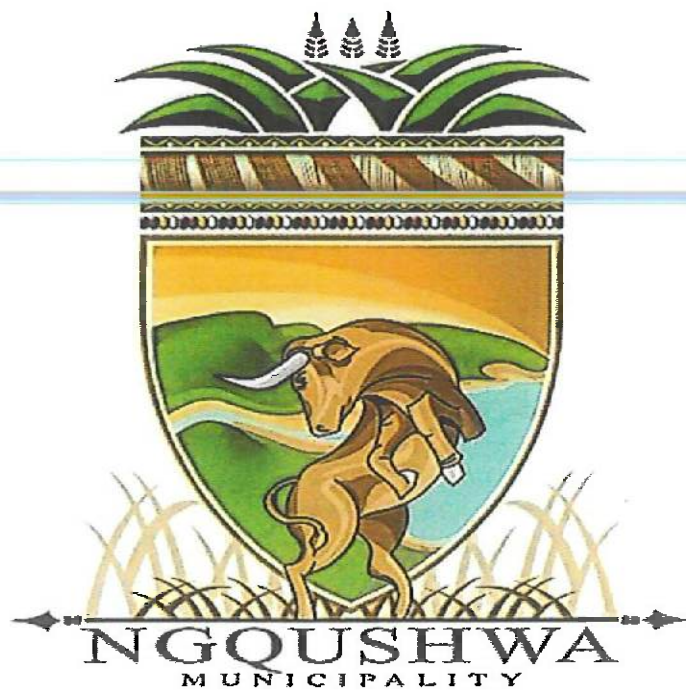




**NGQUSHWA LOCAL MUNICIPALITY
ANNUAL REPORT
2023/2024**

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KEY PERFORMANCE INDICATORS

ABBREVIATIONS/CONCEPTS AND MEANING

ABBREVIATIONS/ CONCEPTS	MEANING
Accountability documents	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
ADM	Amatole District Municipalities.
AG	Office of the Auditor General.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
BTO	Budget and Treasury Office.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
CBOs	Community Based Organizations.
CDWs	Community Development Workers.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
DBSA	Development Bank of Southern Africa.
DEDEA	Department of Economic Development and Environmental Affairs.
DM	District Municipality.
Distribution indicators	The distribution of capacity to deliver services.
ECDC	Eastern Cape Development Corporation.
EPWP	Expanded Public Works Programmes.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
FY	Financial Year
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
GDP	Gross Domestic Product.

ABBREVIATIONS/ CONCEPTS	MEANING
HDI	Human Development Index.
HH	Households.
HOD	Head of Department.
HR	Human Resource.
IDP	Integrated Development Plan.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
IT	Information Technology.
LED	Local Economic Development.
LM	Local Municipality.
MFMA	Municipal Finance Management Act.
MIG	Municipal Infrastructure Grant.
MOU	Memorandum of Understanding.
MPAC	Municipal Public Accounts Committee.
MSA	Municipal Systems Act (Act No. 32 of 2000).
National performance areas	Key Service delivery & infrastructure Economic development Municipal transformation and institutional development Financial viability and management Good governance and community participation
NGOs	Non-Governmental Organisations.
NLM	Nggqushwa Local Municipality.
NYDA	National Youth Development Agency.
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
PDOHS	Provincial Department of Human Settlements
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this

ABBREVIATIONS/ CONCEPTS	MEANING
	EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
PGDP	Provincial Growth and Development Plan.
PMS	Performance Management System.
PMU	Project Management Unit.
Service Delivery Budget Implementation Plan (SDBIP)	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
SDF	Spatial Development Framework.
SME	Small Micro Enterprise.
Vote:	One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.
WSA	Water Service Authority.
WSDP	Water Service Development Plan.
WSP	Water Service Provider.
WTW	Water Treatment Works.

CHAPTER 1

COMPONENT A: MAYOR'S FOREWORD

It is my privilege to present 2023/24 Annual Report of Ngqushwa Municipality to the community of Ngqushwa and to our stakeholders. The five-year term of local government provides an opportunity for us to review the previous financial year's performance and improve thereon.

Annual Report of Ngqushwa Local Municipality has been prepared in line with the provisions of various pieces of legislations like the Local Government Municipal Systems Act, 2000 read together with the provisions of the Local Government Municipal Finance Management Act 56 of 2003. Section 121(1) of the Local Government Municipal Finance Management Act 2003, states that, every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The Council of a municipality must within nine months after the end of the 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.

During the 2023/24 financial year, Ngqushwa Local Municipality made good progress in fulfilling its constitutional obligation of delivering basic services to the communities guided by its vision to deliver services in an integrated and community driven service manner.

Ngqushwa community played a key role in achieving our goals by participating optimally on municipal programmes through public participation structures and platforms that we have such as ward committee meetings, IDP/PMS and Budget Rep forums and Roadshows. Your contributions enabled us to confirm where our key challenges lie and construct a plan to address them.

The annual report is one of the highly reputable tools of government and in terms of accountability, to assess the effectiveness of the Municipality and the impact it has on the community. It also gives an overview of the state of financial affairs of the Municipality and the administrative and governance maturity levels of the institution.

In conclusion, I would like to express my gratitude to Ngqushwa Council, Administration and all stakeholders for their support during the year under review.



Cllr S.S. Maneli
Mayor

COMPONENT B: EXECUTIVE SUMMARY BY THE MUNICIPAL MANAGER

2023/24 Annual Report serves a communication tool that reflects an overview of the municipal activities, performance in service delivery and financial position aimed at improving the lives of Ngqushwa communities.

The municipality remained focused on accomplishing our strategic goals and the creation of environment conducive for financial stability, the promotion of organisation well-being and ultimately the improvement of effective and efficient service delivery for all communities. The Municipality focus intensely on ensuring that the vision and mission of the organisation was clearly brought across to the public.

1) Administrative Functionality

The administration has been stronger than ever and with the support and guidance of the Council we have made a remarkable stride in achieving our vision "To be the preferred, vibrant, socio-economically developed municipal area that embraces a culture of human dignity, good governance and characterised by good quality of services for all. All Senior managers are appointed except for Director Technical Services to execute the administrative functions of the municipality however the Municipality has concluded recruitment processes.

2) Performance Management

The performance management policy is in place and is reviewed annually. The performance assessment evaluation has been cascaded up to the level of Middle Managers and support is being provided by EC COGTA. For the 2023/24 financial year institutional annual performance is sitting at **91 %** which shows improvement by **4%** as compared to **87%** of 2022/23 financial year.

3) Communication

Municipality has implemented several communication systems to keep the public abreast with the progress and information that affects them. After the implementation and successful execution of newsletter, a messaging system proceeded and established a social media presence. This platform has ensured that we have interactive, real-time communication with our communities

4) LED

The municipality is determined to ensure that we meet our strategic objectives of Local Economic Development. We have placed our focus on job creation within the areas via EPWP and CWP. We are pleased to have a good relationship with our LED stakeholders and looking forward to the coming financial year to make a new and improved changes in the LED environment.

5. Good governance

Good governance remains crucial to the success of the organisation and the value of a well-functioning Council with its Committee structures, as well as Ward Committees cannot be overstated by the institution. The municipality received unqualified audit opinion with findings in 2023/24. Audit Action Plan has been developed by the Municipality.

All reasonable steps are taken into consideration to maintain effective, efficient and transparent system of financial, risk management and internal control.

Top seven institutional risks and mitigate measures

NGQUSHWA LOCAL MUNICIPALITY TOP 7 INSTITUTIONAL RISKS			
No	KPA	Risk Description	Mitigation Actions
1	KPA 2	Public health hazard	1. Facilitate the finalization of Feasibility study 2. Social facilitation for the identified landfill site
2	KPA 2	Inadequate implementation of infrastructure projects	1. Monitoring of procurement plans
3	KPA 4	Poor SCM practices	1. Develop a compliance tool 2. Monitoring of compliance tool
4	KPA 5	Disclosure of confidential information	1. Develop ethics management policy 2. Develop ethics management plan 3. Development of Ethics Risk Register
5	KPA 5	Slow implementation of AGSA approved audit action and resolutions made by governance structures	1. Facilitate the inclusion of progress report on audit improvement plan to AC and Council.
6	KPA 1	Loss of organizational information	1. Conduct bi-annual individual departmental trainings on verification of documents to be transferred to archives/registry
7	KPA 5	Poor risk and fraud management culture	1. Risk Management to be standing item on departmental meetings 2. Elevate the Risk Management Committee to Section 79 structures Act

6. Public participation

The municipality realises that community participation is a major implication on democratising service delivery. Therefore, we continue to utilize space for public participation programmes where we communicate regularly with communities and disseminate relevant information through structures that are in place.

7. Financial Sustainability

The financial viability of Ngqushwa Local Municipality has not improved as several problems still prevail and our communities still very dependent on grant funding. We are considerate of indigent people to receive goods and services such refuse removal and electricity.

8. Joint projects and functions with Sector Departments

The Municipality share the area and community with other spheres of government and has to work closely with National, Provincial department and District Municipality to ensure effective implementation of various projects and functions.

In conclusion, I would like to thank the Mayor , Executive Committee, Councillors and Senior Managers who dedicated themselves and worked hard in ensuring that the people of Ngqushwa benefit from improved quality of life in a sustainably functional municipal area. I also commend all the staff, irrespective of the rank, their commitment, dedication, loyalty and hard work that contributed to a successful year. Last but not least I acknowledge the good relationship that prevailed with sector departments and organised labour.



Municipal Manager
N. Mgengo

COMPONENT C: MUNICIPAL OVERVIEW

1. VISION AND MISSION

The Ngqushwa Local Municipality committed itself to the following vision and mission:

1.1 VISION

To be the preferred, vibrant, socio-economically developed municipal area that embraces a culture of human dignity, good governance and characterized by good quality of service for all.

1.2 MISSION

Ngqushwa Local Municipality will strive to become a benchmark institution in the country in respect of good quality and affordable services, through effective resource mobilization and management, stimulation of economic growth, and good governance practices.

2. MUNICIPAL CORE VALUES/STANDARDS

Linked to the mission, the municipality identified the following **CORE VALUES** to be adhered to by the Councillors, management and the officials of the Municipality for all the interactions with customers:

- **Competency**- We commit to attract and retain a competent workforce to service our customers.
- **Honesty and Integrity**-We will demonstrate complete honesty and integrity in everything we do.
- **Diligence**-We will demonstrate caution, commitment and due diligence in discharging our duties.
- **Transparency**-We will be transparent and fair in all our dealings for utmost accountability.
- **Accountability**-We will create an environment to be held to account by our stakeholders and customers.
- **Professionalism**-We will always uphold and maintain a professional behaviour in executing our mandate and individual responsibilities for the furtherance of service delivery.
- **Value for Money**-We commit derive value for money as return on investment in all business engagements with service providers.

3. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

3.1 GEOGRAPHIC PROFILE

Ngqushwa Local Municipality falls within the jurisdiction of the Amathole District Municipality which is situated in the Eastern Cape Province. Amathole District Municipality covers an area of 23 573km² and the Ngqushwa Municipality area covers 2245 square kilometres which accounts for 10% of the district. Ngqushwa is located in the west of the Amathole district and consists of two towns Peddie and Hamburg, a portion of King Williams Town villages. It is one of the six municipalities that fall within the Amathole District Municipality.

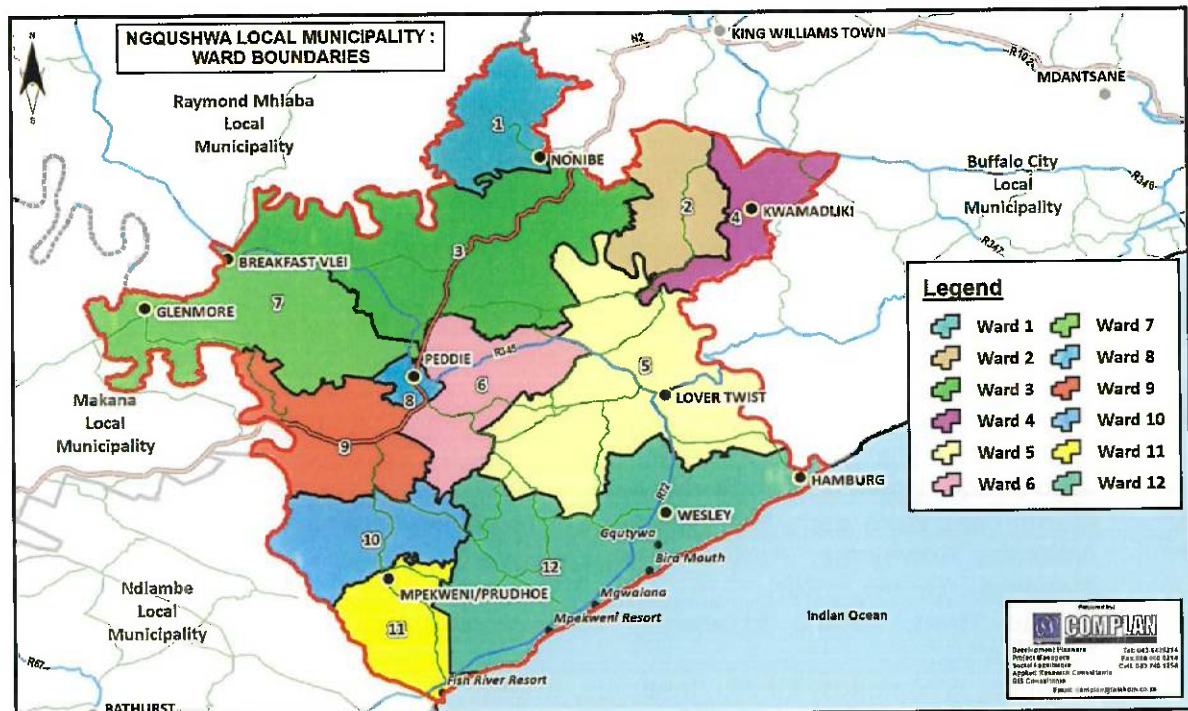
The administrative seat of the Municipality finds itself in Peddie and the municipal area is divided into 12 wards which consists of 108 villages. Ngqushwa is bordered by the

Great Fish River to the west and the Keiskamma River to the East. The southern boundary comprises a part of the coastline of the Indian Ocean.

3.2 WARDS AND VILLAGES

Ward	Villages
1	Zalara, Mtati, Tyeni, Ngqwele, Bhele, Tamara, Gobozana, Nxopho
2	Upper & Lower Mthombe, Thyatha, Zondeka, Qugqwala, Dlova, Nquthu, Tildin, Tapushe, Rode, & Mavathulana.
3	Qawukeni, Mabongo, Khalana, Shushu, Ntsinekana, Mqwashu, Bongweni A, Gcinisa North, Hlosini, Bongweni B, Nqwenerhana, Crossman/ Mgwangqa, Nomonti & Torr
4	Machibi, Upper & Lower Dube, Madliki, Phole, Moni, Ngxakaxha & Mdolomba
5	Tyityaba/Ferndale, Bodium, Bell, Lover's Twist, Crossroads, Tuku A, B & C, Wooldridge, Hoyi, Legeni, Birha,
6	Cisira, Feni, Dam-dam, Makhahlane, Celetyuma, Mahlubini/Nyaniso
7	Ndlambe, Ndwayana, Glenmore, Qamnyana, Gwabeni, Mankone, Horton, Maqosha, Luxolo & Rura
8	Peddie Town, Peddie Extension, Power, Luxolweni, German village, Durban Location
9	Runletts, Woodlands, Pikoli, Nobumba, Ntloko, Mgwaland, Lewis & Paradise
10	Mtati, Ngqowa, Upper Gwalana, Mabaleni, Ntshamanzi, Newtondale, Maxhegweni, Upper Qeto, Lower Qeto, Lower Mgwaland, eSigingqini
11	Mpheko, Mgababa, Prudhoe, Mkhanyeni
12	Hamburg, Benton, Gcinisa-South, Wesley, Bhingqala/Soweto, Mqheleni, Tarfield/Nier, Qobo-qobo/Nuloets, Daninge

3.3 MAPS OF NGQUSHWA LOCAL MUNICIPALITY



3.4 DEMOGRAPHIC PROFILE:

Ngqushwa Local Municipality has an estimated population of 68 300 (Stats SA: 2022). Compared to the previous census figures (66 227), the number of Ngqushwa population has increased.

POPULATION IN NGQUSHWA		
MALE	FEMALE	TOTAL
32 614	35 686	68 300

Table: The latest figures according to Stats SA 2022 is 68 300

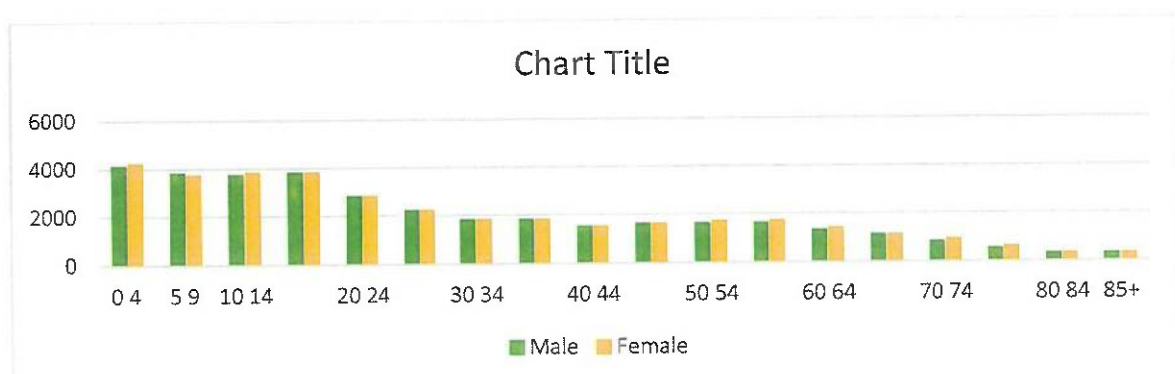


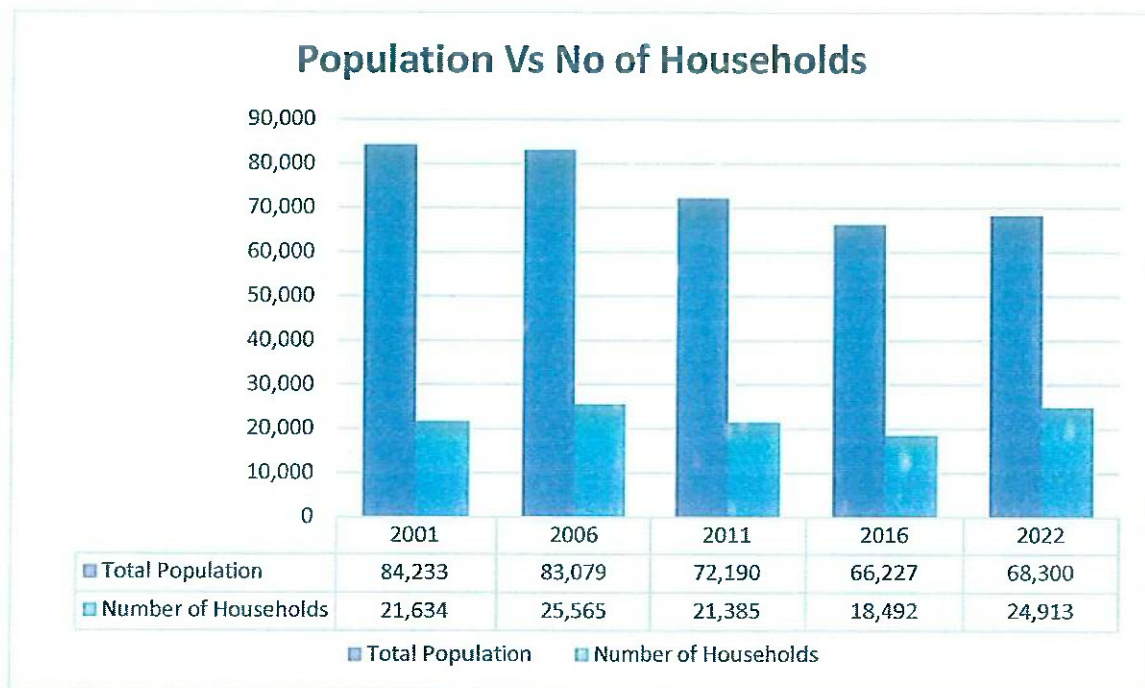
Figure : Below shows sex and age in completed years

Above figures reflected a high dependency rate with numbers of children aged between 0 and 19 years, school going age estimated at 28 800 with approximately 14 899 being males and 13 901 females. On the other hand, the numbers of those who fall above the economically active population (above 60 years) are estimated at 11 675. Of those,

approximately 7 260 are women and about 4 415 were men. This indicates that the total number of children, youth and elderly is 40 475 which accounts for about 56% of the total population which is very promising. This was very high and indicated that the municipality had to focus more efforts and funding towards children and youth development as well as caring for the aged. There was a high rate of school drop outs as well as high unemployment rate (Stats SA, 2016). This further promoted the need to develop social and youth development programs, provision of basic services and vigorous job creation programs going forward towards 2022.

3.5 POPULATION VS NO OF HOUSEHOLDS

Table below gives an overview of common statistics of Ngqushwa Local Municipality according to the official census done by Stats SA, 2022



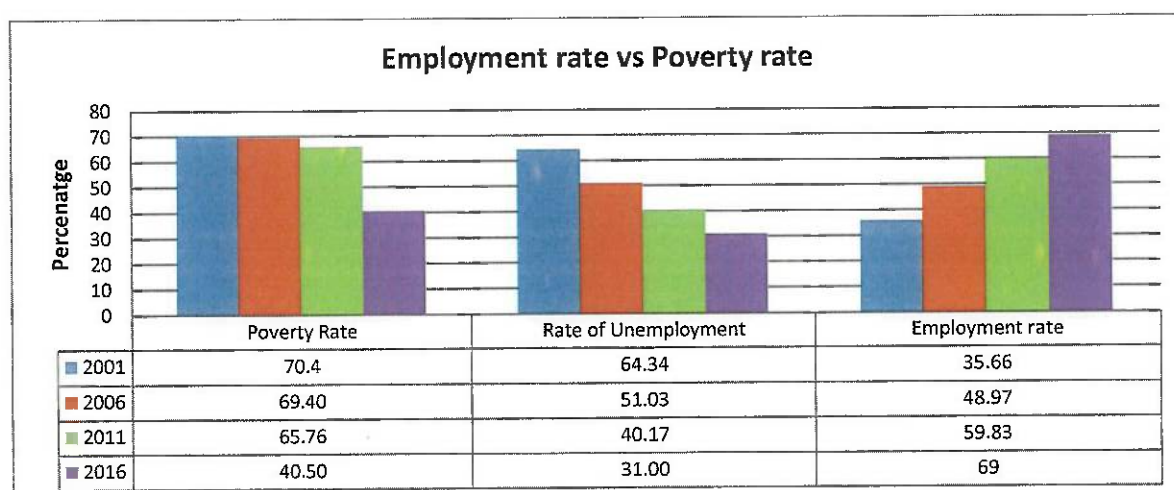
3.6 HOUSEHOLDS

The table below gives an overview of common statistics of Ngqushwa Local Municipality according to the official census done by Stats SA.

Demographic profile of Ngqushwa Local Municipality		
	2016	2011
Population	66 227	72 190
Age Structure		
Population under 15	31.1%	29.9%
Population 15 to 64	60.8%	58.3%
Population over 65	8.1%	11.8%
Dependency Ratio		
Per 100 (15-64)	64.6	71.5
Sex Ratio		

Males per 100 females	88.9	88.7
Population Growth		
Per annum	-0.55%	n/a
Education (aged 20 +)		
No schooling	7.8%	14.1%
Matric	21.4%	14.5%
Higher education	5.3%	3.7%
Household Dynamics		
Households	17 149	19 471
Average household size	3.7	3.1
Female headed households	51.7%	51.0%
Formal dwellings	72.9%	71.6%
Housing owned	70.7%	80.9%
Household Services		
Flush toilet connected to sewerage	8.0%	5.0%
Weekly refuse removal	8.8%	7.2%
Piped water inside dwelling	7.2%	6.5%
Electricity for lighting	96.0%	91.4%

3.7 ECONOMIC INDICATORS:



Source: Stats SA : 2016

Figure : Above reflects decreasing poverty levels between 2001, being about 70.4 % to 40.50% in 2016. The rate of unemployment on the other hand also shows a decrease from 64.34% in 2001 to 31% in 2016. The employment rate has increased from 35.66% in 2001 to 69% in 2016.

Ward meetings cited poverty and unemployment as one of the major challenges. These meetings also suggested that government should provide more support to orphans and child-headed households.

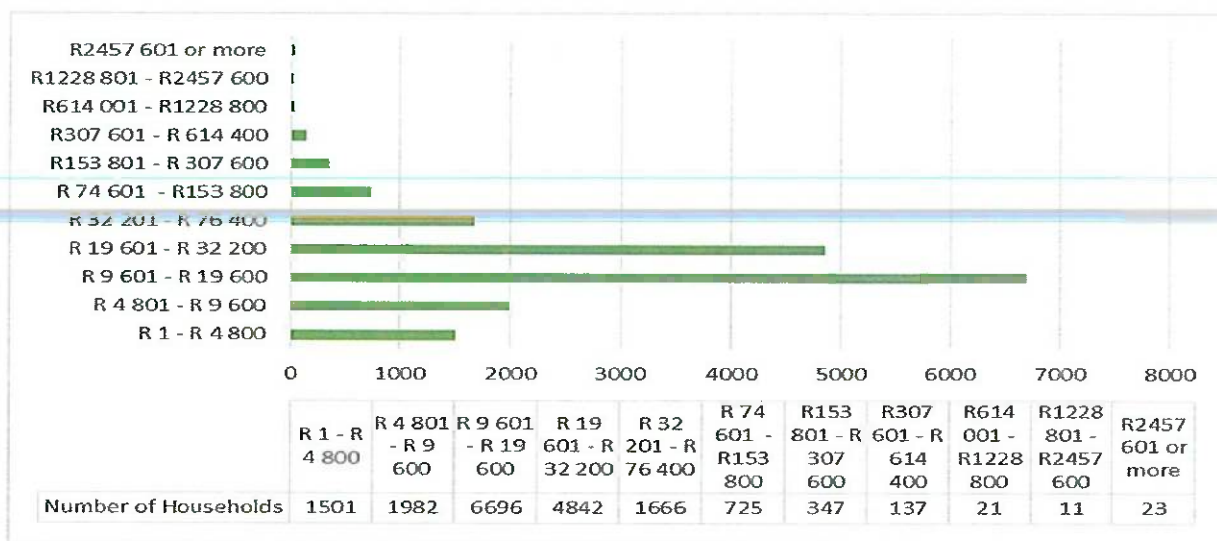


Figure Household Income Source: ECSCE (Census 2019)

Figure 5 reflects the majority of households earning very low incomes. Statistics SA (2011) information shows the number of the employed households being 11 538 earning between R9 601 and R38 200 per annum. Ward meetings revealed that the majority of the population relies heavily on social grants. They raised that there is a need for projects to provide the community with food security. Proposals for skills development and provision of institutions of higher learning that will ensure improvement of the labour force also came up strongly from the ward

3.8SERVICE DELIVERY OVERVIEW

Service Delivery Standards	
Service	Percentage
Access to Water	94%
Access to Sanitation	67%
Access to Electricity	94,5%
Access to Roads	12.18 km Surface 244,6 km Gravel 446,5 km Earth Road

2023/24 MUNICIPAL PROGRAM

JULY 2023 Printing/distributing & promoting new IDPs Elderly People Mandela Day						
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel of communication	Time Frame
Mandela Day Celebration	Handover of food parcels to destitute families, elderly Centres and Soup Kitchen across Ngqushwa Villages	Office of the Mayor, Communications, Council of Church	Mayor	Community	Designed Poster Facebook, Tik Tok Video, Ngqushwa FM Coverage/Interviews	18 July 2023
Gender Based and Violence Awareness Programme	Gender Based Awareness Programme for the community re rape case of a toddler in the village.	Office of the Mayor, SAPS, Department of Social Development	Mayor Station Commander	Mgababa Community	Design of Poster Social media, Ngqushwa FM	20 July 2023
AUGUST 2023 Women's Month						
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame
Career Expo	Engage high school students with potential career paths that will make them decide what to study in college as well as exploring opportunities for bursaries/ Student Financial Aid	Public Participation Unit, Department of Education (DOE), Department of Public Works and Infrastructure Uchumo Sizwe	Mayor, Uchumo, DOE	School Students (Grade 10, 11 and 12's)	Face book Coverage	18 August 2023

IDP/PMS and Budget Representative Forum	Presentation – IDP /BUDGET AND PMS Process Plan for 2024/25	IDP/PMS, BTO, Communications Unit	Mayor	Communities	Design Poster, Ngqushwa FM, Face book Live Stream yard Application,	24 August 2023	Done
Women's Month Celebration (Internal)	Doek Wednesday	Employee Wellness, Communications Unit	Municipal Manager	Female Employees	Design Posters, Internal Newsflash	30 August 2023	Done
Amakrwala Camp. Babuye Bephila	As they start the journey to Manhood, Stakeholders will Education amaKrwala about Manhood and how to be role models in society.	Office of the Speaker, Office of the Mayor, Communications Unit, Council of Churches, Moral Regeneration Movement, Initiation Forum, Department of Education	Speaker	Amakrwala	Designed Poster, Short videos on Facebook	31 August 2023	Done
SEPTEMBER 2023 Heritage & Tourism Month							
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments
Heritage Month Celebrations	Flea Market in Peddie Town Traditional Fridays	LED & Tourism, Communications, DSRAC, Crafters Association, Local Tourism Organization	Mayor, Portfolio Head	Communities	Design of Poster, Municipal Facebook page	06 September 2023	Done

Heritage Month Celebrations	Heritage Build- Up event (Sharing of Customs and Traditions by AmaXhosa, AmaMfengu and AmaBomvana)	DSRAC Amathole District Office, Community Services Department - LED Section, Communications, Public Participation Unit	Director DSRAC Amathole District Office, Mayor	Community, House of Traditional Leaders,	Design Poster, Ngqushwa FM, Municipal Facebook page	14 September 2023	Done
Sports Activity: Youth Development programme Mayors Cup Tournament	Encourage Youth to play in an effort to curb youth from crime and do away with substance abuse.	DSRAC Amathole District Office, Community Services Department - Waste and Management, Communications, Public Participation Unit	DSRAC Amathole District Office, Mayor	Youth	Design Poster, Face book Live, Media interviews, Newsletter	15 -17 September 2023	Done
Coastal Clean Up Campaign	Reduction of pollution and waste in our environment.	Office of the Mayor, Community Services Department, Communications Unit	Mayor	Hamburg Community	Design Poster	21 September 2023	Done
School Visits	Prayer Service for Matric Class of 2023	Office of the Speaker, Office of the Mayor, Communications Unit, Council of Churches, Moral Regeneration Movement, Initiation Forum, Department of Education.	Speaker	Grade 12s (Matriculants)	Design Poster, Ngqushwa FM, 2-minute Videos.	Between 6-26 September 2023	Done

Workshop strengthen working relations with Councilors and traditional leaders	The role of traditional leaders and ward councillor in service delivery and how better to harmonize the working relations.	Office of the speaker, office of the Mayor, communication unit, COGTA	Speaker	Councillors and traditional leaders	Design Poster, Ngqushwa FM	28 September 2023	Not Done
OCTOBER 2023 National Outreach Programme							
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments
Support to Adopted Schools	Ilima Support to Grade 12's	Office of the Mayor (SPU), Communications Section	Mayor	Adopted Schools	Design Poster, Ngqushwa FM, Face book	5 - 6 October 2023	Done
Marine week	Marine Day Celebration	Coastal Unit	Portfolio Head Community Service,	Community	Posters	13 October 2023	Done
MPAC Annual Report Roadshows	Tabling of 2022/23 Financial Year Annual Report to communities	IDP/PMS, BTO, Communications Unit	Mayor	Communities	Design Poster, Ngqushwa FM, Face book Live Stream yard Application,	17, 18,24 October 2023	Done
Mayoral Imbizo	Outreach programme to engage communities	Public Participation Unit, All Municipal Departments, Sector	Mayor,	Communities	Designed Poster, Ngqushwa FM, Live Reads	31 October 2023	Not Done

	regarding the government programmes that seek to advance service delivery in Ngqushwa jurisdiction.	Departments and State-Owned Agencies							
Disability Awareness Programme	Awareness Programme for Blindness	DSRAC, SPU, Public Participation Unit	Mayor	Communities	Design Poster	October 2023		Not Done	
Education Support Programme	NSFAS Student Registration Drive	SPU, Public Participation, Department of Basic Education		Matric Class of 2023	Posters	October 2023		Done	
NOVEMBER 2023 16 Days of Activism									
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame		Comments	
Launch of Local Disability Forum	Disability Awareness and Launch	SPU, Public Participation	Mayor	Community, People living with disabilities	Poster	9 November 2023		Not Done	
16 Days of Activism Programmes and World Aids Day		SPU Office of the Speaker	Mayor	Community	Poster, Designed Poster of Mayors Message to communities.	24 November 2023		Done (Umhlobo wenene programme)	
IDP/PMS and Budget Representative Forum	Presentation – Situational Analysis 2023/24	IDP/PMS, Communications Unit	Mayor	Communities	Design Poster, Ngqushwa FM, Face book Live	21 November 2023		Done	

							Stream yard Application,		
DECEMBER 2023 World Aids Day									
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments		
Christmas gifts to destitute families	Christmas gifts to destitute families	Office of the Mayor (SPU), Communications Sections	Mayor	Destitute families	Designed Poster of Mayors Christmas Message to communities, Local Radio Station, Social Media	13, 14, 15 December 2023	Done		
Opening of the Summer Season Event	Switch On of Christmas Lights. Welcoming of holiday makers, visitors to our Jurisdiction	LED & Tourism, Communications, DSRAC, Crafters Association, Local Tourism Organization	Mayor	Communities, Visitors, Friends and Relatives (VFR)	Designed Poster, Local Radio Station, Social Media	15 December 2023	Done		
JANUARY 2024 Back 2 School									
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments		
Back to School Campaign	Visit to Adopted Schools	SPU, Public Participation	Mayor	Imidushane SSS, Sotinini SSS, Ncedolwethu SSS and Pamla High School(	Posters, Facebook, Tiktok, Ngqushwa FM	January 2024	Done in all 4 schools		

					Premier L.O Mabusyane)				
Education Support Programme	NSFAS Student Registration Drive – Final	SPU, Public Participation			Matric Class of 2023	Posters	6 – 8 January 2024	Done	
FEBRUARY 2024 Public Participation Roadshows									
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments		
Internal Strategic Session	Reviewal of IDP/Budget and also alignment for Integrated Planning	Office of the Municipal Manager, Office of the Mayor	Mayor	Municipal Officials, Government departments and Community	Email, Poster, Internal Newsflash	February and March 2024	Done		
Umqwashu Public Participation	Public Participation forum regarding Umqwashu that is planned to be a National Heritage Site. Handover of Science Kit to Nobumba Primary School by ECGB. The Department of Social Development, Education were part of the programme.	Office of the Mayor, Speaker, Municipal Managers, Community Services Department,	Mayor/Speaker	Municipal Officials, Government departments and Community	Email, Poster, Facebook	February and March 2024	Done		

State of the Province Address (SOPA)	Public Viewing Area (Crossing live through Mpuma Kapa TV) at Ncumisa Kondlo Indoor Sports Centre for the State of the Province Address (SOPA).	Corporate Services Department, Speakers Office	Mayor, Municipal Manager	Municipal Officials, Government departments and Public	Poster, Facebook, Public Viewing Screen (Link from Mpuma Kapa TV), Tiktok	22 February 2024	Done
Public Participation to Redress Service Delivery challenge.	Public participation to inform and redress Bhongweni Community about the status of community hall that was already started by the contractor.	Office of the Mayor, Department of Infrastructure and Technical Services	Mayor	Bhongweni Community	Poster, Facebook	23 February 2024	Done
MARCH 2024 Human Rights Month							
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments
EPWP Launch	EPWP Rural Road Maintenance Programme.	Office of the Mayor, Communications,	Mayor	Unemployed Ngqushwa citizens	Poster, Newsflash Facebook, Tiktok, Ngqushwa FM	01 March 2024	Done
Public Participation – Discussion and input on views Basic Education Laws Amendment Bill.	Basic Education Laws Amendment Bill.	Office of the Speaker, Eastern Cape Legislature	Speaker	Community members	Loudhailing, Facebook	05 March 2024	Done
Service Delivery Video Clip	Service Delivery updates, Ward roads maintenance programme (Video Clip).	Communications	Mayor	Community members	Facebook, TikTok	07 March 2024	Done

External Strategic Session	Reviewal of IDP/Budget and also alignment for Integrated Planning	Office of the Municipal Manager, Office of the Mayor	Mayor	Municipal Officials, Government departments and Community	Email, Poster, Facebook	11-15 March 2024	Done
Women empowerment Information Day	Information Day – Women in Business information sharing.	Speakers Office, Communications	Speakers	Community	Facebook, loud hailing, Tiktok	19 March 2024	Done
Consultation with Community - Close up of completed roads project.	Mxaxa community consultation regarding the completion of re gravelled internal streets.	Mayor's Office, Department of Infrastructure and technical services, Communications	Mayor	Rura/ Mxaxa Community	Poster, Facebook	22 March 2024	Done
Adoption of draft IDPs/Budget for 2024/25	Tabling/ Presentation of draft IDP/Budget for 2024/25 Financial Year	IDP/PMS Unit, BTO, Communications Section, Office of the Mayor	Mayor	Communities	Designed Poster, Local Radio Station, Stream yard application on Social Media	26 March 2024	Done
Fight against GBV&F	Gender Based Violence Awareness held at Goboza 1 for the Ward 1 Community.	Office of the Mayor, Communications Section, Department of Health, Department of Social Development, SAPS	Mayor	Ward 1 Communities	Designed Poster, Social Media	27 March 2024	Done
Civic Education – Glenmore Township and FBS	Glenmore Township	Office of the Speaker, SAPS, Communications Section, COGTA,	Speaker	Community engagement	Designed Poster, Social Media	27 March 2024	Done

Arrive Alive Road Block	Road Safety tips for motorists during Easter Holiday	Office of the Mayor, Community Services Department, Communications Section, SAPS, Department of Transport	Mayor	Motorists	Social Media	28 March 2024	Done
APRIL 2024 Freedom Day IDP Roadshows							
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments
Arts and Crafts Exhibition - Local Designers	Fashion Show	LED & Tourism, Communications, DSRAC, Crafters Association, Local Tourism Organization, DEDEAT	Mayor	Communities, Visitors, Friends and Relatives (VFR)	Designed Poster, Local Radio Station, Social Media	April 2024	Not Done
Service Delivery Friday	Handover of Hawker Stalls in Peddie Town	Department of Community Services	Mayor	Communities, Street Vendors, Vegetables and Fruit Hawkers	Designed Poster, Local Radio Station, Social Media	12 April 2024	Done
Service Delivery Friday	Handover of Bee Hive Boxes	Department of Community Services, Harmony Gold, Mineworkers Development Agency, Aspire	Mayor	Communities, Street Vendors, Vegetables and Fruit Hawkers	Designed Poster, Local Radio Station, Social Media	19 April 2024	Done
School Shoe Drive	Handover of School Shoes to various schools	60 Walk a child to School Foundation	Council	School Learners	Designed Poster, Local Radio Station, Social Media	17,18, 22,29,3 April 2024	Done

Stage 4: IDP/Budget Roadshows	Presentation of IDP/Budget Roadshows(Final 2024/25 IDP/Budget)	IDP/PMS Unit, BTO, Communications Section, Office of the Mayor	Mayor	Communities	Designed Poster, Local Radio Station, Social Media	22, 23, 24 April 2024	Done
Service Delivery Friday	Handover of Ngquthu Community Hall and IDP/Budget Roadshow	Office of the Speaker, Office of the Mayor, Department of Infrastructure and Technical Services, Communications Section	Mayor	Communities	Designed Poster, Social Media	26 April 2024	Done
Memorial Lecture	Memorial Lecture on behalf Ncumisa Kondlo (Ngqushwa Leader)	Office of the Speaker, Office of the Mayor, Communications Section,	Mayor	Communities	Designed Poster, Local Radio Station, Social Media	30 April 2024	Done
MAY 2024 Worker's Month Mqwashu Celebrations							
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame	Comments
Service Delivery Friday	Handover of Lovers Twist Community Hall and IDP/Budget Roadshow	Office of the Mayor, Department of Infrastructure and Technical Services, Communications Section	Mayor	Communities	Designed Poster, Social Media	03 May 2024	Done

Service Delivery Friday	Introduction of Contractors for Infrastructure Maintenance to five villages in ward 2 and 4.	Office of the Mayor, Department of Infrastructure and Technical Services, Communications Section	Mayor	Communities	Designed Poster, Social Media	07 May 2024	Done
Service Delivery Friday	Introduction of Contractors for Infrastructure Maintenance to five villages in ward 5 and 6.	Office of the Mayor, Department of Infrastructure and Technical Services, Communications Section	Mayor	Communities	Designed Poster, Social Media	09 May 2024	Done
Service Delivery Friday	Handover of two community halls (Mqheleni and Tammara)	Office of the Mayor, Department of Infrastructure and Technical Services, Communications Section	Mayor	Communities	Designed Poster, Social Media	10 May 2024	Done
Mqwashu Celebrations	Arrival of Abambo at Mqwashini - Milkwood Tree	LED & Tourism, Communications, DSRAC, Crafters Association, Local Tourism Organization, DEDEAT	Mayor	Communities, Visitors, Friends and Relatives (VFR)	Designed Poster, Local Radio Station, Social Media	14 May 2024	Done
Service Delivery Friday	Handover of school shoes at Nobumba Primary School and Agricultural inputs to Qawukeni Maize Growers	Office of the Mayor, Department of Community Services, Communications Section	Mayor	School learners	Designed Poster, Social Media	17 May 2024	Done
Local Economic Development – MOA signed.	Nqushwa Beef Value Chain Complex(Feedlot)	Office of the Mayor, Department of Community Services,	Mayor, Municipal Manager	Farmers	Social Media	18 May 2024	Done

		Communications Section							
Service Delivery Friday	Handover of Ntloko Memorial Hall. Named after Ms Nombuyiselo Magingxa (Former Mayor)	Office of the Mayor, Office of the Speaker, Department of Infrastructure and Technical Services, Communications Section	Mayor	Communities	Designed Poster, Social Media	10 May 2024		Done	
JUNE 2024 Youth Month Activities									
Key Communication Activity per Communication Circle	Programme	Messenger/Dept. responsible	Messenger	Target Audience	Channel	Time Frame		Comments	
Service Delivery resource for revenue enhancement	Handover of New Fleet to traffic Services Section	Office of the Mayor, Office of the Speaker, Department of Community Services, Communications	Mayor, MM	Traffic Officers and Ngqushwa community	Social Media	06 June 2024		Done	
Youth Month	Awareness and Monitoring of Initiation Schools during season	Office of the Speaker,	Speaker, Chairperson of the Initiation Forum,	Communities and government departments	Designed Awareness Poster, Social Media	June and July 2024		Done	

CHAPTER 2

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 INTRODUCTION TO GOVERNANCE:

Ngqushwa Local Municipality is a Category B which forms part of the six (6) local municipalities under the Amathole District Municipality (ADM). A local municipality is a type of municipality that serves as the third, and most local, tier of local government.

2.1.1 POLITICAL GOVERNANCE STRUCTURE

Ngqushwa Local Municipality has a total number of 12 Ward Councilors and 10 Proportional Representatives including the Mayor and the Representative of the opposition party. Refer to **Appendix A** for a full list of Councilors, committee allocations and attendance at council meetings. Also included are committees and committee purposes.

The Council performs both legislative and executive functions. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councilors are also actively involved in community work and the various special programs in the municipal area.

2.1.1.1 CURRENT POLITICAL GOVERNANCE STRUCTURE

POLITICAL STRUCTURES	FUNCTION
MAYOR: Cllr. S.S.Maneli	FUNCTION: The Mayor of a municipality: • Presides at meetings of the executive committee; • Performs the duties, including any ceremonial functions; • Exercises the powers delegated to the Mayor by Municipal Council or the Executive Committee.
SPEAKER: Cllr. D.Ncanywa	FUNCTION: The Speaker of a municipal Council; • Presides at meetings of the Council. • Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); • Must ensure that the council meets at least quarterly; • Must maintain order during the meetings; • Must ensure compliance in the council and council committees with the Code of conduct set out in schedule 1 to the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000); and • Must ensure that the council meetings are conducted in accordance with the rules and orders of the council.
CHIEF WHIP: Cllr. A. Nodikida	
EXECUTIVE COMMITTEE: Cllr. L.Mdabula (Infrastructure Development & Corporate Services	

Cllr. S Nyaniso (Budget and Treasury Office)
Cllr. A. Nodikida (Community Services)

MPAC CHAIRPERSON:

Cllr. M. Gqo

2.1.1.2 COUNCILLORS

Below is a table that categorise the Councillor's within their specific political parties and wards:

WARD NO:	COUNCILLOR	POLITICAL PARTY	PORTFOLIO
1	M. Gqo	ANC	Ward Councillor /MPAC Chairperson
2	P. Nodala	ANC	Ward Councillor / Budget and Treasury Standing Committee
3	B. B. Ntabeni	ANC	Ward Councillor / Infrastructure Development Standing Committee
4	N.A. Ntsunguzi	ANC	Ward Councillor/ Infrastructure Development Standing Committee
5	N. Lawu	ANC	Ward Councillor / Corporate Services Standing Committee/MPAC
6	S.G. Mhlakane	ANC	Ward Councillor /Community Services Standing Committee
7	M .Luzipho	ANC	Ward Councillor / Corporate Services Standing Committee
8	N. Dyalvani-Toty	ANC	Ward Councillor / Community Services Standing Committee
9	N. Mtati	ANC	Ward Councillor / Budget and Treasury Standing Committee/ MPAC Member
10	L. E. Cinywa-Mcoboki	ANC	Ward Councillor / Budget and Treasury Standing Committee /MPAC
11	X. Magini	Independent	Ward Councillor / Budget and Treasury Standing Committee
12	D. Ncanywa	ANC	Ward Councillor /Speaker

2.1.1.3 TABLE OF PR COUNCILLORS:

NO	COUNCILLOR	POLITICAL PARTY	PORTFOLIO
1	Sanga Siyabulela Maneli	ANC	Mayor
2	Anathi Nodikida -Twani	ANC	PR Councillor /Portfolio Head: Community Services /Chief whip
3	Lindiwe Mdabula	ANC	PR Councillor /Portfolio Head: Corporate Services & Infrastructure Development Standing Committee
4	Sithembiso Nyaniso	EFF	PR Councillor /Portfolio Head: Budget and Treasury Standing Committee
5	Nondyebo Jako	ANC	PR Councillor / Corporate Services Standing Committee
6	Nomhle Seti	ANC	PR Councillor / Community Services Standing Committee

7.	Thobeka Dinginto	ANC	PR Councillor / Budget and Treasury Standing Committee
8.	Ncedo Mlotana	ANC	PR Councillor /Corporate Services Standing Committee
9.	Laduma Nondate	EFF	PR Councillor / Budget & Treasury Standing Committee / MPAC Member
10	Sesona Maswana	EFF	PR Councillor Community Services Standing Committee
11	Robyn Taylor	DA	PR Councillor / Community Services Standing Committee / MPAC Member

2.1.1.4 TRADITIONAL LEADERS

NO	TRADITIONAL LEADER	PORTFOLIO
1	Masilo Matomela	Chief/ Community Services Standing Committee
2.	Zanemvula Njokweni	Chief/ Corporate Services Standing Committee

2.1.6 COUNCILLORS ATTENDANCE AT COUNCIL MEETINGS

COUNCILLORS ATTENDANCE AT COUNCIL MEETINGS 2023-24 FY

Council Meetings – 07 July 2023 to 30 June 2024

Name of Councillor	Ordinary Council				Special Council			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor LE Cinywa-Mcoboli	4	4	0	0	12	11	1	0
Councillor TS Dinginto	4	4	0	0	12	11	1	0
Councillor N. Dyalvani-Toty	4	3	0	0	12	8	2	2
Councillor M. Gqo	4	4	0	0	12	12	0	0
Councillor N. Hempe	4	0	2	3	12	2	3	0
Councillor NM Jako	4	3	1	0	12	11	0	1
Councillor N. Lawu	4	2	2	0	12	11	1	0
Councillor M. Luzipho	4	4	0	0	12	9	0	3
Councillor X. Magini	4	4	0	0	12	8	2	2
Councillor S. Maswana (sworn in, Q2)	4	2	0	0	12	5	2	0

Councillor L. Mdabula	4	4	0	0	12	10	1	1
Councillor SG Mhlakane	4	4	0	0	12	11	1	0
Councillor N. Mlothana	4	4	0	0	12	12	0	0
Councillor SS Maneli	4	4	0	0	12	12	0	0
Councillor N. Mtati	4	4	0	0	12	12	0	0
Councillor D. Ncanywa	4	4	0	0	12	12	0	0
Councillor Z. Ndonga (Q1&2)	4	2	0	0	12	0	2	2
Councillor P. Nodala	4	4	0	0	12	12	0	0
Councillor A. Nodikida	4	4	0	0	12	12	0	0
Councillor L. Nomatye	4	3	1	0	12	8	1	3
Councillor BB Ntabeni	4	3	1	0	12	11	1	0
Councillor N. Ntsunguzi	4	4	0	0	12	11	1	0
Councillor S. Nyaniso (sworn in, Q2)	4	1	1	0	12	6	1	0
Councillor NB Seti	4	3	0	0	12	10	1	0
Councillor R. Taylor	4	4	0	0	12	10	2	0

Name of Traditional Leader	Ordinary Council				Special Council			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Traditional leaders were sworn in after (26/11/2021)								
Chief MM Matomela	4	3	0	0	12	3	2	7
Chief Z. Njokweni	4	2	2	0	12	3	2	7

COUNCILLORS ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS
EXECUTIVE COMMITTEE MEETINGS – 21 September 2023 to 19 June 2024

Name of Councillor	Ordinary Executive Committee Meetings				Special Executive Committee Meetings			
	No. of Mtngs	Present	Absent With Apology	Absent Without Apology	No. of Mtngs	Present	Absent With Apology	Absent Without Apology

Councillor M. Maneli	4	4	0	0	2	2	0	0
Councillor L. Mdabula (BTO & CORP SERV.)	4	4	0	0	2	0	2	0
Councillor A. Nodikida (Councillor N. Dyalvani-Totyi – acting, Q2)	4	3	1	0	2	2	0	0
Councillor Z. Ndonga	4	0	1	0	2	0	0	0
Councillor S. Nyaniso (sworn in, Q2)	4	2	0	0	2	2	0	0

COUNCILLORS ATTENDANCE AT CORPORATE SERVICES STANDING COMMITTEE MEETINGS (Restructuring of section 79 & 80 committees took place during, Q3)

Corporate Services Standing Committee Meetings: 23 August 2023 to 18 January 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Jako	3	4	0	0
Councillor N. Hempe	3	2	0	1
Councillor N. Lawu	3	3	0	0
Councillor X. Magini	3	1	1	1
Councillor L. Mdabula	3	2	1	0

Corporate Services Standing Committee Meetings: 02 May 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Jako	1	1	0	0
Councillor N. Lawu	1	1	0	0
Councillor M. Luzipho	1	0	1	0
Councillor L. Mdabula	1	1	0	0
Councillor S. Mhlakane	1	1	0	0
Councillor N. Mlothana	1	1	0	0

Name of Traditional Leader	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief Z. Njokweni	1	0	0	1

COUNCILLORS ATTENDANCE AT PLANNING & DEVELOPMENT STANDING COMMITTEE MEETINGS

Planning and Development Standing Committee: 18 August 2023 to 17 January 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Dyalvani-Toty	3	2	1	0
Councillor A. Nodikida	3	1	2	0
Councillor BB Ntabeni	3	2	1	0
Councillor N. Ntsunguzi	3	1	1	1
Councillor R. Taylor	3	1	0	0

Name of Traditional Leader	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief MM Matomela	3	2	1	0

Planning and Development Standing Committee: 29 April 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Dyalvani-Toty	1	1	0	0
Councillor S. Maswana	1	1	0	0
Councillor S. Mhlakane	1	1	0	0
Councillor A. Nodikida	1	1	0	0
Councillor N. Ntsunguzi	1	0	1	0
Councillor B. Seti	1	0	1	0

Name of Traditional Leader	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief MM Matomela	1	0	0	1

COUNCILLORS ATTENDANCE AT BUDGET AND TREASURY STANDING COMMITTEE MEETINGS

Budget and Treasury Office: 23 August 2023 to 18 January 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L. Mdabula	3	2	1	0
Councillor S. Mhlakane	3	3	0	0
Councillor N. Mlotana	3	3	0	0
Councillor N. Mtati	3	3	0	0
Councillor L. Nomatye	3	1	1	1

Budget and Treasury Office: 30 April 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L. Cinywa-Mcoboki	1	1	0	0
Councillor T. Dinginto	1	1	0	0
Councillor X. Magini	1	0	1	0
Councillor N. Mtati	1	0	1	0
Councillor P. Nodala	1	1	0	0
Councillor L. Nomatye	1	1	0	0
Councillor N. Nyaniso	1	1	0	0

COUNCILLORS ATTENDANCE AT INFRASTRUCTURE DEVELOPMENT STANDING COMMITTEE MEETINGS

Infrastructure Development Standing Committee: 23 August 2023 to 17 January 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L. Cinywa-Mcoboli	3	3	0	0
Councillor T. Dinginto	3	3	0	0
Councillor M. Luzipho	3	3	0	0
Councillor Z. Ndonga	3	1	0	2
Councillor P. Nodala	3	2	1	0
Councillor N. Seti	3	3	0	0

Name of Traditional Leader	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Chief Z. Njokweni	3	1	1	1

Infrastructure Development Standing Committee: 18 April 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor N. Dyalvani-Toty	1	1	0	0
Councillor N. Jako	1	0	1	0
Councillor L. Mdabula	1	1	0	0
Councillor S. Maswana	1	0	0	1
Councillor B. Ntabeni	1	0	1	0
Councillor N. Ntsunguzi	1	1	0	0
Councillor N. Seti	1	1	0	0

COUNCILLORS ATTENDANCE AT MUNICIPAL PUBLIC ACCOUNT COMMITTEE MEETING

Municipal Public Accounts Committee Meeting: 23 August 2023 to 11 June 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor L. Cinywa-Mcoboki	5	2	0	0
Councillor N. Dyalvani-Toty	5	3	0	0
Councillor M. Gqo	5	5	0	0

Councillor N. Lawu	5	1	1	0
Councillor M. Luzipho	5	0	0	0
Councillor N. Mtati	5	4	1	0
Councillor P. Nodala	5	1	1	1
Councillor L. Nomatye	5	3	0	0
Councillor R. Taylor	5	2	1	0

COUNCILLORS ATTENDANCE AT WOMEN CAUCUS MEETING

Women Caucus Meeting: 05 December 2023 to 26 June 2024

Name of Councillor	Ordinary Standing Committees			
	No. of Meetings	Present	Absent With Apology	Absent Without Apology
Councillor LE Cinywa-Mcoboki	3	3	0	0
Councillor NB Seti	3	3	0	0
Councillor N. Ntsunguzi	3	3	0	0
Councillor N. Jako	3	3	0	0
Councillor P. Nodala	3	3	0	0
Councillor SG Mhlakane	3	3	0	0
Councillor M. Mtati	3	3	0	0
Councillor N. Lawu	3	2	0	0
Councillor R. Taylor	3	2	0	1
Councillor T. Dinginto	3	3	0	0
Councillor D. Ncanywa	3	3	0	0
Councillor S. Maswana	3	2	0	1
Councillor L. Mdabula	3	2	1	0
Councillor A. Nodikida	3	2	1	0
Councillor N. Dyalvani-Toty	3	2	1	0

2.1.1.5 POLITICAL DECISION-MAKING STRUCTURES:

Decisions are taken through the Council and the Executive Committee oversees that all resolutions are implemented. MPAC plays an oversight role.

2.1.2 ADMINISTRATIVE GOVERNANCE

MFMA section 60 (b): The Municipal Manager of a municipality is the accounting officer of the municipality for the purposes of this Act and must provide guidance on compliance with this Act to political structures; political office bearers, and officials of the municipality and any entity under the sole or shared control of the municipality.

Designation	Name	Employment Contract	Period
Municipal Manager	Mr. N. Mgengo	5 years	10 October 2022 till to date
Chief Financial Officer	Mr. T Fundira	Permanent Position	1 st August 2023 till to date
Acting CFO	Mr. L. Gwayimani	Acting Position	1 st May 2023 – 31 st July 2023
Director Corporate Services	Ms. K. Notshulwana	Permanent Position	2 nd May 2023 till to date
Director Community Services	Mr. V. Mbangi	5 years	10 th May 2021 till to date
Acting Director Technical Services	Mr L .Mbandazayo	Acting Position	1 st July 2023 till to date

2.1.2.1 ROLE OF THE ACCOUNTING OFFICER

The Municipal Manager is the Accounting Officer of the Municipality. S/He is the head of the administration and primarily has to serve as chief custodian of service delivery and implementation of political priorities. S/He is assisted by his/her directors which constitutes the Management Team, whose structure is outlined in the table below:

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

MSA section 3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution section 41. As outlined in Chapter 3 of the Intergovernmental Relations Framework (2005), the Implementation Protocols (IP) better known as Memorandum of Understanding (MOU) is a useful tool to operationalize the management of a Joint Programme to realize government developmental outcomes. The Inter-governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to work jointly, coordinate, communicate, align and integrate service delivery

effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act. Intergovernmental Relations (IGR) meetings were plan to be held on quarterly basis as per the approved 2023/24 process plan but due to none attendance of sector departments only one IGR was held in 2023/24 financial year.

2.2.1 NGQUSHWA LOCAL MUNICIPALITY IGR STRATEGY

Ngqushwa Local Municipality through assistance by EC Cogta is currently developing IGR strategy to ensure that policies and objectives of the municipality contribute towards service delivery and meet the needs of Ngqushwa communities. The document will be finalised and approved before the end of 2024/25 financial year.

2.2.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURE

Ngqushwa Local Municipality attends the Provincial MUNIMEC and Provincial Municipal Infrastructure Forum, Local Government Communications Forum, EPWP Provincial Steering Committee, Chief Audit Executive Forum, Provincial Legal Advisor's Forum, Provincial Round Table on Public Participation, Chief Audit Executive Forum, HRD & Collective bargaining Working Group, Provincial Skills Development Facilitators Forum to consult on matters of mutual interest and where the state and progress of municipalities are addressed.

2.2.3 DISTRICT INTERGOVERNMENTAL STRUCTURES

Ngqushwa Municipality attends the District IGR and District Mayors Forum (DIMAFO), Speakers Forum, District Municipal Manager's Forum, District Strategic Manager's Forum, District Internal Audit Forum District Engineering Forum, District Communicators Forum (DCF), District Legal Advisor's Forum, District Wide Planning and Economic Development Forum, District Agricultural Forum, District Corporate Services District Forum (CSDF), District Skills Development Facilitators Forum, District Tourism Forum, District Aids Council, District Finance Forum and District IDP/Budget and PMS Representative Forum and District Initiation Forum.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.3 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 16 of the Municipal System Act (MSA) refer specifically to the development of a culture of community participation within Municipality. It states that a Municipality must develop a culture of Municipal governance that complement formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the community. Such participation is required in terms of

- The preparation, implementation, review of the IDP
- Establishment, implementation, review of the IDP
- Monitoring and review of the performance, including the outcomes and impact of such performance.
- Preparation of the Municipal budget.

2.3.1 PUBLIC MEETINGS

2.3.1.1 COMMUNICATION, PARTICIPATION AND FORUMS

As guided and inspired by the Legal framework that includes the Constitution of the Republic of South Africa, The Municipal Systems Act 32 of 2000, as well as the Municipal Structures Act No.117 Of 1998, Ngqushwa Local municipality has ensured regular and effective communication with the community. The Municipality has to manage strategically information flow with relevant target groups, and also to ensure that communication in all spheres of government is driven by a clear message to improve the lives of the people.

It is widely recognized and understood that an organization's success rests on how well it understands the needs of its customers, and how it responds to those needs by delivering what is required. Good Customer Care clearly implies delivering a professional service, providing access to quality information, providing services that are timely, cost effective, and useful, for Government's core objectives. The Presidential Hotline is an electronic tool we are utilizing to manage queries, complaints.

Below is a communication checklist of the compliance to the communication requirements:

Communication Activities	Yes/No
Communication Unit	Yes
Communication strategy	Yes
Communication policy	Yes
Customer satisfaction survey	No
Functional Complaint management system	Yes
Newsletter distributed quarterly	Yes

The municipality has ensured during the year that there is full participation of the public through:

- IDP/Budget and PMS Representative Forums.
- IDP /Budget and PMS Road shows.

- MPAC Road shows.
- Local Communicator's Forum.
- Service Delivery Days.
- National Information Days

Notices were issued on time and dispatched in public places to ensure that each Ward is afforded the opportunity to participate. Those that the institution held via contact session, were attended mostly by; unemployed youth, adults and elderly citizens.

Public meetings						
Nature and purpose of the meeting	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	No: of Community members/stakeholders attending	Issues Addressed (Yes/No)	Date and Manner of feedback given to community
IDP/Budget and PMS Representative Forum	August 2023 October 2023 March 2024 May 2024	28	12	1500	Yes	1.Through Ward Councillors and tabled 2.During IDP/Budget and PMS Representative Forum
MPAC Roadshows	March 2024	26	8	1800	Yes	1.Through Ward Councillors 2.During IDP and Budget Roads shows
IDP /Budget and PMS Roadshows	April 2024	28	9	1850	Yes	1.Through Ward Councillors 2.During IDP /Budget Roadshows

2.3.1.1 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 56 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No
* Section 26 Municipal Systems Act 2000	T 2.5.1

COMPONENT D: CORPORATE GOVERNANCE

2.4 OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance is the set of processes, practices, policies, laws and stakeholders affecting the way an institution is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the institution is governed.

2.4.1 RISK MANAGEMENT

Ngqushwa Municipality's council monitors risk through the Audit Committee. The Committee plays an oversight role to ensure that there is an effective risk management process and system within the organisation. This approach provides technical assistance to the Council to exercise its role in ensuring that an adequate and effective risk management system and process is in place. The Council is expected to exercise the duty of care, skill, and diligence in identifying, assessing and monitoring risks as presented by Audit Committee. The Audit Committee recommends to the Council risk strategies and policies that need to be set, implemented and monitored.

During the year, the Municipality has established a Risk and Fraud Management Committee to ensure that the culture of risk management is embedded in the institutions operations. With the technical support from both internal audit and audit committee Ngqushwa Local Municipality identifies risk areas that are managed systematically and continuously. The municipality has a risk register in place which is treated as a working risk management document of which the identified risks are constantly recorded and properly managed. The municipality's senior management monitors and evaluates the implementation and efficiency of management's controls and such actions identified to improve current controls in the risk register. The municipality submits its risk management register to Internal Audit and Audit Committee on a quarterly basis for review.

During the period under review, the municipality developed the Strategic, departmental operational risk registers, Fraud, Supply Chain Management and ICT Risk Registers in line with the mitigation plans undertaken by management to improve the Risk Management System.

2.4.2 ANTI CORRUPTION AND ANTI FRAUD

Section 83© of the MSA refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the Municipal Finance Management Act(MFMA)section 112(1)(m)(i) identify supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the Municipal Finance Management Act (MFMA) states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management to minimise the likelihood of corruption and fraud.

Name of Strategy	Developed: Yes/No
Risk Management Policy	Yes

Fraud Prevention Policy	Yes
Ethics Management Policy	Yes
Risk and Fraud Management Committee	Yes
Fraud Prevention Plan	Yes

2.4.3 AUDIT COMMITTEE

The current audit committee was effective as from 1st September 2023 and consist of the members listed below, should meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises.

Audit Committee responsibilities:

The responsibilities of the Committee, as laid down in the Charter, include providing oversight on financial reporting and other matters such as the monitoring of governance processes, performance management, compliance processes ,controls and risk management in the municipality. The Committee also ensures effective communication between the Internal Auditors, Council and External Auditors and Management.

The key benefits of the audit committee are as follows:

- Increasing public confidence in the objectivity and fairness of both financial and non-financial reporting.
- Reinforcing the importance and independence of internal and external audit and similar review processes.
- Providing additional assurance through a process of independent review.
- Raising awareness of the need for internal control and the implementation of audit recommendations.

During this period the Committee conducted the following business and made recommendations for improvement in the relevant areas:

- Approval of the Risk Based Annual Internal Audit Plan and Three-Year Rolling Plan.
- Reviewed the Annual Financial Statement for 2023/2024 financial year.
- Reviewed the municipalities financial and performance reports.
- Reviewed the risk management framework of the municipality.
- Reviewed the Performance Management policy of the municipality.
- Considered litigation matters facing the municipality.
- Reviewed Internal Audit quarterly reports.
- Reviewed External and Internal Audit recommendations, monitoring and tracking thereof.
- Ensures that an Audit Action Plan is developed and monitor progress thereof on issues that were raised on the previous years by the Auditor General of South Africa.

2.4.3.1 MEMBERS OF THE AUDIT COMMITTEE

The Committee comprises of four independent executive members. Representatives from the office of the Auditor General, Internal Audit and senior management of the municipality attend committee meetings on an *ex officio status*. In terms of our Charter at least four (04) meetings should be held during a financial year. We are pleased to announce that all four meetings were held in the 2023/2024 financial year. Details of the Committee members are as follows:

#	INITIAL & SURNAME	POSITION
1.	Ms. A. Tinta	Chairperson -Audit Committee
2.	Mr. W. Mushowe	Member -Audit Committee
3.	Mr. M. K. Mafani	Member -Audit Committee and Risk and Fraud Committee Chairperson
4.	Ms. W. Dukuza	Member -Audit Committee

The permanent invitees to the Committee meetings include: the Mayor, Portfolio Head BTO, Municipal Manager, Chief Financial Officer, MPAC Chair, Senior Managers, Provincial Treasury, District Municipality and representatives from Internal Audit.

2.4.4 INTERNAL AUDITING

Nggqushwa Local Municipality has an in-house Internal Audit function that consists of Chief Audit Executive and 2x Internal Audit Practitioner.

Each municipality and each municipal entity must have an internal audit unit, subject to MFMA section 165 (1) (2).

(2) The internal audit unit of a municipality or municipal entity must—

- (a) prepare a risk-based audit plan and an internal audit program for each financial year.
- (b) advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to—
 - (i) internal audit.
 - (ii) internal controls.
 - (iii) accounting procedures and practices.
 - (iv) risk management
 - (v) performance management.
 - (vi) loss control; and
 - (vii) compliance with this Act, the annual Division of Revenue Act and any

other applicable legislation; and perform such other duties as may be assigned to it by the accounting officer.

Co –sourcing Partner

The municipality co-sourced Lunika Chartered Accountants & Auditors (Lunika) for a period of two years ending 31 December 2023, to ensure that the unit continues to be value add to the Municipality.

2.4.5 COMMUNICATION

Local Government has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of Republic of South Africa Act, 1996 and other statutory enactment all impose an obligation on local government communication and required high levels of transparency, accountability, openness, participatory, democracy and direct communication with the communities to improve the lives of all.

2.4.5 .1 MUNICIPAL WEBSITES:

Municipalities are required to develop and maintained a functional website that displays relevant information as per the requirement of Section 75 of the MFMA and Section 21 (b) of the MSA as amended. The website should serve as a mechanism to promote accountability and transparency to communities and therefore information posted should be accurate and timeously updated.

The Municipal website is a key communication mechanism in terms of service offering, information shearing and public participation. It is a communication tools that should allow easily and convenient access to relevant information. The Municipal website should serve as an integral part of the municipality's communication strategy. The website was later in the financial year upgraded with a new look and feel to be user friendly, documents according to Municipal Systems Act and Municipal Finance Management Act have been updated e.g. Tenders, vacancies, notices and monthly budget.

2.4.6 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT section provides appropriate Information and Communication Technologies that enables our users to access the information and services necessary to do their jobs. Below is a list of projects that were implemented in 2023/2024 financial year:

Implement and Host a Managed Disaster Recovery and Business Continuity for a Period of Three (3) years

Disaster recovery includes the backup systems and IT contingency methods for the organisation's critical functions and applications. ICT Choice was appointed to provide the following - Disaster recovery as a service which is a cloud computing service model that will allow Ngqushwa Local Municipality to back up its data and IT infrastructure in a third-party cloud computing environment (ELIDZ) and provide all the DR orchestration, all through a SaaS solution, to regain access and functionality to IT infrastructure after a disaster.

Benefits of Disaster Recovery and Business Continuity

- Peace of mind — Your data is safe in case of an onsite disaster
- Security — Keep your backups away from potential breaches
- Safeguard your data — Protect against accidental deletions
- Easy retrieval — Access and restore backups from anywhere
- Accessibility — Retrieve data even if the primary server is down
- Time efficiency — Offsite backups can be performed automatically
- Peaceful updating/testing — Confidently experiment with changes
- Scalability — Expand storage without affecting the primary server
- Regulatory compliance — Meet data protection requirements
- Customer trust — Demonstrate reliability and show your clients their data is safe
- Business continuity — Keep your business running smoothly
- Easy migration — Simplify website transfers to new environments

2.4.7 POLICIES AND BY LAWS

BY – LAWS AND POLICIES

Below is a list of all the available by-laws and policies developed, reviewed during the financial year and tabled to Council.

2.4.7.1 MUNICIPAL BY LAWS

- By-law relating to Standing Orders for Council
- By-law relating to Solid Waste Disposal
- By-law relating to Credit Control
- By-law relating to Street Trading
- By-law relating to Advertising Signs
- By-law relating to Prevention of Nuisance
- By-law relating to Public Open Spaces
- By-law relating to Keeping of Dogs and Other animals
- By-law relating to Ward Committee
- By-law relating to Cemeteries and Crematoria
- By-law relating to Unsightly and Neglected Buildings
- By-law relating to Liquor Trading
- By-law relating to Buildings.
- By-law relating to Delegation of Powers
- By-law relating to Beach Management

2.4.7.2 MUNICIPAL POLICIES

INSTITUTIONAL DEVELOPMENT AND DESIGN	FINANCIAL VIABILITY AND MANAGEMENT	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING
• Leave Policy • Disciplinary, grievance and procedure Policy • Overtime Policy • Attendance & Punctuality Policy • Code of conduct for Councillors and Employees • Induction & Orientation Policy • Training and development Policy • Employment Equity Policy • Long service Award Policy • Acting and acting Allowance Policy • Internship Policy • Employee Assistance Policy • Occupational Health & Safety Policy • HIV/AIDS Policy	• S & T Policy • Indigent Policy • Tariff Policy • Expenditure management Policy • Debit collection and credit control Policy • Asset management Policy • Budget management Policy • SCM Policy • Unauthorized, Irregular, Fruitless and Wasteful expenditure reduction strategy Policy • Property Rates Policy • Virement Policy • Insurance Policy • Payroll Policy	• Community bursary Policy • Public participation Policy • Remuneration of section 79 Committee Policy • Rules of order Policy • Delegation of authorities Policy • Communication Policy • EPWP Policy • Performance Management Policy • Policy on the Burial of pauper & exceptional cases relating to the dead • Fraud and Anti-Corruption Policy • Risk Management Policy • Civic Burial Policy • Contract Management Policy • Litigation Management Policy • Policy on Mayor and Speaker vehicle • On out-of-pocket expenses of Traditional Leaders • Social Media Policy	• Community Hall Policy • Prevention of land invasion Policy • Fire Arm Policy • Pound Policy • LED funding Policy • Policy and procedure for the hire of outdoor facilities and Municipal buildings • Business License Policy • Building Control policy • Inclement Weather policy • Street & Public Naming Policy
			QUALITY BASIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

• Sexual and other harassment Policy • Dress code, uniform & protective clothing Policy • Smoking control Policy	• Immovable Property management policy • Funding and Reserve policy • Long-term financial planning Policy	• Consequence Management Policy • Protection of Personal Information Policy	• Infrastructure and Delivery Management Policy
• Bereavement Policy • Recruitment, selection and appointment Policy • Skills and Retention Policy • Relocation Policy • Termination Policy • Employee Study Bursary Policy • Fleet Management Policy • Remuneration Policy • Secondment Policy • Career succession Policy • Records Management Policy • ICT Policy • Cellphone allowance Policy • ICT Security Policy • Council Resolutions management Policy • Retirement Policy • Confidentiality Policy • Migration & Placement Policy • Organizational rights & Structure Policy • Promotion & Transfer policy • Task Job Evaluation Policy • Rental Allowance Policy	• Petty Cash Policy • Banking and Investment Policy • Borrowing Policy • Cost Containment Policy • Payday policy		

2.4.8 SUPPLY CHAIN MANAGEMENT

The Supply Chain Management Policy of the Municipality is deemed to be fair, equitable, transparent, competitive and cost effective as required by Section 217 of the Constitution. SCM Policy is in place and complies duly with the requirement of Section 112 of the MFMA as well as the Supply Chain Management Regulations.

2.4.8.1 COMPETITIVE BIDS

The Accounting officer established a committee system that is consistent with the MFMA and Municipal SCM Regulations for bids consisting of:

- A bid specification committee
- A bid evaluation committee
- A bid adjudication committee

2.4.8.2 LIST OF AWARDED TENDERS 2023/2024 FINANCIAL YEAR

LIST OF AWARDED TENDERS 2023-2024 (JULY-SEPTEMBER)

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/001/2023-2024	Supply and Delivery of 20 Food Parcels	Ms. N.Ncapayi	Peddie Business Solutions	17-07-2023	R 52,500.00
8/2/096/2022-2023	Construction of Mqheleni Community Hall	Mr. L.Mbandazayo	Andile SG Trading & Projects	18-07-2023	R 2,304,321.00
8/2/097/2022-2023	Construction of Ngquthu Community Hall	Mr. L.Mbandazayo	Thowamvu Trading	18-07-2023	R 2,200,000.00
8/2/095/2022-2023	Construction of Bhongweni Community Hall	Mr. L.Mbandazayo	Luqambo Agencies	18-07-2023	R 2,358,462.52
8/2/175/2022-2023	Professional Services for Construction of Disaster affected roads within NLM	Mr. L.Mbandazayo	Afroteam Consultants	18-07-2023	R 656,818.18
8/2/084/2022-2023	Hosting, Supply & Delivery , installation & commissioning of MSCOA compliant management & internal control system to the municipality that complies with MFMA circular 80 for a period of 24 months with an option of extension with one year	Mr. L.Gwayimani	CCG SYSTEMS	11-08-2023	R 2,564,899.05

8/2/098/2022-2023	Supply, Delivery and Installation of 4 High Mast Lights at Feni	Mr. L.Mbandazayo	Nuvolco Maintenance Projects	18-08-2023	R 3,212,998.52
8/2/009/2022-2023	Supply & Delivery of Electrical Material for the Maintenance of Street Lights	Ms. Z. Velemani Acting Manager	Cosz & Son Trading	25-08-2023	R 189,000.00
8/2/008/2023-2024	Supply, Delivery of Toners & Consumable Stores	Mr. M. Fekema	Mpompsy Traders	29-08-2023	R 51,000.00
8/2/012/2023-2024	Supply & Delivery of Medals ,Trophies, Sport Equipment and Sports gear	Ms. N.Ncapayi	Truman Development (Pty) Ltd	06-09-2023	R 42,190.00
8/2/013/2023-2024	Supply & Delivery of Municipal Exterior Branding Material	Ms. N.Cakwe	Truman Development (Pty) Ltd	06-09-2023	R 36,100.00
8/2/006/2023-2024	Supply & Delivery of stationery for Municipal Buildings	Ms. E. Maytham	Movetshe Trading	07-09-2023	R 127,940.00
8/2/011/2023-2023	Training of Secretaries & Personal Assistants	Ms. K.Notshulwana	Mokoai Business Solutions	12-09-2023	R 167,992.00
8/2/007/2023-2024	License Renewal For a Period of 1 Year	Mr. M. Fekema	SMS ICT Choice	26-09-2023	R 198,563.51

LIST OF AWARDED TENDERS 2023-2024 (OCTOBER-DECEMBER)

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/020/2023-2024	Supply & Delivery of Road Marking Material	Mr. A. Qoma	Nokongo Holdings	03-10-2023	R 40,566.25
8/2/021/2023-2024	Supply & Delivery of Road Surfacing Material	Mr. A. Qoma	Mpompsy Traders	03-10-2023	R 197,900.00
8/2/022/2023-2024	Town Planning & Surveying of Proposed Industrial Sites for Peddie on a Portion of Remainder ERF 93	Mr. W. Mayeza	MNT Geomatics	03-10-2023	R 143,750.00
8/2/019/2023-2024	Fencing of Peddie Town Cemetery	Mr. R. Mkontwana	Berkshare	26-10-2023	R 250,000.00
8/2/013/2023-2024	Website/Redesign/Revamp of look and feel, Hosting, Maintenance & Content Management of the existing NLM website for a period of 3 years	Mr. M. Fekema	SMS ICT Choice	26-10-2023	R 497,116.25
8/2/004/2023-2024	Hiring of Water Testing Service Provider for Hamburg & Bira Beaches for a Period of 12 Months	Ms. N. Jakavula	Hallowed Ground Consulting	31-10-2023	R -
8/2/027/2023-2024	Supply & Delivery of Bitumen Emulsion Spraying Machine	Mr. A. Qoma	Sikhulakuny e Trading & Construction	08-11-2023	R 80,500.00

8/2/024/2023-2024	Electrification of 206 Housing Units in Ngqushwa Local Municipality	Ms. Z. Velemani	Isangqa Somhlaba Group	08-11-2023	R 3,263,985.74
8/2/030/2023-2024	Supply & Delivery of Electrical Material for Maintenance of Municipal Buildings	Ms. Z. Velemani	Movetshe Trading	08-11-2023	R 146,790.00
8/2/032/2023-2024	Supply & Delivery of 36 Food Parcels	Ms. N. Ncapayi	Vibrant Solutions (Pty) Ltd	08-11-2023	R 95,856.40
8/2/014/2023-2024	Panel for Supply & Delivery of Computers & Computer Equipment for Period of Three years	Mr. M. Fekema	Sime and Mzweida Trading	16-11-2023	
8/2/014/2023-2024	Panel for Supply & Delivery of Computers & Computer Equipment for Period of Three years	Mr. M. Fekema	Klaas Empire Construction	16-11-2023	
8/2/014-2023-2024	Panel for Supply & Delivery of Computers & Computer Equipment for Period of Three years	Mr. M. Fekema	1010 Vision Group (Pty) Ltd	16-11-2023	
8/2/014/2023-2024	Panel for Supply & Delivery of Computers & Computer Equipment for Period of Three years	Mr. M. Fekema	Ikhona-Nayo (Pty) Ltd	16-11-2023	
8/2/015/2023-2024	Provision of Email Solution for a Period of Three years	Mr. M. Fekema	SMS ICT Choice (Pty) Ltd	16-11-2023	R 1,908,650.11
8/2/026/2023-2024	Service Provider to Conduct External Quality Assurance on NLM Audit Unit	Ms. L. Ramncwana	Excellent Minds Institute	16-11-2023	R 72,450.00

8/2/031/2023-2024	Sewing & Craft Training/ Courses to Emerging Sewing Co-operatives	Mr. M.Pumaphi	Khosi JS Designs	27-11-2023	R 123,380.00
8/2/038/2023-2024	Supply, Delivery, Balancing & Alignment of New Tyers	Ms. E.Maytham	Buyelwa Enterprise	27-11-2023	R 139,400.00
8/2/012/2023-2024	Supply, Delivery & Installation of Christmas Decorations for the Period of 1 year for NLM	Mr. L.May	Ecosun Energy Solutions (Pty) Ltd	12-12-2023	R 300,000.00
8/2/040/2023-2024	Supply & Installation of Sound & Stage for Christmas Lights	Mr. L. May	Rafatwa Group of Companies (Pty) Ltd	12-12-2023	R 60,000.00
8/2/028/2023-2024	Supply & Delivery of 170 Diaries for the year 2024	Ms. N. Cakwe	Lhlhiz Trading (Pty) Ltd	13-12-2023	R 48,323.00
8/2/044/2023-2024	Interior Painting & Repairs of Leaking Municipal Buildings	Ms. Z. Velemani	Sikunye Africa (Pty) Ltd	14-12-2023	R 187,351.50

LIST OF AWARDED TENDERS 2023-2024
(JAN-MAR)

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/098/2023-2024	Supply, Delivery & Installation of 4 High Mast Lights at Feni	Mr. L.Mbandazayo	Nuvolco Maintenance Projects	16-01-2024	R 2,900,000.00
	Supply, Installation and Configuration of Storage Area Network Drives	Mr. M.Fekema	SMS ICT Choice	07-02-2024	R 440,014.74
8/2/011/2023-2024	Professional Services-EIA New Cemetery	Mr.R.Mkontwana	Ikamva Consulting	07-02-2024	R 448,730.00
8/2/175/2023-2024	Project Management and Supervision Consultants for Construction of Disaster Affected Roads within NLM Ward6	Mr. L.Mbandazayo	Z3 Consulting Engineers	13-02-2024	R 657,676.00
8/2/175/2023-2024	Project Management and Supervision Consultants for Construction of Disaster Affected Roads within NLM Ward2-4	Mr. L.Mbandazayo	Sontinga Consulting Services	22-02-2024	R 716,036.00
8/2/175/2023-2024	Project Management And Supervision Consultants For Construction of Disaster Affected Roads Within NLM Ward5	Mr. L.Mbandazayo	Afroteam Consultants	22-02-2024	R 855,973.86

8/2/058/2023-2024	Supply & Delivery of 50 LED Street Lights with Arms	Mr. B. Mpongwana	Akonmilla (Pty) Ltd	26-02-2024	R	295,434.23
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Where From Here Projects	29-02-2024		Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Road for a Period of 36 Months	Mr. L.Mbandazayo	Ayabona Construction & Projects	29-02-2024		Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L. Mbandazayo	Ekene Investments CC	29-02-2024		Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Tshiya Infrastructure Development	29-02-2024		Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Milwa Construction	29-02-2024		Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Toduka Construction	29-02-2024		Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	GS Civils JV Mdumane	29-02-2024		Rates based

8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Onwabo Projects (Pty) Ltd	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Maliswana Trading Enterprise CC	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Vaxobyte (Pty) Ltd	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Berkshare JV Dimroro Trading	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Lomzi Civils (Pty) Ltd	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Cool Makers Trading	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Dunamite Trade & Projects (Pty) Ltd	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Mfingo Developments	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Alomna Constructio	29-02-2024	Rates based

\	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Bontinite Construction	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Xmoor Transport (Pty) Ltd-Plant Division	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	MVI Construction	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	QSN Nokwindla (Pty) Ltd	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Andile SG Trading & Projects	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	Okwezwani Trading & Projects	29-02-2024	Rates based
8/2/035/2023-2024	Panel for Construction & Maintenance of Paved/Unpaved Roads for a Period of 36 Months	Mr. L.Mbandazayo	ZKS & Nam General Trading	29-02-2024	Rates based
8/2/048/2023-2024	Facilitation of Strategic Planning Session (Technical & Institutional) and Development of IDP	Ms. X. Maswana	Executive Insights	15-02-2024	R 150,000.00

8/2/050/2023-2024	Supply and Delivery of PPE for Ngqushwa Local Municipal Employees	Mr. L. Nqawa	Jambisko Trading & Travelling	16-02-2024	R 300,000.00
8/2/051/2023-2024	Supply and Delivery of 1000 Bags of Coldmix Asphalt (All weather) Tar Fix	Mr. A. Qoma	Nokongo Holdings	26-02-2024	R 257,000.00
8/2/052/2023-2024	License renewal of Antivirus for a Period of 12 months	Mr. M. Fekema	SMS ICT Choice	26-02-2024	R 111,295.28
8/2/057/2023-2024	Supply and Delivery of LED Streetlights	Mr. B. Mpongwana	Benson & Son 53 Trading	26-02-2024	R 257,000.00
8/2/058/2023-2024	Supply and Delivery of 50 LED Street Lights with Arms	Mr. B. Mpongwana	Akonmilla (Pty) Ltd	26-02-2024	R 295,434.23
8/2/055/2023-2024	Supply and Delivery of Water for Municipal Buildings (as and when)	Ms. Z. Velemani	Efficient Developers (Pty) Ltd	26-02-2024	not exceeding R300 000.00
8/2/055/2023-2024	Supply and Delivery of Water for Municipal Buildings (as and when)	Ms. Z. Velemani	Ayabona Construction & Projects	26-02-2024	not exceeding R300 000.00
8/2/056/2023-2024	Supply, Delivery and Installation of Borehole for Municipal Buildings	Ms. Z. Velemani	Cicera Trading	26-02-2024	R 298,885.00
8/2/046/2023-2024	Construction of Phase 1 Upgrade of Peddie New Creation Sports Field	Mr. L. Mbandazayo	MVI Construction	29-02-2024	R 9,035,024.55

8/2/062/2023-2024	Advanced Excel Trading	Mr L.Nqawa	Onoria General Trading	22-03-2024	R 78,500.00
8/2/058/2023-2024	Qualified Service Provider to Service & Repair 28 Air conditioners	Mr B. Mpongwana	AB96 Projects (Pty) Ltd	22-03-2024	R 79,088.40
8/2/063/2023-2024	Training of MPAC Members	Ms. U.Galada	Unakho Business School	27-03-2024	R 148,235.00

LIST OF AWARDED TENDERS 2023-2024 (APR-JUN)

Bid number	Description	Project Manager	Service Provider	Award date	Tender Amount
8/2/053/2023-2024	Supply & Delivery of Municipal Signs (Flags with Poles) to Display on Municipal Buildings for Branding & Corporate Image	Ncumisa Cakwe	Sisa Muti-Services & Security (Pty) Ltd	04-04-2024	R 49,800.00
8/2/064/2023-2024	A Qualified Service Provider to Service Two Generators	Bonga Mpongwana	AB 96 Projects (Pty) Ltd	10-04-2024	R 84,884.08
8/2/065/2023-2024	Bee-keeping Mentorship Programme Phase One	Johanna Ngwanduli	Nzuzo Farming Pride Primary Co-op	18-04-2024	R 299,987.00

8/2/072/2023-2024	Supply and Delivery of Production Inputs for Support Agricultural Development	Johanna Ngwanduli	Movetshe Trading	22-04-2024	R 61,460.00
8/2/071/2023-2024	Refurbishment of Bingqala Community Hall	Zimasa Velemani	Amandlayanda (Pty) Ltd	23-04-2024	R 139,566.00
8/2/069/2023-2024	Rehabilitation of Gravel Roads & Stormwater Structures in Crossroads Village (Ward 6)	Lundi Mbandazayo	MDJ Logistics t/a Okwenzweni Trading	24-04-2024	R 4,390,494.15
8/2/071/2023-2024	Rehabilitation of Gravel Roads & Stormwater of Selected Roads in Ward 6.	Lundi Mbandazayo	Andile SG Trading & Projects	30-04-2024	R 2,791,619.25
8/2/071/2023-2024	Rehabilitation of Gravel Roads & Stormwater Structures in Crossroads Village (Ward 5)	Lundi Mbandazayo	Where From Here Projects	24-04-2024	R 2,289,419.54
8/2/081/2022-2023	Project Management and Supervision Consultants for Construction Electrification Projects for 2024-25 Financial Year within various villages (Ward 6)	Lundi Mbandazayo	MBSA Consulting CC	24-04-2024	R 952,978.00
8/2/059/2023-2024	Provision of a Comprehensive Internal Auditing Function to the Ngqushwa Municipality	Liso-Libona Ramncwana	VMI Business Advisory	24-04-2024	R 1,136,608.00
8/2/068/2023-2024	Rehabilitation of Gravel Roads and Stormwater Structures in Peddie Village (Ward 2 & 4)	Lundi Mbandazayo	Toduka Construction	24-04-2024	R 5,536,410.06
8/2/072/2023-2024	Rehabilitation of Gravel Roads and Stormwater Structures of selected Roads in Tuku A, B & C Villages	Lundi Mbandazayo	ZKS and Nam General Trading	24-04-2024	R 6,581,991.42

8/2/073/2023-2024	Training for Road Marking Machine	Andile Qoma	Lizwa Ntlanathi Trading CC	29-04-2024	R 116,955.00
8/2/076/2023-2024	Installation of Emergency Lights (Blue Lamps)	Eleonor Maytham	Sbu & Son Logistics	30-04-2024	R 62,100.00
8/2/067/2023-2024	Comprehensive Film Post Production Proposal	Johanna Ngwanduli	Fortune Well	06-04-2024	R 198,800.00
8/2/074/2023-2024	Supply & Delivery of Tool Equipment and Machinery for 10 SMMEs	Johanna Ngwanduli	Mafani Transfers (Pty) Ltd	14-05-2024	R 778,949.20
8/2/050/2023-2024	Panel of Service Providers to Supply & Deliver PPE for NLM Employees for a Period of 3 years	Khululwa Notshulwana	MNT PPE Suppliers (Pty) Ltd	17-05-2024	rates based
8/2/050/2023-2024	Panel of Service Providers to Supply & Deliver PPE for NLM Employees for a Period of 3 years	Khululwa Notshulwana	Jambisko Travelling Agency	17-05-2024	rates based
8/2/050/2023-2024	Panel of Service Providers to Supply & Deliver PPE for NLM Employees for a Period of 3 years	Khululwa Notshulwana	Hambisa Safety Equipment Suppliers	17-05-2024	rates based
8/2/050/2023-2024	Panel of Service Providers to Supply & Deliver PPE for NLM Employees for a Period of 3 years	Khululwa Notshulwana	Starlavisistar Trading (Pty) Ltd	17-05-2024	rates based
8/2/050/2023-2024	Panel of Service Providers to Supply & Deliver PPE for NLM Employees for a Period of 3 years	Khululwa Notshulwana	Lee2morrow (Pty) Ltd	17-05-2024	rates based

8/2/050/2023-2024	Panel of Service Providers to Supply & Deliver PPE for NLM Employees for a Period of 3 years	Khululwa Notshulwan ^a	Majitech (Pty) Ltd	17-05-2024	rates based
8/2/175/2020-2021	Project Management & Supervision Consultants of Construction of Nyaniso Internal Roads for (Ward 6)	Lundi Mbandazayo	Kukho Consulting Engineers	23-05-2024	R 452,322.00
8/2/078/2023-2024	Water Storage & Reticulation System	Zimasa Velemani	Mkhalindi (Pty) Ltd	24-05-2024	R 298,462.50
8/2/075/2023-2024	Supply, Delivery & Assembling of Executive Office Furniture	Khululwa Notshulwan ^a	Regency Office Furniture	28-05-2024	R 250,585.00
8/2/079/2023-2024	Supply, Delivery, Fitting, Balancing & Alignment of New Tyers	Khululwa Notshulwan ^a	Benson & Son 53 Trading	28-05-2024	R 242,200.45
8/2/082/2023-2024	CaseWare Training	Dumani Dingiswayo	Adapt IT (Pty) Ltd	31-05-2024	R 86,971.10
8/2/175/2020-2021	Project Management & Supervision Consultants of Construction of Woodlands Internal Roads for Ward 9	Lundi Mbandazayo	Black Mountain Consulting Engineers JV Ziinzame Consulting	04-06-2024	R 430,025.64
8/2/175/2020-2021	Project Management & Supervision Consultants of Construction of Nxopho Internal Roads for Ward 2	Lundi Mbandazayo	Black Mountain Consulting Engineers JV	04-06-2024	R 458,759.76

8/2/088/2023-2024	Assessment & Verification of Irregular, Fruitless & Wasteful Expenditure	Tinashe Fundira	Ziinzame Consulting	18-06-2024	R 220,027.42
8/2/175/2020-2021	Project Management, Supervision, Monitoring and Implementation of Consultants for Construction of Disaster Affected Roads within NLM at Ward 8	Lundi Mbandazayo	Afroteam Consultant	19-06-2024	R 617,041.19
8/2/175/2020-2021	Project Management, Supervision, Monitoring and Implementation of Consultants for Construction of Disaster Affected Roads within NLM at Ward 7	Lundi Mbandazayo	Sontinga Consulting	19-06-2024	R 551,336.02
8/2/081/2023-2024	Supply & Delivery of Marked Two x 2-Seater Single Cab Bakkie	Zama Mdabula	PQ Construction	19-06-2024	R 640,000.00

2.4.8.4 SUPPLIER PERFORMANCE MANAGEMENT

The Section 116 (2) (d) report is submitted by the relevant user departments on the management and performance on the appointed contractors whose contracts are still in progress. The project managers need to improve the monitoring of service providers in order to get value for money.

CHAPTER 3

3.1 BASIC SERVICE DELIVERY PERFORMANCE

3.1.1 PROJECT MANAGEMENT UNIT (PMU)

Project Management Unit (PMU) ensures the delivery and access to basic services as enshrined in the Constitution of the Republic. Project Management Unit is specifically responsible for infrastructure development through capital grants received from Provincial and National government.

Management of the grants and the preparation of all reports to the relevant provincial and national departments. Ngqushwa Municipality in terms of Division of Revenue Act (Act No 29 of 2013) forms part of the municipalities that receive grants from national treasury. The municipality is required to submit its Capital Plans for the MTEF to Provincial and National treasury and report to Treasury about expenditure on the grant. The expenditure on MIG as at the end of June 2024 is at 100%

Strategic Objective

To ensure sound financial administration of all infrastructure grants, to manage all planning, implementation and monitoring of infrastructure projects in compliance with all applicable quality standards

A.PMU PROJECTS

#	WARDS	2023/24 PROJECT	OVERALL PERFORMANCE	CORRECTIVE ACTION
1.	8	60% construction of Peddie Extension Sports field Phase 1	45% constructed – not achieved	Re- advertisement of Peddie Sport Field will be done before the end June 2024;therefore the outstanding percentage will be completed by end June 2025.
2.	7	95% construction of 1km internal streets (surfacing)at Glenmore	82,5% constructed – not achieved	Re- advertisement of Glenmore internal streets will be done before the end June 2024;therefore the outstanding percentage will be completed by end June 2025.

3.	10	30% construction of 5km Internal Streets at Ntshamanzi	30% completed	
4.	9	30% construction of Ntloko Community Hall	30% completed	
5.	1	30% construction of Tamara Community Hall	30% completed	
6.	5	30% construction of Lover Twist Community Hall	30% completed	
7.	6	100% Installation of 4 High mast light at Feni	78% constructed - not achieved	Feni high mast light project will be incorporated in 2024/25 DORA allocation therefore the outstanding percentage will be completed by end March 2025.
8.	3	60% construction of Bongweni Community Hall	11,32% constructed - not achieved	Re-advertisement of Bongweni community hall will be done before the end June 2024,therefore the outstanding percentage will be completed by end June 2025.
9.	2	100% construction of Ngquthu Community Hall	100% completed	
10.	12	100% construction of Mqheleni Community Hall	100% completed	
11.	11	95% construction of Mkanyeni Internal Streets	95% completed	
12.	12	95% construction of Nier Internal Streets	95% completed	
13.	2 & 4	75% Re-gravelling and repairs of stormwater structure at Lower	48,4% completed - not achieved	Revise and monitor programme of works for completion of the

		Mthombe,Upper Mthombe,Rode,Kwa-Madliki,Mdolomba.		outstanding percentage for re-gravelling and repairs of storm water structure at Ward 2 & 4,therefore the outstanding percentage will be completed end March 2025.
14.	5	30% Re-gravelling and repairs of stormwater structure at Crossroads, Tuku A,B,C villages	30% completed	
15.	6	40% Re-gravelling and repairs of stormwater structure at Makhahlana,Dam-Dam,Feni-Kwamaphiko,eMahlubini,Echeletyuma	30% completed	
16.	5	Four reports on Land fill site feasibility study	4 reports compiled	

B. PMU SECTION STAFF

Job level	Year 2023/24		
	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.
0 – 3	0	0	0
4 – 6	1	1	0
7 – 9	0	0	0
10 – 12	3	3	0
13 – 17	1	1	0

3.1.2 ROAD INFRASTRUCTURE MAINTENANCE

The roads section is primarily responsible for the maintenance and rehabilitation of the Municipal roads and stormwater drainage network within the Ngqushwa Municipal area. The municipality is responsible for 100% access to local roads within its jurisdiction, which include all streets within peri-urban and rural areas. It ensures the maintenance of a number of municipal roads which serve all communities and are regularly maintained, with the objective of addressing specific needs. The majority of municipal roads are gravel, with surfaced roads comprising approximately 2% of all municipal roads. The condition of surfaced and gravel roads are predominantly in poor condition.

The municipality is responsible for the repairing of potholes on the existing surfaced road and unblocking and cleaning of drainage ketch pit to maintain free flow storm water. Rehabilitation of existing roads, and re-gravelling and blading of gravel roads in rural and peri-urban on regular basis. There are approximately 1460km of roads in the municipal area. According to the Department of Roads and Public Works only 153.9km of these roads are tarred which translates to (12.11%) of the roads in the municipal area.

SERVICE DELIVERY STANDARDS	
SERVICE	PERCENTAGE
Access to Roads	2.3% Flexible Road 1% block road 61% Gravel Road 3.2% Earth Road 32.5% Track road

Strategic Objective

To ensure management and proactive maintenance of municipality's roads and stormwater network infrastructure in order to provide durable and safe infrastructure that comply with all applicable quality standards.

A. 2023/24 ROAD MAINTENANCE

A total of **285km** gravel roads maintained through dry blading; re-gravelling in various wards and **829.78** square metres of surface road maintained through pothole repairs and stormwater in 2023/24 financial year.

B. ROAD – STORM WATER SECTION STAFF

Job level/ Task Grade	Year 23/24		
	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.
0 – 3	8	8	0
4 – 6	10	10	0
7 – 9	1	1	0
10 – 12	2	1	0
13-17	1	1	0

3.1.3 ELECTRICAL OPERATIONS AND MAINTENANCE

The Millennium Development Goal states that all households must have universal access to electricity by 2025. Access to electricity will alleviate poverty as the use of electricity supports lighting and cooking facilities. Eskom supplies electricity in the jurisdiction of Ngqushwa Local Municipality. The 2016 Stats SA Community Survey figures depicts that there are 18492 households in the municipal area, of which 94% of those households have access to electricity.

Eskom provides and maintains electricity supply to the areas of Ngqushwa in accordance with their Rural Electrification Programme. According to Eskom records there is no historical electricity backlog in Ngqushwa electrification, the only areas that are not electrified are the infills and new extensions of the villages. Ngqushwa local municipality is only responsible for maintenance of public lighting and its own buildings.

Strategic objectives

Provisioning, maintenance, and repairs of electrical infrastructure to ensure the rendering of effective, efficient, economical and electrical maintenance services

SERVICE DELIVERY STANDARDS	
SERVICE	PERCENTAGE
Access to Electricity	94.5%

A. INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME(INEP) PROJECTS

The expenditure on the Integrated National Electrification Programme (INEP) as of the end of June 2024 is 86% for electrification of 178 households in different villages.

Ward No.	Villages	No. of Beneficiaries
2	Tildin Village	6
	Upper Mthombe Village	15
	Zondeka Village	2
	Enyathora Village	2
	Thyatha Village	7
2	Mavathulana Village	5
	Ngquthu Village	7
	Qugqwala Village	20
	Thaphushe Village	13
5	Bell Village	7
	Woodridge Village	2
	Hoyi Village	2
	Tuku B Village	6
	Crossroads Village	26
	Lovers Twist Village	18
6	Feni Village	1
	Mahlubini Village	4
	Chisira Village	3
	Magqazeni	2
9	Nobumba Village	7
	Mgwalana Village	4
	Lewis Village	5
12	Birha Village	14
Total		178

B. ELECTRICITY INFRASTRUCTURE MAINTENANCE

#	WARDS	2023/24 PROJECT	OVERALL PERFORMANCE	CORRECTIVE ACTION
1.	6 & 8	Maintenance of 7 High mast lights by 30 June 2024	8 High mast lights maintained	Not applicable
2.	12	Maintenance of 100 Street lights at Wesley by replacing luminaries and cables by 30 June 2024	59 Street lights maintained	Revise and monitor programme of works and procurement for maintenance of the outstanding Streetlights

				in Wesley with changed scope by end June 2025

C. ELECTRICITY SECTION STAFF

Task grade	Year 2023/24		
	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.
0 - 3	0	0	0
4 - 6	3	3	0
7 - 9	0	0	0
10 - 12	0	0	0
13 - 16	1	1	0

3.1.4 INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality has an approved indigent policy that is reviewed annually and aligned with Eastern Cape Provincial Framework and other pieces of Legislation. The objective of the policy is to ensure the following –

- Provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- -The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidization;
- -Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;
- -The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic energy to indigent households;
- Co-operative governance with other spheres of government.

The municipality has both an Indigent and a FBE Policy in place. This policy entitles indigent household to receive Free Basic Energy Free Basic Solid Waste Removal. It must be noted that the Free Basic Services and Indigent Support Policies are revised annually, and Free Basic Services are paid for from the Equitable Share Grant as allocated under DORA.

SERVICE DELIVERY STANDARDS	
SERVICE	PERCENTAGE
Access to free basic Electricity	44%
Access to refuse removal	22%

3.2 LOCAL ECONOMIC DEVELOPMENT AND SPATIAL PLANNING & LAND USE MANAGEMENT

This component includes Spatial planning, land use management and Local Economic Development.

3.2.1 LOCAL ECONOMIC DEVELOPEMENT

Ngqushwa Local Municipality is a rural and poverty-stricken municipality. Local Economic Development (LED) is seen as the only hope of fighting poverty and is made up of three components: Agriculture, Small Micro Enterprise (SME's) & Cooperatives and Tourism & Heritage.

Strategic Objective

To ensure effective enforcement of planning and building regulation policies and bylaws in order to achieve orderly development

Opportunities

Agriculture Potential: Ngqushwa Municipality has several irrigation schemes, Citrus farms (Oranges and pineapples), Aloe, Honey and availability of quality livestock are found within the Ngqushwa Municipality jurisdiction. **Tourism and Heritage Attractions:** Ngqushwa Municipality has annual commemoration for Tourism and heritage attractions such as Mqwashini, Uhambo Loxolo, Battle of Mgwanga , Commemoration of KwaNdlambe women.

Hamburg Tourist Attraction, Hiking trails, Beaches and Accommodations establishments. With the closure of Fish River Sun, Mpekweni Resort and B&B's remain the centre of accommodation.

Challenges

- Lack of funds
- Human capacity
- Rural nature of the area
- Size of the Municipality

Even though the directorate has sections and staff but it yet to be a stand-alone Directorate due to lack of funds for appointing both Port-folio head and Head of Department. It is still amalgamated with community services.

A. SMME, INFORMAL BUSINESS AND COOPERATIVE DEVELOPMENT

The Ngqushwa Municipal database has a total of 158 informal traders listed on the municipal hawker's database. Women represent around 85% of Ngqushwa informal traders and the youth constitute 13%. In this financial year, the municipality provided 20 hawkers stalls to the informal traders, 17 of the hawker stalls were immediately accommodated and three are awaiting an allocation process through submission of applications.

SME'S AND COOPERATIVES DEVELOPMENT OFFICE ACTIVITIES

- A one stop shops to access all government services and programmes relating to SME's and Co-operatives development. The SMME's unit further accommodate other related service offerings by other spheres of government and development agencies such as DEDEAT, NYDA, SEDA, DRDAR, DALRAD, ECDC. etc.
- Facilitating registration of Cooperative with Companies and Intellectual Property Commission (CIPC) - Fifteen (15) co-operatives registered this financial year.
- Facilitation of SMME trainings. Fifty (50) local SMME were capacitated.
- Seventeen (17) Grade 1-2 CE targeted enterprises were awarded work from SANRAL N2 Project between Ngqushwa and Makhanda.

SMME INCENTIVE FUND

The objective of the programme is to provide financial support to small medium and micro enterprise and informal enterprises which are based in Ngqushwa municipal jurisdiction, in order to increase their capacity to access economic opportunities and enhance their competitiveness.

These enterprises are prioritised and supported to enable their meaningful economic development participation to the prioritised sectors of the local economy through employment creation, poverty alleviation and reduced inequality.

Funding is limited to R40 000 (once off) per applicant in accordance with LED funding policy.

PROGRAMME	COMMUNITY BENEFICIATION	WARD	STAKEHOLDERS INVOLVED	BUDGET
SMME incentive fund	Ten SMME 's supplied with Tools and machinery	2, 12,9,11, 8,8,8,9,2,6	NLM	R652 052.00

NGQUSHWA HONEY PROCESSING FACILITIES

The municipality in partnership with Anglo Gold and Amathole District Municipality entered into an agreement to build a honey processing plant for the local farmers of Ngqushwa during 2022/23 financial year. The project receives a funding allocation to the tune of R5million from the Harmony Gold under their Social Responsibility Plan.

The purpose of the project is to acquire honey processing facility to process raw honey production and other value-added products. In the value chain and agro-processing, honey production comprises of many by-products such as candles, lipsticks and crayons. The primary service is supplying natural un-irradiated honey to the market.

The project will process raw honey collected from different honey producing cooperatives around Ngqushwa. The honey produced in the Ngqushwa processing plant will further be used to produce several value-added products for different markets. As part of the agreement, the municipality was tasked to identify and secure land for this project in a well accessible and central location for the farmers. The project aims at encouraging commercialisation of beekeeping in Ngqushwa and hopes to create sustainable job opportunities to its beneficiaries.

The Honey Processing Plant Project deliverables are as follows:

Construct a Honey Processing Building at the Site: The Honey Processing Building will house all the plant machinery, and provide spaces for processing, quality control room, storeroom for finished products, and other facilities to store equipment and an administration office. This building is at ground level to allow entry of raw ingredients at one end and the finished goods at the other.

Status on construction:

- Construction of the building is 100% complete.
- Construction of fence is completed.
- Connecting the Honey Processing buildings to bulk municipal basic services such as electricity, drinking water is pending.
- Procurement of Honey Processing Machinery inside the Honey Processing Building has been done.
- Installation of solar panels has been done.
- Delivery of office equipment has been done.
- Basic essential training has been provided to new farmers.
- Mentors appointed to capacitate the farmers further on operation of the processing plant.
- Branding completed. The construction of the guardhouse has been completed. This is a donation and part of the contractor's corporate social responsibility initiative to help ensure the safety of the honey processing plant are met.

BUSINESS LICENCING

The Municipality working with District Municipality has developed a business licence policy and has been adopted by the council for implementation, but the challenge is the enforcement part of the policy.

COMMUNITY WORKS PROGRAMME (CWP)

The Community Work Programme (CWP) is an initiative designed to provide an employment safety net, by providing participants with a predictable number of days of work per month — thus supplementing their existing livelihood strategies and

affording them a basic level of income security through work. The programme is targeted at unemployed and/or underemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty.

It is implemented at the local level at a 'site' (which generally comprises a 'community' in a municipality) and is designed to employ a minimum of 1,000 people per site for two days a week, or eight days a month. Each site of the Community Work Programme is managed by the not-for-profit organisation appointed through competitive bid process by the national department of Cooperative Governance and Traditional Affairs. Ngqushwa site is managed by the non-profit organisation named South African Youth Movement appointed from 2023 to 2024. Total budget for financial year 2023/2024 is R6 756 426.

CWP beneficiaries list

Ward 1=76, Ward 2 = 71, Ward 3 =90, Ward 4 = 68, Ward 5 = 95, Ward 6 = 66, Ward 7 = 88, Ward 8 = 82, Ward 9 = 126, Ward 10 = 84, Ward 11 = 81 and Ward 12 = 272.

EXTENDED PUBLIC WORKS PROGRAM(EPWP)

The incentive grant for the 2023/2024 financial year is at R1 490 000.00 with 320 expected work opportunities to be made for the financial year. During 2023/2024 Financial Year Ngqushwa Local Municipality created 320 job opportunities through EPWP. The following are the projects implemented through EPWP.

Interns, Home Based Care, Roads Casuals, Road Rangers, Waste Management, Data Captures, Municipal Cleaners, Securities, Park and Gardens, Security and law enforcement. The expenditure on EPWP as at the end of June 2023/24 is 100%

B. AGRICULTURE DEVELOPMENT

Municipality facilitate agriculture development in Ngqushwa through provision / support of community – based initiatives and the creation of conducive environment for increased investment in agriculture. In many instances the Municipality together with other relevant sector departments actively intervene and support initiatives in order to enhance development of local economy through enhancing food security, job creation and quality of life for the benefit of all. These interventions were mainly directed at improving the quality of life for those operation in Agriculture sector and redressing the inequalities created by the past.

Ngqushwa Local Municipality is working with relevant sector departments in ensuring that Agriculture remain the key pillar in addressing the challenges of unemployment, poverty and inequality. For 2023/24 financial year, the following agriculture activities were undertaken to strengthen agriculture development.

Strategic Objective

To enhance equitable access to all natural resources and participation in Agricultural opportunities through unlocking Agricultural potential.

AGRICULTURE DEVELOPMENT PROGRAMMES

PROGRAMME	COMMUNITY BENEFICIATION	WARD	STAKEHOLDERS INVOLVED	BUDGET
Honey Industry (Beekeeping) Development	- Supply of beekeeping supper and 200 queen excluders - Supply of 20 beehives - Skills development (training) and Capacitation on mentorship. Construction of the honey processing plant if 100% complete.	3, 9 & 12.	NLM & MDA	Beehives, Bee hives suppers and queen excluders are a donation.
		All Wards	NLM & ADM Harmony Gold	Mentorship Cost R 300 000.00 Construction Cost R 3 000 000.00
Crop Farming	Assisted Qawukeni Maize Farmers with fertilizers, herbicides and pesticide.	3	Ngqushwa Municipality	R68 000.00
Enabling Environment	Four (4) Local Agricultural Stakeholders Forums Conducted at Ngqushwa Municipality	All wards	All LM under Amathole District, sector department and Government agencies	None

BEEF VALUE CHAIN PROJECT

The municipality in partnership with Eastern Cape Department of Rural Development and Agrarian Reform entered into an agreement to establish a launch Ngqushwa Beef Value Chain Complex for local livestock farmers of Ngqushwa during 2023/24 financial year. Memorandum of Understanding between the parties, Eastern Cape Department of Rural Development and Agrarian Reform and Ngqushwa Local Municipality was signed in May 2024 to jointly mobilise financial and technical resources to the Ngqushwa Beef Value Chain Complex.

In the main, the project, places livestock as an important source of cash income which plays a critical role to the development of a sustainable agricultural production system. The Project is about the establishment a Beef Production Programme (BPP) comprising of a beef feedlot, sale pens, abattoir, deboning plant, market, incinerator and farm fencing. The development plan of this mega projects is set to be undertaken in three parts and in the following manner:

Development Plan have three (3) Phases:

a) Construction of feedlot, sale pens, renovation & reconstruction of abattoir with lairage deboning plant, fencing and market, initiation as well as building of incinerator.

- b) Procurement of livestock, feed, machinery, equipment for the abattoir, deboning plant, marketplace as well as installation of all needed procured materials thereof.
- c) Staff employment & capacitation / deployment of knowledgeable & experienced personnel as well as securing the market.

The project impact:

- Skills development
- Infrastructure development to communities participating in farming practices
- Food security
- Job creation

C. TOURISM AND HERITAGE

Ngqushwa Local Municipality is rich in Tourism and Heritage. Tourism development is dominant in both in inland and coastal areas. There are Tourism and Heritage Nodal points which are tourism attractions such as

- Umqwashu Heritage Sites
- Hiking trails
- Ayliff Church Museum
- Beaches

Strategic objectives

To create conducive environment for Tourism and Heritage attractions thereby marketing Ngqushwa as a preferred tourist destination of choice

TOURISM AND HERITAGE ACTIVITIES

- Heritage event held in collaboration with DSRAC and the 3 tribes , AmaXhosa, Amafengu and Amabomvane to showcase their lifestyle.
- Celebration of 2023 heritage month
- Commemoration of uMqwashu heritage
- Commemoration of Battle of uMgwanqqa.
- Provision of training and support to existing hospitality industry in Ngqushwa, homestays.
- Promotion and support of craft product development and marketing through National Arts festival in Makhanda.

D.LOCAL ECONOMIC DEVELOPMENT STAFF

Job level	Year 2023/24		
	Posts	Employees	Vacancies (Fulltime equivalents)
	No.	No.	No.
0 – 3	0	0	0
4 – 6	0	0	0
7- 9	0	0	0
10 – 12	2	2	0
13 – 16	2	2	0

3.2.2 SPATIAL PLANNING, DEVELOPMENT AND LAND USE

Spatial Planning and Development is a key component of all local municipality's within the republic. The Municipal Development Framework is the key guideline for all spatial plans of the municipality and is a legally required component of the Municipality's IDP in terms of Section 26(e) of the Municipal Systems Act (MSA). Section 20 of SPLUMA further requires the Municipal Council to adopt a Municipal SDF for the Municipality and Section 21 further outlines the content of the Municipal SDF's. This function is a statutory function, which its nature reflects the spatial values, principles and proposals according to the future development visions and policies of the communities residing within our municipality. This spatial reflection of the IDP represents an important social compact which should be paramount in assessing where development should be permitted, or not permitted, in any area of the municipality.

- In terms of Section 26 (e) of the MSA, an "Integrated Development Plan must reflect a Spatial Development Framework which must include the provision of basic guidelines for Land Use Management System for the Municipality".
- Section 22 (1) and (2) of SPLUMA outlines the status of Spatial Development Frameworks and procedures for decision making:
- Section 22 (1) : A Municipal Planning Tribunal or any other authority required or mandated to make a land development decision in terms of this Act or any other law relating to land development, may not make a decision which is inconsistent with a municipal spatial development framework.
- Section 22 (2) : Subject to Section 42, a Municipal Planning Tribunal or any other authority required or mandated to make a land development decision, may depart from the provisions of a municipal spatial development framework

only if site-specific circumstances justify a departure from the provisions of such municipal spatial development framework.

Strategic objective

To ensure effective enforcement of planning and building regulation policies and bylaws in order to achieve orderly development.

A. SPATIAL PLANNING & LAND USE MANAGEMENT FUNCTIONS SUMMARY:

Manage the effective and efficient budgeting of the section. Preparation of Business Plans for all programmes.	Manages Human Settlements Planning: Manage multi-year Human settlements Sector Plan development; Townships Establishments; Property acquisitions; Housing Needs register; Business Plans; Project funding; Beneficiary Allocations & general admin. Prepare grant funding applications
Manages Spatial Planning: Spatial Development Framework & Local SDF preparation & reviews; Master Planning and implementation; Urban Management; Implementation of strategic planning projects and programmes; Policy awareness	Building Control: Development and Enforcement of local building by-laws and policies; Efficient processing of plans.
Manages Land Use: Processing of all land use & development planning applications; Council items, Enforcement and approval of business license applications and development & enforcement of relevant by-laws, policies and systems.	Property Management: Development & enforcement of policies; Disposal of land; land leases; land acquisition; Coordinate Disposal Committee and land forum etc.
Manage Survey Projects: Survey for GP Preparation (township establishment); SG Diagrams for minor subdivisions; identification of pegs; relocation of pegs for various projects.	Disaster Management: Coordinate all disaster programmes; facilitate and coordinate disaster emergency applications for victims; facilitate and coordinate submission of grant funding applications to human settlements.

B. PROJECT STATUS QUO

SECTION	PROJECT	PROGRESS TO DATE
SPATIAL PLANNING	Development of Peddie/ Hamburg Precinct plans	Precinct Plans complete and adopted by Council.
	Planning and Survey of Light industrial Sites as well as Residential sites in Peddie.	Project Completed, lodged at the Surveyor General's Office and SG diagram approved
	Establishment of the Municipal Planning Tribunal	MPT members appointed, gazetted and functioning
	Disaster management contingency plan	Ongoing facilitation & coordination support during disaster incidents. Revival of the Disaster Management Forum underway

C.DISASTER MANAGEMENT

Due to changing climatic conditions, there is a need to plan ahead. Even though disaster management and Contingency plans was previously a function of the district municipalities, the recent amendment of the act has mandated local municipalities to take charge of the disaster functions with their local space. In light of the latter, the municipality has committed to establish disaster management ward-based structures and community-based disaster risk assessment.

Community Based Risk Assessment (CBRA) is an approach that uses participatory action research methods to place communities in the lead role for the assessment, active planning, design, implementation and evaluation of activities aimed at reducing the community risk disaster. The process involves the Ward Councillor, Community Leaders, Traditional Leaders as well as the community at large.

Current Disaster Responses

- Assessment of the affected areas.
- Prepare referrals to Social Development (Counselling and SASSA (social relief i.e. food parcels, blankets etc).
- Submit applications to the National Department of Human Settlements for Emergency and ECDoHS for Permanent Shelter.

Challenges

- Human resource and financial capacity to deal with disaster.
- Strong winds throughout the municipality.

- Vulnerability to Tornados throughout the municipality.
- Vulnerability to fires.
- Municipal delays in assessing and reporting incidents.
- Delays by the DHS in delivering emergency shelters.

Preventive Measures

- Prioritize funding for disaster immediate relief during next financial year.
- Prioritize development of a Municipal Disaster Management Plan.
- All development to be in line with the Municipal SDF and District Biodiversity Plans.
- Building strong disaster resistant houses (pilot project - capacitate unqualified builders).
- Build in areas with trees for wind calming purposes.
- Strengthen ward based structures capacity on resilience and disaster preventive measures.
- Building capacity to implement and coordinate disaster function within the municipality.

Proposals

- Development and adoption of a municipal Disaster Management
- Review of the current municipal contingency plan
- Recruitment of disaster management personnel with necessary skills, Disaster Management intern appointed

Conclusion

- Building capacity within the department to ensure successful implementation of projects including disaster programmes and plans.
- Prioritisation and mobilisation of funding for spatial planning and Disaster related programmes and projects implementation.
- Fast-tracking release of key land parcels by different institutions.
- Fast-tracking Disaster Spatial Plan and Tracking tool.
- Inclusive planning process to ensure alignment and acceptance of plans.
- Planning to avoid land invasions (blanket interdict for all viable land)
- Wall to wall Land Use Scheme adopted for better management of land use and development processes for orderly development and improved revenue.
- Effective enforcement of land use and development regulations.
- Implementing rural development plans for better and sustainable livelihoods.
- Spatial incorporate the SMEs in the municipal wide spatial plans.
-

D. SPATIAL PLANNING, DEVELOPMENT AND LAND USE STAFF

Job level	Year 2023/24		
	Posts	Employees	Vacancies (Fulltime equivalents)

	No.	No.	No.
0 – 3	0	0	0
4 – 6	0	0	0
7- 9	1	1	0
10 – 12	1	1	0
13 – 16	1	1	0

3.2.3 WASTE AND ENVIRONMENT

A. WASTE MANAGEMENT

The refuse collection is done on all our areas except villages. Refuse is collected twice per week in households and every day on the CBD. The street cleaning is also done weekly in the CBD; and once a week in the suburbs areas. Number of drop of zones were erected on the CBD as part of the programme of keeping town clean. Awareness campaigns are conducted in communities.

Generally, the refuse collection is done very well in our areas, we just have some challenges, like our vehicles are broken. Since the municipality has low volume there is not much in capital projects. Municipality further conducted environmental based awareness campaigns, clear illegal dumpsites and conduct clean-up campaigns in communities as well as schools.

Strategic Objective

To manage the rendering of waste management services in accordance with applicable legislation, by-laws and standards.

SECTION	PROGRAMME	PROGRESS TO DATE
Environmental Management	Landfill site	In a process of compacting waste to meet the capacity standard Municipality is planning to relocate land fill site due to current development around town.
	Waste collection	Continuous waste collection from various areas of Ngqushwa (CBD areas, Peddie Extension, Power, Coastal Areas)
	Maintenance of amenities/ facilities	Sports fields, cemeteries, parks, municipal buildings are maintained

	Pound management	Rangers deployed (EPWP)
	Flood mopping programme	63 beneficiaries from all wards (litter picking and alien eradication)

Comment on Waste Management Service Performance Overall:

Our volume as the Municipality is low, therefore we don't have much to budget on capital project. The municipality has introduced recycling as part of managing landfill site. The main focus on our capital project is on appropriate equipment for refuse collection and management of landfill site machinery. The municipality has installed refused collection cages in strategic positions in Hamburg and Peddie Town.

Introduction to Peddie Garden

Peddie Town seeks to benefit from the programmes due to socio-economic and environmental challenges that make the town to become unattractive and repulsive to public and private sector investments. The Peddie Central Park – commonly known as Ngqushwa Leisure Gardens is a unique asset to the town is well used by locals for social events and gatherings. The park offers further potential to become a great public place, which can be used to build confidence and showcase Peddie to broader user's groups and tourists. Other recreation facilities such as sports fields and pocket parks are few within the primary study area.

Introduction to Cemeteries' & Crematoriums

Municipality has two (2) cemeteries, and both are in Peddie Town and in the process of identifying a new site. The municipality is responsible for grass cutting and maintenance of cemeteries. Crematorium is the responsibility of ADM and it is not common in Ngqushwa.

B. ENVIRONMENTAL PROTECTION

This component includes environmental protection, pollution control; biodiversity and landscape.

Introduction to Environmental Protection

Environmental protection deals with the safeguarding of the environment through implementation and complying with legislation such as a constitution, NEMA, and other relevant legislation. Non- compliance with the Environmental legislation will fasten the depletion of Ozone Layer and fasten Climate change. In an attempt to promote compliance, Ngqushwa Local Municipality in conjunction with other government departments such as DEA, DEDEAT, Department of Roads Public Works and Amathole District Municipality came up with several projects that were aligned to Environmental Protection. These include Working for the Waste, Coastal Management projects. Through tireless efforts of the Municipality and close relations

with other stakeholders, the Hamburg beach, which is within the Municipality's jurisdiction, achieved a BLUE FLAG STATUS and Birha beach is still on pilot status.

Introduction to Pollution Control

Nowadays, the world is reeling in climate change, which is a result of pollution, be it water pollution, land or air pollution. Due to the size of Ngqushwa Local Municipality, the responsibility for pollution control lies with the district Municipality (Amathole District Municipality). Be that as it may, the Ngqushwa Local Municipality conducted awareness programs for pollution control in schools, communities as well as clean up campaigns were conducted on schools.

Even though the Municipality has one (1) licensed landfill site and one (1) transfer station, it is difficult to comply with the regulations as in most cases the waste is burned, thereby polluting the environment. In future, there is a need of closing and relocating the landfill site away from the residential areas. The other main challenge is the vandalism on our 'no litter' signs, most of them are uprooted

Introduction Bio-Diversity and Landscape

Eradication of alien plants in Peddie Town was done as part of biodiversity management. The municipality conducted a workshop on Indigenous plants and eradication of alien plants. Environmental awareness was conducted on coastal communities concerning management of coastal indigenous forest. We are boarded by Great fish river Nature reserve and on a continuous basis we meet them to check on areas of common on biodiversity and general. There are DEA projects that are focussing on coastal management. These projects assisted the Municipality towards the achieving Blue Flag status.

C.ENVIRONMENTAL & WASTE MANAGEMENT UNIT STAFF

Job level	Year 2023/24		
	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.
0 – 3	0	0	0
4 – 6	39	39	0
7- 9	5	5	0
10 – 12	1	1	0
13 – 16	1	1	0

3.2.4 MUNICIPAL FACILITIES MANAGEMENT

Municipal facilities management unit is responsible for physical properties and improvements that are owned and used by a municipality for public works and operations. Municipal facilities are those that are owned, leased, allocated, operated or managed by the Municipality, intended for Public or Municipal staff use. This include but is not limited to recreation facilities, staff offices and Municipal Halls.

The function of the Facilities Management unit are the following:

- Day-to-day operational maintenance activities,
- Ad-hoc maintenance,
- Preventative maintenance, and
- Capital projects i.e. buildings

Strategic objectives

To ensure provisioning and maintenance of municipal building and facilities.

A.PROJECT STATUS QUO

SECTION	PROJECT	PROGRESS TO DATE
Facilities Management	Establishment of a municipal borehole	Project completed
	Repairs and maintenance of municipal offices.	Ongoing, paint work completed on main building offices
	Construction of municipal offices	Contractor appointed and site establishment was done
	Construction of strong room and safes at traffic department	Project completed

B. INTRODUCTION TO LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES

The Municipality has community halls, each ward has its own halls from ward 1 to ward 12. Comment on the Performance of Libraries; Archives; Museums; Galleries; Community Facilities; Other (Theatres, Zoos, etc.) Overall: The Municipality has two Libraries one is situated inside municipal building and one mobile library at Hamburg.

Both libraries have not officially been handed over to the Municipality by Department of Sport, arts, recreation and culture. Since the main library is accommodated in the old town hall where it is sharing space with Ngqushwa LM's Corporate Services Department, land was made available for the Department of Sport, Recreation, Arts and Culture. This land has been set aside for the construction of a fully-fledged library, which will be sponsored by DSRAC.

C. FACILITY MANAGEMENT STAFF

Job level	Year 2023/24		
	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.
0 – 3	0	0	0
4 – 6	1	1	0
7- 9	1	1	0
10 – 12	0	0	0
13 – 16	1	1	0

3.2.5 COASTAL MANAGEMENT

The municipality has a 42km coastal line stretching from Keiskamma River to Fish River. There are other small rivers in between the two main rivers namely Birha, Mgwala and Mtati joining the Indian Ocean. Ngqushwa's marine ecosystem is dominated by a warm current, and supports vast populations of commercially exploitable fish species, some of which are shared with South Africa. The climatic conditions that determine prevailing winds, ocean currents, water temperature and fish stock distribution vary with temporary changes in the earth's atmosphere. As a result, the maximum sustainable yields of fish stocks fluctuate from one season to the next.

The marine fisheries sector is an important foreign exchange earner, and a significant employment generator for Ngqushwa, however, we need a full-fledge harbour in Hamburg. Prior to independence, the municipal area's fishing industry was subject to open access and, as a result of poor management, over exploitation of some of the most productive fisheries occurred. After Independence, Ngqushwa took firm control of the territorial waters for the marine fisheries sector to grow. Considerable improvements need to be made regarding the monitoring and regulation of

Ngqushwa's fish stocks. However criminal elements are exploiting our waters and have been for many years.

The Coastal areas (Hamburg and Bhira) are the main attraction and a potential source of important economic opportunities for this small tourist town. However existing facilities are limited and in a poor state of repair. The intention is therefore to provide appropriate facilities and invest in the protection of the natural environment.

Coastal management in South Africa is regulated by the Integrated Coastal Management Act, Act 24 of 2008, which aims to ensure that the coast of South Africa is managed in a manner which promotes risk aversion and the application of the precautionary principle. Ngqushwa Municipality adopted its Coastal Management plan in November 2016 to give effect to the above-mentioned legislation. Through partnerships between the municipality, ADM and DEDEAT, the municipality have Blue Flag pilot status for Hamburg and Blue Flag beach.

Strategic Objective

To promote an inclusive economic growth and maintain healthy balance between the resources used and renewability on Ocean Environment.

A. MUNICIPAL ACTIVITIES IN THE COASTAL AREA

- Management of coastal access land
- Effluent discharges into the coastal zone (land reclamation)
- Coastal infrastructure
- Boat Launch Site Management
- Maintenance and awareness campaigns in Coastal area

B. HAMBURG MUNICIPAL OFFICES

The Ngqushwa Municipality has appointed Hamburg Area Manager that will overlook all Hamburg activities and the entire coastal area. Hamburg Offices provides one of the key services and ensure that we bring services closer to the people. We have also committed to appoint a Cashier/Administrator to put that into effect. The Municipality has also committed to supporting the regeneration of Hamburg through an allocation of funds to infrastructure development and maintenance.

C. THE HAMBURG REVITALIZATION PROJECT

The Hamburg Revitalization Project aims to improve the quality of life for the local residents, through the development of the local economy and urban space. The identified interventions seek to make use of the natural assets and develop the local infrastructure in a sustainable manner for the benefit of current and future generations. The over-arching objective is to enhance job-creation and promote self-sufficiency which will have a sustainable impact on the town and its hinterland.

There are numerous initiatives being implemented by other stakeholders which also address this objective. The municipality has identified catalytic interventions which will provide the foundation for the future economic growth and long-term sustainability of Hamburg.

Immovable Property in Hamburg CBD which entails, four buildings, namely:

- Emthonjeni Artist Retreat
- Arts and Craft Centre
- Environmental Centre
- Music Academy

The Ngqushwa Local Municipality is in the process of signing a hand over agreement with Aspire in formalizing transfer of the Emthonjeni Art retreat to Aspire.

D. HAMBURG AQUACULTURE PROJECT

Siyazama Cooperative which is a community-based initiative started the project in 2012. It has 47 members (20 full time and 27 non-active members). The project is currently operating in a small scale and there is a need for expansion. It is a pilot scale marine finfish (dusky kob) land-based recirculation aquaculture system. It is registered as an Operation Phakisa initiative.

E. NGQUSHWA LOCAL MUNICIPALITY PARTNERSHIP WITH WORLDWIDE FUND WWF

Ngqushwa Local Municipality is in partnership with WWF –SA which agreement has been extended from 01 April 2023 until 30 September 2023.

WWF is the world's largest and most respected independent conservation organisation, with over 6 million supporters and a global network active in over 100 countries. WWF's mission is to stop the degradation of the Earth's natural environment and to build a future in which humans live in harmony with nature, by conserving the world's biological diversity, ensuring that the use of renewable natural resources is sustainable, and promoting the reduction of pollution and wasteful consumption.

This project focuses on building climate resilience of the coastal and fisheries sector of the SA economy, through working with vulnerable communities to implement adaptation activities to build adaptive capacity and enhance food security and livelihoods. The coastal and fisheries sector has been identified as one of the priority sectors vulnerable to the negative impacts of climate change. As required, the three basic conditions (inclusiveness, gender equality and good governance) which promote inclusive development will be fully integrated during the implementation of this project. More specifically, this project will seek to focus on:

Raising awareness of climate change (causes and impacts) and adaptation capacity building with coastal communities and small-scale fishers. This will be achieved by using existing climate science information and combining it with local ecological knowledge, to bring about a new understanding of climate change impacts and vulnerabilities.

Assessment of site-specific expected climate impacts and presentation of adaptation activities that can be implemented to build resilience and enhance sustainable livelihoods of small-scale fishing communities in Hamburg

Testing and piloting ecosystem-based adaptation and livelihood diversification projects (e.g. promotion of responsible fishing practices, appropriate aquaculture projects, responsible harvesting of coastal and intertidal resources as appropriate, etc.) to build climate resilience of these coastal communities, small scale fishers and ecosystems.

F. COASTAL MANAGEMENT STAFF

Job level	Year 2023/24		
	Posts No.	Employees No.	Vacancies (Fulltime equivalents) No.
0 – 3	0	0	0
4 – 6	8	8	0
7- 9	1	1	0
10 – 12	1	1	0
13 – 16	1	1	0

3.2.7 SECURITY AND SAFETY

This component includes Security & Traffic Services, Control of animals and public nuisances.

A. Ngqushwa Municipal Traffic Services

The Traffic Services was established in 2005 by a political mandate to address the safety needs of the community of Ngqushwa. The section delivers traffic services through a partnership-approach with the Department of Transport and communities it serves. The municipality is paying Department of Transport. It aims to create a safe and secure environment for all residents, citizens and visitors within Ngqushwa Municipal Area through effective traffic policing, by-law enforcement and other integrated crime prevention initiatives. The Traffic department is operating from 8h00am – 16h30pm.

Strategic objectives

To manage the rendering of efficient and sustainable Traffic and Law enforcement services to all road users and Public

Traffic Law Enforcement	Register Authority	Driver's Licence Technical Centre	Road Safety
Visible policing	Vehicle Registration and Licensing of Motor Vehicles.	Renewal of Driver's Licences	Road Safety Education in all schools and villages.
Roadblocks		Learners licence Tests	
Speed Law	Renewal of Motor Vehicle Licences.	Drivers Licence Tests	Awareness campaigns were conducted at schools and community safety forum is in place
Drunken Driving Campaigns	Duplicate Registration Papers.	Duplicate Driver's Licences	
Road Safety Campaigns	Scrapping of Vehicles	Public Driver's Licence Permits	

B. Overall Performance of Ngqushwa Municipal Traffic Services

There was a considerable decrease in the number of moving violations and accidents since the establishment of the traffic services. Concerted effort was launched to address Road Safety with various Road Safety initiatives. Furthermore, our continued commitment towards the National Arrive Alive, Parking, Speeding and Un-Roadworthy Vehicles are common phenomenon throughout Ngqushwa Municipal Area which invariably infringes upon the rights of law-abiding citizens and visitors and in some cases endangers lives.

The Traffic Section is committed to intensify law enforcement against motorists who blatantly disregard the rules of the road. It is an accepted phenomenon that as municipality grows; its public transportation system has to keep pace with such development to ensure that sufficient capacity is provided to meet the growing demand for transportation. To this extent, the traffic section is working earnestly on regulating the minibus and private transport industry to ensure smooth transport of residents of Ngqushwa Municipality. With the establishment of a driver's licence testing centre and other functions the residents of Ngqushwa Municipality do not have to drive to other towns for services. However, there are challenges such outstanding payments of infringement notices (traffic fines), condition of road services in Peddie town and lack of relevant personnel.

C. SECURITY AND SAFETY STAFF

Job level	Year 2023/24		
	Posts	Employees	Vacancies (Fulltime equivalents)
	No.	No.	No.

0 - 3	0	0	0
4 - 6	15	15	0
7- 9	12	12	0
10 - 12	1	1	0
13 - 16	2	2	0

CHAPTER 4

INSTITUTIONAL DEVELOPMENT AND ORGANISATIONAL PERFORMANCE

4.1 COMPONENT A : MUNICIPAL WORKFORCE MANAGEMENT

Ngqushwa Municipality has a responsibility to manage its workforce by implementing interventions and programmes that will keep employees motivated and enhance performance. This section emphasis on management and administration of employee matters/issues like management of leave, overtime, and training development. The municipality continues to develop workforce management policies in order to maintain productive employees.

A. WORKFORCE POLICY DEVELOPMENT

The Municipality has developed and reviewed all municipal policies during the year for review. These policies are developed and reviewed annually and when required.

B. EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2022/23	2023/2024			
	Employee	Approved	Employ	Varia	
	es	Posts	ees	nce	
	No.	No.	No.	No.	
Water	0	0	0	0	0%
Waste Water (Sanitation)	0	0	0	0	0%
Electricity	4	6	4	2	67%
Waste Management	6	6	5	1	83%
Housing	5	0	0	0	0%

Roads and Waste Water (Storm water Drainage)	23	23	20	3	87%
Transport	0	0	0	0	0%
Planning	5	12	4	8	33%
Local Economic Development	5	4	3	1	100 %
Planning (Strategic &Regulatory)	0	0	0	0	0%
Community & Social Services	59	63	59	4	94%
Environmental Protection	0	0	0	0	0%
Health	0	0	0	0	0%
Traffic, Security and Safety	32	43	35	8	81%
Sport and Recreation	0	0	0	0	0%
Corporate Services	40	43	33	10	70%
Budget and Treasury Office	27	27	27	0	77%
Municipal Manager's Office	36	37	30	7	81%
Technical Services	12	8	6	2	75%
Totals	238	272	226	46	16%
Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3					T4.1. 1

employee schedules. Employee and Approved Posts numbers are as at 30 June.

C.VACANCY RATE

Vacancy Rate 2023/2024			
Designations	*Total Approv ed Posts	*Variance s (Total time that vacancies exist using fulltime equivalent s)	*Varianc es (as a proportio n of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	100%
CFO	1	0	100%
Other S56 Managers (excluding Finance Posts)	3	1	33%
Other S56 Managers (Finance posts)	0	0	0%
Traffic Officers	6	1	17%
Middle Management: Levels 13-16 (excluding Finance Posts)	21	1	100%
Middle management: Levels 13-16 (Finance posts)	5	5	100%
Other employees (excluding the above)	207	23	40%

Total	244	31	16%

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T4.1.2

D.TURN-OVER RATE

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
2019/20	8	5	0.63
2020/21	19	22	1.16%
2021/22	36	14	0.39
2022/23	14	13	0.98%
2023/24	34	8	0.23%

* Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year

T4.1.3

E. VACANCIES AND TURNOVER

On termination of employees, affected department reviews the need for the post. Where there is a need, the affected department informs Corporate Services to facilitate. Corporate Services engages on recruitment processes. Senior Management positions are advertised on both national and regional newspapers. One of the reasons why employees resign is because there are no prospects to move beyond middle management level. The municipality has developed the attraction and retention policy which will assist in attracting and retaining employees.

4.2 COMPONENT B : MANAGING THE MUNICIPAL WORKFORCE LEVELS

Key Performance Areas	Workforce Levels	Reporting
Good Governance and Public Participation	Municipal Manager	• All Directors • Manager Internal Auditors • Manager IDP&PMS • Manager Legal Services • Manager Risk Management • Manager MPAC • Manager Office of the Mayor • Manager Office of the Speaker
Institutional Development and Design	Corporate Services Director	• Manager ICT • Manager Human Resource Management • Manager Administration and Council Support • Manager Communication
Local economic development and Spatial Planning	Director Community Services	• Manager LED • Manager Waste and Environment • Manager Spatial Planning and Land Use • Manager Coastal Management • Manager DLTC • Manager Traffic Services and Security • Manager Facilities
Financial Viability and Management	CFO	• Manager Budget and Reporting • Manager SCM • Manager Revenue Management • Manager Expenditure • Manager AFS and Assets

Quality Basic Services and Infrastructure Development	Director Technical Services	• Manager PMU • Manager Roads and Storm Water • Manager Electricity

4.3 COMPONENT C : CAPACITATING THE MUNICIPAL WORKFORCE

There were challenges previously in conducting skills audit in order to determine the gaps and planning through Workplace Skills Plan, and this is due to the lack of participation from other departments, however for this financial year under review and this has improved as the training committee has reviewed its terms of reference. The expenditure on training exceeds the budget because of the increase in number of training needs. In line with MFMA regulations it is required that all finance employees and HOD's must possess minimum competency. Attempts have been made by the municipality as a result their employees were enrolled for CPMD, both recently appointed and those with pending unit standards as mandated by Gazette 29967.

A. SKILLS MATRIX

SKILLS MATRIX												
Management level	Gender	Employees in post as at 30 June 2023	Number of skilled employees required as at 30 June 2023									
			Learnerships			Skills programmes & other short courses			Other forms of training			Total
		No.	Actual 30 June 2023	Actual 30 June 24	Target 2022/23	Actual 30 June 2023	Actual 30 June 24	Target 2023/24	Actual 30 June 2024	Actual 30 June 2024	Target 2023/24	Actual 30 June 2024

MM and S56	Female	1	0	1	1	0	1	0	0	0	0	2
	Male	3	0	1	1	0	0	0	0	0	0	1
Councillors, senior officials and managers	Female	26	4	4	4	19	3	3	0	0	0	7
	Male	19	7	5	5	15	3	3	0	0	0	8
Technicians and associate professionals	Female	4	2	1	1	0	1	1	0	0	0	2
	Male	3	1	0	0	0	1	1	0	0	0	1
Professionals	Female	26	5	6	6	3	7	7	0	0	0	13
	Male	19	3	2	2	1	7	7	0	0	0	9
Total		101	22	20	20	38	23	23	0	0	0	43

B.FINANCIAL COMPETENCY DEVELOPMENT

FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT*						
Description	A. Total number	B. Total numb	Cons olidat ed:	Cons olidat ed:	Consolidated: Total number of officials whose	Cons olidat ed:

	of officials employed by municipality (Regulation 14(4)(a) and (c))	er of officials employed by municipal entities (Regulation 14(4) (a) and (c))	Total of A and B	Competency assessments completed for A and B (Regulation 14(4) (b) and (d))	performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Total number of officials that meet prescribed competency levels (Regulation 14(4) (e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	2	0	2	2	2	0
Any other financial officials	20	0	20	0	0	12
Supply Chain Management Officials	4	0	4	0	0	3
Heads of supply chain	0	0	0	0	0	0

management units						
Supply chain management senior managers	1	0	1	0	0	1
TOTAL	29	0	29	4	4	18
* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007) T4.5.2						

C.SKILLS DEVELOPMENT EXPENDITURE

SKILLS DEVELOPMENT EXPENDITURE										
R'000										
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development 22/23							
			Learnership	Skills programmes & other short courses		Other forms of training		Total		
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual

MM and S56	Female	1	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
	Male	3	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
Legislators, senior officials and managers	Female	26	R136 493.04	R136 493.04	R0.00	R0.00	R0.00	R0.00	R136 493.04	R136 493.04
	Male	25	R73 712.04	R73 712.04	R412 86.16	R41 286.16	R0.00	R0.00	R737 12.04	R737 12.04
Professionals	Female	26	R94 036.00	R94 036.04	R368 36.32	R36 836.32	R0.00	R0.00	R130 872.36	R130 872.36
	Male	19	R13 2193.50	R13 2193.50	R347 76.61	R34 776.61	R0.00	R0.00	R166 970.11	R166 970.11
Technician and associate professionals	Female	4	R50 765.00	R50 765.00	R108 30.00	R10 830.00	R0.00	R0.00	R615 95.00	R615 95.00
	Male	3	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00	R0.00
Clerks	Female	26	R21 4392.20	R21 4392.20	R849 9.95	R84 99.95	R0.00	R0.00	R222 892.15	R222 892.15

	Male	30	R0.00	R0.00	R16999.00	R16999.00	R0.00	R0.00	R16999.00	R16999.00
	Female	44	R0.00	R0.00	R19624.98	R19624.98	R0.00	R0.00	R19622.98	R19624.98
Elementary occupations	Male	37	R0.00	R0.00	R52333.38	R52333.38	R0.00	R0.00	R52333.28	R52333.28
Total		244	R701591.82	R701591.82	R201561.32	R201561.32	R0.00	R0.00	R903153.14	R903153.14

4.4 COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

A. NUMBER OF DAYS AND COST OF SICK LEAVE

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Tast Grade s	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R 000

Task Grade 0 – 2	N/A	0%	0	0	0	0
Task Grade 2 – 3	247	34%	34	34	13.33	R336 396.00
Task Grade 4 – 7	218	33.48%	41	41	13.33	R509 269.00
Task Grade 8 – 13	445	25.16%	55	55	13.33	R1 083 912.00
Task Grade 14 – 18	108	69.44%	5	5	13.33	R3 006 105.00
MM and S56	4	0%	1	1	13.33	R17 747.96
Total	1022	33.65%	136	199	62	R 4 953 429.96
T4.3.2						

B.NUMBER OF EMPLOYEES ON INJURY ON DUTY

There was 1 incident reported, and the institution is waiting for medical report. No cost incurred in 2023/24 financial year and employee is still attend physio sessions.

C. NUMBER OF SUSPENDED EMPLOYEES

Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
One Traffic Officers	Gross misconduct	18/11/2022	Still ongoing	Ongoing
Clerk Administration	Gross misconduct	18/11/2022	Case finalized	17 July 2023
Manager: Electrical	Misconduct	23/03/2022	Case finalized	22 May 2024
Director Technical Services	Gross misconduct	23/03/2023	Case finalized	30 October 2023
Artisan	Misconduct	N/A	Case finalized	19 July 2023
Chief Risk & Investment Officer	Misconduct	10/10/2023	Case still ongoing	Ongoing

D.MANAGING WORKFORCE EXPENDITURE

The Municipality spends on what has been approved in both organogram and budget to avoid overspending of Workforce expenditure. The expenditure is monitored monthly and reported to Council on quarterly basis.

Number of employees whose salaries were increased due to their positions being graded.		
Beneficiaries	Gender	Total
Unskilled and defined decision making (Task grade 0- 3)	Female	N/A
	Male	N/A
Semi-skilled and discretionary decision making (Task Grade 7 – 9)	Female	02
	Male	01
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Task Grade 8 – 13)	Female	N/A
	Male	01
Professionally qualified and experienced specialists and mid-management (Task Grade 14 – 18)	Female	02
	Male	03
MM and S 56	Female	N/A
	Male	N/A
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right hand side of the column.		T4.6.2

E. OCCUPATIONAL LEVELS

Occupation level	Number of employees	Job evaluation level	Comment

Unskilled and defined decision making	87	(Task grade 0-3)	General Assistants, Office Cleaners
Semi-skilled and discretionary decision making	50	(Task Grade 4 – 7)	Supervisors, Clerks, Operators, Secretaries, Drivers
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	45	(Task Grade 8 – 13)	Officers, Technicians and Middle Managers
Professionally qualified and experienced specialists and mid-management	19	(Task Grade 14 – 18)	Middle Managers
MM and S 56	5	Section 54 & 56	Grading system not applicable
T4.6.3			

F. ORGANIZATIONAL PERFORMANCE REPORT

Ngqushwa Local Municipality overall annual performance for 2023/24 financial year is at **91%** which shows improvement by **4%** as compared to **87% achieved** in 2022/23 financial year.

Priority Area	Total Annual Targets	Targets Achieved	Targets Not Achieved	% Achievement
Institutional Development and Design	15	14	1	93%

Quality Infrastructure Services and Infrastructure Development	28	22	6	79%
Local Economic Development and Spatial Planning	17	17	0	100%
Financial Viability and Management	11	11	0	100%
Good Governance and Public participation	22	21	1	95%
Total Targets	93	85	8	91%

CHAPTER 5

FINANCIAL PERFORMANCE

Component A: Statement of Financial Performance

The Statement of financial performance provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 FINANCIAL SUMMARY

5.1.1 Financial Performance

The table below indicates the summary of the financial performance for the 2023/24 financial year

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial Performance: Revenue:						
Property Rates	24,530,102.00	42,561,718.00	42,561,718.00	21,083,233	49,48%	49,48%
Service Charges	1,554,321.00	1,582,191.00	1,582,191.00	1,863,370.00	118%	118%

Financial Summary

R'000

Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Sale of Goods and Rendering of Services	290,720.00	4,813,922.00	4,761,160.00	600,759.00	13.36%	13.34%
Agency services	413,141.00	581,509.00	581,509.00	408,703.00	70.28%	70.28%
Interest from Current and Non-Current Assets	5,568,978.00	6,224,397.00	6,224,397.00	6,925,421.00	111.26%	111.26%
Rental from Fixed Assets	1,047,963.00	754,826.00	754,826.00	1,170,686.00	155.09%	155.09%
Operational Revenue	2,866,241.00	52,762.00	52,762.00	979,989.00	1857%	1857%
License and permits	1,162,171.00	2,568,699.00	2,568,699.00	323,550.00	49.54%	49.54%

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024	
					Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Transfer recognized operational	133,681,570	137,211,000.00	165,524,430.00	151,353,850.00	114%	92%
Interest	2,393,384.00	5,463,327.00	5,463,327.00	2,455,254.00	44.94%	44.94%
Total Revenue (excluding capital transfer and contribution)	174,508,591.00	201,814,351.00	230,075,019.00	187,164,815.00	93%	81%
Less: Expenditure By Type						
Employee Costs	80,526,559	85,675,822.00	89,978,958.00	90,818,600.00	106%	100.9%
Remuneration & Councillors	10,943,479	11,273,455.00	11,273,455.00	11,144,188	98.85%	98.85%

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Depreciation & asset impairment	16,318,685	41,366,091.00	21,203,976.00	18,218,811	44.04%	85.92%
Interest	0.00	0.00	650,000.00	544,543	0.00	83.78%
Debt Impairment	1,876,171	3,900,000	4,067,174	1,257,632	32.2%	30.92%
Contracted services	11,136,483	26,535,464.00	58,418,324	30,855,372	116.28%	52.82%
Operational costs	35,776,003	33,050,483.00	32,480,466.00	42,447,252	128.43%	130.69%
Irrecoverable debts written off	1,876,171.00	1,826,087.00	1,867,174.00	1,257,632.00	10.26%	10.04%
Total Expenditure	158,453,551.00	203,627,402.00	219,939,527	196,544,030	95.03%	86.28%

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024	
					Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Surplus/(Deficit) before capital transfers & contributions	(16,055,040)	(1,813,051.00)	(10,135,492)	(9,379,215)		
Transfers recognized Capital	35,578,713.00	39,505,762.00	42,758,087.00	31,698,431.00	80%	74%
Surplus/(Deficit) after capital transfers & contributions						
Capital Budget, Expenditure & Funds Sources:						
National Government	35,578,713	39,505,762	42,758,087	31,698,431	107%	100%
Internally generated funds	6,092,000.00	9,477,316.00	10,518,312	7,378,572	77.8%	70.1%
					70%	

Financial Summary

R'000

Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Total Capital Budget	41,670,713	45,592,316	53,387,324	39,077,183		66.8 %
Financial Position:						
Total Current Assets	110,203,038	90,052,873	111,814,056	97,877,577	108.69%	87.54%
Total non-current assets	337,668,579	319,889,033	342,879,254	350,917,917	109.70%	102.34 %
Total current liabilities	36,579,528	13,753,558	28,043,959	39,368,076	286.24%	140.38 %
Total non-current liabilities	16,567,562	29,045,658	46,306,059	57,079,569	196.57%	123.27 %
TOTAL LIABILITIES	53,147,090	42,799,216	74,350,018	96,447,645		

Financial Summary

R'000

Description	2022/2023	Current Year 2023/2024			2023/2024	
					Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
NET ASSETS	402,115,703	381,170,163	390,511,497	397,395,834		
Community wealth / Equity		389,556,082	402,495,929	400,179,055		
Accumulated surplus/(deficit)		381,170,162.00	380,431,507	398,229,532.15		
Reserves and funds		0.00	10,079,992.00	0.00		
TOTAL COMMUNITY WEALTH/EQUITY	402,115,703	381,170,162.00	390,511,499	398,229,532.15		

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Cash Flow:						
Net Cash from operation activities	168,177,695	186,141,555	224,454,985	188,646,483	101%	84%
Receipts:						
Payments:						
Suppliers and employees	(128,228,934)	(159,177,683)	(196,146,682)	(100,865,029)	63%	51%
Capital assets	(35,578,713)	(39,505,762)	(42,758,087)	(34,171,257)	86%	79%
NET CASH FROM/(USED) INVESTING ACTIVITIES	(29,884,024)	(34,601,765)	(37,854,089)	(31,353,575)	226%	99%
CASH FLOWS FROM FINANCING ACTIVITIES						

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024	
					Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Receipts		0.00	0.00	0.00	0.00	0.00
Payments		0.00	0.00	0.00	0.00	0.00
NET CASH FROM/(USED) FINANCING ACTIVITIES		0.00	0.00	0.00	0.00	0.00
NET INCREASE/(DECREASE) IN CASH HELD	(10,064,737)	(7,637,893)	(10,545,786)	(16,350,488)	226%	95.27%
Cash/cash equivalents at beginning:	(56,979,296)	(60,490,000.00)	(80,490,000)	(67,044,033)	110%	83,29%
Cash/cash equivalents at month/year end:	(67,044,033)	(52,852,107)	(69,944,214)	(50,693,545)	74.8%	52%
Asset Management:						

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Asset register summary (WDV)	305,507,693	320,233,048	245,611,290	305,507,693	95%	124%
Depreciation & Asset impairment	16,318,685.00	41,366,091	21,203,976	18,218,811.00	46%	82%
Renewal of Existing Assets	-	-	-	-	-	-
Repairs and Maintenance	3,187,738.75	3,850,010.00	31,580,359.00	18,990,530.7	470%	57%
Free Services:						
Cost of Free Basic Services provided	3,416,343.77	5,258,819.75	5,258,819.75	1,907,492.26	-39%	-39%
Revenue Cost of Free Services provided	3,416,343.77	5,258,819.75	5,258,819.75	1,907,492.26	-36%	-36%
Households below Minimum Service Level						
Water:	-	-	-	-	-	-

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024	
					Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Sanitation / Sewerage:	-	-	-	-	-	-
Energy:	300,000,00	3,752,000	3,000,000	3,000,000	100%	100%
Refuse:	1554,321	1,582,191	1,582,191	1,863,370	118%	118%

Component B : Spending against Capital Budget

5.2 GRANTS

5.2.1 Grants Performance

The Municipality received a total amount of **R142,152,070** for Operational Expenditure in the form of grants from the National and Provincial Governments during the 2023/2024 financial year. The performance in the spending of these grants is summarized as follows:

The table below indicates the Grant performance for the 2023/2024 financial year:

Grant Performance

R'000

Description	2022/2023	Current Year 2023/2024		2023/2024 Variance to Actual		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Operating transfers and grants						
National Government						
Equitable Share	97,609,000	102,706.000	102,706.000	102,706.00	100%	100%
FMG	3,100,00.00	3,100,000.00	3,100,000.00	3,100,000.00	100%	100%
MIG (PMU – Operating Expenses –	1,686,372.28	1,220,650.00	1,220,650	1,220,650	100%	100%
INEP	-	3,000,000	3,000,000	3,000,000	100%	100%
EPWP	2,060,000	1,490,000	1,490,000	1,490,000	100%	100%

Grant Performance

R'000

Description	2022/2023	Current Year 2023/2024		2023/2024		
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Actual	
Municipal Disaster Relief	Nil	6,200,000	6,200,000	6,200,000	100%	100%
Municipal Recovery Grant	NIL	NIL	20,330,000	9,159,419.12	0%	45%
Provincial Government						
Health subsidy	-	-	-	-	-	-
Ambulance subsidy	-	-	-	-	-	-
Sports and Recreation	500,000	500,000	500,000	500,000	100%	100%
LG SETA	119,904.00	191,436.00	191,436.00	191,436.00	100%	100%

Grant Performance

R'000

Description	2022/2023	Current Year 2023/2024		2023/2024 Variance to Actual		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
District Municipality						
Total operation transfers and grants revenue	105,075,276.28	23,494,792.00	138,738,086.00	127,567,505.12		

5.3 ASSET MANAGEMENT

- Asset Management is practiced within the organization based on a comprehensive Asset Management Policy. The Asset Management Policy provides direction for the management, accounting and control of Property, Plant & Equipment (Assets) owned or controlled by the municipality to ensure the following:
- Implementation of the approved Asset Management Policy as required in terms of Section 63 of the Municipal Finance Management Act (MFMA).
- Keeping a complete and balanced record of all assets in possession of the Council.
- Report in writing all asset losses, where applicable, to Council. Those assets are valued and accounted for in accordance with a statement of GRAP.
- Municipal Assets are properly maintained and safeguarded.

The roles of the following are clearly defined within the Asset Management Policy:

- Municipal Manager
- Chief Finance Officer
- Manager Assets and AFS Section
- Manager Budget and Reporting Section
- Manager Expenditure Section
- Manager SCM & Procurement Section &
- All other Departments

Asset Management is performed in line with the Asset Management Policy as described above. The control and safeguarding of assets remain the responsibility of each Department. Each Department budgets for the necessary maintenance of the assets under their control in order for the assets to achieve their economic life spans.

5.4 REPAIRS AND MAINTENANCE

Repair and Maintenance Expenditure 2023/2024				
R' 000				
	Original Budget	Adjusted Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3,850,010	31,830,010	18,990,530	12,839,480

5.5 Financial Ratios Based on Key Performance Indicators

5.5.1 Liquidity Ratio

Ratio	Basis of calculation	2023/24	2022/23	2021/22	2020/21
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	95%	97%	95%	90%

RATIO	BASIS OF CALCULATIONS	2023/2024	2022/23	2021/22
Liquidity Ratio	Current Assets/current liabilities	2:5	3:1	4:1

5.5.3 Borrowing Management

- The Municipality does not have any borrowings/loans.

Ratio	Basis of calculation	2023/24	2022/23	2021/22	2020/21
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0%	0%	0%	0%

5.5.4 Employee costs

		2023/24 Original Budget	Adjustment Budget	Actual	Variance
	Employee Related costs	85,675,822.00	89,798,958.00	90,818,600.00	839,642.00

5.6 Capital Expenditure

	% of Expenditu re Budget against Adjusted Budget	Original Budget	Adjustment Budget	Actual
Capital Expenditure	79%	39,505,767	42,758,090.2 0	34,041,20 8
Operating Expenditure	86%	201,527,402. 00	218,072,353. 00	191,526,7 32
Total expenditure	85%	241,033,169	260,830,443. 20	225,567,9 40

5.7 Sources of Finance

5.7.1 Capital Expenditure by Funding Source

The table below indicates the capital expenditure by funding source for the 2023/24 financial year:

Capital Expenditure – Funding Sources 2022/2023 – 2023/2024

R'000

Description	2022/23	Current Year 2023/2024		2023/2024 Variance to Actual		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget

Source of
Finances:

National Government	35,578, 713	39,505,7 62	42,758,0 87	31,698,4 31	106 %	100%
Internally generated funds	6,092,0 00	9,447,31 6	10,578,3 12	7,378,57 2		
Total Capital Funding	41,670, 713	48,953, 078	53,336, 399	39,077, 003		

**Percentage
of Finance:**

External Loans	-	-	-	-	-	-
Public Contr & Donations	-	-	-	-	-	-

Capital Expenditure – Funding Sources 2022/2023 – 2023/2024

R'000

Description	2022/23	Current Year 2023/2024		2023/2024		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget

Grants &
Subsidies

Other

Total	41,670,713	48,953,078	53,336,399	39,077,003	100%	93%

Percentage of
expenditure

Environmental Waste - - -

Electricity 668,339.67 7,903,250.00 5,408,750.00 3,559,449.88 **13%**

Planning

Roads & Storm Water 15,072,335 9,025,345.00 35,744,601.00 3,613,608.00 **102%**

Capital Expenditure – Funding Sources 2022/2023 – 2023/2024

R'000

Description	2022/23	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustment Budget

Community and Social Services	10,709,184	8,478,064.00	10,074,679.00	758,040.00	107%	
Corporate Services	142,582.00	191,436.00	191,436.00	474,261.00	78%	
Other	28,738,089	34,352,668	37,180,948	34,041,207	20%	

Ratepayers and other		27,880,573	36,624,290	36,624,290	24,459,941	
Government – Operation		104,208,429	109,295,856	135,738,086	124,850,330	
Government – Capital		28,606,850	28,606,850	30,477,780	30,477,780	
Interest		5,568,978	6,224,397	16,224,397	9,976,347	
Dividends		-	-	-	-	
Payments						

Capital Expenditure – Funding Sources 2022/2023 – 2023/2024

R'000

Description	2022/23	Current Year 2023/2024		2023/2024	
	Actual	Original Budget	Adjusted Budget	Actual	Variance to Actual
					Original Budget
					Adjustment Budget
Suppliers and employees	-	-	-	-	-
	127,466,338	159,177,683	196,496,682	100,865,029	
Other Revenue	4,813,922	600,759	4,813,922	4,213,163	
Transfers and Grants	-	-	-	-	
NET CASH FROM / (USED) OPERATING ACTIVITIES	27,308,303	26,963,872	15,003,087	12,305,216	
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	100,000	4,909,997	-	4,909,997	
Decrease (increase) in non-current debtors	-	-	-	-	
Decrease (increase) other non-current receivables	-	-	-	-	

Capital Expenditure – Funding Sources 2022/2023 – 2023/2024

R'000

Description	2022/23		Current Year 2023/2024		2023/2024		Variance to Actual
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-
Payments	-	-	-	-	-	-	-
Capital Assets			42,253,100	42,741,957	42,758,090.20	42,758,090.20	
NET CASH FROM/(USED) INVESTING ACTIVITIES			42,257,163.7	42,741,957.20	42,758,090.20	42,758,090.20	

Increase (decrease) in consumer deposits	-	-	-	-	-	-
Payments	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-

R'000

NET CASH FROM / (USED)
FINANCING ACTIVITIES

Spending against Capital Budget

Budget	Actual
R 42,758,090.20	R42,741,957.00

CHAPTER 6

AUDITOR GENERAL AUDIT FINDINGS

Component A: Auditor-General Opinion

Auditor General Report on Financial Performance 2023/2024	
Audit Report status	Unqualified Audit Opinion

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Ngqushwa Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ngqushwa Local Municipality set out on pages to, which comprise the statement of financial position as 30 June 2024, statement of financial performance, statement of changes in net assets and cash flow statement, 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 Ngqushwa Local Municipality as of 30 June 2024 and its financial performance and cash flows for the year that 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 5 of 2023 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipality per 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 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 the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in notes 55 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2024.

Material impairment – receivables from exchange and non-exchange transactions

8. As disclosed in notes 5 and 7 to the financial statements, material impairment allowances of R10,99 million (2022-23: R10,10 million) and R1,03 million (2022-23: R0,93 million) were made against receivables from non-exchange and exchange transactions, respectively.

Underspending the conditional grant

9. As disclosed in note 16 to the financial statements, material underspending of the municipal disaster relief grant of R11,17 million.

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and DORA and for such internal control as the accounting officer determines is necessary to enable the preparation of 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 concerned; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations or has no realistic alternative but to do so.

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

14. My objectives are to obtain reasonable assurance about whether the financial statements 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. However, it 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.
15. A further description of my responsibilities for auditing the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

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

17. I selected the following development priority presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and is of significant national, community, or public interest.

Development priority	Page numbers	Purpose
Quality basic service delivery and infrastructure development	x – x	To provide access to quality infrastructure and sustainable basic services to the communities within available resources.

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

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner and is comparable and understandable

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets including measures taken to improve performance

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. I did not identify any material findings on the reported performance information for the selected development priority.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement's and measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

24. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets and measures taken to improve performance are included in the annual performance report on pages ... to

Quality basic service delivery and infrastructure development

Targets achieved: 79%		
Budget spent: 105%		
Key indicator not achieved	Planned target	Reported achievement
Percentage completed on construction of Peddie Extension Sports Field by 30 June 2024	60%	45%
Percentage completed on construction of km at Glenmore Internal Street by 30 June 2024	95%	82.5%
Percentage completed on installation of High mast lights at Feni by 30 June 2024.	100%	78%
Percentage completed on construction of Bhongweni Community Hall by 30 June 2024	60%	11.32%

Material misstatements

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

Report on compliance with legislation

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

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

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

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

Expenditure management:

30. Reasonable steps were not taken to prevent irregular expenditure amounting to R3,38 million (2023: R3,49 million) as disclosed in note 43 to the annual financial statements, as required by section 62(1) (d) of the MFMA. Most of the irregular expenditure was caused by the supply chain management (SCM) process not being followed in making awards.

31. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R63 824 (2023: R620 153), as disclosed in note 42 to the annual financial statements, in contravention of section 62(1) (d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments to suppliers.

Procurement and contract management:

32. Measures to combat the abuse of the SCM system were not implemented as per the requirements of SCM regulation 38(1), because some of the contracts were awarded to providers who abused the SCM system of the municipality.

Strategic planning and performance:

33. The service delivery budget implementation plan (SDBIP) for the year under review did not include monthly revenue projections by source of collection and the monthly operational and capital expenditure by vote as required by section 1 of the MFMA.

Annual financial statements, annual performance report and annual report:

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements on disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

35. The accounting authority is responsible for the other information in the annual report. The additional information referred to does not include the financial statements, the auditor's report, and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
36. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report, and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit or otherwise appears to be materially misstated.
38. I did not receive the other information before the date of this auditor's report. When I receive and read this information, if I conclude that there is a material misstatement therein, I must communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

39. I considered internal control relevant to my audit of the financial statements, annual performance report, and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in material findings on compliance with legislation included in this report.
41. The municipality has a formal code that addresses appropriate ethical and moral behaviour. However, implementing the code could have been more effective in ensuring that irregular, and fruitless, and wasteful expenditure did not occur. Furthermore, management could not effectively detect material misstatements in the annual financial statements, but adjustments were made to obtain an unqualified audit opinion.
42. The municipality did not develop an effective checklist to ensure that financial statements and reports are prepared in compliance with applicable standards and regulations.
43. The municipality has not developed a compliance monitoring tool to monitor compliance with all the relevant laws and regulations applicable to the municipality to ensure compliance by all municipal officials. Consequently, material non-compliance with the laws and regulations was identified. In addition, leadership did not put measures in place to ensure that appropriate steps are taken against instances of non-compliance and transgressions.

Material irregularities

44. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Fruitless and wasteful expenditure recorded relating to (INEP) WIP assets: expenditure incurred with no work done and assets in existence

45. Ngqushwa Local Municipality recorded a total expenditure of R13,7 million on projects funded by the integrated national electrification programme (INEP) 5B grant. This expenditure was recognised as work-in-progress (WIP) assets from the 2016-17 to the 2020-21 year. In the 2021-22 year, the municipality assessed, through the use of a management expert, the actual INEP WIP assets on hand and concluded that although this expenditure had been entirely incurred and paid, there were instances where some assets did not physically in exist.
46. This resulted in a financial loss and non-compliance with section 65(2)(a) of the MFMA.
47. The municipality recorded an impairment loss of R10,5 million and fruitless and wasteful expenditure of R12 million, VAT inclusive (R10,5 million VAT exclusive) in the 2021-22 year.
48. The accounting officer was notified of the material irregularity on 15 February 2023. The following actions have been taken to resolve the material irregularity:
49. The municipality has developed internal systems that prevent and detect irregular activities, including a contract management policy, service provider performance evaluation forms, and service level agreements (SLAs). No payments were processed without an SLA and no goods or services were confirmed by project managers.
50. The municipality reported the matter to the South African Police Service in 2020, and an internal disciplinary process was instituted against the electrical services manager. The process is still ongoing. The official was arrested by the Hawks, appeared in court on 13 December 2022, was officially charged together with the former director of technical services and appeared in court on 31 January 2023.
51. The accounting officer appointed a competent electrical engineering consultant to consolidate, quantify and determine the rand value of all work done and materials purchased and not installed during the affected financial years. It was concluded in the previous financial year that the municipality's planned response was sufficient in taking appropriate steps to resolve the material irregularity identified.

52. We are currently assessing the commitments made and following up on external investigations on the matter; as well as considering the findings of the electrical engineer on the matter.

Auditor - General

East London

29 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

1. The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

3. 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 to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of using the going concern basis of accounting in preparing the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.
- evaluate the financial statements' overall presentation, structure, and content, 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

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

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 122 (1) ~~Section 122 (2)~~ Section 126 (1) (a) and 126 (1)(b) Section 133 (1)(a) and 133 (1)(c) Section 127 (2) and 127 (5)(a) Section 129 (1) and 129 (3) Section 65 (2) (e) and 65 (2) (a) Section 11 (1) Section 62 (1)(d) Section 87 (8) Section 15 Section 29 (1) and 29 (2) (b) Section 62(1)(f)(i) and 62(1)(f)(ii) Section 63(2)(a) Section 64(2)(e) and 64 (2) (b) Section 64(2) (c) and 64(2)(g) Section 13(2) Section 14(1) Section 14(2)(a) and 14(2)(b) Section 33(2) Section 170 Section 32(2) and 32(6)(a) Section 171 (4)(a) Section 53(1)(c)(ii) Section 1 Section 72(1)(a)(ii) Section 24(2)(c)(iv) Section 54(1)(c) Section 117
Municipal Budget and Reporting Regulations	Regulation 71 (1) and 71 (2) Regulation 72
Municipal Structures Act 32 of 2000	Section 74(1) Section 96 (b) Section 29(1)(b)(ii) Section 42

Legislation	Sections or regulations
	Section 25(1) Section 26 Section 41(1)(a) and 41(1)(b) Section 43(2) Section 4(a) and 41(1)(c)(ii)
	Section 34(b) Section 38(a)
Municipal Property Rates Act 6 of 2004	Section 3 (1)
Municipal investment regulations	Regulation 3(1)(a) and 3(3) Regulation 6 Regulation 7 Regulation 12(2) and 12(3)
Prevention and Combatting of Corrupt Activities Act 12 of 2004	Section 34(1)
Municipal Planning and Performance Management Regulations	Regulation 15(1)(a)(i) Regulation 2(1)(e) Regulation 2(3)(a) Regulation 9(1)(a) Regulation 10(a) Regulation 12(1) Regulation 3(4)(b) and 15(1)(a)(ii) Regulation 3(3) Regulation 8 Regulation 7(1)
Disciplinary Regulations for Senior Managers	Regulation 5 (2) Regulation 5 (6) Regulation 8 (4)
Financial Misconduct Regulations	Regulation 5(4) Regulation 6(8)(a) Regulation 10(1)
Supply Chain Management Regulations	Regulation 121(1)(c) Regulation 16(a) Regulation 17(a) and (c) Regulation 17(b) Regulation 43 Regulation 19(a) &(b) Regulation 3691(a)

Legislation	Sections or regulations
	Regulation 12(3) Regulation 27(2)(a)&(e) Regulation 22(1)(b) & 22(2) Regulation 28(1)(a)(i) Regulation 21(b)
	Regulation 29(1) (a) & (b) Regulation 29(5)(a)(ii) & (b)(i) Regulation 13(c) Regulation 38(1) (c.) Regulation 38(1)(d)(ii) & (g)(iii) Regulation 38(1) (e.) Regulation 38(1)(g)(i) and 38(1)(g)(ii) Regulation 32 Regulation 5 Regulation 44 Regulation 46(2)(e) and 46(2)(f)
Preferential Procurement Policy Framework Act 5 of 2000	Section sec 2(1)(a) Section 2(1)(f)
Public Procurement Regulations of 2017	Regulation 6(1) and 7(1) Regulation 6(8), 7(8), 10(1)&(2) & 11(1) Regulation 5(1) & 5(3) Regulation 5(6) Regulation 5(7) Regulation 9(1)
Public Procurement Regulations of 2022	Regulation 4(1) and 5(1) Regulation 4(4) & 5(4)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulation 17 Regulation 25(7A)

ANNEXURE B: 2023 / 2024 AUDIT ACTION PLAN

No	CO AF #	Exception Heading	Summary of Finding	Suggested Control Improvements	Nature	Directorate	Step by step action plan	Progress status	Reoccurring	POE	Responsible person	Frequency	Due Date
1	1	Contracted services: Comparative amount incorrect in AFS	The comparative amounts for Contracted Services in the Annual Financial Statements (AFS) are inconsistent with the prior year audited AFS, and these inconsistencies were not disclosed or justified as prior year adjustments. This is a non-compliance with MFMA Section 62(1)(b) and GRAP 1.49. Contracted services is not consistent with the amount disclosed in prior year audited AFS and the inconsistency is not a	Management should ensure that AFS information is accurate and complete and proper reviews should be done to ensure consistency between prior year AFS and current year AFS	Misclassification	BTO	Manager AFS will ensure that proper reviews are done before submission to AG ensuring that the Annual Financials Statements are GRAP compliant as well as checking consistency with Prior Year AFS to confirm that comparative figures match with prior year audited AFS.		No	Interim Financial Statements	Manager: AFS & Asset	Quarterly	31-Mar-25

4	3	VAT receivable incorrectly presented in the statement of financial position	The Municipality presented the VAT receivable as a single line item in the statement of financial position. Municipalities should not be offsetting the VAT Input Control account against VAT Receivables from SARS as these are governed by different GRAP standards as there is no legally enforceable right or intention to settle the amounts on a net basis. The VAT accrual account does not represent amounts to be received or paid, but rather amounts that are associated with	Management should ensure that GRAP is applied in their financial statements.	Misclassification	BTO	Manager AFS will ensure that there's a split of vat input accrual, vat receivable and vat payable in the Annual Financial Statements.	No	Interim Financial Statements	Manager: AFS & Asset	Quarterly	31-Mar-25

5	4	Material Misstatements on the statement of comparison of budget and actual amounts	transactions . There is no money to be received or paid to SARS for these amounts as yet to be submitted. As there is no transaction to "settle" with SARS at this point, the requirements for set off are inappropriate. The accounting officer should ensure that the amounts presented in the statement of comparison of budget and actual amounts are consistent with the face of the financial statements and the approved budget. Management should make the necessary adjustments to ensure that the financial statements are accurate. Management should make the necessary disclosure as required by GRAP 24.	Misstatement	BTO	Manager AFS will strengthen the review by ensuring that the CFO, Internal audit, Independent Panel of Accountants review the AFS to ensure that figures disclosed on the financial statements corresponds with the figures on the statement of budget and actual.	No	Interim Financial Statements	Manager AFS	Quarterly	31-Mar-25

of budget and actual amounts, differences were noted between the actual amount as presented in the statement of comparison of budget and actuals and the amounts as presented in the face of the financial statements. The details of the misstatement are illustrated below as follows:
Actual as per statement of Comparison of Budgets and Actuals (R) Actual as per financial statements (R) Differences (R)
Employee cost -105 954 043 - 101 962 788 3 991255
Suppliers -

65 149 119 - 71 204 492 - 6 055 373 Finance cost -8 603 -544 531 - 535 931 Net cashflows from operating activities 17 678 373 15 003 086 -2 675 287 Purchase of Property plant and equipment - 34 018 862 -31 366 574 -2 675 287	6	4	Material Misstatem ents on the statement s of compariso n of budget and actual amounts	Issue 2- Differences between the final budget as presented In the statement of compariso n of budget and actual amounts and final approved budget. During the audit of the statement of comparison of budget and actual amounts,	The accounting officer should ensure that the amounts presented in the statement of comparison of budget and actual amounts are consistent with the face of the financial statements and the approved budget. Management should make the necessary adjustments to ensure that the financial statements are Management should make the necessary disclosure as required by GRAP 24.	Misstateme nt	BTO	Manager & Reporting will review the figures on the comparison budget statement against the approved budget and final budget.	No	Interim Financial Statements	Manager: Budget & Reporting	Quartel y	31- Mar- 25

067 000 233 000	Contracted services -	62 488 622	-58 418 000	4 070 622	Statement of financial position	Receivables from non-exchange transactions	689 296 19	456 000 -	233 296	VAT receivable	8 123 992 7	949 000 -	175 000	Cash and cash equivalents	61 369 133	63 081 000	1 711 867	Issue 3- Differences between the percentage variances as disclosed in not 52 of the financial statements and the auditor's recalculate d amounts. Differences were noted between the	Material Misstatements on the statement s of compariso n of budget and actual amounts	The accounting officer should ensure that the amounts presented in the statement of budget and actual amounts are consistent with the face of the financial statements and the approved budget. Management should make the necessary adjustments to ensure that the financial statements are accurate. Management should	Misstatement	BTO	Manager Budget & Reporting will review the percentages disclosed on the comparison budget statement.	No	Interim Financial Statements	Manager: Budget & Reporting	Quarterly	31- Mar- 25

8	4	Material Misstatements on the statement of comparison of budget and actual amounts	benefit obligation - 13% 0.13% Billed services - 33% -64% 31% Cash and cash equivalents 55% -463% 518%	Issue 4 – Variances not appropriately explained 1. It was noted that the material variances between the budgeted and actual amounts on the following items are not appropriate y explained to enhance the understanding of the users • Depreciation and amortisation • Depreciation is calculated monthly at it will increase at year end.	The accounting officer should ensure that the amounts presented in the statement of comparison of budget and actual amounts are consistent with the face of the financial statements and the approved budget. Management should make the necessary adjustments to ensure that the financial statements are accurate. Management should make the necessary disclosure as required by GRAP 24.	Misstatement	BTO	Thorough explanation will be provided by the Manager Budget & Reporting when explaining the variance between actual and budgeted amounts. The following will be implemented: Review depreciation calculations to ensure monthly consistency and accuracy, regularly assess and update the provision for debt impairment, perform	No	Interim Financial Statements	Manager: Budget & Reporting	Quarterly	31- Mar-25

9	5	Misstatements noted in the statement of cashflows, changes in net assets and other disclosure items.	Issue 1- Segment reporting During the audit of the disclosure of segment reporting, differences were noted between surplus/ (deficit) disclosed and the amounts as presented on the face of the financial statements. The details of the misstatement are illustrated below as follows: Year Amount as per disclosure (R) Amount as per financial statements	Management should ensure that the amounts disclosed in the above mentioned disclosure items, statement of changes in net assets and the statement of cashflows are accurate. Management should make the necessary adjustments to ensure that the financial statements are accurate.	Misstatement	BTO	Manager AFS will strengthen the review by ensuring that CFO, Internal Audit, Independent Panel of accountants review the AFS to ensure that figures disclosed on the financial statements corresponds with the figures on the notes or segment reporting.	No	Interim Financial Statements	Manager: AFS & Asset	Quarterly	31-Mar-25

1	5	Misstatement noted in the statement of cashflows, changes in net assets and other disclosure items.	Issue 3- statement of Cashflows It was noted that the payments to and behalf of employees and councilors include non-cash payments	Management should ensure that the amounts disclosed in the above mentioned disclosure items, statement of changes in net assets and the statement of cashflows are accurate. Management should make the necessary adjustments to ensure that the financial statements are accurate.	Misstatement	BTO	The following will be implemented: Properly review the Annual Financial Statement to ensure that the presentation and disclosure is in line with	No	Interim Financial Statements	Manager: AFS & Asset	Quartely	31-Mar-25
1	1											

[illegible]

1	5	Misstatements noted in the financial instruments and risk management disclosure	During the testing of financial instruments disclosures in the annual financial statements	Management should ensure that the financial instruments and risk management disclosures are in compliance with GRAP. Furthermore, management should make the necessary amendments to align the disclosures with the requirements of GRAP.	Misstatement	BTO	The following will be implemented:	No	Interim Financial Statements	Manager: AFS & Asset	Quarterly	31-Mar-25
3			During the testing of financial instruments disclosures in the annual financial statements, it was noted that the employee benefits were included in financial instruments as well as risk management. The misstatement is illustrated as follows: 2024 2023 Accrued leave pay R6 073 494 R6 826 913 Accrued bonus R2 229 091 R1 909 914				Properly review the Annual Financial Statements to ensure that the presentation and disclosure is in line with the requirements of the GRAP standards.					

		R8 302 585 R7 736 827									
14	6	Issue 1 - Incomplete fruitless and wasteful expenditure In the testing of payables, it was noted that there was interest amounting to R481 136 that was charged on payments made to the Department of Labour which was not disclosed in the fruitless and wasteful disclosure note 4.1 of the annual financial statements. This has resulted in the understatement of fruitless and	Management should implement proper record keeping in a timely manner to ensure that complete information is accessible and available to support financial reporting. Furthermore, management should make the necessary adjustments to ensure that registers for irregular expenditure write-offs and fruitless and wasteful expenditure are complete. Management should make the necessary disclosure as required by GRAP 14.	Misstatement	BTO	The following will be implemented: - Regular reconciliation between the General ledger and the Fruitless & Wasteful Expenditure register to monitor interest. - Properly review process and make sure all disclosures are cross checked against GRAP requirements.	No	Fruitless & Wasteful Expenditure Register	Manager: Supply Chain Management/ Expenditure & Payroll	Quarterly	31-Mar-25

		Ngqushwa Loc Municipal	Consequently, the write-off of irregular expenditure is overstated by R287 200									
16	6	Misstatement noted in the disclosure of irregular, fruitless and wasteful expenditure	Issue 3- Irregular expenditure written off after year end In the testing of the irregular expenditure write off as per disclosure note 42, it was noted that irregular expenditure amounting to R10 305 475 was approved for write off by council on 30 August 2024, which is after year end. It was further noted that management did not disclose the write-off as a	Management should implement proper record keeping in a timely manner to ensure that complete information is accessible and available to support financial reporting. Furthermore, management should make the necessary adjustments to ensure that registers for irregular expenditure write-offs and fruitless and wasteful expenditure are complete. Management should make the necessary disclosure as required by GRAP 14.	Misstatement	BTO	The following will be implemented: -Manager AFS will properly review the Annual Financial Statements to ensure that the presentation and disclosure is in line with the requirements of the GRAP standards as well as ensuring that post year end write-offs are included and disclosed accurately in the Financial Statements.	No	Annual Financial Statements	Manager: AFS & Asset	Yearly	31-Aug-25

		is an unlicensed municipality for Electrification. Thus, the municipality is rendering a service to construct an asset (Electrification of households) that will then be transferred to Eskom. As this is the case, the revenue should be recognised as Revenue from Exchange transactions			ensure that the presentation and disclosure is in line with the requirements of the GRAP standards					
19	The winning provider did not submit the declaration of interest	During the testing of an award to Fortune Well for Comprehensive Film Production Proposal, it was identified that the bidder did not submit the MBD 4 form which is used to confirm compliance	Management should ensure that compliance with all SCM regulations is monitored to avoid incurring irregular expenditure and possible material irregularities	Non-Compliance	Manager SCM will strengthen supplier compliance procedures by requiring all bidders to submit the necessary documents, including the MBD 4 form to comply with SCM regulation 13(c).	No	All the required tender documents above 30 000 must have all the compliance checklist forms(MBD 's). -MBD 4 form	Manager: Supply Chain Management	Quarterly	31-Jan-25

			with scm regulation 13(c).											
20	10	Debt impairment reconciliation amount disclosed in Note 34 has been incorrectly reconciliated on has been incorrectly disclosed	Debt impairment reconciliation amount disclosed in Note 34 has been incorrectly reconciliated as R392 686, which is different to the Debt impairment amount of R1 070 100	Management should ensure that AFS information is accurate and proper reviews should be done. Note 34 has to be adjusted so that the debt impairment reconciliation is appropriately presented.	Misstatement	BTO	Manager AFS, CFO, Internal audit, Independent Accountants properly review of the Annual Financial Statements to ensure that the debt impairment reconciliation corresponds with the Note.	-	No		Interim Financial Statements Debt Impairment reconciliation	Manager: Revenue Management	Quarterly	31-Mar-25
21	11	Disclosure of Property, Plant and Equipment	During the audit of Property, Plant and Equipment disclosure note 11, the following inconsistencies were noted within the disclosed note Description Amount par F reconciliation	Management should implement controls over the review and monitoring of compliance with applicable laws and regulations to ensure that the Annual Financial Statement are prepared accordingly. Furthermore, management should implement controls to ensure that proper monitoring and review is done to	Non-Compliance		Manager AFS, CFO, Internal audit, Independent Accountants properly review the Annual Financial Statements to ensure that the presentation and disclosure is	-	No		Interim Financial Statements	Manager: AFS/Asset Management	Quarterly	31-Mar-25

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2	14	Misstatement noted in the disclosure of commitments	Issue 2- Inappropriate description for commitment for operational capital commitment to It was noted that an amount of R2 706 765 was disclosed as commitments not yet contracted for and authorized by accounting officer. This is incorrect as the projects have already been contracted for.	Management should ensure that that they prepare accurate financial statements evidenced by reliable information.	Misstatement	BTO	Manager AFS will ensure operational commitments are properly disclosed.	-	No	Commitment register	Manager: Supply Chain Management	Quarterly	31-Mar-25

2	15	Disclosure of Property, Plant and Equipment	During the Audit of Pre-determined Objective (AoPO), it was noted that the municipality had performance indicators where the target was not achieved and there was no disclosure of measures taken to improve the performance . Indicator Unit of measurement at Planned Target Reported Target Percentage completed on construction of Peddie Extension Sports Field by 30 June 2024 Percentage 60% 55% Percentage completed on construction of KM at Glenmore	Management should implement controls over the review and monitoring of compliance with applicable laws and regulations to ensure that the Annual Performance Report is prepared accordingly.	Non-Compliance	MMO	IDP & PMS office will ensure that measures are taken to improve performance and disclose APR.	No	SDBIP/APR	Manager: IDP/PMS	Yearly	31-Aug-25

		time in which the contract was awarded. Sea Spirit and Fort have Trading did not sign MBD 8 to declare that they had never abused the municipal supply chain management system get a procurement contract.		-Ensure that all bidders, including those like Sea spirit and Forthare Trading submit the MBD 8 form to confirm that they have not abused the municipal SCM system.							
28	17	AoPO: Difference between Progress Reports and APR During the Audit of Pre-determined Objective (AoPO), it was noted that the municipality had differences on reported achievements between the progress reports and the Annual Performance Report. The following table details the differences noted for the relevant	Management should implement controls over the review and monitoring of the preparation of the reporting process to ensure that the Annual Performance Report is prepared accurately and relevant information.	Discrepancies	MMO 1.Department to submit reports indicating work done in case where the target is not fully achieved on quarterly basis. 2. Include component of expenditure by vote to ensure that the reported performance is in line with the expenditure to ensure accuracy	-	Yes	1. Quarterly performance reports indicating the actual performance (in case where the target is not fully achieved) 2. Annual Performance Report	Manager: IDP/PMS	Quarterly	1.30 January 2025 2.30 August 2025

[illegible]

2	18	Misstatement noted in the disclosure of commitments	In the audit of the risk management disclosure note 39, it was noted that there are financial instruments which have been disclosed that the municipality does not have. The details are as follows: 1. The municipality uses derivatives financial instruments to hedge certain risk exposures- it was noted that the municipality has no derivatives 2. Cash flow forecasts are prepared, and adequate utilised borrowing facilities are monitored- it was noted that the municipality has no borrowing facilities.	Management should make the necessary adjustments to the risk management disclosure in the annual financial statements.	Misstatement/ Disclosure Error	BTO	Manager AFS will strengthen the review process by ensuring that CFO, Internal audit, independent panel of accountants for Annual Financial Statement disclosures to ensure accuracy and relevance, eliminating references to non-existent financial instruments such as derivatives and borrowing facilities.			Interim Financial Statements	Manager: AFS & Asset	Quarterly	31-Mar-25

30	19	Misstatement noted in the disclosure of commitments	In the testing of contract management commitment and it was noted that some of the Service Level Agreements (SLA) relating to capital projects have ended. Management could not provide evidence that there are extensions to the SLA. Consequently, the expenditure that was incurred after the contract ended is irregular. The details are illustrated below:	Management should put measures in place to ensure that contracts are extended timeously before lapsing. Management should revisit the whole population of contracts and identify similar contracts that have expired and disclose any expenditure incurred after expiration as irregular expenditure. Management should put in place remedial measures to avoid further incurring irregular expenditure.	Misstatement	BTO	The following will be implemented: - Manager SCM will track key contract dates, start date and the end date as well as reviewing of contracts that are nearing expiry. Approval of extension of time for the supplier signed by the Municipal Manager.	No	Signed performance evaluation form, Extensions signed by the Municipal Manager	Manager: Supply Chain Management	Quarterly	31-Mar-25

			Halls 21- Feb-23 23- Aug-24 179 762 Black Mountain Zinzame JV Monitoring .Design and Supervision of Feni & Mgababa High Mast lights 06- Apr-23 06- Oct-24 179 762 Aloroma Construction Construction of Lovers Twist Community Hall 06-Apr- 23 06-Jul-23 1 214 816 7										
3 1	20	Non- compliance with SCM regulation 38	During the audit of supply chain management processes, it was identified that the municipality awarded the below contract to MBSA who was part of the service providers that were paid by the municipality	Management should ensure that compliance with all SCM regulations is monitored to avoid incurring irregular expenditure and possible material irregularities	Non- Compliance	BTO	Manager SCM will strengthen Bid Evaluation process by conducting a thorough due diligence on all bidders as well as regular performance reviews and inspect of work done by the service providers.All	-	No	Signed performance evaluation form, MBD 8 form	Manager: Supply Chain Management	Quarterly	31- Mar- 25

		for no work done. Therefore the service provider or any of its directors are known to have abused the institution's supply chain management system or have committed fraud or improper conduct in relation to the municipality's supply chain management system.		tender documents above R30 000 must attach MBD 8 form.								
32	21	Overstatement of Contingencies	Issue 1- Differences between the legal confirmation and Register. During the confirmation process for contingencies to Wilkus Ven Rensburg. It was determined that the case below was withdrawn and there is no	Management should put measures in place to ensure contingent liabilities are updated in a timely manner to align with the status as per its legal status.	Overstatement	MMO	The following will be implemented: Strengthen review processes for contingency liability register and requesting confirmation of all our contingencies from the legal team as well as reconciling between legal confirmations	No	Legal confirmations, Contingency liability register	Manager: Legal Services	Quarterly	31-Mar-25

		contingent liability/Amount confirmed as per the Register Differences (R) (R) (R)										
		EC Black Contractors Forum & 2 others [Case Number: 1080/2021] 0 1542870										
3	22	Non-compliance issues identified	The following non-compliance issues were identified during the audit: Expenditure Management: 1. Reasonable steps were not taken to prevent irregular expenditure amounting to R3,384,307 as disclosed in Note 42 to the annual financial statements.	Management should ensure that they develop and maintain internal controls, perform adequate reviews and ensure compliance with legislation.	Non-Compliance	BTO	The municipal will develop a compliance checklist document that denotes the person responsible for the compliance with legislation. The checklist will be monitored on a monthly basis through various committees including MANCO, EXCO, Audit Committee and Council but not limited to these committees.	Yes	Compliance checklist	Manager: AFS & Asset Management	Quarterly	31-Mar-25

as required by section 62(1)(d) of the MFMA..

2. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA. Fruitless and wasteful expenditure amounting to R9 901 was incurred in the current year relates to interest from late payments of ESKOM. Through testing conducted on Payables, it was further noted that an interest amount of R481 136 was charged on payment payments made to the Department of Labour which was

proceedings
6(8).
**Strategic
Planning:**
The SDBIP
for the year
under
review did
not include
monthly
revenue
projections
by source of
collection
and the
monthly
operational
and capital
expenditure
by vote.
Annual
Financial
Statements
(AFS):
The
financial
statements
submitted
for auditing
were not
prepared in
all material
respects in
accordance
with the
requirement
s of section
122(1) of
the MFMA.
Material
misstateme
nts were
identified
on:
- Non-
current
assets

[illegible]

Department Final Budget	per managemen t's schedule (R) Final	Budget as	per approved Budget (R)	Difference (R)	Finance 55 192 865 55 131 881 - 60 984	Community Services

39 334 423	
37 205 737 -	
2 128 686	
Corporate	
Services	
38 082 982	
35 656 320 -	
2 426 662	
Municipal	
Manager's	
Office	
44 343 050	
46 659 377	
2 316 327	
Technical	
Services	
41 119 034	
43 419 038	
2 300 004	
Capital	
Expenditure	
2023-24 FY	
Finance	
236 304	
6 463 402 -	
6 227 098	
Community	
Services	
444 783	
14 140 271 -	
13 695 488	
Corporate	
Services	
6 597 533	
476 087	
6 121 446	
Municipal	
Manager's	
Office	
.	
.	
Technical	
Services	
29 902 326	
16 101 188	
13 801 138	
Consolidate	
d	

Departmental Exp (Opex & Capex)	2023-24FY	Finance	55 429 169	61 595 283 -	6 166 114	Community Services	39 779 205	51 346 008 -	11 566 803	Corporate Services	44 680 514	36 132 407	8 548 107	Municipal Manager's Office	44 343 050	46 659 377 -	2 316 327	Technical Services	71 021 359	59 520 226	11 501 133

35	23	Issue 2 We re-performed the determination of the unauthorized expenditure based on the amounts as per final approved budget and the actual amounts from management and below are the estimated differences. Potential unauthorized expenditure was identified within the corporate services and technical services budget votes (in red). Operational Expenditure 2023-24 FY Auditor's recalculation Department Final Budget(as per approved	Management should submit the adjustments with the calculation of the unauthorized expenditure	Misstatement	BTO	Manager & Reporting will link the master votes to all transaction votes as per their functionality when demonstrating/ calculating the unauthorized expenditure.	No	1. Unauthorized calculation with master vote as per on A & B Schedule. 2. Interim Financial Statement	Manager: Budget & Reporting	Quarterly	31-Mar-25

35	23	Issue 2 We re-performed the determination of the unauthorised expenditure based on the amounts as per final approved budget and the actual amounts from management and below are the estimated differences. Potential unauthorised expenditure was identified within the corporate services and technical services budget votes (in red). Operational Expenditure 2023-24 FY Auditor's recalculation Department Final Budget(as per approved	Management should submit the adjustments with the calculation of the unauthorised expenditure	Misstatement	BTO	Manager & Reporting will link the master votes to all transaction votes as per their functionality when demonstrating/ calculating the unauthorised expenditure.	No	1. Unauthorised calculation with master vote as per on A & B Schedule. 2. Interim Financial Statement	Manager: Budget & Reporting	Quarterly	31-Mar-25
		Misstatement in the determination of unauthorised expenditure									

Budget)	(R) Actual	(R) Difference	(R) Amount
Finance 55	131 881 50		
425 738 4			
706 143			
Community			
Services 37	205 737 36		
506 138 699			
599			
Corporate			
Services 35	656 320 36		
195 470 -			
539 150			
Municipal			
Manager's			
Office 46	659 377 41		
714 256 4			
945 121			
Technical			
Services 43	419 038 30		
564 704 12			
854 334			
218 072			
353 195 406			
306			
Capital			
Expenditure			
2023-24 FY			
-			
Finance 6	463 402 208		
999 6 254			
403			
Community			
Services 14	140 271 139		
600 14 000			
671			
Corporate			



NGQUSHWA LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended June 30, 2024

General Information

Legal form of entity

Local Municipality
Ngqushwa Local Municipality is a South African category B municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998). The municipality's operations are governed by the municipality's internal arrangements and the relevant legislation.

Nature of business and principal activities

Ngqushwa is a Local Municipality rendering basic services such as Refuse Collection, Infrastructure, Economic Development and Community Services.

Executive Committee

S.Manelli-Mayor
D.Ncanywa-Speaker
A.Nodikida-Chief Whip and Member of Executive Committee
M.Gqo-MPAC Chairperson
L.Mdabula-Member of the Executive Committee
S.Nyaniso-Member of the executive committee
Z. Ndonga (Contract terminated 09 January 2024)

Councillors

T.Dingindo

S. Maswana

N. Jako

N. Lawu

M. Luzipho

X. Magini

L. Mcoboki

S. Mhlakane

N. Mlotana

N. Mtati

P. Nodala

L. Nomatye

B. Ntsheni

N. Ntshunguzi

N. Sell

R. Taylor

N. Toiyi

N. Hempe (Contract terminated 09 January 2024)

Traditional Leaders

Z. Njokweni (Chief)

MM. Matomela (Prince)

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

General Information

Grading of local authority	1
Chief Finance Officer (CFO)	Mr. T. Fundira
	Date of appointment 01 August 2023
Accounting Officer	Mr. N. Mgengo
Registered office	Corner of N2 and R345 Road Peddie 5640
Business address	Corner of N2 and R345 Road Peddie 5640
Postal address	P.O. Box 539 Peddie 5640
Bankers	First National Bank Standard Bank
Auditors	Auditor General of South Africa
Attorneys	External Panel of Attorneys Mr Mfundo Mabangula (Internal-Legal Advisor)
Contact number	040 673 3095
Email addresses for the municipality	nmgengo@ngqushwamun.gov.za tfundira@ngqushwamun.gov.za

The reports and statements set out below comprise the Annual Financial Statements presented to the Council of Ngqushwa Local Municipality:

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Annual Financial Statements for the year ended June 30, 2024
NGQUSHWA LOCAL MUNICIPALITY

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NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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Abbreviations used:

AFG	Annual Financial Statements
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
SARS	South African Revenue Services
SDL	Skills Development Levy
SALGA	South African Local Government Association
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
MIG	Municipal Infrastructure Grant (previously CMIP)
ASB	Accounting Standards Board
PMS	Performance Management System
FMG	Financial Management Grant
LGSETA	Local Government Sector Education and Training Authority
INEP	Integrated National Electrification Programme
MPAC	Municipal Public Accounts Committee
EXCO	Executive Committee
MEC	Members of the Executive Council
WSP	Workplace Skills Plan

Accounting Officer's Responsibilities and Approval

NGQUSHWA LOCAL MUNICIPALITY
Annual Financial Statements for the year ended June 30, 2024

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. Statements and was given unrestricted access to all financial records and related data.

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

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place 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 loss 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 June 30, 2025 and, in the light of this review and the current financial position, he 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 independently reviewing and reporting on the municipality's Annual Financial Statements.

The Annual Financial Statements set out on pages 6-81 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2024:

Mr. N. Mgengo
Accounting Officer

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Financial Position as at June 30, 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	15,458,590	15,458,590
Operating lease asset	4	3,394,941	2,845,558
Receivables from non-exchange transactions	5	23,397,449	20,338,284
VAT Input Accrual	6	2,260,579	2,094,427
Receivables from exchange transactions	7	1,796,096	2,422,146
Cash and cash equivalents	8	50,693,544	67,044,033
Prepayments	9	876,378	-
		97,877,577	110,203,038
Non-Current Assets			
Investment property	10	34,665,765	34,444,265
Property, plant and equipment	11	316,252,150	303,224,311
Heritage assets	12	3	3
		350,917,918	337,668,579
Total Assets		448,795,495	447,871,617
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	25,792,063	23,817,067
Payables from non-exchange transactions	14	1,304,829	1,509,012
VAT payable	17	445,604	37,019
Employee benefit obligation	15	655,000	731,000
Unspent conditional grants and receipts	16	11,170,580	10,485,430
		39,368,076	36,579,528
Non-Current Liabilities			
Employee benefit obligation	15	4,706,000	4,098,000
Provisions	18	13,005,493	12,469,562
		17,711,493	16,567,562
Total Liabilities		57,079,569	53,147,090
Net Assets		391,715,926	394,724,527
Accumulated surplus		391,715,924	394,724,519
Total Net Assets		391,715,924	394,724,519

* See Note 56

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
			Restated*

Revenue			
Revenue from exchange transactions			
Service charges	19	1,863,370	1,554,321
Rental of facilities and equipment	20	1,170,686	1,047,963
Agency fees	21	408,703	413,141
Licences and permits	22	1,450,010	1,162,171
Construction contracts	23	2,608,696	-
Other revenue	24	600,759	290,720
Interest on outstanding debtors	25	595,672	472,857
Interest received - investment	26	6,925,421	5,568,978
Total revenue from exchange transactions		15,623,317	10,510,151
Revenue from non-exchange transactions			
Taxation revenue	27	21,083,233	24,530,102
Property rates			
Interest on Outstanding Debtors	25	2,455,254	2,393,384
Transfer revenue			
Government grants	28	151,353,850	133,681,570
Fines and penalties	29	673,300	454,350
Other transfer revenue	30	974,261	642,582
Insurance claim received	31	12,999	-
Total revenue from non-exchange transactions		176,552,897	161,701,988
Total revenue		192,176,214	172,212,139
Expenditure			
Employee related costs	32	(90,818,600)	(80,526,559)
Remuneration of councillors	33	(11,144,188)	(10,943,479)
Depreciation and amortisation	34	(18,218,811)	(16,318,685)
Finance costs	35	(544,534)	(520,652)
Debt Impairment	36	(1,257,632)	(1,876,171)
Contracted services	37	(30,855,372)	(11,136,483)
Loss on disposal of assets and liabilities		(119,920)	-
General Expenses	38	(42,447,252)	(35,776,003)
Total expenditure		(195,406,309)	(157,098,032)
Operating surplus (deficit)		(3,230,095)	15,114,107
Loss (gain) on disposal and revaluation of assets	39	(221,500)	(5,044,887)
(Deficit) surplus for the year		(3,008,595)	20,158,994

* See Note 56

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	379,922,093	379,922,093
Adjustments		
Correction of errors	-	-
Prior year adjustments 56	(5,356,568)	(5,356,568)
Balance at July 1, 2022 as restated*	374,565,525	374,565,525
Changes in net assets		
Surplus for the period	20,158,994	20,158,994
Total changes	20,158,994	20,158,994
Opening balance as previously reported	394,724,519	394,724,519
Restated* Balance at July 1, 2023	394,724,519	394,724,519
Changes in net assets		
Surplus for the year	(3,008,595)	(3,008,595)
Total changes	(3,008,595)	(3,008,595)
Balance at June 30, 2024	391,715,924	391,715,924
Note(s)		

* See Note 56

NGQUSHWA LOCAL MUNICIPALITY
Annual Financial Statements for the year ended June 30, 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*

Cash flows from operating activities

Receipts			
Billed services		21,955,273	26,824,233
Government Grants		151,353,850	144,187,000
Interest Income		7,450,945	5,720,398
Receipts from other services		7,886,415	5,751,494
		188,646,483	182,463,125

Payments			
Payments to and on behalf of employees and councillors		(91,144,038)	(91,144,038)
Cash paid to suppliers for goods and services		(72,769,764)	(50,850,087)
Finance costs		(8,603)	-
		(173,643,396)	(141,994,125)

Net cash flows from operating activities	49	15,003,087	40,469,000

Cash flows from investing activities			
Purchase of property, plant and equipment	11	(31,366,575)	(30,404,264)
Acquisition of assets by replacement (non-cash)	11	12,999	-
Net cash flows from investing activities		(31,353,576)	(30,404,264)

Net increase/(decrease) in cash and cash equivalents		(16,350,489)	10,064,736
Cash and cash equivalents at the beginning of the year		67,044,033	56,979,297
Cash and cash equivalents at the end of the year	8	50,693,544	67,044,033

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,582,191	-	1,582,191	1,863,370	281,179	55.1
Construction contracts	-	-	-	2,608,696	2,608,696	
Rental of facilities and equipment	754,826	-	754,826	1,170,686	415,860	55.2
Interest received (trading)	-	-	-	595,672	595,672	
Agency fees	581,509	-	581,509	408,703	(172,806)	55.3
Licences and permits	2,568,699	-	2,568,699	1,450,010	(1,118,689)	55.4
Other revenue	4,813,922	-	4,813,922	600,759	(4,213,163)	55.5
Interest received - investment	6,224,397	-	6,224,397	6,925,421	701,024	55.7
Total revenue from exchange transactions	16,525,544	-	16,525,544	15,623,317	(902,227)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	42,561,718	-	42,561,718	21,083,233	(21,478,485)	55.8
Interest on Outstanding Debtors	5,463,327	-	5,463,327	2,455,254	(3,008,073)	55.6
Transfer revenue						
Government grants	137,211,000	28,313,430	165,524,430	151,353,850	(14,170,580)	55.9
Fines and penalties	653,059	-	653,059	673,300	20,241	55.10
Other transfer revenue	691,436	-	691,436	974,261	282,825	55.11
Insurance claim received	-	-	-	12,999	12,999	
Total revenue from non-exchange transactions	186,580,540	28,313,430	214,893,970	176,552,897	(38,341,073)	
Total revenue	203,106,084	28,313,430	231,419,514	192,176,214	(39,243,300)	
Expenditure						
Employee related costs	(85,675,822)	(4,303,136)	(89,978,958)	(90,818,600)	(839,642)	55.12
Remuneration of councillors	(11,273,455)	-	(11,273,455)	(11,144,188)	129,267	55.13
Depreciation and amortisation	(41,366,091)	20,162,115	(21,203,976)	(18,218,811)	2,985,165	55.14
Finance costs	-	(650,000)	(650,000)	(544,534)	105,466	55.15
Debt Impairment	(3,900,000)	(167,174)	(4,067,174)	(1,257,632)	2,809,542	55.16
Contracted Services	(26,535,464)	(31,882,860)	(58,418,324)	(30,855,372)	27,562,952	55.17
General Expenses	(33,050,483)	570,017	(32,480,466)	(42,447,252)	(9,966,786)	55.18
Total expenditure	(201,801,315)	(16,271,038)	(218,072,353)	(195,286,389)	22,785,964	
Operating deficit	1,304,769	12,042,392	13,347,161	(3,110,175)	(16,457,336)	
Loss on disposal of assets and liabilities	-	-	-	(119,920)	(119,920)	
Operating surplus	1,304,769	12,042,392	13,347,161	(3,230,095)	(16,577,256)	
Fair value adjustment	-	-	-	(221,500)	(221,500)	55.19
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1,304,769	12,042,392	13,347,161	(3,008,595)	(16,355,756)	

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Comparison of Budget and Actual Amounts

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

Statement of Financial Position

Assets					
Current Assets					
Inventories	15,458,590	-	15,458,590	15,458,590	55.20
Operating lease asset	-	3,400,000	3,400,000	3,394,941	55.21
Receivables from non-exchange transactions	9,630,383	9,826,087	19,456,470	23,397,449	55.22
VAT input accrual	14,957,729	(7,008,700)	7,949,029	2,260,579	55.23
Prepayments	-	-	-	876,378	55.24
Receivables from exchange transactions	2,469,347	-	2,469,347	1,796,096	55.24
Cash and cash equivalents	47,536,824	15,543,796	63,080,620	50,693,544	55.25
90,052,873	21,761,183	111,814,056	97,877,577	(13,936,479)	
Non-Current Assets					
Investment property	33,678,724	-	33,678,724	34,665,765	55.26
Property, plant and equipment	286,210,306	22,990,221	309,200,527	316,252,149	55.27
Heritage assets	3	-	3	3	-
319,889,033	22,990,221	342,879,254	350,917,917	8,038,663	
Total Assets					
409,941,906	44,751,404	454,693,310	448,795,494	(5,897,816)	
Liabilities					
Current Liabilities					
Payables from exchange transactions	12,593,692	13,540,401	26,134,093	25,792,063	55.28
Payables from non-exchange transactions	-	-	-	1,304,829	55.29
VAT payable	1,159,866	-	1,159,866	445,604	55.23
Employee benefit obligation	-	750,000	750,000	655,000	55.30
Unspent conditional grants and receipts	-	-	-	11,170,580	55.31
13,753,558	14,290,401	28,043,959	39,368,076	11,324,117	
Non-Current Liabilities					
Employee benefit obligation	-	-	-	4,706,000	55.32
Provisions	15,292,100	2,970,000	18,262,100	13,005,493	55.32
15,292,100	2,970,000	18,262,100	17,711,493	(5,550,607)	
Total Liabilities					
29,045,658	17,260,401	46,306,059	57,079,569	10,773,510	
380,896,248	27,491,003	408,387,251	391,715,924	(16,671,326)	
Net Assets					
Net Assets Attributable to Owners of Controlling Entity					
Reserves	380,896,249	17,411,011	398,307,260	391,715,924	55.33
Accumulated surplus	380,896,249	17,411,011	398,307,260	391,715,924	55.33
Total Net Assets					
380,896,249	17,411,011	398,307,260	391,715,924	(6,591,336)	

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Billed Services	36,624,290	-	36,624,290	21,955,273	(14,669,017)	55.34
Government Grants	137,902,436	28,313,430	166,215,866	151,353,850	(14,862,016)	55.35
Interest income	6,224,397	10,000,000	16,224,397	7,450,945	(8,773,452)	55.36
Receipt from other services	5,390,432	-	5,390,432	7,886,415	2,495,983	55.37
	186,141,555	38,313,430	224,454,985	188,646,483	(35,808,502)	
Payments						
Employee costs	(159,177,683)	(37,318,999)	(196,496,682)	(100,865,029)	95,631,653	55.38
Suppliers	-	-	-	(72,769,764)	(72,769,764)	
Finance costs	-	(650,000)	(650,000)	(8,603)	641,397	
	(159,177,683)	(37,968,999)	(197,146,682)	(173,643,396)	23,503,286	
Net cash flows from operating activities	26,963,872	344,431	27,308,303	15,003,087	(12,305,216)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(39,505,762)	(3,252,324)	(42,758,086)	(31,366,574)	11,391,512	55.39
Proceeds from sale of property, plant and equipment and investment property	4,903,997	-	4,903,997	12,999	(4,890,998)	55.40
Net cash flows from investing activities	(34,601,765)	(3,252,324)	(37,854,089)	(31,353,575)	6,500,514	
Net increase/(decrease) in cash and cash equivalents	(7,637,893)	(2,907,893)	(10,545,786)	(16,350,488)	(5,804,702)	55.41
Cash and cash equivalents at the beginning of the year	60,490,000	20,000,000	80,490,000	67,044,033	(13,445,967)	55.42
Cash and cash equivalents at the end of the year	52,852,107	17,092,107	69,944,214	50,693,545	(19,250,669)	

Accounting Policies

1. Presentation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

1.1 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the municipality. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.2 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgments and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make judgments, estimates and assumptions that affect the carrying 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results in the future could differ from these estimates, which may be material to the annual financial statements. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgments, apart from those involving estimates, that management has made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in the Annual Financial Statements:

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical, useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings, management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method, which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method, which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate or net present value of the expected future cash flows to rehabilitate the landfill site at year-end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of the time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at the reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historical patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by the Council.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the Standards of GRAP.

Post-retirement medical obligations, Long service awards

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment of statutory receivables

The calculation in respect of the impairment of Statutory Receivables is based on an assessment of the expected recoverability of each individual receivable based on the history of recoverability of such receivables. When insufficient information is available to assess individual debtors, debtors are grouped into appropriate aggregated grouping levels. Aggregation is based on best practice. Thereafter receivables are assessed based on historical information available.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.4 Investment property

Includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property also includes land held for an undetermined future use.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. Where the classification of an investment property is based on management's judgement, the following criteria have been applied to distinguish investment properties from owner-occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties.
- Land held for a currently undetermined future use;
- A building owned (or held by under a finance lease) and leased out under one or more operating leases;
- Leased properties that are held to provide a social (community) service or that are necessary for employees to perform their job functions, but which also generates rental revenue are not seen as investment properties. The rental revenue generated is incidental to the purposes for which the property is held;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property

Accounting Policies

1.4 Investment property (continued)

Subsequent measurement - fair value model

Investment property is subsequently measured using the fair value model.

Investment property is carried at fair value, representing open market value determined by external valuers. Land is not depreciated as it is considered to have an indefinite useful life.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the Municipality determines that the fair value of an investment property under construction is not reliably measurable but expects the fair value to be reliably measurable when construction is completed, it measures that investment property at cost until the fair value can be reliably determined or construction has been completed.

Where the Municipality has determined that the fair value of an investment property (other than investment property under construction) is not determinable on a continuing basis, the Municipality measures that investment property using the cost model.

Derecognition/Disposal

Investment properties are derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value [or carrying amount if cost model is used] at the date of change in use. If owner-occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.5 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Policies

1.5 Property, plant and equipment (continued)

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	15 - 60 years
Plant and machinery	Straight-line	10 - 20 years
Furniture and fixtures	Straight-line	5 - 7 years
Motor vehicles	Straight-line	7 - 15 years
Office equipment	Straight-line	5 - 18 years
Computer equipment	Straight-line	3 - 13 years
Security equipment	Straight-line	5 - 10 years
Other equipment	Straight-line	5 years
Infrastructure	Straight-line	See detail below
- Roads paved	Straight-line	30 years
- Roads graded	Straight-line	5 - 30 years
- Electricity (Street lights and High masts)	Straight-line	7 - 21 years
Minor assets		Immediately
Park facilities	Straight-line	5 - 60 years
Maintenance equipment	Straight-line	10 - 16 years
Landfill sites	Straight-line	69 - 98 years
Work-in-progress		Not depreciated

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

With regards to Land the Municipality makes reference to the principles contained within IGRAP 18 whereby legal title through an indicator of control does not necessarily always confer control itself. As a result, the Municipality assesses the control with regards to all land that it has legal title over to determine if it has the right to direct access to land, and to restrict or deny the access of others to land, by determining whether it can

- *Direct the use of the land's future economic benefits or service potential to provide services to beneficiaries
- *exchange, dispose of, or transfer the land; and/or
- *use the land in any other way to generate future economic benefits or service potential.

1.6 Intangible assets

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

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.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies

1.6 Intangible assets (continued)

Internally generated goodwill is not recognised as an intangible asset.

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

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

Intangible assets are derecognised:

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

1.7 Heritage assets

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

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

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an municipality's operations that is shown as a single item for the purpose of disclosure in the Annual Financial Statements.

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

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Impairment

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

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Accounting Policies

1.7 Heritage assets (continued)

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard or GRAP on leases requires otherwise on a sale and leaseback).

1.8 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or collectability.

A concessional loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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.

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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

A financial asset is past due when a counterpart has failed to make a payment when contractually due.

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Accounting Policies

1.8 Financial instruments (continued)

Classification

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

Class	Category
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Receivables from non-Exchange Transactions	Financial asset measured at amortised cost
Other operating lease	Financial asset measured at amortised cost
Cash and Cash Equivalents	Fair value

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

Class	Category
Payables from Exchange Transactions	Financial liability measured at amortised cost
Payables from non-Exchange Transactions	Financial liability measured at amortised cost

1.9 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.

Carrying amount is the amount at which an asset is recognised in the Statement of Financial Position.

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

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

Accounting Policies

1.9 Statutory receivables (continued)

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount

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 entity 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 debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor 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).
- 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 recognised in surplus or deficit.

In estimating the future cash flows, an 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 entity 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 entity:
- derecognises the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

Accounting Policies

1.9 Statutory receivables (continued)

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 entity 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.

1.10 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 entity assesses the classification of each element separately.

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.

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

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.

1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through non-exchange transactions, 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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

Accounting Policies

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that

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). Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the assets or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

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

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.13 Impairment of non-cash-generating assets

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

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).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

1.14 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Accounting Policies

1.14 Employee benefits (continued)

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;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises 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 recognises 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 measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises 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 entity has no realistic alternative but to make the payments.

1.15 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 surplus.

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Accounting Policies

1.15 Provisions and contingencies (continued)

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 46.

1.16 Capital Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

1.17 Revenue from exchange transactions

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Accounting Policies

1.17 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of entity 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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

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.

1.18 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.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Policies

1.18 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Fines

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

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

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

1.19 Investment Income

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

1.20 Borrowing costs

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

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

1.21 Comparative figures

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

1.22 Unauthorised expenditure

Unauthorised expenditure 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.

Accounting Policies

1.23 Fruitless and wasteful expenditure

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

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.

1.24 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 economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure, irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25 Budget information

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

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

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

The approved budget covers the fiscal period from 01-Jul-23 to 30-Jun-24.

The Annual Financial Statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.26 Related parties

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

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

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

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

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

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

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

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

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

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Accounting Policies

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

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

1.28 Value Added Tax (VAT)

The municipality accounts for value added tax on accrual basis but pays to/claims from SARS on a payment basis.

1.29 Accounting by principals and agents

Identification

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).

Recognition

The municipality, as an 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.

1.30 Segment information

A segment is an activity of an entity:

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

Management identifies reportable segments in accordance with the monthly section 71 report, which are regularly reviewed by management. Management reviews the performance on an aggregated basis of total revenue and total expenditure.

The municipality manages its assets and liability as a whole and are not reviewed on a segregated basis for each town. Segment reporting per geographical area is not deemed relevant.

The measurement basis per the monthly reports is the same as the annual financial statements.

On the first-time adoption of GRAP 18, comparative segment information is not required in terms of the transitional provisions.

Accounting Policies

1.30 Segment Information (continued)

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.

1.31 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.32 Cash and cash equivalents

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value. Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.33 Offsetting

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

Notes to the Annual Financial Statements

Figures in Rand

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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 July 1, 2024 or later periods:

Guideline: Guideline on Accounting for Landfill Sites

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Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this guideline: The Constitution of South Africa, 1996 (Act No. 108 of 1996) (the constitution), 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 & References to pronouncements used in the Guideline.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions have not yet been set. .

The municipality expects to adopt the revisions for the first time in the annual financial statements when the effective date is mandatory.

It is unlikely that the revisions will have a material impact on the municipality's Annual Financial Statements.

IGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS@ 19) were more appropriate. Specifically, the Board:

- Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.
- Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14@) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

It is unlikely that the revisions will have a material impact on the municipality's Annual Financial Statements.

GRAP 104 (as revised): 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 International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS@ Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS@ on Financial Instruments: Presentation and the IFRS Standard@ on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards 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
- Disclosures

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An municipality applies judgement based on past experience and current facts and circumstances.

It is unlikely that the amendment will have a material impact on the municipality's Annual Financial Statements.

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits.

The objective of this Standard is to prescribe the accounting and disclosure for Heritage Assets.

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The municipality expects to adopt the standard for the first time when the Minister sets the effective date for the standard.

It is unlikely that the standard will have a material impact on the municipality's Annual Financial Statements.

3. Inventories

Land held for distribution	15,458,590	15,458,590

Inventories consist of RDP houses not yet transferred and informal settlements on municipal land.

4. Operating lease asset

Leases for Land	3,394,941	2,845,558

The municipality leases land to tenants under leases covering periods ranging from 3-30 years. The leases are subject to escalation clauses as per lease agreements, resulting in straight-lining of the rentals received and receivable. The amount included above represents the difference between the actual rentals received and the calculated straight-line lease.

Minimum lease payments receivable

Within one year	466,763	559,784
In second to fifth year inclusive	1,936,714	1,928,454
Later than 5 years	23,174,748	23,779,929
	<u>25,578,225</u>	<u>26,268,167</u>

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Notes to the Annual Financial Statements

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5. Receivables from non-exchange transactions

Property Rates	13,068,743	11,525,822
Interest on Property Rates	14,234,425	11,578,689
Less: Impairment on Property Rates and Interest	(9,953,011)	(9,166,260)
Other Receivables	6,047,292	6,400,033
	23,397,449	20,338,284

Property rates	1,167,480	1,373,602
0-30 days	437,813	533,480
31-60 days	412,586	500,609
61-90 days	398,877	291,332
91-120 days	386,971	482,087
121-150 days	24,499,439	20,756,776
> 151 days	27,303,166	23,937,886

Summary of Total Debtors (Exchange and Non-Exchange) By Customer Classification:

Residential	384,815	507,406
0-30 days	231,722	194,433
31-60 days	211,408	172,224
61-90 days	196,799	142,973
91-120 days	193,776	156,314
121-150 days	9,406,860	7,905,730
> 151 days	(7,919,175)	(7,470,627)
Less: Allowance for impairment	2,706,205	1,608,453

Business	253,246	616,742
0-30 days	117,294	227,779
31-60 days	100,339	211,485
61-90 days	86,180	220,065
91-120 days	82,541	212,623
121-150 days	3,592,278	3,781,714
> 151 days	(2,033,837)	(2,624,624)
Less: Allowance for impairment	2,198,041	2,644,784

Government	444,293	460,928
0-30 days	190,669	165,475
31-60 days	185,675	168,560
61-90 days	175,798	(20,863)
91-120 days	180,662	161,592
121-150 days	14,095,250	11,079,786
> 151 days	15,272,347	12,015,478

Total receivables from non-exchange transactions

23,397,449 20,338,284

The long outstanding debtors' balances (>150 days) for the Government category relate to interest calculated on outdated/old valuations of properties.

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

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5. Receivables from non-exchange transactions (continued)**Total debtors past due but not impaired**

0-30 days	827,012	1,584,076
2 months past due	600,954	576,298
30-90 days	500,915	381,564
91-120 days	429,199	81,460
121-150 days	506,027	262,273
> 150 days	26,399,025	13,383,045
	29,263,132	16,268,716

Reconciliation of provision for impairment allowance

Opening balance	10,095,251	8,366,980
Contributions to allowance	888,101	1,728,271
	10,983,352	10,095,251

Total Debtors (Exchange and Non-exchange)

Balances net of credit balances		
Balances inclusive of credit balances	30,129,606	26,363,967
Gross up credit balances	1,304,828	1,509,012
	31,434,434	27,872,979

6. VAT Accrual

VAT Input Accrual	2,260,579	2,094,427

Included in the above line item are the following items:

Vat Input Control account	2,260,579	2,094,427

7. Receivables from exchange transactions

Gross balance		
Refuse	940,154	1,782,738
Rent	453,387	406,133
Interest on Overdue Accounts	1,432,896	1,162,266
	2,826,437	3,351,137

Less: Allowance for impairment

Refuse	(805,628)	(706,097)
Rent	(69,081)	(56,993)
Interest on Overdue Accounts	(155,632)	(165,901)
	(1,030,341)	(928,991)

Net balance

Refuse	134,526	1,076,641
Rent	384,306	349,140
Interest on Overdue Accounts	1,277,264	996,365
	1,796,096	2,422,146

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Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

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7. Receivables from exchange transactions (continued)

	2024	2023
Current (0 - 30 days)	174,743	53,195
31 - 60 days	57,544	50,649
61 - 90 days	51,132	49,831
91 - 120 days	48,630	47,430
121 - 150 days	44,973	1,468,141
> 151 days	1,786,640	2,210,637
Total	2,210,637	1,843,989

	2024	2023
Current (0 - 30 days)	42,172	35,731
31 - 60 days	7,058	1,012
61 - 90 days	5,030	1,012
91 - 120 days	4,750	1,012
121 - 150 days	4,221	1,012
> 151 days	126,274	109,059
Total	189,505	148,838

Interest on overdue account > 365 days

426,929	433,254

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account	3,191,522	62,661,801
Other cash and cash equivalents	47,502,022	4,382,232

The municipality had the following bank accounts

Account number	Bank statement balances June 30, 2024	Bank statement balances June 30, 2023	Cash book balances June 30, 2024	Cash book balances June 30, 2023
FNB Main Account-620222000898	3,191,522	62,661,801	3,191,522	62,661,801
FNB Rates Account-62414349763	632,925	4,384,297	632,925	4,384,297
Petrol card Account-420,617	(2,065)	420,617	(2,065)	
FNB Investment account-76203514734	15,813		15,813	
Standard Bank Fixed Deposit Account-088628604006	43,064,072		43,064,072	
FNB Investment Account-942,043			942,043	
63076296350(MIG)				
FNB Investment Account-(FMG)-63076293190	699,755		699,755	
FNB Investment Account(MDRG)-63076291722	1,252,270		1,252,270	
FNB Investment Account(INEP)-417,664			417,664	
63076295310				
FNB Investment Account(EPWP)-63076294122	56,862		56,862	
Total	50,693,543	67,044,033	50,693,543	67,044,033

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

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9. Prepayments

SALGA Annual Fees	876,368	-

SALGA Annual Subscriptions fees are for the next financial year which is 2025. The municipality was to receive a discount for the membership fees if they paid before the start of the 2025 financial year. The expense was then incurred as a prepaid expense.

NGQUSHWA LOCAL MUNICIPALITY

Annual Financial Statements for the year ended June 30, 2024

Notes to the Annual Financial Statements

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10. Investment property

2024		2023	
Cost / Accumulated depreciation	Carrying value	Cost / Accumulated depreciation	Carrying value
34,665,765	-	34,444,265	34,444,265
Investment property			

Reconciliation of investment property - 30 June 2024

Investment property	Opening balance	Fair value adjustments	Total
	34,444,265	221,500	34,665,765

Reconciliation of investment property - 30 June 2023

Investment property	Opening balance	Fair value adjustments	Total
	29,088,689	5,355,576	34,444,265

Fair value of investment properties

221,500 5,355,576

Investment property relates to land and buildings as such no repairs and maintenance or other operating expenditure is incurred with respect to investment Property.

There is no investment Property which is in the process of being constructed or developed.

As there is no investment Property which is in the process of being constructed or developed, there is no investment Property that is taking a significant longer time to complete than expected.

There is no investment Property where construction or development has been halted.

There are no contractual obligations to purchase, construct or develop investment Property or for repairs, maintenance or enhancements.

No impairment losses or reversals are noted with respect to investment Property.

There is no investment Property used in Service Concession Agreements.

No items of investment Property have been pledged as security.

Investment Property relates to land and buildings and is not depreciated.

Land controlled, but the Municipality does not have legal ownership or custodianship

Carrying value of land included in the carrying value of investment property 320,150 320,150

The above relates to 6 properties for which there is no registered title deed, but for which the Municipality exercises control through lease or other binding agreements as well as having the ability to restrict others from accessing economic benefits and service potential.

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10. Investment property (continued)

Land not controlled, but the Municipality is the legal owner/custodian

Refer to the Property, Plant and Equipment, note 11 for details regarding these properties.

11. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	8,436,140	-	8,436,140	8,436,140	-	8,436,140
Buildings	168,951,906	(68,699,555)	100,252,351	158,496,999	(64,348,800)	94,148,199
Plant and Equipment	11,008,663	(6,482,958)	4,525,705	11,041,725	(5,539,600)	5,502,125
Office Furniture	1,953,876	(1,408,175)	545,701	2,019,163	(1,642,061)	377,102
Motor Vehicles	15,340,973	(6,156,018)	9,184,955	11,969,192	(5,058,497)	6,910,695
Office Equipment	1,826,803	(1,574,546)	252,257	1,978,161	(1,609,682)	368,479
IT Equipment	7,093,620	(3,946,334)	3,147,286	5,597,019	(3,432,380)	2,164,639
Infrastructure	355,873,619	(197,953,642)	157,919,977	346,490,186	(187,974,666)	158,515,520
Maintenance Equipment	2,242,409	(651,457)	1,590,952	1,641,729	(493,137)	1,148,592
Security Equipment	2,010,058	(783,212)	1,226,846	1,743,946	(744,245)	999,701
Other Equipment	429,021	(265,597)	163,424	563,430	(300,822)	262,608
Capital Works in Progress	20,123,919	-	20,123,919	15,028,200	-	15,028,200
Park Facilities	14,231,505	(5,348,868)	8,882,637	14,231,505	(4,869,194)	9,362,311
Minor assets	1,051,267	(1,051,267)	-	1,249,002	(1,249,002)	-
Total	610,573,779	(294,321,629)	316,252,150	580,486,397	(277,262,086)	303,224,311

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers movements	Other changes, movements	Depreciation	Total
Land	8,436,140	-	-	-	-	-	-	8,436,140
Buildings	94,148,199	-	-	10,454,908	-	-	(4,350,756)	100,252,351
Plant and Equipment	5,502,125	-	(275)	-	-	-	(376,145)	4,525,705
Office Furniture	377,102	377,710	(50,294)	-	-	-	(158,817)	545,701
Motor Vehicles	6,910,695	3,401,628	(5,532)	-	-	-	(1,121,836)	9,184,955
Office Equipment	368,479	37,750	(16,963)	-	-	-	(137,009)	252,257
IT Equipment	2,164,639	1,679,619	(4,823)	-	-	-	(392,149)	3,147,286
Infrastructure	158,515,520	-	-	9,383,431	-	-	(5,376,974)	157,919,977
Maintenance Equipment	1,148,592	603,180	(658)	-	-	-	(160,162)	1,590,952
Security Equipment	989,701	321,877	(284)	-	-	-	(94,448)	1,226,846
Other Equipment	262,608	-	(41,091)	-	-	-	(58,093)	163,424
Capital Works in Progress	15,028,200	27,761,739	-	-	(19,638,340)	(2,817,680)	-	20,123,919
Park Facilities	9,362,311	-	-	-	-	-	(179,674)	8,882,637
Minor assets	-	10,747	-	-	-	-	(10,748)	(1)
	303,224,311	34,184,250	(119,920)	19,838,339	(19,838,340)	(2,817,680)	(18,218,811)	316,252,149

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 30 June 2023

	Opening balance	Additions	Transfers	Derecognition/write-off(cost)	Depreciation	Total
Land	8,436,140	-	-	-	-	8,436,140
Buildings	95,326,968	3,846,103	131,810	-	(5,56,882)	94,148,199
Plant and Equipment	5,469,458	969,826	-	-	(37,57)	5,502,125
Office Furniture	521,213	-	-	-	(44,11)	377,102
Motor Vehicles	4,523,150	3,345,408	-	-	(57,863)	6,910,695
Office Equipment	417,844	143,867	-	-	(93,332)	368,479
IT Equipment	1,647,361	1,041,084	-	-	(23,806)	2,164,639
Infrastructure	139,408,412	8,196,363	18,641,563	-	(7,30,318)	158,515,520
Maintenance Equipment	662,631	579,472	-	-	(83,311)	1,148,592
Security Equipment	57,728	1,001,661	-	-	(59,888)	999,701
Other Equipment	320,167	-	-	-	(57,359)	262,608
Capital Works in Progress	23,336,051	14,599,818	(18,773,373)	(4,134,296)	-	15,028,200
Park Facilities	9,869,862	-	-	-	(07,351)	9,362,311
Minor assets	-	56,700	-	-	(56,700)	-
	289,896,983	33,780,302	-	(4,134,296)	(16,18,778)	303,224,311

Assets subject to finance lease (Net carrying amount)

Other equipment	163,424	262,608

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11. Property, plant and equipment (continued)

Work-in-progress Disclosure

Property, plant and equipment that was not used for any period of time during the reporting period that significantly impacted the delivery of goods and services of the entity (Carrying amount)

	6,846,492	960,565	7,182,776	2,076,830	148,143	7,009,755	687,525	558,363	27,751,740	15,028,199
Roads										
Land and Buildings										
Electricity										
Landfill site										
Parks										
Water										
	6,846,492	960,565	7,182,776	2,076,830	148,143	7,009,755	687,525	558,363	27,751,740	15,028,199
	8,994,144	687,525	148,143	2,076,830	148,143	7,009,755	687,525	558,363	27,751,740	15,028,199
	558,363									
	20,123,919									

Reconciliation of Work-in-Progress 30 June 2024

	Land and buildings	Electricity	Roads	Landfill	Water	Total
30 June 2024						
Opening balance	7,182,776	148,143	7,009,755	687,525	-	15,028,199
Additions	13,226,841	4,746,367	9,220,169	-	558,363	27,751,740
Transfer out	(10,454,908)	-	(9,383,432)	-	-	(19,838,340)
Other changes	-	(2,817,680)	-	-	-	(2,817,680)
	9,954,709	2,076,830	6,846,492	687,525	558,363	20,123,919

Reconciliation of Work-in-Progress - 30 June 2023

	Buildings	Electricity	Roads	Landfill	Total
30 June 2023					
Opening balance	131,810	-	22,775,860	428,385	23,336,055
Additions	7,182,776	148,144	7,009,755	259,140	14,599,815
Write-off	-	-	(4,134,297)	-	(4,134,297)
Transfer out	(131,810)	-	(18,641,563)	-	(18,773,373)
	7,182,776	148,144	7,009,755	687,525	15,028,200

No items of Property, Plant and Equipment are considered to be taking a significantly longer period of time to complete than expected.

No items of Property, Plant and Equipment are noted where construction or development has been halted.

There have been no impairment losses in the current financial year.

No changes in estimates have been noted with respect to Property, Plant and Equipment.

No items of Property, Plant and Equipment are subject to Service Concession Arrangements.

Land which the Municipality controls without legal ownership or custodianship

Carrying value of land included in the carrying value of Property, plant and equipment 283,500 283,500

The above relates to 4 properties for which there is no registered title deed but which houses municipal buildings (offices and community halls), they are thus being used for municipal purposes. The Municipality is assessed as being in control of the economic benefits and service potential with respect to the items as they have the right to direct access to land, and to restrict/deny the access of others.

Land not controlled by the Municipality, however the Municipality is the legal owner/custodian

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11. Property, plant and equipment (continued)

Number of parcels: 26

Included in the above are 16 properties relating to housing projects which have been allocated as housing in terms of the National Housing Program and are thus not considered to be under the control of the Municipality in terms of the Housing Guideline and IGRAP18.

The remaining 10 properties are not considered to be under the control of the Municipality as the usage of the properties pertains to non-municipal activities such as schools, clinics and private enterprises.

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12. Heritage assets

Historical Monuments

Reconciliation of heritage assets - 30 June 2024

Cost / Valuation	2024		2023	
	Accumulated impairment losses	Carrying value	Accumulated impairment losses	Carrying value
3	-	3	-	3

Historical Monuments

Reconciliation of heritage assets - 30 June 2023

Opening balance	Total
3	3

Historical Monuments

All the municipality's heritage assets are held under a freehold interest and no heritage asset have been pledged as security for any liabilities of the municipality. The heritage assets comprise of the Dick King Memorial site, a Fingo Milkwood Tree and Fort Peddie Tower Complex.

These are not income generating assets and shown on the face of the statement of financial position at a nominal value of R 1 each.

No impairment losses have been recognised on the heritage assets of the municipality at the reporting date.

These heritage assets have not been revalued due to their fair value not being easily and reliably measured due to the lack of a market for these assets.

Opening balance	Total
3	3

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13. Payables from exchange transactions

Trade payables	8,571,361	10,442,552
Accrued Leave Pay	6,073,494	5,826,913
Other payables	1,287,763	1,566,388
Accrued Bonus	2,229,091	1,909,914
Retentions	7,630,354	4,071,300
	25,792,063	23,817,067

14. Payables from non-exchange transactions

Receivables with credit balances	1,304,829	1,509,012

All receivables with credit balances have been reallocated to Payables from non-exchange transactions to achieve fair presentation.

15. Employee benefit obligations

Long Service Awards

The Long Service Award is payable after every 5, 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service. The provision is an estimate of the amounts likely to be paid based on an actuarial valuation performed at the reporting date.

The actuarial valuation of the long service awards accrued liability was carried out by Arch Actuarial Consulting. The assumptions used in the valuation are outlined below:

Key Assumptions:

1. Discount Rate - 11.36%
2. General earnings inflation rate (long-term) - 6.48%
3. Net effective discount rate - 4.58%
4. Pre-retirement mortality rate of SA 85-90
5. Average retirement age of 62 years.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening balance	(4,829,000)	(4,503,000)
Current service costs	(569,000)	(570,000)
Utilisation	731,000	566,000
Change in discount factor	(512,000)	(472,000)
Actuarial(loss)/gain for the period	(182,000)	150,000
	(5,361,000)	(4,829,000)
 Non-current liabilities	 (4,706,000)	 (4,098,000)
Current liabilities	(655,000)	(731,000)
	(5,361,000)	(4,829,000)

NGQUSHWA LOCAL MUNICIPALITY

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15. Employee benefit obligations (continued)

Sensitivity analysis

The liability at the valuation date was recalculated to show the effect of:

i) A 1% increase and decrease in the assumed general earnings inflation rate;

ii) A 1% increase and decrease in the discount rate;

iii) A two-year increase and decrease in the assumed average retirement age of eligible employees; and

iv) A two-fold increase and a 50% decrease in the assumed rates of withdrawal from service.

The table below summarises the results of the sensitivity analysis:

Assumption	Change	Liability	%Change
Central assumption		5,361,000	
General earnings inflation rate	+1%	5,682,000	6%
	-1%	5,069,000	-5%
Discount rate	+1%	5,065,000	-6%
	-1%	5,691,000	6%
Average retirement age	+2yrs	5,580,000	4%
	-2yrs	5,108,000	-5%
Withdrawal rates	X2	4,318,000	-19%
	X0.5	6,055,000	13%
		-	

Other assumptions

	2024	2023	2022	2021	2020
Long service awards (history of liability)	5,361,000	4,829,000	4,503,000	4,127,000	4,155,000

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal Infrastructure Grant

Municipal Disaster Relief Grant

4,285,430	(1)	11,170,581	10,485,430
6,200,000		11,170,580	

See note 28 for reconciliation of grants from National/Provincial Government.

17. VAT payable

Vat output control account

445,604	37,019

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18. Provisions

Reconciliation of provisions - 30 June 2024

	Opening Balance	Change in discount factor	Total
Provision for Rehabilitation of Landfill Site	12,469,562	535,931	13,005,493

Reconciliation of provisions - 30 June 2023

	Opening Balance	Change in discount factor	Total
Provision for Rehabilitation of Landfill Site	11,955,716	513,846	12,469,562

Rehabilitation of Landfill Site Provision

The Provision for Rehabilitation of Landfill Sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation. The amount for the provision was adjusted retrospectively in accordance with the report produced by qualified engineers specialising in Landfill Sites valuations.

Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated Decommission Date (Year)	2024	2023
Peddie	2029	16,051,103	16,051,103

In determining the cost of closure and rehabilitation of the landfill site, the following methodology was employed:

1. Site Visit and Assessment
2. Literature and Legislative Review
3. Assessment of Closure and Rehabilitation Requirements
4. Design Review and Quantity Calculation
5. Costing Analysis.

A risk always exists that the site could be required to close at any time based on acceptability of operations at the site by the Department of Environmental Affairs. That implies all the rehabilitation work would have to be carried out in that particular year should the site be required to close.

Future events may result in significant changes to the estimated total expenditures, capacity used and the estimated liability and would be recognized prospectively as a change in estimate, when applicable.

The most critical assumptions in generating the report on the provision for landfill site rehabilitation are as follows:

1. A service provider would be used for the work to be done pertaining to the closure and rehabilitation of the site and reliance will not be solely placed on municipal personnel to perform tasks. It should be noted that part of the work done or to be done with regard to rehabilitation can be or is done by municipal personnel (e.g. Capping layers). In that case, work to be done is accounted for using other GRAP standards, which may influence the cost price for rehabilitation work to be done.
2. The 2022-2023 Ngqushwa feasibility study report was reviewed and considered to still be relevant.
3. The estimated lifespan for the site is still considered to be realistic.
4. The straight line method is considered to be the appropriate method used to calculate depreciation since it spreads the cost evenly over the life of the asset due to the uncertainty regarding the closure date of the site. This is useful when the timing of and cost of activities is not well known or yet clear to the Municipality. Locating landfills near residential areas is no longer acceptable or preferred even legally.
5. The average rate of inflation in South Africa over the last 10 years has been +/- 5 percent and it is accepted as such in the report on the provision for landfill site rehabilitation.

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19. Service charges		1,863,370	1,554,321
Refuse removal			
20. Rental of facilities and equipment			
Land and Offices			
Various Rentals		1,170,686	1,047,963
Included in the above rentals are operating lease rentals at straight-lined amounts of - (Reconciliation of segment expenditure to the Statement of Financial Performance: -).			
21. Agency fees			
Amount received on behalf of the principal		3,789,253	1,930,592
Revenue the principal is entitled to		(3,380,550)	(1,517,451)
		408,703	413,141
The Municipality and the Department of Transport entered into an agreement for the transfer of registration and licensing of motor vehicles functions, wherein the Municipality will be entitled to the collection fee of 19%, including VAT for all fees collected in terms of the agreement entered into.			
All receipts on behalf of the principal were paid over during the year. There are no receivables or payables from agency transactions.			
22. Licences and permits			
Drivers' Licences		1,236,269	1,050,235
Learnners' Licences		213,741	111,936
		1,450,010	1,162,171
23. Construction contract			
Rural electrification projects in terms of INEP		2,608,696	-
Integrated National Electrification Programme (INEP) provides capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings, and the installation of relevant bulk infrastructure.			
24. Other revenue			
Insurance claims from loss of property, plant and equipment		448,074	10,978
Tender fees		-	16,513
Sundry Income		35,515	116,456
Building Plan Fees		17,446	54,902
Commission		99,724	91,871
		600,759	290,720
25. Interest earned on Outstanding Debtors			
Interest earned on outstanding debtors- exchange transactions		595,672	236,428
Interest earned on outstanding debtors- non-exchange transactions		2,455,254	2,629,813
		3,050,926	2,866,241
26. Investment revenue			
Interest revenue			
Interest from investments		6,925,421	5,568,978

NGQUSHWA LOCAL MUNICIPALITY

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27. Property rates		
Rates received		
Gross Property Rates	21,455,031	24,896,392
Less: Rebates	(371,798)	(366,290)
	21,083,233	24,530,102
Valuations		
Residential	393,280,600	393,391,600
Commercial	258,313,000	258,313,000
Government	110,432,200	483,511,700
Municipal	95,545,500	95,545,500
Farm agricultural	362,918,400	382,455,400
Place of Worship	10,277,500	10,277,500
Vacant Land	143,490,300	143,741,300
Other	401,362,500	4,126,000
	1,775,620,000	1,771,362,000

Valuations on land and buildings within the boundaries of the municipality are performed every 5 years. The last general valuation came into effect on 1 July 2019. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The last supplementary valuation (SV5) came into effect on 01 May 2024.

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NGQUSHWA LOCAL MUNICIPALITY

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28. Government grants & subsidies

Operating grants	
Expanded Public Works Programme	102,706,000
Equitable share	97,609,000
Municipal Infrastructure Grant	1,490,000
Municipal Disaster Relief Grant	2,060,000
Finance Management Grant	28,698,431
	30,912,570
	-
	3,100,000
	151,353,850
	133,681,570
Conditional and Unconditional	
Included in above are the following grants and subsidies received:	
Conditional grants received	51,647,850
Unconditional grants received	102,706,000
	97,609,000
	154,353,850
	133,681,570
Equitable Share	

In terms of section 227 of the Constitution, this is an unconditional grant and is used by the Municipality to provide basic services and perform functions allocated to it.

The Equitable Share Grant also provides funding for the Municipality to deliver free basic services to poor households and to subsidise the cost of administration and other core services for the municipality.

Equitable Share

Allocation for the year per Division of Revenue Act	102,706,000	97,609,000
Amount actually received	(102,706,000)	(97,609,000)
	-	-

Municipal Infrastructure Grant

Balance unspent at beginning of the period
Current-year receipts
Conditions met - transferred to revenue

4,285,430	(1)	4,285,430
24,413,000	(28,698,431)	(30,912,570)
35,198,000		
-		

Conditions still to be met - remain liabilities (see note 16).

The grant was used for the construction of infrastructure assets.

The grant was received from National Treasury.

NGQUSHWA LOCAL MUNICIPALITY

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Figures in Rand	2024	2023
28. Government grants & subsidies (continued)		
Expanded Public Works Programme Grant		
Current-year receipts	1,490,000	2,060,000
Conditions met - transferred to revenue	(1,490,000)	(2,060,000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
The grant was received from the National Department of Roads and Public Works for job creation efforts where labour intensive delivery methods can be maximised.		
Municipal Disaster Relief Grant		
Balance unspent at beginning of year	6,200,000	-
Current-year receipts	20,330,000	6,200,000
Conditions not met - transferred to Equitable Share	(15,359,419)	-
	11,170,581	6,200,000
Conditions still to be met - remain liabilities (see note 16).		
Provide explanations of conditions still to be met and other relevant information.		
Integrated National Electrification Programme Grant		
Current-year receipts	3,000,000	-
Conditions met - transferred to Equitable share	(3,000,000)	-
	-	-
Finance Management Grant		
Current-year receipts	3,100,000	3,100,000
Conditions met - transferred to revenue	(3,100,000)	(3,100,000)
	-	-
Conditions still to be met - remain liabilities (see note 16).		
29. Fines and penalties		
Traffic fines issued during the year	673,300	454,350
30. Transfers and Subsidies		
Library Subsidy	500,000	500,000
LG Seta transfer	474,261	142,582
	974,261	642,582
31. Insurance claims received		
Gain on Property Plant and Equipment replacement	12,999	-
Non-cash insurance claim received to replace an asset.		

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32. Employee related costs

Basic Salaries	63,877,013	57,035,486
Annual Bonus (13th Cheques)	4,977,941	4,233,081
UIF	434,553	402,841
SDL	728,644	623,828
SALGA BC Levies	30,096	26,773
Redemption of Leave	613,691	564,051
Cell phone Allowance	637,914	499,007
Shift Allowance	277,657	284,808
Motor car, accommodation and other allowances	55,681	76,389
Overtime payments	492,176	464,914
Long-service awards	763,401	563,633
Acting allowances	617,842	403,945
Housing Allowances	137,745	198,052
Medical Aid Contributions	3,842,090	3,543,446
Pension Fund Contributions	9,459,753	8,393,368
Subsistence and Travel	3,872,403	3,212,937
	90,818,600	80,526,559

Remuneration: Municipal Manager

Annual Remuneration	750,400	655,666
Bonus	60,000	53,692
Backpay	58,070	44,804
SDL	12,390	10,934
UIF	2,125	1,948
Travel Allowance	239,171	186,185
Medical Allowance	107,503	107,634
Housing allowance	71,669	82,625
Bargaining council	137	119
	1,301,465	1,143,607

Remuneration of former: Chief Finance Officer

Annual Remuneration	593,073	-
Bonus	-	-
Provident allowance	-	-
Backpay	-	-
Travel allowance	46,457	45,234
SDL	-	163,000
UIF	465	11,465
Cell phone allowance	177	1,948
Bargaining Council	-	28,000
Medical Allowance	-	108
	117,501	101,105
	47,099	1,192,634

The former Chief Financial Officer resigned-effective date 30 April 2023.

Remuneration of current: Chief financial officer

Annual Remuneration	562,192	-
Backpay	17,695	-
Travel Allowance	231,126	-
SDL	8,621	-
UIF	1,948	-
Cell phone Allowance	97,320	-
Bargaining Council	125	-
	919,027	-

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32. Employee related costs (continued)

The current Chief Financial Officer's employment commenced on the 01 August 2023.

Remuneration of Former Director: Corporate Services

Annual Remuneration	-	459,967
Bonus	-	71,929
Backpay	39,835	39,647
Travel Allowance	-	134,819
Provident Allowance	-	85,443
SDL	398	7,678
UIF	177	1,948
Medical Allowance	-	44,740
Bargaining Council Levy	-	108
Termination Leave	-	80,921
Subsistence and Travel Claims	-	2,149
	40,410	929,349

The Former Director:Corporate Service resigned - effective date 30 April 2023

Remuneration of Director: Technical Services

Annual Remuneration	662,370	633,914
Bonus	34,000	24,000
Backpay	57,138	42,468
Travel Allowance	20,000	60,000
Cell phone Allowance	4,926	14,778
Housing Allowance	32,171	96,512
Medical Allowance	17,516	52,548
Provident Allowance	56,232	168,697
SDL	9,093	9,108
UIF	886	2,125
Bargaining Levy	46	130
Termination Leave	87,990	-
	982,368	1,104,280

The Director Technical services resigned effective date 31 October 2023.

Remuneration of Director: Community Services

Annual Remuneration	572,782	544,495
Bonus	60,000	60,000
SDL	7,939	7,857
UIF	2,125	2,125
Bargaining Council Levy	137	130
Travel Allowance	104,904	104,904
Medical Allowance	99,048	99,048
Provident Fund Allowance	93,827	93,827
Backpay	51,948	59,818
	992,710	972,204

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32. Employee related costs (continued)

Remuneration of Current Director: Corporate Services

Annual Remuneration	631,957	101,113
Cellphone Allowance	81,339	13,557
Bonus	14,000	-
Travel Allowance	101,113	16,852
Backpay	13,501	-
Provident Allowance	180,000	30,000
SDL	10,017	1,452
Uf	2,125	354
Bargaining Council Levy	137	22
S&T Claim	200	3,341
Kms Tax	2,371	-
	1,036,760	166,691

The current Director: Corporate Services's employment commenced on 01 May 2023.

33. Remuneration of councillors

Mayor	1,039,698	998,937
Speaker	841,703	813,149
Chief Whip	464,669	443,035
MPAC Chair	452,309	431,842
Exco	874,943	886,133
Other Councillors	6,041,716	5,926,083
Ward Committees	1,429,150	1,444,300
	11,144,188	10,943,479

Additional Information

The Remuneration of Councillors is based on the upper limit as per Government Gazette.

The Mayor and the Speaker each have the use of separate Council-owned vehicles and are provided with an office and secretarial support at the cost of the Council for official duties. The Mayor and the Speaker have designated drivers.

There were no in-kind benefits declared nor received by the Councillors.

Included in the Remuneration of Councillors are costs relating to balances owing to councillors as per Government Gazette Nr. 49142.

34. Depreciation

Property, plant and equipment

18,218,811	16,318,685

35. Finance costs

Interest on late payment of suppliers

Finance costs on Landfill Site Provision and Long Service Awards Obligation

8,603	544,534
513,846	520,652

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36. Debt impairment		
Debt impairment	1,070,100	(345,820)
Bad debts written off	187,532	2,221,991
	<u>1,257,632</u>	<u>1,876,171</u>

Debt impairment is an assessment of the amounts that will not be recovered from the debtors, based on the municipality's policy.

Debt impairment reconciliation		
Contribution to debt impairment provision-service charges and property rates	1,075,632	1,728,271
Contribution to debt impairment provision-traffic fines	182,000	147,900
Reversal of impairment traffic fines	-	(2,221,991)
Discount scheme and interest write off	(187,532)	-
	<u>1,070,100</u>	<u>(345,820)</u>

37. Contracted services

Presented previously		
Repairs and Maintenance - PPE	19,602,401	3,394,600
Other Contractors	11,252,971	7,741,883
	<u>30,855,372</u>	<u>11,136,483</u>

As per GRAP 17 (Paragraph 88), repairs and maintenance amounting to R19 602 401 (30 June 2023 R3 394 600); relates to repairs and maintenance to property, plant and equipment.

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38. General expenses

Accommodation Expenses	2,405,056	1,352,617
Advertising	294,718	694,301
Bank charges	43,247	47,744
Computer expenses	51,000	44,929
Legal expenses	3,162,169	1,487,655
Audit committee fees	466,416	351,807
Audit fees	4,763,743	5,320,788
Hire	49,542	-
Consultation and Professional Fees	1,706,103	1,370,414
Conferences and seminars	736,759	519,646
Medical expenses	23,920	-
Motor vehicle expenses	349,937	335,956
Fuel and oil	3,620,286	2,799,884
Catering	1,265,856	869,258
Printing and stationery	1,265,856	869,258
Town Planning costs	296,432	288,664
Leaverships and interns	-	33,000
Software expenses	1,599,583	2,405,733
Employee Assistance Programme	1,538,294	1,253,823
Subscriptions and membership fees	144,537	43,885
Telephone	32,829	1,603,340
Training	1,310,791	1,700,160
Refuse	1,953,406	1,809,435
Electricity	298,870	530,900
Water - municipal use	1,658,689	5,208,096
Uniforms	2,947,336	315,598
Agriculture	1,475,456	326,395
EPWP Casuals labours	441,833	9,430
Uniforms	2,147,150	-
COVIDA Fees	110,520	62,049
Special Programmes Unit	937,020	-
Financial Management Enhancement	2,863,989	2,781,577
Consumables	2,040,409	719,542
Miscellaneous expenses	160,622	206,753
	1,550,734	1,282,624
	42,447,252	35,776,003

39. Loss/(gain) on Disposal and Revaluation of Assets

Fair value adjustment of Investment Property determined by an Independent Valuer¹⁰.

Fair value adjustment of Investment Property

221,500 5,044,887

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40. Commitments		
Authorised capital expenditure		
Capital Projects		
• Commitments	36,311,088	35,578,713
Operational Projects		
• Commitments	2,706,765	2,709,191
Total capital commitments		
Capital Projects	36,311,088	35,578,713
Operational Projects	2,706,765	2,709,191
	39,017,853	38,287,904
Total commitments		
Total commitments		
Authorised expenditure	39,017,853	38,287,904

This committed expenditure relates to property, plant and equipment and will be financed through Municipal Grants, existing cash resources and funds internally generated.

41. Risk management

Financial risk management

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

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

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

Liquidity risk

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

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

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41. Risk management (continued)

Credit risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities. Financial instruments exposed to credit risk at year end were as follows:

Financial Instrument		
Receivables from exchange transactions	30 June 2024	30 June 2023
Receivables from non-exchange transactions	1,796,096	2,422,146
Cash and cash equivalents	23,397,449	20,338,284
Payables from exchange transactions	50,693,544	67,044,033
Payables from non-exchange transactions	17,489,479	16,080,235
	1,304,829	1,509,012

Market risk

Interest rate risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge vulnerabilities in the interest rate market. There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk on financial assets consist mainly of fixed deposit investments and bank and cash balances.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Cash and Cash Equivalent

If interest rates had been 25 basis points higher / lower and all other variables were held constant, the municipality's Surplus for the year ended 30 June 2024 would have increased by R 12,673,386. This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

Significant accounting policies

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

- Credit risk
- Liquidity Risk; and
- Market risk

Market risk

Market Risk is the risk that changes in market prices, such as interest rates will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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41. Risk management (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council. The municipality manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. Standby credit facilities are available with the municipality's main banker to cater for any unexpected temporary shortfall in operating funds.

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The municipality does not have any financing facilities and expects to meet its obligations from operating cash flows and proceeds of maturing financial assets and to maintain current debt to equity ratio.

Credit risk management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

42. Going concern

We draw attention to the fact that at June 30, 2024, the municipality had an accumulated surplus of 391,715,924 and that the municipality's total liabilities do not exceed its assets.

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

43. Fruitless and wasteful expenditure

Opening balance as previously reported	13,578,139	12,960,112
Add: Fruitless and wasteful expenditure identified - current year	63,824	620,153
Less: Amount written off - current	(204)	(2,126)
Closing balance	13,641,759	13,578,139

Fruitless and wasteful expenditure is presented inclusive of VAT

Fruitless and wasteful expenditure incurred and identified during the current period relates to interest from late payments of suppliers, cancelled travel and accommodation arrangements and amounts considered not recoverable from a supplier where goods were not delivered.

Fruitless and wasteful expenditure in the comparative year includes expenditure (VAT inclusive) incurred in prior financial years on projects relating to the Integrated National Electrification Programme. The assets were assessed for impairment in the current financial year due to non-completion of the projects by appointed service providers. The related matter has been referred to the South African Police Service (SAPS) for investigation.

44. Irregular expenditure

Opening balance as previously reported	84,663,590	81,722,948
Add: Irregular expenditure - current	3,384,307	3,491,952
Less: Amount written off - current	(82,687,086)	(551,310)
Closing balance	5,360,811	84,663,590

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

Supply chain management processes not followed in making awards	3,384,307	3,175,095
Expenditure in excess of contract amount	-	316,857
	3,384,307	3,491,952

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45. Deviation from supply chain management regulations

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

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

Listed below are various circumstances where goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reason for these deviation from the normal supply chain management regulations.

Incidents

Deviations due to emergency procurement

Deviations due to sole supplier procurement

Deviations due to the impracticality of following SCM processes

37,663	-
243,908	1,672,973
5,250,056	2,023,567
5,531,627	3,696,540

46. Contingencies

Contingencies arise from pending litigation on contractual disputes and damage claims. As the conclusion of the process is dependent on the setting of dates by the respective courts, the timing of the economic flows is therefore uncertain.

Contingent liabilities

Diela Trading CC - A claim by Diela Trading CC based on a dispute for services rendered. The matter was removed from the court roll by agreement of the parties. This is a claim for services rendered. Default judgement was obtained against the Municipality. Application for rescission of judgement is underway. The vehicle belonging to Mr Mbanzi.

Limitless strategic solutions - A letter of demand has been issued on behalf of Limitless and operational plan for Peddie Landfill Site under tender no. 8/2759/2019-2020

Nomboniso Lilian Dike & 6 - Others Notice of motion brought on behalf of the applicant and the affected households of Khangelihle Buck Kraal Farm, wherein a claim is pursued for services including housing, water and sanitation, roads etc

SAMWU obo Lwazi Jack ECD122013 & PR164/21. A review application was brought on behalf of municipality on an award which was granted by the SALGBC in favour of an employee, awaiting opposition from SAMWU to review supplementary affidavit.

595,872	595,872
184,629	81,813
-	-
74,000	-
1,000,000	1,000,000
175,000	175,000
500,000	-
2,537,314	1,926,685

Contingent assets

In 2020, Councilor MT Swisa brought to an application alleging various bizarre, irregular and unlawful resolutions were taken by the council in the special council meetings held on 10 March 2020, 16 March 2020, 14 May 2020 & 29 May 2020. The application was dismissed in court with costs to be paid by the applicant. The contingent asset is estimated at R 150,000.

Litigation was brought on behalf of the municipality for the recovery of costs which were paid to the service provider (Vezokuhle Youth Development Project) for services not rendered. The related contingent asset is estimated at R 977,144.

Differences between the current year comparatives amount and the prior year signed financial statements, two cases were previously omitted:

Diela Trading CC R595 872

Samwu obo L Jack ECD122013&PR164-21 R175 000

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47. Related parties

Related party balances

Amounts included in Statement of Financial Position are the following regarding related parties:

Councillor Jowela (late)- unpaid salary	-	(4,461)
Councillor Moyeni (late)- tax liability	550	550
Mayor- backpay	(27,611)	(36,298)
Speaker -backpay	(22,089)	(29,559)
Chief whip-backpay	(11,552)	(16,702)
Exco-backpay	(23,104)	(49,692)
Other Councillors-backpay	(162,076)	(228,560)
Municipal manager-backpay	(60,987)	(56,216)
Chief Financial officer-backpay	(54,708)	(46,677)
Director: Corporate Services (former)	(39,835)	(40,005)
Director: Corporate Services (Current)	(13,501)	(8,446)
Director: Community services	(51,948)	(52,049)
Director: Technical Services	(57,138)	(47,576)
Former Chief Financial Officer-backpay	46,457	-
	(477,542)	(615,691)

Included in the Statement of Financial Position are balances owing to councillors as per Government Gazette Nr. 49142, issued on 18 August 2023.

Included in the Statement of Financial Position are balances owing to the municipal manager, former chief financial officer and directors as per Government Gazette Nr.48789, issued on 14 June 2023.

GRAP 20 requires a disclosure of related party transactions during the financial period of the financial statements as well as the nature of the related party relationship, the nature of the transactions and outstanding balances including commitments. However, those disclosures are not required for transactions which occurred in the normal course of business.

Further, the municipality is also required to disclose the remuneration of its management having the authority to direct the business of the municipality. Key management include the Mayor, Speaker, Mayoral Committee members, Councillors, Municipal Manager, Chief Financial Officer and the Directors. For the remuneration of key management and Councillors, refer Notes 32 and 33 respectively.

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	881,738	1,591,139
Amount paid - current year	(881,738)	(1,591,139)
	-	-

Audit fees

Opening balance	3,194	-
Current year subscription / fee	4,667,604	5,323,982
Amount paid - current year	(4,598,051)	(5,320,788)
	72,747	3,194

PAYE, SDL and UIF

Current year subscription / fee	15,268,509	11,658,696
Amount paid - current year	(15,268,509)	(11,658,696)
	-	-

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48. Additional disclosure in terms of Municipal Finance Management Act (continued)

Current year subscription / fee
Amount paid - current year

VAT	2024	2023
	22,216,320	20,120,827
	(22,216,320)	(20,120,827)
	-	-

VAT input accrual
VAT output payable

2,260,579	2,094,427
445,604	37,019
2,706,183	2,131,446

VAT output payables and VAT input accrual are shown in note 6 and 17.

All VAT returns have been submitted by the due date throughout the year.

SCM Regulation 45 disclosure

In terms of the Municipal Supply Chain Management Regulation 45, the Municipality must disclose particulars of any award of more than R 2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including the name of the person, the capacity in which that person is in the service of the state, and the amount of the award. The following awards were made to entities with relationships with officials of the service of state (Municipality and other organisations):

Supplier Name

Andile SG Trading and Projects

SMS ICT Choice

Hallowed Ground Consultant

Name of official	Position	Relationship to entity directors	Amount
Anelisa Boqwana	Debt Collector	Spouse	3,676,286
Nomonde Joan Maquila	Controller & Credit	Spouse	3,137,511
Linda Tele	Police Officer - Spouse	Spouse	189,750
Settlements Human Department of Eastern Cape	Police Officer - Spouse	Spouse	189,750
SAPS	Police Officer - Spouse	Spouse	189,750

7,003,547

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49. Cash generated from operations		
(Deficit) Surplus	(3,006,595)	20,156,594
Adjustments for:		
Depreciation and amortisation	18,218,811	16,318,685
Loss on sale of assets and liabilities	119,920	-
Gain on insurance claims received	(12,999)	-
Fair value adjustments	(221,500)	(5,044,888)
Interest income	(3,177,736)	-
Debt impairment	1,257,632	1,876,171
Movements in operating lease assets and accruals	(549,383)	(584,104)
Movements in retirement benefit assets and liabilities	532,000	326,000
Movements in provisions	535,931	513,846
Changes in working capital:		
Receivables from exchange transactions	(350,683)	(384,774)
Receivables from non-exchange transactions	403,430	(765,980)
Prepayments	(876,378)	-
Other asset	-	(148,143)
Payables from exchange transactions	1,409,237	(2,733,409)
VAT	242,433	1,594,237
Taxes and transfers payable (non-exchange)	(204,183)	(1,143,065)
Unspent conditional grants and receipts	685,150	10,485,430
	15,003,087	40,469,000

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50. Segment information

General information

Identification of segments

For management purposes, the municipality is organised and operates in two key functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the municipality are not allocated to these business units.

The two key business units comprise of:

Community and public safety which includes community and cleansing services, library services, community hall rental and recreation

Technical services which include Project management, road construction and maintenance

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Community and public safety
Technical Services	
Goods and/or services	Cleansing services, library services, community hall rental and recreation
	Project management, road construction and maintenance

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50. Segment information (continued)

Segment surplus or deficit, assets and liabilities

30 June 2024

	Community Services	Technical Services	Total
Revenue			
Revenue from non-exchange transactions	673,300	-	673,300
Revenue from exchange transactions	4,465,840	17,446	4,483,286
Total segment revenue	5,139,140	17,446	5,156,586
Entity's revenue			5,156,586
Expenditure			
Employee costs	29,003,078	1,154,717	42,157,795
Depreciation, amortisation and impairment	6,061,181	1,978,973	16,040,154
Finance costs	535,931	-	535,931
Debt impairment and bad debts written off	491,876	-	491,876
Contracted services	1,251,537	107,108	2,308,645
General expenditure	3,396,763	250,635	3,647,398
Total segment expenditure	40,740,366	2,441,433	65,181,799
Total segmental surplus/(deficit)			(60,025,213)
Assets			
Segment assets	61,474,400	1,978,973	71,453,373
Total segment assets			71,453,373
Liabilities			
Segment liabilities	(13,005,493)	(2,153,000)	(42,535,493)
Total segment liabilities			(42,535,493)

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50. Segment information (continued)

30 June 2023

	Community Services	Technical Services	Total
Revenue			
Revenue from non-exchange transactions	454,350	-	454,350
Revenue from exchange transactions	4,414,024	54,902	4,468,926
Total segment revenue	4,868,374	54,902	4,923,276
Entity's revenue			4,923,276
Expenditure			
Employee costs	27,201,282	11,549,580	38,750,862
Depreciation, amortisation and impairment	5,699,395	7,823,211	13,522,606
Finance costs	513,846	-	513,846
Debt impairment	121,952	-	121,952
Contracted services	1,062,786	712,784	1,775,570
General expenditure	3,479,587	658,658	4,138,245
Loss on disposal and revaluation of assets	(5,355,576)	-	(5,355,576)
Total segment expenditure	32,723,272	20,744,233	53,467,505
Total segmental surplus/(deficit)			(48,544,229)
Assets			
Segment assets			
Total assets as per Statement of financial Position	164,884,560	179,079,176	343,963,736
Liabilities			
Segment liabilities			343,963,736
Total liabilities as per Statement of financial Position	(12,469,562)	(6,200,000)	(18,669,562)

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50. Segment information (continued)		
~~Information about geographical areas~~		
The Municipality is not split into Geographical Segments as only operates within its own Demarcated area within the Eastern Cape Province:		
Reconciliation of segment revenue to the Statement of Financial Performance		
	30 June 2024	30 June 2023
Total segment revenue	(5,156,586)	(4,923,276)
Revenue from exchange transactions allocated to departments that do not meet the definition of a segment - Finance	(8,531,335)	(5,804,797)
Revenue from non-exchange transactions allocated to departments that do not meet the definition of a segment - Finance	(178,488,293)	(161,484,067)
Total Revenue per the Statement of Financial Performance	(192,176,214)	(172,212,140)
Reconciliation of segment expenditure to the Statement of Financial Performance		
	30 June 2024	30 June 2023
Total segment expenditure	65,181,799	53,467,506
Employee related cost	48,660,805	47,066,560
Remuneration of councillors	11,144,188	10,943,479
Depreciation and impairment	2,178,657	2,796,078
Finance costs	8,603	6,806
Debt impairment and Bad debts written off	765,756	1,754,219
Contracted services	28,546,727	9,212,769
General expenditure	38,799,854	31,539,926
Loss/(gain) on disposal of assets	119,920	310,689
Total Expenditure per Statement of Financial Performance	195,406,309	157,098,032
Surplus/(deficit)	(3,230,095)	15,114,108
Total segment assets	71,453,373	343,963,736
Assets not allocated to reportable segments	377,342,122	103,907,881
Total assets per statement of Financial Position	448,795,495	447,871,617
Total segment liabilities	(42,535,493)	(18,669,562)
Liabilities not allocated to reportable segments	(14,098,472)	(34,440,509)
Total liabilities per statement of Financial Position	(56,633,965)	(53,110,071)
51. Statutory Receivables		
Property rates		
Property rates	11,683,448	11,525,822
Interest on property rates	14,234,425	11,578,689
Impairment on property rates	(9,953,011)	(9,166,260)
	15,964,862	13,938,251

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	2024	2023

52. Statutory Receivables

The entity had the following statutory receivables included in the Statement of Financial Position:

Including Property Rates, Interest on Property Rates, VAT Receivable and Traffic Fine Receivables. Refer to the tables below for the individual line items.	23,464,760	16,447,247
Including Impairment on Property Rates, Interest on Property Rates and Traffic Fine Receivables. Refer to the tables below for the individual line items.	(10,983,712)	(9,314,160)

Property Rates
Property Rates
Interest on property rates
Impairment on Property rates

11,683,448	11,525,822
14,234,425	11,578,689
(9,953,011)	(9,166,260)
15,964,862	13,938,251

NGQUSHWA LOCAL MUNICIPALITY

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2024

2023

52. Statutory Receivables (continued)

.....

Transactions arising from statute and the determination of transaction amounts

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.

Property rates are levied in accordance with the The Local Government: Municipal Property Rates Act 6 of 2004. Property rates are determined as a rate in the rand on the value of all rateable property recorded in the municipality's valuation or supplementary valuation roll and the rates applied to the rateable properties are determined annually as part of the annual budgeting process.

Value-Added Tax is calculated in accordance with the The Value-Added Tax Act 89 of 1991. The municipality declares output tax on the taxable supply of goods and services and claim input tax credits on expenses incurred in the course or furtherance of the enterprise (the taxable supplies).

Traffic fines are levied in accordance with the Criminal Procedures Act 51 of 1977. Fines constitute both spot fines and camera fines and it is measured at the best estimate, based on past experience, of the amount of revenue the Municipality is entitled to collect.

Interest or other charges levied/charged

In accordance with the municipality's Credit Control and Debt collection policy, interest on outstanding debtors, including property rates receivables, are charged on all accounts that are in arrears for 90 days and above at 1% per month.

No interest is levied on outstanding traffic fines.

Basis used and factors considered in assessing and testing whether a statutory receivable is impaired or past due, but not impaired

The municipality assesses at each reporting date whether there is any indication that statutory receivable may be impaired.

The provision for doubtful debts for property rates, in accordance with the municipality's Credit control and Debt Collection policy, is calculated by assessing the levels of risk of recoverability of debt for each category of receivables (Government, Business and Residential). Based on the risk assessment, different provision percentages are applied to each category of receivables and based on the ageing of the outstanding debt.

At each reporting date, traffic fine receivables are assessed for impairment based on the provisions of S 341 and S56 of the Criminal Procedures Act and the guidance provided by the NPA with regards to the validity period for fines. Based on this guidance, the municipality assesses that fines outstanding at the reporting date for a period exceeding 18 months, will be considered to be impaired.

Factors which were considered in arriving at the bases and the assessment for impairment of the statutory receivables and also receivables past due, but not impaired, include the following:

1. Historical information/experience and the level of engagement between the municipality and the debtor
2. Financial viability of the debtors as well as whether the debtor is easily identifiable and traceable.

Discount rate applied to the estimated future cash flows

No discount rate has been applied to estimate future cash flows.

Statutory receivables past due but not impaired

At June 30, 2024, Property Rates and Interest on Property Rates balances of 15,471,475 (2023: 14,771,626) were assessed to be past due but not impaired. Also refer to note 5 for the disclosure of the total consumer debtors balances past due, but not impaired. All receivable amounts outstanding at the reporting date is considered to be due and has therefore been taken into account in the assessment of receivables past due, but not impaired.

At 30 June 2024, Traffic Fine receivable balances of R 475 445 (2023: R 240 575) were past due but not impaired. All debtor amounts outstanding at the reporting date is considered to be due and has therefore been taken into account in the assessment of past due, but not impaired.

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52. Statutory Receivables (continued)

Statutory receivables impaired

As of June 30, 2024, the impairment on Property Rates and Interest on Property Rates receivables was assessed at 10,983,353 (2023: 9,166,260)

The amount of the impairment of the Traffic Fine receivable was assessed at 182,000 as of June 30, 2024 (2023: 147,900).

The ageing of these receivables are as follows:

Property Rates
30-60 days
61 - 90 days
91-120 days
121-150 days
>151 days
Traffic Fines
>18 months

5,017	182,000
4,710	147,900
132,872	
154,997	
236,723	
223,923	
207,574	
243,571	
8,520,628	
10,413,967	
10,983,353	
9,160,629	

Reconciliation of provision for impairment for statutory receivables

Opening balance
Contributions to Provision for impairment - property rates and interest on property rates
Contributions to Provision for impairment - traffic fines
Amounts written off as uncollectible

(9,314,160)	(10,983,353)
(9,634,032)	
(1,754,219)	
(147,900)	
2,221,991	
187,532	
(182,000)	
(9,314,160)	

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52. Statutory Receivables (continued)

Main events and circumstances that led to the reversal of impairment losses on statutory receivables

Significant impairment losses reversed

An amount of R 2,221,991 relating to outstanding traffic fine receivables was reversed against the impairment loss and subsequently written off during the financial year. Management performed a detailed analysis of the recoverability of the receivables balance from the 2017-18 financial year up to 30 June 2022 and the assessment indicated that a very small percentage of traffic fines debt is recovered on an annual basis, either by way of direct deposits into the municipality's account, cash settlement at the cashiers or deposits received from the courts.

Taking the provisions of S 341 and S56 of the Criminal Procedures Act and the guidance provided by the NPA with regards to the validity period for fines into account, the impairment of balances older than 2 financial years, i.e. as at 30 June 2021, was re-assessed and it was found that the recovery of this debt has become highly unlikely.

53. Accounting by principals and agents

The Municipality is a party to principal-agent agreements as follows:

The Department of Transport is responsible for registration, licensing and testing functions in terms of the applicable national and provincial road traffic legislation. The Municipality and the Department of Transport entered into an agreement for the transfer of registration and licensing of motor vehicles functions, wherein the Municipality will be entitled to the collection fee of 19%, including VAT for all fees collected in terms of the agreement entered into.

No resources were held on behalf of the principals.

No liabilities have been incurred on behalf of the principal.

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the Department of Transport is R 408,703 (30 June 2023: R 413,141).

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54. Financial Instruments disclosure

Categories of financial instruments

30 June 2024

Financial assets

Receivables from exchange transactions
Receivables from non-exchange transactions
Cash and cash equivalents

Financial liabilities

Payables from exchange transactions
Payable from non-exchange
Unspent Conditional grants & receipts

30 June 2023

Financial assets

Receivables from exchange transactions
Receivables from non-exchange transactions
Cash and cash equivalents

Financial liabilities

Payables from exchange transactions
Payables from non-exchange transactions
Unspent Government Grant

At amortised cost	1,796,096
Total	1,796,096
Receivables from exchange transactions	23,397,449
Receivables from non-exchange transactions	50,693,544
Cash and cash equivalents	75,887,089

At amortised cost	(17,489,478)
Total	(17,489,478)
Payable from non-exchange	(1,304,829)
Unspent Conditional grants & receipts	(11,170,580)
Payables from exchange transactions	(29,964,887)

At amortised cost	2,422,146
Total	2,422,146
Receivables from exchange transactions	20,338,284
Receivables from non-exchange transactions	67,044,033
Cash and cash equivalents	89,804,463

At amortised cost	(16,080,235)
Total	(16,080,235)
Payables from exchange transactions	(1,509,012)
Payables from non-exchange transactions	(10,485,430)
Unspent Government Grant	(28,074,677)

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55. Budget differences

Material differences between budget and actual amounts, and differences between approved and final budget - Statement of Financial Performance

55.1 Service charges - 18% -Service Charges were budgeted as per the agreed tariffs and CPI - the budget was not determined previous outcome thus the positive variance.

55.2 Rental of facilities and equipment - 55% - Rental of facilities were budgeted as per the agreed tariffs and CPI - the budget was not determined previous outcome.

55.3 Agency fees - -30 % - Online vehicle registration is the effect of under performing in terms of revenue performance for Agency Services (decrease demand as individuals have access to online registration).

55.4 Licences and permits - -44% -The variance is as result of low demand of learners license at Ngqushwa due to electronic system for examining introduced (Individuals opt to run on centres that still use manual instead of electronic that is being used at Ngqushwa).

55.5 Construction contracts - 0- The item relates to receipts from INEP and was budgeted under government grants recognised - it has been adjusted during the AFS adjustments to construction contracts

55.6 Interest on Outstanding Debtors Revenue from exchange transactions- -Interest from outstanding debtors were both budgeted under non-exchanged transactions .

55.7 Other revenue - -88% -The municipality is not generating the anticipated revenue on items like sale of goods, billboards, tender documents, traffic fines etc.

55.8 Interest received - Investment - 11% - The effect is as a result of split of municipal bank accounts for conditional grants determines the money available to investment and generates interest revenue .

55.9 Property rates - -50% - The municipality bills its customers every month, the variance is caused by the implementation of tariffs every year as per published circular for budget.

55.10 Interest on outstanding debtors- Revenue from non-exchange transactions- -55%-The municipality bill its customers every month, the variance is caused by the implementation of tariffs every year as per the published circular for budget

55.11 Government grants - -9% - The variance is as result of grant realization/ recognition that depends on grant spending- unspent balance for MDRG(R20 m) received at end of February 2024 is a results of grant performance.The reason for the adjustment is that DoRA was revised in October 2023 and in February 2024 for MIG, INEP & MDRG.

55.12 Fines and Penalties - 3% - Not material.

55.13 Other transfer revenue - 41% - LG SETA increased the subsidy as the improved WSP programmes demand. No specific amount is known from this grant for a financial year.

55.14 Insurance claim received- 0%- Gain on Property Plant and Equipment replacement were not budgeted as the insurance often repair the assets.

55.15 Employee related costs - 1% - Not material.The reason for the adjustment is that Budget was revised to cater for backpay of Senior Management, and to avoid unauthorised expenditure for employee cost that was calculated to be over by 4% at year-end.

55.16 Remuneration of councillors - -1.1% - Not material.

55.17 Depreciation and amortisation - -14.1% - Depreciation-Revised FAR and disposal of assets is the effect. Assets varying decreased and thus makes the calculated depreciation for the financial year to be less than projected.The reason for the adjustment is that Depreciation was recalculated during mid-year adjustments budget was revised based on 2023FY actual.

55.18 Finance costs - -16.2% - Finance costs- provision for finance charges were made based on the previous financial year outcome for landfill site provision. The outcome was below than the projected when calculated at year end.The reason for the adjustment is that they were erroneously not budgeted on the original budget.

NGQUSHWA LOCAL MUNICIPALITY

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55. Budget differences (continued)

55.19 Debt impairment - 59.1% - The debt impairment budget and actual figure is inclusive of bad debts written off. The municipality did not write off the bad debts as projected during the budget when compared 2023 financial year. The reason for the adjustment is that Debt impairment was adjusted to cater for bad debt written of as projections of possible write-off.

55.20 Contracted Services - 47.2% - 1. Disaster grant is the cause for contracted services not to spend (It was received at the end of February and had conditions of 12 months to spend). 2. mSCOA chart classify other items under operational cost instead of contracted services, contrary to GRAP. The reason for the adjustment is that MDRCG funding for repairing internal roads is the effect of adjustments for contracted services, and for other services required for municipal services.

55.21 General expenditure - 30.7% - Operational costs items included under general expenditure are budgeted under contracted services on mSCOA thus the variance reflected. The reason for the adjustment is that operational cost were adjusted to find other items that are employee cost items such as SDL that are pulling on general expenditure on mscoa where as on GRAP are employee costs.

Material differences between budget and actual amounts, and differences between approved and final budget - Statement of Financial Position

55.22 Inventory - 0% - Not material.

55.23 Operating lease asset - 0% - Not material. The reason for the adjustment is that it was erroneously not budgeted on the original budget.

55.24 Receivables from Non-exchange transactions - 20% - The variance is caused by receivables that relates to customer debts from previous financial year as the municipality projects the receivables from current year billing and interest. The reason for the adjustment is that they were under-budgeted on the original budget

55.25 VAT input accrual - 77% - The variance is as result of: the version 6.7 of mscoa auto calculates the VAT input on the budget as a VAT receivable. The reason for the adjustment is that VAT receivable were decreased as they were overstated in original budget by mscoa version 6.8 (meaning that it is auto-calculated).

55.26 Receivables from exchange transactions - 27% - There is an increase in collection from refuse.

55.27 Cash and cash equivalents - 20% - Increased creditors payment rate affected the cash at the year end. The reason for the adjustment is that it was revised as the municipality received a grant in February that was in condition to be spent in 12 month after date of receipt.

55.28 Investment property - 3% - Not material.

55.29 Property, Plant and Equipment - 2% - Not material. The reason for the adjustment is that it was adjusted as the municipality had projects that were going to be capitalised at the end of financial year.

55.30 Payables from exchange transactions - 1% - Not Material. The reason for the variance is that they were under-budgeted on the original budget.

55.31 Payables from non-exchange transactions - no variance - These relates to receivables with credit balances, they are not budgeted

55.32 Employee Benefit Obligation (short-term) - 13% - The budget was estimated as per prior year actual and the final outcome decreased compared as projected. The reason for the adjustment is that it was erroneously not budgeted on the original budget.

54.33 Vat payable - 100% VAT payables is autocalculated by mSCOA - it is not a provision made by the municipality.

55.34 Unspent Conditional grants- No variance- No provisions were made for unspent conditional grants.

55.35 Provisions- 3% - Not Material - included in the variance is the employee benefit obligation. The reason for the adjustment is that it was adjusted to accommodate employee benefit obligations.

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55. Budget differences (continued)		
~~Material differences between budget and actual amounts, and differences between approved and final budget~~		
Cash Flow Statement		
55.36 Accumulated Surplus- 0%- Not material		
55.37. Billed Services - -48% -The municipality does not collect as projected from residential and Private Farms customers .		
55.38. Government Grants - -7% - The variance is as result of grant realization/ recognition that depends on grant spending .The reason for the adjustment is that DoRA was revised in October 2023 and in February 2024 for MIG, INEP & MDRG..		
55.39. Interest income - -55%- The budget on cashflow included one of funds and reserves that was accounted during adjustments budget. The reason for the adjustment is that the municipality revised the funding of budget with reserves and reflects as interest revenue.		
55.40. Receipts from other revenue - -2% - The municipality is not generating the anticipated revenue on items like sale of goods, billboards, tender documents, traffic fines etc.		
55.41 . Payments (Suppliers and Employees) - -13% - Budget includes the provision for Suppliers on the Budget Schedule. the variance is the result of unpaid creditors at year 30 June (accruals). The reason for the adjustment is that the cash flow from suppliers and employee cost was revised as the municipality had additional funding and increased salary costs.		
55.42 Suppliers- -13%- this item is budgeted under cashflows of Suppliers and employees and included in the variance explanation.The reason for the adjustment is that cash flow from suppliers and employee cost was revised as the municipality had additional funding and increased salary costs.		
55.43 Other Cash Item(Finance charges)- -99%- The budget on mscoa includes the non cash item budgeted.The reason for the adjustment is that they were erroneously not budgeted on the original budget.		
54.44. Purchase of PPE - -27% - Acquisition of PPE in are less than the projected due not utilization of internal funds for PPE. The reason for the adjustment is that the municipality revised the capital buddget as per the approved rollover for MIG capital projects approved to be spent in 2024FY.		
55.45. Proceeds from the sale of PPE and Investment Property - -100% - No disposal off assets/ auction made during the financial period.		
55.46. Net decrease in cash and cash equivalents - 155% - projection for cash and cash equivalents were projected with prior year actuals (R67m) at the time of budget.		
54.47. Cash and cash equivalents at the beginning of the year - -17% - projection for cash and cash equivalents were projected with prior year actuals (R67m) at the time of budget.		
55 .48 Cash and cash equivalents at year end - -28% - Projection for cash and cash equivalents were projected with prio year actuals (R67m) at the time of budget.		

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56. Prior-year adjustments

Disclosed below are those items contained in the statement of financial position statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

Investment Property
 Accumulated Surplus
 Payables from Exchange Transactions
 Property Plant and Equipment
 Accumulated Surplus

Note	As previously reported	Correction of error	Restated
	33,726,346	(4,637,658)	29,088,689
	(384,559,883)	4,637,658	(379,922,225)
	(20,309,900)	(3,000,356)	(23,310,256)
	292,253,199	(2,356,212)	289,896,987
	(379,922,225)	5,356,568	(374,565,657)
	(458,812,463)	-	(458,812,462)

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56. Prior-year adjustments (continued)

30 June 2023

General Expenses
Surplus

Note	As previously reported	Correction of error	Restated
	(35,678,172)	(97,831)	(35,776,003)
	(20,256,826)	97,831	(20,158,995)
	(55,934,998)	-	(55,934,998)

During the preparation of Annual Financial Statements, it was discovered that Payables from exchange transaction excluded from various expenditure that were paid in 2023/24 financial.

The impact of this restatement is an increase of General expenditure. (The prior year invoice was paid in the current yer for payment.

57. Events after the reporting date

Irregular expenditure amounting R 10 305 475 was approved for write off by council on 30 August 2024 which is after reporting date:

ANNEXURE C: 2023/2024 ADJUSTED AUDITED APR

ADJUSTED AUDITED 2023/24 APR													
KPA 1: INSTITUTIONAL DEVELOPMENT AND DESIGN													
WEIGHT :20													
Strategic Goal	Objective	Key Performance Indicator	Annual Target	Adjusted Budget	Baseline	Overall Performance for 1 July 2023 to 30 June 2024		Snapshots	Reason for Variance	Corrective action	2023/24 Actual Performance	CUSTODIAN	KPI NO
						Target	Actual						
To ensure continuous implementation of the municipal vision and mission through the Human Resources Management Plan, ensure an effective and	To ensure continuous implementation of Municipal vision and mission through Human Resources Management plan by 2024	Number of reports on vacant positions filled within 3 months compiled by 30 June 2024	Four (4) reports on vacant positions filled subject to receiving of request from departments within 3 months compiled by 30 June 2024	R0	Four quarterly reports compiled on vacant position filled in 2022/2023	4	2		Target on vacant positions filled within 3 months not achieved by 30 June 2024 due to internal processes	Target on vacant position target deferred to 2024/25 financial year and has been adjusted accordingly.	1	Director Corporate Services	ID 1

Services					
476 087 5					
122 925 -					
4 646 838					
Municipal					
Manager's					
Office - -					
Technical					
Services 16					
101 188 28					
270 670 -					
12 169 482					
-					
Consolidate					
d					
Department					
al Exp					
(Opex &					
Capex)					
2023-24FY -					
Finance 61					
595 283 50					
634 737 10					
960 546					
Community					
Services 51					
346 008 36					
645 738 14					
700 270					
Corporate					
Services 36					
132 407 41					
318 395 -					
5 185 988					
Municipal					
Manager's					
Office 46					
659 377 41					
714 256 4					
945 121					
Technical					
Services 59					
520 226 58					
835 374 684					
852					

efficient administration through systems that are aligned to the organisation and by providing a secure ICT infrastructure which delivers appropriate level of data confidentiality, integrity and availability	which led to delays in filling of vacant positions within 3 months.				Review of 2023/24 Institutional organogram for 2024/2025 and submit to COGTA and Council by 30 June 2024	2024/2025 final reviewed Institutional organogram submitted to COGTA for comments and Council for approval by 30 June 2024	R0	R0	2022/2023 Organogram	Review for 2023/24 Institutional organogram for 2024/25	Approved 2024/25 Institutional organogram		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Corporate Services	ID D 2
					Number of reports on Leave management and reconciliation compiled by 30 June 2024	Four 4 quarterly reports on leave management and reconciliation compiled	R0	R0	Four quarterly report compiled on leave management and reconciliation in 2022/2023	4	4						
													Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Corporate Services	ID D 3

To ensure that the is available skilled individual that can contribute s positively to the Municipali ty and to the Nation as a whole by 2024	Number of reports on employee s who meet the minimum level as prescribed by National Treasury compiled by 30 June 2024	Two (2) reports on number of employees who qualify for the minimum level as prescribed by National Treasury compiled by 30 June 2024	R0	Two quarterly reports compiled on number of employee s qualify for the minimum level as prescribed by National Treasury in 2022/2023	2	2		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Corporate Services	ID D 6
	Number of report on trainings conducted as per the approved WSP compiled by 30 June 2024	Two (2) quarterly reports on trainings conducted as per the approved WSP compiled by 30 June 2024	R816,70 2.00	Two quarterly reports compiled on trainings conducted as per approved WSP in 2022/2023	2	2		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Corporate Services	ID D 7
	Number of reports on Employee Assistance Programme (EAP) and Wellness programmes	Four (4) quarterly reports on Employee Assistance Program (EAP) and Wellness programmes		Four quarterly reports compiled on wellness programmes in 2022/2023	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Corporate Services	ID D 8

	To provide a secure ICT infrastructure which delivers appropriate level of data confidentiality, integrity and availability by 2024	Number of reports on implementation of ICT Strategy and Governance Framework complied by 30 June 2024	Four(4) quarterly reports on implementation of ICT Strategy and Governance Framework complied by 30 June 2024	R0	Four reports compiled on ICT strategy and Governance in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Corporate Services	ID D 14
	To strengthen communication with Internal and external stakeholders by providing accurate, timely, and complete information about municipal policies and programmes	Number of Programmes Implemented in the Communication Action Plan by 30 June 2024	Twenty programmes implemented in the Communication Action Plan by 30 June 2024	R884,330.00	2022/23 Communication Action Plan	20	20		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	ID D 15

Internal Streets by 30 June 2024			Streets in 2022/23							
Percent age completed on construction of Nitoko community hall by 30 June 2024	30% completed on construction of Nitoko community hall to complement 100% by 30 June 2024	R1,747,047	Construction of 70% of Nitoko Community Hall in 2022/23	30%	30%		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure Services QBS D5
Percent age completed on construction of Tamara community hall by 30 June 2024	30% completed on construction of Tamara Community Hall to complement 100% by 30 June 2024	R2,173,284	Construction of 70% of Tamara Community Hall in 2022/23	30%	30%		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure Services QBS D6
Percent age completed on construction of Lover's Twist by 30 June 2024	30% completed on construction of Lover's Twist Community Hall to complement 100% by 30 June 2024	R2,008,784	Construction of 70% of Lover's Twist	30%	30%		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure QBS D7

Percent age comple ted on constru ction of Bhongw eni commu nity hall by 30 June 2024	60% completed on construction of Bongweni Community Hall by 30 June 2024	R208, 851	One consult ant appoint ed for develo pment of design s for the constru ction of Bongw eni commu nity hall in 2022/2 3	60 %	11,3 2%		Target on comple tion of 60% constru ction of Bongwe ni not achieve d by 30 June 2024 due to terminat ion of the contract for constru ction of Bongwe ni Commu nity Hall	Re- advertis ement of Bhongw eni commu nity hall will be done before June 2024, th erefore the outstan ding percent age will be comple ted by June 2025.	1	Directo r Techni cal & Infrastr ucture Service s	QBS D 9
Percent age comple ted on constru ction of Ngquth u Commu nity Hall by 30	100% completed on construction of Ngquthu Community Hall by 30 June 2024	R2,29 5,989	One consult ant appoint ed for develo pment of design s for the constru	100 %	100 %		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Directo r Techni cal & Infrastr ucture Service s	QBS D 10

June 2024	Percent age comple ted on constru ction of Mqeleni commu nity hall by 30 June 2024	100% completed on construction of Mqeleni Community Hall by 30 June 2024	R2,40 0,310	One consult ant appoint ed for develo pment of design s for the constru ction of Mqeleni commu nity hall in 2022/2 3	100 %	100 %		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Directo r Techni cal & Infrastr ucture Service s	QBS D 11
	Percent age comple ted on constru ction of KM at Mkanye ni Internal	95% completed on construction of 5km internal streets at Mkanyeni to complement 100% by 30 June 2024	R2,51 6,915	Constr uction of 5% of 5km Mkany eni Intern al Roads in	95 %	95 %		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Directo r Techni cal & Infrastr ucture Service s	QBS D 12

Streets by 30 June 2024		2022/23									
Percent age completed on construction of KM at Nier Internal Streets by 30 June 2024	95% completed on construction of 5km Internal Streets at Nier to complement 100% by 30 June 2024	R2,493,195	Construction of 5% of 5km Nier Internal Roads in 2022/23	95%	95%	👍	Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure Services	QBS D13
Number of close-out reports on final completion of KM's at Power, Newloots and Pikoli internal streets completed by 30 June 2024	Three(3) close-out reports on completion of Power(1km),New loots(1km) and Pikoli (5km) internal streets complied by 30 June 2024	R0	Construction of Three(3) internal roads (1km Power, 1km New loots and 5km Pikoli) in 2022/23	3	3	👍	Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure Services	QBS D14

June 2024	Two(2) close-out reports on completion of Machibi (10km) and Mxaxa (5km) internal streets compiled by 30 June 2024	R18,593	Construction of Two(2) internal roads (Machibi and Mxaxa) in 2022/23	2	2		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure Services	QBS D 15
June 2024	One(1) close-out report on completion of 20 Peddie Hawkers stalls constructed compiled by 30 June 2024	R51,611	Construction of 20 Hawkers stalls in 2022/23	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical & Infrastructure Services	QBS D 16

cted comple d by 30 June 2024											
Number of reports on INEP expendi ture comple d by 30 June 2024.	Four(4) reports on INEP expenditure complied by 30 June 2024	R0	Not Applica ble	4	4		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Directo r Techni cal & Infrastr ucture Service s	QBS D 17
Number of reports on MIG/MIS expendi ture comple d by 30 June 2024	Four(4) reports on MIG/MIS expenditure complied by 30 June 2024	R0	Not Applica ble	4	4		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Directo r Techni cal & Infrastr ucture Service s	QBS D 18
Number of reports on Registr ation of 2024/2 5 and	Four(4) reports on Registration of 2024/2025 & 2025/2026 MIG projects and procurement processes complied by 30 June 2024	R0	Three reports develo ped on registr ation of MIG project	4	4		Target achieve d reason for varianc e not	Correcti ve action not applicab le	3	Directo r Techni cal & Infrastr ucture Service s	QBS D 19

network, public lighting and electricity infrastructure in order to provide durable and safe infrastructure that comply with all applicable quality standards by 2024.	Percent age completed on Re-gravelling and repairs to stormwater structures at Ward 2 & 4 (Lower Mithombe, Rode, Kwa-Madiki, Mdolomba villages) by 30 June 2024	75% completed on re-gravelling and repairs to stormwater structures at Ward 2 & 4 (Lower Mithombe, Rode, Kwa-Madiki, Mdolomba villages) of 7.5km to complement 75% by 30 June 2024	R 4, 534, 802	Not Applicable	75 %	48,4 %		Target on completion of re-gravelling and repairs to stormwater structures at Ward 2 & 4 not achieved by 30 June 2024	Revise and monitor programme of works for completion of the outstanding percentage for re-gravelling and repairs of stormwater structures at Ward 2&4, therefore the outstanding percentage will be completed end March 2025	1	Director Technical & Infrastructure Services	QBS D 21

	Percent age comple ted on Re- gravel ling and repairs to stormw ater structur es at Ward 5 (Crossr oads, Tuka A, Tuku B, Tuku C villages) by 30 June 2025	30% completed on e- graveling and repairs to stormwater structures at Ward 5 (Crossroads, Tuka A, Tuku B, Tuku C villages) by of 18.5km to complement 30% by 30 June 2025	R 9,925, 616	Not Applica ble	30 %	30 %		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Director Technical & Infrastructure Services	QBS D 22
	Percent age comple ted on Re- gravel ling and repairs to stormw ater structur es at Ward 6 (Mkhahl i)	40% completed on e- graveling and repairs to stormwater structures at Ward 6 (Mkhahlana, Dam- eMahlubini, eCheletyuma) of 10km to complement 40% by 30 June 2026	R 5, 859, 582	Not Applica ble	40 %	40 %		Target achieve d reason for varianc e not applica ble	Correcti ve action not applicab le	3	Director Technical & Infrastructure Services	QBS D 23

ADJUSTED AUDITED 2023/24 APR													
KPA3 : LOCAL ECONOMIC DEVELOPMENT AND SPATIAL DEVELOPMENT WEIGHT : 20													
Strategic goal	Objective	Key Performance Indicator	Annual Target	Adjusted Budget	Baseline	Overall Performance for 1 July 2023 to 30 June 2024		Snapshot	Reason for Variance	Corrective action	Score	Custodian	KPI NO
						Target	Actual						
Strives to ensure safe, sustainable and environmental friendly livelihoods and sustainable economic growth using all available natural resources	To create an enabling environment that promotes the capacity of SME's, Development of Local Economy and Employment creation by 2024	Number of SME's profiled by 30 June 2024	50 SME's profiled for development programme by 30 June 2024	R127,000.00	45 SME's profiled in 2022/23	50	50		Target achieved reason for variance not applicable	No planned target for this quarter	3	Director Community Services	LED& SD 1
		Number of reports on development programme provided to Ngqushwa SME's compiled by 30 June 2024	Three (3) reports on development programme provided to 50 Ngqushwa SME's compiled by 30 June 2024			3	3		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 2

Number of reports on SME's supported through Incentive Programme compiled by 30 June 2024	Four(4) reports on Ten (10) SME's supported through Incentive Programme compiled by 30 June 2024	R652,000.00	4 reports compiled on incentive program me in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 3
Number of reports on film development programme compiled by 30 June 2024	One(1) reports on film development programme compiled by 30 June 2024	R0	Not Applicable	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 4
Number of reports on Heritage and Tourism Programmes conducted compiled by 30 June 2024	Three(3) reports on Two (2) Heritage programmes and One (1) Tourism program conducted compiled by 30 June 2024	R201,793.93	2 reports developed on Heritage program in 2022/23	3	3		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 5

To enhance equitable access to all natural resources and participation in Agricultural opportunities through unlocking Agricultural potential by 2024	Number of Agricultural forums coordinated and held by 30 June 2024	Four (4) Ngqushwa Agricultural forums coordinated and held by 30 June 2024	R0	Four Agricultural forums coordinated by 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 6
To promote an inclusive economic growth and maintain healthy balance between	Number of Ngqushwa Coastal Management Committee meeting coordinated and held by 30 June 2024	Four Ngqushwa Coastal Management Committee meetings coordinated and held by 30 June 2024	R0	Four quarterly Coastal Management committee meeting in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 7

	the resources used and renewability on Ocean Environment by 2024	Number of reports on Coastal Management activities conducted in line with Blue Flag Status criteria complied by 30 June 2024	Four (4) reports on Coastal Management activities conducted in line with Blue Flag Status criteria complied by 30 June 2024	R145,500.00	Four quarterly Coastal Management campaigns in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 8
To provide responsive , accountable, effective and sustainable public services.	To manage the rendering of efficient and sustainable Traffic and Law enforcement services to all road users and Public by 2024	Number of Ngqushwa Community Safety Forum held by 30 June 2024	Four (4) Ngqushwa Community Safety Forums held by 30 June 2024	R0	Four Community Safety Forums held in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 9
		Number of reports on drivers licence testing complied by 30 June 2024	Four (4) quarterly reports on drivers licence testing complied by 30 June 2024	R0	Four reports on drivers licence testing developed in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Community Services	LED& SD 10

To create a conducive spatial environment to address the Social, Economic, Environmental and cultural needs of the communities in order to ensure sustainable development in accordance with Spatial planning and Land Use Management Act principles and the National Development Plan.	To ensure effective enforcement of planning and building policies and bylaws in order to achieve orderly development by 2024	Number of reports on building plans submitted, paid and approved within 30 days complied by 30 June 2024	Four (4) reports on building plans submitted, paid and approved within 30 days complied by 30 June 2024	R0	Four reports on building plans developed in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical Services	LED& SD 14
		Number of reports on land use application received and assessed within 30 days complied by 30 June 2024	Four reports on land use application received and assessed within 30 days by 30 June 2024	R0	Four reports developed on land use application in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical Services	LED& SD 15
		Number of Terms of reference developed for Establishment of Ngqushwa Human Settlements Forum and Number of reports	One Terms of reference developed for establishment of Ngqushwa Human Settlements Forum and Two (2) reports	R0	Ngqushwa Housing Sector Plan.	1 2	1 2		Target achieved reason for variance not applicable	Corrective action not applicable	3	Director Technical Services	LED& SD 16

ADJUSTED AUDITED 2023/24 APR

KPA 4 : FINANCIAL VIABILITY AND MANAGEMENT WEIGHT: 20

Strategic Goal	Objective	Key Performance Indicator	Annual Target	Adjusted Budget	Baseline	Overall Performance for 1 July 2023 to 30 June 2024		Snaps hot	Reason for Variance	Corrective action	Actual Performance	Custodian	KPI NO
						Target	Actual						
Effective and efficient financial governance that will ensure viability and sustainability of the municipality.	Ensuring sound financial planning and reporting through budget management best practices and interdepartmental coordination by 2024	Number of GRAP compliant Annual Financial Statements developed and submitted to Auditor General by 30 June 2024.	One (1) set of GRAP compliant Annual Financial Statements developed and submitted to Auditor General by 30 June 2024	R1,110,902.00	2022\23 Audited Annual Financial Statements	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 1
		Reviewal of 5 year financial plan (Annual budget) by 30 June 2024	One (1) Approved 5 year financial plan (Annual budget) by 30 June 2024	R0	2023/24 approved Budget process plan	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 2

	Number of Section 52d developed and submitted to Council by 30 June 2024	Four (4) Section 52d reports developed and submitted to Council as per MFMA by 30 June 2024	R0	Four Section 52d report compiled in 2022/23	4	4	4	Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 3
	Number of reports on monitoring the implementation of Standard Operating Procedures compiled by 30 June 2024	Four (4) reports on monitoring the implementation of Standard Operating Procedures compiled by 30 June 2024.	R0	One Standard Operating Procedure developed in 2022/23	4	4	4	Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 4
Ensure sound Expenditure Management through development and review of internal controls to strengthen the control	Number of reports on the payment of monthly salaries compiled by 30 June 2024	Four(4) reports on payment monthly salaries compiled by 30 June 2024	R0	Four Section 66 Report developed in 2022/23	4	4	4	Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 5

		Number of reports developed on sitting of BID Committee by 30 June 2024	Four(4) reports developed on sitting of Bid Committees(BSC,B EC&BAC) developed by 30 June 2024	R0	Four reports developed on Bid committees in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	BT O 8
To prescribe the accounting and the administrative policies and procedures relating to Property, Plant and Equipment which are immovable and movable assets of the Municipality and computer software which are intangible assets by 2024	Number of reports on the updated Institutional Asset Register compiled by 30 June 2024	Two (2) reports on the updated Institutional Fixed Assets Register (current and additional) compiled by 30 June 2024	R0	Two reports on updated Asset Register in 2022/23	2	2			Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 9

	Implementing sound Revenue and debt management practices through revenue maximization by 2024	Number of reports on actual revenue collected by 30 June 2024	Four (4) reports on actual revenue collected by 30 June 2024	R0	Four reports in on actual revenue in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 10
		Number of reports on Maintenance of General Valuation Roll compiled by 30 June 2024	Four (4) reports developed on Maintenance of General Valuation Roll compiled by 30 June 2024	R0	Four reports on maintenance of Valuation Roll in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	CFO	BT O 11

ADJUSTED AUDITED 2023/24 APR													
KPA 5 :GOOD GOVERNANCE AND PUBLIC PARTICIPATION WEIGHT : 20													
Strategic Goal	Objective	Key Performance Indicator	Annual Target	Adjusted Budget	Baseline	Overall Performance for 1 July 2023 to 30 June 2024		Snap shot	Reason for Variance	Corrective action	Actual Performance	Custodian	No of KP A's
						Tag	Actual						
To promote a culture of good governance, public participation on accurate and timeous communication.	To continuously ensure effective, economical and compliant integrated planning by 2024	Review of 2023/24 IDP for 2024/25 by 30 June 2024.	Approved Final 2024/25 IDP by 30 June 2024	R211,500.00	2023/24 Final IDP	Review of 2023/24 IDP for 2024/25 IDP	Approved 2024/25 IDP		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 1
						20	20						
	To promote high performance culture on on-going basis by 2024	Number of performance agreements signed and individual performance reviews conducted by 30	Twenty (20) signed performance agreements and Four quarterly performance reviews conducted to all Middle	R0	3 Individual performance reviews conducted in 2022/23	20	20		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 2
						4	4						

To continuously ensure that NLM has and maintains an effective process of risk management by 2024	Number of Fraud and Risk Committee meetings conducted by 30 June 2024	Four (4) Quarterly Fraud and Risk Committee meetings conducted by 30 June 2024	R0	Three (3) Fraud and Risk Committee Meeting conducted in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 4
	Number of Annual Strategic Risk assessment workshop conducted by 30 June 2024	One (1) Annual Strategic Risk assessment workshop conducted by 30 June 2024	R27,086.00	One (1) Strategic Risk Assessment workshop in 2022/23	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 5
	Number of Ethics and Fraud awareness workshops conducted by 30 June 2024	One (1) Ethics and Fraud awareness workshop conducted by 30 June 2024		Two (2) Fraud and Ethics awareness in 2022/23	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 6

To provide value-added and trusted assurance, consulting and advisory services to Council by 2024	Number of Audit Committee Report submitted to Council by 30 June 2024	Four (4) Audit Committee reports submitted to Council by 30 June 2024	R0	Four (4) 2022/23 Audit Committee reports to Council	4	4	4	Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 9
	2023/24 Annual Risk-Based Internal Audit Plan developed and submitted to Audit Committee for approval by 30 June 2024	One(1) 2023/24 Annual Risk-Based Internal Audit Plan developed and submitted to Audit Committee for approval by 30 June 2024	R0	2022/23 Annual Internal Audit Action Plan	1	1	1	Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 10
	Number of reports on monitoring the implementation of	One(1) report produced on the review of the complete ness and	R0	2022/23 Audit Action Plan report.	1	2	2	Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 11

The Legal Services Unit is responsible for managing the legal key performance areas and provides legal services to the municipality to ensure that legal risks are identified and addressed in accordance with applicable legislation to eliminate exposure to litigations by 2024	Number of Disciplinary board meetings held by 30 June 2024	Two (2) Disciplinary board meetings held by 30 June 2024	R102,500.00	2022/23 Four Disciplinary Board meetings conducted	2	0		Target on sitting of Disciplinary Board meeting not achieved by 30 June 2024 as there were no matters referred to the Disciplinary Board.	Target on sitting of Disciplinary Board meeting has been removed from 2024/25 SDBIP as it depends on matters referred for sitting.	1	Municipal Manager	GG & PP 13
	Number of reports on the Status of Municipal Lease Agreements compiled by 30 June 2024	Two (2) reports on status of Municipal Lease Agreements compiled by 30 June 2024	R0	Two Lease Agreements reports in 2022/23	2	2		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 14

To promote good governance, transparency, accountability and value for money on the use of municipal resources by 2024	by 30 June 2024	June 2024	Four (4) programmes coordinated and conducted on Litigation Improvement Strategy by June 2024		Four programmes Litigation Improvement Strategy in 2022/23	4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 17
	Number of programmes coordinated and conducted on Litigation Improvement Strategy by June 2024	One (1) Municipal Public Account Committee (MPAC) Plan developed and submitted to Council for approval by 30 June 2024	R0	2022/23 MPAC Plan	1	1							
			Number of Municipal Public Account Committee (MPAC) Plan developed and submitted to Council for approval		2022/23 MPAC Plan	1	1		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 18
					Four programmes Litigation Improvement Strategy in 2022/23	4	4						

by 30 June 2024"	June 2024											
Number of meetings held on implementation of 2023/24 approved MPAC plan by 30 June 2024	Four(4) MPAC meetings held on implementation of 2023/24 approved MPAC Plan by 30 June 2024	R0			4	4		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 19
Review of 2023/24 IDP for 2024/25 by 30 June 2024.	Final 2022/23 MPAC oversight report on 2022/23 Annual Report developed and submitted to Council for approval by 30 June 2024.	R378,000.00	2021/22 MPAC oversight report	2	2		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 20	

To strengthen participatory democracy by ensuring that all stakeholders are involved in decision making by 2024	Number of public participation programmes conducted by 30 June 2024	Twelve (12) public participation programmes conducted by 30 June 2024	R0	Not Applicable	12	12		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 21
To mainstream issues of the vulnerable groups into all municipal processes and programmes by 2024	Number of SPU programmes for the vulnerable groups implemented by 30 June 2024	Twelve (12) SPU programmes implemented by 30 June 2024	R1,634,932	Four SPU Programmes in 2022/23	12	12		Target achieved reason for variance not applicable	Corrective action not applicable	3	Municipal Manager	GG & PP 22



AUDIT COMMITTEE REPORT ON 2023/24 ANNUAL REPORT FOR MAYORAL COMMITTEE AND COUNCIL OF NGQUSHWA LOCAL MUNICIPALITY

The Audit Committee has been established as an independent Committee as referenced in Section 166 of the MFMA Act No. 56 of 2003. The Committee has adopted formal terms of reference, which are regularly updated and approved by the Council. The Committee presents its report for the financial year ended 30 June 2024.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The current audit committee was effective as of 1st September 2023 and consists of the members listed below, which should meet at least four times per annum as per its approved terms of reference, although additional special meetings may be called as the need arises. Four Audit Committee meetings were held during the year under review, as reflected. Other meetings with Internal Audit, Senior Management, Council and the Auditor-General were also held.

NO	INITIAL & SURNAME	POSITION
1.	Ms. A. Tinta	Chairperson -Audit Committee
2.	Mr. W. Mushowe	Member -Audit Committee
3.	Mr. M. K. Mafani	Member -Audit Committee
4.	Ms. W. Dukuza	Member -Audit Committee

AUDIT COMMITTEE RESPONSIBILITY

The function of the Audit Committee is primarily to assist the Ngqushwa Local Municipality in discharging its duties relating to asset safeguarding, the operation of adequate systems, and control processes for preparing financial reports and performance.

The committee operates under section 166 of the Municipal Finance Management Act (MFMA), Act No 56 of 20023, and has endeavored to comply with its responsibilities arising from those requirements. The committee has performed its duties according to its terms of reference, which are in the form of an approved Audit Committee Charter.

REVIEW AND EVALUATION OF THE ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Committee has reviewed and discussed the municipality's annual financial statements and annual performance report to be included in the annual report with the Auditor-General and management. The Audit Committee did the following undertakings:

- Reviewed the Auditor-General's management letters and management's response thereto.
- Reviewed and discussed the report and audit opinion of the Auditor-General with the Auditor-General and management;
- Reviewed significant adjustments resulting from the audit.
- Quarterly reviewed the Department's implementation plan for audit issues raised in the prior year.
- Corrective actions on the detailed findings raised by the AGSA are monitored by the Audit Committee on a quarterly basis.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered the work performed by Internal Audit quarterly and has reviewed the Auditor-General's findings on internal controls for the year ended 30 June 2024.

In line with section 62 (c) (ii) of the MFMA, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. An approved risk-based internal audit plan achieves this, with the Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring the implementation of corrective actions.

The Audit Committee was pleased with the improvement in the annual performance audit for this period, however, the following areas still need attention:

- Action plans to address improvement in controls and compliance to ensure that reliably planned.

ASSESSING AUDIT EFFECTIVENESS

The Committee reviews internal audit quality throughout the year, with an emphasis on auditing governance, independence, scope of work, and outputs. The important internal control component needs to receive the necessary support to contribute to the achievement of objectives and sustained and improved performance.

INDEPENDENCE STATEMENT

The Office of the Auditor General (SA) performs the external audit activities. The Internal Audit activities are completed by an Internal Audit Activity that performs the work according to an Internal Audit Charter and an audit plan approved by the Audit Committee.

PERFORMANCE MEASUREMENT

The Committee has reviewed and considered the in-year performance reports and performance results reported by management. Repeated qualification of performance information is noted with concern, and the Audit Committee and Management will work toward improving challenges experienced with the reliability of information reported by allocating resources to drive and monitor the process for planning, monitoring, and reporting of predetermined objectives.

RISK MANAGEMENT

Risk management is fully embedded in the municipality. The Audit Committee also notes the improvement in populating the risk registers and will monitor their usefulness throughout the Municipality. The strategic risk register for the Municipality has been updated.

CONCLUSION

The Audit Committee concurs and accepts AGSA's opinion regarding the Annual Financial Statements and proposes that these Audited Annual Financial Statements be accepted and read together with AGSA's report.



Ms. Akhona Nelisa Tinta

Chairperson: Audit Committee

APPENDICES

APPENDIX E - WARD REPORTING

Ngqushwa Local Municipality has, as per statutory provision, established 12 Ward Committees with 120 participants which translate to 10 members per ward committee. All these committees have a term of office linked to or in line with that of the Municipal Council (5years). Thus, these Committees by their design form part of the Municipal Council Committees, therefore, provided with administrative support in the Office of the Speaker, Public Participation Section.

The operations of these committees are fully functional and following the rules regulating their establishment which prescribed that monthly meetings must be convened. Throughout the reporting period, these committees have had all their statutory meetings convened and all the quarterly reports on their functionality and operations have been tabled to Council, please see below the scheduled of meetings.

All resolutions and/or issues raised at these meetings find their expression in the municipal departments through the ward committee chairpersons and once resolved, escalated to the Council meetings. There is a close working relation between the Ngqushwa Ward Committees and the Community Development Workers (CDWs). In that, in all the community work requiring sector departments, these structures, always work together to report such to the municipality and in turn back to sector departments.

On the 8th of February 2024, the Speaker of Council had conducted a workshop with a special focus to all members of Ward Committees. The workshop was designed to educate members on the ethical standards they should follow while carrying out their duties specifically when the municipal IDP and Budget Roadshows are taking place.

WARD COMMITTEE MEETINGS

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Mnoneleli Javu	Mthathi	1	0731916842	19/09/2023 – Q1
Khumbulani Solani	Gobozana	1	0832438637	13/11/2023 – Q2
Solomzi Mabhuti	Zalarha	1	0787835378	08/02/2024 – Q3
Nolitha Ntshwahlana	Tamarha	1	0835711233	18/06/2024 – Q4
Zandile Yaphi	Tyeni	1	0656094069	
Thanduxolo Bewula	Tyeni	1	None	
Andiswa Billie	Bhele	1	0820948173	
Mlungiseleli Gwedlana	Nxopho	1	0783436445	
Bulelwa Magwaxaza	KwaNgqwele	1	0735905055	
Sisina Siqila	Gobozana	1	0787227844	
Noluvuyo Dlani	KwaNgqwele	1	0739471442	
Zolani Oscar Mqwelane	Mtati	1	None	

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Mthetheli Mpendu	Upper Mthombe	2	0848164154	20/09/2023 - Q1
Simanye Njombolwana	Rode	2	0731392264	07/11/2023 - Q2
Nontsingiselo Jali	Tapushe/Tildini	2	0635143741	08/02/2024 - Q3
Xola Simunu	Lower Mthombe	2	0737174406	19/06/2023 - Q4
Xolile Msheshwe	Mavathulana	2	0836086229	
Msindisi Bolo	Nguthu	2	0719609802	
Sinethemba Gebe	Qhugqwala	2	0632208438	
Onke Sithole	Qhugqwala	2	None	
Vuyolwethu Macala	Nyatyorha	2	0738018469	
Mcebisi Bonakele	Zondeka	2	0606755774	
Simpfhiwe Nxibi	Dlova	2	0730963782	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Andiswa Yali	Crossman	3	0739680043	21/09/2023 - Q1
Mangiwe Mavis Nyaniso	Mtsinekana	3	0785057939	06/11/2023 - Q2
Buyelita Tyhali	Gcinisa North	3	0717158140	08/02/2024 - Q3
Canary Bobani	Kalana	3	0736533599	20/06/2024 - Q4
Nombuyiselo Nyawule	Kalana	3	None	
Ntombizandile Stiti	Nqwenherhana	3	0633885654	
Ntombomzi Ndevu	Mabongo	3	0732222256	
Nomawethu Ntshabo	Qawukeni	3	0733658959	

Vuyokazi Yali	Mrhathaza	3	0788408063	
Ntombizodwa Nzima	Shushu A	3	0734656520	
Misumzi Sinama	Mqwahini	3	0631824368	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Neliswa Tshemese	Lower Dube	4	0656942708	20/09/2023 - Q1
Khuthala Nose	Ngxakaxha	4	0603349444	07/11/2023 - Q2
Yolanda Ngantweni	Phole	4	0729261660	08/02/2024 - Q3
Nozuko Fumanisa	Mdolomba	4	0719940456	21/06/2024 - Q4
Noluthando Kolisi	Upper Dube	4	0797044076	
Thabisa G. Sidawu	Mdolomba	4	0833307216	
Nomahashe V. Klaas	Machibi	4	0733191298	
Sesethu Ntshokoma	Madliki	4	0719456490	
Phelokazi Cikicane	Machibi	4	0603749565	
Musa M. Mgwenya	Nxwashu	4	0793741423	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Nolubabalo Jim	Crossroad	5	0783693613	27/09/2023 - Q1
Zoliwe Mandara	Tuku A	5	063379211	08/11/2023 - Q2
Neziwe Nqinana	Lover twist	5	0737804054	08/02/2024 - Q3
Sakiwo Dingela	Lovers twist	5	None	24/06/2024 - Q4
Bulelwa Majola	Tuku B	5	0630220539	

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024

Nomathamsanga	Cisira	6	0785048317	21/09/2023 - Q1 06/11/2023 - Q2 08/02/2024 - Q3 25/06/2024 - Q4
Xolani Sicwebu	Mahlubini	6	0834156748	
Nokulunga Xhashibe	Mahlakana	6	07326944262	
Lilive Marashule	Cisira	6	0738917236	
Khuthala Nogqala	Dam-Dam	6	0780904108	
Lungelewa Sawula	Cisira	6	0603405987	
Lungisani Joni	Emagqzeni	6	0632784192	
Nkonzo Sotthe	Feni location	6	0634741498	
Mangena Mqhingwana	Cheletyuma	6	0781758740	
Nomfusi Ngqandana	Makhahlane	6	0732084824	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024

Nongeniso Melani	Tyityaba	5	0834874605	
Nothando Myeki	Birha	5	0835470188	
Sinobuhle Ngqani	Hoyi	5	0839515328	
Masixole W. Peter	Hoyi	5	None	
Nolumanyano Kosani	Legeni	5	0781614981	
Siyathandaza Ngcayi	Bodum	5	0628226534	
Babalwa Mkhophula	Tuku C	5	0733630583	

Monwabisi Hoyi	Qamnyana	7	0782656438	21/09/2023 - Q1 06/11/2023 - Q2 08/02/2024 - Q3 26/06/2024 - Q4
Nomfundo Belu	Rura	7	0787493964	
Samkelo Mahlelehele	Maqhosha	7	0633594006	
Simnikiwe Ngcingci	Ndwayana	7	0835566121	
Zama Mthi	Ngquma	7	0632195317	
Phumeza Kuza	Gwabeni	7	0737946123	
Nokuzola Jack	Baltein	7	0734656520	
Sintu Quza	Ndlambe	7	0720832085	
Yamile Sindiswa	Glenmore	7	None	
Nonesi Mazinyo	Luxolweni	7	0738824064	
Sonwabile Cacela	Ndlambe	7	0631914816	

NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Zweli Dingiso	Durban Location	8	0760490142	21/09/2023 - Q1 06/11/2023 - Q2 08/02/2024 - Q3 27/06/2024 - Q4
Lindelwa Dywilli	Power	8	0782054304	
Velile Peyi	Peddie Extension	8	0604370315	
Velile Jele	Peddie Town	8	0787813197	
Sizeka Gotyana	New Creation	8	0737041057	
Nombulelo Best	Peddie Extension	8	0789568465	
Lungisa Mlamla	Ndlovini	8	0785488127	
Nolwandle Mzamo	New Creation	8	0733713215	
Joseph Jantjies	German Village	8	0647751835	
Rebecca Nelson	German Village	8	None	

28/09/2023 – Q1 03/11/2023 – Q2 08/02/2024 – Q3 17/06/2024 – Q4	Lukhanyo Mthongana	Newton dale	10	0627323808	DATES OF MEETINGS HELD IN 2023/2024
	Ongeziwe Nodwala	Ntshamanzi	10	0782832180	
	Nqabeka Rodolo	Upper Gwalana	10	0785618544	
	Nomasixole Gamlashe	Maxhegweni	10	0739961434	
	Prince Myataza	Upper Gwalana	10	0717857261	
	Nomfalo Shoco	Mabalenj	10	0826976587	
	Phindiswa Mchjana	Mtati	10	0737234828	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024	
Nothando Maswana	Nobumba	9	0663313688	28/09/2023 – Q1	
Asipho Ngaphi	Ntloko	9	0633797200	09/11/2023 – Q2	
Zikhona Mkathali	Pikoli	9	0735635901	08/02/2024 – Q3	
Thembisa Damba	Lower Mgwalana	9	0731204893	28/06/2024 – Q4	
Cikiza Mbejeni	Ntloko	9	0762968378		
Phuthuma Nzimela	Rose	9	0739828166		
Diliza Mgcuwe	Runlets	9	0731450625		
Ntombekehaya Zothani	Woodlands	9	0604193525		
Nozipho Tobi	Mgwalana	9	0733912760		
Nosanda Rolom	Lewis	9	0733442067		
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024	
Xoliswa Bosi	Peddie Extension	8	0835141653		

Noludwe Ntezo	Qeto	10	0787005922	
Thembinkosi Mtsolo	Tuba	10	0731403295	
Zukiswa Singqumba	Ngqowa	10	0784765690	
NA	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Nwabisa Mfino	Mkanyeni	11	0603544454	28/09/2023 – Q1
Thembela Mvuyiswa	Mpekweni	11	0710081265	09/11/2023 – Q2
Nonzolo Sinuka	Mpekweni	11	0603716119	08/02/2024 – Q3
Nomthandazo Mhabi	Mgababa	11	0788693263	17/06/2024 – Q4
Nompumelelo Mancam	Mkhanyeni	11	0835939833	
Neliswa Mcuntsi	Mgababa	11	0788630940	
Nothandekile Dubula	Mkanyeni	11	0782992529	
Onesimo Njongi	Mgababa	11	0634587806	
Phuthuma Mantana	Prudhoe	11	0630810013	
Lungelwa Ngxakaza	Prudhoe	11	0780149967	
NAME	VILLAGE	WARD	CONTACT NUMBER	DATES OF MEETINGS HELD IN 2023/2024
Siyabulela Mshweshwe	Wesley	12	0734096200	29/09/2023 – Q1
Thandeka Menziwe	Wesley	12	0735688218	08/11/2023 – Q2
Babalwa Nkohla	Gcinisa	12	0837246602	08/02/2024 – Q3
Mafa Moyakhe	Newloots	12	0731199769	21/06/2024 – Q4
Pamela Mtshoba	Gcinisa	12	0834441323	
Andiswa Singqoto	Bingqala	12	0730613211	

Ward	Resigned Ward Committee	Replacement	Quarter
12	Nombasa Nginda	Nomfundo Sweetness Dingela	1
5	Nezile Earnest Nginana	Sakiwo Dingela	1
1	Zandile Yaphi	Tanduxolo Bewula	2
5	Sinobuhle Ngqani	Masixole W. Peter	2
12	Sesethu Wendy Fumba	Esethu Mpuphu	2
2	Sinethemba Gebe	Onke Sithole	2
8	Joseph Jantjies	Rebecca Nelson	4
7	Sintu Quza	Yamile Sindiswa	4
9	Ntombekhaya Zotani	Not yet replaced	4
3	Canary Bobabini	Nombuyiselo Nyawule	4
1	Noluvuyo Diani	Zolani Mqwelane	4
11	Thembele Vuyiswa	Not yet replaced	4

Tembani Myathazi	Hamburg	12	0733603565
Sesethu Wendy Fumba	Bingqala	12	None
Esethu Mpuphu	Bingqala	12	None
Edumisa Fumba	Nier	12	0710824612
Nombasa Nginda	Mgwelana Mouth	12	0838982109
Nomfusi Dingela	Mqheleni	12	None

APPENDIX G

ANNUAL AUDIT COMMITTEE REPORT INCLUSIVE OF RECOMMENDATIONS

Audit Committee Resolutions 2023/24

The Audit Committee set as follows:

Ordinary Meetings

1. 26 July 2023
2. 31 October 2023
3. 25 January 2024
4. 23 April 2024

Special Meetings:

1. 25 August 2023
2. 27 February 2024

	Resolution cleared	86%
	Resolution in progress	5%
	Resolution not done	0%
	Resolutions no due	8%
		100%

RESOLUTION REGISTER – AUDIT COMMITTEE MEETING

DESCRIPTION	RESOLUTION TAKEN
ORDINARY AUDIT COMMITTEE MEETING - 26 JULY 2023	
PLANS FOR PREPARATION OF AFS/APR FOR AUDIT	1. That APR plan to be drafted and submitted to internal audit for circulation to the committee.
COMPLETED INTERNAL PROJECTS	1. That the Committee notes the completed internal audit projects with great concern on the three (3) long outstanding findings which have not been finalised. 2. That in the next meeting the committee should be informed about the finalisation of asset verification process. 3. That findings on the review (salary) prior to implementation should have timeframes to avoid litigation.
UNAUDITED Q4 PERFORMANCE REPORT	That the committee notes Q4 unaudited performance report with concern on KPA2 scorecard (duplication of Information) and requested the Municipal Manager to come up with meaningful information in the next meeting.
AUDIT COMMITTEE CHARTER REVIEW 2023/24	That a covering report should be prepared indicating any changes for ease of reference.
INTERNAL AUDIT COMMITTEE CHARTER REVIEW 2023/24	That a covering report should be prepared indicating any changes for ease of reference.
ICT GOVERNANCE REPORT – Q4	That ICT steering Committee report should be attached as an annexure in future reports.

ORDINARY AUDIT COMMITTEE MEETING - 02 FEBRUARY 2024	
INTERNAL AUDIT QUARTERLY REPORT	That committee is concerned about IA capacity constraint and requested Management to hasten the process of recruitment of senior internal auditor.
UNAUDITED MID TERM PERFORMANCE REPORT	That for 2024/25 financial year, stretchable targets to be set within the available budget as drastic improvement has been displayed in certain areas.
COMPLETED INTERNAL AUDIT PROJECTS	1. That the committee is concerned about the HRM report as most of the key findings are daily operations and requires internal controls within the environment, and ICT should be roped in to work close with HR in sorting out the biometrics system in terms of the specification. 2. That a comprehensive 2022/23 audit action plan be made available to the members for in addressing the issues coming from the AGSA.
SCM QUARTERLY REPORT	3. That Management to expedite electronic performance management system in order to make processes easy in terms of cascading IPMS to lower levels. 4. That the committee is also concerned about the fleet control environment which displays weaknesses and Management should devise means to improve the situation. 1. That deviations report be detailed to give clarity on areas of vulnerability within which deviations utilised 2. That Management to come up with ways of addressing increase on irregular expenditure as it gradually increases compared to Q1.
ICT GOVERNANCE REPORT	That Management when preparing for the 2024/25 financial year SDBP to switch the targets and address the areas of concern as to how it become central in supporting the operation of the organisation and what is being automated and improved in terms of the SOP to improve service delivery.
SPECIAL AUDIT COMMITTEE MEETING - 27 FEBRUARY 2024	
2023/24 ADJUSTED BUDGET	That in terms of disaster management grant, supply chain processes be hastened in order to be able to request additional shortfall, should there be an opportunity to do such.
2023/24 ADJUSTED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN	That Management takes into consideration the comments made by the committee for further processing relating to inconsistencies on KPAs 1 and 2 and under reporting on KPA 3.
ORDINARY AUDIT COMMITTEE - 23 APRIL 2024	
RISK MANAGEMENT ACTIVITIES - Q3	1. That to prepare the strategic risk register in the second quarter as it will offer a clear view and valuable insight into the planned action steps and ratings. 2. That the Municipality consider having an independent person to manage the fraud prevention for public assurance and explore cost-effective outsourcing options for managing the polling effectively. 3. That the Municipality should consider cyber risk insurance as a way to reduce the threat of system hacking in response to the cyber assessment.
ICT GOVERNANCE REPORT	That the Municipality should consider cyber risk insurance as a way to reduce the threat of system hacking in response to the cyber assessment.

SPECIAL AUDIT COMMITTEE MEETING - 25 AUGUST 2023	
INTERNAL AUDIT REPORT ON THE REVIEW OF ANNUAL FINANCIAL STATEMENT (AFS) AND AFS - 2022/23	That the Municipal Manager made a commitment that outstanding unpaid salary of the deceased will be paid following the consultation processes. That the Chairperson supported by all members recommended that annual financial statements be tabled to Council for approval and endorse submission to AGSA. That the committee recommends 2022/23 annual performance report be presented to Council for approval endorse submission to AGSA.
INTERNAL AUDIT REPORT ON REVIEW OF ANNUAL PERFORMANCE REPORT (APR) AND APR - 2022/23	That the committee notes progress status on the 2022/23 draft annual report.
ORDINARY AUDIT COMMITTEE MEETING - 01 NOVEMBER 2023	
INTERNAL AUDIT QUARTERLY PERFORMANCE REPORT	That Municipality to engage with various SETAs to get more capacity (internship).
COMPLETED INTERNAL AUDIT PROJECTS	That IA must ensure all reports are signed off before tabling them to the Committee.
AUDIT AND PERFORMANCE COMMITTEE AUDIT CHARTER REVIEW 2023/24	That CAE to clarify item 7.1 before the audit and performance charter is signed off.
RISK MANAGEMENT ACTIVITIES Q1	That the committee notes the report on risk management activities and the risk committee chairperson share his report with the committee in future meetings.
LITIGATION QUARTERLY REPORT	1. That the report be improved in terms of prospects of success on each of the litigation matters as well as financial impact 2. That labour related matters be integrated within the litigation report.
SECTION 52 D REPORT AND SCM REPORT	1. That the committee notes section 52d and SCM report with improvement on reporting in respect of explanations for significant variances and matters relating to property transfers. 2. That the SCM report be extracted to stand alone in future meetings.
ICT GOVERNANCE REPORT	That attraction of interns is encouraged in order for the unit to be fully capacitated 1. That the report be restructured to show the sequences in terms of UIFAW/E mechanisms for recovery, matters that are before the Council in terms of write offs and what is currently being investigated by MPAC.
MPAC REPORT ON STATUS OF UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE	

APPENDIX J

DISCLOSURE OF FINANCIAL INTEREST

Councillors and officials have declared the business interest for this current financial year in order to improve transparency and accountability in Supply Chain Management.

Designation (Senior Managers/S56 officials)	Disclosure of Financial interest (Yes/No)
Municipal Manager	Yes
Director Corporate Services	Ye
Acting Director Technical Services	Yes
Director Local Economic Development and Spatial Planning	Yes
CFO	Yes

APPENDIX K : REVENUE COLLECTION PERFORMANCE

K(i) Revenue Collection Performance by vote

K (ii) Revenue Collection Performance by Source

Financial Summary		R'000							
Description	2022/2023	Current Year 2023/2024	2023/2024 Variance to Actual						
				Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
Financial Performance: Revenue:	Property Rates	24,530,102.00	42,561,718.00	42,561,718.00	21,083,233	49,48%	49,48%		
	Service Charges	1,554,321.00	1,582,191.00	1,582,191.00	1,863,370.00	118%	118%		
	Sale of Goods and Rendering of Services	290,720.00	4,813,922.00	4,761,160.00	600,759.00	13.36%	13.34%		
	Agency services	413,141.00	581,509.00	581,509.00	408,703.00	70.28%	70.28%		
	Interest from Current and Non-Current Assets	5,568,978.00	6,224,397.00	6,224,397.00	6,925,421.00	111.26%	111.26%		
	Rental from Fixed Assets	1,047,963.00	754,826.00	754,826.00	1,170,686.00	155.09%	155.09%		
	Operational Revenue	2,866,241.00	52,762.00	52,762.00	979,989.00	1857%	1857%		

Financial Summary						
R'000						
Description	2022/2023	Current Year 2023/2024			2023/2024 Variance to Actual	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjusted Budget
License and permits	1,162,171.00	2,568,699.00	2,568,699.00	323,550.00	49.54%	49.54%
Transfer recognized operational	133,681,570	137,211,000.00	165,524,430.00	151,353,850.00	114%	92%
Interest	2,393,384.00	5,463,327.00	5,463,327.00	2,455,254.00	44.94%	44.94%
Total Revenue (excluding capital transfer and contribution)	174,508,591.00	201,814,351.00	230,075,019.00	187,164,815.00	93%	81%

APPENDIX L : CONDITIONAL GRANTS RECEIVED : EXCLUDING MIG

Description	2022/2023	Current Year 2023/2024	Adjusted Budget	Actual	2023/24 Actual Variance to Budget	Adjusted Budget
Transfer recognized operational	133,681,570	137,211,000.00	165,524,430.00	151,353,850.00	114%	92%

Appendix M(I) : Capital Expenditure – New Assets Programme.

Asset Management:	2022/23	Current Year 2023/2024	Adjusted Budget	Actual	2023/2024 Actual Variances to Budget	Adjusted Budget
Asset register summary (WDV)	305,507,693	320,233,048	245,611,290	305,507,693	95%	124%
Depreciation & Asset Impairment	16,318,685.00	41,366,091	21,203,976	18,218,811.00	46%	82%
Renewal of Existing Assets	0.00	0.00	0.00	0.00	0.00	0.00

M(ii): Capital Expenditure – Upgrade/Renewal Programme .

Capital Budget, Expenditure & Funds Sources:	2022/2023 Actual	Current Year 2023/2024 Original Budget	Adjusted Budget	Actual	2023/2024 Variance s to Actual	Adjusted Budget
					Original Budget	
National Government	35,578,713	39,505,762	42,758,087	31,698,431	107%	100%
Internally generated funds	6,092,000.00	9,477,316.00	10,518,312	7,378,572	77.8%	70.1%
Total Capital Budget	41,670,713	45,592,316	53,387,324	39,077,183	70%	66.8%

APPENDIX P : SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

SCHOOL NAME	EMIS	CIRCUIT
NTSINEKANA PRIMARY	200200854	14
SAKHISIZWE	200200741	15
P/S		
RESHWA	200200729	15
P/S		
THABISILE	200200832	14
P/S		
KNIGHT MARAMBANA HIGH	200200322	14
RODE P/S	200200732	17
POLE P/S	200200692	17
MARINANA		17
P/S		
JAMA HIGH		16
LABOBE J/S	200200348	16
VUYOLWETHU	200200892	16
P/S		
MHLANGANISO	200200480	16
P/S		
HM MAKINANA		15
ALFRED GIBA	200200005	15
HOYI		16
TSHILIZA P/S	200200856	17
NDABAZANDILE		16
NJOKWENI		16

2023/24 KEY PERFORMANCE INDICATORS**KPA 1: Organizational Transformation and Institutional Development**

Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	31	20	65%	To be finalized in 2024/25 FY
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	1	0	0%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least Skill development training course within the FY	2	2	100%	
4	Percentage of Managers in Technical Services with a professional qualification	3	2	66,7%	

Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
5	Level of PMS effectiveness in the DM – (DM to report)	The municipality has cascaded the PMS to the level of Managers and practitioners and the reviews are conducted quarterly		
6	Level of effectiveness of PMS in the LM – (LM to report)			
7	Adoption and implementation of a HRD including Workplace Skills Plan	In place and implemented		
8	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	0	0	0%
9	Percentage of councilors who attended a skill development training within the current 5 year term	25	17	68%
10	Percentage of staff complement with disability	10	0	0%

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
11	Percentage of female employees	16	22	137.5%	
12	Percentage of employees that are aged 35 or younger	35	10	28.6%	

KPA 2 : Basic Service delivery performance highlights

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
2	Percentage of indigent households with access to free basic	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality

Annual performance as per key performance indicators in sanitation services (DISTRICT FUNCTION)

potable water	3	Percentage of clinics with access to potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
	4	Percentage of schools with access to potable water	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality
	5	Percentage of households in formal settlements using buckets	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality	This function is rendered by District Municipality

Indicator name	Total number of household/customer expected to benefit	Estimate of d backlogs (actual numbers)	Target set for the f. year under review	Number of HH/cust omer reached	Percentage of achievement during the year
1	Percentage of households with access to sanitation services	District function	District function	District function	District function
2	Percentage of indigent households with access to free basic sanitation services	District function	District function	District function	District function
3	Percentage of clinics with access to sanitation services	District function	District function	District function	District function

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
4	Percentage of schools with access to sanitation services	District function	District function	District function	District function	District function

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	66 227	14906	20km	22004 (ward population)	20km
2	Percentage of road infrastructure requiring upgrade	66 227	446.5 km	32.8km	18.8km	57%
3	Percentage of planned new road	66 227	14906	20km	22004 (ward population)	20km

Annual performance as per key performance indicators in housing and town planning services

Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households with access to refuse removal services	357	Not collecting in rural areas	357	100%
2	Existence of waste management plan	IWP has been adopted by the Council and subsequently submitted to the Department of Economic Development and Environmental Affairs for endorsement.			

Annual performance as per key performance indicators in waste management services

4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	66 227	-	-	-	92%
	infrastructure actually constructed					

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	Percentage not available, however the municipality has one (1) informal settlement in Hamburg with approximately 132 beneficiaries	132 beneficiaries	132 beneficiaries	Unknown, until a profiling is done	100%
2	Percentage of informal settlements that have been provided with basic services	Unknown as the district is responsible for water and sanitation. No refuse service is provided	132 beneficiaries	None	None	N/A
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	Info not available as no official profiling and verification has been done	Unknown	None	None	None
4	Existence of an effective indigent policy	Yes				
5	Existence of an approved SDF	There is an approved 5 year MSDF				
6	Existence of Land Use Manageme	Wall to wall Land Use Scheme approved and adopted by Council in May 2022				

nt System	(LUMS)	

KPA 3 : Municipal Local Economic Development and Spatial Planning
Annual performance as per key performance indicators in LED

Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Existence of LED unit	Fully Established LED unit
2	Percentage of LED Budget spent on LED related activities.	Percentage of LED Budget spent on LED related activities.	100%
3	Existence of LED strategy	THE MUNICIPALITY HAS AN EXISTING LED STRATEGY.	
4	Number of LED stakeholder forum meetings held	Number of LED stakeholder forum meetings held	Four of Ngqushwa Agricultural forums held by 30 June 2022
5	Plans to stimulate second economy	Plans to stimulate second economy	Implementation of LED strategy
6	Percentage of SME that have benefited from a SME support program	Percentage of SME that have benefited from a SME support program	Ten SMEs
			Target Achieved

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		support program		
7	Number of job opportunities created through EPWP	320 job opportunities	320 job opportunities created	100%
8	Number of job opportunities created through PPP	-	-	-

KPA 4: Municipal Financial Viability and Management

Annual performance as per key performance indicators in financial viability

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R37,180,948	R 34,383,621	92%
2	Salary budget as a percentage of the total operational budget	R101,252,413	101,962,788	100%
3	Trade creditors as a percentage of total actual revenue	R10,442,552	R8,571,361	82%
4	Total municipal own revenue as a percentage of the total actual budget	R65,203,648	R40,822,964	63%

KPA 5 : Good Governance and Public Participation

Annual performance as per key performance indicators in Good Governance and Public Participation.

5	Rate of municipal consumer debt reduction	R27,872,979	R31,434,434	112%
6	Percentage of MIG budget appropriately spent	R28,698,431	R28,698,431	100%
7	Percentage of MSIG budget appropriately spent	N/A	N/A	N/A
8	AG Audit opinion	Unqualified Audit Opinion with findings	Unqualified Audit Opinion with findings	
9	Functionality of the Audit Committee	Functional	Functional	
10	Submission of AFS after the end of financial year	Submitted	Submitted	

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	100%	100%	100%
2	% of ward committees that are functional	100%	100%	100%
3	Existence of an effective system to monitor CDWs	The performance of CDWs is monitored directly by Department of Cooperative Governance and Traditional Affairs, however, the office of the Speaker gives support to CDWs.		
4	Existence of an IGR strategy	The municipality is currently developing IGR Strategy with assistance of EC COGTA		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
5	Effective of IGR structural meetings	Yes		
6	Existence of an effective communication strategy	Yes		
7	Number of mayoral imbizos conducted	Yes	2	2
8	Existence of a fraud prevention mechanism	The municipality has a fraud prevention plan and the fraud awareness workshop which is part of risk assessment workshop that is conducted on an annual basis. Quarterly fraud awareness posters are distributed on all municipal buildings.		

