stakeholders' approach and common issues that are to be addressed and resolved if we are aspiring to become a GBVF free society. We have nonetheless continued to monitor all the DDM catalytic projects and programmes and we remain hopeful that Ehlanzeni District will become the best tourism destination in the country. At the centre of all our operations was the need to deliver services to our communities as contained in section 152 of the constitution of the Republic of South Africa. We have done so without favour or prejudice to any person and or household.

In the main, our future plans as Ehlanzeni District Municipality is the continued effort to provide support to our local municipalities in the delivery of quality services to our communities. This we will achieve through a structured engagement with each municipality with a focus on service delivery issues. A strengthened collaboration in the form of infrastructure development, maintenance programmes, job creation and the Small, Medium and Micro Enterprise (SMME) development to maintain but a few of such initiatives. The call to strengthen even further our collaboration with GIZ has never been at its strongest demand than now as we move toward the implementation of the District Development Model. As such the call for carefully re-aligning our work operations becomes necessary.

The district has yielded to the call to implement its economic reconstruction and recovery plan, tourism recovery plan, water master plan, and the District Investment Plan, as strategies to resuscitate our ailing economy which was previously dented by the novel Corona Virus. It is in the light of the above that the District Development Model has opened the doors to collaborate the Civic Organizations, Private Sector, Government Organizations, NGO's and other Stakeholders in ensuring an informed district one plan. During this financial year, we witnessed significant improvement of crucial projects such as Karino Bridge Interchange, Mpumalanga International Fresh Produce Market to mention a few as a catalytic project to aid our economy.

It is with the above preamble that I formally submit to you the 2021/22 Annual Report for Ehlanzeni District Municipality compiled in fulfilment of Circular 63 of the MFMA.

I Thank You.

J SIDELL
EXECUTIVE MAYOR

1.2 Municipal Manager's Foreword

It gives me pleasure to be afforded an opportunity to reflect back on the performance and achievements of the district in 2021/22 Financial Year. In doing so, one also wishes to thank the participation of all our critical stakeholders in most of our Intergovernmental structures like IDP Representative Forums, Municipal Managers Forum and the District Corona Virus Command Centre. It was indeed trying times world given the demise of our colleagues, friends, families and relatives due to the spread of the pandemic Novel Covid-19 strains. It is comforting to date that serious strides have been taken by the Medical and Research disciplines in finding the vaccine to prevent the spread. Although the spread of the pandemic has dramatically subsided downwards, we are continuing to appeal to all communities to get themselves vaccinated and wear masks whenever they have caught cold and flu symptoms.

It is also befitting that we take this opportunity to appreciate all the efforts shown and commitment for all the role players in the fight against this Pandemic. The appreciation of the contribution towards the management and monitoring of the pandemic is extended to all provincial and national departments led by their respective delegates, Local Municipalities led by Municipal Managers and representatives, State Owned Enterprises led by their Chief Executive Officers and Representatives, the Local House of Traditional Leaders led by their representatives, Community society led by their representatives and the Private Sector and Associations led by their representatives. Without a collective effort, the pandemic would have prevailed over our society in our district.

As a District Municipality we have continued to render support to Local Municipalities like Thaba Chweu and Nkomazi with the refurbishment of the Waste Water Treatment Plants, the expansion of the Water Treatment Works (Sibange and Driekoppies) and we are happy to report that in Sibange most of the top infrastructure has been completed and water pipelines are being installed to reservoirs and soon the communities will be getting water supply from the schemes.

It is also crucial to also indicate the significant progress made in relation to the District Development Plan (DDM). All structures were fully functional and the District One Plan approved by Council (A37/2021) on the 27th May 2021 is now being implemented. At the present moment, there is significant progress on the key catalytic projects especially the Mpumalanga International Fresh Produce Market which is currently sitting at about 90% completion rate, Karino Bridge interchange at 100% completion, Sibange bulk water scheme at 98%, Driekoppies bulk water scheme at 86% to mention a few.

There are concerns also to the implementation of the Nkomazi SEZ and at some stage communities were protesting due to lack of knowledge about the opportunities presented by the approval of this project. Whilst strides have been made towards the right direction in that the interim board is in place and some work has already been proposed for implementation. We are continuing to appeal with the MEGA, the implementing agent to expedite all delaying processes which are likely to chase potential investments away. It must however be mentioned that then District One Plan is progressing towards the right direction, an investment unit has been established in the district following the repositioning exercise by GIZ. To date private investments have been attracted by the municipality land that include Pallets Blitz and sponsors supporting the Makhonjwa Mountain 4 in 1 Marathon to mention a few.

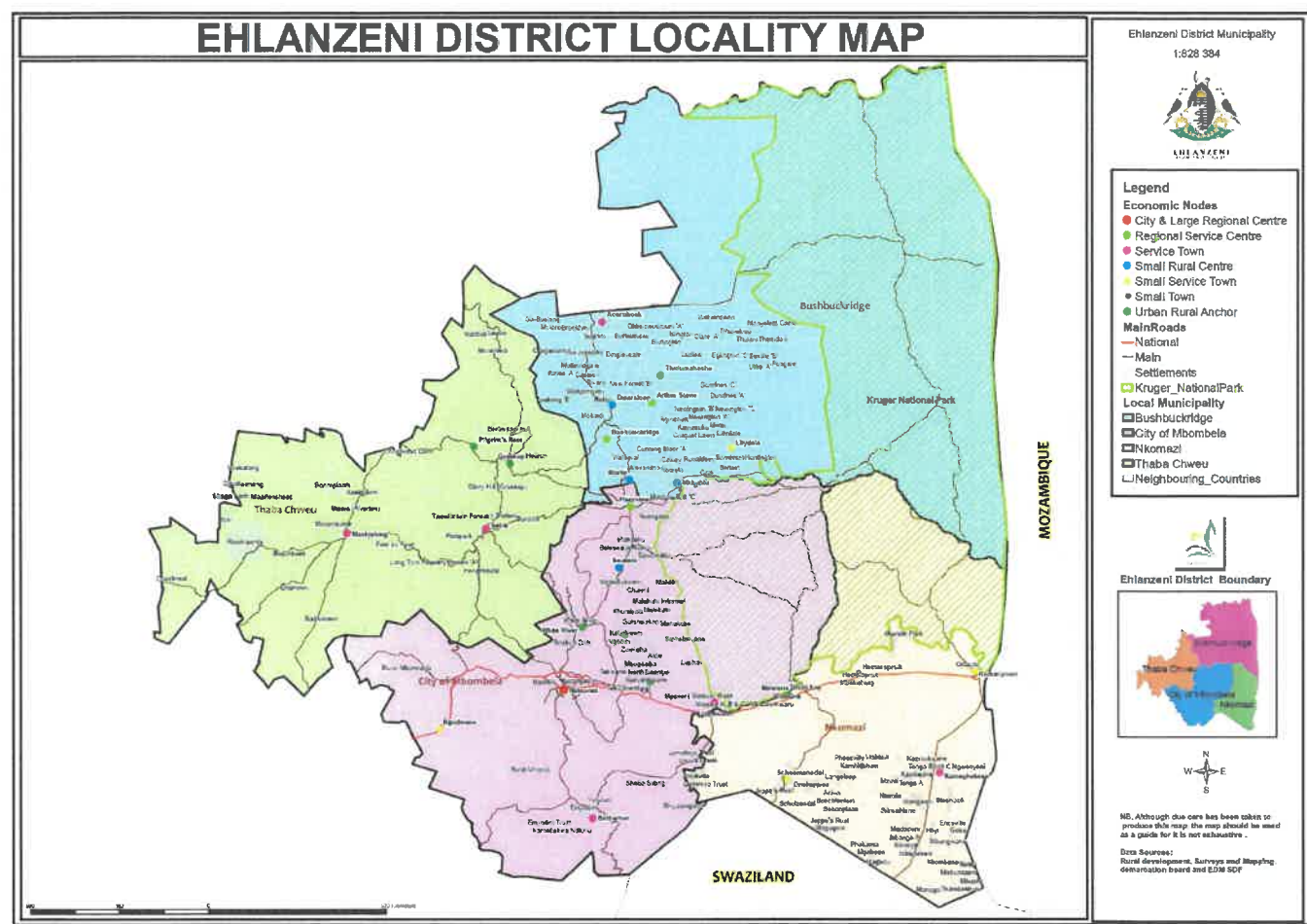
I therefore take this opportunity to present the draft Annual Report for 2021/22 for your inputs and comments.

Dr NP MAHLELELA
MUNICIPAL MANAGER

1.3 MUNICIPAL OVERVIEW

Ehlanzeni District Municipality is one of the three district municipalities which forms part of the Mpumalanga Province. The district is bordered by Mozambique and Swaziland in the southern side, Gert Sibande District in the south, Mopani and Sekhukhune Districts of Limpopo in the north and Nkangala District Municipality in the south west. It comprises of four local municipalities namely, City of Mbombela, Bushbuckridge Local Municipality, Nkomazi Local Municipality and Thaba Chweu Local Municipality.

Figure 1: Locality of the District and the Local Municipalities



The District features three border gates to both Swaziland and Mozambique (Matsamo, Lebombo and Mananga border gates) and therefore movement of people from neighbouring countries to the District, and from Gauteng to either Swaziland or Mozambique, creates a catalyst for the economic life of the area. The offices of the District Municipality are situated in Mbombela, the home of the Mpumalanga Provincial Government and the most concentrated economic hub within the Province.

The District has a total population of 1 917 082 (STATS SA Annual Estimates, 2019), which is made up as follows:

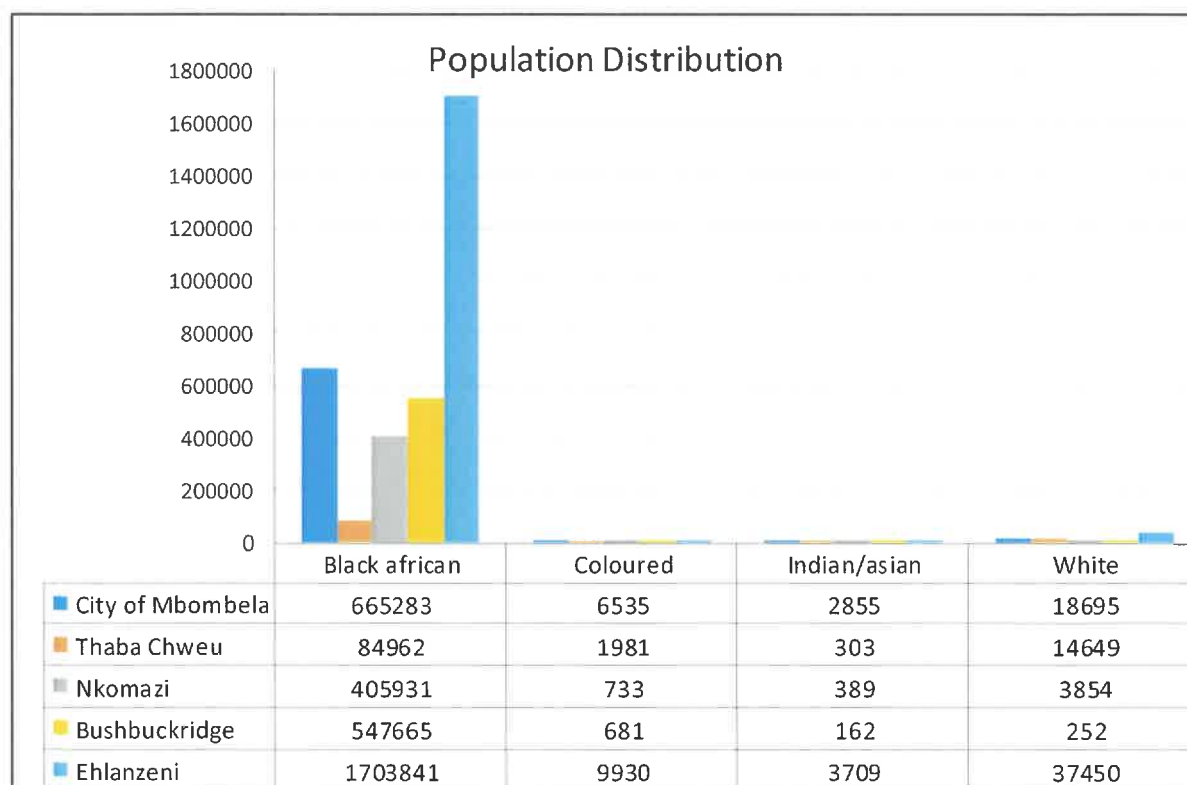
Table 1: Population distribution in the Local Municipalities

LOCAL MUNICIPALITY	CENSUS 2011	PERCENTAGE OF DISTRICT POPULATION FIGURE	COMMUNITY SURVEY 2016	PERCENTAGE OF DISTRICT POPULATION FIGURE	STATS SA ANNUAL ESTIMATES 2019	PERCENTAGE OF DISTRICT POPULATION FIGURE
Thaba Chweu	98 388	5.82%	101 895	5.80%	<u>111699</u>	<u>5.82%</u>
City of Mbombela	655 953	38.84%	693 369	39.50%	<u>744699</u>	<u>38.84%</u>
Nkomazi	393 030	23.20%	410 907	23.41%	<u>446206</u>	<u>23.27%</u>
Bushbuckridge	541 248	32.05%	548 760	31.26%	<u>614478</u>	<u>32.05%</u>
Ehlanzeni	1 688 616	100%	1 754 931	100%	<u>1 917 082</u>	<u>100%</u>

Ehlanzeni District Municipality is predominantly (70%) rural, and that poses a serious challenge in the delivery of services. The strip traversing the three adjacent Local Municipalities to the Kruger National Park (Figure 1) constitutes the former homeland area (Former Bantustan). The majority of the population of Ehlanzeni is concentrated in that region and it is critical that efforts to uplift economic livelihoods of the people be focused on in that space. Whilst the District and the Local Municipalities are working tirelessly to improve the socio-economic livelihoods through various initiatives such as constructing and improving the Rural Central Business District of towns in the deep rural areas, it would take years to ensure that the dream is realized. Municipalities were required to ensure that 75% and more of their funds were channelled to execute water and sanitation projects.

The demography of the district shows that the majority (60%) of the district population is youth aged between 14 to 35 years. The statistics on HIV and TB-related deaths shows a steady increase, however government is making a serious effort to treat the pandemic.

Figure 2: Population distribution in the Local Municipalities



Source: Statistics SA Community Survey 2016

Through the cooperative governance model, the District Municipality has developed a district wide planning framework which guides the Local Municipalities in the development of the integrated development plan, regarded as the principal strategic document for all municipalities. The process plans of the various Municipalities are aligned to the district wide framework and so are the other planning processes. These two levels of local government (Local and District) communicate continuously and ensure alignment of plans and implementation so that there are no disputes in the execution of their legislative powers and mandates. The powers and functions are closely related and must be executed in a manner which seeks to promote and improve harmony and effective service delivery. It will be biased to areas with no adequate access to the basic services as stipulated in one of the principles of the National Spatial Development Perspective Strategy.

In enhancing the relations and models of cooperative governance, the District Municipality has established various structures which are critical for its functionality in the province. Amongst these structures, there is a District Council established in terms of section 18 of the Local Government: Municipal Structures Act (Act 117 of 1998) which outlines the need for the establishment of a council to run the Municipality, the composition of that Council, membership, and operation and dissolution. The District Council includes Councillors as members who represents the various Local Municipalities so that issues from local communities may be discussed at the district level platforms.

Section (19) (2) of the Municipal Structures Act, requires a Municipal Council to annually review the needs of the community, its priorities to meet those needs, its processes for involving the communities, its organizational and delivery mechanisms for meeting the needs of the community and its overall performance in achieving the local government's objectives as set out in Section 152 of the Constitution of the RSA. During the financial year under review, Ehlanzeni District Municipality continued to strengthen the culture of community participation through the 139 wards of the district, as further referred to in Chapter 2 of this Annual Report.

These are some of the high impact projects and programmes implemented in the financial year 2021/2022 aimed at supporting a better life for all communities of Ehlanzeni. It be noted that in some instances there has been a continuation of projects/programmes from previous financial years:

- Maintenance of Water and Sanitation infrastructure
- Data Cleansing,
- Electrification (High Mast Lights)
- Continued GRAP support to local municipalities,
- Strengthening the operation of IGR forums
- LED Support and Mentorship Programme
- Visible Mayoral Programmes aimed at community consultation

1.4 ECONOMIC GROWTH

Average annual economic growth rate for Ehlanzeni at 3.1% over the period 1996 to 2017 and 2.2% since 2011 – forecasted average annual GDP growth for Ehlanzeni for 2017-2022 more or less 2% per annum.

More than 60% of the economy community services, trade (including tourism) and finance. Other important industries include agriculture (including forestry) and manufacturing (companies such as Sappi and RCL Foods). Second largest economy of the 3 districts with a contribution to the Mpumalanga economy of more or less 35% - increasing trend. The size of the economy in 2017 was estimated at R120 billion in current prices. Comparative advantage in economic industries/sectors such as agriculture and forestry, tourism, manufacturing of wood products. Tourism expenditure in the area as a % of the District GDP almost 14%, which is high in a provincial and national context – tourism spending R16 billion p/a in Ehlanzeni. Very important tourism destination.

1.5 UNEMPLOYMENT STATUS

The unemployment rate in the District is 32%, with the Local Municipality with the highest unemployment rate being Bushbuckridge with 49%. The SERO report indicates that unemployment has slightly increased in the former Nkomazi Local Municipality, whilst there is a decline in the Thaba Chweu Municipality and no other change in the other two.

Table 2: Unemployment rate in Ehlanzeni and the Local Municipalities from 2013 to 2017

Region	Unemployment Rate 2013	Unemployment Rate 2017
Thaba Chweu	20.50%	19.90%
Nkomazi	31.10%	32.40%
Bushbuckridge	49.10%	49.00%
City of Mbombela	24.80%	24.80%

Source: Statistics SA Census (1996, 2001 and 2011)

The LED Department in the district and the four local municipalities must be strengthened through creation of projects that will benefit the communities in their localities. The Department of Agriculture, Rural Development and Land Administration and the Department of Mineral Resources must also be brought on board to assist in the revival of the two mining towns, namely Barberton and Graskop.

Although significant strides have been taken by the District to curb unemployment through the EPWP Programme and other job creation initiatives, unemployment is still rife and more commitment is required from all economic sectors to address the imbalance. The Municipalities in the District need to improve in the spending of the Municipal Infrastructure Grants as some of the communities are without adequate access to basic services.

The Local Government Turn Around Strategy (LGTAS) which was introduced by the former Minister of COGTA led to the introduction of the Municipal Infrastructure Support Agency (MISA) to municipalities which have challenges in the delivery of basic services, like Bushbuckridge Local Municipality. The initiative has not yielded the expected results but there is room for improvement as the population keeps growing in the district.

The District Municipality and its Local Municipalities are still on course in their endeavour to fight against HIV/Aids, TB and other dreaded diseases. The inclusion of people with special needs in Municipalities' programmes and their appointments in positions remains a challenge.

CHAPTER 2

GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURES

POLITICAL GOVERNANCE STRUCTURE

The District Municipality has a sound political governance structure that support the Executive Mayor and the Speaker. All Committees established in terms of Section 79 and 80 of the Local Government: Municipal Structures Act, 1998 have been effectively functional.

The Political Governance Structure was as follows in the FY 2021/2022

NAME AND SURNAME	FULL TIME COUNCILLORS
J Sidell	Executive Mayor
RE Khumalo	Speaker
JS Siwela	Chief Whip
PT Selowe	MMC for LED, Tourism and Rural Development
M Nkuna	MMC for Technical Services
RM Shongwe	MMC for Municipal Health and Environmental Management
MJ Mavuso	MMC for Corporate Services
M Chembeni-Sahi	MMC for Finance
Selina Mashigo-Sekgobela	MMC for Social Services
LC Shakwane	MMC for Disaster Management

• COUNCIL MEETINGS

The district Council held 3 Ordinary Council meetings and 10 Special Council meetings, the Council reports were debated and concluded. The details of the meetings of Council held from 1 July 2021 to 31 June 2022 is as follows:

Meeting	Date	Venue
Special Council meeting	28 July 2021	Council Chamber (Virtual meeting)
Special Council meeting	26 August 2021	Council Chamber (Virtual meeting)
Ordinary Council meeting	23 September 2021	Council Chamber (Virtual meeting)
Special Council meeting	21 October 2021	Council Chamber (Virtual Meeting)
Inaugural meeting	25 November 2021	Council Chamber
Special Council meeting	1 December 2021	Council Chamber
Special Council meeting	31 January 2022	Council Chamber
Special Council meeting	28 February 2022	Council Chamber
Ordinary Council meeting	30 March 2022	Council Chamber
Special Council meeting	30 March 2022	Council Chamber
Special Council meeting	29 April 2022	Council Chamber
Special Council meeting	30 May 2022	Council Chamber
Special Council meeting	15 June 2022	Council Chamber
Ordinary Council meeting	29 June 2022	Council Chamber

The following committees are regarded as standing committees of the Speaker:

1. ETHICS COMMITTEE

- Speaker: Cllr RE Khumalo (ANC)
- Cllr. GS Siwela (ANC)
- Cllr. PP Chima (ANC)
- Cllr. H Malomane (ANC)
- Cllr. JH Lighthelm (DA)
- Cllr. R Qhibi (EFF)
- Cllr. M Van Der Westhuizen (VFP)
- Cllr. E Mathebula (ISANCO)

2. PORTFOLIO COMMITTEE FOR LED AND TOURISM AND RURAL DEVELOPMENT

- Cllr. PT Selowe (Chairperson)
- Cllr. CM Mokoni (ANC)
- Cllr. C Sebamba (ANC)
- Cllr. S Sithole (ANC)
- Cllr. D Ngobeni (ANC)
- Cllr. P Minnaar (DA)
- Cllr. E Mathebula (ISANCO)
- Cllr. B Sifunda (EFF)

3. PORTFOLIO COMMITTEE FOR DISASTER MANAGEMENT AND PUBLIC SAFETY

- Cllr. L Shakwane (Chairperson)
- Cllr. NM Maganga (ANC)
- Cllr. TE Mahlalela (ANC)
- Cllr. HE Sihlabela (ANC)
- Cllr. K Nukeri (ANC)
- Cllr. KP Robertson (VFP)
- Cllr. JH Lighthelm (DA)
- Cllr. S Thobela (EFF)

4. PORTFOLIO COMMITTEE FOR CORPORATE SERVICES

- Cllr. MJ Mavuso (Chairperson)
- Cllr. SJ Manana (ANC)
- Cllr. TE Ngomane (ANC)
- Cllr. LP Ngomane (ANC)
- Cllr. AM Mathebula (ANC)
- Cllr. S Chauke (EFF)
- Cllr. S Couvaras (DA)
- Cllr. ML Monareng (ISANCO)

5. PORTFOLIO COMMITTEE FOR FINANCE AND SUPPLY CHAIN MANAGEMENT

- Cllr. M Chembeni-Sahi (Chairperson)
- Cllr. PP Chima (ANC)
- Cllr. NC Khoza (ANC)
- Cllr. IS Mashaba (ANC)
- Cllr. EE Mabunda (ANC)
- Cllr. M Van Der Westhuizen (VFP)

- Cllr. V Gwebu (EFF)
- Cllr. MS Preddy (DA)

6. PORTFOLIO FOR TECHNICAL SERVICES

- Cllr. M Nkuna (Chairperson)
- Cllr. RB Mhlaba (ANC)
- Cllr. HK Malomane (ANC)
- Cllr. IS Mashava (ANC)
- Cllr. SO Makhubela (ANC)
- Cllr. ML Monareng (ISANCO)
- Cllr. SR Schormann (DA)
- Cllr. S Nkuna (EFF)

7. PORTFOLIO COMMITTEE FOR SOCIAL SERVICES AND TRANSVERSAL PROGRAMME

- Cllr S Mashigo-Sekgobela (Chairperson)
- Cllr. CM Mohlala (ANC)
- Cllr. RS Shabangu (ANC)
- Cllr. EE Mabunda (ANC)
- Cllr. ND Ndlovu (EFF)
- Cllr. M Westhuizen Van Der M (VFP)
- Cllr. N Mathobela N (DA)
- Cllr. HP Thobakgale (BLM)

8. PORTFOLIO COMMITTEE FOR STRATEGIC PLANNING

- Cllr. ET Mabuza (Chairperson)
- Cllr. TB Sibuyi (ANC)
- Cllr. HE Sihlabela (ANC)
- Cllr. NC Khoza (ANC)
- Cllr. EE Mabunda (ANC)
- Cllr. R Qhibi (EFF)
- Cllr. SR Schormann (DA)

9. PORTFOLIO COMMITTEE FOR MUNICIPAL HEALTH AND ENVIRONMENTAL HEALTH MANAGEMENT

- Cllr. RM Shongwe (Chairperson)
- Cllr. ZA Mdhluli (ANC)
- Cllr. TB Sibuyi (ANC)
- Cllr. LF Nkosi (ANC)
- Cllr. KP Robertson (VFP)
- Cllr. MS Preddy (DA)
- Cllr. R Nkomo (EFF)
- Cllr. E Mathebula (ISANCO)

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTERGOVERNMENTAL AND STAKEHOLDER RELATIONS

In line with chapter 3 of the Constitution of the Republic of South Africa 108 of 1996, Ehlanzeni District Municipality established seven (7) Key IGR Structures both at a Technical and Political level.

Out of the seven key IGR structures three (3) are the district clusters which are aligned to the District Planning Processes to assist as working groups which feed into the District Wide IDP Process Plan and they are as follows: Good Governance Cluster, Economic Growth and Infrastructure Development Cluster and the Social Needs Cluster. All these clusters are chaired or at some stages, co-chaired by the political heads of the respective departments.

The district has further established an MMC's Forum. The MMC's Forum promotes the culture of engagement and learning from one another through best practices and information sharing. These structures also assist in the integration of programmes from a political level thus promoting the culture of saving on resources and maximizing government's impact on the delivery of services to communities. The MMCs' Forum meetings are being coordinated and Chaired by the respective District MMC's. The Corporate Services MMCs' Forum meeting, for example, is coordinated from the District MMC: Corporate Services' Office and is attended by all the MMCs: Corporate Services in the Local Municipalities with any additional stakeholder per invitation by the Chairperson. The District MMC's Forum meetings are scheduled to sit on a quarterly basis like all the other political structures.

Below is a list of the seven (7) key District IGR Structures in Ehlanzeni, their standing orders and frequency of meetings.

NO.	STRUCTURE	COMPOSITION	SCHEDULE OF MEETINGS
1.	Mayors' Forum	The structure is Chaired by the District Executive Mayor, attended by all Mayors in the District and by any other resource person who might be invited by the Chairperson to add value to the meeting by way of making a presentation or providing expert opinion on a particular matter.	4 Quarterly Meetings per annum. 21/12/2021 ✓ Only one meeting managed to sit.
2.	Speakers' Forum	The structure is Chaired by the District Speaker. It is attended by all Council Speakers in the District and any other person who might add value to the meeting.	4 Quarterly Meetings per annum. 08 /o2/2022 Only one meeting managed to sit.
3.	IDP Representative Forum	The structure is chaired by the District Mayor. It is a broad stakeholder consultative Forum including all the spheres of Government, Private Sector and NGOs.	3 Quarterly Meetings per annum. 02 March 2022 12 April 2022 19 May 2022 All three meetings managed to sit.
4.	Municipal Managers Forum	The structure is chaired by the District Municipal Manager. It is attended by all Municipal Managers, and by any other Stakeholder who might be invited by the Chairperson to add value by way of making a presentation or providing expert opinion on a particular matter. The structure also serve as technical structure sits prior to the Executive Mayors' Forum and deliberate on issues before submitted to the Executive Mayors Forum.	4 Quarterly meetings per annum. 20/12/2022 03/02/2022 Only two meetings managed to sit

NO.	STRUCTURE	COMPOSITION	SCHEDULE OF MEETINGS
5.	Governance and administration Cluster	The structure chaired by the MMCs responsible for Corporate Services. All Units within the District, Provincial Department and Local Municipalities responsible for governance and Administration participate in this Cluster. SALGA and COGTA are critical stakeholders in this particular structure.	3 Quarterly meetings per annum. 09/09/2021 07/06/2022 24/04/2022 All three meetings managed to sit.
6.	Social Needs Cluster	The structure is chaired by the MMC responsible for Social Services. All Sector Departments, Salga, NGO's Local Municipalities and other relevant stakeholders identified by the unit responsible for social matters form part of the Social Needs Cluster.	4. Quarterly meetings per annum. 02/09/2021 11/11/2021 09/02/2022 08/06/2022 All four meetings and an additional one managed to sit.
7.	Economic Growth and Infrastructure Development	The structure is chaired by the MMC's responsible for LED and Infrastructure Development, All Sector Department, Business and other relevant stakeholders identified by the unit form part of the cluster	3 Quarterly meetings per annum. 29/09/2021 22/02/2022 09/06/2022 All three meetings managed to sit.

OTHER DISTRICT IGR STRUCTURES

There is a number of Technical Structures in the District which feed into the overall functionality of the District IGR Programme. All these technical forums/structures meetings are attended by practitioners and resource persons from various planning fields. The technical meetings usually sit before the Political Forum meetings to enhance the quality of engagements during the forum meetings. Below is a list of a few structures:

- IDP Technical Forum
- Disaster Management Advisory Forum
- Municipal Health and Environmental Management Forum
- District HR Forum
- Public Participation Forum
- CFO's Forum
- District Communicators Forum

CHALLENGES AFFECTING THE FUNCTIONALITY OF THE DISTRICT IGR STRUCTURES

In a number of occasions our IGR structures meetings experience poor participation by various stakeholders. Due to COVID 19 pandemic affecting the Country most of our meeting were conducted virtual. COGTA is in the processes of finalising the Provincial IGR Framework which will guide the sitting of the IGR Structures and to develop the Provincial IGR Calendar to avoid clashing of meetings that require same stakeholders to attend.

ADMINISTRATIVE GOVERNANCE

The District Municipality has a fully functional administrative governance structures in place. The maintaining of the unqualified audit opinions for a period of seven years by the District Municipality is testimony to the fact that the Municipality's administrative governance is functional and fully effective. All Section 56 Managers have their performance contracts signed at the beginning of each financial year.

The Administrative Governance Structure is as follows:

NAME AND SURNAME	POSITION
Dr NP Mahlalela	Municipal Manager
RS Makwakwa	General Manager: Corporate Services
ST Shabangu	General Manager: Community Services
PO Mokoena	General Manager: Financial Services
ML Nkosi	Acting General Manager: LED, Tourism and Rural Development
ND Malokela	General Manager: Technical Services
SJ Tibane	Acting General Manager: Strategic and Social Services

The organizational structure as per **Appendix C** provides an overview of the administrative and political units in the municipality.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

PUBLIC MEETINGS

During the year under review the following community participation programmes that formed part of the Outreach Programmes were held:

PROGRAMME	DATE
Speakers Outreach at Thaba Chweu Local Municipality	14 September 2021
Speakers Outreach at City of Mbombela Local Municipality	17 September 2021
Speakers Outreach Bushbuckridge Local Municipality	25 October 2021
Speakers Outreach at Bushbuckridge Local Municipality	26 October 2021

IDP PARTICIPATION AND ALIGNMENT

Through the cooperative governance model, the District Municipality has developed a district wide planning framework which guides the Local Municipalities in the development of the integrated development plan, regarded as the principal strategic document for all municipalities. The process plans of the various Municipalities are aligned to the District wide framework and so are the other planning processes. These two levels of local government (Local and District) communicate continuously and ensure alignment of plans and implementation so that there are no disputes in the execution of their legislative powers and mandates. The powers and functions are closely related and must be executed in a manner which seeks to promote and improve harmony and effective service delivery.

Section (19) (2) of the Municipal Structures Act, requires a Municipal Council to annually review the needs of the community, its priorities to meet those needs, its processes for involving the communities, its organizational and delivery mechanisms for meeting the needs of the community and its overall performance in achieving the local government's objectives as set out in Section 152 of the Constitution of the RSA.

During the financial year under review, Ehlanzeni District Municipality continued to strengthen the culture of community participation through the 139 wards of the district, as further referred to in Chapter 2 of this Annual Report. The Municipality has a structured public participation's programme which is contained in the Public Participation Strategy.

All the wards were reported functional although the level and quality of their submission is still a matter of concern. This is despite the intervention by the Department of Cooperative Governance and Traditional Affairs (COGTA), in partnership with the District, to assist the Local Municipalities in compiling ward operational plans. In addition, the District Municipality continued to provide capacity building to Ward Committees in the five Local Municipalities and supported the initiatives, such as Immimemo and Speaker's Outreach Programmes.

Municipal support through the Integrated Municipal Support Plan included, but was not limited to, the strengthening and monitoring of community participation through the vibrant and effective ward committee system, the Ward Improvement Plans and quarterly reviews. The District Municipality has systems in place to play an oversight role on the functionality of the Ward Committees through the District Participation Forum and the Speakers Forum.

COMPONENT D: CORPORATE GOVERNANCE

RISK MANAGEMENT

According to section 62(1) (c) (i) of the Municipal Finance Management Act (MFMA), of 2003 the Accounting Officer has to establish and maintain, among others, a system of managing the risks which the municipality is faced with. Risk Management is one of management's core responsibilities, Risk Management is also an integral part of the internal processes of the municipality. It is a systematic process that is used to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the Ehlanzeni District Municipality. When properly executed risk management provides reasonable assurance that the Municipality will be successful in achieving its goals and objectives.

The Municipality reviewed and approved the risk management strategy. The strategy is the foundation for a continuous risk assessment process for management and monitoring of risks on an on-going basis. The Municipality conducted its annual Enterprise-wide Risk Assessment (ERM) on 21 & 22 April 2021 to determine the magnitude of risk exposures by assessing the likelihood of the risk materialising and the impact that it would have on the achievement of objectives. The identified risks were prioritised which enabled Management to focus more time, effort and resources on the higher risk areas. To mitigate the risks, Management implemented control activities by establishing policies and appropriate procedures such as approvals, authorisations, segregation of duties, reconciliations and physical safeguards.

The following top five (5) risks of the municipality were identified for which management mitigating controls were indicated in the IDP:

	REF No.	STRATEGIC OBJECTIVE	RISKS TO ACHIEVING STRATEGIC OBJECTIVE	CONTRIBUTING FACTORS	MITIGATING CONTROLS
1.	SR 02	ENSURE MAINSTREAMING OF MARGINALISED GROUPS	Inadequate institutionalization for mainstreaming of Marginalised groups	1. Inadequate inclusion of marginalised groups in municipal and sector department programmes 2. Failure to provide	1. A database for disabled persons has been created 2. Employment Equity

				suitable and reasonable resources for the marginalised (walk ways, evacuation chairs etc...) 3. People with disabilities failing to declare of their disabilities in the application of employment forms 4. Poor participation and attendance by municipalities and sector departments at Social Cluster meetings 5. None submission of reports by municipalities and departments. 6. Lack of consequence management 7. None implementation of Cluster resolutions	Plan reviewed and submitted to council 3. Quarterly Mainstreaming meeting are held 4. Reporting challenges to the Municipal Manager 5. Sending invitations to departments 6. Conducted workshop on mainstreaming to all staff as well as Sign language training 7. Meetings for marginalized groups are held on the ground floor (DMC) 8. Established disability desk 9. Present reports to the Management and Extended management forum on mainstreaming Equity Committee 10. Departments are encouraged to Mainstream during meetings
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2.	SR 03	DELIVER SERVICES AND IMPLEMENT PROJECTS IN LINE WITH THE MAN- DATE OF EDM	Failure to deliver quality, programmes, projects and services in line with the mandate	1. Inadequate Human Resource and Budget 2. Inadequate project management (internal and external) 3. Failure to interpret the mandate of the district 4. Lack of awareness of the district mandate 5. Allocation of budget to projects or programmes which are not part of the mandate of the District 6. Poor alignment of IDP with district mandate 7. Lack of implementation of Spatial Planning & Land Use Management Act(SPLUMA) in the traditional areas 8. Poor planning of the SCM Module 9. Poor project administration of the Technical Services 10. Poor Quality of the Specification document 11. None- availability of Bid Committee members 12. Possible shortage of material/wood to manufacture Coffins	1. Frequent site visits 2. Enforce Service Level Agreements (SLA) between EDM and service providers 3. Appropriate training for internal project managers 4. Appointed Environmental Health Practitioners (EHPs) to increase Human Resource (HR) in the department 5. Co-funding of projects with Private Sector 6. Approved the Tariff Policy 7. Conducted awareness of EDM's mandate to political leadership 8. Funding model strategy for the municipality in place
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3.	SR 04	CREATE A CONDUCTIVE ENVIRONMENT FOR DISTRICT ECONOMIC DEVELOPMENT AND GROWTH	Ineffective coordination of district economic growth programmes	1. Lack of infrastructure to enhance economic growth 2. Socio-Political instability 3. Poor governance structures 4. Non alignment of Economic development programmes (Silo Operations) 5. Total shut down of Tourism Industry due to Covid-19 6. Lack of implementation of Spatial Planning & Land Use Management Act (SPLUMA) in the traditional areas 7. Re-prioritisation of budgets to cater for the Pandemic 8. Withdrawal of foreign funding by developed countries 9. Reduction of the economic sector activities due to COVID-19 10. Lack of proper documented policy and Frameworks that talks about putting Local Businesses first (Small Scale Farmers, SMME's and Guest House etc...)	1. Economic development clusters are held with local municipalities 2. LED strategy (tourism) developed and implemented 3. Trainings of Small, Medium and Micro Enterprises (SMMEs/co-operatives are conducted on an annual basis 4. Implement Transversal framework with department (MOU) 5. Established the EDM Economic development forum 6. Developed a Database for Small, Medium and Micro Enterprises (SMMEs) 7. Reviewed Spatial Development Framework (SDF) adopted by Council 8. MOU with the University of Mpumalanga
4.	SR 07	MANAGE PERFORMANCE	Non-adherence to IPMS processes	1. The perception that the IPMS process lacks objectivity 2. Non alignment of workplans to Job descriptions and weak supervision	1. Ongoing training on the IPM System 2. Operational manuals in place 3. Submission of quarterly reports 4. Departmental review sessions are conducted on quarterly basis

				3. Lack of consequence management for officials not adhering to timeframes 4. Lack of ownership of performance process by supervisors 5. Lack of technical skills of officials to use a computer/laptop 6. Lack of accessibility of IPMS systems to officials off-site and officials with computers with outdated software 7. Lack of alignment in terms of the rating and contents between the supervisor and incumbent 8. Failure to enforce the IPMS Policy 9 Lack of engagements between supervisors and subordinates	5. Unwillingness and late completion is reported quarterly to the Accounting Officer through the Performance Report 6. Strengthened the IPMS by increasing human resource in terms of staff numbers 7. Performance rewards being paid annually
5.	SR 13	ENSURE PRUDENT FINANCIAL MANAGEMENT	Poor financial and supply chain management	1. Collusion by officials and service providers 2. Non-compliance with financial and supply chain management statutes 3. Non-compliance with policies and procedures 4. Failure to identify possible fraud, corruption, misappropriation and theft. 5. Silo-operations within the Municipality (planning, budgeting, SDBIP) 6. Poor planning processes (not taking cost estimates into consideration) 7. Ineffective implementation of MSCOA	1. Policies and Procedures are in place 2. Asset Register in place 3. Functional AC and Risk Management and Fraud Prevention Committee 4. Effective and functional Internal Audit Unit 5. Oversight committees in place 6. Code of Conduct (declaration of interest forms) 7. Cameras, security at the gate and new locks

				8. Outstanding commitments not taken into consideration during adjustment budget 9. Unfunded mandates being implemented 10. Delay in procurement processes (sitting of committees included) 11. Litigations having an impact on financial viability and management 12. Disasters having an impact on the financial viability and management of EDM 13. Uncertainty of the implications of the District Development Model 14. Status of policies and procedures (outdated) having an impact on financial viability and management	8. Constant communication on fraud and corruption policies (fraud awareness) 9. External Auditors 10. Financial and SCM delegations and Standard operating procedures in place 11. Effective IT Systems 12. Competent Finance Staff 13. Support provided by GIZ on SCM issues 14. Procurement plan drafted and implemented 15. Implementation and monitoring of Audit action plan (internal and external) by various administrative and political structures 16. Enforce consequence management through the Financial Misconduct Disciplinary Board 17. Timely reporting of UIF&W to Council
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Mitigating control activities were consistently monitored and adapted. Periodic feedback and reports were provided by management to the Risk Management & Fraud Prevention Committee, the Audit Committee and Council on risk management processes and new risk exposures. The Municipality appointed an Independent Risk Management & Fraud Prevention Committee Chairperson who has the necessary blend of skills, competencies and attributes, including the following critical aspects:

- an in depth understanding of the Municipality's mandate and operations;
- the ability to act independently and objectively in the interest of the Municipality and
- A thorough knowledge of risk management principles and their application.

EDM has been committed to an integrity based performance that protects and enhances its stakeholder value and reputation. It recognizes the essential role that compliance with applicable regulatory requirements plays in the governance and sustainability of its business. The Municipality has an approved Compliance Calendar and Register which was developed and implemented during the 2021-2022 financial year. It seeks to facilitate the detection and prevention of non-compliance to regulatory requirements and provides for processes and systems that facilitates the management of compliance risk and enhances regulatory compliance assurance.

An Internal Audit Unit exists within Ehlanzeni District Municipality under the control and direction of an Audit Committee.

A risk based audit plan is compiled whereby audits are planned and executed. Furthermore, the internal audit report on matters relating to:

- Internal Control
- Accounting procedures and practices
- Performance Management
- Risk and risk management
- Loss control
- Compliance with applicable legislation

FRAUD AND ANTI-CORRUPTION STRATEGY

Ehlanzeni District Municipality subscribes to the principles of good corporate governance, which require conducting business in an honest and transparent manner. Consequently Ehlanzeni District Municipality is committed to fighting fraudulent behaviour at all levels within the organisation. The fraud and anti-corruption Strategy(Strategy) is premised on the organisation's core ethical values driving the business of Ehlanzeni District Municipality, the development of its systems, policies and procedures, interactions with the public and other stakeholders, and even decision-making by individual managers representing the organisation. This means that in practice all municipalities, departments and other business units of Ehlanzeni District Municipality and even external stakeholders have used the Strategy as the point of reference for their conduct in relation to Ehlanzeni District Municipality.

The policy of Ehlanzeni District Municipality is zero tolerance to fraud and corruption. In addition, fraud and corruption risk assessment was conducted during the financial year and the implementation of appropriate prevention and detection controls (mitigating action plans) were implemented, monitored and reported on. These prevention controls include the existing financial and other controls and checking mechanisms as prescribed in the systems, policies and procedures of Ehlanzeni District Municipality. It is then the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate supervisor. All Managers are responsible for the detection, prevention and investigation of fraud & corruption and report all incidents and allegations of fraud and corruption to the Municipal Manager. The Municipal Manager initiates an investigation into the matter. Workshops on fraud prevention and anti-corruption were held and all employees were made aware of the fraud and anti-corruption policy and strategy.

Should employees wish to report allegations of fraud and corruption anonymously, they contact the Fraud Hotline (0800 701 701), Municipal Manager and/ or the Internal Audit Unit directly. Any fraud and corruption committed by an employee or any other person are pursued by thorough investigation and to the full extent of the law, including (where appropriate) consideration of:

- in case of employees, taking disciplinary action within a reasonable period of time after the incident;
- instituting civil action to recover losses;
- initiating criminal prosecution by reporting the matter to the SAPS or any other relevant law enforcement agency; and
- Any other appropriate and legal remedy available.

Managers were required to ensure that losses or damages suffered by Ehlanzeni District Municipality as a result of all reported acts committed or omitted by an employee, or any other person were recovered from such an employee or other person if he or she was found to be liable for such losses. Fraudulent and corruption awareness were done by means of newsletters, information notices and presentations by the Risk Management Unit. Policies, processes and systems were implemented during the financial year thus the Municipality has directed and controlled its activities in a manner that enhanced corporate governance and with this approach the municipality's business was conducted within acceptable ethical standards therefore.

Transparency, accountability and openness are embedded in reporting and disclosure of information, both operational and financial to all stakeholders. Councillors' and Employees' work were governed by the municipality's rules, regulations and procedures and the Codes of Conduct for employees and Councillors to which they were expected to abide by, which included guidelines on gifts, professional and personal behaviour and conflicts of interest. Segregation of duties exists within the departmental functions and political office bearers are excluded from the procurement and tender processes.

SUPPLY CHAIN MANAGEMENT

Supply Chain Management is one of the three units within Finance the departments. Supply Chain Management is defined as the process of acquiring goods and services within the public environment in order to ensure effective, transparent and efficient service delivery in an economic manner.

There are five pillars in public procurement, namely:

- a) Value for money;
- b) Open and effective competition;
- c) Ethics and fair dealing;
- d) Accountability and reporting;
- e) Equity

There are also five elements in the supply chain environment which completes the procurement chain being:

- demand management;
- acquisition management;
- logistics management;
- disposal management; and
- supply chain performance prescribed by the MFMA: Municipal Supply Chain Regulations as well as the Supply Chain Management policy of the municipality.

Supply Chain Management is therefore not only a finance function, but the responsibility of all end-user departments and functional units as well bid committees' cross functional teams, including stakeholders and other role players involved in the implementation of the supply chain management processes within the municipality.

BY-LAWS

MUNICIPAL HEALTH BY-LAWS

Ehlanzeni District Municipality has been mandated to render Municipal Health Services in terms of the National Health Act 61, of 2003. Municipal Health Services were previously rendered by Local Municipalities, Metros and the Provincial Department of Health. In 2004 the power to render those services was transferred to the District Municipalities and Metros. This necessitated the compilation of the District By-laws on Municipal Health.

It is against this background that a resolution (Resolution No: A267/2015) was taken by majority members of the Council in line with Section 30 (2) of the Local Government Municipal Structures Act 117 of 1998, to adopt the Municipal Health By-laws, which will be effective from date of promulgation.

The purpose of the by-laws is to enable the Municipality to promote and protect the health and wellbeing of all people within the municipal area by providing an effective legal and administrative framework, in conjunction with any other applicable laws, within which the municipality can develop and manage its municipal health services obligation.

WEBSITE

In line with the Batho Pele principles and the Constitution of the Republic, the South African government has the responsibility to make government information and services available easily, widely and equitably.

The Internet continues to grow as a key way to provide access to government information and services. This is one of the strategic communication tools to advance the communication objectives of Ehlanzeni District Municipality (EDM). EDM is using its website to communicate information about its functions, programmes, activities, services and products and to provide a platform for users to interact with their government. This is in line with the global trend by governments to implement e-government strategies, using information and communication technologies (ICTs) to give audiences over the world access to their information and services.

The rapid growth in online communication by the South African government provides both opportunities and challenges to those managing the online presence of government. Government must ensure that its websites are comprehensive online depositories for government information, while also being responsive to the needs of the citizens by providing as many services as possible online. Websites should also provide a medium for two-way interaction between government and citizens.

We are found at www.ehlanzeni.gov.za where we draw the attention of the world as we take pride of our indigenous and natural resources. Our home page provides links, among others to “GIS, EDM Disaster Management, The best of Ehlanzeni”, and to our four local municipalities (City of Mbombela, Nkomazi, Bushbuckridge and Thaba Chweu).

All compliance documents are sent from our various departments within our municipality to the Communication Unit to facilitate posting. We verify it through our risk management office before being posted onto the website. The website always indicates the number of times and from where the website is visited.

The following table represents the number of visits per month during the year under review:

Months	Number of visits
July 2021	1668
August 2021	2282
September 2021	2574
October 2021	1703
November 2021	1517
December 2021	1412
January 2022	2229
February 2022	2411
March 2022	2122
April 2022	2110
May 2022	2214
June 2022	2298
Total	24540

MUNICIPAL OVERSIGHT COMMITTEES

The following oversight committee was constituted in terms of section 79 of the Local Government: Municipal Structures Act, 1998:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

- Cllr. TS Khoza (Chairperson)
- Cllr. RN Mphika (ANC)
- Cllr. MJ Mnisi (ANC)
- Cllr. MJ Morema (ANC)
- Cllr. D Masilela (ANC)
- Cllr. CK Chuene (DA)
- Cllr. B Mgiba (EFF)
- Cllr. F Mbhandze (APC)

The MPAC structure is fully functional. A number of activities which include site visits and meetings during the 2021/2022 financial year have been carried out as follows:

Meeting	Date
4 th Ordinary MPAC Meeting	20 August 2021
1 st Ordinary MPAC Meeting	16 February 2022- New Leadership
MPAC Training with locals and Stakeholders	22-23 February 2022
Annual Report	15-16 March 2022
2 nd Ordinary MPAC Meeting	07 June 2022
MPAC Site Visit	18 May 2022
MPAC Site Visit	24 May 2022
MPAC Site Visit	25 May 2022
MPAC Site Visit	26 May 2022
MPAC Site Visit	01 June 2022
MPAC Site Visit	07 June 2022
MPAC Public Hearing	14 June 2022

AUDIT COMMITTEE

The Audit Committee established in terms of Section 166 of the Municipal Finance Management Act comprises of the following members:

- M Secker
- Z Sibanda
- S Lubisi
- S Mabilane
- K Mokoena

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PART I)

The first section of the report, being the Introduction, gives an overview of the Vision and Mission of the Municipality and a brief reference to the legislative and policy framework in terms of which this report is compiled. An overview of the processes which lead to the compilation of the strategy (the Integrated Development Plan), the allocation of financial resources for the implementation thereof, the alignment of the organisation with the strategy, as well as the implementation plan (Service Delivery and Budget Implementation Plan) is provided in Section 2.

Section 3 presents to the reader a sense of the contents of the strategy – the goals of the institution, the strategic objectives and organisational programmes in terms of each of these strategic objectives, indicators set for the measurement of the performance on each programme and targets set in terms of these indicators. It further reflects on the Key Performance Areas of local government. The Strategy Map reflects a summary of the performance in terms of each strategic objective and is contained in Section 4. Section 5 contains the performance on the KPIs of the strategic objectives, also being referred to as the Organisational or Strategic performance report.

The detailed information on the performance of the Municipality on the organisational programmes is provided in Section 6 and is structured in tabular format in terms of each indicator. The project information provides more detail on the internal processes which informs the performance on the respective KPIs. Tracking of the project level information serves as early warning indicator for possible underperformance.

Section 7 of the report lists the roll-over projects from the previous year which were completed in the Financial Year under review. Expenditure on projects, some of which were not included in the Organisational layer of the report, are reflected per table in section 8 of the report. The report is concluded with a summary of the performance of the Municipality and the recommendations made to address the identified challenges.

Two annexures are attached to the report, namely a comparison of the performance of the Municipality for the FY2020/21 and the performance for the FY2021/22, as well as a status report on the general key performance indicators as per Section 10 of the Local Government: Municipal Planning and Performance Management Regulations (No 796, 24 August 2001) prescribed in terms of Section 43 of the Municipal Systems Act, 2000 (Act 32 of 2000 as amended).

1. INTRODUCTION

Background

This report is prepared in compliance with section 46 of the Municipal Systems Act, 2000 (Act 32 of 2000) - herein referred to as “the MSA” - as well as section 121 of the Municipal Financial Management Act, 2003 (Act 56 of 2003) herein referred to as “the MFMA” in terms of the requirements of an Annual Performance Report. Although the report is known as the Annual Performance Report, it also forms an integral part of the Annual Report of the Municipality in terms of section 121(2)(b) and (c) of the MFMA.

In the context of local government, service delivery can be defined as the implementation of the strategy of the organisation in an efficient and effective way. The monitoring of the implementation of the strategy becomes imperative to keep the focus of all employees in the organisation, as well as that of the stakeholders of the organisation, on the strategy and specifically the implementation thereof.

Vision and Mission

The *vision* of Ehlanzeni District Municipality is to be: –

“The best performing district municipality of the 21st Century”.

The *mission* of the Municipality is as follows: –

“Ehlanzeni District Municipality shall strive to excel in planning, co-ordination and support for our Local Municipalities in consultation with all stakeholders to ensure the best standard of living for all”.

Ehlanzeni District Municipality is guided by the following values in conducting its business: –

- Transparency
- High Quality Service Delivery
- Accountability
- Service Communities with Integrity
- Efficiency
- Professionalism

2. INTEGRATED PLANNING, BUDGETING AND PERFORMANCE MANAGEMENT FOR THE 2021/2022

The strategic plan in local government is called the municipal Integrated Development Plan (IDP). The budgetary process is the provision of resources for the implementation of the strategy (IDP), whilst the Service Delivery and Budget Implementation Plan (SDBIP) is the implementation plan of the IDP. The alignment between the municipal Integrated Development Plan, the Budget, SDBIP and the Performance Management System is critical to ensure the strategic alignment within the municipality. The signing of the Performance Agreements by the Municipal Manager and the Section 56 Managers constitutes a process of linking reward(s) to the achievement of the strategy (IDP).

2.1 Integrated Development Planning (IDP)

The IDP process unfolded as per the District Framework and Process Plan, coordinating all processes and structures on District level. The IDP for the FY2021/2022 was approved by Council under item A36/2021, during a Council meeting held on 27 May 2021.

2.2 District Strategic Priorities

The strategic priorities of the district are based on the reviewed Integrated Development Plan FY2021/2022. These priorities form the basis of developing the municipal objectives and outputs/targets reflecting the overall district service delivery strategy. These priorities were equally informed by policy and planning directives emanating from national and provincial government. The table underneath reflects the Strategic Objectives and priorities of the District Municipality, in terms of the respective key performance Areas for government

Table 3: District Strategic Objectives and Priorities reflected in terms of the Key Performance Areas

District Strategic Objectives and Priorities reflected in terms of the Key Performance Areas		
Strategic Objective	District Priority or Programme	Key Performance Area
SO1 - Improve the IDP Standards of EDM and the LMs	Integrated Development Planning	Public Participation and Good Governance
SO2 - Mainstreaming of Marginalized Groups	Mainstreaming	Institutional Development and Transformation
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM	Service Delivery and Project Implementation	Service delivery and Infrastructure Development
SO4 - Create a Conducive Environment for District Economic Development and Growth	District Economic Growth	Local Economic Development
SO5 - Support Local Municipalities in Specific Areas of Need	Support to Local Municipalities	Service delivery and Infrastructure Development
SO6 - Strengthen IGR and Stakeholder Relations	IGR and Stakeholder Relations	Public Participation and Good Governance
SO7 - Manage Performance	Organisational Performance Management System	Institutional Development and Transformation
SO7 - Manage Performance	Individual Performance Management System	Institutional Development and Transformation
SO8 - Implement Monitoring and Evaluation	Monitoring and Evaluation	Institutional Development and Transformation
SO9 - Improve Staff Skills and Development	Training and Development of Staff	Institutional Development and Transformation
SO10 - Improve Internal and External Communication	Communication, Information Technology, Marketing and Branding	Institutional Development and Transformation
SO11 - Manage Organisational Risks	Risk Management	Institutional Development and Transformation
SO12 - Improve Institutional Transformation and Development	Institutional Development	Institutional Development and Transformation
SO13 - Ensure Prudent Financial Management	Implementation of Financial Management Practices	Financial Viability and Management

2.3 The Budgeting Process

The budget process unfolded simultaneously with the IDP process. The budget was approved by Council under item A39/2021 during a Council meeting held on 27 May 2021.

2.4 Alignment of the Organisation with the Strategy

After the approval of the IDP, the objectives of the departments were aligned with the strategy of the Organisation. This was followed by a process of alignment of the programmes and projects of the business units within the departments with the departmental objectives. Scorecards were drafted for the organization as well as for each department, which have informed the SDBIP and the Performance Agreements, creating a situation where all the activities and energy in the Organisation were focused on achieving the Organisational Strategy.

2.5 Service Delivery and Budget Implementation Plan (SDBIP)

The SDBIP is a key element in the process of service delivery, as it provides for the cascading of the strategic level (IDP and the Budget) to a level of implementation. It therefore provides the basis for measuring performance in service delivery and spending of the budget against specific targets. An SDBIP for the FY2021/2022 was compiled to guide the implementation of projects and the spending of funds and has been signed off by the Executive Mayor on 23 June 2021.

The strategy map is used to test the strategy hypothesis of the district municipality through the cause-and-effect relationships of the defined strategic objectives. This ensures organisational alignment and the achievement of a balanced strategy for the district.

2.6 Adjustment Budget

In view of the Mid Term Performance Review, an Adjustment Budget was approved by Council under item A34/2022 during the meeting held on 28 February 2022.

2.7 SDBIP review

The SDBIP was adjusted to align with the changes in terms of the implementation plan of the strategy and the adjusted budget. The adjusted SDBIP was approved by Council under item A48/2022 during the meeting held on 29 April 2022.

3. DISTRICT KEY PERFORMANCE AREAS, GOALS AND OUTCOMES

The five key performance areas of local government applicable to EDM are as follows: –

1) Basic Service Delivery

This focuses on the provision of and access to basic services by communities living in the district. The district has a mandate to deliver municipal health services and disaster management. It further facilitates and promotes bulk services with regard to Basic Services, which includes water, sanitation, electricity, roads and storm-water and waste management.

2) Financial Viability and Management

The Municipality needs to use financial resources prudently, and according to the priorities and needs of the communities when rendering services. The Municipality must have sound and effective systems, supply chain management, financial risk management, asset management and cash flow management.

3) Local Economic Development

This performance area entails the district strategic approach to LED by exploiting its economic comparative advantage in order to contribute to the growth and development of the region, province and national economy. Economic sectors which offer the district the comparative advantage provide opportunities for economic growth of which, if explored through forms of direct and/or fixed investment, can result in job creation and poverty alleviation in the region. Facilitation, support and capacity building programmes to businesses is one of the most critical factors of this performance area.

4) Institutional Development and Transformation

This focuses on priority needs of the Municipality in order to effectively render its services. It covers a range of issues which includes operational efficiency, skills development and training, transversal and HIV/TB programmes, performance management, risk management, communication and marketing, information technology support and employee wellness and motivation.

5) Public Participation and Good Governance

This performance area is focused on matters of effective integrated development planning, functionality of stakeholder participation processes, inter-governmental and stakeholder relations including traditional authorities, communication systems, and a mechanism to promote feedback to communities, Batho Pele and Council stability.

EDM derives its mandate and goals from *Section 83 (3) of the Municipal Structures Act of 1998* which states that a district municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by: –

- (a) ensuring integrated development planning for the district as a whole;
- (b) promoting bulk infrastructural development and services for the district as a whole;
- (c) building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking; and
- (d) Promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area.

A fifth goal was devised to cater for internal processes and systems which are vital for the institution to achieve its mandate: Building a modern and performance-driven municipality.

Based on the aforementioned legislative imperatives of the district, specific goals and outcomes were derived (as specified in *Table 2*) which form part of its broader strategy of ensuring that the aforementioned mandate stipulated in Section 83 (3) of the Municipal Structures Act is achieved.

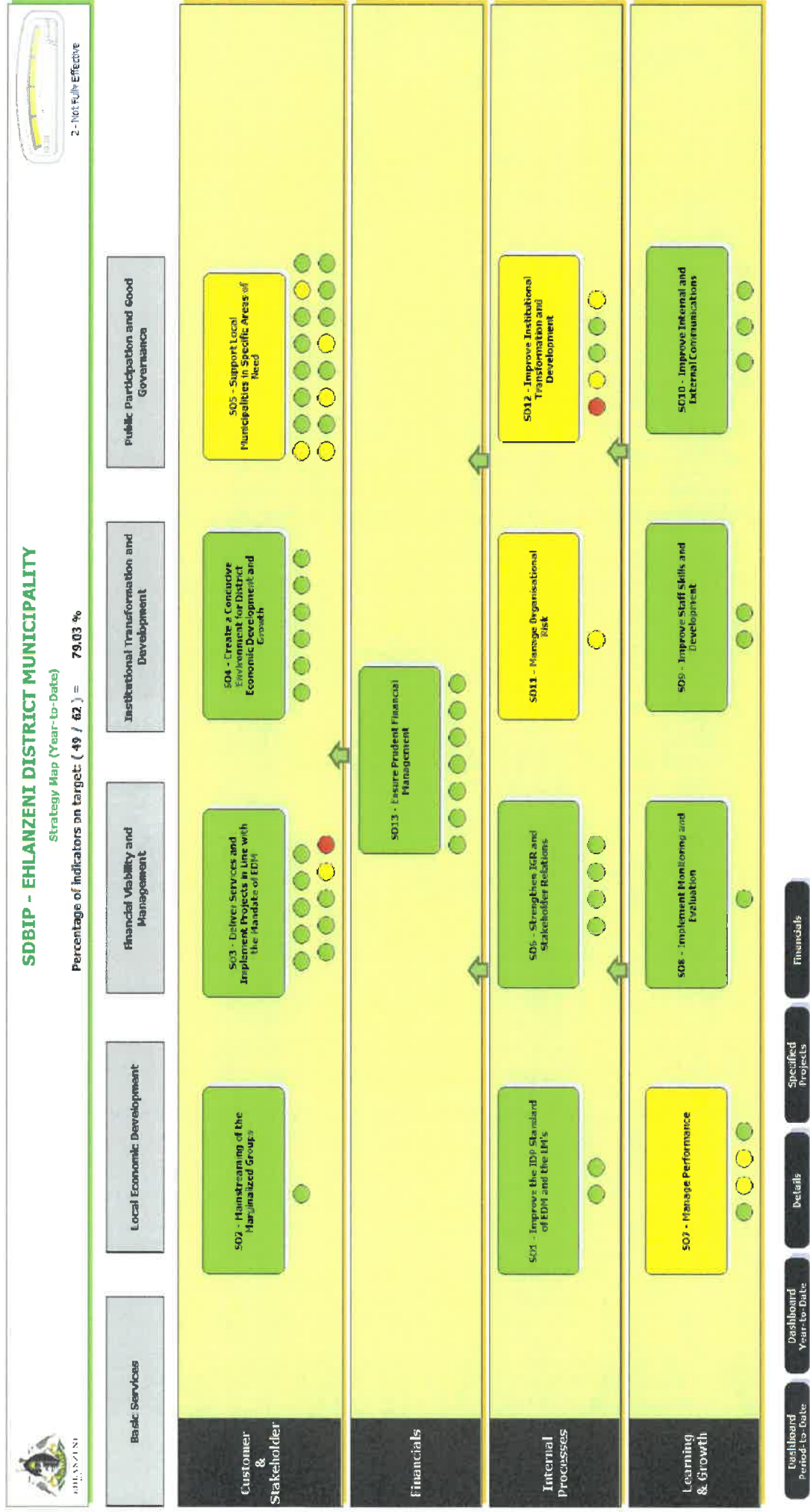
Table 4: Municipal Goals, Strategic Objectives and Key Performance Areas

GOAL	STRATEGIC OBJECTIVE	KEY PERFORMANCE AREA
Ensuring integrated development planning for the district as a whole	SO1 - Improve the IDP Standards of EDM and the LMs SO2 - Mainstreaming of Marginalized Groups	Public Participation and Good Governance Institutional Development and Transformation
Promoting sustainable livelihoods through social-economic development and service	SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM SO4 - Create a Conducive Environment for District Economic Development and Growth SO5 – To Support Local Municipalities in Specific Areas of Need	Service delivery and Infrastructure Development Local Economic Development
Building the capacity of local municipalities in its area to perform their functions and exercise their powers where such capacity is lacking	SO6 - Strengthen IGR and Stakeholder Relations SO7 - Manage Performance	Service delivery and Infrastructure Development Public Participation and Good Governance Institutional Development and Transformation
Building a modern and performance driven municipality	SO8 - Implement Monitoring and Evaluation SO9 - Improve Staff Skills and Development SO10 - Improve Internal and External Communication SO11 –Manage Organisational Risk SO12 - Improve Institutional Transformation and Development SO13 - Ensure Prudent Financial Management	Institutional Development and Transformation Institutional Development and Transformation Institutional Development and Transformation Institutional Development and Transformation Institutional Development and Transformation Financial Viability and Management

The strategic objectives of the institution are indicated on the Strategy Map (Figure 1). The strategy map is used to test the strategy hypothesis of the district municipality through the cause-and-effect relationships of the defined strategic objectives. This ensures organisational alignment and the achievement of a balanced strategy of the district.

4. PERFORMANCE SUMMARY (STRATEGY MAP) FOR 2021/2022

Figure 3: Ehlanzeni District Municipality Strategy Map



5. PERFORMANCE RESULTS FOR 2021/2022

This chapter of the Annual Performance Report will reflect on the performance of the Municipality on each indicator within the specific strategic objectives. However, prior to the information on the performance results, context will be provided on the financial year under review in terms of certain events which affected the operations of the Municipality.

Although the country was still experiencing the Covid 19-pandemic during the FY2021/22, it had very little impact on the operations of the Municipality. Two factors which had an impact on the implementation of the planned targets, were the postponement of the municipal elections and the directive issued by National Treasury for all procurement requests above R30,000 to be held in abeyance.

Municipal Elections held on 1 November 2021

With the 2016 elections held on 3 August 2016, it was foreseen that the 2021 elections were to take place between 3 August and 3 November 2021 - within 90 days of the expiry of the term of municipal councils. Certain activities, such as training of the newly elected councillors, were planned for implementation in the first quarter of the financial year.

However, in lieu of the presence of the Covid 19-pandemic a Commission of Inquiry was appointed to assess the possibility of holding a free and fair election without compromising on the safety of the voters. During the time when the Commission executed its mandate, the country experienced a third wave of the pandemic with record numbers of 26,000 infections reported per day. This led to the Commission proposing a postponement of the elections to not later than February 2022. The implication would have been a contravention of Section 159 of the Constitution in that the five year-period of the municipal councils would have been exceeded. A legal process commenced in August 2021 in which the Independent Election Committee launched an application before the Constitutional Court of South Africa, on an urgent basis, to allow the postponement of the local government elections and to obtain a declaration by the Court that current municipal councils will retain legal authority until the newly elected councils have been declared elected. Other parties joined in the process to oppose the proposed relief. The elections were eventually held on 1 November 2021, as per the order of the Constitutional Court. Processes, such as the inauguration and training of the newly elected councillors and the establishment of the Portfolio Committees had to be implemented, thereafter.

Directive issued by National Treasury on procurement

On 25 February 2022 communication was received from National Treasury advising that all tenders advertised after the 16th of February was to be held in abeyance. This was followed up with another communication on 3 March 2022 advising that no procurement above R30,000 was to be undertaken. This emanated from legal disputes between government (National Treasury) and private parties regarding the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and its Regulations. Based on this directive, the Municipality has not proceeded with the finalization of requests for procurement above the amount of R30,000 advertised as from 17 February 2022 up to 30 May 2022, when this directive was withdrawn.

A summary of the performance of the Municipality in terms of the targets set FY2021 /2022 is provided in Table 3 underneath.

The following legends are used to reflect the results or trends:

- | | | |
|---|----------------------------|--|
|  | Fully Effective | This legend reflects Performance that fully meets the expected standards in all areas as well as performance above expectation and outstanding performance (from 100% and above). The applicable performance will be reflected under the legend. |
|  | Not Fully Effective | Performance is below the required standards (from 50% to 99.9%). As less than fully effective results were achieved against the set targets, remedial actions need to be put into place and the implementation thereof must be monitored. |
|  | Underperformed | Performance is far below the expected standard (from 0% to 49.9%). Remedial actions need to be put in place to correct performance, which includes timelines to be closely monitored to ensure progress. |

Table 5: Performance Results for 2021/2022

STRATEGIC OBJECTIVE: SO1 - Improve the IDP Standard of EDM and the LMs								3 - Fully Effective
KEY PERFORMANCE AREA: Public Participation and Good Governance								
PROGRAMME	INDICATOR	BASILINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFOR- MANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Integrated Development Planning	Approval of the 5 Year IDP for 2022/23 - 2026/27 FY by a specific date	The Final Reviewed IDP for the FY2021/22 was approved by Council on 27 May 2021, (Resolution A36/2021)	Approval of the 5 Year IDP for 2022/23 - 2026/27 FY by 31 May 2022	The Draft IDP was ap- proved on 30 March 2022 under item A44/2022. The Final IDP 2022/23 - 2026/27 FY was tabled and approved by council on 30 May 2022 under council resolution A59/2022 and publicized in the local newspaper.	 3 - Fully Effective	None	None	Table 6.1.1(i) Page 56
Integrated Development Planning	Completion of the Dis- trict Water Master Plan by a specific date	New KPI	District Water Master- plan completed by 30 June 2022	The District Water Mas- terplan was completed by 27 June 2022	 3 - Fully Effective	None	None	Table 6.1.1(ii) Page 57
STRATEGIC OBJECTIVE: SO2 - Mainstreaming of the Marginalized Groups								3 - Fully Effective
KEY PERFORMANCE AREA: Institutional Development and Transformation								
PROGRAMME	INDICATOR	BASILINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFOR- MANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Mainstreaming	Number of reports on the mainstreaming of marginalized groups	3 Reports on the main- streaming of marginal- ized groups were sub- mitted during 2020/21FY	4 Reports on the main- streaming of marginal- ized groups submitted by 30 June 2022	4 Reports on the main- streaming of marginal- ized groups were sub- mitted by 30 June 2022	 3 - Fully Effective	None	None	Table 6.2.1(i) Page 57

STRATEGIC OBJECTIVE: SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM

3 - Fully Effective

KEY PERFORMANCE AREA: Service Delivery and Infrastructure Development

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Service Delivery and Project Implementation	Number of Inspections conducted on School Facilities	81 Inspections were conducted on school facilities during 2020/21FY	138 Inspections conducted on School Facilities by 30 June 2022	267 inspections on school facilities were conducted by 30 June 2022.	3 - Fully Effective	129 More inspections were conducted in response to COVID-19 pandemic	None	Table 6.3.1(i) Page 58
Service Delivery and Project Implementation	Number of Inspections conducted on Early Childhood Development centres	248 Inspections on Early Childhood Development centres were conducted during 2020/21 FY	316 Inspections conducted on Early Childhood Development centres by 30 June 2022	475 Inspections on Early Childhood Development centres were conducted by 30 June 2022.	3 - Fully Effective	159 More inspections were conducted in response to COVID-19 pandemic and applications requested.	None	Table 6.3.1(ii) Page 59
Service Delivery and Project Implementation	Number of Inspections conducted on Hospital Facilities	28 Inspections on Hospital facilities were conducted during 2020/21 FY	36 Inspections conducted on Hospital facilities by 30 June 2022	41 Inspections were conducted on Hospital facilities by 30 June 2022.	3 - Fully Effective	5 more inspections were conducted in response to COVID-19 pandemic.	None	Table 6.3.1(iii) Page 60
Service Delivery and Project Implementation	Number of Microbiological & Chemical samples analysed	1055 Microbiological samples and 81 Chemical samples were analysed during the 2020/21 FY	920 Microbiological & 44 Chemical samples analysed by 30 June 2022	1027 microbiological samples and 71 chemical samples were analysed by 30 June 2022.	3 - Fully Effective	Due to extended surveillance in water quality monitoring during the Covid 19 pandemic additional samples had to be analysed in order to ensure that there is no waterborne disease outbreak.	None	Table 6.3.1(iv) Page 61
Service Delivery and Project Implementation	Number of Inspections on Funeral Undertaker Facilities conducted	109 Inspections on funeral undertaker facilities were conducted during 2020/21 FY	174 Inspections conducted on Funeral undertaker facilities by 30 June 2022	177 inspections on Funeral undertaker were conducted by 30 June 2022.	3 - Fully Effective	3 More inspections were conducted in response to applications for certificates of competency	None	Table 6.3.1(v) Page 62
Service Delivery and Project Implementation	Number of Inspections conducted on Clinic Facilities	63 Inspections on clinic facilities were conducted during 2020/21FY	110 Inspections conducted on Clinic Facilities by 30 June 2022	116 inspections on Clinic facilities were conducted by 30 June 2022.	3 - Fully Effective	6 more inspections were conducted in response to COVID-19 pandemic.	None	Table 6.3.1(vi) Page 63

Service Delivery and Project Implementation	Number of Disaster Risk assessment reviews held	1 Risk assessment review was held in 2017 and 2020/21 FY was not planned for	1 Risk assessment review held by 30 June 2022	The risk assessment review was not conducted as planned. The Terms of Reference for the Disaster Risk Assessment Review was developed and approved on 18 November 2021.	1 - Underperformed	Poor planning led to a delay in the completion of the Terms of Reference, which was submitted late in terms of the Procurement Plan. The directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance further delayed the process.	Compiling the Terms of Reference in June, in order to adhere to the time frames of the Procurement Plan. The project has been budgeted for implementation in the FY2022/23	Table 6.3.1(vii) Page 64
Service Delivery and Project Implementation	Number of Inspections conducted on Food Premises conducted	440 Inspections on food premises were conducted during 2020/21 FY	797 Inspections conducted on Food premises by 30 June 2022	963 inspections on food premises were conducted by 30 June 2022	3 - Fully Effective	166 More inspections were conducted in response to COVID-19 pandemic	None	Table 6.3.1(viii) Page 65
Service Delivery and Project Implementation	Number of Disaster Risk Management and Public Safety awareness campaigns held	4 Disaster Management awareness campaigns were held in 2020/21 FY	4 Disaster Risk Management and Public Safety awareness campaigns held by 30 June 2022	4 Disaster Risk Management and Public Safety awareness campaigns were held by 30 June 2022 as follows: On 27 August 2021 in the CoMLM at SAPS Pienaar Daantjies; on 25 November 2021 in BLM at Mkhulu Plaza; on 19 March 2022 at Zwelisha Sports ground in CoMLM and on 14 June 2022 at Ga-Malele tribal authority in BLM	3 - Fully Effective	None	None	Table 6.3.1(ix) Page 66
Service Delivery and Project Implementation	Finalisation of awarding bursaries for 2022 to students by the Bursary Committee	The awarding of bursaries to students for 2021 was finalised by the bursary committee on 2 March 2021	Bursaries to students for 2022 finalised & awarded by the Bursary Committee by 28 February 2022	Bursaries to students for the academic year 2022 were finalised and awarded by the Bursary Committee by 09 March 2022.	2 - Not Fully Effective	The Bursary Committee meeting scheduled for 23 February 2022 was postponed due to the unavailability of the members of the Committee	Improving the coordination of internal events and meetings by using the central outlook calendar.	Table 6.3.1(x) Page 67

STRATEGIC OBJECTIVE: SO4 - Create a Conducive Environment for District Economic Development and Growth

3 - Fully Effective

KEY PERFORMANCE AREA: Local Economic Development

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
District Economic Growth	Number of LTO/RTO supported with tourism development & promotion.	5 LTO/RTO were supported with tourism development & promotion during the 2020/21 FY	3 LTO/RTO supported with tourism development & promotion by 30 June 2022	3 LTO/RTO were supported with tourism development & promotion. i) Bushbuckridge LTO: The LTO had planned and hosted hiking and SMME dialogue for Bushbuckridge during the Tourism month. A service provider was appointed to make signage for tourism facilities and provide marketing material to the LTO. ii) Pilgrims Rest LTO was assisted with PPE and Tools of Trade for the beautification and upliftment of Pilgrims Rest before the influx of tourists for the festive season. iii) Kruger Lowveld Tourism was assisted with marketing material in the form of Z-card printing.	3 - Fully Effective	None	None	Table 6.4.1(i) Page 68-69
District Economic Growth	Number of LED Stakeholder Engagements and support to LMs (including THALEDA)	2 LED Stakeholder Engagements held during the 2020/21 FY	2 LED Stakeholder Engagements and One support to LMs (including THALEDA) by 30 June 2022	2 LED Stakeholder Engagements and One support to LMs (including THALEDA) were conducted by 30 June 2022 as follows: Training of THALEDA board members took place from 03-04 November 2021. 2 stakeholder engagements took place on 21 February 2022 at Civic Centre CoMLM and on 30 June 2022 at Meriam Mogakane Community Hall BLM.	3 - Fully Effective	None	None	Table 6.4.1(ii) Page 70

District Economic Growth	Number of Guesthouses supported on grading requirements, Marketing, Skills Development, HR and Service Standards	5 Guesthouses were supported with grading requirements during the 2020/21 FY	12 Guesthouses supported on grading requirements, Marketing, Skills Development, HR and Service Standards by 30 June 2022	15 Guesthouses have been identified and supported by Ehlanzeni District Municipality during the 2021/22FY. The names of the supported guesthouses are: 1. Emoyeni guesthouse, 2. View Inn Guesthouse, 3. Tsonga luxury apartments, 4. Bonita place Guesthouse, 5. Micanolia Guesthouse, 6. Manting-teng Guesthouse, 7.606 Guesthouse, 8. Riverside Kala, 9. Asante's Lodge, 10. Sagwadi Boutique Hotel, 11. Mangwazi Lodge and 12. Wild Olive Tree Tented Camp. 13. Mithandzu Guesthouse 14. Leopard Kruger Lodge Backpackers 15. Rovy 7174 Villa	 3 - Fully Effective	Limitless support in grading of establishments and other tourism facilities, through the MOU that the department has with Tourism Grading Council of South Africa. EDM assists as many qualifying accommodation establishments, conferencing facilities, events venues and restaurants with pre-grading, grading and grading renewal.	None	Table 6.4.1(iii) Page 71
District Economic Growth	Number of Work opportunities created through the EDM Sector-based Skills Development Programme	223 Work opportunities were created through the EDM Sector-based Skills Development Programme during the 2020/21 FY	100 Work opportunities created through the EDM Sector-based Skills Development Programme by 30 June 2022	124 Work opportunities were created through the EDM Sector-based Skills Development Programme by 30 June 2022.	 3 - Fully Effective	The 24 over and above the annual target was a result of resignations and new contracts signed	None	Table 6.4.1(iv) Page 72
District Economic Growth	Number of small-scale farmers supported by means of a structured support programme	3 Small scale farmers were supported by means of a structured support programme during the 2020/21 FY	3 Small Scale Farmers supported by means of a structured support programme by 30 June 2022	3 Small Scale Farmers were supported by means of a structured support programme by 30 June 2022. Support was provided to the following farmers: Ngugwane Co-operative Farming; Nkabo Water Technologies and CSK Agricultural Group (PTY) Ltd during the 2021/22FY	 3 - Fully Effective	None	None	Table 6.4.1(v) Page 73

District Economic Growth	Number of SMMEs/Cooperatives benefiting from mentorship programmes	4 SMMEs/Co-operatives benefitted from training and mentorship programmes during the 2020/21 FY	6 SMMEs/Cooperatives benefiting from mentorship programmes by 30 June 2022	6 SMMEs/Cooperatives have benefitted from the mentorship programmes by 30 June 2022. The SMMEs are: Nkomazi signs, Wash and wear Laundromat, Kgaogelo yabo mme, Ndzilo Charcoal Briquettes, Versatile Nkosi & Mamba Trading as Quench and Afri Hope Pty Ltd.	3 - Fully Effective	None	None	Table 6.4.1(vi) Page 74
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STRATEGIC OBJECTIVE: SO5 - Support Local Municipalities in Specific Areas of Need

2 - Not Fully Effective

KEY PERFORMANCE AREA: Service Delivery and Infrastructure Development

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Support to Local Municipalities	Number of workshops implemented for Ward committees (on Powers, Functions and Responsibilities of ward committees)	11 Covid-19 Workshops for Ward Committees were implemented during 2020/21 FY	4 Workshops implemented for Ward Committees by 30 June 2022	2 Workshops for Ward Committee were held by 30 June 2022; in Thaba Chweu Local Municipality on 11 March 2022 at Floreat Hotel in Sabie and at Bushbuckridge Local Municipality on 6 to 8 April 2022.	2 - Not Fully Effective	Due to instability within the Local Municipalities as a result of the local Government election	The commitment of Nkomazi and City of Mbombela Local Municipalities be requested during the planning process	Table 6.5.1(i) Page 75
Support to Local Municipalities	Percentage of implementation of the Financial Support Plan for LMs	100% implementation of the Financial Support Plan for LMs during the 2020/21 FY	100% implementation of the Financial Support Plan for LMs by 30 June 2022	100% Implementation of the Financial Support Plan for LMs as follows: Assisted TCLM with 1. Preparation of Annual Financial Statements, 2. Provided training on GRAP, VAT, Asset Management & MSCOA and 3. Prepared monthly and year end reconciliations based on 2019/20 Audit Action Plan and 2020/21-year end process plan.	3 - Fully Effective	None	None	Table 6.5.1(ii) Page 76

Support to Local Municipalities	Number of District Positive Living Conventions Held	1 Positive Living Convention held during 2020/21 FY	1 District Positive Living Convention held by 30 June 2022	The District Positive Living Convention was held on 25 May 2022 at Thaba Chweu Local Municipality (Sabie)	3 - Fully Effective 	None	None	Table 6.5.1(iii) Page 77
Support to Local Municipalities	Number of Sports Development Projects conducted	2 Sports Development Projects conducted during 2020/21 FY	2 Sports Development Projects to be conducted by 30 June 2022	2 Sports Development Projects were implemented. The Sports Recognition Awards was conducted on 29 September 2021 at Valencia Community Hall and the Sports Tourism was conducted on 16 October 2021 at Mbombela Stadium in the City of Mbombela Local Municipality.	3 - Fully Effective 	None	None	Table 6.5.1(iv) Page 78
Support to Local Municipalities	Number of Disability Projects Implemented	3 Disability Projects implemented during the 2020/21 FY	3 Disability Projects to be implemented by 30 June 2022	3 Disability projects were implemented as follows: Economic Empowerment Summit (Open Business Day) on 16 September 2021 at Casa de Sol, Hazzyview, Learner to Student Support was conducted on 13 April 2022 at Bukhosibetfu Deaf School, Nkomazi Local Municipality and the EDM Executive Mayor's Disability Awards was conducted on 30 June 2022 at Nutting house, City of Mbombela Local Municipality.	3 - Fully Effective 	None	None	Table 6.5.1(v) Page 79
Support to Local Municipalities	Number of Elderly Projects Implemented	1 Elderly Project implemented during 2020/21 FY	1 Elderly Project to be implemented by 30 June 2022	1 Elderly project was implemented; the Advancing Health & well-being into Old Age (Older Persons Month) was implemented on 30 November 2021 at Arthurseat, Bushbuckridge Local Municipality.	3 - Fully Effective 	None	None	Table 6.5.1(vi) Page 80

Support to Local Municipalities	Number of Designs /Studies for Technical Services Projects completed	1 out of 2 Design for Technical Services Projects was completed during 2020/21 FY	4 Designs/Studies for Technical Services Projects completed by 30 June 2022	3 Designs/Studies for Technical Services were completed as planned as follows: 1. <u>Flood damaged infrastructure (All LMs)</u> The procurement process was initiated in the previous financial year. Local Municipalities were requested to submit new roads in September 2021. Revised Bid Specification documents were submitted for procurement on 12 November 2021 2. <u>Construction of fence, guard and operators house at Malelane Ext 21 (Nkomazi LM)</u> Technical report and designs for construction of Fence, Guard and Operators house at Malelane ext. 21 was completed and submitted on 03/03/2022 by the service provider to EDM. The technical report and the designs were approved on 22/03/2022. 3. <u>Road Rehabilitation Project Phase 1 in Thaba Chweu LM</u> Phase 1 - Design and Layout plans for Road Rehabilitation in TCLM was completed and approved on 9 May 2022.	The initial delay emanated from the work carried out by COGTA for the same project in August 2021 which necessitated the change of scope or new roads and culverts to be identified. A directive was issued by National Treasury in Feb 2022 for all tenders exceeding an amount of R30 000 to be held in abeyance	The project in its current form will be discontinued, and the scope of works will be covered under the <u>Development of Technical Reports and Business Plan projects</u>, grant funding will be applied for after the completion of the technical reports and business plans referred above. The budget will be moved to the City of Mbombela Patching of Pot-holes project, approved on the 2022/23 budget year	The project in its current form will be discontinued, and the scope of works will be covered under the <u>Development of Technical Reports and Business Plan projects</u>, grant funding will be applied for after the completion of the technical reports and business plans referred above. The budget will be moved to the City of Mbombela Patching of Pot-holes project, approved on the 2022/23 budget year	Table 6.5.1(vii) Page 91-82
				2 - Not Fully Effective				
				None				
				None				

					4. Lebombo hawker's stalls (Nkomazi LM)				None	None	
					Technical report & designs for installation of hawker's stalls and ablution blocks were completed and approved on 7 April 2022.						
Support to Local Municipalities	Number of Projects implemented as part of the Integrated Waste Management Programme	1 Project implemented as part of the Integrated Waste Management Programme during 2020/21 FY	2 Projects implemented as part of the Integrated Waste Management Programme by 30 June 2022	1 project was implemented as part of the Integrated Waste Management Programme by 30 June 2022: The working tools for recycling facilities were delivered and handed over to Nkomazi Local Municipality on 30 November 2021. The procurement of personal protective clothing for the waste pickers - for the second project - was concluded.	2 - Not Fully Effective	The bids received were non-responsive. The re-advertisement was affected by the directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance	The handover of the Personal Protective Clothing for waste pickers is planned for the first quarter of the 2022/23 financial year.	Table 6.5.1(viii) Page 83			
Support to Local Municipalities	Number of World AIDS & TB Days held	1 World AIDS Day held during the 2019/20 FY	1 World AIDS Day & 1 World TB Day held by 30 June 2022	1 Ehlanzeni World AIDS Day was held on 13 to 14 December 2021 at Ella Combrink Youth Camp Center (CoMLM) and 1 World TB Day Commemoration was held on 22 June 2022 at Ehlanzeni District Municipality.	3 - Fully Effective	None	None	Table 6.5.1(ix) Page 84			

Support to Local Municipalities	Number of Children's Rights Projects implemented	3 Children's Rights Programmes implemented during 2020/21 FY	3 Children's Rights Projects implemented by 30 June 2022	3 Children's Rights Projects were implemented. Early Childhood Development training conducted on 21-22 September 2021 at Mashishing Community Hall TCLM, Champions for Children implemented on 14 December 2021 at Manzini Community Hall, City of Mbombela and Take a Child to work day conducted on 26 May 2022 at Joseph Matsebula high school, Nkomazi LM)	 3 - Fully Effective	None	None	Table 6.5.1(x) Page 85
Support to Local Municipalities	Number of Jamborees held	No Jamboree held during the 2020/21 FY	1 Jamboree held by 30 June 2022	1 Jamboree (Integrated Care and Support Operation) held on 24 June 2022 at Thaba Chweu (Leroro, Dintjie Primary School).	 3 - Fully Effective	None	None	Table 6.5.1(xi) Page 86
Support to Local Municipalities	Number of Speaker's Awareness Campaigns held	7 Speaker's Awareness Campaigns were held during 2020/21 FY	4 Speaker's Awareness Campaigns held by 30 June 2022	3 Speakers Awareness campaigns were held by 30 June 2022 as follows: at Mkhulu Complex Bushbuckridge Local Municipality on 11 October 2021, at Zamani Sports Ground City of Mbombela on 30 November 2021 and at Justicia Sports Ground Bushbuckridge Local Municipality on 27 June 2022.	 2 - Not Fully Effective	The awareness campaign planned in Nkomazi Local Municipality was not implemented, due to political instability.	The Office of the Speaker to develop an annual plan/schedule in consultation with stakeholders	Table 6.5.1(xii) Page 87
Support to Local Municipalities	Number of GBVF programmes implemented	New KPI	2 GBVF Programmes implemented by 30 June 2022	2 GBVF Programmes were implemented. The Victim Empowerment project was conducted on 29 September 2021 at Elands Hoek Community Hall, City of Mbombela LM and the GBVF Seminar for Women was conducted on 09 to 10 December 2021 at Kamhlushwa Community Hall, Nkomazi LM	 3 - Fully Effective	None	None	Table 6.5.1(xiii) Page 88

Support to Local Municipalities	Number of Technical Services projects completed	4 out of 10 Technical Services projects were completed during 2020/21 FY	10 Technical Services projects completed by 30 June 2022	5 out of 10 Technical Services Projects were implemented as planned by 30 June 2022 as follows: 1. <u>RRAMS- Visual Assessments (All LMs)</u> 3911.3KMs visual assessment were conducted and 3 Progress Reports were submitted to DoT by 30 June 2022 2. <u>Goromani Water Supply Augmentation (Bushbuckridge LM)</u> Contractor was appointed on 12 April 2022; site handover was on 03 May 2022. The progress by end of June was at 38% 3. <u>Refurbishment of High mast Lights (Thaba Chweu LM)</u> 7 out of 10 High mast lights (4 Mashishing & 3 Northern Areas) were refurbished, completed and handed over to TCLM on 07 June 2022. 4. <u>Tourist Route Resealing (All LMs)</u> Consulting engineer was appointed on 26 July 2021. Design report submitted on 25 November and approved on 8 December 2021.	2 - Not Fully Effective	The asset extent was verified and assessed through field surveys. More data became available resulting in more visual assessments being conducted. Initial tender was non responsive and had to be re-advertised that resulted in the late commencement of the construction activities 3 High mast lights in Sabie could not be refurbished due to components that are no longer available on our local market, which requires replacement with new infrastructure. The appointment of contractor was not implemented due to a directive was issued by National Treasury in Feb 2022 for all tenders exceeding an amount of R30 000 to be held in abeyance	None Funds will be rolled over in the August 2022 adjustment budget. Project completion scheduled for 30 September 2022 TCLM to budget for replacement of old types apollo lights in Sabie area with new high mast lights Funds will be rolled over in the August 2022 adjustment budget. Project completion in the 2022/23 FY	Table 6.5.1(xiv) Page 89-91
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5. Installation and Commissioning of High mast Lights (Nkomazi LM) Two high mast lights were installed, commissioned and handed over to NLM on 30 June 2022. 6. Construction of Motseleng pedestrian bridge (Bushbuckridge LM) Culvert bridge was installed and road approaches constructed in Motseleng however the construction of the bridge was not complete by 30 June 2022. 7. Completion of EDM Main Premises Entrance EDM premises main entrance was completed on 30 May 2022 8. Completion of Coromandel Waste Water Treatment (Thaba Chweu LM) Coromandel wastewater treatment works - Electrical and Mechanical works (Phase II) was completed on 21 February 2022 9. Kellar Park Phase 2 (City of Mbombela LM) Project completed and handed over to City of Mbombela Local Municipality on 27 January 2022 10. Drilling and Equip- ping of New Boreholes (City of Mbombela LM) 2 Boreholes drilled, yield, water quality test conducted and Eskom application concluded on 13 December 2021. The Eskom connection is still outstanding.					None	None	
					The rain damage on the adjacent road required a change of scope for the project.	Funds will be rolled over in the August 2022 adjustment budget. Project scheduled for completion in the 2022/23FY	
					None	None	
					None	None	
					None	None	
					Delay by Eskom to install the connection point (Transformer and meter box)	Formal engagement continues with Eskom	

Support to Local Municipalities	Number of Women Empowerment Projects implemented	3 Women Empowerment Projects implemented during the 2020/21 FY	3 Women Empowerment Projects to be implemented by 30 June 2022	3 Women Empowerment Projects were implemented. The Women's Month Project on 31 August 2021 at Moremela Old Age Centre; the 16 Days of Activism project on 07 December 2021 at Elands Hoek, City of Mbombela LM and the Women Capacity Building Programme conducted on 01-02 December 2021 at Valencia Community Hall, COMLM.	 3 - Fully Effective	None	None	Table 6.5-1(xv) Page 92
Support to Local Municipalities	Number of Youth Projects implemented	2 Youth Projects were implemented during the 2020/21 FY	3 Youth Projects to be implemented by 30 June 2022	3 Youth projects were implemented by 30 June 2022 as follows: Backyard Youth Gardening Initiative conducted on 27 August 2021 at Middeplaas, Nkomazi LM; Youth Month Project on Digital Literacy training conducted on 23-24 June 2022 at Msogwaba Tribal Centre, CoMLM and SA Youth Council Project on Youth Parliament conducted on 17-18 June 2022 at Mpumalanga Provincial legislature.	 3 - Fully Effective	None	None	Table 6.5-1(xvi) Page 93

STRATEGIC OBJECTIVE: SO7 - Manage Performance

2 - Not Fully Effective

KEY PERFORMANCE AREA: Institutional Development and Transformation

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Organisational Performance Management System	Number of organisational performance reviews conducted	4 Quarterly Organisational performance reviews were conducted during the 2020/21 FY	4 Organisational performance reviews conducted by 30 June 2022	Four organisational performance reviews were conducted by 30 June 2022 as follows: the Annual Performance Review for the FY2020/21 was completed within the required time frame of 31 August 2021, the First Quarter Performance Review during the second quarter, the mid-term performance review was conducted during the third quarter and the third quarter performance review conducted in the fourth quarter The SDBIP for the FY2022/2023 was signed off by the Executive Mayor on 24 June 2022, which is 25 days after the approval of the budget by Council on 30 May 2022.	3 - Fully Effective	None	None	Table 6.7.1(i) Page 98
Organisational Performance Management System	SDBIP for 2022/23 signed off by the Executive Mayor within 28 days after the approval of the budget	SDBIP for FY2021/22 was signed off by the Executive Mayor within 28 days (23 June 2021) after the approval of the budget (27 May 2021)	SDBIP for the FY2022/23 to be signed off by the Executive Mayor within 28 days after the approval of the budget	1 Quarterly Performance Assessment of the Municipal Manager and the Section 56 Managers as the 2 quarterly assessments of the Section 56 Managers, by 30 June 2022.	3 - Fully Effective	None	None	Table 6.7.1(ii) Page 99
Organisational Performance Management System	Number of quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted	4 out of the 7 planned performance appraisals were concluded during the 2020/21 FY	3 Quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted by 30 June 2022	1 Quarterly Performance Assessment of the Municipal Manager and the Section 56 Managers as the 2 quarterly assessments of the Section 56 Managers, by 30 June 2022.	2 - Not Fully Effective	The assessment of the Municipal Manager was affected by the implementation of the requested adjustments of the System, as well as the transitional process of the appointment of the Municipal Manager.	Approval of the annual Programme for the performance assessments of the Municipal Manager and the Section 56 Managers.	Table 6.7.1(iii) Page 100

Individual Performance Management System	Completion of the 2020/21 FY IPMS performance appraisal	2019/20 FY Performance Appraisal not completed in 30 June 2021	IPMS Performance Appraisal for 2020/21 FY completed by 30 June 2022	The IPMS Performance Appraisal for 2020/21 FY was not completed by 30 June 2022	2 - Not Fully Effective	Due to delays with departmental moderation sessions leading to the PRRC Committee being unable to conclude the process of moderation.	Introduction and implementation of the functional objective score-card.	Table 6.7.2(i) Page 101
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STRATEGIC OBJECTIVE: SO8 - Implement Monitoring and Evaluation							
KEY PERFORMANCE AREA: Institutional Development and Transformation							

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Monitoring and Evaluation	Number of project verifications conducted	5 Project verifications conducted during 2020/21 FY	4 Project verifications conducted by 30 June 2022	Four project verifications were conducted by 30 June 2022 as follows: 1. The rehabilitation of Kellar Park for community access and use (COMLM), 2. The drilling, equipping of boreholes in City of Mbombela LM (Mattaftin, Teka Takho, Cairn side & Makoko), 3. Refurbishment of bulk water and sewer infrastructure TCLM (Coromandale phase 2) and 4. Goromani Water supply Augmentation in BLM	3 - Fully Effective	None	None	Table 6.8.1(i) Page 102

STRATEGIC OBJECTIVE: SO9 - Improve Staff Skills and Development							3 - Fully Effective	
KEY PERFORMANCE AREA: Institutional Development and Transformation								
PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Training and Development of Staff	Percentage of qualifying applicants (officials) awarded bursaries in terms of the Bursary Policy for 2022	100% of qualifying applicants were awarded bursaries during 2020/21 FY	100% of qualifying applicants (officials) awarded bursaries for 2022 by 28 February 2022	100% of qualifying applicants (officials) were awarded with Bursaries by the Bursary Committee on 3 February 2022	3 - Fully Effective	None	None	Table 6.9.1(i) Page 103
Training and Development of Staff	Number of Skills Development Programmes implemented in terms of PDPs	20 Skills Development Programmes were implemented during 2020/21 FY	24 Skills Development Programmes implemented in terms of PDPs by 30 June 2022	30 skills development programs were implemented by 30 June 2022	3 - Fully Effective	Due to the easing of Covid 19 restrictions, additional requests were received from officials to attend training.	None	Table 6.9.1(ii) Page 104
STRATEGIC OBJECTIVE: SO10 - Improve Internal and External Communications							3 - Fully Effective	
KEY PERFORMANCE AREA: Institutional Development and Transformation								

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Communication, Marketing and Branding	Number of articles featuring EDM published	8 articles featuring EDM were published during 2020/21 FY	8 Articles featuring EDM published by 30 June 2022	8 Articles featuring EDM were published in the local publications by 30 June 2022	3 - Fully Effective	None	None	Table 6.10.1(i) Page 105
Communication, Marketing and Branding	Final & Approved Annual Report printed & sent to relevant offices (2020/21 FY Annual Report)	2019/20 FY Annual Report was approved by council on 30 June 2021	Final & Approved Annual Report printed & distributed by 30 April 2022 (2020/21 FY Annual Report)	Final & Approved Annual Report FY 2020/21 printed & distributed by 07 April 2022 to Auditor General and Treasury on 08 April 2022 to COGTA	3 - Fully Effective	None	None	Table 6.10.1(ii) Page 106
Communication, Marketing and Branding	Number of Media Awareness Campaigns held	12 Media Awareness Campaigns held during 2020/21FY	12 Media Awareness Campaigns held through any media platform by 30 June 2022	19 Media Awareness Campaigns were held by 30 June 2022	3 - Fully Effective	Departments requested for additional media awareness campaigns to be covered.	None	Table 6.10.1(iii) Page 107

STRATEGIC OBJECTIVE: SO11 - Manage Organisational Risk 2 - Not Fully Effective

KEY PERFORMANCE AREA: Institutional Development and Transformation

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Risk Management	Percentage implementation of quarterly risk mitigation strategies	85,86% implementation of quarterly risk mitigation strategies during the 2020/21FY	100% implementation of quarterly risk mitigation strategies by 30 June 2022	92,59% (100 out of 108) Risk Mitigation Strategies were implemented by 30 June 2022	2 - Not Fully Effective	Failure by departments to implement the mitigation strategies and adhere to the set timeframes in the Risk Register	Introduction and implementation of the functional Objective score-card	Table 6.11.1(i) Page 108

STRATEGIC OBJECTIVE: SO12 - Improve Institutional Transformation and Development 2 - Not Fully Effective

KEY PERFORMANCE AREA: Institutional Development and Transformation

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Institutional Development	Percentage of requests from Internal Departments attended to and provided with COVID 19 PPEs and Supplies	100% of Departmental requests attended and provided with issuing of COVID 19 PPEs and Supplies during the 2020/21 FY	100% requests from Internal Departments attended to and provided with COVID 19 PPEs and Supplies by 30 June 2022	100% requests from Internal Department were attended to and provided with COVID 19 PPEs and Supplies by 30 June 2022	3 - Fully Effective	None	None	Table 6.12.1 (i) Page 109
Institutional Development	Development of Project Management Standard Operating Procedures Template by a specific date	New KPI	Project Management Standard Operating Procedures Template developed by 31 March 2022	Project Management 'Standard Operation Procedures' Template was developed, reviewed and approved by the Accounting Officer on 7 June 2022	2 - Not Fully Effective	A thorough review of the extensive document was required to ensure a high standard, which took longer than what was anticipated.	Providing sufficient time for a thorough review during project planning.	Table 6.12.1(ii) Page 110

Institutional Development	Number of EDM Vehicles purchased within the financial year	New KPI	2 EDM Vehicles purchased by 30 June 2022	No EDM vehicles were procured during the financial year.	 1 - Underperformed	The procurement process for the vehicles for use by political office bearers could not commence till after the National Elections in November 2021. Clarity was sought from NT on the R700,000 limit per vehicle, which was received only in February 2022. The directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance, affected the procurement.	An application to National Treasury was submitted on 24 June 2022 to purchase EDM vehicles through the RT57 Transversal Contract. A request has been submitted to Council in August 2022 to request a roll-over of the budget.	Table 6.12.1(iii) Page 111
Institutional Development	Number of Mayoral Outreach Projects held	8 out of 12 planned Mayoral Outreach Programmes were implemented during the 2020/21 FY	6 Mayoral Outreach Projects held by 30 June 2022	4 out of 6 of the Outreach projects have been implemented as planned by 30 June 2022 as listed below: 1. <u>Back to School Project</u> One Mayoral Back to School Outreach Project was held. School uniforms were distributed on 31 May 2022 at Edwaleni Primary School and Mvungatini Primary School and on 2 June 2022, at Chweni Primary School. 2. <u>People living with Disability Project</u> One Mayoral Disability Outreach Project was held. Wheelchairs were distributed on 10 March 2022 in City of Mbombela LM at Mbonisweni, Mahushu and Zwelishane and 14 March 2022 in	 2 - Not Fully Effective	None	None	Table 6.12.1(iv) Page 112-113

Institutional Development	Number of Speaker's Outreach projects held	5 Speaker's Outreach programmes held during the 2020/21 FY	4 Speaker's Outreach projects held by 30 June 2022	4 Speakers outreach were held by 30 June 2022 as follows: On 14 September 2021 at Klipspruit Thaba Chweu Local Municipality, 17 September 2021 in Ward 05, 07 & 09 City of Mbombela, 25 October 2021 at Ronaldsey Sports Ground and 26 October 2021 at Alexandria Bushbuckridge Local Municipality.	3 - Fully Effective	None	None	Table 6.12.1(v) Page 114
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STRATEGIC OBJECTIVE: SO13 - Ensure Prudent Financial Management

KEY PERFORMANCE AREA: Financial Viability and Management

3 - Fully Effective

PROGRAMME	INDICATOR	BASELINE	(OUTPUT) ANNUAL TARGET	ACTUAL PERFORMANCE FOR FY2021/22	RESULT	REASON FOR DEVIATION	MECHANISM	REFERENCE TO DETAIL
Implementation of Financial Management Practices	Percentage of Compliance with Budget Legislative Framework (Budget Implementation)	100% compliance with Budget Legislative Framework during the 2020/21 FY	100% compliance with Budget Legislative Framework by 30 June 2022 (Budget Implementation)	100% Compliance with Budget Legislative Framework (Budget Implementation) by 30 June 2022: Roll over report submitted to Council and approved by Council on 26 Aug 2021 (A 82/2021). Report on special virement adjusted budget submitted and approved by council on 26 Aug 2021 (A82/2021). Monthly departmental budget performance submitted (Section 71 reports submitted to NT for June, July, August, September, October, November, December 2021, January, February, March, April, May and June 2022). Adjustment budget submitted to council and approved on 28 February 2022.	3 - Fully Effective	None	None	Table 6.13.1(i) Page 115

Implementation of Financial Management Practices	Number of Reports on the Implementation of the Procurement Plan submitted to Treasury	4 Reports on implementation plan submitted to Treasury during 2020/21 FY	4 Reports on the Implementation of the Procurement Plan Submitted to Treasury by 30 June 2022	4 Reports on the Implementation of the Procurement Plan were submitted to the Treasury by 30 June 2022	3 - Fully Effective	None	None	Table 6.13-1(ii) Page 116
Implementation of Financial Management Practices	Percentage of Compliance with Budget Legislative Framework (Budget Preparations)	100% compliance with Budget Legislative Framework during the 2020/21FY	100% compliance with Budget Legislative Framework by 30 June 2022 (Budget Preparations)	100% Compliance with Budget Legislative Framework (Budget Preparations) by 30 June 2022: IDP Budget process plan prepared, submitted and approved by Council on 26 August 2021 (A 79/2021). Draft budget 2022-23 submitted for approval to Council on 30 March 2022 (A45/2022). Final budget was approved by Council on 30 May 2022 (A60/2022). The Draft Budget & Final budget submitted to NT within 10 working days after approval.	3 - Fully Effective	None	None	Table 6.13-1(iii) Page 117
Implementation of Financial Management Practices	Number of Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure submitted to Council	4 Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure were submitted to Council, during 2020/21FY	4 Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure submitted to Council, by 30 June 2022	4 Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure were submitted to Council by 30 June 2022.	3 - Fully Effective	None	None	Table 6.13-1(iv) Page 118
Implementation of Financial Management Practices	Percentage of Compliance with Budget Legislative Framework (Budget Reporting)	100% compliance with Budget Legislative Framework during the 2020/21FY	100% compliance with Budget Legislative Framework by 30 June 2022 (Budget Reporting)	100% Compliance with Budget Legislative Framework (Budget Reporting) achieved: 12 Section 71 Reports & 4 Section 52 Quarterly Report & 1 Mid-year performance review prepared and submitted within 10 working days to the Executive Mayor & Council within 30 days after end of each quarter.	3 - Fully Effective	None	None	Table 6.13-1(v) Page 119

Implementation of Financial Management Practices	Development of the 2020/21 FY Audit Action Plan	Audit action plan for the FY2019-2020 audit was prepared after receiving the final audit report on 31 March 2021. The Action plan was prepared by 14 April 2021.	Audit Action Plan for 2020/21 FY developed by 25 Jan 2022	The Audit Action Plan for 2020/21 FY was developed by 3 January 2022	3 - Fully Effective	None	Table 6.13.1(vi) Page 120
Implementation of Financial Management Practices	Number of SCM Reports submitted to the Executive Mayor within 10 working days after the end of each quarter	4 SCM Reports submitted to Council during the 2020/21 FY	4 SCM Reports submitted to the Executive Mayor within 10 working days after the end of each quarter by 30 June 2022	4 SCM reports were submitted to the Executive Mayor within 10 working days after the end of each quarter by 30 June 2022.	3 - Fully Effective	None	Table 6.13.1(vii) Page 121

6. DETAIL PERFORMANCE RESULTS FOR FY 2021/2022

This chapter provides more detail in terms of the internal processes which informs the performance reported per indicator on the strategic (organizational) layer of the SDBIP. The project information provides more detail on the internal processes which informs the respective KPIs. Tracking of the project level information serves as early warning indicator for possible underperformance.

This section of the report provides the detail information on performance on project level, as well as the project expenditure for projects which have been allocated a budget vote in terms of the financial management system. Some projects are part of a programme where the budget covers a number of projects. For those projects, a table has been compiled – following this section of the report, in which the expenditure on the programme is reflected.

NOTE: The reflection of the project budget and project expenditure is explained underneath:

PROJECT BUDGET: The project budget in the report reflects the adjusted budget figure after virement

OPEX: The project is not specifically budgeted for but general operational expenditure (such as Employee Salaries) is utilized to implement the project

OPEX (Ro.00): The project is budgeted for in the operational budget

OPEX (Unspecified): The project has been budgeted as part of a programme. For details of the expenditure on such programmes refer to table 6.15.1 on page 122-124

CAPEX (Ro.00): The project is budgeted for in the capital budget

6.1 SO1 – IMPROVE THE IDP STANDARDS OF EDM AND LM's (RESULT 3: - FULLY EFFECTIVE)
6.1.1. ORGANISATIONAL PROGRAMME: INTEGRATED DEVELOPMENT PLANNING

The purpose of the programme is to ensure that the District and all its Local Municipalities develop responsive IDP's, as these documents are strategic in terms of ensuring appropriate service delivery. The programme aims at the critical role which the District Municipality has to play in terms of coordinating the Integrated Development Planning processes for the district as a whole. It further entails the district providing support and capacity in the compilation of IDP's in Local Municipalities. The development and review of sector plans and strategies is required to inform the integrated development planning process.

Table 6.1.1 (i): Approval of the 5 year IDP for 2022/23 – 2026/27 FY by a specific date

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO1 - Improve the IDP Standard of EDM and the LM's									
Key Performance Area									
Public Participation and Good Governance									
Key Performance Indicator									
Approval of the 5 Year IDP for 2022/23 - 2026/27 FY by a specific date									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Integrated Development Plan for EDM	Approval of the 5 Year IDP for 2022/23 - 2026/27 FY by a specific date	Approval of the 5 Year IDP for 2022/23 - 2026/27 FY by 31 May 2022	The Draft IDP was approved on 30 March 2022 under item A44/2022. The Final IDP & Budget 2022/23 - 2026/27 FY was tabled and approved by council on 30 May 2022 under council resolution A59/2022 and publicized in the local newspaper.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Strategic Planning

Table 6.1.1 (ii): Completion of the District Water Master Plan by a specific date

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO1 - Improve the IDP Standard of EDM and the LM's									
Key Performance Area									
Public Participation and Good Governance									
Key Performance Indicator									
Completion of the District Water Master Plan by a specific date									
Performance against Annual Target		100.00 %	None	Reason for Deviation		None		Mechanism to address Underperformance	
									3 - Fully Effective
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
District Water Masterplan	Completion of the District Water Masterplan by a specific date	District Water Masterplan completed by 30 June 2022	The District Masterplan was completed by 27 June 2022	OPEX R5 117 350	OPEX R5 117 350	None	None	3 - Fully Effective	SDBIP - Water and Sanitation

6.2 SO2 - MAINSTREAMING OF THE MARGINALIZED GROUPS (RESULT: 3 –FULLY EFFECTIVE)

6.2.1 ORGANISATIONAL PROGRAMME: MAINSTREAMING

In compliance with the legislative prescripts of government on mainstreaming, the programs and projects of the District Municipality are inclusive of the previously disadvantaged and marginalized groups namely children, youth, disabled, women and the elderly.

Table 6.2.1 (i): Number of reports on the mainstreaming of marginalized groups

PERFORMANCE MEASUREMENT INFORMATION			
Strategic Objective			
SO2 - Mainstreaming of the Marginalized Groups			
Key Performance Area			
Institutional Development and Transformation			
Key Performance Indicator			
Number of reports on the mainstreaming of marginalized groups			
Performance against Annual Target		Reason for Deviation	Mechanism to address Underperformance
100.00 %		None	
			Result / Trend
			3 - Fully Effective

Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Mainstreaming of marginalized groups	Number of reports on the mainstreaming of marginalized groups	4 Reports on the mainstreaming of marginalized groups submitted by 30 June 2022	4 Reports on the mainstreaming of marginalized groups were submitted by 30 June 2022	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Transversal Programmes

6.3 SO3 - DELIVER SERVICES AND IMPLEMENT PROJECTS IN LINE WITH THE MANDATE OF EDM (RESULT: 3 - FULLY EFFECTIVE)

6.3.1 ORGANISATIONAL PROGRAMME: SERVICE DELIVERY AND PROJECT IMPLEMENTATION

The purpose of the programme is to ensure that the District fulfil its responsibilities for service delivery in accordance with its mandate through the implementation of projects.

Table 6.3.1 (i): Number of inspections conducted on school facilities

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Inspections conducted on School Facilities									
Performance against Annual Target			Reason for Deviation			Mechanism to address Underperformance		Result / Trend	
193.48 %			129 More inspections were conducted in response to COVID-19 pandemic			None		3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Health Surveillance of Premises	Number of inspections conducted on School Facilities	138 Inspections conducted on School Facilities by 30 June 2022	267 inspections on school facilities were conducted by 30 June 2022.	OPEX	OPEX	129 More inspections were conducted in response to COVID-19 pandemic	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (ii): Number of inspections conducted on Early Childhood Development Centres

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Inspections conducted on Early Childhood Development centres									
Performance against Annual Target			Reason for Deviation			Mechanism to address Underperformance		Result / Trend	
150.32 %			159 More inspections were conducted in response to COVID-19 pandemic and applications requested.			None		3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Health Surveillance of Premises	Number of inspections conducted on Early Childhood Development Centres	316 Inspections conducted on Early Childhood Development centres by 30 June 2022	475 inspections on Early Childhood Development centres were conducted by 30 June 2022.	OPEX	OPEX	159 More inspections were conducted in response to COVID-19 pandemic and applications requested.	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (iii): Number of Inspections conducted on hospital facilities

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Inspections conducted on Hospital Facilities									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
113.89 %		5 more inspections were conducted in response to COVID-19 pandemic.		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Health Surveillance of Premises	Number of Inspections Conducted on Hospital Facilities	36 Inspections conducted on Hospital facilities by 30 June 2022	41 Inspections were conducted on Hospital facilities by 30 June 2022.	OPEX	OPEX	5 more inspections were conducted in response to COVID-19 pandemic.	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (iv): Number of microbiological and chemical samples analysed

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Microbiological & Chemical samples analysed									
Performance against Annual Target		Reason for Deviation			Mechanism to address Underperformance			Result / Trend	
116.91 %		Due to extended surveillance in water quality monitoring during the Covid 19 pandemic additional samples had to be analysed in order to ensure that there is no waterborne disease outbreak.			none			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Microbiological & Chemical samples	Number of Microbiological & Chemical samples analysed	920 Microbiological & 44 Chemical samples analysed by 30 June 2022	1027 microbiological samples and 71 chemical samples were analysed by 30 June 2022	OPEX R161 972	OPEX R153 416	Due to extended surveillance in water quality monitoring during the Covid 19 pandemic additional samples had to be analysed in order to ensure that there is no waterborne disease outbreak.	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (v): Number of Inspections on funderal undertaker facilities conducted

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Inspections on Funeral Undertaker Facilities conducted									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
101.72 %		3 More inspections were conducted in response to applications for certificates of competency.		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Health Surveillance of Premises	Number of Inspections on Funeral Undertaker Facilities conducted	174 Inspections conducted on Funeral undertaker facilities by 30 June 2022	177 inspections on Funeral undertaker were conducted by 30 June 2022.	OPEX	OPEX	3 More inspections were conducted in response to applications for certificates of competency	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (vi): Number of Inspections conducted on Clinic facilities

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Inspections conducted on Clinic Facilities									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
105.45 %		6 more inspections were conducted in response to COVID-19 pandemic.		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Health Surveillance of Premises	Number of Inspections Conducted on Clinic Facilities	110 Inspections conducted on Clinic Facilities by 30 June 2022	116 inspections on Clinic facilities were conducted by 30 June 2022.	OPEX	OPEX	6 more inspections were conducted in response to COVID-19 pandemic.	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (vii): Number of Disaster Risk assessment reviews held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Disaster Risk assessment reviews held									
Performance against Annual Target	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Result / Trend
0.00 %	Number of Disaster Risk assessment reviews held	1 Risk assessment review held by June 2022	The Disaster risk assessment review was not conducted as planned. The Terms of Reference for the Disaster Risk Assessment Review was developed and approved on 18 November 2021.	OPEX R800 000	OPEX R0	Poor planning led to a delay in the completion of the Terms of Reference, which was submitted late in terms of the Procurement Plan. The directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance further delayed the process.	Compiling the Terms of Reference in June, in order to adhere to the time frames of the Procurement Plan. The project has been budgeted for implementation in the FY2022/23	1 - Underperformed	1 - Underperformed
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Disaster Risk Assessment Review	Number of Disaster Risk assessment reviews held	1 Risk assessment review held by June 2022	The Disaster risk assessment review was not conducted as planned. The Terms of Reference for the Disaster Risk Assessment Review was developed and approved on 18 November 2021.	OPEX R800 000	OPEX R0	Poor planning led to a delay in the completion of the Terms of Reference, which was submitted late in terms of the Procurement Plan. The directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance further delayed the process.	Compiling the Terms of Reference in June, in order to adhere to the time frames of the Procurement Plan. The project has been budgeted for implementation in the FY2022/23	1 - Underperformed	SDBIP - Disaster Management and Public Safety Unit

Table 6.3.1 (viii): Number of Inspections on Food Premises conducted

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Inspections on Food Premises conducted									
Performance against Annual Target			Reason for Deviation			Mechanism to address Underperformance		Result / Trend	
120.83 %			166 More inspections were conducted in response to COVID-19 pandemic			None		3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Health Surveillance of Premises	Number of Inspections on Food Premises conducted	797 Inspections conducted on Food premises by 30 June 2022	963 inspections on food premises were conducted by 30 June 2022	OPEX	OPEX	166 More inspections were conducted in response to COVID-19 pandemic	None	3 - Fully Effective	SDBIP - Municipal Health Unit

Table 6.3.1 (ix): Number of Disaster Risk Management and Public Safety Awareness Campaigns held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Disaster Risk Management and Public Safety awareness campaigns held									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Disaster Management and Public Safety Awareness Campaign:	Number of Disaster Risk Management and Public Safety awareness campaigns held	4 Disaster Risk Management and Public Safety awareness campaigns held by 30 June 2022	4 Disaster Risk Management and Public Safety awareness campaigns were held by 30 June 2022 as follows: On 27 August 2021 in the CoMLM at SAPS Pienaar Daantjie; on 25 November 2021 in BLM at Mkhuhlu Plaza; on 19 March 2022 at Zwelisha Sports ground in CoMLM and on 14 June 2022 at Gamaalele tribal authority in BLM	OPEX R108 373	OPEX R95 320	None	None	3 - Fully Effective	SDBIP - Disaster Management and Public Safety Unit

Table 6.3.1 (x): Finalisation of awarding bursaries for 2022 to students by the Bursary Committee

PERFORMANCE MEASUREMENT INFORMATION						
Strategic Objective						
SO3 - Deliver Services and Implement Projects in Line with the Mandate of EDM						
Key Performance Area						
Service Delivery and Infrastructure Development						
Key Performance Indicator						
Finalisation of awarding bursaries for 2022 to students by the Bursary Committee						
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend
90.00 %		The Bursary Committee meeting scheduled for 23 February 2022 was postponed due to the unavailability of the members of the Committee who are sitting in the Bursary Committee.		Improving the coordination of internal events and meetings by using the central outlook calendar		 2 - Not Fully Effective
Project Information						
Details of the projects which are implemented within this programme is reflected underneath:						
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation
Mayor's Bursary Programme (Students)	Finalisation of awarding bursaries for 2022 to students by the Bursary Committee	Bursaries to students for 2022 finalised & awarded by the Bursary Committee by 28 February 2022	Bursaries to students' academic year 2022 were finalised and awarded by the Bursary Committee by 09 March 2022.	OPEX R248 277	OPEX R247 341	The Bursary Committee meeting scheduled for 23 February 2022 was postponed due to the unavailability of the members of the Committee
						Improving the coordination of internal events and meetings by using the central outlook calendar.
						 2 - Not Fully Effective
						SDBIP - Human Resource

It is government's intention to create decent and sustainable jobs especially among the youth whose unemployment rate is on the increase across the country. Government has launched a number of initiatives such as the Expanded Public Works Programme (EPWP), Community Works Programme (CWP) and Infrastructure Programmes to create job and employment opportunities for the unemployed. Ehlanzeni is implementing the EPWP programme through which a number of jobs are created. Other programmes are implemented to ensure awareness of tourism attractions within the district for economic investment purposes and to support cooperatives to become more sustainable.

Table 6.4.1 (i): Number of LTO/RTO supported with tourism development & promotion

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO4 - Create a Conducive Environment for District Economic Development and Growth									
Key Performance Area									
Local Economic Development									
Key Performance Indicator									
Number of LTO/RTO supported with tourism development & promotion.									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		None		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Tourism Stakeholder Mobilisation	Number of LTO/RTO supported with tourism development & promotion.	3 LTO/RTO supported with tourism development & promotion by 30 June 2022	3 LTO/RTO were supported with tourism development & promotion. i)Bushbuckridge LTO: The LTO had planned and hosted hiking and SMME dialogue for Bushbuckridge during the Tourism month. A service provider was appointed to make signage for tourism facilities and provide marketing material to the LTO.	OPEX R173 040	OPEX R168 615	None	None	3 - Fully Effective	SDBIP - LED and Tourism

						ii) Pilgrims Rest LTO was assisted with PPE and Tools of Trade for the beautification and upliftment of Pilgrims Rest before the influx of tourists for the festive season. iii). Kruger Lowveld Tourism was assisted with marketing material in the form of Z-card printing.		
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Table 6.4.1 (ii): Number of LED Stakeholder Engagements and support to Local Municipalities (including THALEDA)

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO4 - Create a Conducive Environment for District Economic Development and Growth									
Key Performance Area									
Local Economic Development									
Key Performance Indicator									
Number of LED Stakeholder Engagements and support to LMs (including THALEDA)									
Performance against Annual Target		100.00 %	None	Reason for Deviation		None		Mechanism to address Underperformance	
								3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Stakeholder Engagements and Municipal Support	Number of LED Stakeholder Engagements and support to LMs (including THALEDA)	2 LED Stakeholder Engagements and One support to LMs (including THALEDA) by 30 June 2022	2 LED Stakeholder Engagements and One support to LMs (including THALEDA) were conducted by 30 June 2022 as follows: Training of THALEDA board members took place from 03-04 November 2021. 2 stakeholder engagements took place on 21 February 2022 at Civic Centre CoMLM and on 30 June 2022 at Meriam Mogakane Community Hall BLM.	OPEX R172 896	OPEX R162 235	None	None	3 - Fully Effective	SDBIP - LED and Tourism

Table 6.4.1 (iii): Number of guesthouses supported on grading requirements, marketing, skills development, HR and service standards

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO4 - Create a Conducive Environment for District Economic Development and Growth									
Key Performance Area									
Local Economic Development									
Key Performance Indicator									
Number of Guesthouses supported on grading requirements, Marketing, Skills Development, HR and Service Standards									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		limitless support in grading of establishments and other tourism facilities, through the MOU that the department has with Tourism Grading Council of South Africa. EDM assists as many qualifying accommodation establishments, conferencing facilities, events venues and restaurants with pre-grading, grading and grading renewal.		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Tourism Development and Product Support	Number of Guesthouses supported on grading requirements, Marketing, Skills Development, HR and Service Standards	12 Guesthouse supported on grading requirements, Marketing, Skills Development, HR and Service Standards by 30 June 2022	15 Guesthouses have been identified and supported by Ehlanzeni District Municipality during the 2021/22FY. The names of the supported guesthouses are: 1. Emoyeni guesthouse, 2. View Inn guesthouse, 3. Tsonga luxury apartments, 4. Bonita place Guesthouse, 5. Micanolia Guesthouse, 6. Mantingteng Guesthouse, 7.606 Guesthouse, 8. Riverside Kaia, 9. Asante's Lodge, 10. Sagwadi Boutique Hotel, 11. Mangwazi Lodge and 12. Wild Olive Tree Tented Camp. 13. Mihandzu Guesthouse 14. Leopard Kruger Lodge Backpackers 15. Row 7174 Villa	OPEX R945 516	OPEX R937 828	Limitless support in grading of establishments and other tourism facilities, through the MOU that the department has with Tourism Grading Council of South Africa. EDM assists as many qualifying accommodation establishments, conferencing facilities, events venues and restaurants with pre-grading, grading and grading renewal.	None	3 - Fully Effective	SDBIP - LED and Tourism

Table 6.4.1 (iv): Number of work opportunities created through the EDM Sector based Skills Development Programme

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO4 - Create a Conducive Environment for District Economic Development and Growth									
Key Performance Area									
Local Economic Development									
Key Performance Indicator									
Number of Work opportunities created through the EDM Sector-based Skills Development Programme									
Performance against Annual Target		Reason for Deviation			Mechanism to address Underperformance			Result / Trend	
100.00 %		The 24 over and above the annual target was a result of resignations and new contracts signed			None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
EDM Sector-Based Skills Development Programme	Number of Work opportunities created through the EDM Sector-based Skills Development Programme	100 Work opportunities created through the EDM Sector-based Skills Development Programme by 30 June 2022	124 Work opportunities were created through the EDM Sector-based Skills Development Programme by 30 June 2022.	OPEX R35 201	OPEX R28 559	The 24 over and above the annual target was a result of resignations and new contracts signed	None	3 - Fully Effective	SDBIP - LED and Tourism

Table 6.4.1 (v): Number of Small-scale Farmers supported by means of a Structured Support Programme

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO4 - Create a Conducive Environment for District Economic Development and Growth									
Key Performance Area									
Local Economic Development									
Key Performance Indicator									
Number of small-scale farmers supported by means of a structured support programme									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		None		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Farmer Production Support Unit	Number of small-scale farmers supported by means of a structured support programme	3 Small Scale Farmers supported by means of a structured support programme by 30 June 2022	3 Small Scale Farmers were supported by means of a structured support programme by 30 June 2022. Support was provided to the following farmers: Ngugwane Co-operative Farming; Nkabo Water Technologies and CSK Agricultural Group (PTY) Ltd during the 2021/22FY	OPEX R631 240	OPEX R630 652	None	None	3 - Fully Effective	SDBIP - Rural Development

Table 6.4.1 (vi): Number of SMMEs/Cooperatives benefiting from mentorship programmes

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO4 - Create a Conducive Environment for District Economic Development and Growth									
Key Performance Area									
Local Economic Development									
Key Performance Indicator									
Number of SMMEs/Cooperatives benefiting from mentorship programmes									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
SMME / Cooperatives Development and Mentorship Programme	Number of SMMEs/Cooperatives benefiting from mentorship programmes	6 SMMEs/Cooperatives benefiting from mentorship programmes by 30 June 2022	6 SMMEs/Cooperatives have benefitted from the mentorship programmes by 30 June 2022. The SMMEs are: Nkomazi signs, Wash and wear Laundromat, Kgaogelo yabo mme, Ndzilo Charcoal Briquettes, Versatile Nkosi & Mamba Trade as Quench and Afri Hope Pty Ltd.	OPEX R516 016	OPEX R507 520	None	None	3 - Fully Effective	SDBIP - Rural Development

6.5 SO5 – SUPPORT LOCAL MUNICIPALITIES IN SPECIFIC AREAS OF NEED (RESULT: 2 – NOT FULLY EFFECTIVE ●)

6.5.1 ORGANISATIONAL PROGRAMME: SUPPORT TO LOCAL MUNICIPALITIES

In terms of Section 83 (3) of the Local Government: Municipal Structures Act, 1998, the District Municipality provides support to the Local Municipalities to perform their functions and deliver services efficiently and effectively.

Table 6.5.1 (i): Number of workshops implemented for Ward Committees (on Powers, Functions and Responsibilities of Ward Committees)

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of workshops implemented for Ward committees (on Powers, Functions and Responsibilities of ward committees)									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
50.00 %			Due to instability within the Local Municipalities as a result of the local Government election		The commitment of Nkomazi and City of Mbombela Local Municipalities be requested during the planning process			2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Public Participation and Consultation Process	Number of workshops implemented for Ward Committees (on Powers, Functions and Responsibilities of ward committees)	4 Workshops implemented for Ward Committees by 30 June 2022	2 Workshops for Ward Committees were held by 30 June 2022; in Thaba Chweu Local Municipality on 11 March 2022 at Floreat Hotel in Sabie and at Bushbuckridge Local Municipality on 6 to 8 April 2022.	OPEX R80 000	OPEX R6 650	Due to instability within the Local Municipalities as a result of the local Government election	The commitment of Nkomazi and City of Mbombela Local Municipalities be requested during the planning process	2 - Not Fully Effective	SDBIP - Office of the Speaker

Table 6.5.1 (ii): Percentage of Implementation of the Financial Support Plan for LMs

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Percentage of implementation of the Financial Support Plan for LMs									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Municipal Support	Percentage of implementation of the Financial Support Plan for LMs	100% implementation of the Financial Support Plan for LMs by 30 June 2022	100% Implementation of the Financial Support Plan for LMs as follows: Assisted TCLM with 1. Preparation of Annual Financial Statements, 2. Provided training on GRAP, VAT, Asset Management & MSCOA and 3. Prepared monthly and year end reconciliations based on 2019/20 Audit Action Plan and 2020/21-year end process plan.	OPEX R6 642 000	OPEX R6 641 151	None	None	3 - Fully Effective	SDBIP - Budget and Reporting

Table 6.5.1 (iii): Number of District Positive Living Conventions held

PERFORMANCE MEASUREMENT INFORMATION												
Strategic Objective												
SO5 - Support Local Municipalities in Specific Areas of Need												
Key Performance Area												
Service Delivery and Infrastructure Development												
Key Performance Indicator												
Number of District Positive Living Conventions Held												
Performance against Annual Target			Reason for Deviation			Mechanism to address Underperformance			Result / Trend			
100.00 %			None			None			3 - Fully Effective			
Project Information												
Details of the projects which are implemented within this programme is reflected underneath:												
Project Name		Indicator	Annual Target FY2021/22		Details on Performance		Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Positive Living Convention		Number of District Positive Living conventions held	1 District Positive Living Convention held by 30 June 2022		The District Positive Living Convention was held on 25 May 2022 at Thaba Chweu Local Municipality (Sabie)		OPEX R137 537	OPEX R136 127	None	None	3 - Fully Effective	SDBIP - HIV and TB

Table 6.5.1 (iv): Number of Sports Development Projects conducted

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Sports Development Projects conducted									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
- Sports Tourism - Sports Recognition Awards	Number of Sports Development Projects conducted	2 Sports Development Projects to be conducted by 30 June 2022	2 Sports Development Projects were implemented. The Sports Recognition Awards was conducted on 29 September 2021 at Valencia Community Hall and the Sports Tourism was conducted on 16 October 2021 at Mbombela Stadium in the City of Mbombela Local Municipality.	OPEX R194 137	OPEX R193 920	None	None	3 - Fully Effective	SDBIP - Transversal Programmes

Table 6.5.1 (v): Number of Disability Projects Implemented

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Disability Projects Implemented									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		None		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
• Economic empowerment (Business empowerment workshop)	Number of Disability Projects implemented	3 Disability Projects to be implemented by 30 June 2022	3 Disability projects were implemented as follows: Economic Empowerment Summit (Open Business Day) on 16 September 2021 at Casa de Sol, Hazyview CoMLM, Learner to Student Support was conducted on 13 April 2022 at Bukhosibetfu Deaf School, Nkomazi LM and the EDM Executive Mayor's Disability Awards conducted on 30 June 2022 at Nutting House, CoMLM.	OPEX R245 331	OPEX R242 358	None	None	3 - Fully Effective	SDBIP - Transversal Programmes
• Learner to student support									
• EDM Executive Mayor Disability award									

Table 6.5.1 (vi): Number of Elderly Projects Implemented

PERFORMANCE MEASUREMENT INFORMATION						
Strategic Objective						
SO5 - Support Local Municipalities in Specific Areas of Need						
Key Performance Area						
Service Delivery and Infrastructure Development						
Key Performance Indicator						
Number of Elderly Projects Implemented						
Performance against Annual Target		None	Reason for Deviation		None	Mechanism to address Underperformance
100.00 %						3 - Fully Effective
Project Information						
Details of the projects which are implemented within this programme is reflected underneath:						
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation
Advancing Health & well-being into Old Age (Older Persons Month)	Number of Elderly Projects implemented	1 Elderly Project to be implemented by 30 June 2022	1 Elderly project was implemented; the Advancing Health & well-being into Old Age (Older Persons Month) was implemented on 30 November 2021 at Bushbuckridge, Arthursseat.	OPEX R55 160	OPEX R54 400	None
						3 - Fully Effective
						SDBIP - Transversal programmes

Table 6.5.1 (vii): Number of Designs/Studies for Technical Services Projects completed

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Designs /Studies for Technical Services Projects completed									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
79.17 %		See reason for deviation as indicated below		See mechanism as indicated below				2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Flood damaged infrastructure (All LMs)	Completion of designs and layout plans for flood damaged infrastructure	Designs and layout plans for flood damaged infrastructure completed by 30 June 2022	The procurement process was initiated in the previous financial year. Local Municipalities were requested to submit new roads in September 2021. Revised Bid Specification documents were submitted for procurement on 12 November 2021	CAPEX R685 000	CAPEX R0	The initial delay emanated from the work carried out by COGTA for the same project in August 2021 which necessitated the change of scope or new roads and culverts to be identified. A directive was issued by National Treasury in Feb 2022 for all tenders exceeding an amount of R30 000 to be held in abeyance	The project in its current form will be discontinued, and the scope of works will be covered under the <u>Development of Technical Reports and Business Plan projects</u> , grant funding will be applied for after the completion of the technical reports and business plans referred above. The budget will be moved to the City of Mbombela Patching of Pothole project, approved on the 2022/23 budget year	1 - Underperformed	SDBIP Roads and Transport

Construction of fence, guard and operators house at Malelane Ext. 21 (Nkomazi LM)	Completion of technical report & Designs for construction of fence, guard & operators house at Malelane Ext. 21 by a specific date	Completion of technical report & Designs for construction of fence, guard & operators house at Malelane Ext. 21 by 30 June 2022	Technical report and designs for construction of Fence, Guard and Operators house at Malelane Ext. 21 was completed and submitted on 03/03/2022 by the service provider to EDM. The technical report and the designs were approved on 22/03/2022.	CAPEX R186 500	CAPEX R37 500	None	None	3 - Fully Effective	SDBIP - Civil Services
Road Rehabilitation programme phase 1 in Thaba Chweu LM	Completion of Phase 1 - Design and Layout plans for Road Rehabilitation in Thaba Chweu LM	Phase 1 - Designs and Layout plans for Road Rehabilitation Project in Thaba Chweu completed by 30 June 2022	Phase 1 - Design and Layout plans for Road Rehabilitation in TCLM was completed and approved on 9 May 2022.	CAPEX R863 500	CAPEX R415 715	None	None	3 - Fully Effective	SDBIP Roads and Transport
Lebombo hawker's stalls (Nkomazi LM)	Completion of technical report & Designs for installation of hawker's stalls and ablution blocks by a specific date	Technical Report and Designs for installation of hawker's stalls and ablution blocks completed by 30 June 2022	Technical report & designs for installation of hawker's stalls and ablution blocks were completed and approved on 7 April 2022.	CAPEX R1 521 182	CAPEX R104 569	None	None	3 - Fully Effective	SDBIP - Civil Services

Table 6.5.1 (viii): Number of Projects implemented as part of the Integrated Waste Management Programme

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Projects implemented as part of the Integrated Waste Management Programme									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
66.67 %			The bids received were non-responsive. The re-advertisement was affected by the directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance		The handover of the Personal Protective Clothing for waste pickers is planned for the first quarter of the 2022/23 financial year.			2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Integrated Waste Management Programme	Number of Projects implemented as part of the Integrated Waste Management Programme	2 Projects implemented as part of the Integrated Waste Management Programme by 30 June 2022	1 project was implemented as part of the Integrated Waste Management Programme by 30 June 2022: The working tools for recycling facilities were delivered and handed over to Nkomazi Local Municipality on 30 November 2021. The procurement of personal protective clothing for the waste pickers - for the second project - was concluded.	OPEX R771 500	OPEX R762 568	The bids received were non-responsive. The re-advertisement was affected by the directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance	The handover of the Personal Protective Clothing for waste pickers is planned for the first quarter of the 2022/23 financial year.	2 - Not Fully Effective	SDBIP - Municipal Health Unit

Table 6.5.1 (ix): Number of World AIDS & TB Days held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of World AIDS & TB Days held									
Performance against Annual Target		100.00 %	None	Reason for Deviation		Mechanism to address Underperformance		Result / Trend	
						None		3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
World AIDS Day	Number of World AIDS & TB Days held	1 World AIDS Day & 1 World TB Day held by 30 June 2022	1 Ehlalzeneni World AIDS Day was held on 13 to 14 December 2021 at Ella Combrick Youth Camp Center (CoMLM) and 1 World TB Day Commemoration was held on 22 June 2022 at Ehlalzeneni District Municipality.	OPEX R85 000	OPEX R62 025	None	None	3 - Fully Effective	SDBIP - HIV and TB

Table 6.5.1 (x): Number of Children's Rights Projects implemented

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Children's Rights Projects implemented									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		None		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
• Early Childhood development training • Champions for Children training • Take a Child to work day and child protection week	Number of Children's Rights Projects implemented	3 Children's Rights Projects implemented by 30 June 2022	3 Children's Rights Projects were implemented. Early Childhood Development training conducted on 21-22 September 2021 at Mashishing Community Hall TCLM, Champions for Children implemented on 14 December 2021 at Manzini Community Hall, City of Mbombela LM and Take a Child to work day conducted on 26 May 2022 at Joseph Matsebula high school, Nkomazi LM	OPEX R233 446	OPEX R207 950	None	None	3 - Fully Effective	SDBIP - Transversal Programmes

Table 6.5.1 (xi): Number of Jamborees held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Jamborees held									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Jamboree	Number of Jamborees held	1 Jamboree held by 30 June 2022	1 Jamboree (Integrated Care and Support Operation) held on 24 June 2022 at Thaba Chweu (Leroro, Dintjie Primary School).	OPEX R128 000	OPEX R127 000	None	None	3 - Fully Effective	SDBIP - HIV and TB

Table 6.5.1 (xii): Number of Speaker's Awareness Campaigns held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Speaker's Awareness Campaigns held									
Performance against Annual Target		Reason for Deviation			Mechanism to address Underperformance			Result / Trend	
75.00 %		The awareness campaign planned in Nkomazi Local Municipality was not implemented, due to political instability.			The Office of the Speaker to develop an annual plan/ schedule in consultation with stakeholders			2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Stakeholders and Communities Awareness	Number of Speaker's Awareness Campaigns held	4 Speaker's Awareness Campaigns held by 30 June 2022	3 Speakers Awareness campaigns were held by 30 June 2022 as follows: at Mkhuhlu Complex Bushbuckridge Local Municipality on 11 October 2021, at Zamaani Sports Ground City of Mbombela LM on 30 November 2021 and at Justicia Sports Ground Bushbuckridge Local Municipality on 27 June 2022.	OPEX R291 200	OPEX R219 781	The awareness campaign planned in Nkomazi Local Municipality was not implemented, due to political instability.	The Office of the Speaker to develop an annual plan/ schedule in consultation with stakeholders	2 - Not Fully Effective	SDBIP - Office of the Speaker

Table 6.5.1 (xiii): Number of GBVF programmes implemented

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of GBVF programmes implemented									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
GBVF programmes	Number of GBVF programmes implemented	2 GBVF Programmes implemented by 30 June 2022	2 GBVF programmes were implemented. The Victim Empowerment project was conducted on 29 September 2021 at Elands Hoek Community Hall, City of Mbombela LM and the GBVF Seminar for Women was conducted on 09 to 10 December 2021 at Kamhlushwa Community Hall, Nkomazi LM	OPEX R666 800	OPEX R666 390	None	None	3 - Fully Effective	SDBIP - Transversal programmes

Table 6.5.1 (xiv): Number of Technical Services projects completed

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Technical Services projects completed									
Performance against Annual Target		Reason for Deviation			Mechanism to address Underperformance			Result / Trend	
82.88 %		A variety of reasons caused the deviations from planned target. Detailed reasons are indicated per project in the table below			Mechanisms are reflected as applicable per project below			2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
RRAMS- Visual Assessments	Number of KMs visual assessments conducted and Submission of progress reports to DoT	3429kms visual assessment conducted and 3 progress reports submitted to DoT by 30 June 2022	3911.3KMs visual assessment were conducted and 3 Progress Reports were submitted to DoT by 30 June 2022	CAPEX R2 403 000	CAPEX R1 985 086	The asset extent was verified and assessed through field surveys. More data became available resulting in more visual assessments being conducted.	None	3 - Fully Effective	SDBIP - Roads and Transport
Goromani Water Supply Augmentation (Bushbuckridge)	Completion of Construction work for Water Supply Augmentation at Bushbuckridge by a specific date	Construction work for Water Supply Augmentation at Bushbuckridge completed by 30 June 2022	Contractor was appointed on 12 April 2022; site handover was on 03 May 2022. The progress by end of June was at 38%	CAPEX R4 349 810	CAPEX R1 078 960	Initial tender was non-responsive and had to be re-advertised that resulted in the commencement of the construction activities	Funds will be rolled over in the August 2022 adjustment budget. Project scheduled for completion on 30 September 2022	1 - Underperformed	SDBIP - Water and Sanitation

Refurbishment of High mast Lights (Thaba Chweu LM)	Number of High mast Lights refurbished in Mashishing and Sabie area	10 High Mast Lights Refurbished (7 Mashishing & 3 Sabie) by 30 June 2022	7 High mast lights (4 Mashishing & 3 Northern Areas) were refurbished, completed and handed over to TCLM on 07 June 2022.	CAPEX R 1 030 976	CAPEX R 954 326	3 High mast lights in Sabie could not be refurbished due to components that are no longer available on our local market, which requires replacement with new infrastructure.	TCLM to budget for replacement of old types apollo lights in Sabie area with new high mast lights	2 - Not Fully Effective	SDBIP - Civil Services
Tourist routes resealing (All LMs)	Number of Kilometres of Tourist Route Resealed	1 Kilometre of Tourist Route Resealing completed by 30 June 2022	Consulting engineer was appointed on 26 July 2021. Design report submitted on 25 November and approved on 8 December 2021.	CAPEX R 2 598 500	CAPEX R 420 000	The appointment of contractor was not implemented due to a directive issued by National Treasury in February 2022 for all tenders exceeding an amount of R30 000 to be held in abeyance	Funds will be rolled over in the August 2022 adjustment budget. Project scheduled for completion in the 2022/23FY	1 - Underperformed	SDBIP - Roads and Transport
Installation and Commissioning of High mast lights (Nkomazi LM)	Number of High mast Lights installed and commissioned in Nkomazi LM	2 High Mast Lights Installed and commissioned at Nkomazi LM by 30 June 2022	Two high mast lights were installed, commissioned and handed over to NLM on 30 June 2022.	CAPEX R 1000 000	CAPEX R891 867	None	None	3 - Fully Effective	SDBIP - Civil Services
Construction of Motseleng pedestrian bridge (Bush-buckridge LM)	Completion of culvert bridge and road approaches in Motseleng	Culvert bridge and road approaches in Motseleng completed by 30 June 2022	Culvert bridge was installed and road approaches constructed in Motseleng. However the construction of the bridge was not completed by 30 June 2022.	CAPEX R 4 489 000	CAPEX R4 211 095	The rain damage on the adjacent road required a change of scope for the project.	Funds will be rolled over in the August 2022 adjustment budget. Project scheduled for completion in the 2022/23FY	2 - Not Fully Effective	SDBIP - Roads and Transport
Completion of EDM Premises entrance	Completion of EDM Premises main entrance road alignment by specific date	Completion of EDM Premises main entrance road alignment by 30 June 2022	EDM premises main entrance was completed on 30 May 2022	CAPEX R 1 650 000	CAPEX R1 231 908	None	None	3 - Fully Effective	SDBIP - Roads and Transport

Completion of Coromandel wastewater treatment (Thaba Chweu LM)	Completion of Coromandel wastewater treatment works - Electrical and Mechanical works (Phase II)	Completion of Coromandel treatment works - Electrical and Mechanical works (Phase II) - completed by 30 June 2022	Coromandel wastewater treatment works - Electrical and Mechanical works (Phase II) was completed on 21 February 2022	CAPEX R 3 429 937	CAPEX R1 907 259	None	None	 3 - Fully Effective	SDBIP - Roads and Transport
Kellar Park Phase 2 (City of Mbombela LM)	Completion of Construction work for Kellar Park Phase 2 at Barberton by a specific date	Construction work for Kellar Park Phase 2 at Barberton completed by 31 March 2021	Project completed and handed over to City of Mbombela Local Municipality on 27 January 2022	CAPEX R 888 697	CAPEX R 595 697	None	None	 3 - Fully Effective	SDBIP - Water and Sanitation
Drilling and Equipping of New Boreholes (City of Mbombela LM)	Number of new boreholes drilled and equipped in City of Mbombela	2 Boreholes drilled and equipped in City of Mbombela by 30 June 2022	2 Boreholes drilled, yield, water quality test conducted and Eskom application concluded on 13 December 2021. The Eskom connection is still outstanding.	CAPEX R 754 614	CAPEX R 415 884	Delay by Eskom to install the connection point (Transformer and meter box)	Formal engagement continues with Eskom	 2 - Not Fully Effective	SDBIP - Civil Services

Table 6.5.1 (xv): Number of Women Empowerment Projects implemented

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Women Empowerment Projects implemented									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
• Women Capacity building Workshop	Number of Women Empowerment Projects implemented	3 Women Empowerment Projects to be implemented by 30 June 2022	3 Women Empowerment Projects were implemented. The Women's Month Project on 31 August 2021 at Moremela Old Age Centre, Thabane Chweu LM; the 16 Days of Activism project on 07 December 2021 at Elands Hoek, City of Mbombela LM and the Women Capacity Building Programme conducted on 01-02 December 2021 at Valencia Community Hall, CoMLM	OPEX R375 018	OPEX R373 842	None	None	3 - Fully Effective	SDBIP - Transversal Programmes
• 16 Days of Activism									
• Women Month Project									

Table 6.5.1 (xvi): Number of Youth Project implemented

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO5 - Support Local Municipalities in Specific Areas of Need									
Key Performance Area									
Service Delivery and Infrastructure Development									
Key Performance Indicator									
Number of Youth Projects implemented									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
- Backyard Youth Gardening Initiative - SA Youth Council Project - Youth Month Project	Number of Youth Projects implemented	3 Youth Projects to be implemented by 30 June 2022	3 Youth projects were implemented by 30 June 2022 as follows: Backyard Youth Gardening Initiative conducted on 27 August 2021 at Middelplaas, Nkomazi LM; Youth Month Project on Digital Literacy training conducted on 23-24 June 2022 at Msogwaba Tribal Centre, CoMLM and SA Youth Council Project on Youth Parliament conducted on 17-18 June 2022 at Mpumalanga Provincial legislature.	OPEX R236 820	OPEX R205 772	None	None	3 - Fully Effective	SDBIP - Transversal Programmes

6.6 SO6 - STRENGTHEN IGR AND STAKEHOLDER RELATIONS (RESULT: 3 - FULLY EFFECTIVE)

6.6.1 ORGANISATIONAL PROGRAMME: IGR AND STAKEHOLDER RELATIONS

Local government's successful implementation of service delivery programs is based on strong inter-governmental relations, as well as stakeholder relations. This is enshrined in the South African Constitution (1996) in terms of cooperative governance. It is a requirement that all spheres of government plan and execute functions in an integrated way, to the benefit of the people of the country. The purpose of this program is therefore to ensure that there is synergy, alignment and harmonization in the planning processes as well as in the delivery of services across the three spheres of government (national, provincial and local). There are a number of structures established in the district that play a very critical role in ensuring that government processes and service delivery priorities are achieved in an integrated way.

Table 6.6.1 (i): Number of Economic Growth and Job creation Work Stream meetings held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO6 - Strengthen IGR and Stakeholder Relations									
Key Performance Area									
Public Participation and Good Governance									
Key Performance Indicator									
Number of Economic Growth and Job creation Work Stream Meetings held									
Performance against Annual Target		100.00 %	None	Reason for Deviation		None		Mechanism to address Underperformance	Result / Trend
3 - Fully Effective									
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Economic Growth and Job creation Work Stream	Number of Economic Growth and Job creation Work Stream Meetings held by 30 June 2022	3 Economic Growth and Job creation Work Stream Meetings held by 30 June 2022	3 Economic Growth and Job creation Work Stream Meetings held by 30 June 2022 as follows: on 29 September 2021, 22 March 2022 and on 09 June 2022 (virtually)	OPEX R4 597	OPEX R0	None	None	3 - Fully Effective	SDBIP - LED and Tourism

Table 6.6.1 (ii): Number of Meetings Held by the IDP Representative Forum

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO6 - Strengthen IGR and Stakeholder Relations									
Key Performance Area									
Public Participation and Good Governance									
Key Performance Indicator									
Number of meetings held by the IDP Representative Forum									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		None		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
IDP Representative Forum	Number of meetings held by the IDP Representative Forum	3 Meetings held by the IDP Representative Forum by 30 June 2022	3 IDP Representative forum meetings were held by 30 June 2022 as follows: on 2 March 2022, on 12 April 2022 and 19 May 2022 at EDM Council Chamber and virtually.	OPEX R66 574	OPEX R51 440	None	None	3 - Fully Effective	SDBIP - Strategic Planning

Table 6.6.1 (iii): Number of meetings held by the Good Governance and Administrative Cluster

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO6 - Strengthen IGR and Stakeholder Relations									
Key Performance Area									
Public Participation and Good Governance									
Key Performance Indicator									
Number of meetings held by the Good Governance and Administration Cluster									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Good Governance and Administration Cluster	Number of meetings held by the Good Governance and Administration Cluster	3 Good Governance and Administration Cluster meetings held by 30 June 2022	3 Good Governance and Administration Cluster meetings (DDM Work Stream) were held to date: on 08 September 2021, 07 June 2022 and 24 June 2022.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - IGR

Table 6.6.1 (iv): Number of Social Cluster meetings held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO6 - Strengthen IGR and Stakeholder Relations									
Key Performance Area									
Public Participation and Good Governance									
Key Performance Indicator									
Number of Social Cluster meetings held									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Social Cluster meetings	Number of Social Cluster meetings held	4 Social Cluster meetings held by 30 June 2022	4 Social Cluster meetings were held as follows: on 02 September 2021, 11 November 2021, 09 February 2022 and 08 June 2022 at EDM	OPEX R50 409	OPEX R48 050	None	None	3 - Fully Effective	SDBIP - Transversal Programmes

SO7 - MANAGE PERFORMANCE (RESULT: 2 - NOT FULLY EFFECTIVE)

6.7.1 ORGANISATIONAL PROGRAMME: ORGANISATIONAL PERFORMANCE MANAGEMENT SYSTEM

This program is based on the requirements of Chapter 6 of the Municipal Systems Act (Act 32 of 2000). A holistic approach to performance management is followed in the Municipality in order to support management processes and effective delivery of services in the district. This program is focused on the establishment and implementation of a Performance Management System in the District, which includes the Organizational and the Individual Performance Management System.

Table 6.7.1 (i): Number of organisational performance reviews conducted

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO7 - Manage Performance									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of organisational performance reviews conducted									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Organisational Performance Reviews	Number of organisational performance reviews conducted	4 Organisational performance reviews conducted by 30 June 2022	Four organisational performance reviews were conducted by 30 June 2022 as follows: the Annual Performance Review for the FY2020/21 was completed within the required time frame of 31 August 2021, the First Quarter Performance Review during the second quarter, the mid-term performance review was conducted during the third quarter and the third quarter performance review conducted in the fourth quarter	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Performance Management

Table 6.7.1 (ii): SDBIP for 2022/23 signed off by the Executive Mayor within 28 days after the approval of the budget

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO7 - Manage Performance									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
SDBIP for 2022/23 signed off by the Executive Mayor within 28 days after the approval of the budget									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
SDBIP for the FY2022/23	SDBIP for 2022/23 signed off by the Executive Mayor within 28 days after the approval of the budget	SDBIP for the FY2022/23 to be signed off by the Executive Mayor within 28 days after the approval of the budget	The SDBIP for the FY2022/2023 was signed off by the Executive Mayor on 24 June 2022, which is 25 days after the approval of the budget by Council on 30 May 2022.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Performance Management

Table 6.7.1 (iii): Number of quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
S07 - Manage Performance									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted									
Performance against Annual Target	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Result / Trend
66.67 %	Number of quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted	3 Quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted by June 2022	1 Quarterly Performance Assessment of the Municipal Manager and the Section 56 Managers was conducted, as well as the 2 quarterly assessments of the Section 56 Managers, by 30 June 2022.	OPEX	OPEX	The assessment of the Municipal Manager was affected by the requested adjustments of the System, as well as the transitional process of the appointment of the Municipal Manager.	Approval of the annual Programme for the performance assessments of the Municipal Manager and the Section 56 Managers.	2 - Not Fully Effective	2 - Not Fully Effective
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers	Number of quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted	3 Quarterly Performance Assessments of the Municipal Manager and the Section 56 Managers conducted by June 2022	1 Quarterly Performance Assessment of the Municipal Manager and the Section 56 Managers was conducted, as well as the 2 quarterly assessments of the Section 56 Managers, by 30 June 2022.	OPEX	OPEX	The assessment of the Municipal Manager was affected by the implementation of the requested adjustments of the System, as well as the transitional process of the appointment of the Municipal Manager.	Approval of the annual Programme for the performance assessments of the Municipal Manager and the Section 56 Managers.	2 - Not Fully Effective	SDBIP - Performance Management

6.7.2 ORGANISATIONAL PROGRAMME: INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEM

The cascading of performance to all levels of the organization is a critical process to a successful and functional performance management system. All employees take part in the Individual Performance Management System to ensure that the vision and mandate of the district is achieved. The legislative framework for the district to cascade its PMS is mainly derived from Local Government Municipal Systems Act and the Policy Framework of the Municipality.

Table 6.7.2 (i): Completion of the 2020/21 FY IPMS performance appraisal

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO7 - Manage Performance									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Completion of the 2020/21 FY IPMS performance appraisal									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
50.00 %		Due to delays with departmental moderation sessions leading to the PRRC Committee being unable to conclude the process of moderation.		Introduction and implementation of the functional objective scorecard.			2 - Not Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Performance Appraisals	Completion of the 2020/21 FY IPMS performance appraisal	IPMS Performance Appraisal for 2020/21 FY completed by 30 June 2022	The IPMS Performance Appraisal for 2020/21 FY was not completed by 30 June 2022	OPEX	OPEX	Due to delays with departmental moderation sessions leading to the PRRC Committee being unable to conclude the process of moderation.	Introduction and implementation of the functional objective scorecard.	2 - Not Fully Effective	SDBIP - IPMS

6.8 SO8 - IMPLEMENT MONITORING AND EVALUATION (RESULT 3 – FULLY EFFECTIVE)

6.8.1 ORGANISATIONAL PROGRAMME: MONITORING AND EVALUATION

The District Municipality has successfully implemented performance management in as far as monitoring of implementation of the municipal strategy is concerned, but has realized that the evaluation of the impact of service delivery needs to be receiving more focus. The monitoring and evaluation framework forms the basis of these processes and will assist the Municipality to paint a district-wide picture in terms of status and impact of service delivery.

Table 6.8.1 (i): Number of project verifications conducted

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO8 - Implement Monitoring and Evaluation									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of project verifications conducted									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Project Verification	Number of project verifications conducted	4 Project verifications conducted by 30 June 2022	Four project verification were conducted by 30 June 2022 as follows: 1. The rehabilitation of Kellar Park for community access and use (ComLM) 2. The drilling, equipping of boreholes in City of Mbombela LM (Mattafin, Teka Takh, Cairn side & Makoko), 3. Refurbishment of bulk water and sewer infrastructure TCLM (Coromadale phase 2) and 4. Goromani Water supply Augmentation in BLM	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Performance Management

6.9 S09 - IMPROVE STAFF SKILLS AND DEVELOPMENT (RESULT: 3 - FULLY EFFECTIVE)
6.9.1 ORGANISATIONAL PROGRAMME: TRAINING AND DEVELOPMENT OF STAFF

The staff complement within any organization is the vehicle for the implementation of the strategy. The training of staff members ensures that the Municipality will become a center of excellence which will improve service delivery in the institution and also indirectly within the Local Municipalities through the provision of technical support.

Table 6.9.1 (i): Percentage of qualifying applicants (officials) awarded Bursaries in terms of the Bursary Policy for 2022

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO9 - Improve Staff Skills and Development									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Percentage of qualifying applicants (officials) awarded bursaries in terms of the Bursary Policy for 2022									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Awarded Bursaries to Officials	Percentage of qualifying applicants (officials) awarded bursaries in terms of the Bursary Policy for 2022	100% of qualifying applicants (officials) awarded bursaries for 2022 by 28 February 2022	100% of qualifying applicants (officials) were awarded with Bursaries by the Bursary Committee on 03 February 2022	OPEX R214 744	OPEX R213 934	None	None	3 - Fully Effective	SDBIP - Human Resource

Table 6.9.1 (ii): Number of Skills Development Programmes implemented in terms of PDPs

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO9 - Improve Staff Skills and Development									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of Skills Development Programmes implemented in terms of PDPs									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
130.00 %		Due to the easing of Covid 19 restrictions, additional requests were received from officials to attend training.		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expendi- ture	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Skills Development Programme	Number of Skills Development Programmes implemented in terms of PDPs	24 Skills Development Programmes implemented in terms of PDPs by 30 June 2022	30 skills development programs were implemented by 30 June 2022	OPEX R384 930	OPEX R368 920	Due to the easing of Covid 19 restrictions, additional requests were received from officials to attend training.	None	3 - Fully Effective	SDBIP - Human Resource

6.10 SO10 - IMPROVE INTERNAL AND EXTERNAL COMMUNICATIONS (RESULT: 3 - FULLY EFFECTIVE ●)

6.10.1 ORGANISATIONAL PROGRAMME: COMMUNICATION, MARKETING AND BRANDING

Internal and external communication is critical for the effective functioning of any organization. This program contains a number of communication activities to market the district and to share information with stakeholders.

Table 6.10.1 (i): Number of articles featuring EDM publicised

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO10 - Improve Internal and External Communications									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of articles featuring EDM published									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Marketing of EDM	Number of articles featuring EDM published	8 Articles featuring EDM published by 30 June 2022	8 Articles featuring EDM were published in the local publications by 30 June 2022	OPEX R1 251 748	OPEX R 1 217 815	None	None	3 - Fully Effective	SDBIP - Communication

Table 6.10.1 (ii): Final and approved Annual Report printed and sent to relevant offices (2020/2021 Financial Year Annual Report)

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO10 - Improve Internal and External Communications									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Final & Approved Annual Report printed & sent to relevant offices (2020/21 FY Annual Report)									
Performance against Annual Target		100.00 %	None	Reason for Deviation	Mechanism to address Underperformance		Result / Trend		
					None		3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Coordination of the Annual Report Departmental Submissions	Final & Approved Annual Report printed & sent to relevant offices (2020/21 FY Annual Report)	Final & Approved Annual Report printed & distributed by 30 April 2022 (2020/21 FY Annual Report)	Final & Approved Annual Report FY 2020/21 printed & distributed by 07 April 2022 to Auditor General and Treasury on 08 April 2022 to COGTA	OPEX Budget is included in the table above 6.10.1(i)	OPEX Expenditure Is included in the table above 6.10.1(i)	None	None	3 - Fully Effective	SDBIP - Communication

Table 6.10.1 (iii): Number of Media Awareness Campaigns held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO10 - Improve Internal and External Communications									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of Media Awareness Campaigns held									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
158.33 %		Departments requested telephonically additional media awareness campaigns to be covered.		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Media Awareness Campaigns (Radio inter-views, social media, Newspaper Publication)	Number of Media Awareness Campaigns held	12 Media Awareness Campaigns held by 30 June 2022	19 Media Awareness Campaigns were held by 30 June 2022	OPEX Budget is included in the table above 6.10.1(i)	OPEX Expenditure Is included in the table above 6.10.1(i)	Departments requested for additional media awareness campaigns to be covered.	None	3 - Fully Effective	SDBIP - Communication

6.11.1.1 ORGANISATIONAL PROGRAMME: RISK MANAGEMENT

Risk management is a critical area for any organization and should be given the necessary priority and resources to ensure implementation. The mitigation of risks to the organization requires that controls be put in place. The risk monitoring process provides an indication of the effectiveness of such controls.

Table 6.11.1 (i): Percentage implementation of Quarterly Risk Mitigation Strategies

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO11 - Manage Organisational Risk									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Percentage implementation of quarterly risk mitigation strategies									
Performance against Annual Target	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Result / Trend
92.59 %	Percentage implementation of quarterly risk mitigation strategies	100% implementation of quarterly risk mitigation strategies by 30 June 2022	92.59% (100 out of 108) Risk Mitigation Strategies were implemented by 30 June 2022	OPEX	OPEX	Failure by departments to implement the mitigation strategies and adhere to the set timeframes in the Risk Register	Introduction and implementation of the functional Objective scorecard	2 - Not Fully Effective	2 - Not Fully Effective
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Risk Register	Percentage implementation of quarterly risk mitigation strategies	100% implementation of quarterly risk mitigation strategies by 30 June 2022	92.59% (100 out of 108) Risk Mitigation Strategies were implemented by 30 June 2022	OPEX	OPEX	Failure by departments to implement the mitigation strategies and adhere to the set timeframes in the Risk Register	Introduction and implementation of the functional Objective scorecard	2 - Not Fully Effective	SDBIP - Risk Management

6.12.1 ORGANISATIONAL PROGRAMME: INSTITUTIONAL DEVELOPMENT

This program focuses on compliance to the legislative and policy framework within which the Municipality is operating.

Table 6.12.1 (i): Percentage requests from internal Departments attended to and provided with COVID-19 PPEs and supplies

PERFORMANCE MEASUREMENT INFORMATION													
Strategic Objective													
SO12 - Improve Institutional Transformation and Development													
Key Performance Area													
Institutional Development and Transformation													
Key Performance Indicator													
Percentage of requests from Internal Departments attended to and provided with COVID 19 PPEs and Supplies													
Performance against Annual Target		100.00 %	None	Reason for Deviation			Mechanism to address Underperformance		None	Result / Trend			
										3 - Fully Effective			
Project Information													
Details of the projects which are implemented within this programme is reflected underneath:													
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department				
COVID 19 PPEs and Supplies	Percentage of requests from Internal Departments attended to and provided with COVID 19 PPEs and Supplies	100% requests from Internal Departments provided with COVID 19 PPEs and Supplies by 30 June 2022	100% requests from Internal Departments were attended to and provided with COVID 19 PPEs and Supplies by 30 June 2022	OPEX R3 010 000	OPEX R3 009 280	None	None	3 - Fully Effective	SDBIP - Budget and Reporting				

Table 6.12.1 (ii): Development of Project management Standard Operating Procedures Template by a specific date

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO12 - Improve Institutional Transformation and Development									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Development of Project Management Standard Operating Procedures Template by a specific date									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			A thorough review of the extensive document was required to ensure a high standard, which took longer than what was anticipated.		Providing sufficient time for a thorough review during project planning.			2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Project Management Standard Operating Procedures (SOPs)	Development of Project Management Standard Operating Procedures and Operations Procedures Template by a specific date	Project Management Standard Operating Procedures Template developed by 31 March 2022	Project Management 'Standard Operating Procedures' Template was developed, reviewed and approved by the Accounting Officer on 7 June 2022	OPEX R230 000	OPEX R113 768	A thorough review of the extensive document was required to ensure a high standard, which took longer than what was anticipated.	Providing sufficient time for a thorough review during project planning.	2 - Not Fully Effective	SDBIP - Civil Services

Table 6.12.1 (iii): Number of EDM Vehicles purchased within the financial year

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO12 - Improve Institutional Transformation and Development									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of EDM Vehicles purchased within the financial year									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
0.00 %		The procurement process for the vehicles for use by political office bearers could not commence till after the National Elections in November 2021. Clarity was sought from NT on the R700,000 limit per vehicle, which was received only in February 2022. The directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance, affected the procurement.		An application to National Treasury was submitted on 24 June 2022 to purchase EDM vehicles through the RT57 Transversal Contract. A request has been submitted to Council in August 2022 to request a roll-over of the budget.		1 - Underperformed			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
EDM Vehicles	Number of EDM Vehicles purchased within the financial year	2 EDM Vehicles purchased by 30 June 2022	No EDM vehicles procured during the financial year.	OPEX R1 800 000	OPEX R0	The procurement process for the vehicles for use by political office bearers could not commence till after the National Elections in November 2021. Clarity was sought from NT on the R700,000 limit per vehicle, which was received only in February 2022. The directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance, affected the procurement.	An application to National Treasury was submitted on 24 June 2022 to purchase EDM vehicles through the RT57 Transversal Contract. A request has been submitted to Council in August 2022 to request a roll-over of the budget.	1 - Underperformed	SDBIP - Budget and Reporting

Table 6.12.1 (iv): Number of Mayoral Outreach Projects held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO12 - Improve Institutional Transformation and Development									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of Mayoral Outreach Projects held									
Performance against Annual Target		Reason for Deviation			Mechanism to address Underperformance			Result / Trend	
61.11 %		A variety of reasons caused the deviations from planned target. Detailed reasons are indicated per project in the table below			Mechanisms are reflected as applicable per project below			2 - Not Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
Back to School Project	Number of Mayoral Back to School Outreach Projects held	1 Mayoral Back to School Outreach Project held by 30 June 2022	One Mayoral Back to School Outreach Project was held. School uniforms were distributed on 31 May 2022 at Edwaleni Primary School and Mvangatini Primary School and on 2 June 2022, at Chweni Primary School.	OPEX R200 000	OPEX R159 409	None	None	3 - Fully Effective	SDBIP - Office of the Executive Mayor
People living with Disability Project	Number of Mayoral Disability Outreach Projects held	1 Mayoral Disability Outreach Project held by 30 June 2022	One Mayoral Disability Outreach Project was held. Wheelchairs were distributed on 10 March 2022 in City of Mbonibela LM at Mbonisweni, Mahushu and Zwelishane and 14 March 2022 in Bushbuckridge Local Municipality at Mariti, Casteel, Mkhuhlu line and Saselani	OPEX R205 548	OPEX R198 785	None	None	3 - Fully Effective	SDBIP - Office of the Executive Mayor

Hotspot Outreach programme	Number of Hotspot Outreach Programmes held	1 Hotspot Outreach Programme by 30 June 2022	The project was held in Nkomazi LM as follows: on 7 May 2022 at Schoemansdal and on 8 May 2022, at kaMaqhekeza and Mzinti Community Hall. The aim was to engage with communities on public participation and IDP budget consultation.	OPEX R166 866	OPEX R97 050	None	None	 3 – Fully Effective	SDBIP - Office of the Executive Mayor
Ehlanzeni Senior Citizens Outreach programme	Number of Mayoral Outreach Projects held for Ehlanzeni Senior Citizens	1 Mayoral Outreach Project for Ehlanzeni Senior Citizens held by 30 June 2022	The programme was not implemented.	OPEX R0	OPEX R0	The budget was moved to another programme for implementation	None	 1 - Underperformed	SDBIP - Office of the Executive Mayor
Women Outreach programme	Number of Mayoral Outreach Projects held for Women	1 Mayoral Outreach Project held for Women by 30 June 2022	One Mayoral Outreach Project for Women was held. Baby hampers were distributed on 25 December 2021 at Tonga Hospital.	OPEX R129 380	OPEX R60 360	None	None	 3 - Fully Effective	SDBIP - Office of the Executive Mayor
Food distribution projects	Number of Marginalised Groups provided with Food Parcels	3 Marginalised Groups provided with Food Parcel by 30 June 2022	Two Marginalised Groups were provided with Food Parcels as follows: Food parcels were distributed to child-headed families and senior citizens on 10 October 2021 at Kanyamazane and 10 December 2021 at Nsikazi.	OPEX R785 000	OPEX R757 775	Delay in distribution of food parcels was due to the directive issued by National Treasury for all tenders exceeding an amount of R30 000 to be held in abeyance.	Food parcels were procured and to be distributed to the disabled in the next financial year.	 2 - Not Fully Effective	SDBIP - Office of the Executive Mayor

Table 6.12.1 (v): Number of Speaker's Outreach Projects held

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO12 - Improve Institutional Transformation and Development									
Key Performance Area									
Institutional Development and Transformation									
Key Performance Indicator									
Number of Speaker's Outreach projects held									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Speaker's Outreach	Number of Speaker's Outreach projects held	4 Speaker's Outreach projects held by 30 June 2022	4 Speakers outreach projects were held by 30 June 2022 as follows: On 14 September 2021 at Klipspruit Thaba Chweu Local Municipality, 17 September 2021 in Ward 05,07 & 09 City of Mbombela, 25 October 2021 at Ronaldsey Sports Ground and 26 October 2021 at Alexandria Bushbuckridge Local Municipality.	OPEX R248 216	OPEX R234 270	None	None	3 - Fully Effective	SDBIP - Office of the Speaker

SO13 - ENSURE PRUDENT FINANCIAL MANAGEMENT (RESULT: 3 - FULLY EFFECTIVE)
6.13.1 ORGANISATIONAL PROGRAMME: IMPLEMENTATION OF FINANCIAL MANAGEMENT PRACTICES

This program aims at ensuring compliance in terms of the legislative and policy requirements relating to financial management. Prudent financial management instils confidence in all stakeholders in the institution, which may leverage more funding for service delivery.

Table 6.13.1 (i): Percentage of Compliance with Budget Legislative Framework (Budget Implementation)

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Percentage of Compliance with Budget Legislative Framework (Budget Implementation)									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Budget Implementation	Percentage of Compliance with Budget Legislative Framework (Budget Implementation)	100% compliance with Budget Framework by 30 June 2022 (Budget Implementation)	100% Compliance with Budget Legislative Framework (Budget Implementation) by 30 June 2022: Roll over report submitted to Council and approved by Council on 26 Aug 2021 (A 82/2021). Report on special virement adjusted budget submitted and approved by Council on 26 Aug 2021 (A81/2021). Monthly departmental budget performance submitted (Section 71 reports submitted to NT for June, July, August, September, October, November, December 2021, January, February, March, April, May and June 2022). Adjustment budget submitted to council and approved on 28 February 2022.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Budget and Reporting

Table 6.13.1 (ii): Number of Reports on the Implementation of the Procurement Plan submitted to Treasury

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Number of Reports on the Implementation of the Procurement Plan submitted to Treasury									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Procurement Plan	Number of Reports on the Implementation of the Procurement Plan submitted to Treasury	4 Reports on the Implementation of the Procurement Plan Submitted to Treasury by 30 June 2022	4 Reports on the Implementation of the Procurement Plan were submitted to the Treasury by 30 June 2022	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Supply Chain Management

Table 6.13.1 (iii): Percentage of Compliance with Budget Legislative Framework (Budget Preparations)

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Percentage of Compliance with Budget Legislative Framework (Budget Preparations)									
Performance against Annual Target			Reason for Deviation		Mechanism to address Underperformance			Result / Trend	
100.00 %			None		None			3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Budget Preparations	Percentage of Compliance with Budget Legislative Framework (Budget Preparations)	100% compliance with Budget Legislative Framework by 30 June 2022 (Budget Preparations)	100% Compliance with Budget Legislative (Budget Preparations) by 30 June 2022: IDP Budget process plan prepared and submitted and approved by Council on 26 August 2021 (A 79/2021). Draft budget 2022-23 submitted for approval to Council on 30 March 2022 (A45/2022). Final budget was approved by Council on 30 May 2022 (A60/2022). The Draft Budget & Final budget submitted to NT within 10 working days after approval.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Budget and Reporting

Table 6.13.1 (iv): Number of reports on the unauthorised, irregular, fruitless and wasteful expenditure submitted to Council

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Number of Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure submitted Council									
Performance against Annual Target			Reason for Deviation			Mechanism to address Underperformance		Result / Trend	
100.00 %			None			None		3 - Fully Effective	
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
UIF reports	Number of Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure submitted Council	4 Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure submitted Council, by 30 June 2022	4 Reports on the Unauthorised, Irregular, Fruitless & Wasteful Expenditure were submitted to Council by 30 June 2022.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Supply Chain Management

Table 6.13.1 (v): Percentage compliance with Budget Legislative Framework (Budget Reporting)

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Percentage of Compliance with Budget Legislative Framework (Budget Reporting)									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance			Result / Trend		
100.00 %		None		None			3 - Fully Effective		
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Budget Reporting	Percentage of Compliance with Budget Legislative Framework (Budget Reporting)	100% compliance with Budget Legislative Framework by 30 June 2022 (Budget Reporting)	100% Compliance with Budget Legislative Framework (Budget Reporting) achieved: 12 Section 71 Reports & 4 Section 52 Quarterly Report & 1 Mid-year performance review prepared and submitted within 10 working days to the Executive Mayor & Council within 30 days after end of each quarter.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Budget and Reporting

Table 6.13.1 (vi): Development of the 2020/21 FY Audit Action Plan

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Development of the 2020/21 FY Audit Action Plan									
Performance against Annual Target			100.00 %	None	Reason for Deviation			Mechanism to address Underperformance	
							None		
3 - Fully Effective									
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address underperformance	Year to date Score	Implementing Department
Audit Plan	Action the 2020/21 FY Audit Action Plan	Audit Action Plan for 2020/21 FY developed by 25 Jan 2022	The Audit Action Plan for 2020/21 FY was developed by 3 January 2022	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Budget and Reporting

Table 6.13.1 (vii): Number of SCM reports submitted to the Executive Mayor within 10 working days after the end of each quarter

PERFORMANCE MEASUREMENT INFORMATION									
Strategic Objective									
SO13 - Ensure Prudent Financial Management									
Key Performance Area									
Financial Viability and Management									
Key Performance Indicator									
Number of SCM Reports submitted to the Executive Mayor within 10 working days after the end of each quarter									
Performance against Annual Target		Reason for Deviation		Mechanism to address Underperformance		Result / Trend			
100.00 %		None		None		3 - Fully Effective			
Project Information									
Details of the projects which are implemented within this programme is reflected underneath:									
Project Name	Indicator	Annual Target FY2021/22	Details on Performance	Project Budget	Project Expenditure	Reason for Deviation	Mechanism to address under-performance	Year to date Score	Implementing Department
SCM reporting	Number of SCM Reports submitted to the Executive Mayor within 10 working days after the end of each quarter	4 SCM Reports submitted to the Executive Mayor within 10 working days after the end of each quarter by 30 June 2022	4 SCM reports were submitted to the Executive Mayor within 10 working days after the end of each quarter by 30 June 2022.	OPEX	OPEX	None	None	3 - Fully Effective	SDBIP - Supply Chain Management

7.-Roll over projects completed in the current financial year

The following projects were rolled over from the 2020/21 FY and completed in the current financial year

Table 6.14.1: Roll over projects completed in the current financial year

Roll Over Projects	Budget for the Year (Contract Amount)	Expenditure
Refurbishment of Bulk Water & Sewerage Infrastructure-Coromandel WWTW FY2019/20	R 3 429 244	R 3 282 545
Drill and equip of new boreholes-Bushbuckridge LM (Islington & Casteel)	R 833 232	R 784 021
Drill and equip of new boreholes – Bushbuckridge LM (Mrepush & Tsakani)	R856 758	R680 667
Drill and equip of new boreholes-City of Mbombela LM (Mataffin & Cairn-side)	R 803 092	R 695 715
Drill and equip of new boreholes-Nkomazi LM (Block C & Boschfontein)	R 937 799	R 811 537
EDM premises main entrance road realignment	R 1 650 000	R 1 306 467
Mhlatiplaas WWTW	R3 000 000	R2 875 676
TOTAL	R11 510 125	R10 436 629

8. Expenditure on projects which are not included in the Organisational layer of the report

The table reflecting the expenditure on the projects which are not included in the organisational layer, is reflected hereunder.

Table 6.15.1: Expenditure on projects which are not included in the organisational layer of the report

DEPARTMENT /UNITS	DESCRIPTION and PROJECTS	PROJECT BUDGET	TOTAL ACTUAL EXPENDITURE
OFFICE OF THE SPEAKER			
	Council meetings - Speaker	R258 918	R246 070
	EDM Speakers Forum	R7 914	R4 120
	Interface with Traditional Leaders	R136 490	R69 400
	Moral Regeneration	R191 000	R163 640
	Imimemo	R10 000	R0

MPAC	MPAC Oversight	R335 126	R298 374
DEPARTMENT / UNITS	DESCRIPTION and PROJECTS	PROJECT BUDGET	TOTAL ACTUAL EXPENDITURE
OFFICE OF THE CHIEF WHIP	Chief Whip Forum	R12 996	R0
	Troika Meetings	R11 872	R4 612
CORPORATE SERVICES			
	Annual Performance Awards	R0	R0
	Employee Assistance Programme (Wellness)	R40 374	R28 861
	IGR Forum meetings	R27 478	R789
	Maintenance of Buildings EDM	R4 392 477	R4 391 752
	PRRC Committee	R27 914	R10 157
	Legal Cost	R931 885	R928 194
	Inhouse training	R7 034	R3 380
	Workshops	R1 965	R0
TECHNICAL SERVICES			
	IGR Technical Forum	R29 202	R29 136
	Hoxani WTW Dispute Resolutions	R0	R0
	RRAMS Operational Cost	R33 010	R32 914
LED & TOURISM			
	EPWP Forum	R30 264	R25 075
	COVID-19 Marshals at Hotspots	R655 320	R655 050
SOCIAL SERVICES			
	AIDS Strategy Review	R63 810	R20 150
	Ward AIDS Council Training	R54 120	R38 740
	Disability Forum Meetings	R233 354	R132 010
	Women's Council Meetings	R128 431	R49 787
	District AIDS Council Meetings	R69 837	R69 685
	HIV Lekgotla/ Summit	R41 152	R0
	District AIDS Council Technical Forum	R69 842	R56 911
	Civil Society Forum	R36 351	R4 020

DEPARTMENT /UNITS	DESCRIPTION and PROJECTS	PROJECT BUDGET	TOTAL ACTUAL EXPENDITURE
DISASTER MANAGEMENT & PUBLIC SAFETY	Annual School Debate	R0	R0
	Disaster Management Emergency Relief	R993 400	R993 207
	Security Services	R1 152 221	R1 148 271
	Disaster Management Advisory Forum	R97 697	R63 765
	Public safety	R168 449	R161 415
OFFICE OF THE MUNICIPAL MANAGER			
	Audit Committee	R495 561	R450 450
	External Quality Assurance Review	R0	R0
	In Depth Studies	R569	R0
	IDP Managers Forum	R7 054	R0
	IDP Municipal support	R431	R0
	IDP Planning Forum	R79 568	R70 761
	GIS Support to LMs	R2 000	R453
	GIS Awareness Campaigns	R70 748	R70 738
	GIS and Committee meetings	R40 000	R33 890
	Research Seminar	R17 808	R10 900
	Risk Assessment Workshop	R150 564	R116 604
	Performance Review Lekgotla	R7 810	R0
	QPR Maintenance and Support	R100 000	R85 860
	Training Results Based Planning	R1 700	R0

9. Conclusion

The performance of the District Municipality for the FY2021/2022 can be summarized as follows:

The Municipality has 13 (thirteen) strategic objectives, on 4 (four) of which it has performed below the required level:

- S05 - Support Local Municipalities in Specific Areas of Need
- S07: Manage performance
- S011: Organisational Risk Management
- S012 - Improve Institutional Transformation and Development

The total number of key performance indicators are 62 (Sixty-two), of which the Municipality is underperforming on 13 (thirteen). This implies that 79% of indicators are on track.

The following recommendations are made, based on challenges identified during the quarterly performance review process:

Table 6.16.1: Challenges and recommendation

SHORTCOMING	AFFECTED INDICATORS/PROJECTS	RECOMMENDATION
A shortcoming in processes of project planning has been identified as playing a role in the underperformance on certain key performance indicators.	This shortcoming resulted in the following: (i) Failure to complete the Project Management Standard Operating Procedure Template; and (ii) Failure to complete the Disaster Risk Assessment Review	Strengthening of project planning processes for the FY2022/23 in terms of time frames of the Procurement Plan and prior completion of terms of references and project specifications.
Some key performance indicators on which an underperformance was reported were affected by the scheduling of the municipal elections, as well as other linked processes such as the inauguration and training of Councillors resulting in unavailability of political leadership. The unavailability of the political leadership was affected by clashing of events and meetings coordinated.	A number of projects has been affected: (i) The awarding of bursaries by the Bursary Committee; and (ii) The procurement of the EDM vehicles	In terms of the clashing of meetings and events coordinated internally, the following recommendations are made: i) The Central Outlook Calendar be utilized for the coordination of meetings and events. A training session has to be scheduled by the IT-Unit in this regard.
Challenges in terms of procurement processes, including the directive issued by the National Treasury and non-responsive bids, have affected performance in a number of the underperforming key performance indicators.	The directive and non-responsive tenders have been indicated as reasons affecting performance on the following projects: (i) Disaster Risk Assessment Review; (ii) Completion of designs and layout plans for flood damaged infrastructure; (iii) Implemented of the integrated Waste Management Programme; (iv) Construction work for Water Supply Augmentation at Bushbuckridge (Goromani); (v) Resealing of tourist routes; (vi) The procurement of EDM vehicles and (vii) The implementation of the food parcel distribution outreach project.	i) Funds for capital projects not implemented/not completed will be rolled over to the following FY; ii) Plans for the FY2022/23 be reviewed in terms of projects funded from the operational budget, which have not been implemented to be catered for; iii) Handing over of items, procured in June 2022 (after the lifting of the directive), to beneficiaries early in the FY2022/23.

SHORTCOMING	AFFECTED INDICATORS/PROJECTS	RECOMMENDATION
Political unrest and challenges relating to stakeholders not being available	A number of projects has been affected: (i) Workshops for Ward Committees and (ii) The Speakers Awareness Campaigns.	i) The Office of the Speaker to develop an annual plan in consultation with stakeholders, to ensure successful implementation of projects.
Failure in terms of implementation of internal processes	The detail on these internal processes is as follows: (i) The completion of the FY2020/21 IPMS performance appraisal; (ii) The completion of the quarterly performance assessments of the Municipal Manager, and (iii) The implementation of the quarterly risk mitigation strategies.	(i) The introduction and implementation of the functional objective scorecard for Section 56 Managers in the FY2022/23; and (ii) Approval of the annual Programme for the performance assessments of the Municipal Manager and the Section 56 Managers.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

The District Municipality aims to ensure service delivery of the best possible quality for all its inhabitants. To achieve this, a prime goal of the Municipality's Human Resource Strategy is: To create a flexible organisation that enables optimal performance by developing and retaining a properly skilled and representative workforce. The municipality considers its human resources as one of its most critical assets. This chapter will focus on some of the key issues relating to human resources and other organisational management issues. Issues which will be addressed includes the staffing rate of the municipality, personnel cost, the status quo of retirement funds and medical aid schemes, human resource policies and practices, as well as the remuneration of senior officials and councillors.

Ehlanzeni District Municipality prides itself in appointing the most suitable, qualified and skilled workers to ensure that efficiency and effectiveness within the Municipality is increased. During the year under review 2021/22FY the Municipality had a total number of 218 positions in the approved organizational structure, 183 funded positions were filled, 10 vacant funded and 26 unfunded positions as at 30 June 2022 which constituted of 14% of vacancies. (This percentage reflects positions that are vacant and funded)

The Human Resources Unit during the year under review consisted of 6 employees providing services to all employees of Ehlanzeni District Municipality. The services provided include, Recruitment and Selection, Training and Development, Employee Wellness, Employment Equity, Occupational Health and Safety and all Human Resources Administration with regard to all employees' fringe benefits and Councillors fringe benefits, Councillors welfare, etc. The Human Resources Services performed an excellent and efficient service during the year and were compliant with all legislative and regulatory prescripts.

The Municipality embarked in a process to align all its HR process with the promulgated Local Government Municipal Staff Regulations of September 2021, which in the processes included the review of the organizational structure inclusive of the repositioning process.

The process to embark on an organizational review emanated from the following strategic issues:

- ✓ To give support to the Section 12 Notice of 2021 wherein Ehlanzeni was awarded an additional responsibility in the form of the Department for Strategic and Social Services;
- ✓ To align EDM's administration with the Local Government: Municipal Staff Regulations of 20 September 2021;
- ✓ To mitigate against the Employee Related Costs currently sitting at 60%;
- ✓ To draw a clear line of separation of powers between the legislative and executive arms of council such that there is a structured mechanism to administrative support to Council;
- ✓ To ensure an organisational design which is responsive to the DDM requirements;
- ✓ To illustrate the district's trajectory on Long Term Planning and Local Municipal Support.

For this repositioning exercise to be effectively carried out, a number of institutional arrangements had to be taken care of. The municipality took advantage of the working bilateral which we have with GIZ through their Governance Support Programme II for the analysis phase of the project. This phase included the document analysis and review, individual sessions/interviews with personnel in strategic positions within the municipality and also an overview on the Skills Audit per department. The organizational structure which was a highly consulted process leading to Council's approval of the final product on 30 May 2022 under item A63/2022. It be noted that such a process resulted in a number of changes which included, though not limited to, renaming of departments, job titles and horizontal transfer of staff in some instances.

As at the end of June 2022, the following Senior Management positions (Section 56 and 57) remained filled as per the period under review which are as follows:

- Municipal Manager
- Chief Financial Officer
- General Manager Corporate Services
- General Manager Community Services
- General Manager Technical Services

2 General Managers' positions remained vacant during the year under review, that is General Manager: Economic Planning and Development and General Manager: Strategic and Social Services.

The table below reflects the status quo and breakdown per department in terms of filled, vacant funded and vacant unfunded positions.

DEPARTMENT	TOTAL NO. OF POSTS (FUNDED AND UN-FUNDED)	FILLED	VACANT POSTS	
			FUNDED	UNFUNDED
Office of the Municipal Manager	23	20	2	1
Strategic and Social Services	27	25	1	1
Corporate Services	54	51	1	2
Financial Services	32	26	1	5
Community Services	59	42	2	15
Technical Services	11	9	2	0
Economic Planning and Development	13	10	1	2
TOTAL	218	183	10	26

COMMENTS ON VACANCIES & TURNOVERS

When jobs become available, the HR department posts job openings, recruit's candidates, performs preliminary interviews and works with managers and executives to select employees that meet the organization's standards and goals. Vacancies in the Municipality are advertised either internally and externally in the local press and the Municipality website in accordance with Council's Recruitment and Selection policy and National Newspaper in terms of the Regulations on appointment and conditions of employment of Senior Managers. Depending on the scarcity of skills in the labour market, the timeframe for the filling of positions varies depending on what qualification and experience required. The target to fill a vacancy is within a period of 6 months.

The HR unit personnel further inducted newly recruited employees into the Municipality. Induction is the process of introducing a new employee to the company culture and processes with the aim of bringing them up to speed as quickly as possible as well as making them feel socially comfortable and aware of their professional responsibilities.

Retention measures are also in place wherein staff with prerequisite skills and knowledge is being retained through counter-offers, however due to other institutions offering more benefits than the institution can afford it is not always possible to retain scarce skills and skilled employees.

Ehlanzeni District Municipality recognizes that staff motivation, productivity and retention are dependent upon people jobs that are well suited to their interest and therefore development of the policy on employee transfer was key in order to manage the transfer of staff from one position to the other. Transfers are generally effected to build up a more satisfactory work team and to achieve productivity and to increase the effectiveness of the organization. During the year under review the Municipality in order to achieve its constitutional mandate and improve productivity within lacking units and concluded a number of transfers from the pool of existing employees.

A total number of 10 funded vacancies remained unfilled as end of 30 June 2022.

Internal Transfers: A total number of 12 employees were realized to be transferred from one department to another by following the Labour Relations Act and other relevant prescripts after the repositioning process and approved organizational structure. This process commenced officially in July 2022, during the start of the financial year.

The following table indicate the numbers in terms of new appointments and terminations recorded during the year under review:

New appointments	Resignations	Contract expiry	Retirements	Deaths
12 (*4 vacancies in the organizational structure and 8* vacancies were internships – this are not covered in the org. structure)	6 (*2 of the 6 resignations were from officials in the organizational structure * 4 of the 6 were from in-	9 (*5 of the 9 were internships)	3	1

Disciplinary cases: 2 Disciplinary hearings were conducted and wherein the matters were finalized and the affected employees were given written warnings valid for a period of (6) months.

Dismissals and Suspensions: None occurred during the year under review.

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE LEVELS

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Municipality pursues the equitable representation of designated groups in all occupational categories and levels in the workforce and actively supports an organizational culture and climate based on diversity, equality, mutual respect and dignity for all. Currently in the organization, African females are over represented at middle occupational levels (A Grade) while other demographic groups are minimally or not represented at all. People with disabilities are critically under-represented.

In terms of the Employment Equity Act, 1998 and the reports that are submitted to the Department of Labour at the end of September each year as required by law. The table below represents the various occupational levels and gender in the Municipality.

** The table below indicates information as end of June 2022

DESIGNATION	GENDER		TOTAL NUMBER (FILLED POSITIONS)
	MALES	FEMALES	
MUNICIPAL MANAGER (SECTION 57)	0	1	1
GENERAL MANAGERS (SECTION 56)	4	0	4
TOP MANAGEMENT	16	9	25
PROFESSIONALS	25	38	63
TECHNICIANS AND ASSOCIATE PROFESSIONALS	10	7	17
CLERICAL SUPPORT WORKERS	14	30	44
SERVICE AND SALES WORKERS	3	2	5
PLANT AND MACHINE OPERATORS AND ASSEMBLERS (DRIVERS)	3	0	3
ELEMENTARY OCCUPATIONS	7	14	21
TOTAL	82	101	183

HUMAN RESOURCES POLICIES AND PLANS 2021/22 FINANCIAL YEAR

The municipality from time-to-time reviews some of the Human Resources policies with the aim of keeping abreast of changes in the sector and other Local government prescripts in general. These policies are aimed at ensuring Human Resources processes and procedures are done in a fair, consistent and transparent manner. Necessary policies, systems, procedures and mechanisms are put in place to ensure organizational development.

The Code of Conduct Workshops and other reviewed HR related policies were conducted during the year to Councillors before being approved by Council. Further all the reviewed policies were deliberated and consulted with Organised Labour to ensure that inputs are received from all angles for implementation after being approved by Council. The Minister of Corporative Governance and Traditional Affairs, Dr Nkosazana Dlamini-Zuma, promulgated the Local Government Municipal Staff Regulations on the 20th of September 2021 and these regulations came into effect on the 1st of July 2022. The main objectives of the Regulations is to create a career local public administration that is efficient, effective and transparent, create a development oriented public administration governed by good human resource management and career development practices, strengthen the capacity of municipalities to perform their functions through the introduction of uniform norms and standards for organizational design, recruitment and selection, performance management, training and skills development. These regulations necessitated the review of some the existing Human resource policies drawing from extracts in various Chapters of the gazette e.g Recruitment and selection policy, Training and Skills development policy and Acting Allowance policy. With this view in mind the above-mentioned policies were reviewed to be in line with the regulations and therefore submitted to Council for approval and adoption. The table below reflects some of the HR Policies in existence in the Municipality as well as the status quo.

LIST OF HR POLICIES STATUS QUO

POLICY	COUNCIL RESOLUTION DATE
Training policy	A72/2022 ~ 29 June 2022
Recruitment and Selection of staff policy	A72/2022 ~ 29 June 2022
Acting Allowance policy	A72/2022 ~ 29 June 2022
Individual Performance Management policy	A71/2022 ~ 29 June 2022
Bursary Policy	A75/2020 ~ 18 June 2020
Policy on Cellular phones Cellular phone contract, data and cellphone allowance policy	A96/2020 ~ 27 August 2020
Long Service Recognition Policy	A292/2018 ~ 26 September 2018
Retention Strategy	A78/2021 ~ 28 July 2021
Retirement Policy	A78/2021 ~ 28 July 2021
Travelling Allowance policy	A78/2022 ~ 18 June 2020
Overtime policy	A77/2020 ~ 18 June 2022
Danger Allowance policy	A124/2021 ~ 21 October 2021
Group Scheme Insurance policy	A145/2020 ~ 26 November 2020
Occupational Health & Safety policy	A48/2021 ~ 24 June 2021

STRATEGY/PLAN	COUNCIL RESOLUTION
HR Strategy & Implementation plan 2019-2023	A392/2019~27 June 2019
Employment Equity Plan	A 40/2022 ~ 30 March 2022

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE (SKILLS DEVELOPMENT)

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE (SKILLS DEVELOPMENT)

The Municipality recognizes the obligations placed on it by the Skills Development Act to train and develop employees.

Organizational development entails harnessing the human capital of the municipality through skills development, occupational health and safety, sound labour relations and employee wellness issues. Skills development is a compliance matter in terms of the Skills Development Act and the Skills Development Levies Act which requires employers to budget, plan for (through Workplace Skills Plan), train employees in sector related skills and report such training as part of the Annual Training Report submitted to LGSETA annually by 30 April each financial year as well as pay over the Skills Levy to SARS. For the financial year under review, the Municipality submitted the Workplace Skill Plan and Annual Training Report timeously to comply with LGSETA requirements. The Municipality further implemented training programmes through assistance from Local Government Services Seta (LGSETA) mandatory grant, discretionary grant funding and own skills development budget for skills programmes, Learnerships and short courses. Some of the programmes were initiated and funded by COGTA and SALGA respectively to ensure Councillors and employees are capacitated. During 2021/2022 an amount of R1 568 192.40 was spent on efficiency development.

In order to ensure that the organization's effectiveness is increased, the Municipality annually conducts personnel needs analysis, and makes the necessary provision in the Municipal Budget. Annually a skills gap analysis is conducted through the submission of Personal Development Plans (PDP's) after appraisals. Employees are continuously sent to attend workshops, seminars, skills programmes etc. to improve their capacity. To ensure effectiveness and efficiency within the organization, the municipality annually develops a Workplace Skills Plan, after conducting a training needs analysis. It is also a legislative requirement that Workplace Skills Plans and Annual Training Reports be submitted to Local Government Services Seta by 30 April each year. The necessary training is then provided depending on the available financial resources.

In line with Minimum Competency Regulations, the Accounting Officer, Chief Financial Officer, Finance Managers and other Senior managers needs to undergo training to achieve minimum competency levels as set out by National Treasury. Senior Managers, Middle management, Finance and Supply Chain officials, Finance interns at Ehlanzeni District Municipality have been put through this training programme for this purpose and to be compliant with the Municipal Finance Management Act 56 of 2003, Competency Regulation 29967 dated 15 June 2007. A total of 38 officials inclusive of Senior Managers and Finance officials have been found competent in the relevant Unit Standards as prescribed by National Treasury to date. The Municipality has also extended the training to the other levels of Management and Supervisors to ensure full competency. The Municipality has also taken note of the National Treasury circular GNO91 dated 3 February 2017 on the procedures on the appointment of candidates in Senior Management positions and attainment of minimum competency levels.

The municipality has also given unemployed graduates work-based learning in the form of Internships, Work based Integrated Learning (WIL programme) and Job Shadowing for high school learning to assist them in gaining relevant experience to bridge the gap between schooling and work life. Other than internships, students from various institutions of higher learning are assisted from time to time on request with experiential training in order for them to obtain their full qualifications.

A budget is also set aside to advertise various Internship programmes and applicants in the following fields/disciplines were given an opportunity to apply:

- Environmental Management,
- Finance
- Information Technology
- Engineering and any other field at the discretion of the Executive Mayor.

The Municipality also affords its employees an opportunity to study by providing bursaries for formal qualifications from undergraduate level up to Post graduate level in the various fields related to Local Government or which are relevant to the core business and support functions of the municipality. This is in an attempt to upskill employees to be able to take on more responsibilities as they may be expected from time to time.

During the Financial Year under review, Bursaries to the value of R234 782.49 were awarded to a total of **11** officials. Employees are developed as far as possible to assist them to function effectively as human beings and to reach their full potential. Further a total 11 external students from the various communities within Ehlanzeni District Municipality jurisdiction were awarded to external students through the Mayoral Bursary Fund to the value of R374 658.59.

TRAINING AS PER PERSONAL DEVELOPMENT PLANS FOR 2021/22FY

	PROGRAMMES	NO OF OFFICIALS
1	MUNICIPAL HEALTH PRACTITIONERS CPD TRAINING	39
2	SECRETARIAL IN-HOUSE WORKSHOP/TRAINING	15
3	IRP5 LEGISLATIVE SEMINAR	5
4	IRP5 SYSTEM LECTURE PRACTICAL WORKSHOP	5
5	3RD ANNUAL LG VIRTUAL TALENT MANAGEMENT SEMINAR	2
6	ISO/IEC 17025:2017 LABORATORY SYSTEMS COURSE	3
7	GRAP AND ASSET MANAGEMENT SYMPOSIUM	3
8	NATIONAL SKILLS CONFERENCE	1
9	MISA - MUNICIPAL SPATIAL DEVELOPMENT FRAMEWORKS	4
10	MONITORING AND EVALUATION COURSE	3
11	24th SOUTH AFRICAN SOCIETY LABOUR LAW CONFERENCE	2
12	PAYDAY SYSTEMS ADMINISTRATION WORKSHOP	2
13	CPD TRAINING FOR EHP - UNIVERSITY OF JHB	39
14	IMPISA CONFERENCE	1
15	CPD TRAINING FOR EHP WITH SAIEH	39
16	INTERNAL AUDIT & RISK TRAINING ON ASSET MANAGEMENT	2
17	IRP5 LEGISLATIVE CONFERENCE (PAYDAY)	5
18	IRP5 WORKSHOP (PAYDAY)	5
19	LABOUR LAW SEMINAR	3
20	LOCAL GOVERNMENT MUNICIPAL STAFF REGULATIONS WORKSHOP	1

	PROGRAMMES	NO OF OFFICIALS
21	PERFORMANCE MANAGEMENT	1
22	PAYDAY HR MODULE	4
23	PAYDAY SKILLS MODULE	4
24	PAYDAY EMPLOYMENT EQUITY	4
25	PAYDAY POST MODULE	4
26	10th ANNUAL ENVIRONMENTAL CRIMES CONFERENCE	4
27	OCCUPATIONAL HEALTH & SAFETY	2
28	LABORATORY INTERNAL AUDIT COURSE (ISO/IEC 17025:2017)	2
29	PAYDAY LEAVE MODULE	3
30	PAYDAY ESS MODULE	3

COUNCILLORS TRAINING AS PER PDP'S FOR 2021/22FY

	PROGRAMMES	NO OF COUNCIL- LORS
1	INTEGRATED COUNCILLORS INDUCTION PROGRAMME	26
2	MPAC TRAINING	10
3	LEADERSHIP SKILLS PROGRAMME	8
4	REVENUE ENHANCEMENT	1
5	ELECTRICITY AND ENERGY CLLRS INDUCTION	4

OCCUPATIONAL HEALTH AND SAFETY MATTERS

In line with the Occupational Health and Safety Act, 85 of 1993 and the Compensation for Occupational Injury and Diseases Act, 130 of 1993, EDM has an obligation to ensure the health and safety of its employees when they are at work. This is achieved through the provision of safety measures as well as personal protective equipment, in order to minimize the risk of accidents and injuries in the workplace while discharging their duties.

As of 2020 RSA has been affected by the COVID-19 Pandemic and this has altered the way we used to normally do things, especially in how certain work procedures are undertaken. This has also led to changes in personal contacts at work, due to the safety precautionary measures that are in place for the elimination or the reduction of the spread of the COVID-19 virus. EDM has had its own fair share of experiencing infections among employees, as a total of 28 positive cases were reported with 102 contacts. The Department of Employment and Labour issued a number of guidelines for workplaces that employers need to follow in order to safeguard employees at work against the COVID-19 virus. In this regard, EDM has done well on it by adhering to these guidelines and ensuring that they are being followed by employees as well as visitors and clients. This was achieved by ensuring that all who access the institution are issued with a face mask, had their hands sanitized and have their temperature checked. Furthermore, all over the building hand sanitisers were placed in strategic places in order for employees to continue with ease sanitize their hands. To comply with the legislative framework from the Department of Employment and Labour, the OHS unit compiled a detailed OHS plan in order to protect employees from contracting the COVID-19 virus and to prevent its spread thereof in the institution.

During the financial year under review, there were three injuries on Duty incidents that were reported, with two that were minor injuries that did not require medical attention from a medical practitioner or facility. Only one needed medical attention, and the employee was taken to Medi-clinic for medical treatment. The incident was reported to the Department of Employment and Labour as the injury was sustained during working hours and the employee was performing official duties.

As part of the key responsibilities, the Occupational Health and Safety unit has a duty to inspect, visit construction sites and approve all health and safety files for construction projects that are implemented by the Municipality in consultation with Technical Services Department. A total of four new construction safety files were approved for water provision projects funded by the Department of Water and Sanitation together with Ehlanzeni District Municipality, with Nkomazi Local Municipality as the beneficiary. The OHS Officer monitored progress on the various construction sites regarding OHS and Environmental compliance as set out in the OHS Act and the Construction Regulations. There were no major incidents that were reported in all the construction sites except for work stoppages due to community unrest which subsequently delays the projects.

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

All the expenditure incurred were in line with the approved salary budget. When the staff establishment is approved, provision is made in the budget for all the posts which can be filled and the time frames in respect thereof. No unfunded posts were filled. The Municipality ensures that it recruits employees that are capable of effectively rendering the service towards achieving its strategic goals.

In terms of the policy of Council, no occupied post can be upgraded and therefore no employees had salaries increments due to the positions being upgraded, in other words no automatic promotions are effected. If a position becomes vacant the normal recruitment processes are followed and internal pool is given preference before an external recruitment is done. The Job Evaluation process is ongoing and the employees are paid in terms of the Industrial Council determination. As soon as the job evaluation process has been finalised, the results thereof will be considered for finalisation and the van der Merwe System (Post levels) will be phased out and the TASK Job Evaluation System will be implemented with the Wage Curve Agreement after it has been concluded. .

In terms of the Basic Conditions of Employment Act and South African Local Government Bargaining Main Council Collective Agreement prescribes it certain benefits that employers should offer its employees over and above the basic salary. This is done to make sure that the employer shows its responsibility to the welfare of its employees during their employment and upon retirement. The South African Local Government Bargaining Council and its parties (SAMWU and IMATU) at the Central level on the 15th of September 2021, concluded a multi-year salary and wage collective agreement deal for the local government sector. The agreement is covering three financial years from 2021 - 2024 and contains a package of salary based and associated measures. Foremost, in the package is a multi-year wage deal, pension fund reforms, a financial relief mechanism for municipalities in financial distress and for the terms of the agreement to be revisited should unforeseen negative economic circumstances arise in future during the period of the agreement. Further the The Main Collective Agreement which deals specifically with the Conditions of Service of employees in the Local Government Sector signed by the Parties in the Bargaining Council for the period 2015-2020 for a five (5) year period from the 1st of July 2015 until the 30th of June 2020 was extended to June 2023 to allow parties to negotiate for another agreement.

The personnel administration function located in the HR Unit which is responsible for management of such benefits which include provision of compulsory and voluntary services in the form of medical aid membership; pension and provident fund, unemployment insurance fund (UIF), housing subsidy and leave matters. All permanent employees are beneficiaries of these compulsory benefits. Though some benefits accrue on the basis of the collective agreement referred above, some benefits e.g. bursaries, travelling allowances are benefit accorded to employees by virtue of Council's own discretion.

For retired employees' provision is made for post-retirement medical aid assistance which necessitates Council to make appropriate provision in the Municipal budget. An Actuarial valuation each financial year is conducted by an independent firm to ensure correct assumptions and estimates are made on Post-retirement medical assistance in all the South African Bargaining Council (SALGBC) accredited medical aid schemes (Keyhealth, LAHealth, Bonitas, SAMWUMed and Hosmed).

The Municipality as per South African Local Government Bargaining Council (SALGBC) Main Collective Agreement read with the Mpumalanga Region Collective Agreement on Conditions of Services awarded Long service recognition to its employees who are in service for 5, 10, 15, 20 years and longer. A total of 44 qualifying employees were awarded Long Service Recognition Bonuses ranging from 5, 10, 15, 20 and 35 years respectively during the financial year under review.

INDIVIDUAL PERFORMANCE MANAGEMENT SYSTEMS

The need to implement Individual Performance Management Systems emanated from a resolution by Council to approve and implement an Individual Performance Management policy which directs and give guidelines on how to conduct quarterly reviews to all permanent Employees (excluding contractual employees i.e Interns, experiential learning students) of Ehlanzeni District Municipality to ensure growth and development for the individuals as well as the organization. The overall purpose of the Individual Performance Management is to ensure that Ehlanzeni District Municipality executes its obligation towards the community as expressed in the Integrated Development Plan (IDP) and Service Delivery Budget and Implementation Plan (SDBIP). This will ensure that every employee has an understanding of how he/ she can contribute towards the attainment of the Vision, Mission, Strategic Objectives and the District Key Performance Areas.

According to the Local Government: Municipal Systems Act, Act No. 32 of 2000 (MSA)Section 38, a municipality must (a) establish a performance management system that is- (i) commensurate with its resources; (ii)best suited to its circumstances; and (iii)in line with the priorities, objectives, indicators and targets contained in its integrated development plan (IDP);The Municipality is committed to recognize good and exceptional performance of all employees by rewarding exceptional performance. The individual performance reviews of the Municipal Manager and Section 56 Managers are guided by the Performance Management Regulations (2006) which sets out how the performance of municipal managers will be uniformly directed and monitored. The framework also addresses the job description, employment contract, as well as the performance agreement that is entered into between a municipality, its Municipal Manager and the Managers directly accountable to the Municipal Manager.

The job description sets out the main accountabilities and inherent job requirements; the employment contract provides the terms of employment including regulating the performance bonuses; whereas the performance agreement provides assurance to the municipal Council of what can and should be expected from the senior managers.

Best practice experience in both the private and public sector has proven that performance Management, when linked to the achievements of the strategy of the institution or organization and rewards/incentives, will improve performance through the motivation of staff

The Individual Performance Management System (IPMS) was implemented and employees were assessed on their individual performance for the 2020/21 financial year consolidating all the 4 quarters (1 July 2020 – 30 June 2021) as per their respective workplans. Prior to the quarterly reviews Individual Performance Agreements for the 2020/21 financial year were signed by and in between individual employees, direct supervisors and Departmental Managers.

The Performance Recognition and Rewards Committee (PRRC) was established by Council to fulfil its mandate in accordance to the Performance Rewards and Incentive Policy of council, to Moderate Scores between Annual Performance Scores between 70 -100 %, Appraise and moderate the 2020/21 Annual Performance Review Reports independently after the management has presented the reports to the Committee; Review and validate the overall assessment scores and POE across all departments in EDM and recommend officials who qualify and who does not qualify for the incentive bonuses after the correctness and validity of assessments are checked; Test the fairness, quality and consistency in the application of the norms and standards vertically as well as horizontally; and identify discrepancies and deviation in the application of the norms and standards of the IPM policy.

The moderation was based on Validated Annual Individual Reports, Presentations and submissions made by General Managers and direct Supervisors for employees eligible for a performance incentive and in line with Council's relevant policies, regulations and transcripts. Continuous workshops were conducted on the implementation of the electronic system accordingly. No individuals were identified for poor performance during the 2020/21 FY reviews. Due to the Disaster Management Act regulations for Covid-19, Ehlanzeni District Municipality could not conduct its Annual Performance, Recognition Awards Ceremony to recognize the excellence performance and selfless services rendered by individuals, teams, Councillors and departments to ensure that they continue to strive to excel and ensure the best standard of living for our communities within the district.

Due to the COVID -19 pandemic, the Municipality was not able to implement Employee support programmes or activities in groups but nevertheless there was one case that was handled confidentially through the referral process received and brought to the attention of Human Resource Unit that affected the relevant employee wellbeing as well as work performance. The affected employee was then assisted by appointing a professional counsellor

Employee related costs (salaries, allowances, leave payout and benefits of Councillors) are disclosed in the Audited Annual Financial Statements as attached. Remuneration of Councilors and Senior Managers (Section 56) is within the determined Gazetted upper limits and other officials are within SALGBC Collective Bargaining determinations.

CHAPTER 5

FINANCIAL PERFORMANCE

This review sets out performance for the year ending 30 June 2022. The financial results once more demonstrated that the municipality is committed in supporting its local municipalities in addressing service delivery backlogs and challenges though it remained under pressure due to the very limited financial resources.

The overall summarized operating results in comparison with the approved budget are shown below. The statement of financial performance reflects a summary of income and expenditure as presented in appendix E (1) of the Annual Financial Statements for the year ending 30 June 2022.

Explanations for the variances are included in note 39 contained in the Audited Annual Financial Statements for the year ended 30 June 2022.

5.1 Financial Performance

Description	Approved budget	Actual	2021/2022 variance %
Rental of Facilities	646 000	181 578	-71,89%
Interest Received	8 600 000	7 210 176	-16,16%
Dividends received	164 000	153 132	-6,63%
Grants & Subsidies	281 535 000	281 665 539	0,05%
Other Income	852 000	656 236	-22,98%
Total Revenue (Excluding capital transfers)	291 797 000	289 866 661	-0,66%
Employee Costs	163 120 378	162 717 867	-0,25%
Councillors Remuneration	17 327 992	17 320 179	-0,05%
Audit Fees	2 394 052	2 393 472	-0,02%
Depreciation & Amortisation	11 670 873	11 325 943	-2,96%
Finance Costs	16 175 091	16 173 758	-0,01%
Provision for bad debts	4 681 894	4 681 889	0,00%
Repairs and Maintenance	5 114 425	5 111 874	-0,05%
Contracted Services	28 654 990	28 070 230	-2,04%
General Expenses	36 139 093	35 970 539	-0,47%
Total Expenditure	285 278 788	283 765 751	-0,53%
Operating surplus	6 518 212	6 100 910	-6,40%
Grants & Subsidies		-15 590 166	
Gains/(loss) on disposal of assets	276 020	-44 002	-115,94%
Gains/(loss) on fair value adjustment	-443 335	-443 269	-0,01%
Actuarial gains	751 000	751 000	0,00%
Surplus/(Deficit) for the year	7 101 897	-9 225 527	-229,90%

5.2 Financial Position

Description	Approved budget	Actual	2021/2022 variance %
Total Current Assets	64 715 887	145 742 575	125,20%
Total Non-Current Assets	312 518 008	339 610 595	8,67%
Total Current Liabilities	33 451 248	86 632 176	158,98%
Total Non-Current Liabilities	131 803 336	130 627 191	-0,89%
Equity	147 263 424	122 351 228	-16,92%

5.3 Cash Flows

Description	Approved budget	Actual	2021/2022 variance %
Net cash flow from operating activities	-11 432 229	8 577 554	-175,03%
Net cash flow from investing activities	-6 430 000	-590 999	-90,81%
Net cash flow from financing activities	-7 717 257	-7 406 099	-4,03%

5.4 Actual Performance vs. Approved Capital Budget

The full details of the financial performance, position and cash flows are contained in the Audited Annual Financial Statements for the year ended 30 June 2022 as contained in Volume II of this Annual Report.

Description	Approved budget	Actual	2021/2022 variance %
Internally generated funds	35 799 056	17 303 678	-51,66%
Conditional grants	2 371 000	2 371 000	0,00%
Total source of capital funds	38 170 056	19 674 678	-48,46%



AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
Ehlanzeni District Municipality
P.O Box 3333
Mbombela
1200

01 December 2022

Reference: 09154REG21/22

Dear Madam

Report of the Auditor-General on the financial statements, annual performance report, compliance with legislation and other legal and regulatory requirements of Ehlanzeni District Municipality for the year ended 30 June 2022

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act No. 25 of 2004 (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 126(3) of the Municipal Finance Management Act 56 of 2003 (MFMA).
2. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
3. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
 - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements, annual performance report and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
 - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.
4. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
5. The confidentiality of information obtained in an engagement must be observed at all times. In terms of section 50 of the PAA and the International Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (*including International Independence Standards*), the AGSA, or an audit firm appointed in terms of section 25 of the PAA, may not disclose or make available any information obtained during an audit, other than the final auditor's report, to any third party unless this is to a legislature or internal committee of a legislature or a court in a criminal matter and the disclosure has been approved by the auditee and the Auditor-General.

6. Until the steps described in paragraphs 2 and 4 of this document are completed and the annual report is tabled as required by section 127(2) of the MFMA, the audit report is not a final and public document and you are therefore requested to treat it as confidential.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely

Signed

A rectangular box containing a handwritten signature in dark ink. The signature appears to be 'Nashveer Goordeen' written in a cursive style.

.....
Nashveer Goordeen

Senior Manager: Mpumalanga

Enquiries: Hlulani Nkwinika-Malope
Telephone: (013) 756 0800

Report of the auditor-general to the Mpumalanga Provincial Legislature and the council on the Ehlanzeni District Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ehlanzeni District Municipality set out on pages 7 to 76 which comprise the statement of financial position as at 30 June 2022, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ehlanzeni District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practise (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of the corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Material impairment of debtors

8. As disclosed in note 4 of the financial statements, a material impairment of R11 243 782 was incurred as a result of a provision to write off debtors as irrecoverable.

Irregular expenditure

9. As disclosed in note 28.2 to the financial statements, the municipality incurred irregular expenditure of R690 694, as it did not follow a proper tender process.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably

be expected to influence the economic decisions of users taken on the basis of these financial statements.

15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. 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 objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
18. 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 following selected objectives presented in the municipality's annual performance report for the year ended 30 June 2022:

Objectives	Pages in the annual performance report
Strategic objective 5 – support local municipalities in specific areas of need	38 - 45

19. 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.

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:

- Strategic objective 5 – support local municipalities in specific areas of need

Achievement of planned targets

21. Refer to the annual performance report on pages 30 to 121 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

22. 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.
23. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

24. 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 financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
25. My opinion on the 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.
26. 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 financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
28. I have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. I did not identify any significant deficiencies in internal control.

AUDITOR - GENERAL

Mbombela

30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipality's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 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 Ehlanzeni District Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. 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.

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



AUDIT ACTION PLAN TO ADDRESS AUDITOR-GENERAL FINDINGS FOR 2021/22 FINANCIAL YEAR

1. Introduction

The Auditor General has concluded the audit process for the financial year ended 30 June 2022, and an audit report as well as a management report has been received by the municipality on 30 November 2022.

The audit opinion expressed by the Auditor General on the audit report for the year under review is unqualified opinion with no material findings.

It is therefore a requirement in accordance with Section 131 of the Municipal Finance Management Act, 56 of 2003 that whenever there are audit findings that were not resolved during the audit process which have been outlined on the audit and management reports, the municipality must address the issues or findings raised by the Auditor-General. Furthermore, the Executive Mayor must ensure compliance with this legal requirement of ensuring the findings or issues raised by the Auditor-General are addressed.

2. Overview of the audit findings

A total of 14 audit findings were raised by the Auditor-General during the audit process and the table below provides the synopsis of the audit findings raised by the Auditor-General;

Functional Area or Component	Number of Findings Raised	Number of Recurring Findings	Number of Findings Resolved During Audit	Number of Findings Unresolved
1. Human Resources Management	0	0	0	0
2. Supply Chain Management	4	1	1	3
3. Performance Management	0	0	0	0
4. Financial Management	10	0	7	3
5. Leadership and Governance	0	0	0	0
6. Information and Communication Technology	0	0	0	0
7. Project Management	0	0	0	0
Total	14	1	8	6

Nonetheless these audit findings had been raised by the Auditor-General mostly as a result of internal control deficiencies, affecting the financial information disclosed on the annual financial statements.

Furthermore, the Auditor General has identified one emerging risk relating to accounting by Principals and Agents in line with GRAP 109 which will requires to be assessed and mitigation measures be implemented as part of the audit action plan.

The most of the misstatements revealed by the audit process have been corrected, and both the annual financial statements has been adjusted before the finalisation of the audit process.

3. Preparation and Implementation of the audit action plan

It is imperative that the audit action plan be prepared to address the audit findings raised and the emerging risk identified by the Auditor-General. The management should implement the audit action plan by not later than 31 August 2023 as the recurring of some of these audit findings might result in material findings which have a potential of negatively affecting the forthcoming audit outcome.

The focus of the planned activities or actions by the management when preparing this audit action plan is to address the root causes that have caused the internal control deficiencies and the non-compliance with the legislative and regulatory framework.

The governance structures should provide assurance to both management and political leadership on the responsibility and accountability on the implementation of the audit action plan so that the plan is implemented as intended.

The detailed audit action plan is therefore presented on the table below;

NO	PAGE NO ON MR	KEY COMPONENT OR CATEGORY	AUDIT FINDINGS	ROOT CAUSES	ACTION PLANS TO BE TAKEN	ACTIVITIES TO BE UNDERTAKEN TO OPERATIONALISE THE ACTION	DUE DATE	RESPONSIBLE OFFICIAL	MONITORING MECHANISM
1.	35	Supply Chain Management	Contract register incomplete	Manual contract management system in place.	Implement and fully integrated contract management system.	(a) Migrated from manual to automated system. (b) Capture all contracts information on the automated system. (c) Implement seamless integration protocol of the automated contract system with the core financial system (SOLAR System).	5 December 2023 28 February 2023 30 June 2023	Senior Managers: SCM Unit & IT Unit	General Manager's Forum
2.	38	Financial Management	Inventory - no documented process for inventory stock count	The current documented inventory count procedures are outdated	Review and update of current inventory count standard operating procedures	(a) Perform a review and update of the standard operating procedure relating to inventory management. (b) Reviewed standard operating procedures on inventory management to be approved by CFO for implementation.	31 January 2023 28 February 2023	Senior Manager: Budget & Reporting	General Manager's Forum
3.	40	Financial Management	Expenditure – There is no specific accounting policy relating to expenditure	The expenditure accounting policy was omitted on the preparation and review of the accounting policies.	The accounting policies shall be ensured it is aligned to key applicable and relevant categories or line items as per GRAP framework.	(a) Review and update of the accounting policies in accordance with the GRAP framework. (b) Approval of the Accounting Policies by Council.	31 August 2023	Senior Manager: Budget & Reporting	General Manager's Forum
4.	42	Financial Management	Comparative information – Insufficient information or	There has been oversight on the review process of the	Improve review process of the Annual Financial Statements	(a) Compile comprehensive financial year-end plan	31 May 2023	Senior Manager: Budget & Reporting	General Manager's Forum

NO	PAGE NO ON MR	KEY COMPONENT OR CATEGORY	AUDIT FINDINGS	ROOT CAUSES	ACTION PLANS TO BE TAKEN	ACTIVITIES TO BE UNDERTAKEN TO OPERATIONALISE THE ACTION	DUE DATE	RESPONSIBLE OFFICIAL	MONITORING MECHANISM
			details provided on the reclassification of comparative information.	annual financial statements		(b) Monitor progress on the implementation of the financial year-end plan			
5.	45	Financial Management	AFS - Commitment amount is not accurately calculated	The use of manual systems and inadequate review procedures.	a) Implement automated contract management system. b) Compile comprehensive financial year-end plan.	(a) Migrated from manual to automated system. (b) Capture all contracts information on the automated system. (c) Implement seamless integration protocol of the automated contract system with the core financial system (SOLAR System). (d) Monitor progress on the implementation of the financial year-end plan.	5 December 2023 28 February 2023 30 June 2023	Senior Managers: SCM Unit & IT Unit	General Manager's Forum
6.	47	Financial Management	AFS - Not all councillors are included on the AFS general information	Councillors Payroll System information not properly validated with the AFS disclosed information.	The AFS councillors general information disclosure will be validated with the Councillors Payroll System information.	(a) Councillors listing from payroll system will form part of AFS working papers. (b) The Councillors general information will be disclosed as per payroll system.	31 August 2023	Senior Manager: Budget & Reporting	General Manager's Forum
7.	49	Financial Management	AFS – Prior period error adjustment nature of errors and effect on the comparatives	There has been oversight on the review process of the annual financial statements.	Improve the quality of information disclosed on the AFS.	(a) The draft AFS shall be subjected to an extensive internal and external at different levels of quality review process.	31 August 2023	Senior Manager: Budget & Reporting	General Manager's Forum

NO	PAGE NO ON MR	KEY COMPONENT OR CATEGORY	AUDIT FINDINGS	ROOT CAUSES	ACTION PLANS TO BE TAKEN	ACTIVITIES TO BE UNDERTAKEN TO OPERATIONALISE THE ACTION	DUE DATE	RESPONSIBLE OFFICIAL	MONITORING MECHANISM
8.	52	Supply Chain Management	not properly disclosed Procurement and contract management - Suppliers in Service (False Declaration)	(a) Bidders making false declaration on the MBD 4 forms. (b) Lack of system to check whether the bidders are not in the employment of the organs of state	Forbid bidders who have made false declaration from doing business with the municipality.	(a) Request the identified bidders to make representations within 14 days by the alleged false declarations. (b) Forbid those bidders to have made false declarations from doing business with the municipality. (c) Continue to utilise MBD 4 form and National Treasury CSD as measure to curb abuse of the SCM by persons employed by the organs of state.	31 December 2023 Ongoing	Senior Manager: SCM Unit General Manager's Forum	
9.	54	Supply Chain Management	Procurement and contract management - Evaluation and adjudication criteria inconsistently applied	Insufficient internal control measures to review tender or bid document prior the issuing of the invitation to tender.	a) Improve the internal control measures of reviewing tender or bid documents.	(a) The CFO reviews tender or bid documents prior issuing of the bid documents. (b) The irregular expenditure incurred of R690 694 will be reported to Council for investigation by MPAC in line with section 32 of the MFMA. (c) The Municipal Disciplinary Board will investigate any potential financial	1 November 2022 and ongoing. 31 January 2023 28 February 2023	Senior Manager: SCM Unit & CFO. Municipal Manager Municipal Manager	General Manager's Forum

NO	PAGE NO ON MR	KEY COMPONENT OR CATEGORY	AUDIT FINDINGS	ROOT CAUSES	ACTION PLANS TO BE TAKEN	ACTIVITIES TO BE UNDERTAKEN TO OPERATIONALISE THE ACTION	DUE DATE	RESPONSIBLE OFFICIAL	MONITORING MECHANISM
						misconduct relating to the irregular expenditure of R690 694. (d) Implement findings and recommendations of the investigations by both MPAC and Municipal Disciplinary Board.	30 June 2023	Municipal Manager	
10.	57	Supply Chain Management	Procurement and contract management – Municipal accounts	Reliance on declaration made by bidders on MBD 8 on their status of municipal accounts, where applicable.	Submission of municipal accounts or proof of residence by bidders.	Implemented a requirement for bidders to submit municipal accounts or proof of residence for all RFQs above R15 000 and bids or tenders as part of the RFQs and bids or tenders' conditions.	1 January 2022 and ongoing.	Senior Manager: SCM Unit	General Manager's Forum
11.	60	Financial Management	Expenditure Management - Zero rated items accounted for at standard rate of 15%	Due to lack of understanding and proper application of the VAT framework.	Proper application of the VAT framework on request for quotations.	(a) Capacitated SCM Unit officials to gain an understanding of VAT framework. (b) VAT 201 adjustment will be submitted to SARS not later than 28 February 2022.	30 November 2022, ongoing 28 February 2022	Senior Manager: SCM Unit Senior Manager: Treasury	General Manager's Forum
12.	63	Financial Management	Receivables- Prepayments- Incorrect amount recorded	Revenue and expenditure transactions processed on incorrect financial year.	Ensure extraordinary revenue and expenditure transactions are recorded on correct accounting period.	(a) Improve internal controls relating to extraordinary transactions.	28 February 2023	Senior Manager: Treasury	General Manager's Forum

NO	PAGE NO ON MR	KEY COMPONENT OR CATEGORY	AUDIT FINDINGS	ROOT CAUSES	ACTION PLANS TO BE TAKEN	ACTIVITIES TO BE UNDERTAKEN TO OPERATIONALISE THE ACTION	DUE DATE	RESPONSIBLE OFFICIAL	MONITORING MECHANISM
13.	65	Financial Management	AFS - Financial instruments - prior period adjustment nature of error and effect on the comparatives not disclosed	There has been oversight on the review process of the annual financial statements.	Improve the quality of information disclosed on the AFS.	(a) The draft AFS shall be subjected to an extensive internal and external at different levels of quality review process.	31 August 2023	Senior Manager: Budget & Reporting	General Manager's Forum
14.	68	Financial Management	AFS - Statement of Budget and Actual – reasons for significant variances not provided	There has been oversight on the review process of the annual financial statements.	Improve the quality of information disclosed on the AFS.	(a) The draft AFS shall be subjected to an extensive internal and external at different levels of quality review process.	31 August 2023	Senior Manager: Budget & Reporting	General Manager's Forum
15.	29	Financial Management	Emerging risk – Accounting by Principals and Agents	Disagreement on the interpretation of the accounting of agent transactions in line GRAP 109.	Consult relevant authorities for an advise on the interpretation of the GRAP 109.	(a) Consult with Accounting Standard Board on the interpretation of GRAP 109. (b) Engage the Provincial Treasury on the Implementing Agent Agreements and interpretation of accounting by agent in terms of GRAP 109. (c) Implement the outcome of the consultation process.	31 March 2023	Chief Financial Officer	General Manager's Forum

AUDIT ACTION PLAN TO ADDRESS TO AUDITOR-GENERAL FINDINGS FOR 2021/22 FINANCIAL YEAR

Recommended By:

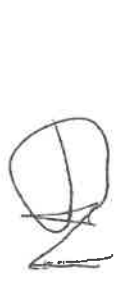


P O Mokoena
Chief Financial Officer

13/01/2023

Date

Approved By:



N P Mahlalela
Municipal Manager

13/01/2023

Date

Ehlanzeni Oversight Committee held its meeting on 7 March 2023 at Ehlanzeni District Municipality, Council Chamber, Mbombela. The said meeting was arranged to discuss the 2021/2022 Ehlanzeni District Municipality's Annual Report for its consideration in terms of Section 121 of the Local Government Municipal Finance Management Act (Act No. 58 of 2003). The following members were present during the meeting:

- Cllr. TS Khoza (Chairperson)
- Cllr. GS Siwela
- Cllr. MK Malomane
- Cllr. M van der Westhuizen
- Cllr. JH Ligthelm
- Cllr. R Qhibi
- Cllr. E Mathebula

An Annual Report of a municipality outlines the performance of a municipality against goals, objectives and budget as approved by Council. The report is the key accounting instrument of the municipality; to be tabled in the Municipal Council by the Executive Mayor within seven (7) months after the end of the financial year. The key components of the report as provided by section 121 (3) of the MFMA are:

- Financial statements of the municipality;
- The Audit Report of the Auditor General;
- The Annual performance of the municipality;
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives; and
- Particulars of any corrective action taken or to be taken in response to issues raised in the Audit Report.

The Department of Cooperative Governance together with the National Treasury and the Association of Public Accounts Committees in South Africa (APAC), issued guidelines dated 17 August 2011 and 2014 respectively relating to the establishment of the Municipal Public Accounts Committees (MPAC's) which clearly outlines the functions of the Municipal Public Accounts Committee's (MPAC's) as being the following:

1. To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting the Oversight Report on the annual report;
2. In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-Year Reports, including the Quarterly, Mid – Year and Annual Reports;

3. To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.

MPAC OVERSIGHT METHODOLOGY

Municipal Councils are vested with the responsibility to oversee the performance of their respective municipalities, as required by the Constitution of the Republic, 1998 (Act No. 108 of 1998) as amended, the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) MFMA and the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000). This Oversight responsibility in Council is conferred to the Oversight Committee which amongst others is responsible for the consideration and recommendation for approval by Council the Annual Report.

Section 127(2) of the MFMA prescribes that Mayor of the municipality must, within (7) 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. After the Annual Report has been tabled, the Council is required by law to exercise oversight.

Section 129(1) (a) (b) and (c) of the MFMA prescribes that the Council of a municipality must consider the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the Annual Report was tabled in the council in terms of section 127, adopt an Oversight Report containing the council's comments on the annual report, which must include a statement whether the council-

- (a) has approved the Annual Report with or without reservations;
- (b) has rejected the Annual Report or
- (c) has referred the Annual Report back for revision of those components that can be revised.

The 2021/2022 Annual Report of Ehlanzeni District Municipality was tabled to Council on the 31 January 2023. The Annual Report seeks to provide the community and various stakeholders of the municipality with an opportunity to report on the financial and non-financial performance of the District. Performance of the District is reported against commitments in the IDP, business plans and other supporting planning documents.

Section 121(1) and (2)(a), (b) and (c) of the MFMA prescribes that every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter, which is Chapter 12 of the MFMA. The Council of a municipality must within (9) nine months after the end of a financial year deal with the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

THE PURPOSE OF AN ANNUAL REPORT IS:

- (a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;
- (b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and

- (c) to promote accountability to the local community for the decisions made throughout the year by the Municipality or Municipal Entity.

The 2021/2022 Annual Report was referred by Council to Municipal Public Accounts Committee (MPAC) for oversight purposes. The Council of Ehlanzeni District Municipality has delegated the Municipal Public Accounts Committee (MPAC) the responsibility of the Oversight Committee envisaged in Section 129 of the MFMA and Circular number 32 of the MFMA. Upon receipt of the Annual Report, the MPAC exercises oversight and tables its oversight report to council within a prescribed time of (2) two months.

The MPAC is expected to table the oversight report for the year 2021/2022 annual report of Ehlanzeni District Municipality in a council meeting scheduled for the 31 January 2023. The Oversight Report of MPAC tabled in Council is in line with Section 129 (1) as indicated above.

OVERSIGHT ROLLOUT ACTIVITIES

During the first strategic session of the Municipal Public Accounts Committee meeting which was held from the 07 March 2023 to consider the Annual Report, the Committee in line with its Terms of Reference unfolded its Public Accounts Process Plan that was adopted and approved by Council to serve as a guideline during the review of the Annual Report.

The Public Accounts Process Plan indicates thirteen (13) steps to be followed when considering an Annual Report as indicated under the sub-heading, **Oversight methodology, above**. The MPAC in line with the Guidelines for the establishment of the MPAC's on the 17th August 2011 and the Association of Public Accounts Committees in South Africa (APAC) of 2014 introduced the Public Accounts Process Plan for the first time in its consideration of the Annual Report of the 2012/2013 financial year. The Annual Report including the information stated in Section 121(3) of the MFMA **was referred to the MPAC by Council on the 31 January 2023.**

The review of the Annual Report was embarked upon in earnest by the Municipal Public Accounts Committee (MPAC). Upon resuming its review function on the 2021/22 Annual Report, the committee set out to scan and peruse the report in detail, scrutinizing the information given and verifying the legislation thereof, and formulating Preliminary Questions in each of the pages so that the drafting of the Oversight Report on the Annual report is well undertaken with a sense of direction.

The formulated set of questions were submitted to the Executive Arm of Council with deadlines. Those questions were timeously and fully responded to by the administration. The analyses of the responses as well as the in-loco inspections on the projects implemented during the year under review were undertaken. These physical site visits are often undertaken by the committee to oversee the implementation of the infrastructure projects and to also take comments and representations from the beneficiary of local communities. During the process of oversight, the committee visited the following projects as a sample on the quality of work and service delivered during the year under review 2021/2022 FY:

DATE: 17 May 2022

10:00	Ward	Sethlare Water Package Plant Bushbuckridge
DATE: 18 May 2022		

10:00	Ward	Segwadi Boutique Bushbuckridge
12:00	Ward	Asante Guesthouse Bushbuckridge
13:30	Ward	Riverside Kaia Bushbuckridge
DATE: 24 May 2022		
10:00	Ward	Claire Boreholes Bushbuckridge
12:00	Ward	Tsakani Boreholes Bushbuckridge
14:00	Ward	Brooklyn Boreholes Bushbuckridge
DATE: 25 May 2022		
10:00	Ward	Phiva Boreholes
12:00	Ward	Masibekela Water Treatment Works
13:00	Ward	Magudu Reservoir
14:30	Ward	Sikhwahlane Reservoir
DATE: 26 May 2022		
10:00	Ward	Driekoppies Regional Water Scheme: Phase 1A at Driekoppies WTW
12:00	Ward	Driekoppies Regional Water Scheme: Phase 1B at Driekoppies WTW
DATE: 01 June 2022		
10:00	Ward	Coromandel Waste Water Treatment Works
12:00	Ward	Draaikraal Boreholes
DATE: 14 June 2022		
10:00	Ward	Sethlare Water Package Plant Bushbuckridge- Public Hearing

In considering the 2021/2022 Annual Report, the Municipal Public Accounts Committee embarked on a process of analyzing the Annual Report as referred to it by the Municipal Council.

The Municipal Public Accounts Committee (MPAC) followed the MFMA's Circular 32 in providing guidance to it with respect to the process and format that the Committee of Council should follow when considering the Annual Report. **The members of the Municipal Public Accounts Committee (MPAC) following the tabling of the draft Annual Report on the 31 January 2023:**

- The committee formulated questions out of the Annual Report to the Executive Arm of council.
- The MPAC obtained briefing from the Auditor General to be enabled to get a clear picture of the financial management and governance affairs of the Ehlanzeni District Municipality. The Auditor General's briefing afforded the Municipal Public Accounts Committee (MPAC) members opportunity to ask questions for clarifications, enabling them as well as to undertake further findings and called the Executive and administration to account;
- The Municipal Public Accounts Committee (MPAC) decided to collect further information through questions to the Accounting Officer and Heads of Departments, calling relevant officials to appear before the Committee to answer on oral questions;
- The Municipal Public Accounts Committee (MPAC) prepared for Public Hearings, public hearing / discussion as an oversight mechanism through which the Municipal Public Accounts Committee can call officials in or outside the municipality to appear before it and the public to give testimony.

The Oversight Report of Ehlanzeni District Municipality was tabled at the Special meeting of the MPAC on the **07 March 2023** for adoption and the committee was in agreement as follows:

OFFICE OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

STEP	ACTIVITY	RESPONSIBLE PERSON	DATE
1.	Council refers Annual Report; Annual Financial Statement; Auditor General's Report to MPAC	Speaker	31 January 2023
2.	MPAC review documents	MPAC Members	08-09 February 2023
3.	MPAC obtain briefing by Auditor General	AG's Office	08-09 February 2023
4.	MPAC develops and adopts preliminary questions and send to Executive arm of Council	MPAC Member	
5.	MPAC receives responses to preliminary questions	MPAC Member	
6.	MPAC analyses response and call a hearing	MPAC Member	
7	MPAC convenes a hearing for Executives to account and public hearing with communities.	MPAC Member	
8.	MPAC makes findings, draft an Oversight Report.	MPAC Member	07 March 2023
9.	MPAC reports back to Council.	MPAC Chairperson	29 March 2023
10.	Further / Continue oversight of all the remaining Projects	MPAC Members	July 2023 Onwards

The Municipal Public Accounts Committee deliberated in depth on the Annual Report and generated some set of questions based on the Annual Report of the District to be able to ask questions directly to those who are accountable, requiring them to clarify or justify the report, statements to the Committee. The compiled questions were submitted to the office of the Acting Municipal Manager.

As part of the MPAC oversight the Auditor General was requested to make a presentation at the meeting of the 08-09 February 2023 on the oversight report of the Audit Committee on the Annual Report of 2021/2022 Annual Financial Statement and comments were made.

After the Municipal Public Accounts Committee reviewed the Annual Report generated questions for written responses by the department of LED, Tourism and Rural Development further clarity.

SUMMARY OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE'S (MPAC'S) OBSERVATIONS

The MPAC observed the following:

- The Committee would like to commend the Municipality in submitting the 2021/2022FY Draft Annual Report on time to allow the committee to fulfil its mandate by conducting an oversight on the report as per Circular 63 and Section 121(3) of the Local Government: Municipal Finance Management Act, No. 56 of 2003.
- 1. The Committee observed that Ehlanzeni District Municipality Rural Development Unit under LED, Tourism and Rural Development, that there should be an agreement drawn up between the Co-operatives and the Municipality, strictly outlining the terms and conditions to be signed by both parties.
- 2. The Committee further observed that the post settlement monitoring system must be implemented, the system will assist the Municipality in monitoring all assets.
- 3. The Committee observed that the Boreholes that were installed in Bushbuckridge local municipality are not fully functional due to the delays by ESKOM.
- 4. The Committee has observed that the Driekoppies Bulk Regional Water Scheme Phase 1A project is still at 60% completion.

The Municipal Public Accounts Committee has further noted that the Annual Report tabled in Council on 31 January 2023 contained the Auditor - General's Report on the consolidated Annual Financial Statements. The municipality received an **Unqualified Audit Opinion with no findings (Clean Audit Outcome)** for the period under review. The audit opinion for the financial year under review states: *"In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ehlanzeni District Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 16 of 2019 (Dora)."*

The MFMA Circular No.63 state that the updated Annual Report and National Treasury Format is structured as follows:

Chapter 1: Mayor's foreword and Executive Summary;
Chapter 2: Governance;
Chapter 3: Service Delivery Performance;
Chapter 4: Organizational Development Performance;
Chapter 5: Financial Performance;
Chapter 6: Auditor General's Findings;
Appendices; and
Volume II: AFS

The Municipal Accounts Committee's (MPAC's) has used MFMA, and Circular No. 63 MPAC oversight report in the review of the 2020/2021 draft.

Report and the following findings have been made:

Chapter 1: Mayor's foreword and Executive Summary:

1.1 Mayor's Foreword

In terms of Section 52 (a) of the MFMA, the Executive Mayor of a municipality must provide general political guidance over the fiscal and non-fiscal affairs of the municipality.

The Municipal Public Accounts Committee has satisfied itself draft Annual Report on the Mayor's Foreword after corrections and amendments of the relevant information and that the questions for clarification posed to the Executive Arm of Council was responded to.

1.2 Municipal Manager Foreword

The Municipal Manager's foreword provides an opportunity to the Municipal Manager to give a public account, guidance and advice on the administrative performance of a municipality/entity.

The Municipal Public Accounts Committee has satisfied itself that the draft Annual Report on the Municipal Manager's Foreword has covered the relevant information and it's in line with Circular 63 as well as questions for clarification posed to the Executive Arm of Council were responded to.

1.3 Municipal Overview

The section provides an overview on how municipalities as separate legal entities function based on its relationship with other political structures, office bearers, administration and the community. Information on the demographics, economic growth, population growth and development structure of the municipality should be reported including the outcomes both success and not so successful initiatives embarked upon.

The Municipal Public Accounts Committee has satisfied itself that the draft Annual Report on the Municipal Overview has covered the relevant information and that the questions for clarification posed to the Executive Arm of Council were responded to.

Chapter 2

Governance

This Chapter is to ensure accountability and governance arrangements are in place. Section 121 (2) (c) of the MFMA supports the requirements of Section 18 (1) (d) of the MSA:

Information on matters of governance should be communicated to communities, according to Section 65(1)(a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year. Nine major characteristics should be applied with the political and administrative structures of a municipality/ municipal entity to ensure good governance:

- Participation;
- Rule of law;
- Transparency;
- Responsiveness;
- Consensus oriented;
- Equity and inclusiveness;
- Effectiveness and efficiency;
- Accountability; and
- Sustainability.

With the above requirements in mind, information included in this chapter is divided into four sections:

Component A: Governance Structures

- Political Governance Structure
- Administrative Governance Structure

Component B: Intergovernmental Relations

- Intergovernmental Relations

Component C: Public Accountability and Participation

- Public Meetings
- IDP Participation and Alignment

Component D: Corporate Governance

- Risk Management
- Anti-corruption and fraud
- Supply Chain Management
- By-laws

- Websites
- Public Satisfaction on Municipal Services
- All municipal oversight committees

Chapter 3

Service Delivery Performance (Performance Report Part I)

This chapter provides information on municipal performance on targets contained in the Service Delivery and Budget Implementation Plan for the year under review. In accordance with the mandate of the Municipality, medium term IDP objectives are translated into annual targets in the SDBIP against the votes provided for in the budget.

The Municipal Public Accounts Committee is satisfied that the draft Annual Report on the Service Delivery Performance (Performance Report Part I) has covered both deliverables achieved and those not achieved and that the questions for clarification posed to the Executive Arm of Council were responded to.

Chapter 4

Organizational Development Performance (Performance Report Part II)

This chapter addresses information pertaining to the implementation of an effective performance management system, organizational development and performance of a municipality/municipal entity. Such information is required to identify skills gaps and plans for the development of such skills. In order to measure the outcome of effective organizational development the following is highlighted:

- Organizational structure enhancement;
- Increased accountability;
- Increased participation in problem solving, goal setting and new ideas; and
- Identifying and development of skills needed to perform

In relation to the above, the content of this chapter includes:

- Component A: Introduction to the municipal workforce (Total Employment, to include staff turnover).
- Component B: Managing the municipal workforce.
- Component C: Capacitating the municipal workforce.
- Component D: Managing the municipal workforce expenditure

The Municipal Public Accounts Committee is satisfied that written responses from the draft Annual Report on the Organizational Development Performance (Performance Report Part II) has covered the relevant information and that the questions for clarification posed to the Executive Arm of Council were responded to.

Chapter 5

Financial Performance

The aim of this chapter is to provide an overview of the financial performance of the municipality through measuring of results. It further provides an opportunity for planning, so as to ensure that future budgetary allocations are brought in line with IDP and functional area activities and outputs.

Information included in this chapter is divided into the following framework:

- Component A: Statement of Financial Performance
- Component B: Spending against Capital Budget
- Component C: Cash flow Management and Investment
- Component D; Other Financial Matters

The Municipal Public Accounts Committee is satisfied that draft Annual Report on the Financial Performance has covered the relevant information as confirmed by AG on the AFS Year under review 2021/2022 and that the questions for clarification posed to the Executive Arm of Council were responded to.

Chapter 6

Auditor-General Audit Findings

The MSA, Act 32 of 2000, Section 45 states that the results of performance measurement in terms of Section 41(1)(c) must be audited annually by the Auditor-General. Section 41(1)(c) states that the auditing should take place with regard to each of those development priorities and objectives and against key performance indicators and targets to monitor, measure and review municipal performance at least once per annum.

Besides the Auditor-General's Report, which cannot be amended by the municipality, information pertaining to the following is to be included in the chapter on the Auditor-General report: This chapter provides an overview of the Auditor-General of the previous financial year. Specific topics that should receive attention include:

- Detail on issues raised during the previous financial year;
- Remedial action taken to address the above and preventative measures.

The Municipal Public Accounts Committee is satisfied that the draft Annual Report on the Auditor-General Audit Findings have covered the relevant information and the questions for clarification posed to the Executive Arm of Council were responded to.

CHAIRPERSON: MPAC
CLLR TS KHOZA

APPENDICES

Appendix A: Councillors; Committee Allocation and Council Attendance

Appendix B: Committee and Committee purposes

Appendix C: Third Tier Administrative Structure

Appendix D: Functions of the Municipality

Appendix E: Recommendations of the Municipal Audit Committee

APPENDIX A

FINANCIAL YEAR 2021-2022 (JULY 2021-OCTOBER 2021)

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	GCB Anthony	Democratic Alliance	03
2	TM Charles	African National Congress	04
3	M Chembeni-Sahi	African National Congress	04
4	KC Chuene	Economic Freedom Fighters	02
5	MJ Hlophe	African National Congress	03
6	LE Khosa	African National Congress	01
7	NC Khoza	African National Congress	04
8	TS Khoza	African National Congress	03
9	JJ Khoza	African National Congress	03
10	RE Khumalo	African National Congress	04
11	J Ligthelm	Democratic Alliance	03
12	NL Lukhele	African National Congress	02
13	PC Luphoko	African National Congress	01
14	TG Mabuza	African National Congress	04
15	M Mahlangu	African National Congress	03
16	V Malatjie	Economic Freedom Fighters	04
17	TR Manyisa	African National Congress	03
18	JB Mashaba	African National Congress	00
19	E Mashele	African National Congress	04
20	S Mashigo-Sekgobela	African National Congress	03
21	L Matsie	Bushbuckridge Residents Association	00
22	DL Masilela	African National Congress	04
23	TE Masilela	African National Congress	04
24	P Gubhayi	African National Congress	00
25	G Mathebula	African National Congress	02
26	M Mathebula	African National Congress	00
27	NV Mathobela	Democratic Alliance	02
28	SP Mathonsi	African National Congress	00
29	MJ Mavuso	African National Congress	03
30	LP Mbambo	African National Congress	04
31	PP Mbowane	African National Congress	04
32	LS Mhaule	African National Congress	00
33	PCW Minnaar	Democratic Alliance	04
34	ML Mkhabela	African National Congress	04
35	ET Mkhabela	African National Congress	04
36	LS Mkhatshwa	African National Congress	03
37	JM Mkhatshwa	African National Congress	00
38	GP Mkhombo	Democratic Alliance	01
39	MN Mlambo	African National Congress	01
40	MJ Mnisi	African National Congress	04
41	ML Mnisi	African National Congress	02
42	GN Mogiba	African National Congress	03
43	GM Moyana	Democratic Alliance	04
44	MJ Morema	African National Congress	03
45	GM Mthombo	African National Congress	00
46	AS Mthunywa	African National Congress	02
47	DM Khoza	Economic Freedom Fighters	02
48	MF Nkadimeng	African National Congress	00

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
49	M Nkuna	African National Congress	03
50	CS Nxumalo	African National Congress	00
51	MS Phelephe	African National Congress	00
52	Qhibi R	Economic Freedom Fighters	00
53	GP Raphiri	African National Congress	02
54	EIT Shabangu	African National Congress	03
55	LC Shakwane	African National Congress	03
56	BC Shongwe	Economic Freedom Fighters	00
57	MR Shongwe	African National Congress	02
58	TB Sibuyi	African National Congress	04
59	J Sidell	African National Congress	02
60	NP Thabane	African National Congress	02
61	LT Vuma	African National Congress	03

ATTENDANCE OF COUNCILLORS JULY 2021-OCTOBER 2021

NAME AND SURNAME	28/07/2021	26/08/2021	23/09/2021	21/10/2021
Anthony GCB	P	P	P	A
Charles TM	P	P	P	P
Chembeni-Sahi M	P	P	P	P
Chueene KC	P	P	Resigned	Resigned
Gubhayi P	LOA	A	A	A
Hlophe MJ	A	P	P	P
Khosa LE	A	A	P	A
Khoza DM	P	LOA	P	A
Khoza NC	P	P	P	P
Khoza JJ	P	P	P	A
Khoza TS	P	P	LOA	P
Khumalo RE	P	P	P	P
Ligthelm J	P	P	P	LOA
Lukhele NL	A	A	P	P
Luphoko PC	A	A	P	A
Mabuza TG	P	P	P	P
Mahlangu M	P	LOA	P	P
Malatjie V	P	P	P	P
Manyisa TR	P	P	P	LOA
Mashaba JB	A	A	LOA	A
Mashele E	P	P	P	P
Mashigo- Sekgobela S	P	A	P	P
Masilela DL	P	P	P	P
Masilela TE	P	P	P	P
Mathebula G	P	A	P	A
Mathebula M	A	A	A	A
Mathobela NV	A	A	P	P
Mathonsi SP	A	A	A	A
Matsie L	A	A	A	A
Mavuso MJ	P	P	P	LOA
Mbambo LP	P	P	P	P

ATTENDANCE OF COUNCILLORS JULY 2021-OCTOBER 2021

Mbowane PP	P			P			P	P
Mhaule LS	A			A			A	A
Minnaar PCW	P			P			P	P
Mkhabela ML	P			P			P	P
Mkhabela ET	P			P			P	P
Mkhatshwa JM	A			A			A	A
Mkhatshwa LS	A			P			P	P
Mkhombo GP	A			A			A	P
Mlambo MN	A			A			P	A
Mnisi MJ	P			P			P	P
Mnisi ML	P			A			P	A
Mogiba GN	P			P			LOA	P
Morema MJ	P			P			LOA	P
Moyana GM	P			P			P	P
Mthombo GM	A			A			A	A
Mthunywa AS	P			P			A	A
Nkadimeng MF	A			A			A	A
Nkuna M	P			P			P	LOA
Nxumalo CS	A			A			A	A
Phelephe MS	A			A			A	A
Raphiri GP	A			P			P	A
Shabangu EIT	P			P			LOA	P
Shakwane LC	P			P			LOA	P
Shongwe BC	A			A			A	A
Shongwe MR	LOA			P			LOA	P
Sibuyi TB	P			P			P	P
Sidell J	P			P			LOA	LOA
Qhibi R	A			A			A	A
Thabane NP	A			A			P	P
Vuma LT	P			A			P	P

ATTENDANCE OF COUNCILLORS JULY 2021-OCTOBER 2021

O1 ORDINARY COUNCIL MEETING

03 SPECIAL COUNCIL MEETINGS

P	Present
A	Absent
LOA	Leave Of Absence

APPENDIX A

FINANCIAL YEAR 2021-2022 (NEWLY ELECTED COUNCILLORS - NOVEMBER 2021-JUNE 2022)

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	S Couvaras	Democratic Alliance	08
2	SP Chauke	Economic Freedom Fighters	08
3	M Chembeni-Sahi	African National Congress	09
4	KC Chuene	Economic Freedom Fighters	08
5	PP Chima	African National Congress	09
6	VS Gwebu	Economic Freedom Fighters	09
7	NC Khoza	African National Congress	09
8	TS Khoza	African National Congress	09
9	RE Khumalo	African National Congress	09
10	J Ligthelm	Democratic Alliance	09
11	ET Mabuza	African National Congress	09
12	EE Mabunda	African National Congress	04
13	M Maganga	African National Congress	09
14	HK Malomane	African National Congress	08
15	TE Mahlalela	African National Congress	06
16	SO Makhubela	African National Congress	05
17	SJ Manana	African National Congress	02
18	DC Masilela	African National Congress	06
19	MJ Mavuso	African National Congress	09
20	AM Mathebula	African National Congress	05
21	E Mathebula	ISANCO	09
22	NV Mathobela	Democratic Alliance	08
23	IS Mashava	African National Congress	08
24	S Mashigo-Sekgobela	African National Congress	06
25	PCW Minnaar	Democratic Alliance	08
26	CM Mohlala	African National Congress	08
27	CM Mokoni	African National Congress	07
28	ML Monareng	ISANCO	09
29	MJ Morema	African National Congress	05
30	F Mbhandze	African People's Convention	08
31	SB Mgiba	Economic Freedom Fighters	09
32	RB Mhlaba	African National Congress	07
33	ZA Mdhluli	African National Congress	08
34	ND Ndlovu	Economic Freedom Fighters	08
35	MJ Mnisi	African National Congress	08
36	RN Mphika	African National Congress	09
37	K Nukeri	African National Congress	04
38	B Ngobeni-Khumalo	African National Congress	08
39	LP Ngomane	African National Congress	06
40	TE Ngomane	African National Congress	09
41	MF Nkadimeng	African National Congress	04
42	RN Nkomo	Economic Freedom Fighters	08
43	LF Nkosi	African National Congress	08
44	M Nkuna	African National Congress	07
45	SB Nkuna	Economic Freedom Fighters	09
46	CS Nxumalo	African National Congress	02
47	VT Nyambi	African National Congress	07
48	MMS Preddy	Democratic Alliance	08

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
49	R Qhibi	African National Congress	06
50	KP Robertson	Freedom Front Plus	05
51	C Sebamba	African National Congress	09
52	PT Selowe	African National Congress	07
53	TB Sibuyi	African National Congress	09
54	HX Sifunda	Economic Freedom Fighters	07
55	J Sidell	African National Congress	06
56	HE Sihlabela	African National Congress	07
57	GS Siwela	African National Congress	07
58	S Sithole	African National Congress	08
59	R Shabangu	African National Congress	05
60	LC Shakwane	African National Congress	04
61	SR Schormann	Democratic Alliance	07
62	MR Shongwe	African National Congress	05
63	HP Thobakgale	BBR Locals Movement	04
64	SA Thobela	Economic Freedom Fighters	09
65	M van der Westhuizen	Freedom Front Plus	09

ATTENDANCE OF COUNCILLORS (NEWLY ELECTED) NOVEMBER 2021-JUNE 2022

	01/12/2021	31/01/2022	28/02/2022	30/03/2022 (Ordinary)	30/03/2022 (Special)	29/04/2022	30/05/2022	15/06/2022	29/06/2022
Couvaras S	P	P	LOA	P	P	P	P	P	P
Chauke SP	P	P	A	P	P	P	P	P	P
Chembeni-Sahhi M	P	P	P	P	P	P	P	P	P
Chuene KC	P	P	P	P	P	P	P	A	P
Chima PP	P	P	P	P	P	P	P	P	P
Gwebu VS	P	P	P	P	P	P	P	P	P
Khoza NC	P	P	P	P	P	P	P	P	P
Khoza TS	P	P	P	P	P	P	P	P	P
Khumalo RE	P	P	P	P	P	P	P	P	P
Ligthelm JH	P	P	P	P	P	P	P	P	P
Mabuza ET	P	P	P	P	P	P	P	P	P
Mabunda EE	P	A	P	LOA	LOA	A	P	A	P
Maganga M	P	P	P	P	P	P	P	P	P
Malomane HK	P	P	P	P	P	P	P	A	P
Mahlalela TE	P	A	P	P	P	A	P	P	A
Makhubela SO	P	A	P	P	P	A	A	P	LOA
Manana SJ	P	A	A	A	A	A	A	A	P
Masilela DC	P	A	P	P	P	A	A	P	P
Mavuso MJ	P	P	P	P	P	P	P	P	P
Mathebula AM	P	A	P	LOA	LOA	A	P	P	P
Mathebula E	P	P	P	P	P	P	P	P	P
Mathobela NV	P	P	P	P	P	P	P	P	A
Mashava IS	P	P	P	P	P	P	P	A	P
Mashigo - Sekgobela S	P	P	P	LOA	LOA	A	P	P	P
Minnaar PCW	P	LOA	P	P	P	P	P	P	P
Mohlala CM	P	P	LOA	P	P	P	P	P	P
Mokoni CM	P	P	P	P	P	P	A	A	P
Monareng ML	P	P	P	P	P	P	P	P	P
Morema MJ	P	P	P	LOA	LOA	P	P	A	LOA

ATTENDANCE OF COUNCILLORS (NEWLY ELECTED) NOVEMBER 2021-JUNE 2022

Mbhandze F	P	P	P	P	P	P	P	P	P	P	LOA	P	P
Mgiba SB	P	P	P	P	P	P	P	P	P	P	P	P	P
Mhlaba RB	P	P	P	P	P	P	P	P	P	A	A	P	P
Mdluli ZA	P	P	P	P	P	P	P	P	P	A	P	P	P
Ndlovu ND	P	P	P	P	P	P	P	P	P	P	A	P	P
Mnisi MJ	P	A	P	P	P	P	P	P	P	P	P	P	P
Mphika RN	P	P	P	P	P	P	P	P	P	P	P	P	P
Nukeri K	P	A	P	P	A	A	P	P	P	A	P	A	A
Ngobeni-Khumalo B	P	P	P	P	P	P	P	A	P	P	P	P	P
Ngomane LP	P	P	A	P	P	P	P	P	P	P	A	LOA	LOA
Ngomane TE	P	P	P	P	P	P	P	P	P	P	P	P	P
Nkadimeng MF	P	P	LOA	A	A	A	P	P	P	A	A	P	P
Nkomo RN	P	P	P	P	P	P	P	P	P	P	A	P	P
Nkosi LF	P	P	P	P	P	P	P	P	P	P	P	P	P
Nkuna M	P	LOA	P	P	P	P	P	P	P	P	A	P	P
Nkuna SB	P	P	P	P	P	P	P	P	P	P	P	P	P
Nxumalo CS	P	A	A	A	A	A	A	A	A	A	P	A	A
Nyambi VT	P	P	P	P	P	P	P	P	P	P	A	A	A
Preddy MMS	P	P	P	P	P	P	P	P	P	P	A	P	P
Qhibi R	P	A	P	P	P	P	P	P	P	A	A	P	P
Robertson KP	P	P	A	P	P	P	P	P	P	A	A	LOA	LOA
Sebamba C	P	P	P	P	P	P	P	P	P	P	P	P	P
Selowe PT	P	P	P	P	P	P	P	P	P	A	A	P	P
Sibuyi TB	P	P	P	P	P	P	P	P	P	P	P	P	P
Sifunda HX	P	P	P	P	P	P	P	P	P	A	LOA	P	P
Sidell J	P	P	P	LOA	LOA	LOA	LOA	LOA	LOA	P	P	LOA	LOA
Sihlabela HE	P	P	P	LOA	LOA	LOA	LOA	LOA	LOA	P	P	P	P
Siwela GS	P	P	P	P	P	P	P	P	P	A	A	P	P
Sithole S	P	A	P	P	P	P	P	P	P	P	P	P	P
Shabangu R	P	P	P	LOA	LOA	LOA	LOA	LOA	LOA	P	P	LOA	LOA
Shakwane LC	P	A	LOA	LOA	LOA	LOA	LOA	LOA	LOA	P	P	P	P
Schorman SR	P	P	P	P	P	P	P	P	P	A	A	P	P

ATTENDANCE OF COUNCILLORS (NEWLY ELECTED) NOVEMBER 2021-JUNE 2022

Shongwe MR	P	P	P	P	LOA	A	P	P	LOA
Thobakgale HP	P	A	P	P	LOA	P	A	A	P
Thobela SA	P	P	P	P	P	P	P	P	P
Vd Westhuizen M	P	P	P	P	P	P	P	P	P

02 ORDINARY COUNCIL MEETINGS

07 SPECIAL COUNCIL MEETINGS

P	Present
A	Absent
LOA	Leave Of Absence

APPENDIX B

ATTENDANCE OF COUNCILLORS FOR PORTFOLIO MEETINGS: JULY 2021 – OCTOBER 2021

CORPORATE SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor MJ Mavuso	African National Congress	5
2	Councillor TM Charles	African National Congress	5
3	Councillor G Mathebula	African National Congress	3
4	Councillor TM Mthombo	African National Congress	1
5	Councillor V Malatjie	Economic Freedom Fighters	5
6	Councillor GCB Anthony	Democratic Alliance	5

LED, TOURISM AND RURAL DEVELOPMENT

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor MJ Morema	African National Congress	1
2	Councillor ET Mkhabela	African National Congress	1
3	Councillor ML Mnisi	African National Congress	1
4	Councillor PC Luphoko	African National Congress	0
5	Councillor TE Masilela	African National Congress	1
6	Councillor ML Mkhabela	African National Congress	0
7	Councillor P Minnaar	Democratic Alliance	1
8	Councillor DM Khoza	Economic Freedom Fighters	0

TECHNICAL SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor M Nkuna	African National Congress	2
2	Councillor JB Mashaba	African National Congress	1
3	Councillor GN Mogiba	African National Congress	2
4	Councillor L Vuma	African National Congress	2
5	Councillor DM Khoza	Economic Freedom Fighters	1
6	Councillor L Shakwane	African National Congress	2
7	Councillor P Gubayi	African National Congress	2
8	Councillor LP Mbambo	African National Congress	2
9	Councillor GP Mkhombo	Democratic Alliance	2
10	Councillor EM Madiba	Bushbuckridge Residents Association	1

FINANCE AND SUPPLY CHAIN MANAGEMENT

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor MJ Mnisi	African National Congress	4
2	Councillor M Chembeni-Sahi	African National Congress	4
3	Councillor NL Lukhele	African National Congress	4
4	Councillor M Mahlangu	African National Congress	3
5	Councillor LP Mbambo	African National Congress	3
6	Councillor AS Mthunywa	African National Congress	1

SOCIAL SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor S Mashigo-Sekgobela	African National Congress	1
2	Councillor P Gubayi	African National Congress	1
3	Councillor MJ Hlophe	African National Congress	1
4	Councillor TG Mabuza	African National Congress	1
5	Councillor GP Raphiri	African National Congress	1
6	Councillor MG Moyana	Democratic Alliance	1
7	Councillor NV Mathobela	Democratic Alliance	0

DISASTER MANAGEMENT AND PUBLIC SAFETY

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor TR Manyisa	African National Congress	1
2	Councillor DL Masilela	African National Congress	1
3	Councillor LE Khoza	African National Congress	1
4	Councillor SL Mkhathswa	African National Congress	1
5	Councillor PP Mbowane	African National Congress	1
6	Councillor P Minnaar	Democratic Alliance	1
7	Councillor GCB Anthony	Democratic Alliance	1
8	Councillor R Qhibi	Economic Freedom Fighters	1

MUNICIPAL HEALTH AND ENVIRONMENTAL MANAGEMENT

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor MR Shongwe	African National Congress	1
2	Councillor TB Sibuyi	African National Congress	1
3	Councillor M Mahlangu	African National Congress	1
4	Councillor E Mashele	African National Congress	1
5	Councillor V Malatjie	Economic Freedom Fighters	1
6	Councillor GP Mkhombo	Democratic Alliance	1
7	Councillor NV Mathobela	Democratic Alliance	1
8	Councillor MS Phelephe	African National Congress	1

APPENDIX B

ATTENDANCE OF COUNCILLORS FOR PORTFOLIO MEETINGS: NOVEMBER 2021 – JUNE 2022 (NEWLY ELECTED COUNCIL)

CORPORATE SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor MJ Mavuso	African National Congress	7
2	Councillor SJ Manana	African National Congress	4
3	Councillor TE Ngomane	African National Congress	7
4	Councillor LP Ngomane	African National Congress	4
5	Councillor D Masilela	African National Congress	2
6	Councillor AM Mathebula	African National Congress	7
7	Councillor S Chauke	Economic Freedom Fighters	6
8	Councillor ML Monareng	ISANCO	6
9	Councillor S Couvaras	Democratic Alliance	5

LED, TOURISM AND RURAL DEVELOPMENT

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor PT Selowe	African National Congress	2
2	Councillor CM Mokoni	African National Congress	2
3	Councillor C Sabamba	African National Congress	2
4	Councillor S Sithole	African National Congress	2
5	Councillor BN Ngobeni	African National Congress	2
6	Councillor P Minnaar	Democratic Alliance	2
7	Councillor E Mathebula	ISANCO	2
8	Councillor B Sifunda	Economic Freedom Fighters	2

TECHNICAL SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor M Nkuna	African National Congress	3
2	RB Mhlaba	African National Congress	3
3	HK Malomane	African National Congress	3
4	IS Mashava	African National Congress	2
5	SO Makhubela	African National Congress	2
6	ML Monareng	ISANCO	3
7	SR Schormann	Democratic Alliance	3
8	S Nkuna	Economic Freedom Fighters	2

FINANCE AND SUPPLY CHAIN MANAGEMENT

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	M Chembeni-Sahi	African National Congress	5
2	PP Chima	African National Congress	5
3	NC Khoza	African National Congress	4
4	IS Mashaba	African National Congress	5
5	EE Mabunda	African National Congress	5
6	M van der Westhuizen	Freedom Front Plus	4
7	VS Gwebu	Economic Freedom Fighters	3
8	MS Preddy	Democratic Alliance	5

SOCIAL SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor S Mashigo-Sekgobela	African National Congress	3
2	Councillor CM Mohlala	African National Congress	3
3	Councillor RS Shabangu	African National Congress	3
4	Councillor EE Mabunda	African National Congress	2
5	Councillor ND Ndlovu	Economic Freedom Fighters	3
6	Councillor M van der Westhuizen	Freedom Front Plus	3
7	Councillor N Mathobela	Democratic Alliance	3
8	Councillor HP Thobakgale	BBR Locals Movement	3

DISASTER MANAGEMENT AND PUBLIC SAFETY

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor M Nkuna (Acting MMC for 3 rd quarter)	African National Congress	1
2	Councillor LC Shakwane (MMC)	African National Congress	1
3	Councillor NM Maganga	African National Congress	2
4	Councillor TE Mahlalela	African National Congress	0
5	Councillor HE Sihlabela	African National Congress	2
6	Councillor K Nukeri	African National Congress	1
7	Councillor KP Robertson	Freedom Front Plus	1
8	Councillor JH Ligthelm	Democratic Alliance	2
9	Councillor S Thobela	Economic Freedom Fighters	2

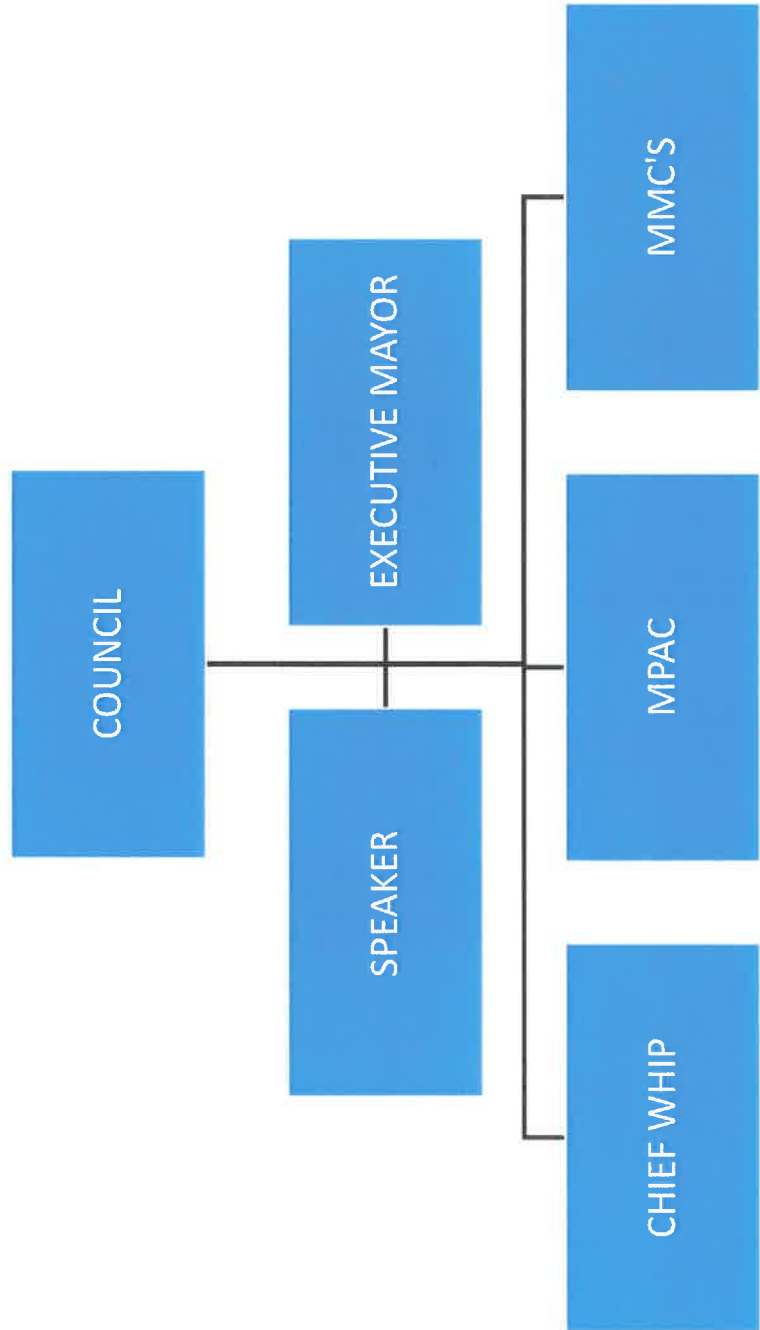
MUNICIPAL HEALTH AND ENVIRONMENTAL MANAGEMENT

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor MR Shongwe	African National Congress	2
2	Councillor ZA Mdhuli	African National Congress	2
3	Councillor TB Sibuyi	African National Congress	2
4	Councillor LF Nkosi	African National Congress	1
5	Councillor KP Robertson	Freedom Front Plus	0
6	Councillor MS Preddy	Democratic Alliance	2
7	Councillor R Nkomo	Economic Freedom Fighters	2
8	Councillor E Mathebula	ISANCO	2

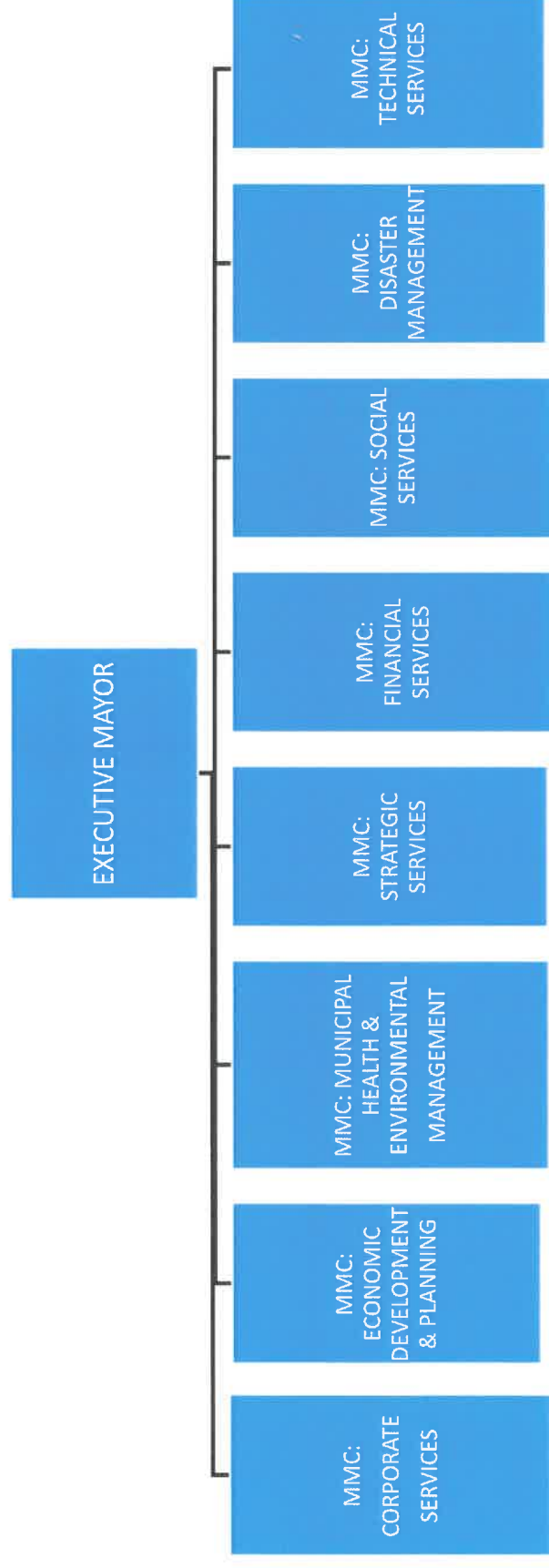
STRATEGIC SERVICES

	COUNCILLOR	PARTY	TOTAL MEETINGS ATTENDED
1	Councillor ET Mabuza	African National Congress	7
2	Councillor TB Sibuyi	African National Congress	7
3	Councillor HE Sihlabela	African National Congress	7
4	Councillor NC Khoza	African National Congress	7
5	Councillor EE Mabunda	African National congress	5
6	Councillor R Qhibi	Economic Freedom Fighters	4
7	Councillor SR Schormann	Democratic Alliance	7

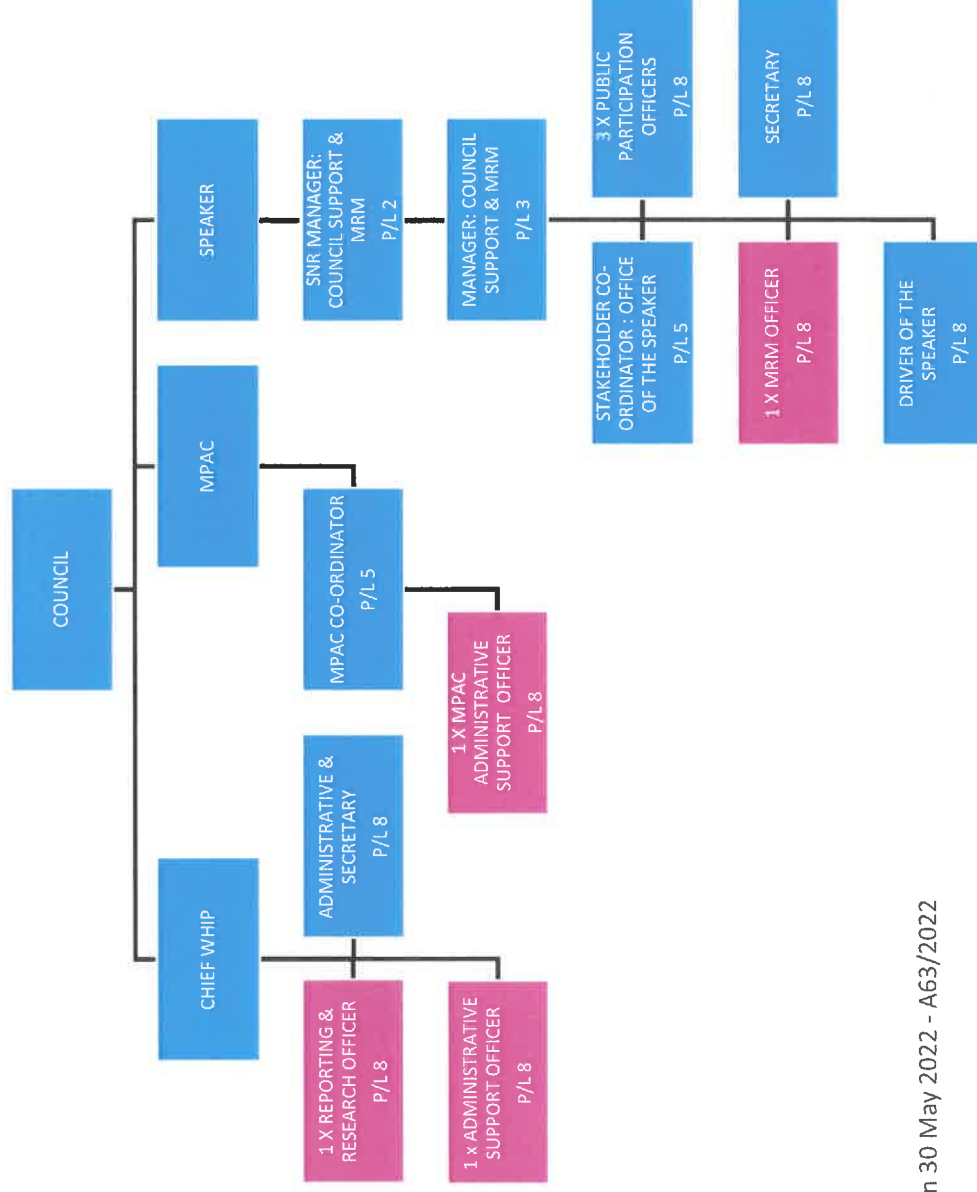
LEGISLATIVE & EXECUTIVE ARMS OF COUNCIL



EXECUTIVE ARM

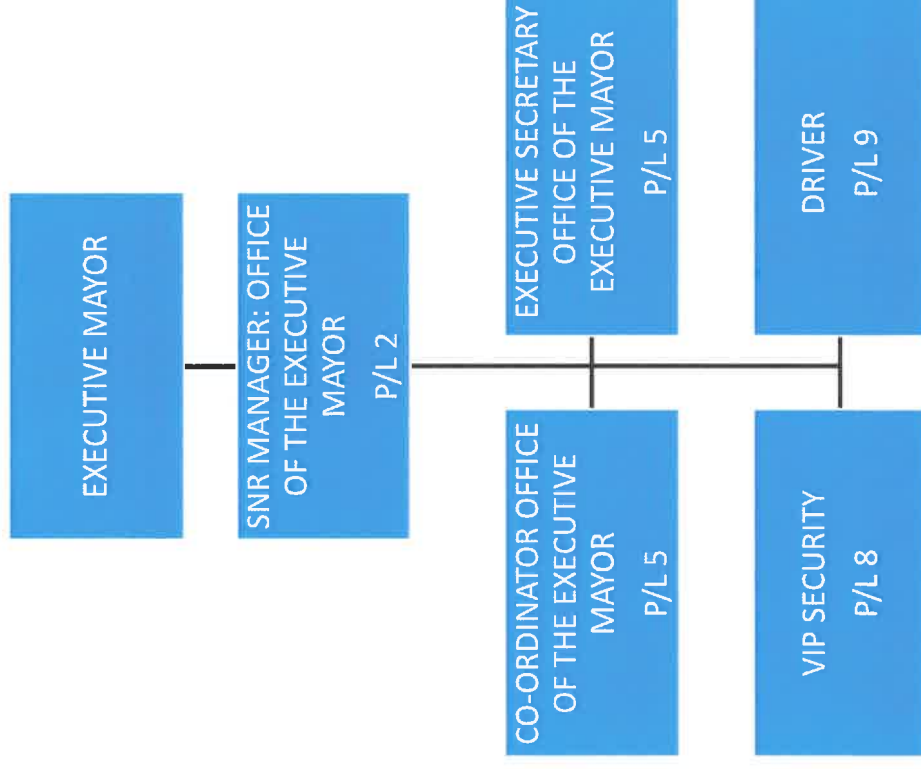


LEGISLATIVE ARM AND SUPPORT STAFF

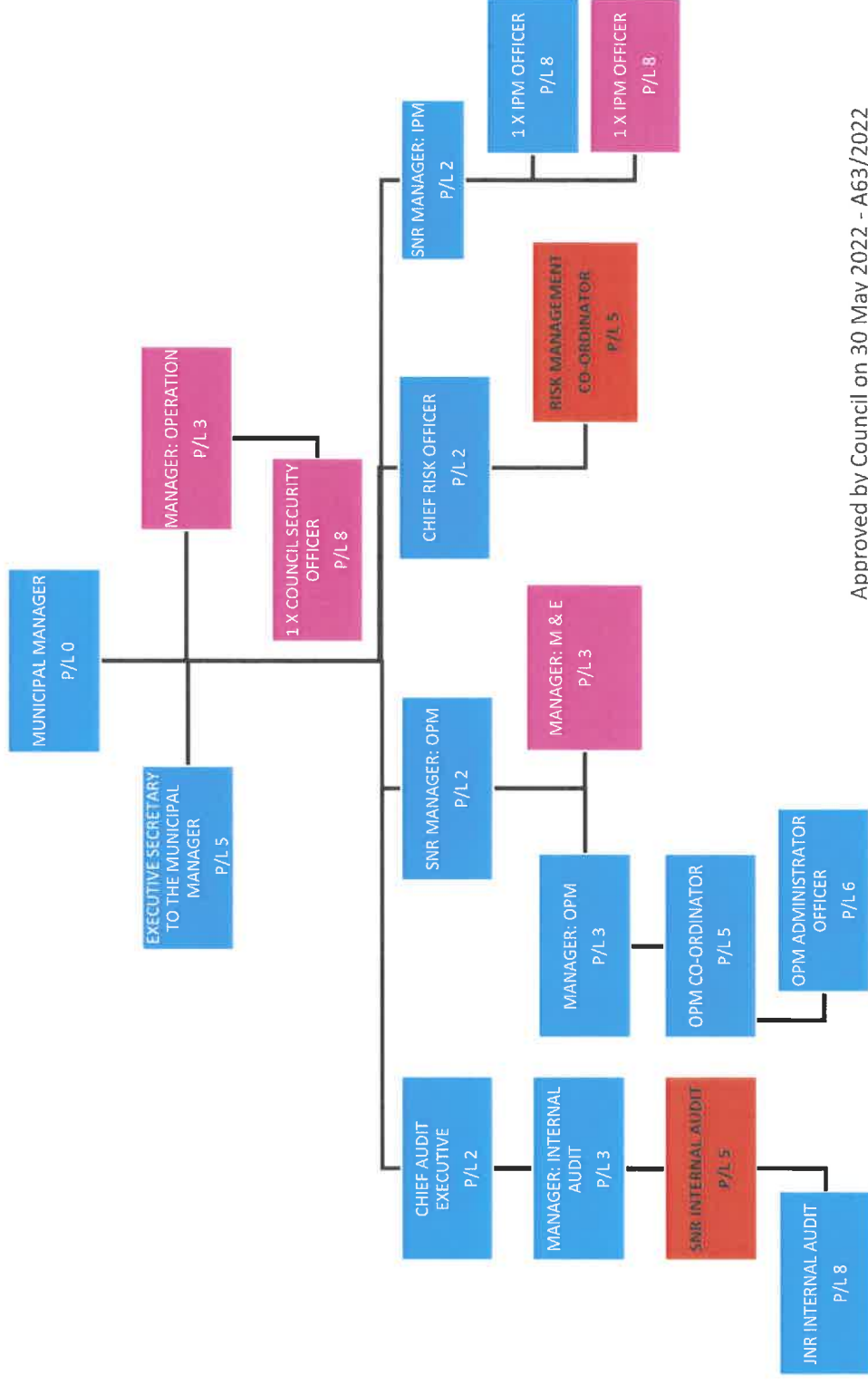


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OFFICE OF THE EXECUTIVE MAYOR SUPPORT STAFF

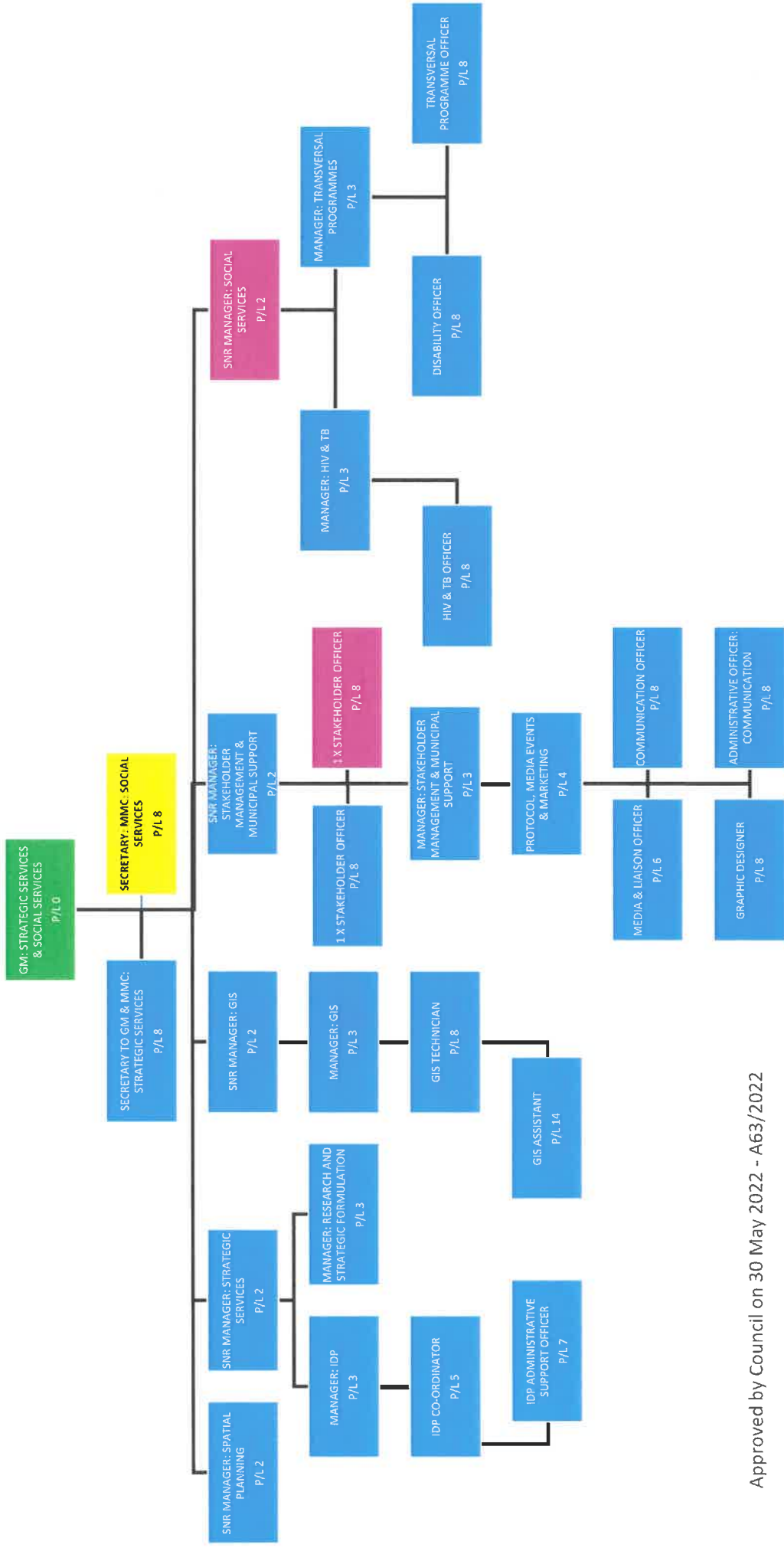


OFFICE OF THE MUNICIPAL MANAGER

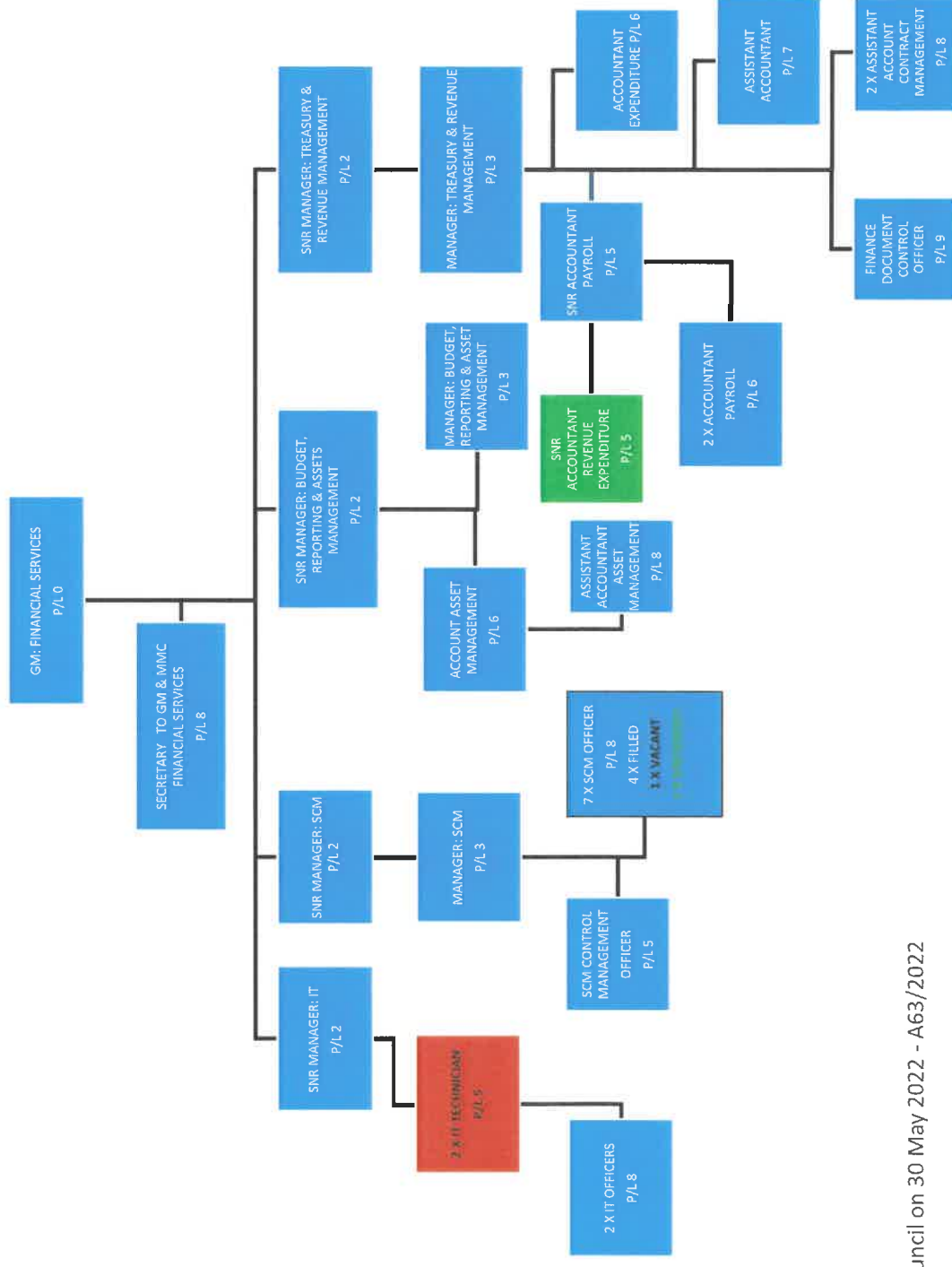


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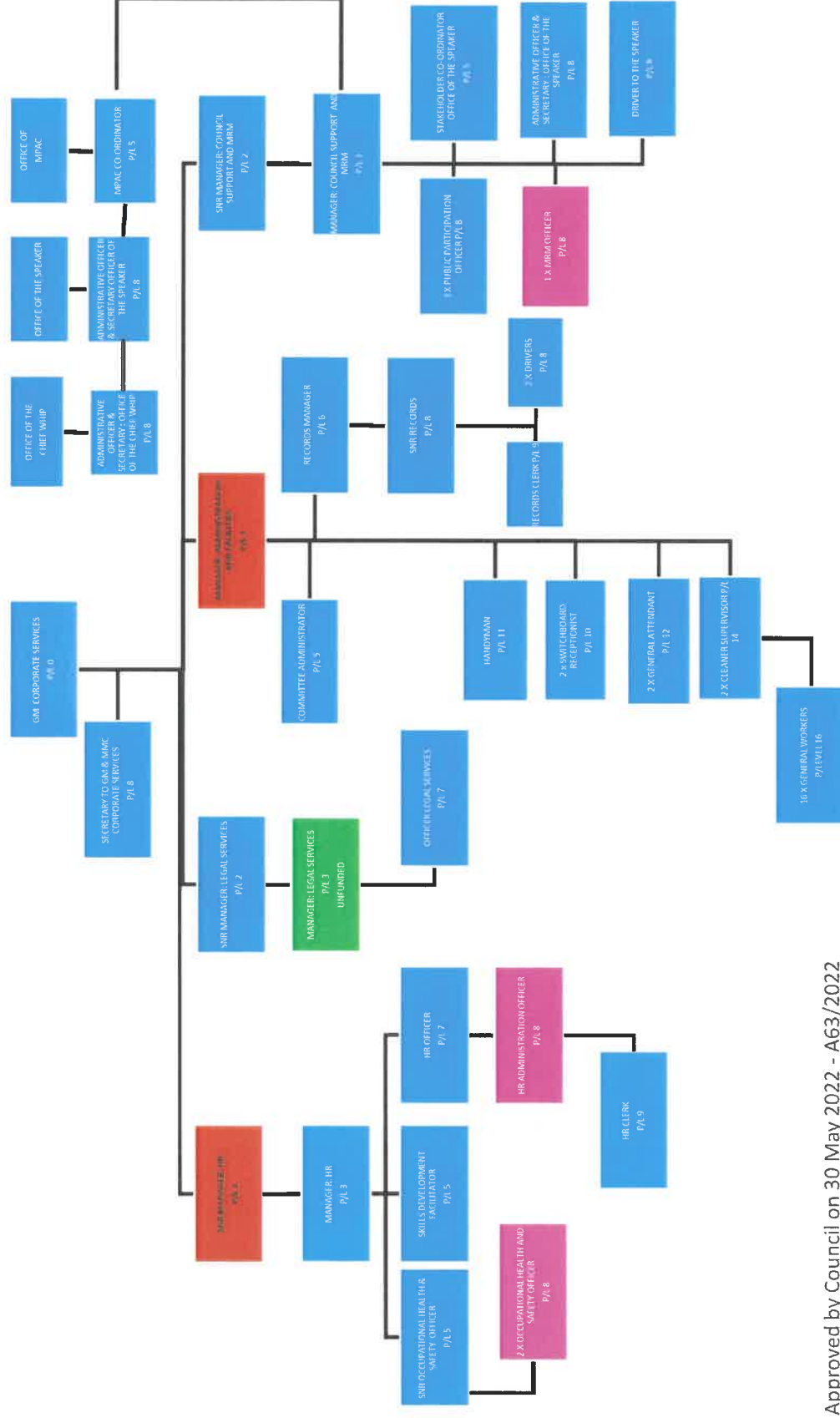
DEPARTMENT: STRATEGIC SERVICES AND SOCIAL SERVICES



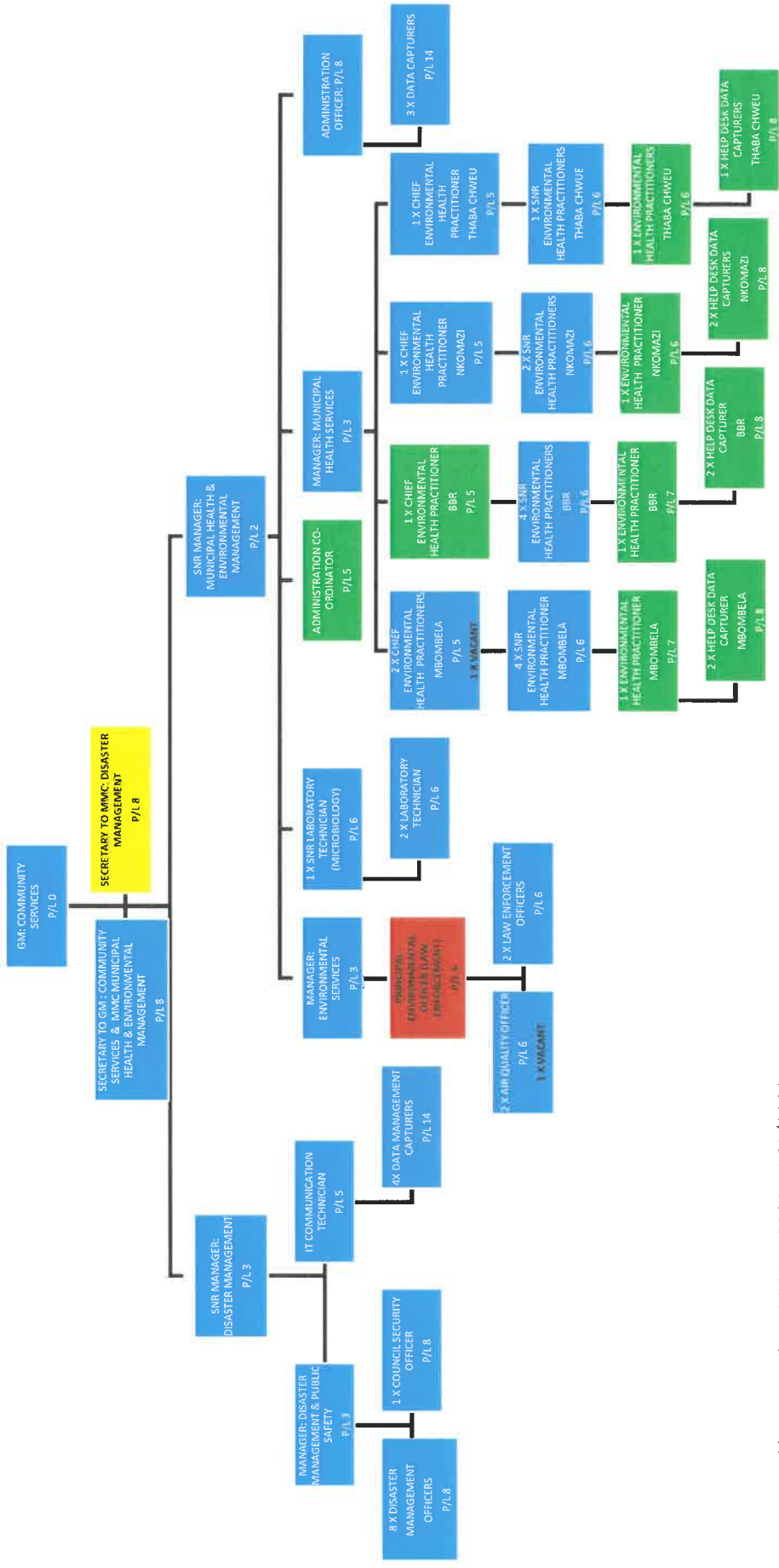
DEPARTMENT: FINANCIAL SERVICES



DEPARTMENT: CORPORATE SERVICES

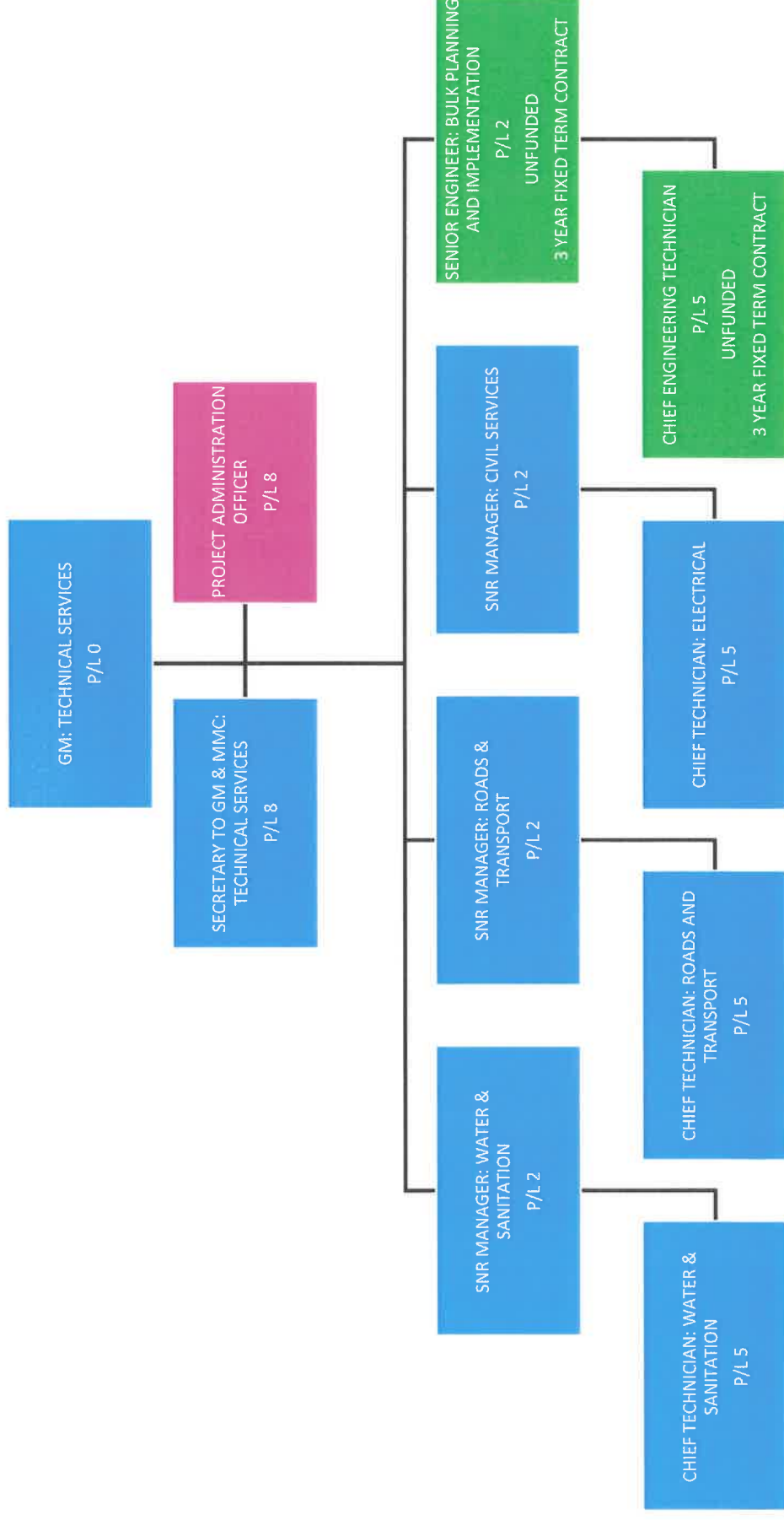


DEPARTMENT: COMMUNITY SERVICES



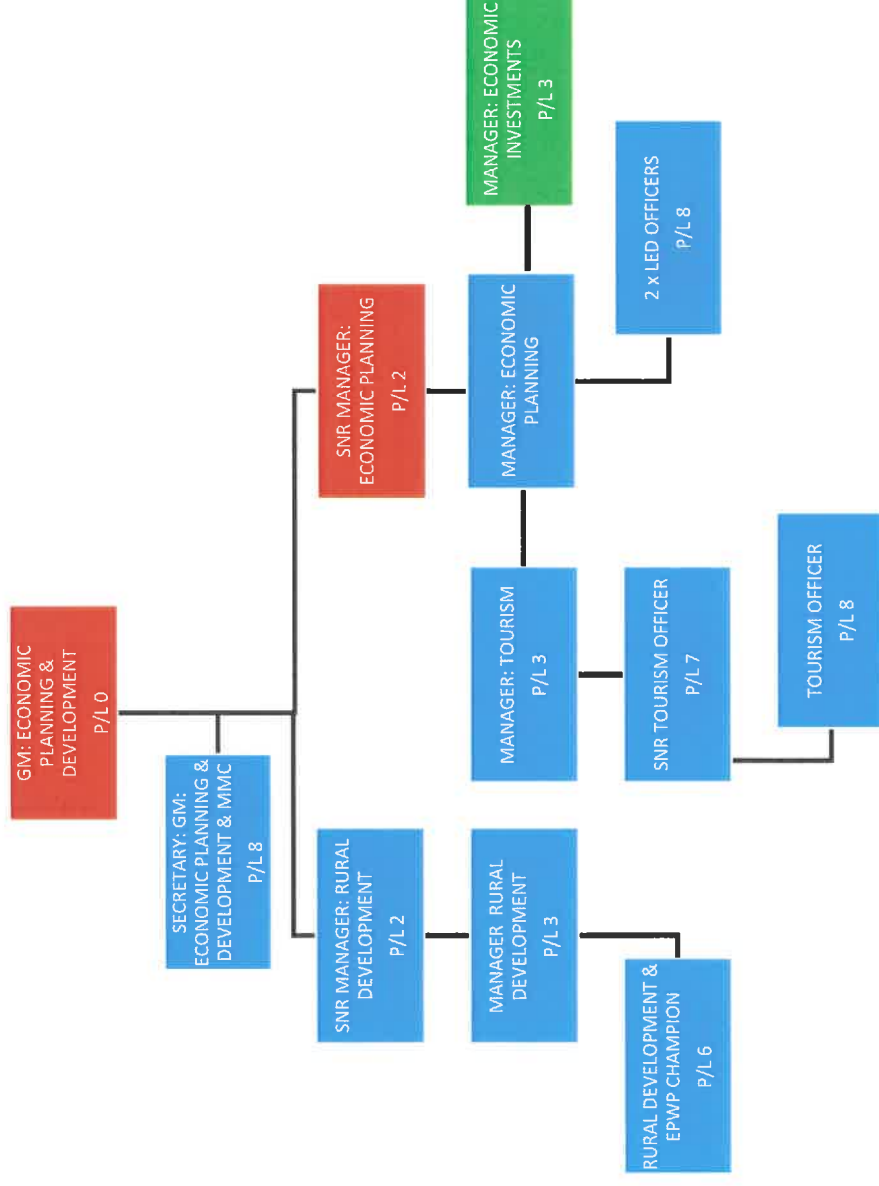
Approved by Council on 30 May 2022 - A63/2022

DEPARTMENT TECHNICAL SERVICES



Approved by Council on 30 May 2022 - A63/2022

DEPARTMENT ECONOMIC PLANNING & DEVELOPMENT



APPENDIX D

POWERS AND FUNCTIONS OF THE MUNICIPALITY

84. Division of functions and powers between district and local municipalities –

(1) A district municipality has the following functions and powers-

- (a) Integrated development planning for the district municipality as a whole, including a framework for integrated development plans of all municipalities in the area of the district municipality.
- (b) Potable water supply systems.
- (c) Bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity.
- (d) Domestic waste-water and sewage disposal systems.
- (e) Solid waste disposal sites, in so far as it relates to-
 - (i) The determination of a waste disposal strategy;
 - (ii) The regulation of waste disposal;
 - (iii) The establishment, operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities for more than one local municipality in the district.
- (f) Municipal roads which form an integral part of a road transport system for the area of the district municipality as a whole.
- (g) Regulation of passenger transport services.
- (h) Municipal airports serving the area of the district municipality as a whole.
- (i) Municipal health services.
- (j) Fire fighting services serving the area of the district municipality as a whole, which includes-
 - (i) Planning, co-ordination and regulation of fire services;
 - (ii) Specialised fire fighting services such as mountain, veld and chemical fire services;
 - (iii) Co-ordination of the standardization of infrastructure, vehicles, equipment and procedures;
 - (iv) Training of fire officers.
- (k) The establishment, conduct and control of fresh produce markets and abattoirs serving the area of a major proportion of the municipalities in the district.
- (l) The establishment, conduct and control of cemeteries and crematoria serving the area of a major proportion of municipalities in the district.
- (m) Promotion of local tourism for the area of the district municipality.
- (n) Municipal public works relating to any of the above functions or any other functions assigned to the district municipality.
- (o) The receipt, allocation and, if applicable, the distribution of grants made to the district municipality.
- (p) The imposition and collection of taxes, levies and duties as related to the above functions or as may be assigned to the district municipality in terms of national legislation.

APPENDIX E

AUDIT COMMITTEE RECOMMENDATIONS FOR THE FINANCIAL YEAR 2021/22

The Audit Committee which serves as an advisory body of Council comprising of 5 external members have met 4 times during the year under review to execute their oversight role on Internal Control, Risk Management, Financial Management, Performance Management and Governance matters in line with Section 166 of the Municipal Finance Management Act.

Committee Membership and Attendance:

Name of Member	Position	Number of Attended
Mr M Secker	Chairperson	4 meetings
Mrs Z Sibanda	Member	4 Meetings
Ms S Lubisi	Member	4 Meetings
Mr S Mabilane	Member	3 Meetings
Mr K Mokoena	Member	4 Meetings

THE EFFECTIVENESS OF INTERNAL CONTROLS AND INTERNAL AUDIT

THE AUDIT COMMITTEE WAS PRESENTED WITH THE FOLLOWING REPORTS BY THE INTERNAL AUDIT UNIT, WHICH ARE IN LINE WITH THE APPROVED AUDIT PLAN FOR THE FINANCIAL YEAR 2021/22:

- i. Internal Audit Report on the Annual Performance Report for financial year 2021/22
- ii. Internal Audit Report on the Annual Financial Statement for the year ending 30 June 2022
- iii. Follow-Up on Internal Audit Findings
- iv. Internal Audit Report on Performance Management 1st Quarter, Mid-Term and 3rd Quarter of 2021/22
- v. Internal Audit Report on Supply Chain Management Process (Including PPE Procurement)
- vi. Dashboard on key Controls (4th Quarter 2020/21 and Mid-Term 2021/22)

We are pleased to report to Council that we have reviewed the Internal Audit Reports and that these reports provide assurance that the Municipality's internal control systems are effectively managed and controlled, we however urge management to ensure that the minor and significant findings reported by Internal Audit are effectively resolved as agreed by management, to strengthen the overall internal control system of the municipality. The Committee also urges Internal Audit to continue to do follow-up reviews to monitor the implementation progress of the recommendations and should thus report its findings to the Audit Committee.

ANNUAL FINANCIAL STATEMENTS OF EHLANZENI DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2022

Section 166 (2) (b) of the MFMA requires the Audit Committee to respond by reviewing the annual financial statements so as to provide Council of the municipality with an authoritative and credible view into the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.

The Audit Committee has upon reviewing the Annual Financial Statements made the following observations and recommendations which are to be considered before submission of the AFS's to the Auditor General for audit purposes:

- that the Audit Committee's inputs and comments made on the draft AFS for the year ended 30 June 2022 will be incorporated prior to submission of the AFS to the Auditor General on the 31st August 2022;
- the final version of the AFS will be sent in a PDF format with tracking notes to the Audit Committee members to enable the members to track the proposed changes; and
- the final version AFS be sent together with the accounting policy on prior year errors and changes in prior year estimates.

The Audit Committee thanked the CFO and the entire Management team for the effort put into documenting the Annual Financial Statements for the 2021/22 financial year and wished the Municipality well for the upcoming audit by Auditor-General South Africa, hoping that the Municipality will attain yet another clean audit opinion.

RISK MANAGEMENT

In terms of section 166 (2) (a) (ii) of the Municipal Finance Management Act, the Audit Committee must advise the municipal council and the management staff of the municipality on matters relating to Risk Management, and in terms of the King Code IV of Corporate Governance, 3.8, the Audit committee must be an integral part of the risk management process, on which the committee reports as follows:

- The Municipal Structures Act be included on the list of legislation against which the Municipality's compliance is reviewed;
- Protection of Personal Information Act (POPIA) No. 4 of 2013 be included on the list of legislation against which the Municipality's compliance is reviewed (i.e.: the Quarterly Compliance Report);
- The Audit Committee noted that the Standard Operating Procedure (SOP) referred to on the Risk Management report is in relation to a standardised procedure manual currently being developed through a service provider to document the processes that will guide the uniform implementation process (planning, control and monitoring) of all capital projects undertaken by the municipality from the completion and adoption of the SOP which is anticipated to be by the end of the current financial year;
- The Audit Committee noted that while the SOP may assist the Municipality in documenting Bid Documents of the highest quality, no absolute assurance can be given that the Service Providers in turn would furnish detailed information to the extent that the Bids received would never be deemed as "non-responsive" as this is beyond the control of the municipality. It was further noted that now that the Lockdown restrictions have been lifted, the Municipality is reverting back to the "Compulsory Briefing Sessions" as an additional control to curb the high number of non-responsive bids that the municipality was faced with recently; and
- Management to ensure that the Scope of Works at Bid Specification Committee level is accordingly crafted to minimise non-responsive Bids which causes wasteful expenditure in order to enhance service delivery and improve the timeous implementation of planned projects.

LEGAL MATTERS

In terms of section 166 (2) (a) (ii) of the Municipal Finance Management Act, the Audit Committee must advise the municipal council and the management staff of the municipality on matters relating to Risk Management, the committee reports as follows with regards to legal matters/contingent liabilities that could have an impact on the Municipality's finances: The Committee had the following recommendations and observations:

- The Committee advised the Municipality to take heed of the recently promulgated Rule 41(a) of the High Court which is aimed to deal with imminent litigation and mediation which should go parallel to minimise legal costs;
- Audit Committee advised that a notice of intention to defend must always be filed to prevent the other side (party) to apply for default of judgement and also to ensure that written agreements to this effect must always be secured this will prevent unnecessary costs that may arise in future;
- That the Municipality should through the attorneys conduct a due diligence assessment to ensure that a debt judgement can be possibly recoupable/collectable from the party being sued by the municipality before spending a lot of money on legal fees;
- That the Municipality seek an independent legal practitioner's opinion on whether is it favourable for the Municipality to pursue any further the Joint Municipal Pension Fund matter on the basis of the conflicting views on the judgement and also the issue of precedent;
- The Audit Committee noted that on the MPU Copiers matter where it is reported that the Municipality as a party was wrongfully cited, the Municipality should at an appropriate time file a special plea or exception based on the principle of misjoinder over and above the notice of intention to defend;
- The Audit Committee advised management to ensure that a **due diligence** is urgently conducted on the liquidity of Ntshangalala Holdings and Maadima (Pty) Ltd, the defendants on the Claim for Damages and a Performance Guarantee matter, especially now that the offices of the latter have been located, this exercise can save the

municipality on unnecessary additional legal costs in the event the outcome of the summons issued becomes a **'Nulla bona return'** i.e. insufficient liquidity on the side of the defendant;

- Audit Committee advised management to ensure that the proposed consultation within the various Municipalities in the region through their District Legal Advisory Forum meetings be urgently convened to expedite the standardization of the Litigation register reporting in terms of compliance to the High Court ruling on tariffs (rule 70 principle); and
- That in the Graskop Pale matter, the plaintiff issued summons against Thaba Chweu Local Municipality and Ehlanzeni District Municipality as first and second Defendants respectively, following the severe fire damages to various plantations and properties, including the farm belonging to Plaintiff the Municipality appointed an Attorney to defend the matter and filed a Plea as well as a notice to defend, however in the interim funds have been secured to assist TCLM in upgrading its Fire Station to ensure that it has the capacity to timely respond to similar events in the future.

INFORMATION TECHNOLOGY REPORTS

In terms of Section 166 (2) (a) (iv) of the MFMA Act no. 56 of 2003, the Audit Committee must advise the municipal council, the political office-bearers, accounting officer and the management staff of the municipality on matters relating to– "the adequacy, reliability and accuracy of financial reporting and information".

On the basis of the Information Technology (IT) Report that was deliberated on by the Audit Committee. The committee provides the Municipal Council with reasonable assurance that the municipality's systems in place in relation to adequacy, reliability and accuracy of financial reporting and information are sufficiently effective.

The following was noted by the Committee:

- That the reported ICT security breach (E-Mail "Spoofing") has been effectively managed by means of security assessment, implementation of a sender policy framework as well as the procurement of a new firewall device which is currently awaiting licencing;
- That the ICT Steering Committee is functional dealing with operational and strategic issues and currently being chaired by the CFO;
- That due to the National Treasury's circular preventing competitive bidding as well as due to previous Bids being rendered non-responsive the Municipality therefore opted to extend further the contract with the Internet Service Provider to the end of the current financial year (2021/22) ;
- That extension of the contract with the Internet Service Provider was done following a deviation process in line with the SCM regulation 36 of the Municipal Finance Management Act, 56 of 2003;
- That all ICT related procurement be reported together with the financial implication associated with it; and
- It be noted that the IT Security assessment recently conducted did not reflect any major discrepancies except for the system updates that requires to be attended to which also were already carried out;

FINANCIAL MANAGEMENT REPORTS

The committee was presented with the Financial Reports Implementation of the Supply Chain Management (SCM) Policy, SCM Bids below R200 000, SCM bids over R200 000, Deviation form SCM Policy, Budget Implementation Performance and Financial State of Affairs for the financial year 2021/22.

AUDIT COMMITTEE RESOLUTIONS ON THE FINANCIAL MANAGEMENT REPORTS WERE AS FOLLOWS:

- The Audit Committee noted the 2021/22 financial year's 1st quarter SCM Report on Procurement below R200 000 and advised management to ensure that the report to reflects the quantity of items in order to assess the reasonableness of those items procured;
- The Audit Committee noted the Deviation from normal SCM processes report for the 1st Quarter of the 2021/22 financial year and, the Audit Committee advised management not to combine the principle of sole provider and impractical;
- The Audit Committee noted the 2021-22 Mid-Term Budget Assessment Report and further noted that the Municipality had put on hold the renting out of the DMC due to the dilapidated state of the facility which requires

refurbishment and thereafter to explore the Mpumalanga University's hospitality faculty partnership in relation to the usage of the facility in line with the MOU recently entered into;

- The Audit Committee noted that Council have approved the UIFWE Reduction Strategy of EDM with three overarching controls, i.e.: prevention, detection, and correction and that the Local Municipalities within the District have been requested to also initiate a similar process, an update on the LM's adoption of the UIFWE Strategy will be reported to the Audit Committee in the next sitting); and
- The Audit Committee noted the Report on Response from the Development Bank of Southern Africa (DBSA) on the Refinancing of the Existing Long-Term Loan as well as the savings on finance cost to be realised by the municipality over the remaining term of the existing long-term loan.

EFFECTIVE GOVERNANCE

The Audit Committee's responsibilities also include the monitoring and fostering of good corporate governance practices in the municipality, this responsibility was effectively discharged by reviewing the Internal Audit Reports; Dashboard Report on key controls; Risk Management Reports and the Financial Management Report as well as the Information Technology Report (as reported above) for the period under review.

Council note that the Audit Committee is pleased to report that the Administrative Governance Structures of the Municipality are fully effective and the Municipality is urged to maintain the current state of affairs.

TECHNICAL SERVICES REPORTS

The Audit Committee noted and appreciated the report on the implementation of the Projects which was presented by the General Manager: Technical Services.

AUDIT COMMITTEE RESOLUTIONS ON THE TECHNICAL SERVICES REPORT WERE AS FOLLOWS: -

- It be noted that due to unforeseen technical challenges in relation to the Phase 1 project (Blasting, relocation of the reservoir and re-specification of pump) these have led to a need to have the completion date being extended subject to the necessary extension of time requests and approval;
- It be noted that the approved variation order amount as well as the details on the revised scope of work and contract values of the affected projects will be reported in the next audit committee meeting;
- It be noted that of three of the planned four Boreholes in the City of Mbombela have been completed and the fourth Borehole was delayed by challenges in relation to Eskom connection (supply point and switch on) prior to commissioning of the project; and
- The Audit Committee advised that in instances where the expenditure amount is affected by the material on site, such be specified on the remarks table so as to enable ease of reference when comparing the amount spent against the project completion status and also to enhance the completeness of the Capex progress report.

COMPLIANCE WITH MFMA, DoRA AND ANY OTHER APPLICABLE LEGISLATIVE

The Audit Committee has reviewed the Risk Management Unit and the Internal Audit's reports pertaining to the extent of compliance to various applicable legislation and these include the following: -

- Municipal Finance Management Act 56 of 2003;
- Municipal Systems Act 32 of 2000;
- Basic Conditions of Employment Act 75 of 1997;
- Compensation of Employment Act 130 of 1993;
- Labour Relations Act 66 of 1995;
- Employment Equity Act 55 of 1998;
- Unemployment Insurance Contributions Act 4 of 2002;
- Occupational Health and Safety Act 85 of 1993;
- Preferential Procurement Policy Framework Act 5 of 2000;
- Broad-Based Black Economic Empowerment Act 53 of 2003; and
- Promotion of Access to Information Act 2 of 2000

That Council note that the Audit Committee reports that on the basis of the review done to evaluate compliance to the above-mentioned laws, the municipality reported no incident of non-compliance for the period under review.

PERFORMANCE MANAGEMENT AND EVALUATION

The Audit Committee has been appointed to also fulfil the responsibilities of a Performance Audit Committee as set out in the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The Performance Audit Committee must–

- (i) Review the quarterly report submitted to it in terms of sub regulation (1) (c) (ii);
- (ii) Review the municipality's performance management system and make recommendations in this regard to the council of that municipality

Furthermore, in reviewing the municipality's performance management system in terms of paragraph (a) (ii), the performance audit committee must focus on economy, efficiency, effectiveness and impact in so far as the key performance indicators and performance targets set by the municipality are concerned. The Audit Committee is fully aware of these responsibilities and has accordingly endorsed this function in its Audit Committee Charter.

The Committee is therefore pleased to report that it has effectively discharged this responsibility when it reviewed the Mid-term, 3rd Quarter and Annual Performance Report and resolved as follows:

AUDIT COMMITTEE RESOLUTIONS/RECOMMENDATIONS ON PERFORMANCE MANAGEMENT: -

- Management to ensure that tangible Mechanisms to address underperformance be drafted in such a way that it complies with Section 41 (1) (d) and Section 46 (1) (c) of the Local Government: Municipal Systems Act, 32 of 2000;
- It be noted that the principle of the legislation requires the municipality **to take steps** to improve performance with regard to those development priorities and objectives where performance targets are not met; and to **reflect the measures taken** by the municipality to improve performance;
- It be noted that the OPMS division have circulated to all General Managers a template to reflect measures taken to improve underperformance that may have been identified in those various departments and this template is being followed up on a monthly basis;
- Audit Committee noted that there are some projects that were directly affected by the Constitutional Court's judgement on the Preferential Procurement Regulations of 2017, in that State Organs were advised to hold in abeyance all Tenders advertised on or after 16 February 2022 and that no "New" Tenders may be advertised;
- Committee noted that the Performance Appraisal for the Municipal Manager and the General Managers was reported with a "Not Fully Effective" result as at Mid-Term Of 2021/22 and that the current reporting system and the standard operating procedure is being revised to address senior management's concerns regarding the systems' user friendliness issues;
- Audit Committee advised Management to ensure that the SDBIP adjustment in future should have a direct effect towards the Procurement Plan whereby the Procurement Plan also requires to be immediately adjusted to ensure alignment, since the latter is considered an implementation tool of the SDBIP;
- The Audit Committee noted that in order to ensure fairness of the process, the selection of the Guesthouses for grading is done in consultation with the Local Tourism Organisations in those areas where such a project is being implemented and that this is done in line with the Memorandum of Understanding with the Tourism;
- The Audit Committee advised management to take heed of the potential complaints by those organisations that may not have been selected to receive similar support as being provided to their counterparts (i.e.: on the Guesthouse grading project, Small Scale Farmers as well as other SMME's in the region);
- It be noted that the delays experienced on the Road Rehabilitation project at Thaba Chweu Local Municipality [TCLM] (Lydenburg) was caused by the inclusion of TCLM of the already earmarked areas by EDM in their own project currently underway, this led to re-identification of other municipal roads by EDM to rehabilitate, however there was no need for additional funding to complete the revised project;

- It be noted that the project on Integrated Waste Management Plan was delayed due to Non-responsive bids received at the initial procurement stage during the second quarter of the 2021/22 financial year, attempts to catch up on the project were hindered by the National Treasury's Notice on procurement, although the "Directive" have was later lifted, the amount of time remaining is not sufficient to finalise all the planned projects that were affected by the National Treasury Notice on procurement and this will result into underperformance and the affected capital projects and funding will be rolled over to the new financial year 2022/23; and
- It be noted that the Audit Committee raised its apprehension on the underperformance reported in relation to the Performance Appraisal Process of the Section 54A and section 56 Managers of the Municipality and urged management to put measures in place to ensure that the underperformance is addressed as a matter of urgency.

Internal Audit has also performed an audit of the Municipality's Annual Performance Report for 2020/21, and Mid-term Performance Report as well as the 3rd Quarter of the 2021/22 financial year in line with section 45 (a) of the Municipal Systems Act 32 of 2000.

ACTION PLAN TO ADDRESS ISSUES RAISED BY THE AUDITOR GENERAL

Section 166 (2) (c) of the MFMA requires the Audit Committee to respond to council on any issues raised by the Auditor-General in the audit report.

The Audit Committee has upon reviewing the Audit Action Plan which was developed by Management to respond to the issues raised by the Auditor-General noted the implementation of the proposed remedial action, including the Follow-up by the Internal Audit Unit.

The Chief Audit Executive provided reasonable assurance on the effectiveness of the designed actions to address the issues raised in the AG management report and also reported that the Action Plan was developed and was implemented by Management prior to the submission of the Annual Financial Statements (AFS). Follow -up on implementation of the improvement actions were verified by Internal Audit at year-end and others during the drafting of the financial statements.

OVERALL CONCLUSION

As can be noted above, good progress is being made in various areas that fall within the responsibility of the Audit Committee which the committee has reported on at various stages. Management has shown support to the committee and has committed to resolving issues raised and recommendations made.

Other than the issues reported above, there is neither material nor significant matters that were observed or brought to the attention of the Audit Committee through the Internal Audit reports or discussions with the Chief Audit Executive, Accounting Officer and/or Senior Management that might affect the municipality negatively or impede its progress in the implementation of the recommendations made.

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Is a requirement that annual report should also include a summary of operating results presented by the Chief Financial Officer, including-

- Operating revenue;
- Operating expenditure;
- Operating results per service;
- Capital expenditure and financing;
- External loans, investments and cash;
- Statement of financial position;
- Statement of financial performance;
- Statement of changes in assets;
- Cash-flow statement;
- Accounting policies; and
- Notes to financial statements

**Audited
By**

2022 -11- 30

**Auditor General South Africa
Mpumalanga Business Unit**

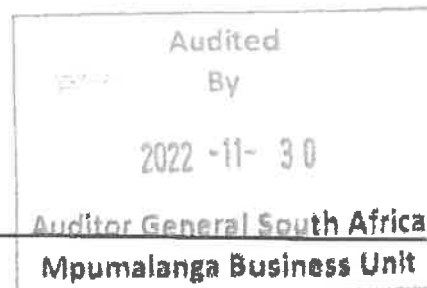


**Ehlanzeni District Municipality
Annual Financial Statements
for the year ended 30 June 2022**

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information



Mayoral committee

Executive Mayor

Speaker

Chief Whip

Mayoral committee

J Sidell

RE Khumalo

EIT Shabangu

GS Siwela

MJ Mnisi

M Chembeni-Sahl

MR Shongwe

PT Silowe

TR Manyisa

LC Shakwane

M Nkuna

MJ Mavuso

S Mashigo-Sekgobela

TS Khoza

ET Mabuza

TS Khoza

KJ Macie

RN Mphika

PP Chima

MJ Mnisi

CM Mokoni

TB Sibuyi

NM Maganga

JH Ligthelm

MMS Preddy

SR Schormann

SB Mgiba

SB Chauke

SA Thobela

ND Ndlovu

E Mathebula

M Van Der Westhuizen

CM Mohlala

S Couvaras

NC Khoza

NV Mathobela

TM Mthombo

LP Ngomane

NR Nkomo

SB Nkuna

VT Nyambi

R Shabangu

EE Mabunda

SO Makhubela

IS Mashava

AM Mathebula

F Mbhandze

ML Monareng

Term ended 9 November 2021

Elected 10 November 2021

Term ended 9 November 2021

Elected 10 November 2021

Term ended 9 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Resigned 30 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Term ended 8 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Elected 10 November 2021

Councillors

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

Auditor General South Africa
Mpumalanga Business Unit

BN Ngobeni	Elected 10 November 2021
K Nukeri	Elected 10 November 2021
R Qhibi	
HE Sihlabela	Elected 10 November 2021
SL Sithole	Elected 10 November 2021
HP Thobakgale	Elected 10 November 2021
CK Chuene	Elected 10 November 2021
VS Gwebu	Elected 10 November 2021
TE Mahlalela	Elected 10 November 2021
HK Malomane	Elected 10 November 2021
SJ Manana	Elected 10 November 2021
DC Masilela	Elected 10 November 2021
ZA Mdhluli	Elected 10 November 2021
RB Mhlaba	Elected 10 November 2021
PCW Minnaar	
TE Ngomane	Elected 10 November 2021
LF Nkosi	Elected 10 November 2021
C Sebamba	Elected 10 November 2021
HX Sifunda	Elected 10 November 2021
GCB Anthony	Term ended 9 November 2021
TM Charles	Term ended 8 November 2021
KC Cheune	Resigned 2 September 2021
P Gubayi	Term ended 9 November 2021
MJ Hlophe	Term ended 9 November 2021
LE Khosa	Term ended 9 November 2021
DM Khoza	Term ended 9 November 2021
JJ Khoza	Term ended 8 November 2021
NL Lukhele	Term ended 9 November 2021
PC Luphoko	Term ended 9 November 2021
TG Mabuza	Term ended 8 November 2021
EM Madiba	Term ended 9 November 2021
M Mahlangu	Term ended 9 November 2021
V Malatjie	Term ended 9 November 2021
JB Mashaba	Term ended 9 November 2021
E Mashele	Term ended 9 November 2021
DL Masilela	Term ended 9 November 2021
TE Masilela	Term ended 9 November 2021
G Mathebula	Term ended 9 November 2021
M Mathebula	Term ended 9 November 2021
SP Mathonsi	Term ended 9 November 2021
L Matsile	Term ended 9 November 2021
LP Mbambo	Term ended 9 November 2021
M Mbewe	Term ended 9 November 2021
PP Mbowane	Term ended 9 November 2021
LS Mhaule	Term ended 9 November 2021
ET Mkhabela	Term ended 9 November 2021
ML Mkhabela	Term ended 9 November 2021
SL Mkhathshwa	Term ended 9 November 2021
GP Mkhombo	Term ended 9 November 2021
MN Mlambo	Term ended 9 November 2021

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

General Information

**Audited
By
2022 -11- 30
Auditor General South Africa
Mpumalanga Business Unit**

ML Mnisi	Term ended 9 November 2021
GN Mogiba	Term ended 9 November 2021
MJ Morema	
MG Moyana	Term ended 9 November 2021
AS Mthunywa	Term ended 9 November 2021
GP Raphiri	Term ended 9 November 2021
LC Shakwane	Term ended 9 November 2021
BC Shongwe	Term ended 9 November 2021
NP Thabane	Term ended 9 November 2021
NW Tivane	Term ended 9 November 2021
LT Vuma	Term ended 9 November 2021
KP Robertson	Elected 1 May 2022

Grading of local authority

5

Municipal demarcation code

DC32

Accounting Officer

Dr. NP Mahlalela

Chief Financial Officer

PO Mokoena

Registered office

8 Van Niekerk Street
Mbombela
Mpumalanga
1200

Postal address

P O Box 3333
Mbombela
Mpumalanga
1200

Bankers

First National Bank Limited

Auditors

Auditor General South Africa

Attorneys

Mahumani Incorporated Attorneys
Thenjiwe Nkosi Attorneys
Matsane Attorneys
MP Maseko Attorneys

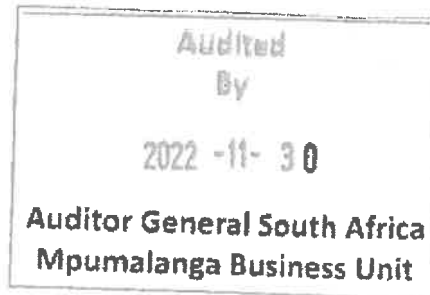
Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Index

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

Index	Page
Accounting Officer's Responsibilities and Approval	5
Acronyms	6
Statement of Financial Position	7
Statement of Financial Performance	8
Statement of Changes In Net Assets	9
Cash Flow Statement	10
Statement of Comparison of Budget and Actual Amounts	11 - 13
Accounting Policies	14 - 36
Notes to the Annual Financial Statements	37 - 76



The following supplementary information does not form part of the annual financial statements and is unaudited:

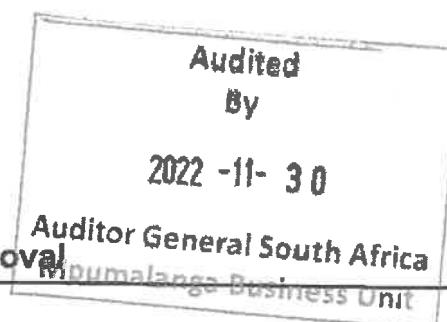
Appendixes:

Appendix A: Schedule of External loans	77
Appendix B: Analysis of Property, Plant and Equipment	78
Appendix C: Segmental analysis of Property, Plant and Equipment	79
Appendix D: Segmental Statement of Financial Performance	80
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	81
Appendix E(2): Budget Analysis of Capital Expenditure	82
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	83

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Officer's Responsibilities and Approval



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

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (Act 56 of 2003) and Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2023 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 7 to 76, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022.

Dr. NP Mahlalela
Accounting Officer

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Acronyms

CFO	Chief Financial Officer
CPI	Consumer Price Index
COVID-19	Coronavirus
DBSA	Development Bank of Southern Africa
DMC	Disaster Management Centre
EPWP	Expanded Public Works Programme
EDM	Ehlanzeni District Municipality
FNB	First National Bank
GIS	Geographical Information System
GRAP	General Recognised Accounting Practice
IDP	Integrated Development Plan
IGRAP	Interpretation of Generally Recognised Accounting Practice
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IPSASB	International Public Sector Accounting Standards
IT	Information Technology
i.t.o	In terms of
LED	Local Economic Development
MFMA	Municipal Finance Management Act, 56 of 2003
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
PAYE	Pay As You Earn
RBIG	Regional Bulk Infrastructure Grant
RRAMS	Rural Roads Assets Management System
SALGA	South African Local Government Association
SARS	South African Revenue Services
SCM	Supply Chain Management
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

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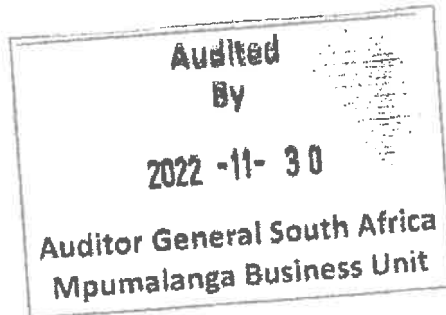
Mpumalanga Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated
Assets			
Current Assets			
Inventories	5	12,869,285	9,306,318
Investments	7	79,665,477	84,586,702
Receivables from exchange transactions	4	45,433,972	49,894,980
Statutory receivables	6	6,451,013	11,612,645
Cash and cash equivalents	3	1,322,828	742,372
		145,742,575	156,143,017
Non-Current Assets			
Property, plant and equipment	8	189,100,399	194,788,633
Intangible assets	9	3,642,139	4,294,188
Investments	7	1,125,482	1,081,804
		193,868,020	200,164,625
Total Assets		339,610,595	356,307,642
Liabilities			
Current Liabilities			
Short-term portion of non-current liabilities	12	9,749,479	8,755,331
Finance lease obligation	13	499,299	182,329
Payables from exchange transactions	10	62,103,782	66,766,710
Provisions	11	14,279,616	12,998,409
		86,632,176	88,702,779
Non-Current Liabilities			
Non-current liabilities	12	96,977,491	106,727,517
Finance lease obligation	13	1,032,809	-
Provisions	11	32,616,891	29,098,237
		130,627,191	135,825,754
Total Liabilities		217,259,367	224,528,533
Net Assets		122,351,228	131,779,109
Accumulated surplus		122,351,228	131,779,109



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand

	Note(s)	2022	2021 Restated
Revenue			
Revenue from exchange transactions			
Operational income	33	656,236	825,956
Rental of facilities and equipment	33	181,578	403,535
Interest received	31	7,210,176	6,854,208
Dividends received	33	153,132	137,544
Revenue from non-exchange transactions			
Government grants & subsidies	14	281,665,539	289,838,212
Fines & penalties	33	-	100,000
Donations in kind	33	-	29,550
Total revenue		289,866,661	298,189,005
Expenditure			
Employee related cost	15	(162,717,867)	(150,269,266)
Remuneration of councillors	16	(17,320,179)	(16,368,867)
Audit fees	22	(2,393,472)	(3,233,793)
Depreciation and amortisation	17	(11,325,943)	(11,052,042)
Provision for bad debts	4	(4,681,889)	(6,099,343)
Finance costs	18	(16,173,758)	(17,132,877)
Repairs and maintenance	19	(5,111,874)	(2,059,871)
Contracted services	20	(28,070,230)	(26,516,470)
Operational expenses	23	(35,970,539)	(33,125,029)
Total expenditure		(283,765,751)	(265,857,558)
Operating surplus		6,100,910	32,331,447
Grants and subsidies	21	(15,590,166)	(8,827,028)
(Loss) on disposal of assets		(44,002)	(256,969)
(Loss) /gain on fair value adjustment	7	(443,269)	174,364
Actuarial gain	11	751,000	1,035,000
(Deficit) /surplus for the year		(9,225,527)	24,456,814

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Mpumalanga Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	108,093,453	108,093,453
Adjustments		
Prior period adjustments - note 39	(765,779)	(765,779)
Balance at 01 July 2020 as restated	107,327,674	107,327,674
Changes in net assets		
Prior period adjustments	(5,379)	(5,379)
Net (losses) recognised directly in net assets	(5,379)	(5,379)
Surplus for the year	24,456,814	24,456,814
Total recognised income and expenses for the year	24,451,435	24,451,435
Total changes	24,451,435	24,451,435
Opening balance as previously reported	132,544,888	132,544,888
Adjustments		
Prior period adjustments - note 39	(765,779)	(765,779)
Balance at 01 July 2021 as restated	131,779,109	131,779,109
Changes in net assets		
Prior period adjustments - note 39	(202,354)	(202,354)
Net (losses) recognised directly in net assets	(202,354)	(202,354)
(Deficit) for the year	(9,225,527)	(9,225,527)
Total changes	(9,427,881)	(9,427,881)
Balance at 30 June 2022	122,351,228	122,351,228

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Mpumalanga Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand

	Note(s)	2022	2021 Restated
Audited By 2022 -11- 30 Auditor General South Africa Mpumalanga Business Unit			
Cash flows from operating activities			
Receipts			
SARS VAT refunds		14,761,634	3,283,319
Grants		281,665,539	289,838,212
Interest received		6,283,889	6,900,104
Dividends received		153,132	-
Implementing agency receipts		126,767,950	140,076,687
Other receipts		9,925,225	5,220,998
		<u>439,557,369</u>	<u>445,319,320</u>
Payments			
Employee costs		(181,357,598)	(183,595,128)
Suppliers		(106,605,630)	(94,475,972)
Finance costs		(12,632,758)	(13,507,668)
Implementing agency payments		(130,383,829)	(143,496,536)
		<u>(430,979,815)</u>	<u>(435,075,304)</u>
Net cash flows from operating activities	24	<u>8,577,554</u>	<u>10,244,016</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(4,246,250)	(3,702,469)
Proceeds from sale of property, plant and equipment		118,980	7,039
Purchase of intangible assets	9	(897,819)	(1,796,476)
Movement in investments		4,434,090	(1,948,166)
Net cash flows from investing activities		<u>(590,999)</u>	<u>(7,440,072)</u>
Cash flows from financing activities			
Repayment of long-term liabilities		(8,755,878)	(7,857,801)
Increase/(decrease) finance leases		1,349,779	(566,322)
Net cash flows from financing activities		<u>(7,406,099)</u>	<u>(8,424,123)</u>
Net increase/(decrease) in cash and cash equivalents		580,456	(5,620,179)
Cash and cash equivalents at the beginning of the year		742,372	6,362,551
Cash and cash equivalents at the end of the year	3	<u>1,322,828</u>	<u>742,372</u>

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

**Audited
By****2022 -11- 30****Statement of Comparison of Budget and Actual Amounts**

Budget on Accrual Basis

Auditor General South Africa
Mpumalanga Business Unit

	Original budget	Adjustments	Adjusted Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Operational income	1,917,942	(1,065,942)	852,000	656,236	(195,764)	
Rental of facilities and equipment	646,000	-	646,000	181,578	(464,422)	Note 38.1
Interest received	10,500,000	(1,900,000)	8,600,000	7,210,176	(1,389,824)	Note 38.2
Dividends received	164,000	-	164,000	153,132	(10,868)	
Total revenue from exchange transactions	13,227,942	(2,965,942)	10,262,000	8,201,122	(2,060,878)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	281,335,000	200,000	281,535,000	281,665,539	130,539	
Total revenue	294,562,942	(2,765,942)	291,797,000	289,866,661	(1,930,339)	
Expenditure						
Employee related cost	(175,591,106)	12,470,728	(163,120,378)	(162,717,867)	402,511	
Remuneration of councillors	(16,726,366)	(601,626)	(17,327,992)	(17,320,179)	7,813	
Audit fees	(3,800,142)	1,406,090	(2,394,052)	(2,393,472)	580	
Depreciation and amortisation	(11,483,753)	(187,120)	(11,670,873)	(11,325,943)	344,930	
Provision for bad debts	-	(4,681,894)	(4,681,894)	(4,681,889)	5	
Finance costs	(13,678,648)	(2,496,443)	(16,175,091)	(16,173,758)	1,333	
Repairs and maintenance	(3,185,397)	(1,929,028)	(5,114,425)	(5,111,874)	2,551	
Contracted services	(21,838,214)	(6,816,776)	(28,654,990)	(28,070,230)	584,760	
Operational expenses	(32,483,818)	(3,655,275)	(36,139,093)	(35,970,539)	168,554	
Total expenditure	(278,787,444)	(6,491,344)	(285,278,788)	(283,765,751)	1,513,037	
Operating (deficit)	15,775,498	(9,257,286)	6,518,212	6,100,910	(417,302)	
Grants and subsidies	-	-	-	(15,590,166)	(15,590,166)	Note 38.3
Gain/ (loss) on disposal of assets	-	276,020	276,020	(44,002)	(320,022)	Note 38.4
(Loss) on fair value adjustment	-	(443,335)	(443,335)	(443,269)	66	
Actuarial gain	-	751,000	751,000	751,000	-	
	-	583,685	583,685	(15,326,437)	(15,910,122)	
(Deficit) for the year	15,775,498	(8,673,601)	7,101,897	(9,225,527)	(16,327,424)	Note 38.3

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Audited
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2022 -11- 30

Statement of Comparison of Budget and Actual AmountsAuditor General South Africa
Mpumalanga Business Unit

Budget on Cash Basis

	Original budget	Adjustments	Adjusted 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	5,138,914	(4,975,566)	163,348	12,869,285	12,705,937	Note 38.5
Investments	-	-	-	79,665,477	79,665,477	Note 38.6
Receivables from exchange transactions	345,752	-	345,752	45,433,972	45,088,220	Note 38.7
Statutory receivables	4,302,359	-	4,302,359	6,451,013	2,148,654	Note 38.8
Cash and cash equivalents	84,422,786	(24,518,358)	59,904,428	1,322,828	(58,581,600)	Note 38.9
	94,209,811	(29,493,924)	64,715,887	145,742,575	81,026,688	

Non-Current Assets

Property, plant and equipment	218,918,149	17,202,056	236,120,205	189,100,399	(47,019,806)	Note 38.10
Intangible assets	8,587,566	365,000	6,952,566	3,642,139	(3,310,427)	Note 38.10
Investments	4,729,350	-	4,729,350	1,125,482	(3,603,868)	Note 38.6
	230,235,065	17,567,056	247,802,121	193,868,020	(53,934,101)	

Total Assets

	324,444,876	(11,926,868)	312,518,008	339,610,595	27,092,587	
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Liabilities**Current Liabilities**

Short-term portion of non-current liabilities	7,906,586	-	7,906,586	9,749,479	1,842,893	Note 38.11
Finance lease obligation	-	-	-	499,299	499,299	Note 38.12
Payables from exchange transactions	16,365,979	-	16,365,979	62,103,782	45,737,803	Note 38.16
Provisions	9,178,683	-	9,178,683	14,279,616	5,100,933	Note 38.13
	33,451,248	-	33,451,248	86,632,176	53,180,928	

Non-Current Liabilities

Non-current liabilities	100,369,248	-	100,369,248	96,977,491	(3,391,757)	
Finance lease obligation	-	-	-	1,032,809	1,032,809	Note 38.12
Provisions	31,434,088	-	31,434,088	32,616,891	1,182,803	Note 38.13
	131,803,336	-	131,803,336	130,627,191	(1,176,145)	

Total Liabilities

	165,254,584	-	165,254,584	217,259,367	52,004,783	
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Net Assets

	159,190,292	(11,926,868)	147,263,424	122,351,228	(24,912,196)	
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Net Assets**Net Assets Attributable to Owners of Controlling Entity****Reserves**

Accumulated surplus	159,190,292	(11,926,868)	147,263,424	122,351,228	(24,912,196)	
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Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

**Audited
By****2022 -11- 30****Statement of Comparison of Budget and Actual Amounts****Auditor General South Africa**

Budget on Cash Basis

Impumalanga Business Unit

	Original budget	Adjustments	Adjusted Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	281,335,000	280,590	281,615,590	281,665,539	49,949	
Interest income	10,500,000	(1,900,000)	8,600,000	6,283,889	(2,316,111)	Note 38.2
Dividends received	164,000	-	164,000	153,132	(10,868)	
Other receipts	2,564,000	(865,942)	1,698,058	24,686,859	22,988,801	Note 38.15
Implementing agency receipts	-	-	-	126,767,950	126,767,950	Note 38.14
	294,563,000	(2,485,352)	292,077,648	439,557,369	147,479,721	
Payments						
Employee related costs	(190,003,805)	-	(190,003,805)	(181,357,598)	8,646,207	
Suppliers	(78,074,418)	(22,453,506)	(100,527,924)	(106,605,630)	(6,077,706)	
Finance costs	(13,678,648)	700,500	(12,978,148)	(12,632,758)	345,390	
Implementing agency payments	-	-	-	(130,383,829)	(130,383,829)	Note 38.14
	(281,756,871)	(21,753,006)	(303,509,877)	(430,979,815)	(127,469,938)	
Net cash flows from operating activities	12,806,129	(24,238,358)	(11,432,229)	8,577,554	20,009,783	
Cash flows from investing activities						
Purchase of property, plant and equipment	(6,150,000)	(280,000)	(6,430,000)	(5,144,069)	1,285,931	Note 38.10
Investment withdrawal	-	-	-	4,434,090	4,434,090	Note 38.6
Proceeds from sale of assets	-	-	-	118,980	118,980	
Net cash flows from investing activities	(6,150,000)	(280,000)	(6,430,000)	(590,999)	5,839,001	
Cash flows from financing activities						
Repayment of borrowings	(7,717,257)	-	(7,717,257)	(8,755,878)	(1,038,621)	Note 38.11
Increase/(decrease) in finance leases	-	-	-	1,349,779	1,349,779	Note 38.12
Net cash flows from financing activities	(7,717,257)	-	(7,717,257)	(7,406,099)	311,158	
Net increase/(decrease) in cash and cash equivalents	(1,061,128)	(24,518,358)	(25,579,486)	580,456	26,159,942	Note 38.9
Cash and cash equivalents at the beginning of the year	85,483,972	-	85,483,972	742,372	(84,741,600)	Note 38.9
Cash and cash equivalents at the end of the year	84,422,844	(24,518,358)	59,904,486	1,322,828	(58,581,658)	

The original budget was mainly adjusted during the year to appropriate unforeseen and unavoidable expenditure, roll-over of unspent funds from prior financial year, in addition to re-allocate and shift savings between line items and votes. Furthermore, the budget was adjusted to align certain line items and transactions to the reporting requirements of GRAP standards.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Audited
By

2022 -11- 30

Auditor General South Africa
Mpumalanga Business Unit

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board as well as the Municipal Finance Management Act 56 of 2003. The annual financial statements meets the requirements of the Municipal Regulations on a Standard Chart of Accounts (mSCOA).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All values have been rounded to the nearest Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

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

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables /Investments and/or other financial assets

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

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

Impairment testing

Value in use of cash-generating assets

The municipality reviews and tests the carrying value of cash-generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell.

These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors together with economic factors such as exchange rates, inflation and interest.

Value in use of non-cash-generating assets

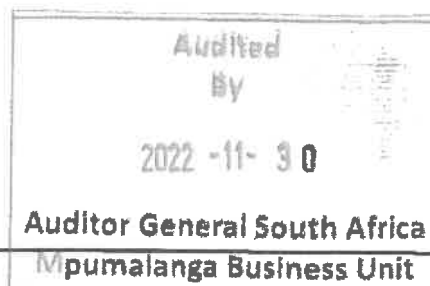
The municipality reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable service amounts of non-cash-generating assets have been determined based on the higher of value in use calculations and fair values less costs to sell.

In determining the value in use of assets, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies



1.1 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Useful lives

The municipality's management determines the estimated useful lives and related depreciation / amortisation charges. This estimate is based on the pattern in which an asset's future economic benefits or service potential is expected to be consumed by the municipality.

Effective interest rate

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

Allowance for doubtful debts

The computation of the amount to be provided for the debtors or receivable impairment will be performed on the basis of the individual or category of customers credit risk profile in addition, also taking into account any payments arrangement or confirmation made by the customers or debtors as at reporting and/or authorisation date. A credit risk assessment and profiling will be conducted on the basis of the service and other charges billed during the financial year and prior financial years. The payment history and the previous amounts billed of the customer or debtors during the financial year and also prior financial years since inception of the service agreement shall be taken into consideration in line with the collection rate formula recommended on MFMA Circular 71.

This credit risk assessment determines the ability of the customer to pay for the future amount due as at the reporting date and it is expressed as a percentage of the aggregate amount payment versus the aggregate amount billed by the customer and also into account any bad debts written off.

In case of a debtor being a councillor or employee who is still in the employment of the municipality, no provision for debtors or receivable impairment will be made as the conduct of code in terms of Municipal Systems Act, 32 of 2000 will be applied in collecting the undisputed debt owed by either the councillor or employee in the employment of the municipality. Furthermore, in case of a Councillor or Employee no longer in the employment of the municipality a full provision of the debt owed will be made.

1.2 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 municipality; and
- the cost or fair value of the item can be measured reliably.

Initial recognition

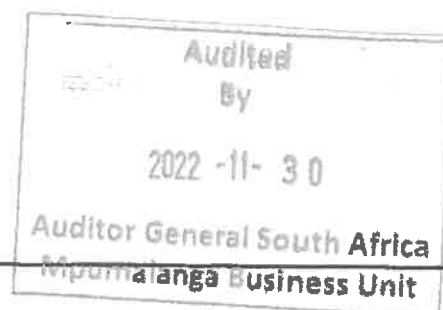
Property, plant and equipment is initially measured at cost.

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.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies



1.2 Property, plant and equipment (continued)

The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

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

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

Subsequent measurement - cost model

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

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Derecognition

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

Depreciation and impairment

The residual value, and the useful life and depreciation method of each asset is 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.

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

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Average useful life
Land	Indefinite

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.2 Property, plant and equipment (continued)

Buildings

Plant and machinery

Furniture and fixtures

Motor vehicles

Office equipment

Air conditioners

50 years

5 - 10 years

5 - 10 years

5 - 20 years

3 - 10 years

15 - 30 years

1.3 Intangible assets

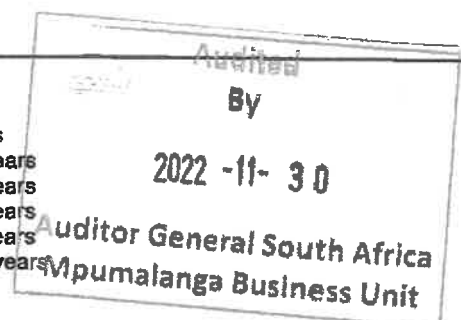
An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identified as an intangible asset when it:

- 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, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

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 municipality; and
- the cost or fair value of the asset can be measured reliably.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Audited

1.3 Intangible assets (continued)

Initial recognition

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Mpumalanga Business Unit

Intangible assets are initially recognised at cost.

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

Subsequent measurement - cost model

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

Amortisation and Impairment

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

Derecognition

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

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

Item	Useful life
Computer software	3 - 10 years

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Statutory receivables

Identification

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the municipality applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

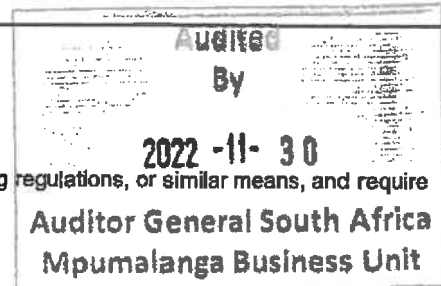
Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- significant financial difficulty of the receivable, which may be evidenced by an application for debt counselling, business rescue or an equivalent;
- it is probable that the receivable will enter sequestration, liquidation or other financial re-organisation;
- a breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied); and
- adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.4 Statutory receivables (continued)

recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable 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 municipality:
 - derecognises the receivable; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The municipality considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.5 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.

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

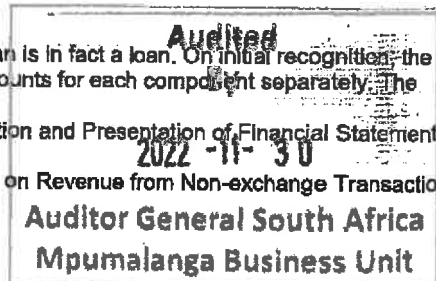
1.5 Financial Instruments (continued)

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability other than those subsequently measured at fair value initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the Issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial Instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with the terms used in the public sector, either through established practices or legislation.

Gains and losses

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

For financial assets and financial liabilities measured at amortised cost 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

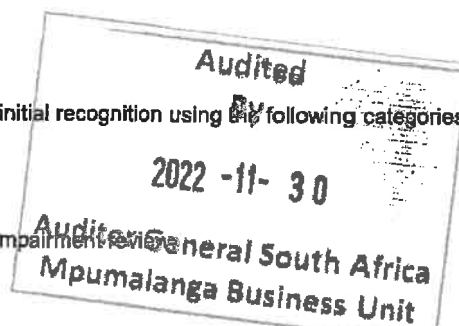
The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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

Financial assets measured at cost:



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- * the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- * the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- * the municipality, 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 entity :
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its 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).

1.6 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.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

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Auditor General South Africa
Mpumalanga Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.6 Leases (continued)

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Rental income for leases is disclosed under revenue in 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.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

1.7 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.

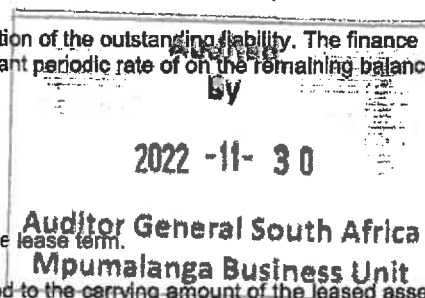
Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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

The cost of inventories 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 municipality.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.7 Inventories (continued)

When inventories are issued, 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.

Work in progress is recognised at cost and not depreciated. It includes all costs incurred in bringing the ultimate assets to their condition and location as intended by management.

Work in progress will be transferred to property, plant and equipment when the assets are available for use.

Work in progress relating to projects on behalf of other entities will be transferred to the specific entity when the assets are available for use.

1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary intention of generating cash or cash equivalents. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

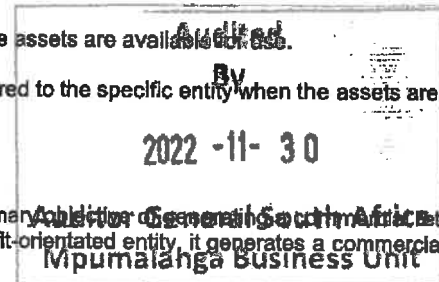
Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Identification

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

The municipality 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 municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality 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.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

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 municipality 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.

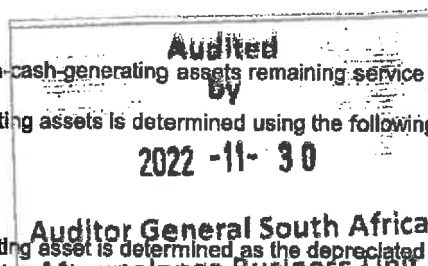
Reversal of an Impairment loss

The municipality assesses 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 municipality 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.

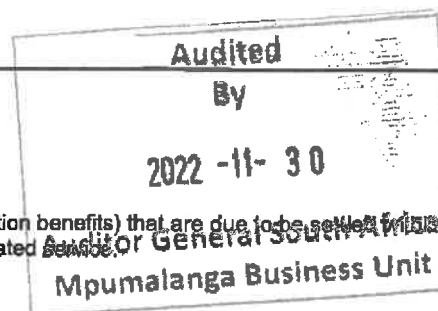
After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining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



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies



1.9 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one municipality, on the basis that contribution and benefit levels are determined without regard to the identity of the municipality that employs the employees concerned.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Employee benefits (continued)

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.9 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

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

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

Provisions are not recognised for future operating deficits.

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

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.10 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when a municipality:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality.

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

Contingencies are disclosed in note 27.

1.11 Revenue from exchange transactions

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

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

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

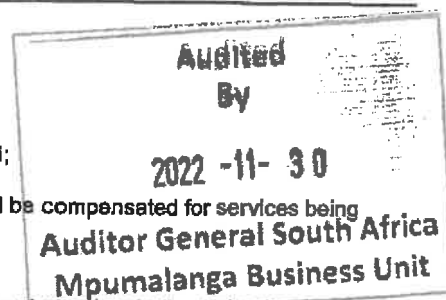
Measurement

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

Sale of goods

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

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



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Interest and dividends

Revenue arising from the use by others of municipality's assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Recognition

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

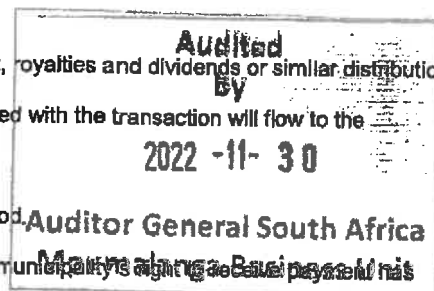
As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

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

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



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Transfers

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

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

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

Fines & penalties

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

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

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are recognised as assets and the related revenue recognised when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

1.13 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, other than those relating to distributions to owners.

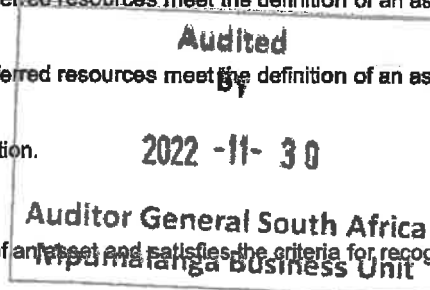
The definition of expense encompasses all cost that arise from the ordinary activities of the municipality, recognised, and classified by type on the statement of financial performance.

Losses also are regarded as expense as long the nature and extent of the losses meet definition of expenses even if may, may not, arise in the course of the ordinary activities of the municipality. When losses are recognised in the statement of financial performance, they would be displayed separately because knowledge of them is useful for the purpose of making economic decisions.

Expense is classified based on either their nature or their function as per the provisions in GRAP 1. 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.

1.14 Accounting for adjustment to revenue

Accounting for adjustment to revenue that correct an error or a prior period error



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.14 Accounting for adjustment to revenue (continued)

Where an evidence exists during a reporting period that the municipality did not follow proper due processes in terms of the applicable legislative and regulatory, and/or its policies and by-laws framework on the revenue charged and recognised in the current or prior period, the correction of such an error shall be made once all internal due processes have been complied with, including where applicable Council approval of such a correction of the error.

The error discovered within the reporting period which relates to that period shall be corrected before the financial statements are authorised for issue and the principles in GRAP3 shall be applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

Accounting for the adjustment to revenue as a change in accounting estimate

Where an evidence exists during a reporting period that new information becomes available and it can be proven that the municipality would not reasonably have prior knowledge of this new information when the revenue was charged, the adjustment to revenue is treated as a change in an accounting estimate in line with the principles in GRAP3.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

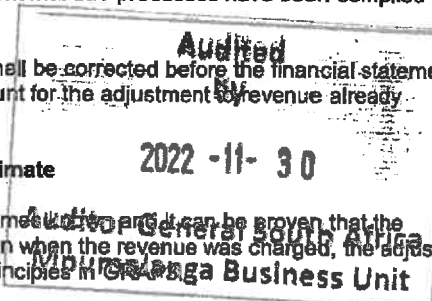
When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.8. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the municipality ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.16 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 municipality adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.17 Comparative information

Whenever it is appropriate, the GRAP 1 provision would be applied to reclassify comparative information to enhance inter-period comparability of financial information. This reclassification is done to assist users in making and evaluating decisions, especially to allow the performance of financial trends analysis and assessment for predictable purposes.

The rationale and details for this additional comparative information reclassification other than what is a requirement of GRAP 3 provisions would be separately stated on a disclosure note to the annual financial statements.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

1.19 Fruitless and wasteful expenditure

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

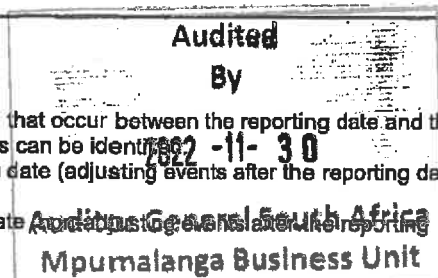
All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted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

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 Presentation of currency

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



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.22 Segment Information

A segment is an activity of the municipality:

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.23 Changes in accounting policy, accounting estimates and correction of error

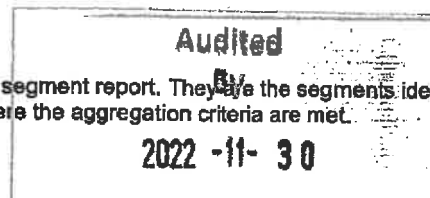
Changes in accounting policies are applied retrospectively in accordance with the requirements of Generally Recognised Accounting Practise (GRAP) 3, except to the extent that it is impractical to determine the period specific of the cumulative effect of the change in accounting policy. In such instances the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

Changes in accounting estimates are applied prospectively in accordance with the requirements of Generally Recognised Accounting Practise (GRAP) 3. The detailed information of the change in accounting estimates is disclosed in the notes to the annual financial statements.

Correction of errors is applied retrospectively in the period to which the error has occurred in accordance with the requirements of Generally Recognised Accounting Practise (GRAP) 3, except to the extent that it is impractical to determine the period specific of the cumulative effect of the change in accounting policy. In such instances the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which the retrospective restatement is practical.

1.24 Value Added Tax

The municipality accounts for VAT on the payment basis.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.25 Accounting by principals and agents

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent for accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the municipality is the principal or the agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is the agent or the principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent.

Assessing which entity benefits from the transactions with third parties

The municipality is the agent when, in relation to transactions with third parties, all three of the following criteria are present:

- it does not have the power to determine the significant terms and conditions of the transaction;
- it does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit; and
- it is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

The municipality, as the agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.26 Budget Information

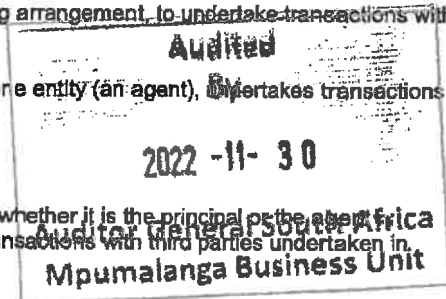
The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 July 2021 to 30 June 2022.

Management will provide explanations of variances between actual and budgeted amounts of more than 10% based on material significant judgment assertion, refer to note 38.

1.27 Related parties

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



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.27 Related parties (continued)

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

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

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

1.28 Going concern assumption

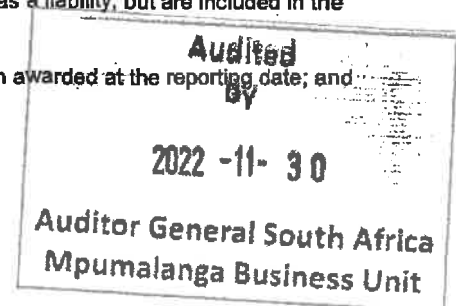
These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.29 Capital commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and Interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

GRAP 104 (amended): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that:

- (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making;
- (b) using fair value in certain instances was inappropriate; and
- (c) some of the existing accounting requirements were seen as too rules based.

As a result, the IASB amended its existing Standards to deal with these issues. The IASB issued the IFRS Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to the IFRS Standard on Financial Instruments: Presentation (IAS 32) and the IFRS Standard on Financial Instruments: Disclosures (IFRS 7). The IPSASB issued revised IPSASs in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- financial guarantee contracts issued;
- loan commitments issued;
- classification of financial assets;
- amortised cost of financial assets;
- impairment of financial assets; and
- disclosures.

The effective date of the amendment is not yet set by the Minister of Finance.

The municipality expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

The impact of this standard is currently being assessed.

Guideline on Accounting for Landfill Sites

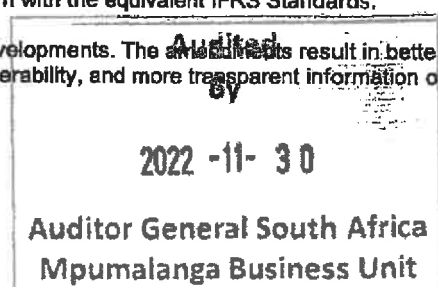
The Constitution of the Republic of South Africa, gives local government the executive authority over the functions of cleaning, refuse removal, refuse dumps and solid waste disposal. Even though waste disposal activities are mainly undertaken by municipalities, other public sector entities may also be involved in these activities from time to time. Concerns were raised about the inconsistent accounting practices for landfill sites and the related rehabilitation provision where entities undertake waste disposal activities. The objective of the Guideline is therefore to provide guidance to entities that manage and operate landfill sites. The guidance will improve comparability and provide the necessary information to the users of the financial statements to hold entities accountable and for decision making. The principles from the relevant Standards of GRAP are applied in accounting for the landfill site and the related rehabilitation provision. Where appropriate, the Guideline also illustrates the accounting for the land in a landfill, the landfill site asset and the related rehabilitation provision.

It covers: Overview of the legislative requirements that govern landfill sites, Accounting for land, Accounting for the landfill site asset, Accounting for the provision for rehabilitation, Closure, End-use and monitoring, Other considerations, and Annexures with Terminology and References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The impact of this standard is currently being assessed.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Guideline on the Application of Materiality to Financial Statements

The objective of this Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements. The process was developed based on concepts outlined in Discussion Paper 9 on Materiality – Reducing Complexity and Improving Reporting, while also clarifying existing principles from the Conceptual Framework for General Purpose Financial Reporting and other relevant Standards of GRAP. The Guideline includes examples and case studies to illustrate how an entity may apply the principles in the Guideline, based on specific facts presented.

It covers: Definition and characteristics of materiality, Role of materiality in the financial statements, Identifying the users of financial statements and their information needs, Assessing whether information is material, Applying materiality in preparing the financial statements, and Appendixes with References to the Conceptual Framework for General Purpose Financial Reporting and the Standards of GRAP and References to pronouncements used in the Guideline.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The impact of this standard is currently being assessed.

GRAP 25: (Amended) Employee Benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The ASB made amendments to GRAP25 in 2021 to align with IPSAS39 and IFRIC14.

The most significant changes to the Standard affect

- Post-employment benefit disclosures
- Changes to components of defined benefit plans
- Defined benefit disclosures
- Guidance on application of Standard

This Standard supersedes the Standard of GRAP on Employee Benefits issued in 2009.

The effective date of the guideline is not yet set by the Minister of Finance.

The municipality expects to adopt the guideline for the first time when the Minister sets the effective date for the guideline.

The impact of this standard is currently being assessed.

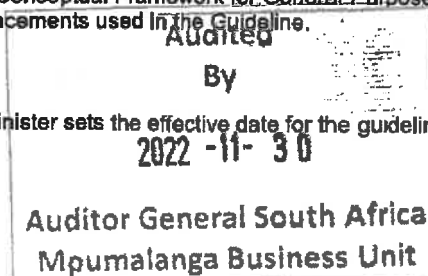
IGRAP 21: Effect of past decisions on materiality

This Interpretation explains the nature of past materiality decisions and their potential effect on current and subsequent reporting periods.

The effective date of the standard is for years beginning on or after 01 April 2023.

The municipality expects to adopt the standard for the first time in the 2023/2024 annual financial statements.

The expected impact of the standard is currently being assessed.



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand
Bank balances

Audited By		
2022 -11- 30		
	4,000	4,000
	1,318,828	738,372
	1,322,828	742,372
Auditor General South Africa Mpumalanga Business Unit		

The municipality had the following bank accounts

Account number / description

FNB Nelspruit Cheque account - 62 113 491 419 (Primary bank account)

FNB Nelspruit Cheque account - 62 737 784 109

FNB Nelspruit Cheque account - 62 852 994 592

Total

Bank statement balances		
30 June 2022	30 June 2021	30 June 2020
1,141,615	563,638	6,242,944
391	-	-
176,822	174,734	115,607
1,318,828	738,372	6,358,551

4. Receivables from exchange transactions

Trade and other receivables
Implementing agent receivables (Refer to note 40)
Prepayments

10,946,020	4,195,036
32,324,326	43,955,502
2,163,626	1,744,442
45,433,972	49,894,980

Trade and other receivables

2022

Trade and other receivables

Gross balance	Allowance for debt impairment	Total
22,189,802	(11,243,782)	10,946,020

2021

Trade and other receivables

Gross balance	Allowance for debt impairment	Total
10,756,929	(6,561,893)	4,195,036

Trade and other receivables: Ageing

Current	5,300,161	4,614
30+ days	-	104,665
60+ days	773,918	-
90+ days	1,844,357	1,057,065
120+ days	2,515,458	2,705,342
365+ days	512,126	323,350

Trade and other receivables impaired

Current	(539,209)	(27,355)
30+ days	-	(61,560)
60+ days	-	(499,170)
120+ days	(2,264,415)	-
365+ days	(8,440,158)	(5,973,808)

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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4. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(6,561,893)	(462,550)
Provision for Impairment	(4,681,889)	(6,099,343)
	(11,243,782)	(6,561,893)

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtor mentioned above. The municipality does not hold any collateral as security.

The fair value of trade and other receivables approximates their carrying amounts.

5. Inventories

Work in progress
Consumable stores
COVID-19 supplies

Consumables

Opening balance	167,070	303,950
Additions	1,243,246	783,099
Issued	(1,142,583)	(907,018)
Inventory adjustment	(4,570)	(12,961)
Closing balance	263,163	167,070

Consumables comprise of office stationery.

COVID-19 supplies

Opening balance	675,863	905,819
Additions	959,175	1,663,932
Issued	(1,190,900)	(1,893,888)
Closing balance	444,138	675,863

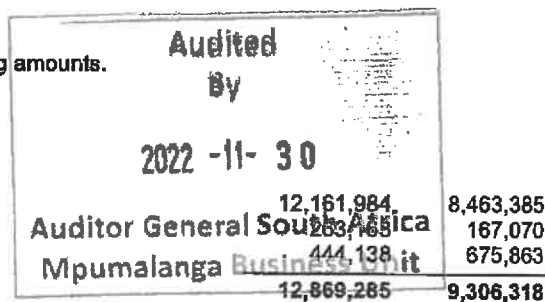
COVID-19 supplies comprises of hand sanitizers and personal protective equipment.

Reconciliation of work in progress 2022

	Opening balance	Additions	Transfers	Closing balance
Work in progress - projects for local municipalities	8,463,385	19,288,765	(15,590,166)	12,161,984

Reconciliation of work in progress 2021

	Opening balance	Additions	Transfers	Closing balance
Work in progress - projects for local municipalities	3,929,146	12,846,621	(8,312,382)	8,463,385



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

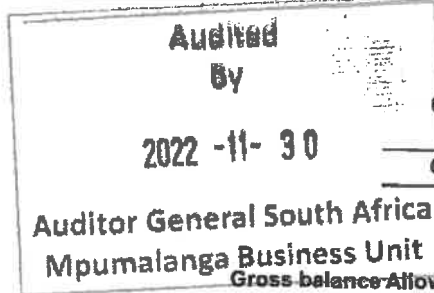
Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
6. Statutory receivables		
VAT refundable	6,451,013	11,600,570
Municipal health certificates	-	12,075
	6,451,013	11,612,645
Statutory receivables reconciliation		
2022		
VAT receivable	6,451,013	
2021		
VAT receivable	11,600,570	
Municipal health certificates	12,075	
Statutory receivables: Ageing		
Current	6,451,013	11,612,645

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtor mentioned above. The municipality does not hold any collateral as security.

The fair value of statutory receivables approximates their carrying amounts.



Gross balance	Allowance for debt impairment	Total
6,451,013	-	6,451,013
Gross balance	Allowance for debt impairment	Total
11,600,570	-	11,600,570
12,075	-	12,075

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

7. Investments

Short term investments

Standard Bank fixed deposit	10,045,792	-
First National Bank fixed deposit	5,246,838	535,386
Nedbank fixed deposit	40,671,233	40,066,740
ABSA Bank fixed deposit	20,871,634	40,467,461
Sanlam investment	3,029,980	3,517,115
	79,665,477	84,586,702

Audited
By
2022 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Long term investments

Momentum investment	1,125,482	1,081,804
	1,125,482	1,081,804

Reconciliation of Momentum Investment

Opening balance	1,081,804	1,046,703
Fair value adjustment	43,866	35,101
Charges	(188)	-
Closing balance	1,125,482	1,081,804

Momentum investment is an investo endowment fund with an inception date of 29 February 2008 and continuation date of 1 March 2026. In addition, this investment portfolio does not expose the municipality to any investment fluctuation risks such as the market and interest rate risks as the annualised investment portfolio rate of return is very stable and has been growing steadily.

Reconciliation of Sanlam Shares

Opening balance	3,517,115	3,377,851
Fair value adjustment	(487,135)	139,264
Closing balance	3,029,980	3,517,115

Sanlam listed investments are disclosed at current market value of shares at reporting date (57310) shares at R52.87 per share). The municipality's risk is that the share price of listed investments might devalue significantly during the period under review and result in a substantial loss of the investment. The share price risk is managed by only investing in reputable listed entities with a good track record. The Sanlam listed investment was classified as short term after Council took a decision during the financial year to dispose of the shares.

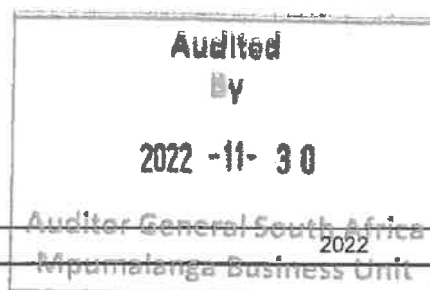
There is a limited general cession on the ABSA fixed deposit account (Account 20-6059-5378) for R120,000.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

**8. Property, plant and equipment**

	2022			2021		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	8,103,054	-	8,103,054	8,103,054	-	8,103,054
Buildings	234,923,729	(66,567,307)	168,356,422	234,923,728	(61,001,775)	173,921,953
Furniture and fixtures	12,857,159	(11,105,695)	1,751,464	12,574,314	(10,742,497)	1,831,817
Motor vehicles	7,504,009	(5,943,534)	1,560,475	7,691,312	(5,493,402)	2,197,910
Office equipment	35,818,503	(26,744,645)	9,073,858	33,809,422	(25,366,748)	8,442,674
Plant and equipment	828,011	(572,885)	255,126	780,163	(488,938)	291,225
Total	300,034,465	(110,934,066)	189,100,399	297,881,993	(103,093,360)	194,788,633

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	8,103,054	-	-	-	-	8,103,054
Buildings	173,921,953	-	-	-	(5,565,531)	168,356,422
Furniture and fixtures	1,831,817	314,280	(1,303)	-	(393,330)	1,751,464
Motor vehicles	2,197,910	-	(57,492)	-	(579,943)	1,560,475
Office equipment	8,442,674	3,883,672	(87,293)	(4,580)	(3,160,615)	9,073,858
Plant and equipment	291,225	48,298	(86)	4,580	(88,891)	255,126
	194,788,633	4,246,250	(146,174)	-	(9,788,310)	189,100,399

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	8,103,054	-	-	-	-	8,103,054
Buildings	179,488,338	-	-	-	(5,566,385)	173,921,953
Furniture and fixtures	2,272,026	264,026	(6,147)	85	(698,173)	1,831,817
Motor vehicles	1,926,621	869,288	-	-	(597,999)	2,197,910
Office equipment	9,099,367	2,523,185	(124,828)	(85)	(3,054,965)	8,442,674
Plant and equipment	328,745	45,970	-	-	(83,490)	291,225
	201,218,151	3,702,469	(130,975)	-	(10,001,012)	194,788,633

Pledged as security

Carrying value of assets pledged as security for the DBSA loan (Refer to note 12):

Land and buildings	174,311,967	179,845,783
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Assets subject to finance lease (Net carrying amount)

Office equipment	1,525,844	161,193
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Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

9. Intangible assets

	2022			2021		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	17,644,251	(14,002,112)	3,642,139	16,803,773	(12,509,585)	4,294,188

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	4,294,188	897,819	(12,235)	(1,537,633)	3,642,139

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	3,684,570	1,796,476	(135,828)	(1,051,030)	4,294,188

10. Payables from exchange transactions

Trade payables
Retentions
Other creditors
Implementing agent payables (Refer to note 40)

By			
2022 -11- 30			
Auditor General South Africa		13,671,304	8,619,236
Mpumalanga Business Unit		34,654,238	33,763,035
		5,672,403	5,672,403
		8,105,837	18,712,036
		62,103,782	66,766,710

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

11. Provisions

Reconciliation of provisions - 2022

	Audited By 2022 -11- 30 Auditor General South Africa Mpumalanga Business Unit		Opening Balance	Additions	Utilised during the year	Total
Legal proceedings provision			765,779	-	-	765,779
Provision for long service awards			11,476,237	1,233,000	(1,817,346)	10,891,891
Leave provision			8,334,705	1,953,601	(734,887)	9,553,419
Post retirement benefits			19,491,000	4,064,000	(404,000)	23,151,000
Provision for performance bonuses			2,028,925	4,885,755	(4,380,262)	2,534,418
			42,096,646	12,136,356	(7,336,495)	46,896,507

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings provision	-	765,779	-	765,779
Provision for long service awards	10,492,652	1,789,000	(805,415)	11,476,237
Leave provision	7,773,858	806,303	(245,454)	8,334,705
Post retirement benefits	16,829,000	2,662,000	-	19,491,000
Provision for performance bonuses	3,428,592	1,045,000	(2,444,667)	2,028,925
	38,524,100	7,068,082	(3,495,536)	42,096,646

Non-current liabilities

32,616,891

29,098,237

Current liabilities

14,279,616

12,998,409

46,896,507

42,096,646

Leave provision

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.

Provision for performance bonuses

Performance bonuses are being paid to Municipal Manager, managers and municipal staff after an evaluation of performance by the council.

Performance bonuses are awarded to permanent employees and fixed term contract employees subject to certain conditions being met.

Legal proceedings provisions

The Joint Municipal Pension Fund is suing the municipality for contributions on pension fund of a former employee of the Municipality and was their member but left in 2007 after he volunteered to retire following the transfer of the ambulance services from the municipality to the Department of Health.

Judgement issued in favour of the JMPF, that the Municipality is liable based on a clause in the rules of the fund. Final amount due to be calculated by actuaries. Provision made for original claimed amount of R 765,779.

Post retirement benefits

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
11. Provisions (continued)		
Opening balance of defined benefits	19,491,000	16,829,000
Interest cost	2,430,000	2,512,000
Current service cost	1,261,000	1,136,000
Benefits paid	(404,000)	(385,000)
Actuarial loss/(gain)	373,000	(601,000)
	23,151,000	19,491,000
Audited By 2022 -11- 30 Auditor General South Africa Mpumalanga Business Unit		
Net expense recognised in Statement of Financial Performance		
Interest cost	2,430,000	2,512,000
Current service cost	1,261,000	1,136,000
Actuarial loss/(gain)	373,000	(601,000)
	4,064,000	3,047,000
Long service awards		
Opening balance of long service awards	11,476,237	10,492,652
Interest cost	1,111,000	1,058,000
Current service cost	1,246,000	1,165,000
Benefits paid	(1,817,346)	(805,415)
Actuarial (gain)	(1,124,000)	(434,000)
	10,891,891	11,476,237
Net expense recognised in Statement of Financial Performance		
Interest cost	1,111,000	1,058,000
Current service cost	1,246,000	1,165,000
Actuarial (gain)	(1,124,000)	(434,000)
	1,233,000	1,789,000

Post retirement benefit

The municipality operates an accredited medical aid scheme. Employees who are not on a fixed contract participate in the post retirement medical assistance plan.

The post retirement assistance plan consisting of KeyHealth Medical Scheme (Keyhealth), LA Health Medical Scheme (LA Health), Bonitas Medical Aid Fund (Bonitas), Hosmed Medical Scheme (Hosmed) and SAMWU National Medical Scheme (SAMWUMED). The members are entitled to a 60% retirement subsidy of the total contribution subject to a maximum of R 5,007 per month as from 1 July 2022.

These funds are subject to actuarial valuations. The last valuation was performed by an Independent actuarial firm, Alexander Forbes, on 30 June 2022.

Long service awards

The municipality rewards its employees who are in service for an unbroken period of 5 years and longer. Employees are entitled/awarded leave days equivalent to number of years served eg. 10 years of service, one gets 10 days of leave, which can either be taken as leave or to be paid out in cash.

The awards were subjected to actuarial valuation by an independent actuarial firm, Alexander Forbes, on 30 June 2022.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

11. Provisions (continued)

Calculation of actuarial gains & losses

The following key assumptions were used at reporting date:

Post retirement benefits

Discount rate

CPI Inflation

Rand Cap Inflation

Health Care Cost Inflation

Salary Inflation

Expected retirement age

Continuation members

In-service members

Long service awards

Discount rate

Inflation rate

Salary Inflation

Members

12. Non-current liabilities

At amortised cost

DBSA loan

The municipality has one loan at DBSA during the period. Details of the loan are as follows:

DBSA - 61000886

Maturity date: 31/12/2029

Interest calculated at

11.12%

Non-current liabilities

At amortised cost

Current liabilities

At amortised cost

Audited

By

2022 -11- 30

Auditor General South Africa
Mpumalanga Business Unit

13.00%

12.60%

8.00%

7.30%

4.90%

8.00%

9.50%

9.30%

4.90%

4.00%

65 years

65 years

10

8

144

145

11.50%

9.40%

6.90%

5.00%

7.90%

6.25%

178

189

106,726,970 115,482,848

96,977,491 106,727,517

9,749,479 8,755,331

Annual Financial Statements for the year ended 30 June 2022

Figures in Rand

Audited
By
2022 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

50

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	Audited By 2022 -11- 30 Auditor General South Africa Mpumalanga Business Unit	2022	2021
14. Government grants and subsidies			
Government grant - Equitable Share		274,693,000	282,572,000
Government grant - Finance Management Grant		1,000,000	1,000,000
Government grant - Sector Education and Training Authority		330,539	201,212
Government grant - Department Roads & Transport		2,403,000	2,371,000
Government grant - Expanded Public Works Program Incentive		3,234,000	3,694,000
		281,665,539	289,838,212

National Treasury Finance Management Grant

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

The purpose of this grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

National Department of Roads & Transport

Current-year receipts	2,403,000	2,371,000
Conditions met - transferred to revenue	(2,403,000)	(2,371,000)
	-	-

The purpose of this grant is to assist rural district municipalities to set up rural RAMS, and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa.

Sector Education and Training Authority

Current-year receipts	330,539	201,212
Conditions met - transferred to revenue	(330,539)	(201,212)
	-	-

The purpose of the funds is for skills and capacity building within the municipality.

Expanded Public Works Program Incentive

Balance unspent at beginning of year	-	-
Current-year receipts	3,234,000	3,694,000
Conditions met - transferred to revenue	(3,234,000)	(3,694,000)
	-	-

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

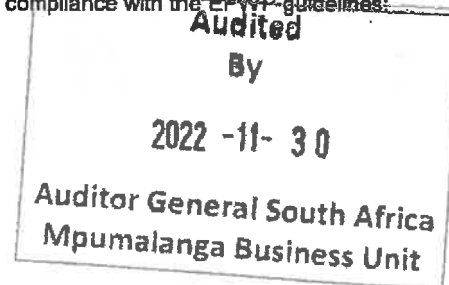
2022

2021

14. Government grants and subsidies (continued)

The purpose of this grant is to incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:

- road maintenance and maintenance of buildings
- low traffic volume roads and rural roads
- other economic and social infrastructure
- tourism and cultural industries
- sustainable land based livelihoods
- waste management
- parks and beautification
- social services programs
- health services programs
- community safety programs
- basic services infrastructure



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

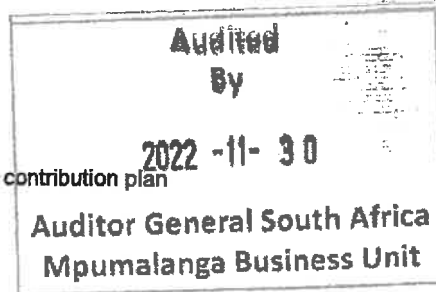
Figures in Rand

2022

2021

15. Employee related costs

Basic salaries	100,273,988	92,180,289
Annual bonus	6,365,949	6,111,344
Medical aid - employer contributions	6,892,434	6,693,451
UIF	454,029	391,661
SDL	1,187,883	988,651
Leave pay provision contribution	1,953,601	806,303
Post-employment benefits - pension - defined contribution plan	16,976,907	16,541,050
Travel allowances	23,580,343	22,924,454
Overtime payments	500,493	243,600
Acting allowances	902,970	688,361
Housing benefits and allowances	761,307	746,768
Bargaining council	25,338	24,120
COVID-19 emergency work allowances	2,842,625	1,929,214
	162,717,867	150,269,266



Remuneration of Municipal Manager - FS Siboya (Resigned 31/01/2022)

Annual Remuneration	710,577	1,217,816
Car Allowance	196,000	336,000
Performance Bonuses	124,085	-
Contributions to UIF, Medical and Pension Funds	127,668	218,859
Leave pay	167,116	-
	1,325,446	1,772,675

Remuneration of Municipal Manager - NP Mahlalela (Appointed 01/05/2022)

Annual Remuneration	180,075	-
Car Allowance	56,000	-
Contributions to UIF, Medical and Pension Funds	47,020	-
	283,095	-

Remuneration of Chief Financial Officer - PO Mokoena

Annual Remuneration	859,173	865,430
Car Allowance	300,000	300,000
Performance Bonuses	198,603	-
Contributions to UIF, Medical and Pension Funds	83,255	76,857
	1,441,031	1,242,287

General Manager: Corporate services - RS Makwakwa

Annual Remuneration	776,540	778,250
Car Allowance	240,000	240,000
Performance Bonuses	86,889	-
Contributions to UIF, Medical and Pension Funds	225,953	224,102
Other allowances	-	19,129
	1,329,382	1,261,481

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

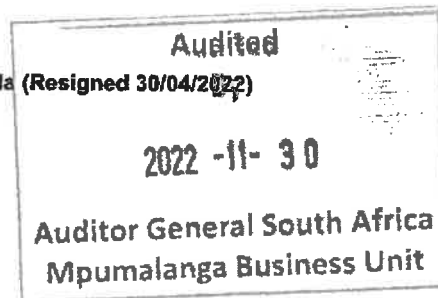
2022

2021

15. Employee related costs (continued)

General Manager: LED & Tourism - NP Mahlalela (Resigned 30/04/2022)

Annual Remuneration	731,521	878,731
Car Allowance	280,000	336,000
Performance Bonuses	101,439	-
Contributions to UIF, Medical and Pension Funds	197,194	235,365
Acting allowances	43,474	14,234
Leave Pay	78,150	-
	1,431,778	1,464,330



Acting General Manager: LED & Tourism - ML Nkosi (Appointed 01/05/2022)

Annual Remuneration	126,815	-
Car Allowance	44,723	-
Contributions to UIF, Medical and Pension Funds	37,445	-
Acting allowances	15,979	-
	224,962	-

General Manager: Technical services - ND Malokela

Annual Remuneration	806,588	807,928
Car Allowance	240,000	240,000
Performance Bonuses	86,889	-
Contributions to UIF, Medical and Pension Funds	195,919	194,438
Acting Allowances	64,716	19,129
	1,394,112	1,261,495

General Manager: Municipal Health & Environment- ST Shabangu

Annual Remuneration	814,359	825,677
Car Allowance	240,000	240,000
Performance Bonuses	86,889	-
Contributions to UIF, Medical and Pension Funds	187,821	186,362
	1,329,069	1,252,039

General Manager: Public Safety & Disaster Management - HTM Nkosi (Resigned 31/01/2022)

Annual Remuneration	431,293	737,709
Car Allowance	175,000	300,000
Performance Bonuses	86,889	-
Contributions to UIF, Medical and Pension Funds	111,581	202,094
Acting Allowance	10,627	-
Leave Pay	82,413	-
	897,803	1,239,803

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

15. Employee related costs (continued)

Acting General Manager: Strategic Planning - SJ Tibane (Appointed 1 May 2022)

	2022	2021
Annual Remuneration	190,222	-
Car Allowance	44,723	-
Contributions to UIF, Medical and Pension Funds	33,952	-
Acting Allowance	15,979	-
	284,876	-

Salaries, allowances and benefits of Councillors as disclosed in note 16 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporate Governance and Traditional Affairs determination in accordance with this Act.

Remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

16. Remuneration of councillors

Executive Mayor	1,087,851	1,087,797
Speaker	883,017	878,397
Councillors	8,720,595	8,075,324
Councillors' pension contribution	990,617	944,729
Chief Whip	829,633	826,047
Councillors other allowances	4,673,040	4,451,907
SDL	135,426	104,666
	17,320,179	16,368,867

In-kind benefits

The Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Speaker have the use of a council owned vehicles for official duties.

The Executive Mayor has a full-time bodyguard, a full-time driver, at the cost of the council. The Speaker has a full-time driver at the cost of the council.

Executive Mayor - Cllr J Sidell

Annual Remuneration	732,242	679,609
Car Allowance	261,721	261,749
Contributions to UIF, Medical and Pension Funds	93,888	146,439
	1,087,851	1,087,797

Speaker - Cllr RE Khumalo

Annual Remuneration	545,948	543,043
Car Allowance	210,077	209,399
Contributions to UIF, Medical and Pension Funds	126,992	125,955
	883,017	878,397

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
16. Remuneration of councillors (continued)		
Chief Whip - Cllr ET Shabangu (Until 9/11/2021)		
Annual Remuneration	206,680	567,117
Car Allowance	72,386	196,312
Contributions to UIF, Medical and Pension Funds	25,091	62,618
	304,157	826,047
Chief Whip - Cllr GS Siwela (From 25/11/2021)		
Annual Remuneration	338,359	-
Car Allowance	124,781	-
Contributions to UIF, Medical and Pension Funds	62,337	-
	525,477	-
MMC Environmental Health - Cllr MR Shongwe		
Annual Remuneration	541,254	548,719
Car Allowance	195,245	196,312
Contributions to UIF, Medical and Pension Funds	87,059	81,016
	823,558	826,047
MMC LED & Tourism - Cllr MJ Morema (Until 9/11/2021)		
Annual Remuneration	189,896	516,093
Car Allowance	72,386	196,312
Contributions to UIF, Medical and Pension Funds	41,875	113,954
	304,157	826,359
MMC LED & Tourism - Cllr PT Selowe (From 01/12/2021)		
Annual Remuneration	316,494	-
Car Allowance	122,859	-
Contributions to UIF, Medical and Pension Funds	80,049	-
	519,402	-
MMC Technical - Cllr M Nkuna		
Annual Remuneration	554,422	552,917
Car Allowance	195,245	196,312
Contributions to UIF, Medical and Pension Funds	73,891	76,818
	823,558	826,047
MMC Social Services - Cllr S Mashigo-Sekgobela		

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

16. Remuneration of councillors (continued)

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds

2022 2021

524,498 525,346
195,245 196,312
103,815 104,726
823,558 826,384

MMC Corporate Services - Cllr MJ Mavuso

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds
Acting allowance

602,703 605,735
195,245 196,312
24,000 24,000
- 18,787

821,948 844,834

MMC Finance - Cllr MJ Mnisi (Until 9/11/2021)

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds

201,165 552,917
72,386 196,312
30,606 76,818

304,157 826,047

MMC Finance - Cllr M Chembeni-Sahi (From 01/12/2021)

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds

348,258 -
122,859 -
48,285 -

519,402 -

MMC Disaster Management - Cllr TR Manyisa (Until 9/11/2021)

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds

189,157 514,468
72,386 196,312
42,614 115,607

304,157 826,387

MMC Disaster Management - Cllr LC Shakwane (From 01/12/2021)

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds

325,812 -
122,859 -
70,731 -

519,402 -

MMC Strategic Planning - Cllr ET Mabuza (From 01/12/2021)

Annual Remuneration
Car Allowance
Contributions to UIF, Medical and Pension Funds

348,258 -
122,859 -
48,285 -

519,402 -

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
17. Depreciation and amortisation		
Property, plant and equipment	9,788,310	10,001,012
Intangible assets	1,537,633	1,051,030
	11,325,943	11,052,042
18. Finance costs		
Interest - actuarial valuations and other	3,570,092	3,570,092
Interest - finance leases	23,127	55,118
Interest - Development Bank of Southern Africa	12,609,590	13,507,667
	16,173,758	17,132,877
19. Repairs and maintenance		
Buildings	4,391,752	1,444,135
Motor vehicles	720,122	534,204
Furniture and fittings	-	70,660
Plant and equipment	-	10,872
	5,111,874	2,059,871
20. Contracted services		
Outsourced services		
Occupational health and safety	1,481	109,222
Organisational	174,951	13,968
Commissions and committees	-	5,100
Research and advisory	7,478,315	1,849,657
Catering services	2,448,113	995,336
Cleaning services	172,150	471,014
Personnel and labour	655,050	1,712,686
Security services	1,148,271	1,416,090
Consultants and professional services		
Audit committee	501,812	375,015
Business and financial management	6,641,151	9,037,193
Organisational	97,236	742,772
Occupational health and safety	-	476,714
Legal cost and litigation	928,194	363,832
Contractors		
Aerial surveillance	993,207	869,801
Event promoters	168,615	294,218
Computer license fees	5,899,115	5,081,053
Removal of waste	762,569	2,702,799
	28,070,230	26,516,470

Audited
By 9,788,310 10,001,012
 1,537,633 1,051,030
2022 -11- 30 11,325,943 11,052,042
Auditor General South Africa
Mpumalanga Business Unit
 3,570,092 3,570,092
 23,127 55,118
 12,609,590 13,507,667
 16,173,758 17,132,877

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	Audited By 2022 -11- 30 Auditor General South Africa Mpumalanga Business Unit	2022	2021
21. Grants and subsidies			
Other subsidies			
Department of Roads & Transport		1,985,086	1,958,642
COVID-19 relief		-	1,931,520
Thaba Chweu Local Municipality		4,963,432	800,051
Nkomazi Local Municipality		5,174,777	-
Bushbuckridge Local Municipality		1,464,688	3,622,169
City of Mbombela Local Municipality		2,002,183	-
Other organs of state		-	514,646
		15,590,166	8,827,028
22. Auditors' remuneration			
Audit fees		2,393,472	3,233,793
23. Operational expenses			
Bank charges		29,569	28,354
Bursaries		461,275	747,141
Community outreach		1,861,275	1,498,314
Conferences and seminars		9,900	60,497
Consulting and professional fees		1,662,113	1,542,032
Commission paid to third parties		12,000	12,000
Disaster management cost - centre		57,800	175,224
Disaster management operational cost		1,790,921	1,713,800
Electricity, water and rates		9,196,665	7,652,133
Entertainment		580,699	238,054
Fuel and oil		1,175,858	637,519
GIS operational costs		70,738	1,304
COVID-19 related expenses		3,009,280	7,150,077
IDP review		31,377	-
Insurance		729,656	631,635
Marketing		1,217,815	879,462
Municipal health operational cost		69,228	100,049
Other expenses		1,218,360	359,012
Programs and campaigns		2,097,550	1,386,004
Postage and courier		9,102	3,647
Printing and stationery		1,758,564	1,301,805
Protective clothing		306,660	59,000
Telephone and fax		2,460,507	2,097,345
Tourism development		267,749	148,239
Training		368,920	882,936
Travelling and subsistence		5,516,958	3,819,446
		35,970,539	33,125,029

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
24. Cash generated from operations		
(Deficit) surplus		
Adjustments for:		
Depreciation and amortisation		
Actuarial (gain)		
Loss/(Gain) on fair value adjustments		
Loss on disposal of assets		
Finance costs - finance leases		
Provision for bad debts		
Movements in provisions		
Other non-cash items		
Changes in working capital:		
Inventories		
Receivables from exchange transactions		
Payables from exchange transactions		
Statutory receivables		
	8,577,554	10,244,016

Audited
By
2022 -11- 30
Auditor General South Africa
Mpumalanga Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

25. Financial instruments disclosure

Categories of financial instruments

2022

Financial assets

Receivables from exchange transactions
Cash and cash equivalents
Investments

Audited
By

2022 -11- 30

Auditor General South Africa
Mpumalanga Business Unit

At fair value	At amortised cost	Total
-	43,270,346	43,270,346
-	1,322,828	1,322,828
4,155,462	76,635,497	80,790,959
4,155,462	121,228,671	125,384,133

Financial liabilities

Non-current liabilities
Payables from exchange transactions
Finance lease liability

At amortised cost	Total
106,726,970	106,726,970
62,103,782	62,103,782
1,532,108	1,532,108
170,362,860	170,362,860

2021

Financial assets

Receivables from exchange transactions
Cash and cash equivalents
Investments

At fair value	At amortised cost	Total
-	48,150,538	48,150,538
-	742,372	742,372
4,598,919	81,069,587	85,668,506
4,598,919	129,962,497	134,561,416

Financial liabilities

Non-current liabilities
Payables from exchange transactions
Finance lease liability

At amortised cost	Total
115,482,848	115,482,848
66,766,710	66,766,710
182,329	182,329
182,431,887	182,431,887

26. Commitments

Authorised expenditure

Already contracted for but not provided for

- Property, plant and equipment

12,743,984	10,872,871
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Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

27. Contingencies

Contingent liabilities

1. Antoinette Kolesky and other

The Plaintiffs are the registered owners of the Remaining Extent of Portion 9 of the Farm Draaikraal 48 ("herein after referred to as "the Property"), situated at Thaba Chweu Local Municipality within the jurisdiction of Ehlanzeni District Municipality.

The Plaintiffs instituted the action proceedings, following developments that were executed with the property without their consent, and further establishing a Human Settlement for the unlawful occupiers to move in to the property.

On or about the 14th February 2018, the Plaintiffs' Attorneys of Record, addressed a letter to the Thaba Chweu Local Municipality, providing several options to resolve the illegal occupation, including but not limited to, that the Thaba Chweu acquire or expropriate the Plaintiffs' Property at a market value, that the unlawful settlement occurred on the Plaintiffs' Property be ignored when determining the market value of the Property for purposes of any expropriation or acquisition of the Property by the defendants.

The matter could not be resolved at that time, and Thaba Chweu approached the Department of Human Settlements in Mpumalanga requesting assistance with buying the Property from the Plaintiffs. The Defendants, after being served with Summons, held a meeting on the 24th of May 2019 to discuss a way forward in this matter, and a unanimous decision was taken not to proceed defending the matter.

The Parties intends to settle the matter and a draft deed of settlement has been prepared by the State Attorney on behalf of the defendants and sent to plaintiffs for consideration of the terms entailed. Department of Human Settlement appointed a Property Valuer to do valuations.

2. D Sihlangu

This is an unfair discrimination dispute referred to the Labour Court by the applicant in terms Rule 6 of the Labour Court Rules, against EDM. Applicant wants his post to be adjusted from post level 8 to post level 5 to be in line with other Coordinators. The amount claimed cannot be reliably estimated however legal fees paid to date exceeds R 160,297 with an additional estimated legal fees of R139,702.

Matter is defended by the municipality as the court issued directive for parties to hold pre-trial conference in February 2022.

3. L Sithole

This is an unfair discrimination dispute referred to the Labour Court by the applicant in terms Rule 6 of the Labour Court Rules, against EDM. Applicant wants his post to be adjusted from post level 8 to post level 5 to be in line with other Coordinators. The amount claimed cannot be reliably estimated however legal fees paid to date exceeds R 107,633 with an additional estimated legal fees of R200,000.

4. Graskop Pale

Graskop Pale CC issued summons against Thaba Chweu Local Municipality and Ehlanzeni District Municipality as 1st and 2nd defendants for R3 million, following a wild, uncontrollable fire that started in one of the properties around Thaba Chweu and caused severe damages to various plantations and properties, including the farm belonging to Plaintiff.

Municipality appointed an Attorney to defend the matter. A notice to defend, as well as a plea were filed. The legal fees paid to date exceeds R 189,630 with an additional estimated legal fees of R400,000.

5. Mpumalanga Copiers

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

27. (continued)

Mpumalanga Copiers issued summons against Oagile Thuto and Ehlanzeni District Municipality as 1st and 2nd defendants respectively for R354,290, claiming payment for rental of copier machines and supplies.

Municipality paid all monies due to the service provider and is of the view that it should not have been involved in this dispute and cited as a party to these proceedings.

Audited

By

2022 -11- 30

Auditor General South Africa
Mpumalanga Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

28. Unauthorised, Irregular, Fruitless and wasteful expenditure

28.1 Unauthorised expenditure

Opening balance

Add: Incurred during the year

Less: Amounts written off

Less: Amounts recovered

186,345

(186,345)

Audited By		-	-
2022 -11- 30		-	-
Auditor General South Africa		2,000	2,000
Mpumalanga Business Unit		690,694	666,528
		-	(666,528)
		-	-
		692,694	2,000

28.2 Irregular expenditure

Opening balance

Add: Irregular Expenditure - current year

Less: Amounts written off

Less: Amounts not recoverable (not condoned)

2,000

666,528

(666,528)

2,000

Incidents:

- (a) Non-compliance with local content and production declaration on awarded bid number EDM/36/2020-21 for an amount of R690 694.

Remedial actions:

- (a) The irregular expenditure of R690 690 was discovered by Auditor-General during the audit process.
(b) This irregular expenditure will be reported to Council in January 2023 for investigations to be undertaken.

28.3 Fruitless and wasteful expenditure

Opening balance

Add: Incurred during the year

Less: Amounts recovered

Less: Written off by Council

24,341

24,342

13,474

50,118

(12,750)

(20,955)

(13)

(29,164)

25,052

24,341

Incidents:

- (a) Interest charges of R13,13 was incurred during the year due to late payments to a supplier (Telkom) as a result of delays in receiving of Invoices.
(b) Traffic fines payments including administrative fee amounting to R13 460,88.

Remedial actions:

- (a) The traffic fines amounting to R12 750,00 have been recovered from municipal employees.
(b) The interest charges of R13,13 has been written off as per Council Resolution A96 of 27 July 2022.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
29. Risk management		
Financial risk management		
Exposure to interest rate, liquidity and credit risks arises in the normal course of the Municipality's operations. The municipality has established a risk management committee, which is responsible for developing and monitoring the municipality's risk management policies. The risk management policies are established to identify and analyse the risks faced by the municipality, to set up risk limits and controls and to monitor risks and generate reports. Risk management policies are to be reviewed regularly to reflect changes in the municipality's activities.		

Liquidity risk

Ehlanzeni District Municipality manages its liquidity risks by effectively managing its working capital, capital expenditure and external borrowings. Revolving credit facilities in the form of an R20,000,000 bank overdraft has been negotiated with the main banker and provisionally approved. The overdraft facility will cater for any unexpected temporary shortfall in operating funds.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

At 30 June 2022	Less than 1 year	Between 1 and 5 years	Over 5 years
Long term liabilities	9,749,479	51,467,582	45,509,909
Payables from exchange transactions	62,103,782	-	-
Finance leases	499,289	1,032,809	-
At 30 June 2021	Less than 1 year	Between 1 and 5 years	Over 5 years
Long term liabilities	8,755,331	46,182,788	60,544,729
Payables from exchange transactions	66,766,710	-	-
Finance leases	182,329	-	-

Credit risk

Ehlanzeni District Municipality manages its credit risk in its borrowing and investing activities by dealing with the A+ rated financial institutions and by spreading its exposure over a wide range of financial institutions in accordance with the approved cash and investment policy as was approved by council.

Management evaluated credit risk relating to receivables from exchange transactions on an ongoing basis. If receivables from exchange transactions are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivables, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Cash and cash equivalents	1,322,828	742,372
Non-current investments	1,125,482	1,081,804
Current investments	79,665,477	84,586,702
Receivables from exchange transactions	43,270,346	48,150,538

Market risk

Interest rate risk

Ehlanzeni District Municipality is not exposed to any interest rate risks on its financial liabilities. As at the end of the financial year, 30 June 2022, Ehlanzeni District Municipality had only one fixed interest bearing loan with the Development Bank of Southern Africa (DBSA) as reflected in APPENDIX A. It should be noted that the interest in this loan is fixed until maturity. Similarly, with financial assets, Ehlanzeni District Municipality invests its surplus funds not immediately required in a fixed interest rate deposit with the A+ rated banks for fixed terms not exceeding one year.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

30. Related parties

Relationships

Close family member of key management
Members of key management & Councillors

31. Interest received

Interest revenue

Current bank account
External investment
Interest on debtors

None
See note 15 and 16.

Audited
By

2022 -11- 30

Auditor General South Africa
Mpumalanga Business Unit

63,358

52,413

6,602,342

6,743,207

544,476

58,588

7,210,176

6,854,208

32. Change in accounting estimate

Property, plant and equipment and Intangible assets

The estimated useful life of assets in certain classes of Property, Plant and Equipment and Intangible Assets were assessed during the current financial year. In the current financial year management have extended their estimated useful lives at an average of between 3 and 5 years. The effect of this revision has decreased the depreciation and amortisation charges for the current period and increased for future periods by R 932 109.

The impact on Intangible assets due to the extension of their useful lives is R 49 145. Refer to note 9.

The impact on Property, plant and equipment due to the extension of their useful lives is R 882 964. Refer to note 8.

33. Revenue

Operational income

656,236

825,956

Rental of facilities and equipment

181,578

403,535

Interest received

7,210,176

6,854,208

Dividends received

153,132

137,544

Government grants & subsidies

281,665,539

289,838,212

Fines & penalties

-

100,000

Donations in kind

-

29,550

289,866,661

298,189,005

The amount included in revenue arising from exchanges of goods or services is as follows:

Operational income

656,236

825,956

Rental of facilities and equipment

181,578

403,535

Interest received

7,210,176

6,854,208

Dividends received

153,132

137,544

8,201,122

8,221,243

The amount included in revenue arising from non-exchange transactions is as follows:

Government grants & subsidies

281,665,539

289,838,212

Fines & penalties

-

100,000

Donations in kind

-

29,550

281,665,539

289,967,762

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

34. Comparative information

- (a) The decision to reclassify air quality control contravention penalty receivable from receivables from exchange transactions to statutory receivables was to conform with GRAP 108 as it is the legislative mandate of the district municipality to enforce the environmental health legislative framework through municipal by-laws.

The effects of the reclassification are as follows:

Statement of financial position

Receivables from exchange transactions
Statutory receivables

Audited

By

- (12,075)
- 12,075

- (b) The following expenditure items or transactions had been in the prior year classified under operational expenditure however, upon proper analysis and assessment of the nature of these expenditures and guided by the Municipal Standard Chart of Accounts framework, management has taken a decision to reclassify these expenditure items or transactions to contracted services on the statement of financial performance.

The effects of the reclassification are as follows:

Statement of Financial Performance

Contracted Services (Outsourced services - Occupational health and safety)	-	109,222
Contracted Services (Outsourced services - Organisational)	-	13,968
Contracted Services (Outsourced services - Commissions and committees)	-	5,100
Contracted Services (Outsourced services - Research and advisory)	-	1,849,657
Contracted Services (Outsourced services - Catering services)	-	995,336
Contracted Services (Outsourced services - Cleaning services)	-	471,014
Contracted Services (Outsourced services - Personnel and labour)	-	1,712,686
Contracted Services (Consultants and professional services - Audit Committee)	-	375,015
Contracted Services (Consultants and professional services - Business and financial management)	-	9,037,193
Contracted Services (Consultants and professional services - Organisational)	-	742,772
Contracted Services (Consultants and professional services - Occupational health and safety)	-	476,714
Contracted Services (Consultants and professional services - Legal cost and litigation)	-	363,832
Contracted Services (Contractors - Aerial surveillance)	-	869,801
Contracted Services (Contractors - Event promoters)	-	294,218
Contracted Services (Contractors - Computer license fees)	-	5,081,053
Contracted Services (Contractors - Removal of waste)	-	2,702,799
Operational expenses - Audit committee	-	(375,015)
Operational expenses - Community outreach	-	(1,299,342)
Operational expenses - Consulting and professional fees	-	(9,051,162)
Operational expenses - Disaster management cost-centre	-	(899,236)
Operational expenses - Entertainment	-	(2,131)
Operational expenses - GIS operational costs	-	(172,952)
Operational expenses - COVID-19 related expenses	-	(5,621,741)
Operational expenses - IDP review	-	(65,906)
Operational expenses - IT expenses	-	(5,135,183)
Operational expenses - Legal fees	-	(363,832)
Operational expenses - Municipal health operational cost	-	(34,540)
Operational expenses - Other expenditure	-	(937,017)
Operational expenses - Programs and campaigns	-	(465,065)
Operational expenses - Tourism development	-	(605,238)
Operational expenses - Training	-	(72,020)

- (c) Correction of prepayments and statutory receivables amounting to R1,756,517 which had been in the prior year classified and disclosed as financial instruments on note 25.
- (d) Disclosure notes 28.2 and 28.3 on Irregular, and fruitless and wasteful expenditure prior period information has been updated to reflect the correct aggregate amounts as per the council resolutions.

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

35. Events after the reporting date

A provision for a liability of R765 779 was made following a judgement of an Appeal Division of a High Court. This liability was recognised on a basis of summons issued by the Joint Municipal Pension Fund as the High Court on its judgment on 17 November 2021 indicated that the actual amount of the claim needs to be determined by actuaries to be appointed by the claimant. As at the reporting date the actuarial process has not been finalised and this event has a potential of material adjustment of this amount of R765 779.

36. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

SALGA Membership fee

PAYE, UIF and SDL

Amount paid - current year

Pension and Medical Aid Deductions

Amount paid - current year

VAT

VAT received - current year

Audited By 2022 -11- 30		
	1,656,025	1,484,383
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	36,102,061	36,310,808
	38,724,077	37,615,758
	14,761,634	3,283,319

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

	2022	2021
37. Deviations I.t.o section 36 of Supply Chain Management Policy		
Fixed Amount Deviation Procurements - Regulation 36(a)		
Emergency	655,163	1,920,616
Impractical	2,832,162	6,782,443
Sole provider	2,789,095	3,070,195
	6,276,420	11,773,254

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By
2022 -11- 30

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Fixed Rates or Price Per Unit Deviation Procurements - Regulation 36(a)

Thenjiwe Nkosi Attorneys	Impractical	28,980
Vakasha Travel	Impractical	10% Service fee

Ratification of Minor Breaches Deviation Procurements - Regulation 36(1)(b)

Konica Minolta South Africa (Pty) Ltd	Ratification of minor breach	2,057,322
---------------------------------------	------------------------------	-----------

38. Budget differences

Material differences between budget and actual amounts

Variances in excess of 10% is considered significant and therefore explanations are provided below:

38.1 Rental of facilities and equipment

Anticipated rental revenue from the municipal canteen disaster management conference could not be realised due to absence of a service provider to operate the facilities.

38.2 Interest Received

The anticipated interest revenue could not be realised due to low interest rates on fixed deposits offered by the commercial banks.

38.3 Grants and subsidies

Transfer of assets ready for use to local municipalities and the expenditure on the purchase and construction of these assets was budgeted for in the prior and current financial year.

38.4 Loss on disposal of assets

The disposal of some assets during the financial year did not occur as planned and other assets were disposed below their carrying values as a result of the state or conditions of those assets

38.5 Inventories

Some capital projects were not completed as assets ready for use to be transferred to local municipalities as planned due to National Treasury advise to put procurement processes above R30 000 on abeyance, communities unrest and reliance on other organs of state.

38.6 Investments

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

The movement in cash and cash equivalent, and investment is as a result of changes in expenditure and payment management system, and cash and investment management strategy implemented during the year resulted in more cash being held in call accounts and short-term fixed deposits.

38.7 Receivables from exchange transactions

Accrual of monies owed by the Department of Water and Sanitation (Principal) to the municipality (Agent) as a result of the implementing agency agreement in accordance with GRAP 109, prepayments made during the financial year and accrual of monies owed by local municipality which could not be determined or projected during the finalization of the budget.

38.8 Statutory receivables

The recognition of VAT refunds received and accrued which it was improbable to estimate these refund amounts during the finalization of the budget.

38.9 Cash and Cash Equivalents

The movement in cash and cash equivalent, and investment is as a result of changes in expenditure and payment management system, and cash and investment management strategy implemented during the year resulted in more cash being held in call accounts and short-term fixed deposits.

38.10 PPE and Intangible Assets

Projected accumulated depreciation or amortization not realised as a result of asset completed during the year and review of useful lives of fixed assets, and less spending than projected on the budgeted capital projects as well as reclassification of capital expenditure transactions and donation of completed related assets to local municipalities..

38.11 Current Portion of Non-Current Liabilities

Reclassification of the remaining balance on the long-term borrowings between non-current and current liabilities at year-end to be in line with the loan amortisation schedule.

38.12 Finance leases

A new finance lease agreement for the office automation machines was entered into during the financial year due to the elapsing of the old finance lease agreement.

38.13 Provisions

Reclassification of the remaining balance on the long-term provisions between non-current and current liabilities at year-end, in addition the recognition of the actuarial annual costs relating to the post- retirement benefits in line with the requirement of GRAP 25 which it was improbable to determine these annual costs during the finalization of the budget.

38.14 Implementing Agent Receipts and Payments

Recognition of receipts and payments transactions between principals (Department of Water and Sanitation and Nkomazi Local Municipality) and the municipality as an implementing agent in accordance with GRAP 109 as these transactions falls outside the budget framework.

38.15 Other receipts

Unanticipated VAT refunds received from SARS during the financial year and not budgeted for, as well as payments received from debtors.

38.16 Payables from exchange transactions

Accrual of monies owed to service providers as a result of the implementing agency agreement between the municipality (Agent) and Department of Water and Sanitation (Principal) in accordance with GRAP109 which could not be determined or projected during the finalization of the budget.

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2022 -11- 30

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Wolfsburg Business Unit

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

39. Prior period adjustments

Prior period adjustments through surplus includes the following:

- (a) A provision was made for a claim amount of R765 779 for a Joint Municipal Pension Fund matter awarded against the municipality by an Appeal Division of a High Court relating to prior years. This liability was recognised on a basis of summons issued by the Joint Municipal Pension Fund as the High Court on its judgment on 17 November 2021 indicated that the actual amount of the claim needs to be determined by actuaries to be appointed by the claimant.

The details of these transactions are as follows;

Statement of financial position

Opening Accumulated Surplus
Provisions

- (b) There has been revenue of R1 763 and expenditure transactions totalling R204 347 recorded or paid in the financial year under review relating to prior periods.

The details of these transactions are as follows;

- Interest on investments accrued relating to prior period amounting to R1,763.
- Legal expenses accrued relating to prior period amounting to R66,235.
- Operational expenditure accrued relating to prior period amounting to R8,332.
- Rental expense accrued relating to prior period amounting to R129,550.

Based on GRAP 3 par 5 and the National Treasury Guideline on GRAP 3 Issued February 2022, management assessed the impact of these transactions on the comparative figures and concluded that these transactions individual or in aggregate were immaterial to justify restatement of any other components of prior period financial statements, except making these adjustments against the prior period accumulated surplus in the statement of changes in net asset.

40. Accounting by principals and agents

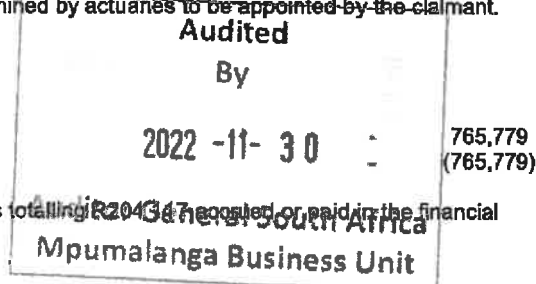
Department of Water and Sanitation

The municipality acts as an agent for the Department of Water and Sanitation during the implementation of the Regional Bulk Infrastructure Grant (RBIG).

Reconciliation of agency transactions

Receipts and receivables (refer to note 4)

Opening balance	43,955,502	20,369,283
Total billed to principal	133,362,089	173,336,662
Total received from principal	(125,217,872)	(140,076,687)
Retentions	(19,775,393)	(9,673,757)
	32,324,326	43,955,502



Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

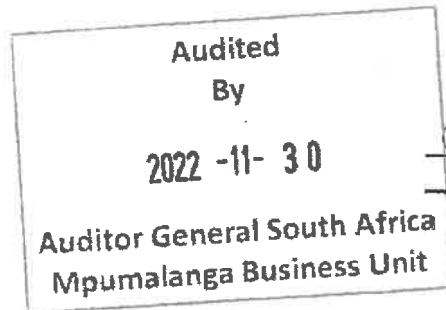
2022

2021

40. Accounting by principals and agents (continued)

Payments and payables (refer to note 10)

Opening balance
Total expenditure incurred
Total paid to suppliers and retention



18,712,036	13,145,775
123,308,499	158,357,059
(133,914,698)	(152,790,798)
8,105,837	18,712,036

41. Segment reporting

General information

Identification of segments

The municipality is organised and reports to management on the basis of departmental segments. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Segment surplus or deficit, assets and liabilities

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

41. Segment reporting (continued)

2022

	Council	Office of the Municipal Manager	Finance & Supply Chain Management	Corporate Services	Technical Services	LED and Tourism	Municipal Health and Environmental Management	Social Services and Disaster Management	Entity Total
Revenue									
Revenue from non-exchange transactions	-	-	281,665,539	-	-	-	-	-	281,665,539
Revenue from exchange transactions	-	-	8,201,122	-	-	-	-	-	8,201,122
Total segment revenue	-	-	289,866,661	-	-	-	-	-	289,866,661
Expenditure									
Salaries and wages	12,846,647	26,116,374	30,263,812	27,486,813	8,880,984	16,561,741	23,461,611	15,776,774	161,394,556
Council remuneration	17,320,179	-	-	-	-	-	-	-	17,320,179
Operational expenditure	5,678,899	1,422,898	21,618,970	23,985,723	5,681,423	4,204,947	2,812,347	7,464,221	72,869,426
Grants and subsidies	-	-	15,590,166	-	-	-	-	-	15,590,166
Provision for impairment	-	-	4,681,889	-	-	-	-	-	4,681,889
Finance charges	-	-	16,173,758	-	-	-	-	-	16,173,758
Depreciation and amortisation	434,500	374,858	1,811,503	6,510,061	218,437	167,094	1,026,444	783,046	11,325,943
Loss on disposal of assets	-	-	44,002	-	-	-	-	-	44,002
Gain on fair value adjustments	-	-	443,269	-	-	-	-	-	443,269
Actuarial gain	-	-	(751,000)	-	-	-	-	-	(751,000)
Total segment expenditure	36,280,225	27,914,128	89,876,369	57,982,397	14,780,844	20,933,782	27,300,402	24,024,041	299,092,188
Total segmental surplus/(deficit)	-36,280,225	-27,914,128	199,990,292	-57,982,397	-14,780,844	-20,933,782	-27,300,402	-24,024,041	(9,225,527)
Assets									
Segment assets	1,098,149	1,253,542	5,145,217	179,359,673	730,794	498,901	2,344,874	2,311,388	192,742,538

Ehlanzeni District Municipality

Annual Financial Statements for the year ended 30 June 2022

	Audited
2021	2021
Investments	802,790,959
Inventories	12,869,285
Receivables from exchange transactions	45,833,972
Statutory receivables	6,451,013
Cash and cash equivalents	4,322,828
Total assets as per Statement of financial Position	339,610,595
Finance leases	1,532,108
Payables from exchange transactions	62,103,782
Provisions	46,896,507
Long term loans	106,726,970
Total liabilities as per Statement of financial Position	217,259,367
Accumulated Surplus	122,351,228

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Mpumalanga Business Unit

2021

	Council	Office of the Municipal Manager	Finance and Supply Chain Management	Corporate Services	Technical Services	LED and Tourism	Municipal Health and Environmental Management	Social Services and Disaster Management	Entity Total
Revenue									
Revenue from non-exchange transactions	-	-	289,967,762	-	-	-	-	-	289,967,762
Revenue from exchange transactions	-	-	8,221,243	-	-	-	-	-	8,221,243
Total segment revenue	-	-	298,189,005	-	-	-	-	-	298,189,005

Annual Financial Statements for the year ended 30 June 2022

Floures In Rand

Expenditure

Assets

Total assets as per Statement of

Finance leases

Provisions

Total liabilities and

Accumulated Cost

75

Ehlanzeni District Municipality
Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

41. Segment reporting (continued)

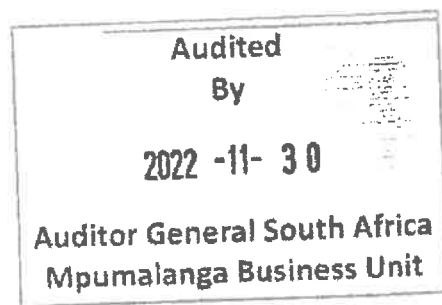
Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

Information about geographical areas

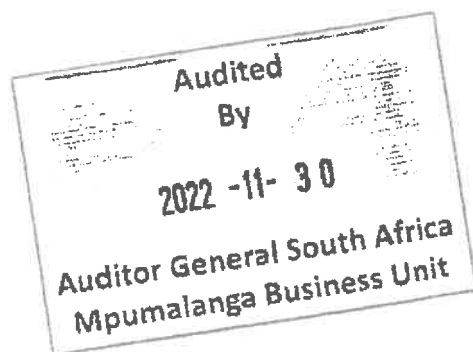
The municipality's operations are in the Ehlanzeni District of the Mpumalanga province.



The following supplementary information does not form part of the annual financial statements and is unaudited:
Appendix A

Schedule of external loans as at 30 June 2022

	Balance at 30 June 2021	Received during the period	Redeemed / written off during the period	Balance at 30 June 2022	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
	Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of Southern Africa						
DBSA - 61000886	115,482,848	-	8,755,878	106,726,970	174,311,967	-
Maturity date: 31/12/2029						
Interest calculated at 11.12%						
Total external loans	115,482,848	-	8,755,878	106,726,970	174,311,967	-
Development Bank of Southern Africa						
	115,482,848	-	8,755,878	106,726,970	174,311,967	-
	115,482,848	-	8,755,878	106,726,970	174,311,967	-



Appendix B

Analysis of property, plant and equipment as at 30 June 2022 Cost/Revaluation Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Prior period adjustments Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Land and buildings												
Land	8,103,054	-	-	-	8,103,054	-	-	-	-	-	-	8,103,054
Buildings	234,922,728	-	-	-	234,922,728	(61,001,775)	-	-	-	(5,565,531)	(66,567,305)	168,358,422
	243,025,782	-	-	-	243,025,782	(61,001,775)	-	-	-	(5,565,531)	(66,567,305)	178,458,476
Other assets												
Plant & equipment	790,163	48,288	(450)	-	828,011	(486,938)	354	4,590	-	(88,697)	(572,885)	255,126
Furniture & fittings	12,674,314	314,260	(31,435)	-	12,857,139	(10,742,487)	30,132	-	-	(393,330)	(11,105,685)	1,751,464
Computer equipment	33,609,422	3,883,972	(1,874,591)	-	35,618,803	(25,386,748)	1,787,287	(4,590)	-	(3,160,814)	(28,744,845)	9,073,958
Motor vehicles	7,881,213	-	(167,304)	-	7,594,009	(5,483,403)	129,813	-	-	(578,844)	(5,943,534)	1,560,475
	54,855,219	4,246,259	(2,083,788)	-	57,007,692	(42,091,586)	1,947,896	-	-	(4,222,775)	(44,346,759)	12,540,323
Total property plant and equipment Intangible assets	207,381,894	4,246,259	(2,083,788)	-	309,034,464	(103,093,361)	1,947,896	-	-	(9,786,310)	(110,894,065)	189,100,399
Computer software	16,803,773	897,819	(57,341)	-	17,644,251	(12,509,585)	45,106	-	-	(1,537,633)	(14,002,112)	3,642,139
	16,803,773	897,819	(57,341)	-	17,644,251	(12,509,585)	45,106	-	-	(1,537,633)	(14,002,112)	3,642,139

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2022 -11- 30

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Mpumalanga Business Unit

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2022 Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Prior period adjustments Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Municipality												
Chief Whip	165 983	38 256	-	(32 879)	171 370	(134 835)	-	12 849	-	(7 076)	(129 061)	42 309
Corporate Services	255 583 070	1 029 628	(519 012)	(1 582 679)	254 491 007	(70 985 375)	519 008	1 470 854	-	(6 425 620)	(76 131 333)	179 359 674
Director management	24 808 690	180 213	-	1 316 703	26 305 606	(23 272 665)	-	(602 327)	-	(755 320)	(24 331 102)	2 072 838
Executive Mayor	2 852 233	180 110	(155 269)	(191 816)	2 486 458	(2 031 113)	155 269	160 264	-	(203 865)	(1 319 446)	576 013
Finance and SCM	16 775 267	1 193 019	(655 766)	1 026 088	16 185 609	(10 140 818)	897 366	(1 639 004)	-	(1 810 927)	(12 993 393)	5 145 218
Internal Audit	184 460	34 371	-	(16 352)	212 479	(162 613)	-	15 312	-	(14 724)	(162 026)	51 474
LED and Tourism	1 431 666	267 246	(155 269)	(201 425)	1 342 228	(1 152 975)	155 269	210 446	-	(121 851)	(908 912)	433 308
Municipal Health	5 678 719	388 019	-	(188 062)	5 878 676	(2 876 323)	-	162 123	-	(1 008 000)	(3 533 803)	2 344 874
Municipal Manager	3 130 232	684 847	(155 269)	(82 021)	3 577 869	(2 227 569)	155 269	64 000	-	(357 220)	(2 375 520)	1 202 069
Rural Development	240 694	34 371	-	8 488	283 553	(170 577)	-	(16 813)	-	(28 481)	(217 971)	66 592
Social and Transversal Issues	688 788	80 256	-	(10 157)	939 887	(543 300)	-	(80 709)	-	(77 327)	(701 335)	238 552
Speaker	1 711 124	189 735	(155 269)	(23 293)	1 722 297	(1 230 116)	155 269	29 899	-	(197 522)	(1 242 472)	478 825
Technical Services	1 465 553	534 196	(155 269)	(23 880)	1 820 600	(1 163 870)	155 269	135 806	-	(217 011)	(1 088 806)	730 794
	314 885 769	5 144 669	(2 191 123)	-	3 17 678 716	(119 802 543)	1 992 705	-	-	(11 326 943)	(124 935 177)	192 742 538

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By
2022 -11- 30
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Mpumalanga Business Unit

Appendix D

Segmental Statement of Financial Performance for the year ended 30 June 2022

Prior Year			Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
-	4,875,723	(4,875,723)	-	5,252,048	(5,252,048)
-	4,254,631	(4,254,631)	-	4,516,781	(4,516,781)
-	17,983,317	(17,983,317)	-	19,846,999	(19,846,999)
-	9,323,203	(9,323,203)	-	9,807,930	(9,807,930)
-	22,123,403	(22,123,403)	-	23,938,505	(23,938,505)
298,189,005	92,629,246	205,559,759	289,866,661	89,876,369	199,990,292
-	43,003,067	(43,003,067)	-	57,982,397	(57,982,397)
-	8,660,077	(8,660,077)	-	14,780,844	(14,780,844)
-	26,198,043	(26,198,043)	-	27,300,402	(27,300,402)
-	1,326,273	(1,326,273)	-	1,373,248	(1,373,248)
-	3,584,515	(3,584,515)	-	3,975,623	(3,975,623)
-	9,919,234	(9,919,234)	-	9,872,230	(9,872,230)
-	17,083,129	(17,083,129)	-	16,417,001	(16,417,001)
-	12,768,330	(12,768,330)	-	14,151,811	(14,151,811)
298,189,005	273,732,191	24,456,814	289,866,661	299,092,188	(9,225,527)

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2022 -11- 30
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Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2022

	Current year 2021 Act. Bal.	Current year 2021 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Operational income	656,236	852,000	(195,764)	(23.0)	Refer to note 38
Rental of facilities and equipment	181,578	646,000	(464,422)	(71.9)	Refer to note 38
Interest received	7,210,176	8,600,000	(1,389,824)	(16.2)	Refer to note 38
Dividends received	153,132	164,000	(10,868)	(6.6)	
Government grants & subsidies	281,665,539	281,535,000	130,539	-	
	289,866,661	291,797,000	(1,930,339)	(0.7)	
Expenses					
Employee related cost	(162,717,553)	(163,136,278)	418,725	(0.3)	
Remuneration of councillors	(17,320,178)	(17,327,992)	7,814	-	
Audit fees	(2,393,472)	(2,394,052)	580	-	
Depreciation and amortisation	(11,325,943)	(11,670,873)	344,930	(3.0)	
Provision for bad debts	(4,681,889)	(4,681,892)	3	-	
Finance costs	(16,173,758)	(16,175,091)	1,333	-	
Repairs and maintenance	(5,111,874)	(5,114,425)	2,551	-	
Contracted services	(28,070,230)	(28,770,518)	700,288	(2.4)	
Operational expenses	(35,970,854)	(36,007,665)	36,811	(0.1)	
	(283,765,751)	(285,278,786)	1,513,035	(0.5)	
Other revenue and costs					
Gain or loss on exchange differences	(15,590,166)	-	(15,590,166)	-	
Loss on disposal of assets	(44,002)	276,020	(320,022)	(115.9)	Refer to note 38
Gain on fair value adjustments	(443,269)	(443,337)	68	-	
Actuarial gain	751,000	751,000	-	-	
	(15,326,437)	583,683	(15,910,120)	(725.8)	
Net surplus/ (deficit) for the year	(9,225,527)	7,101,897	(16,327,424)	(229.9)	

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Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2022

	Additions	Revised Budget	Variance	Variance	Explanation of significant variances from budget
	Rand	Rand	Rand	%	
Municipality					
Chief Whip	38,256	40,000	1,744	4	
Corporate Services	1,029,628	1,100,000	70,372	4	
Disaster Management	480,213	500,000	19,787	4	
Executive Mayor	190,110	200,000	9,890	5	
Finance & SCM	1,193,019	2,285,000	1,091,981	18	
Internal Audit	34,371	35,000	629	2	
LED & Tourism	267,248	270,000	2,752	1	
Municipal Health	388,019	400,000	11,981	3	
Municipal Manager	684,647	700,000	15,353	2	
Planning Department	-	-	-	-	
Rural Development	34,371	35,000	629	2	
Social & Transversal Issues	80,256	85,000	4,744	6	
Speaker	189,735	200,000	10,265	5	
Technical Services	534,196	580,000	45,804	8	
Mayoral Committee	-	-	-	-	
	5,144,069	6,430,000	1,285,931	20	

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Appendix F

71,328,477 Audited
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