2023/2024

FINANCIAL YEAR

FINAL ANNUAL REPORT (2023/2024)

January 2025

Contents

LIST OF FIGURES

Contents

LIST OF TABLES

Contents

Contents

Contents

LIST OF ABBREVIATIONS & ACRONYMS

ABBREVIATION	DEFINITION
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor General South Africa
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
AOPO	Audit of Predetermined Objectives
B-BBEE	Broad Based Black Economic Empowerment
BTO	Budget and Treasury Office
CBD	Central Business District
CFO	Chief Executive Officer
CHDM	Chris Hani District Municipality
CIA	Chief Internal Auditor
COAF	Communication of Audit Finding
CoGTA	Cooperative Governance and Traditional Affairs
CPMD	Certificate Programme in Municipal Department
CWP	Community Works Programme
DA	Democratic Alliance
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DFFE	Department of Forestry, Fisheries, and the Environment
DIMAFO	District Mayor's Forum
DoE	Department of Education
DoL	Department of Labour
DORA	Division of Revenue Act
DoT	Department of Transport
DSRAC	Department of Sport, Recreation, Arts and Culture
EE	Employment Equity
EFF	Economic Freedom Fighters
EPMDS	Employee Performance Management and Development System
EPWP	Expanded Public Works Programme
FBAE	Free Basic Alternative Energy
FBE	Free Basic Energy

ABBREVIATION	DEFINITION
FMG	Finance Management Grant
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HRM	Human Resource Management
ICT	Information and Communication Technology
ID	Identity Document
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
INEP	Integrated National Electrification Programme
ITP	Integrated Transport plan
IWMP	Integrated Waste Management Plan
IYM	Intsika Yethu Municipality
KPA	Key Performance Area
KPI	key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education & Training Authority
LLF	Local Labour Forum
LSDF	Local Spatial Development Framework
MDG	Millennium Development Goal
MDR	Municipal Disaster Grant
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MSP	Master Systems Plan
MTSF	Medium Term Strategic Framework
MuniMEC	Municipalities and Members of the Executive Committee
NEMA	National Environmental Management Act
NLTA	National Land Transport Act
NQF	National Qualifications Framework
OHS	Occupational Health and Safety
OMM	Office of the Municipal Manager

Contents

ABBREVIATION	DEFINITION
OTP	Office of the Premier
PAC	Pan African Congress
PMS	Performance Management System
POE	Portfolio of Evidence
PPE	Property, Plant and Equipment
PPPFA	Preferential Procurement Policy Framework Act
PPR	Preferential Procurement Regulations
RAMS	Road Assessment Management Report
RDP	Reconstruction and Development Programme
SAMTRAC	Safety Management Training Course
SASSA	South African Social Security Agency
SAYM	Southern African Youth Movement
SCM	Supply Chain Management
SDA	Skills Development Act
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SPCA	Society for the Prevention of Cruelty to Animals
SPLUMA	Spatial Planning and Land Use Management Act
SPU	Special Programmes Unit
StatsSA	Statistics South Africa
STI	Sexually Transmitted Infections
UDM	United Democratic Movement
UIF	Unauthorised, Irregular & Fruitless
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
UPS	Uninterrupted Power Supply
VTS	Vehicle Testing Station

Contents

CONTENTS

Contents

Contents

Contents

Contents

Contents

REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the Municipal Finance Management Act (MFMA) Circular No. 11, issued in January 2005.

This template effectively translates the legal framework requirements, concepts, and principles espoused in the White Paper on Local Government and Improving Government Performance into actionable measures. It reflects the ethos of public accountability and provides the necessary information for better monitoring and evaluation of government programmes to support policy decision-making. Moreover, it offers a comprehensive overview of municipal affairs by amalgamating Performance Report data mandated under the Municipal Systems Act (MSA) Section 46 with Annual Report data specified in both the MSA and the MFMA.

In its revised form, the template strengthens its impact by establishing vital connections with key municipal documents, including the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP), Budget Reforms, In-year Reports, Annual Financial Statements, and Performance Management information. This integration of processes and formats ensures comprehensive coverage and coherence.

The revised template relates to the Medium Term Strategic Framework (MTSF), particularly through the IDP strategic objectives, the cross-cutting nature of services offered by different spheres of government, municipal service outcome indicators, and the contextual material as set out in Chapters 3, 4, and 5. It also provides information on good management practice in Chapter 4, risk management in Chapter 2, and Supply Chain Management in Chapter 5, while addressing the Auditor-General's Report concerning Financial and Performance Management arrangements in Chapter 6. This opens up greater possibilities for financial and non-financial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including anti-corruption strategies, disclosure of financial interests by officials and councillors, the disclosure of grants by external parties, and the disclosure of loans and grants by municipalities. Furthermore, the appendices provide detailed insights, including disaggregated information on municipal wards, among others. Throughout the template, explanatory notes are included to assist compilers in understanding the diverse information requirements effectively.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year;
- Year 0: The financial year of reporting;
- Year 1: The following year, which mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

Preface

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial, and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury July 2012

Chapter 1

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

I take great pleasure in introducing the Annual Report for the 2023/24 financial year. This Annual Report highlights the achievements and challenges experienced by the Intsika Yethu Municipality (IYM) during the year under review. The Municipality takes pride in serving the community as an extension of good governance and making decisions in the best interests of the people of Intsika Yethu. The report is honest about our challenges and achievements. I am confident that with the existing leadership and the collective wisdom of other political parties in the Council, as well as the Administration, these challenges are not insurmountable.

It is recognised that continued efforts must be made to maintain and improve performance in all areas. Every effort must be made to foster a culture of service delivery and to maintain and enhance sound fiscal and administrative functioning at all costs. We will endeavour to ensure that the Municipality continues to perform, while providing the community with the required and expected levels of service delivery, local economic development, infrastructure development, fiscal control and sustainability, and good governance across all spheres. Every effort will be made to meet and sustain community needs at all identified levels.

The Municipality's focus as an institution is guided and driven by the IDP, which is initially developed as a five-year plan aligned with the current term of office. This plan is revised and updated annually, taking into account current resources and detailing annual strategic objectives. The strategic goals and priorities are cascaded into the strategic and operational plans of all directorates, as well as related employee scorecards. By doing so, it ensures that continuous efforts are made at all times to achieve the required targets and desired outcomes.

The Municipality faces daily challenges due to inadequate infrastructure and limited financial resources, which greatly impact its capacity to provide and enhance its service delivery. These obstacles are evident in its service delivery initiatives, prompting earnest efforts to enhance performance across all levels.

When striving to achieve service delivery targets and deliverables, it is imperative to consider the Municipality's financial performance alongside our ability to adhere to a comprehensive set of municipal legislation. This report aims to affirm the collaborative endeavours of the municipal Administration and Council in continuously addressing the expectations of our community. The IYM remains committed to being assessed by our capacity to fulfil the increasing requirements of our residents by providing quality services, fostering economic development, upholding fiscal discipline, ensuring efficient governance, and fostering the overall advancement of our municipality.

I extend my gratitude to our political leadership and dedicated staff, under the guidance of the Municipal Manager, for their unwavering commitment to maintaining administrative stability within our municipality.

30/01/2025

CLLR K. MDLELENI **DATE**

MAYOR

T 1.0.1

Chapter 1

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

This Annual Report records the progress made by the IYM in fulfilling its objectives, as reflected in the IDP, the Budget, and the SDBIP. It also outlines the challenges and priorities for 2023/24.

The year under review was significant for the IYM, marked by notable improvements and advancements in municipal services and activities, including:

- Meeting of statutory reporting frameworks
- Improved governance control and accountability
- roved governance control and accountability
- Stabilisation of administration, resulting in the establishment of a professional management team
- Enhanced intergovernmental relations and accountability
- Improved internal controls, both financial and non-financial, playing a role in the audit.

As the accounting officer of the Municipality, this report is compiled in accordance with the Local Government: MSA, No. 32 of 2000; the Local Government: MFMA, No. 56 of 2003; as well as the National Treasury Circular that outlines Annual Report guidelines.

The Municipality remains steadfast in implementing the audit action plan to ensure better results in the audit opinions. While the AG raised certain matters requiring attention, appropriate measures have been taken, and plans are in place to prevent their recurrence in the future.

The Municipality is in a strong financial position to withstand any future financial challenges that may arise. The Municipality's Human Resource team is well-equipped to address potential threats, as the employees work together as a cohesive unit and prioritise long-term goals.

On behalf of the Municipality, I would like to thank the members of the community for their active participation in the outreaches and various programmes conducted by the Municipality throughout the year.

We have diligently worked towards achieving all milestones outlined by both the Municipality and Provincial Government, encompassing the IDP and Risk Management. Comprehensive risk assessment processes were undertaken, leading to the development of mitigating strategies to address key strategic risks identified and assessed. A detailed account of these strategic risks and their corresponding mitigation measures is presented in Chapter 2 of this document. The compilation of the Annual Financial Statements and Annual Report is not only aimed at aesthetic appeal but also serves as a valuable repository of information about the Municipality and its broader impact on Intsika Yethu.

The Office of the Municipal Manager expresses its sincere gratitude to the honourable Mayor and Council for their unwavering support in financial matters. We also extend our heartfelt thanks to all Heads of Departments and staff for their commitment and tireless efforts aimed at improving the lives of our communities.

30/07/2025

Mr. M. MABONO **DATE**

MUNICIPAL MANAGER

T 1.1.1

Chapter 1

1.1.1 DEMOGRAPHIC ANALYSIS.

1.1.1.1 Population from 1996-2001-2011-2022

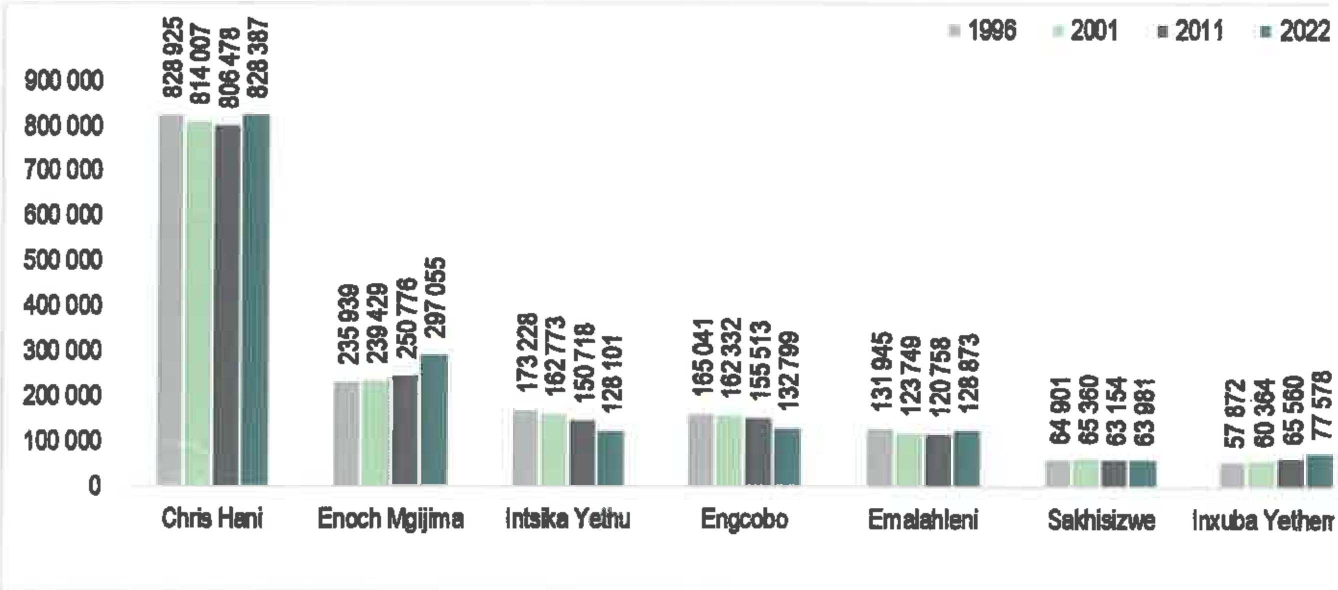
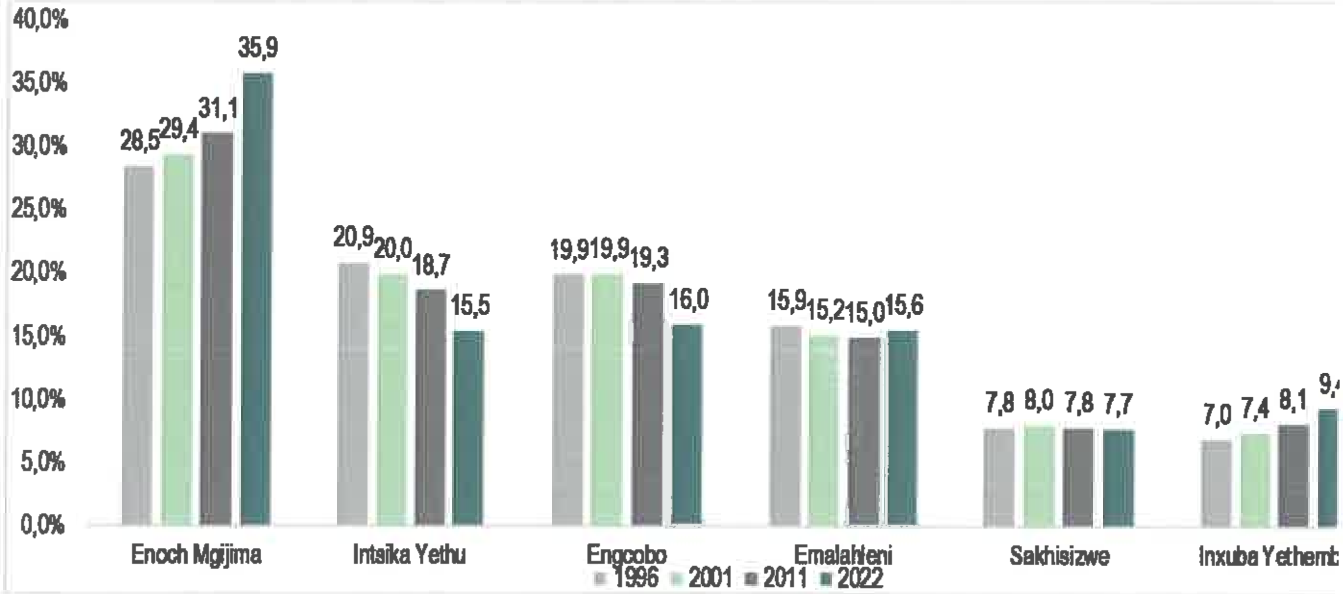


Figure 1: Population from 1996–2001–2011–2022

Total population

Intsika Yethu, Chris Hani, Eastern Cape and National Total, 2006-2022 [Numbers percentage]



Source: StatsSA Census

Figure 2: Total population

With 128 101 people, the IYM housed % of South Africa's total population in 2022.

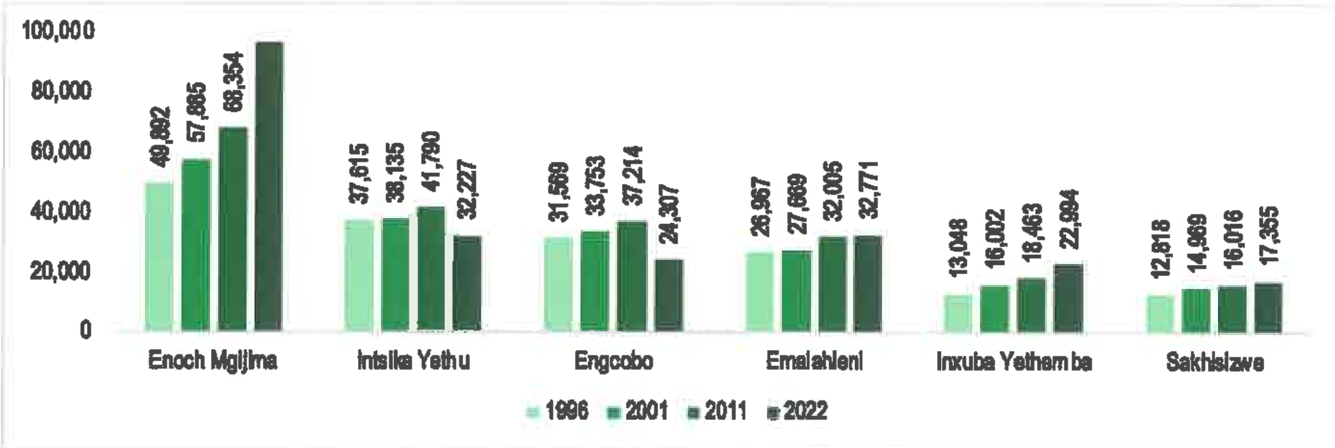


Figure 3: Percent of population housed by IYM

When compared to other regions, IYM accounts for a total population of 128 101 of the total population in CHDM ranking in 2022.

Chapter 1

Ranking (Municipality)

Table 1: Ranking (Municipality)

Name	Population size	Rank
Enoch Mgijima Municipality	297 055	1
Engcobo Municipality	132 799	2
Emalahleni Municipality	128 873	3
Intsika Yethu Municipality	128 101	4
Inxuba Yethemba Municipality	77 578	5
Sakhisizwe Municipality	63 981	6

Table 2: IYM population attributes

Name	2022	2011
Total population	128 101	150 718
Young children (0-14 years)	31,6%	36,2%
Working age population (15-64 years)	55,9%	53,8%
Elderly (65+ years)	12,5%	10,1%
Dependency ratio	78,9	86,0
Sex ratio	94,4	89,8
No schooling (20+ years)	10,4%	13,8%
Higher education (20+ years)	5,1%	5,0%
Number of households	32 227	41 790
Average household size	4,0	3,6
Formal dwellings	63,4%	33,7%
Flush toilets connected to sewerage	31,9%	3,1%
Weekly refuse disposal service	29,4%	2,8%
Access to piped water in the dwelling	30,3%	2,4%
Electricity for lighting	96,1%	64,3%

1.1.2 POPULATION BY WARD.

According to the 2022 Census by Statistics South Africa (StatsSA), the following wards in Intsika Yethu have the most inhabitants: -

Source: Statistics South Africa * the wards shown are ranked by number of inhabitants

1.1.3 POPULATION BY GROUP TYPE (BLACK AFRICAN, INDIAN/ ASIAN, COLOURED, AND WHITE)

Table 3: Population by group

No	Time Series	Geo Level	Geo Level Value	Label	Counts	Percentage
1	Census 2022	Municipality	Intsika Yethu	BLACK AFRICAN	126 734	98,9%
2	Census 2022	Municipality	Intsika Yethu	COLOURED	255	0,2%
3	Census 2022	Municipality	Intsika Yethu	INDIAN/ASIAN	224	0,2%
4	Census 2022	Municipality	Intsika Yethu	WHITE	164	0,1%
5	Census 2022	Municipality	Intsika Yethu	OTHER	705	0,6%
TOTAL					128 101	

1.1.4 POPULATION BY SEX

Table 4: Population by sex

No	Time Series Desc	Geo Level	Geo Level Value	Label	Counts	Percentage
1	Census 2022	Municipality	Intsika Yethu	MALE	62 202	48,6%
2	Census 2022	Municipality	Intsika Yethu	FEMALE	65 899	51,4%

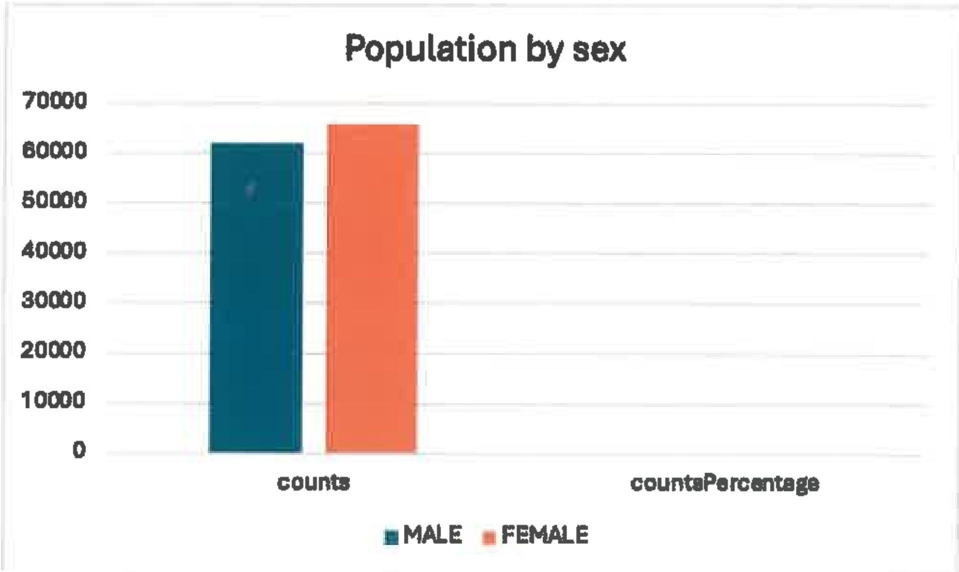


Figure 4: Population by sex

Chapter 1

1.1.5 POPULATION BY SEX & AGE GROUP

Table 5: Population by sex and age group

No	Time Series Desc	Geo Level	Geo Level Value	label	Males	Percentage Males	Females	Percentage
1	Census 2022	Municipality	Intsika Yethu	85+	316	0.2	1 193	0,9
2	Census 2022	Municipality	Intsika Yethu	80-84	590	0.5	1 371	1,1
3	Census 2022	Municipality	Intsika Yethu	75-79	998	0.8	1 628	1,3
4	Census 2022	Municipality	Intsika Yethu	70-74	1 578	1.2	2 541	2
5	Census 2022	Municipality	Intsika Yethu	65-69	2 379	1.9	3 399	2,7
6	Census 2022	Municipality	Intsika Yethu	60-64	2 747	2.1	4 032	3,1
7	Census 2022	Municipality	Intsika Yethu	55-59	2 391	1.9	3 835	3
8	Census 2022	Municipality	Intsika Yethu	50-54	2 259	1.8	3 453	2,7
9	Census 2022	Municipality	Intsika Yethu	45-49	2 759	2.2	3 155	2,5
10	Census 2022	Municipality	Intsika Yethu	40-44	2 905	2.3	2 853	2,2
11	Census 2022	Municipality	Intsika Yethu	35-39	3 694	2.9	3 288	2,6
12	Census 2022	Municipality	Intsika Yethu	30-34	4 025	3.1	3 505	2,7
13	Census 2022	Municipality	Intsika Yethu	25-29	4 395	3.4	3 801	3
14	Census 2022	Municipality	Intsika Yethu	20-24	4 157	3.2	3 441	2,7
15	Census 2022	Municipality	Intsika Yethu	15-19	6 021	4.7	4 897	3.8
16	Census 2022	Municipality	Intsika Yethu	10-14	7 591	5.9	6 670	5,2
17	Census 2022	Municipality	Intsika Yethu	5-9	6 706	5.2	6 277	4,9
18	Census 2022	Municipality	Intsika Yethu	0-4	6 691	5.2	6 559	5.1

1.1.6 POPULATION AGE COHORTS.

Population pyramid – IYM vs. South Africa, 2022 [Percentage]

1.1.7 POPULATION BY LEVELS OF EDUCATION.

Table 6: Attendance at an educational institution (5–24 years)

No	Time Series Desc	Geo Level Desc	Geo Level Value Desc	label	Counts	Percentage
1	Census 2022	Municipality	Intsika Yethu	Yes	34 744	79,4
2	Census 2022	Municipality	Intsika Yethu	No	9 004	20,6

Highest level of education: age 15+ - IYM, 2022 [Percentage]

Name	Frequency	%
No Schooling	7 472	10,4%
Some Primary	15 392	21,4%
Completed Primary	5 388	7,5%
Some Secondary	28 216	39,2%
Grade 12/Std10	11 627	16,1%
Higher Education	3 683	5,1%
Other	245	0,3%

Source: StatsSA 2022

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

The IYM consists of two towns – Cofimvaba and Tsomo – and 213 villages. It is located within the Chris Hani District Municipality (CHDM) and is bordered by the municipalities of Sakhisizwe, Amahlathi, Mnquma, Emalahleni, and Enoch Mgijima. Cofimvaba and Tsomo serve as the main towns of the Municipality, where the majority of inhabitants reside in rural villages scattered throughout the area. The Municipality prides itself on having the best agricultural resources in the country, featuring no fewer than three irrigation schemes: Ncora, Qamata, and Bilatye. The dominant home languages are isiXhosa and English, with a large number of isiXhosa speakers found in the region.

With a population of 153 000, IYM makes up 18,2% of the total population in the CHDM, establishing itself as the most populous local municipality in 2016. Notably, the relative size of Intsika Yethu remained consistent compared to other regions from 2006 to 2016.

T 1.2.1

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Annual Performance Report summarises the Municipality's performance during the **2023/24** financial year.

The institution was required to deliver on **128** targets, of which **115** have been achieved, **six** have been partially achieved, and **seven** have not been achieved.

The average performance of the Municipality for the 2023/24 financial year stands at 90%. ***This represents a slight improvement compared to the 89% achieved in 2022/23.***

Some targets were not achieved for various reasons, which are outlined by department and Key Performance Area (KPA) in the detailed 2023/24 Annual Performance Report.

Refer to Component K for a comprehensive performance report.

T 1.3.1

COMMENT ON ACCESS TO BASIC SERVICES:

During 2023–2024, several targets were not met due to various reasons, as outlined in Component K, along with the corresponding corrective actions taken. Furthermore, some targets have been deferred to the 2024/25 financial year.

T 1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Refer to Component K and Chapter 5 for a detailed performance report.

T 1.4.1

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE
For more details, please refer to the information provided in Chapter 4 of this document.
T 1.5.1

1.6. AUDITOR GENERAL REPORT

AUDITOR-GENERAL REPORT: YEAR 2023/24 (CURRENT YEAR)
Qualified Audit Opinion 2023/24.   Steps taken to improve the Audit Opinion include: - Development of a practical audit action plan to address root causes, along with diligent monitoring.   - Rectification of prior-year errors.   - Filling critical vacant positions within the institution.   - Implementation of approved policies and reinforcement of internal controls.
T 1.6.1

COMMENT ON THE ANNUAL REPORT PROCESS:

The Annual Report process for the year under review has been developed. If the process outlined in Circular No. 63 of the MFMA is followed, the Annual Report can add value to the IDP, Performance Management System (PMS), and Budget planning process for the following year, as well as oversight by the Municipal Public Accounts Committee (MPAC) on reported deliverables by communities and achievement targets reached.

T 1.7.1.1

Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The IYM Council completed its term in October 2021, with the newly elected Council assuming office in November 2021 to continue serving the community's mandate. Annual Reports have been prepared, slated for presentation to the Council, stakeholders, and other levels of government. As part of its commitment to transparency, good governance, and accountability, the Council is tasked with developing a comprehensive closeout report that provides a detailed account of achievements and challenges during its tenure. This report not only reviews accomplishments and challenges but also reflects on lessons learned. Subsequently, it will be handed over to the incoming Council after the local government elections, aligning with the principles of transparency and accountability and underscoring the significant work accomplished during the term.

Vision:

A developmental oriented municipality where all communities enjoy a high quality of life.

Mission:

Will strive to create sustainable and better services for all through economic growth and clean governance.

Values:

The IYM, in consultation with its local communities, as part of its Council and IDP representative processes, adopted the following set of values, in line with the above: -

(a) V – Vibrant
(b) U – Unity
(c) Y – Yield
(d) I – Integrity
(e) S – Sustainability
(f) I – Inclusivity
(g) L – Loyalty
(h) E – Empowerment
(i) M – Motivated
(j) I – Ingenuity
(k) N – Neat
(l) I – Idealistic

Chapter 2

The values of IYM are rooted in the legacy of our revered struggle hero, Vuyisile Mini. These values serve as guiding principles for how the Municipality fulfils its mandate and interacts with its constituents, who are the ultimate beneficiaries of development and service delivery.

Five Year IDP Strategic Objectives (KPAs)

- Basic Service Delivery and Infrastructure
- Local Economic Development
- Municipal Financial Viability and Management
- Municipal Transformation and Organisational Development
- Good Governance and Public Participation

The Municipal Council should develop this report to ensure comprehensive outreach to the entire population, highlighting both achievements and ongoing challenges. This report serves as a crucial baseline, providing insight into the current status, backlogs, and statistical data essential for future planning. Additionally, it serves as a compelling business case for securing additional funding for further development of the area. Furthermore, the report will be handed over to the incoming Council, aligning with the developmental duties and objectives of local government, and facilitating the assessment of the implementation of local government powers and functions.

T 2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

The Constitution of the Republic of South Africa (Act 108 of 1996) stipulates that a Council must be elected to office for a five-year term, with voting conducted using the voters' roll. Following the local government elections of 2021, the Council was elected as a deliberate political body. The African National Congress (ANC) secured the majority of seats, followed by the Economic Freedom Fighters (EFF), the Democratic Alliance (DA), the Pan African Congress (PAC), and the United Democratic Movement (UDM). Additionally, Traditional Leaders were allocated seats in the Council, as recognised by legislation.

INTRODUCTION TO POLITICAL AND ADMINISTRATIVE GOVERNANCE

Formal political and administrative frameworks and infrastructure have been established both internally and externally to facilitate operational performance effectively. This includes the development and updating of necessary policies, the implementation of political and administrative structures, the establishment of procedures and compliance protocols guiding day-to-day operations, and the creation of an infrastructure and support system. These measures collectively ensure that operations proceed in a sound and effective manner.

Efforts are consistently directed towards meeting community needs in an organised and structured manner, with a focus on achieving optimal levels of efficiency and effectiveness.

The operational focus of the IYM is guided by its strategic objectives outlined in its IDP. These objectives are initially translated into performance targets, which are reflected in the SDBIP. Subsequently, these targets are further cascaded into operational and management targets within the performance scorecards of each directorate. This structured process ensures that performance targets are systematically monitored and achieved over a defined period, adhering to prescribed methods. The successful attainment of these objectives is contingent upon the availability of resources, including operational, human, and financial resources.

The functions of the political arm include:

- Advocating for and safeguarding the community's needs, thereby enhancing the potential for an improved quality of life for all.
- Facilitating effective communication and involving all members of the community in decision-making, wherever practical and possible, to redefine the concept of a "people-centred government".

The functions of the administrative arm include:

- Ensuring the availability of adequate infrastructure (including human capital, resources, policies, and procedures) to support the achievement of strategic objectives through effective management and control of operations, service delivery, and compliance matters.
- Providing overall support and administrative functions to facilitate the smooth operation of the Municipality.

T 2.1.0

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

As per the MSA, No. 117 of 1988, the IYM operates under a **Council Executive System.** As illustrated in the diagram below, it functions as a democratically elected Category B municipality, with a structure comprising both elected Ward Councillors and Proportional Representative Councillors.

Councillors are assigned to Standing Committees, which convene quarterly to discuss and investigate raised issues. This approach enhances formal decision-making, as decisions are made within these committees by individuals with relevant knowledge and insight gained from initial discussions and debates. By participating in these Standing Committees, Councillors are better equipped to make informed decisions and offer appropriate recommendations to the Council for final approval as needed.

T 2.1.1

Chapter 2

Table 7: List of Executive Committee Members

NAME	PORTFOLIO	CONTACT NO.
1. Cllr K.F. Mdleleni	Mayor	073 219 5695
2. Cllr Y. Zicina	Speaker	072 110 4975
3. Cllr N. Ntsaluba	Chief Whip	078 340 2480
4. Cllr N. Mafanya	Portfolio Head (Community Services)	082 838 0490
5. Cllr B.D. Mpengesi	Portfolio Head (Corporate Services)	083 585 8562
6. Cllr M. Toni	Portfolio Head (Budget & Treasury)	072 110 4975
7. Cllr V. Matomela	Portfolio Head (LED)	072 110 4961
8. Cllr N. Nkota	Portfolio Head (Planning & Development)	072 975 8848
9. Cllr M. Skotana	Portfolio Head (Infrastructure)	063 422 3712
10. Cllr N. Mlokoti	Portfolio Head (Governance & Admin)	078 523 1884
11. Cllr L. Makade	MPAC Chairperson	083 787 5074
12. Cllr M. Yamile	Public Participation Chairperson	072 975 8813
13. Cllr N. Magaga	Women Caucus Chair	072 975 8866
14. Cllr S. Mthimkhulu	Rules Committee Chairperson	083 881 0146
15. Cllr X. Mini	Ordinary member	083 466 0702
16. Cllr L. Bomoyi	Ordinary member	083 390 9720
17. Cllr P. Magazi	Ordinary member	060 306 7166
18. Cllr N. Xoxo	Ordinary member	079 442 6255
19. Cllr N. Mdumata	Ordinary member	083 229 9334
20. Cllr V. Danster	Ordinary member	076 376 9662
21. Cllr N. Mcaleni	Ordinary member	078 391 8044

Table 8: Councillors per ward

NAME	WARD	CONTACT NO
Cllr N. Bani	1	073 4956 214
Cllr N.P. Gadeni	2	073 815 0793 / 060 549 8314
Cllr Z. Malusi	3	073 198 8482
Cllr S. Twani	4	073 970 3637
Cllr N. Nyandana	5	083 466 0702
Cllr Z. Cekiso	6	073 205 2870
Cllr L. Ngamlana	7	073 936 0021
Cllr M. Ngwane	8	078 810 2233
Cllr M. Mrwetyana	9	071 7183 427
Cllr S. Ndondo	10	069 1642 228
Cllr Nkosinathi General Mnqanqeni	11	073 439 8424
Cllr N. Jada *(deceased)*	12	083 0720 312
Cllr Nosakhele Sonkosi	13	060 567 9876
Cllr Malibongwe Gulubela	14	073 555 3971 / 060 546 7393
Cllr M. Mfamana	15	083 9432 783
Cllr N. Mzizana	16	083 7983 619

NAME	WARD	CONTACT NO
Cllr L. Mfana	17	078 3502 486
Cllr N. Mpofu	18	078 973 4260
Cllr N. Sindile	19	060 546 7407
Cllr Nokaya Monica Ludaka	20	063 505 0993 / 060 508 5965
Cllr Ncedeka Terezabeth Mgqamqho	21	083 962 2070 / 060 506 5126

COUNCILLORS

The Mayor, along with the Executive Committee, leads the executive arm of the Municipality. Positioned at the centre of governance, the Executive Mayor holds executive powers to oversee day-to-day affairs and carries overarching strategic and political responsibilities. In this model, executive power is delegated to the Executive Mayor by the Council, along with powers assigned by legislation. While accountable for the Municipality's strategic direction and performance, the Executive Mayor collaborates collectively with the Executive Committee.

T 2.1.2

POLITICAL DECISION-TAKING

As per Section 80 of the Local Government: Municipal Structures Act, No. 117 of 1998, if a Council has an Executive Committee, it has the authority to appoint committees of councillors under Section 79 to aid the Executive Committee or Executive Mayor. These Section 80 committees are permanent and focus on specific functional areas within the Municipality. In certain cases, they may be empowered to make decisions regarding specific functional issues. Their primary role is to provide advice to the Executive Committee on policy matters and to make recommendations to the Council.

2.1.1 Oversight Committees

MPAC and its functions

- Providing oversight over the administration and Executive Committee of the Council;
- Reviewing the Municipality's/municipal entity's quarterly, mid-year, and annual reports, and preparing an oversight report on the Annual Report for Council's consideration;
- Assisting the Council in maintaining oversight of the implementation of the Supply Chain Management Policy;
- Reviewing the financial statements and audit reports of the Municipality and municipal entities, with a focus on improvements from previous statements and reports;
- Assessing the extent to which recommendations from the Audit Committee and the Auditor-General (AG) have been implemented;
- Promoting good governance, transparency, and accountability in the use of municipal resources;
- Examining the Mid-Year Review documents in line with the IDP; and
- Recommending or conducting investigations within the committee's scope of responsibilities/area of competence.

Table 9: MPAC structure

NO	Member	Position
1.	Cllr L. Makade	Chairperson
2.	Cllr X. Mini	Member
3.	Cllr N. Jada *(deceased)*	Member
4.	Cllr N. Mnqanqeni	Member
5.	Cllr S. Twani	Member
6.	Cllr P. Magazi	Member
7.	Cllr V. Danster	Member
8.	Cllr Xoxo	Member
9.	Cllr Mcaleni	Member
10.	Cllr Sabata	Member
11.	Cllr Nyandana	Member
12.	Cllr Mgqamqho	Member

Table 10: The Audit Committee structure

NO	Member	Position
1.	Ms V. Hlehliso	Chairperson
2.	Ms F. Mushohwe	Member
3.	Mr C. Ngele	Member
4.	Ms A. Magwentshu	Member

Table 11: Structure of the sub-committees of the Audit Committee

PMS Committee Chairperson	Risk Committee Chairperson	ICT Committee Chairperson
Mr C. Ngele	Ms F. Mushohwe	Ms A. Magwentshu

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The Municipal Manager, as the Accounting Officer of the Municipality, is responsible for leading the administration. The role primarily involves serving as the chief custodian of service delivery and overseeing the implementation of political priorities. The Municipal Manager is supported by a management team, the structure of which is outlined in the table below:

Table 12: Municipal Manager's Team

Name of the Official	Department	Performance agreement signed
Mr M. Mabono	Municipal Manager	Yes
Mr K. Clock	Director: Infrastructure Planning and Development	Yes
Mr K. Roto	Director: Community Services Department	Yes
Mr S. Mbotshane	Director: Local Economic Development and Planning	Yes
Ms N. Combo	Chief Financial Officer (CFO): Budget and Treasury Department	Yes
Ms B. Zantsi	Director: Corporate Services Department	Yes
		T 2.2.1

NOTES

- In the Budget and Treasury Office, the former CFO, Ms. Bavu, left on 30 May 2023. Ms. N. Lwana served as acting CFO from 01 June 2023 to 30 December 2023.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

In accordance with Chapter 4 of the Local Government: MSA, No. 32 of 2000, a municipality is required to foster a culture of governance that complements formal representative government with a system of participatory governance. To achieve this, municipalities must encourage and create conditions for the local community to actively participate in municipal affairs.

The preparation of the IDP, PMS, and Budget requires extensive consultation and active involvement from communities, stakeholders, and all relevant parties to foster a shared understanding of municipal development and alignment. While municipalities are expected to establish participation structures, it is crucial to consider utilising existing arrangements and adapt them as necessary, avoiding duplication of mechanisms.

The IYM has established effective and efficient operational structures, including the IDP, PMS, and Budget Representative Forum, as well as the Budget Steering Committee.

T 2.3.0

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The IYM actively engages in national intergovernmental structures, collaborating with national institutions such as the Institute of Internal Auditors and participating in Cooperative Governance and Traditional Affairs (CoGTA) programmes such as capacity-building workshops.

Additionally, the Municipality's Internal Audit is registered with the Institute of Internal Auditors, with funds allocated in the budget to cover registration fees. This forum plays a vital role in strengthening the capacity of the Internal Audit Unit. Both Internal Audit and Risk Management have a standing invitation to weekly management meetings, where they present strategically impactful reports. The recommendations from these reports are subsequently implemented. The attitude of management in Internal Audit and Risk Management is formidable.

It is important to note that the support provided by national forums is primarily focused on capacity building rather than direct financial resources.

T 2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The Provincial Intergovernmental Structures play a crucial role in assisting the Municipality, especially concerning general governance and service delivery matters, as well as addressing issues raised through the Presidential Hotline.

The IYM actively participates in the provincial Municipalities and Members of the Executive Committee (MuniMec), provincial IDP assessments, and provincial Annual Report assessments. Additionally, the Municipality also participates in the provincial communication structure.

T 2.3.2

DISTRICT INTERGOVERNMENTAL STRUCTURES

The IYM actively participates in various district forums, including the District IDP, PMS, and Budget Representatives Forums, as well as the District IDP Planning and Coordination Forum, which usually convenes quarterly.

The IYM also engages in the District Mayor's Forum (DIMAFO), the District Communication Forum, and the District IGR (Intergovernmental Relations) Forum, all of which meet quarterly. Additionally, there is a District Chief Financial Officers Forum that addresses issues related to audits by the AG, financial matters such as Generally Recognised Accounting Practice (GRAP) compliance, and the implementation and compliance of the MFMA calendar.

Furthermore, the IYM is involved in several other district forums, including the District Engineering Forum, the District Speakers Forum, and the District Local Economic Development (LED) Forum, to name a few.

There is also a district Agricultural Stakeholder Forum and other related forums within the district. These district-level forums play a crucial role in aligning programmes to prevent duplication of services. They facilitate information sharing and capacity-building initiatives, further enhancing collaboration and effectiveness in service delivery.

T 2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

According to Section 16 (1) of the MSA, No. 32 of 2000, municipalities are mandated to establish a system of municipal governance that supplements formal representative governance with participatory governance. Additionally, Section 18 (1) of the MSA requires municipalities to provide their communities with information regarding municipal governance, management, and development.

Annually, formal opportunities are created to enable public input on organisational objectives and service delivery methods. Residents are provided with platforms to engage with information concerning service delivery, operational and financial performance, such as IDP and Budget meetings, SDBIP reporting, and Performance and Annual Reports, among others. This approach fosters the development of a "people-centred" organisation, where community needs are acknowledged and addressed through inclusive processes.

Participation is essential in various municipal functions, including:

- Preparation, implementation, and review of the IDP
- Establishment, implementation, and review of the PMS
- Monitoring and review of performance, including outcomes and impact
- Preparation of the municipal budget

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Historically, the Municipality has successfully adopted and implemented a Communication Plan and Strategy, with quarterly reports submitted to Council. The Public Participation Forum included Ward Committee members, Councillors, LED Forum members, the SPU, and government departments. Community information sessions and feedback were utilised to prioritise projects for each subsequent year. These priorities were then discussed within IDP and Public Representative Forum meetings, and the selected projects (both municipal and government-led) were tabled for consideration by Ward Committee members.

The Customer Care Officer and clerks are responsible for registering complaints in the Complaints Register.

Efforts to improve public participation and communication have involved the extensive use of various communication mediums, such as:

- Newspapers: Highlights are reported in newspapers such as the Daily Dispatch, Groundup, and The Rep.
- Broadcast media: Platforms like Vukani Community Radio are utilised for media activities such as advertising Mayoral Outreaches and other municipal programmes to reach the wider community.

T 2.4.1

WARD COMMITTEES

The purpose of a Ward Committee is to:

- Ensure the participation of the local community in municipal affairs;
- Facilitate effective communication between the Council and the community; and
- Assist the Ward Councillor with consultation and report-backs to the community.

Ward Committees are elected by the community they serve and are comprised of no more than 10 members, with representation from women and youth. The Ward Councillor serves as the chairperson of the committee. While Ward Committees do not possess formal powers, they provide advice to the Ward Councillor, who submits specific proposals directly to the Office of the Speaker. These committees play a vital role in the development and annual revision of the IDP of the area.

Ward Committees support the Ward Councillor by receiving development reports, participating in planning processes, and fostering broader community involvement. The Municipality continually endeavours to ensure that all Ward Committees function optimally by providing community information, organising meetings, facilitating ward planning, contributing to service delivery, and providing feedback on IDP formulation and performance to communities.

Accountability

Ward Committees are responsible for organising community meetings and reporting to Ward Councillors to provide feedback on matters affecting the communities. Additionally, they conduct door-to-door campaigns and arrange interactions with communities on a quarterly basis. However, it is noted that some Ward Committees are not fully functional. The Office of the Speaker is actively addressing these challenges to ensure that all Ward Committees operate effectively and fulfil their responsibilities to the community.

T 2.4.2

Table 13: Public meetings (2023/24)

Public Meetings – 2023/24						
Nature and purpose of the meeting	**Date of the event**	**Number of participating Municipal Councillors**	**Number of participating Municipal Administration**	**Number of Communities Attending**	**Issue addressed (yes / no)**	**Manner of feedback given to communities**
IDP PMS & Budget Representative Forum	19 September 2023	10	14	34	YES	Feedback is given to communities on other platforms, such as the Ward Committee, IDP Rep Forum, IGR meetings, etc.
IDP PMS & Budget Representative Forum	28 November 2023	14	11	51	YES	Feedback is given to communities on other platforms, such as the Ward Committee, IDP Rep Forum, IGR meetings, etc.
IDP PMS & Budget Representative Forum	20 March 2024	7	10	39	YES	Feedback is given to communities on other platforms, such as the Ward Committee, IDP Rep Forum, IGR meetings, etc.
IDP PMS & Budget Representative Forum	25 June 2024	12	13	43	YES	Feedback is given to communities on other platforms, such as the Ward Committee, IDP Rep Forum, IGR meetings, etc.
IDP PMS & Budget Roadshows	01 November 2023	10	11	234	YES	To solicit community needs analysis for the review of the IDP.
IDP PMS & Budget Roadshows	02 November 2023	8	16	230	YES	To solicit community needs analysis for the review of the IDP.
IDP PMS & Budget Roadshows	03 November 2023	6	8	207	YES	To solicit community needs analysis for the review of the IDP.
IDP PMS & Budget Roadshows	09 April 2024	11	19	241	YES	Feedback is given to communities and other key stakeholders on the Draft IDP and Draft Budget.
IDP PMS & Budget Roadshows	10 April 2024				YES	Feedback is given to communities and other key stakeholders on the Draft IDP and Draft Budget.
IDP PMS & Budget Roadshows	11 April 2024	14	16	297	YES	Feedback is given to communities and other key stakeholders on the Draft IDP and Draft Budget.
IDP PMS & Budget Roadshows	12 April 2024	7	23	299	YES	Feedback is given to communities and other key stakeholders on the

Public Meetings – 2023/24						
Nature and purpose of the meeting	Date of the event	Number of participating Municipal Councillors	Number of participating Municipal Administration	Number of Communities Attending	Issue addressed (yes / no)	Manner of feedback given to communities
						Draft IDP and Draft Budget.
						T.2.4.

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Public participation meetings are conducted regularly in compliance with legislative requirements and are fully effective and functional. However, intergovernmental relations remain partially effective, with some government departments attending meetings while others are not. This inconsistency in attendance has been an ongoing concern.

To address this matter, the Office of the Mayor/Speakers is formally interacting with the Office of the Premier (OTP) and CoGTA to highlight and advance this ongoing concern regarding intergovernmental relations.

T 2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT

Table 14: IDP participation and alignment criteria

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, and output indicators?	YES
Does the IDP have priorities, objectives, key performance indicators (KPIs), and development strategies?	YES
Does the IDP have multi-year targets?	YES
Are the above aligned and can they be calculated into a score?	YES
Does the budget align directly with the KPIs in the strategic plan?	YES
Do the IDP KPIs align with the Section 57 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 for the 12 Outcomes?	YES
Were the KPIs communicated to the public?	YES
Were the four quarterly aligned reports submitted within the stipulated time frames?	YES
** Section 26 of MSA*	*T 2.5.1*

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Corporate governance comprises a range of processes, practices, policies, laws, and stakeholders that shape how an institution is directed, administered, and controlled. It also encompasses the relationships among numerous stakeholders involved and the objectives guiding the governance of the institution.

Corporate governance is essential to ensure compliance with legislative requirements and protect the rights of all stakeholders. Governance and compliance issues must be rigorously managed. The administrative arm and designated human resources are responsible for ensuring adherence to all legal and policy prescriptions to enable effective organisational functioning and minimise or eliminate identified risks.

This section will detail issues relating to: Risk Management, Fraud and Anti-Corruption, Supply Chain Management, By-laws, Website access, and Public Satisfaction levels, detailing the compliance requirements and the achieved levels.

T 2.6.0

2.6 RISK MANAGEMENT

RISK MANAGEMENT

To uphold a positive perception of the Municipality and instil confidence among the public and stakeholders, it is essential to coordinate and achieve well-planned goals and objectives. Section 62(1) of the Local Government: MFMA, No. 56 of 2003, mandates the Accounting Officer to take all reasonable steps to ensure the Municipality maintains an effective, efficient, and transparent system of financial, risk management, and internal control, as well as the economical utilisation of resources. The Municipality has implemented a systematic and formalised process to identify, assess, manage, and monitor key risks inherent to its strategies, thereby effectively ensuring the achievement of planned goals and objectives.

Therefore, risk management serves as a crucial governance measure implemented to ensure that the Municipality fulfils its vision, mission, and strategic plans. While it offers a reasonable level of assurance, it does not guarantee absolute success in achieving the Municipality's goals and objectives.

Section 62(i) (c) of the MFMA mandates formal risk management as a matter of compliance. Accordingly, all municipalities are required to develop and adopt an effective, efficient, and transparent system of risk management.

It is recognised that the failure to identify and manage identified risks will have a negative impact on the organisation, both financially and operationally. The costs and negative consequences of failing to manage risk cannot be justified, especially if the risk had been identified but no appropriate action was taken. The absence of appropriate action would be indicative of poor business practice and overall poor management. The repercussions of such inaction may include significant costs to the organisation, audit queries, and potential audit qualifications.

The Municipality has an approved Risk Management Policy, framework, and implementation plan as approved by Council.

The Risk Management Unit internally facilitates the risk management function by collaborating with management to develop:

(a) The institution's risk management framework, which includes:
- i. A risk management policy
- ii. A risk management strategy
- iii. A risk management implementation plan
- iv. A risk identification and assessment methodology
- v. A risk appetite and tolerance framework

(b) Coordinating risk management activities;
(c) Facilitating the identification and assessment of risks;
(d) Recommending risk responses to management; and
(e) Facilitating risk reporting.

A summary of the strategic risks is presented in the table below.

Table 15: Summary of strategic risks

Risk ID	Strategic Risk	Actions to Mitigate Risks	Residual Risk	Implementation Status
SR 1	Inadequate financial management	1. Implement Cost Containment Policy 2. Develop strategy to reduce UIF (Unauthorised Irregular & Fruitless expenditure)	High	
SR 3	Excessive cost of employees	Review and implement Recruitment and Placement Policy	High	
SR 4	Ineffective information communication technology; Poor organisational culture	Review and implement the Information and Communication Technology (ICT) governance framework	Extreme	
SR 5		Monitor implementation of laws and regulations and effect Consequence Management Policy	High	
SR 6	Inability to provide social and environmental welfare	Compile IYM disaster risk assessment from the study conducted by CHDM	High	
SR 7	Inadequate implementation of LED strategy	Formulation of public private partnerships with LED structures	High	
SR 8	Partial-implementation of Spatial Development Framework (SDF)	Participate and promote IGR	High	

The Municipality has also established the following structures to oversee and provide assurance on the effectiveness of risk management:
- Internal audit function
- Risk and Audit Committees

T 2.6.1

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Section 83(c) of the MSA emphasises the need for effective bidding structures to minimise the risk of fraud and corruption. Similarly, the MFMA, Section 112(1) (m) (i), highlights supply chain measures aimed at combating fraud, corruption, favouritism, and irregular practices. Additionally, Section 115(1) of the MFMA mandates the Accounting Officer to implement mechanisms and separation of duties within the Supply Chain Management (SCM) system to reduce the likelihood of corruption and fraud.

The strategies outlined below have been adopted and are being implemented by Council:
1. Anti-fraud and prevention strategies
2. Fraud Prevention Plan
3. Code of conduct for municipal employees
4. Code of conduct for Councillors
5. Fraud Prevention Policy
6. Whistleblowing Policy

The Municipality has established a Disciplinary Board to address instances of financial misconduct in accordance with regulations pertaining to financial misconduct.

T 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW OF SUPPLY CHAIN MANAGEMENT

The MFMA Sections 110–119, the SCM Regulations of 2005, and the relevant MFMA Circulars outline the necessary processes and guidance manuals to ensure the proper application of the Supply Chain Management Policy and Procedures, thereby facilitating the correct acquisition and provision of required goods and services.

All SCM reporting submissions mandated by legislation were fulfilled. Quarterly reports to the Municipal Manager and Mayor were submitted within 10 working days, and the annual SCM report on the implementation of the SCM Policy was presented to Council within 30 days of the end of each financial year.

The Council and management remain firmly committed to complying with all SCM legislation and regulations, consistently promoting fair and transparent tender processes. To reinforce this commitment, the Municipal SCM Policy was reviewed and approved by Council in the previous financial year as part of a comprehensive review of all budget-related policies.

In compliance with Section 119 of the MFMA, all members serving on Bid Specification, Evaluation, and Adjudication Committees, along with all SCM staff, are undergoing training approved by National Treasury. This training is essential to ensuring they achieve the minimum competency levels in SCM as prescribed by the regulations.

T 2.8.1

Chapter 2

2.9 BY-LAWS

Table 16: List of by-laws

Newly Developed	Revised	Public participation Conducted Prior to Adoption of By-laws (Yes / No)	Date of Public participation	By-laws Gazetted (yes/no)	Date of Publication
Liquor Trading By-law	-	Yes	2007	Yes (Gazette No. 1814)	14 January 2008
Street Trading By-law	-	Yes	2007	Yes (Gazette No. 1814)	14 January 2008
Prevention of Nuisance By-law		Yes	2014	Not yet gazetted	-
By-law relating to Advertising Signs		Yes	2014	-	2014
By-law relating to Use and Hire of Municipal Buildings		Not yet. Still going through public participation stages	Workshopped on 3 and 4 November 2020 (internally as of now)	Not yet gazetted.	-
By-law relating to Neglected Buildings & Premises		Regulated under the Building Control By-law, gazetted in 2017	8 June 2015	Yes	2017
Waste Management By-law		Yes	2024	Not yet gazetted	-
By-law on Spatial Land Use Management		Yes	2015	Yes (No. 3612)	4 March 2016
Rates Policy By-law		Yes	2014	Yes	
Credit Control and Debt Collection By-law	-	Yes	2007	Yes (Gazette No. 1814)	14 January 2008
Tariff Policy By-law	Yes	Yes	Annually 2019	Yes	Last publication 28 May 2019
Indigent Policy By-law		Yes	Annually 2019	Yes	Last publication 28 May 2019

T 2.9.1

COMMENT ON BY-LAWS:
The public is actively engaged in the development and review of both new and existing by-laws through community roadshows, newspaper publications, and Representative Forum meetings. Public notices are issued to invite comments on draft and final versions of the by-laws
T 2.9.1.1

2.10 WEBSITES

Table 17: List of websites

Documents published on the Municipality's / Entity's website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous Annual Report (Year 2022/23)	Yes	
The Annual Report (Year 2023/24) published/to be published (Draft)	Yes	
All current performance agreements required in terms of Section 57(1)(b) of the MSA (Year 2023/24) and resulting scorecards	Yes	
All long-term borrowing contracts (Year 2023/24)	No	N/A
All SCM contracts above a prescribed value (give value) for Year 2022/23	No	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14(2) or (4) during Year 2022/23		
Contracts agreed in Year 2022/23 to which subsection (1) of Section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in Section 120 made in Year 2022/23	No	N/A
All quarterly reports tabled in the Council in terms of Section 52 (d) during Year 2023/24	Yes	
		T 2.10.1

COMMENT ON MUNICIPAL WEBSITE CONTENT AND ACCESS:
Documents are uploaded to the Municipal website as required, aiming to enhance communication with communities. Quarterly reports on the website's compliance with the MFMA and MSA are submitted to the Standing Committee. The Communications Unit is tasked with regularly maintaining and updating the website.
While the website's content has improved significantly, there remains scope for enhancement in its aesthetics, overall appearance, and functionality. The ICT Unit, Communications Unit, and End-User Departments are responsible for placing municipal documents on the website. The website is functional, though areas for improvement have been identified, and efforts to address these are already underway.
T 2.10.1.1

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

PUBLIC SATISFACTION LEVELS

During the period under review, no Customer Care surveys were conducted due to the lack of allocated funding. However, in an effort to provide opportunities for customers to rate the Municipality and/or lodge complaints regarding issues of concern, the following tools/opportunities are provided:

- The Customer Care section has also implemented a Customer Complaints Register to record all external complaints, including calls, walk-ins, and anonymous complaints. Monthly reports, including statistics, are submitted to the Standing Committee for review;
- The public is encouraged to utilise various public participation initiatives to discuss and resolve issues. However, despite these efforts, the suggestion boxes are not fully utilised, as communities prefer face-to-face interactions with staff members at the Customer Care Division.

T 2.11.1

COMMENT ON SATISFACTION LEVELS:

The Municipality utilises community meetings as a platform to gauge satisfaction levels among residents. Throughout 2023/24, the Municipality organised various public participation events, including Community IDP roadshows, Mayor's imbizos, IDP/PMS and Budget Representative Forums, and implemented complaint boxes within municipal facilities.

An analysis of the petitions, protests, and walk-ins recorded during the year under review highlights a substantial number of community complaints, primarily centred on service delivery issues. The Municipality has made significant strides in addressing many of these concerns within its jurisdiction, while promptly referring matters outside its mandate to the relevant departments for appropriate resolution.

T 2.11.2.2

Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Service delivery functions continue to face persistent challenges, many of which are historical in nature. Over the years, IYM has encountered difficulties related to aging infrastructure and limited resources, which have impeded the Municipality's ability to meet service delivery targets in a coordinated manner.

T 3.0.1

COMPONENT A: BASIC SERVICES

This component includes water; wastewater (sanitation); electricity; waste management; housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

The KPA for Basic Service Delivery is implemented by two directorates: the Directorate for Technical Services and the Directorate for Community Services.

The Municipality's service delivery KPA 1 comprised 33 targets, 30 of which were achieved and three (3) were not achieved due to various reasons.

Refer to Component K for a detailed performance report.

T 3.1.0

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

IYM is not a water services authority.

T 3.1.1

3.2 WASTE WATER (SANITATION) PROVISION

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

The availability and affordability of electricity have become pressing issues, driven largely by Eskom's load shedding and the substantial tariff increases passed on to municipal consumers. While IYM has experienced its share of load shedding, Eskom has indicated that no instances are anticipated in the upcoming financial year.

Households and businesses in IYM obtain electricity either directly from Eskom or through accredited vendors. Electrification initiatives for households and businesses are managed by Eskom through its Electrification Master Plan, while IYM's responsibility primarily lies in street lighting.

T 3.3.1

The existing electrification connections and backlog from 2020/21 to 2023/24 are summarised in the following table:

Table 18: Summary of existing electrifications and backlog from 2020/21 to 2023/24

#	Period under review	Connections
	Backlogs at the start of 2020/21	88
	Household connections as of end June 2020/21	1 365
	Backlogs at the start of 2021/22	318
	Household connections as of end June 2021/22	318
	Backlogs at the start of 2022/23	273
	Household connections as of end June 2022/23	225
	Backlogs at the start of 2023/24	1 449
	Household connections as of end June 2023/24	754

Project allocations for a project to be implemented in the 2022–2023 financial year included planning, design, and project management (Stages 1 – 6) for the electrification of the villages detailed in Table 19 below. Siya and Aya Engineering PTY LTD was appointed on 05 October 2022 for the electrification of 123 IYM households: Cube (27), Nxelesa (34), Mtshanyane (46), and Hoyana (16) households – Bid No.: IYM SCMU 14-2022/2023. Table 19: Electrification 2022/23 SoW Summary. The total number of customers energised, as per the PCS file, is 123.

Gazetted NPR as surveyed

Energised (PCS)

Table 19: Electrification 2022/23 SoW summary

No.	Ward	Village	Gazetted	NPR	Surveyed	Energised
1.	21	Cube	38	38	27	27
2.	21	Nxelesa	25	25	34	34
3.	21	Mtshanyane	27	27	46	46
4.	21	Hoyana	29	29	16	16
TOTAL			**119**	**119**	**123**	**123**

Litha Investment was the main contractor that ceded work to Siya and Aya Construction after failing to perform on site. The project experienced significant delays due to Litha Investment's poor performance. Below is the status of the project at year-end. However, to date, the sub-contractor has turned the situation around, and the project is now complete, awaiting Eskom to energise it.

Table 20: Status of the project at the end of the year

No.	Ward	Village	Gazetted	NPR	Surveyed	Energised
1.	13	Hange	22	22	22	22
22	15	Madikeni	22	22	22	20
22	5	Enqubeni	22	22	22	7
22	15	Qolweni	19	19	19	18
19	15	Sikhobeni	17	17	17	17
17			**102**	**102**	**102**	**84**

2023/24 INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP) PROJECTS REPORT

Table 21: INEP Projects Report (2023/24)

Project Name	Ward	Households	FINANCIAL YEAR			Reasons for deviation	Corrective action
			2023/24	2023-2024 Actual	%		
Electrification Tyelerha Phase 2	2	27	1 068 133,17	1 068 133,17	100	None	None
Electrification Thafeni Phase 2	1	28	1 138 456,10	1 138 146,10	100	None	None
Electrification Entshingeni Phase 2	2	34	916 600,32	915 316,76	100	None	None
Electrification of Sdubi Port	5	27	797 152,36	797 152,32	100	None	None
Electrification of Ntlonze Phase 2	4	22	1 181 496,46	673 452,98	57	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward the municipality and Eskom must be more proactive in the approval of network planning report, so that construction can start in time.
Electrification of Khayamnandi Phase 2	20	25	358 749,05	286 99,24	80	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must be more proactive in the approval of network planning report, so that construction can start in time.
Electrification of Mangubomvu Phase 2	20	42	1 779 129,88	1 779 129,88	100	None	None
Electrification of Mahlathini Phase 2	19	45	945 000,00	160 650,00	17	The village is executed by Eskom and funds are distributed to INEP projects.	
Electrification of Mnqanqeni Phase 2	19	35	735 000,00	477 650,00	65	The village is executed by Eskom and funds are distributed to INEP projects.	
Electrification of Nyamankulu Phase 2	19	29	924 147,39	101 656,21	11	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must be more proactive in the approval of network planning report, so that construction can start in time.
Electrification of Ndenxe / Sigangeni	17	60	2 194 634,02	2 194 634,02	100	None	None
Electrification of Joe Slovo Phase	19	124 (150)	2 976 443,79	2 711 293,85	91	Waiting for SLD approval from Eskom.	
Electrification of Mahlubini Phase 2	14	36	1 462 855,76	1 184 913,17	81	Key Change tokens have not yet been received from Eskom.	
Electrification of Gxojeni Phase 2	12	14	390 056,93	280 840,99	72	There were delays in material delivery to some projects, Including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must be more proactive in the approval of network planning report, so that construction can start in time.

Project Name	Ward	Households	FINANCIAL YEAR			Reasons for deviation	Corrective action
			2023/24	2023-2024 Actual	%		
Electrification of Ntsume Phase 2	8	33	1 334 720,55	2 576 010,66	193	None	None
Electrification of Melika/Ngqwarhu phase	17	19	604 881,16	604 881,16	100	None	None
Electrification of Qutsa Ndungwana Phase 2	7	34	831 255,46	507 065,83	61	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Bilatye Phase 2	4	6	306 627,65	306 627,65	100	None	None
Electrification of Bholokodlela Phase	2	14	483 256,16	468 256,48	97	Some work is still outstanding due to the unavailability of meters from suppliers.	
Electrification of Cenyu Phase 2	3	25	365 822,92	365 822,92	100	None	None
Electrification of Mdukutheni Phase	3	24	547 824,44	547 824,44	100	None	None
Electrification of Mbongiseni Phase 2	3	5	161 744,55	101 899,07	63	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Sixhotyeni Phase 2	9	13	449 669,32	224 834,66	50	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Mathafeni Phase 2	17	35	1 141 436,09	1 027 292,48	9	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Khalimashe phase	3	10	482 104,47	279 620,59	58	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Kengsinton Phase	3	36	705 570,27	493 899,19	70	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Fubu Phase 2	3	5	120 589,44	12 058,94	10	There were delays in material delivery	Going forward, the Municipality and Eskom

Project Name	Ward	Households	FINANCIAL YEAR 2023/24	2023-2024 Actual	%	Reasons for deviation	Corrective action
						to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Ncorha Irrigation Phase 2	18	25	601 946,30	343 109,39	57	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Ncorha Flats Phase 2	17	43	634 335,63	503 588,778	92	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Xeni	1	8	434 757,27	417 366,98	96	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Qaqane	18	18	646 839,75	646 839,75	100	None	None
Electrification of Phelandaba	18	27	843 510,55	843 510,55	100	None	None
Electrification of Taiwan Phase 2	19	21	712 323,08	598 351,39	84	There were delays in material delivery to some projects, including delays in the supply of meters, as they are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach to approving network planning reports to ensure construction can commence on schedule.
Electrification of Chamama Phindela Phase 2	7	44	1 025 854,15	1 025 854,15	100	None	None
Electrification of Tyelerha	18	15	434 730,11	434 730,11	100	None	None
BUDGET			**R27 896 000,00**	**R25 106 400,00**	**90**		

The table below provides a summary of the sources of funds for electrification projects within IYM:

Table 22: Summary of sources of funds for electrification projects within IYM

SOURCE OF FUNDING	2021/22	2022/23	2023/24
INEP	R8 270 000,00		R27 896 000,00

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:
The electrification of the informal areas remains a major challenge.
T 3.3.9

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

IYM offers waste management services, including waste collection, street cleaning, illegal dump clearance, and waste disposal. Regular solid waste collection is provided to businesses, institutions, and households in the urban areas of Cofimvaba and Tsomo, but not in the villages.

The service has been expanded to peri-urban areas, such as Mzomhle Location near Tsomo and St. Marks Reconstruction and Development Programme (RDP) houses adjacent to Cofimvaba. Waste is collected according to a schedule developed by the Municipality. Currently, the Municipality provides waste management services to only two out of the 21 wards (Ward 8 and Ward 14). Seventy-eight percent (78%) of households in these towns have access to weekly refuse removal services, while all businesses in both towns receive daily waste collection. In predominantly rural areas, approximately 75% of households manage waste by burning or disposing of it within their own yards.

Waste disposal is centralised, with all waste collected from the various centres (including garden waste) transported to the Transfer Station in Tsomo and the permitted landfill site in Cofimvaba (Licence Number: EC/CH/A/15/001-2011) for disposal. The Municipality, in conjunction with the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and the national Department of Water and Sanitation, is in the process of reviewing the licence for the landfill site. The Municipality is responsible for the operations and maintenance of the landfill site. Quarterly inspections of both the landfill site and the transfer station are conducted by an environmental health inspector to monitor compliance, while annual inspections are carried out by DEDEAT.

IYM has amended an environmental by-law related to dumping, littering, and waste collection. This by-law has been presented to the Public Participation Forum and will now undergo a general public participation and gazetting process. It governs all activities related to waste management, including waste generation, reduction, minimisation, and handling.

Additionally, the by-law regulates potential illegal dumping by controlling all forms of dumping, littering, and other predetermined contraventions. It encompasses a range of offence clauses, which carry financial penalties and, in the most serious cases, may lead to convictions. The presence of dedicated Peace Officers employed by the Municipality strengthens the by-law, ensuring enforcement and compliance by citizens at all times.

The Municipality subscribes to the Waste Information System and reports quarterly on waste data. The landfill site is equipped with a weighbridge, which assists in estimating the lifespan of the site and in budgeting accurately for landfill operations and rehabilitation.

The Municipality has an Integrated Waste Management Plan (IWMP) that is currently under review. In 2022/23, the Municipality implemented projects and programmes in response to the IWMP, which include the following:

- Intsika Yethu Street cleaning project – 163 Expanded Public Works Programme (EPWP) casuals benefited from the project.

- Extension of refuse removal services to peri-urban areas.
- Awareness campaigns targeting communities and businesses within the jurisdiction of the IYM.
- The Department of Forestry, Fisheries, and the Environment implemented the Flood Mopping Project from March 2023 to June 2024, employing 196 participants. The project focused on waste collection, transportation, and disposal, clearing illegal dump sites, and conducting environmental awareness campaigns.

T3.4.1

Table 23: Solid waste service delivery levels

T 3.4. Solid Waste Service Delivery Levels				
				Households
Description	Year 2016/17 Actual No.	Year 2017/18 Actual No.	Year 2018/19 Actual No.	Year 2019/20 Actual No.
Solid Waste Removal: **(Minimum level)**				
Removed at least once a week				
Minimum Service Level and Above sub-total				1 974
Minimum Service Level and Above percentage				78,96%
Solid Waste Removal: **(Below minimum level)**				
Removed less frequently than once a week				240
Using communal refuse dump				
Using own refuse dump				
Other rubbish disposal				
No rubbish disposal				
Below Minimum Service Level sub-total				240
Below Minimum Service Level percentage				9,6%
Total number of households				**2 500**
				T 3.4.2

Table 24: Employees: Waste Disposal and other services

Employees: Waste Disposal and Other Services					
Job Level	Year - 2022/23	Year - 2023/24			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3		68	16	52	76,46
4 – 6		2	0	2	100
7 – 9		11	4	7	63,6
10 – 12		3	2	1	33,3
13 – 15					
16 – 18		1	1	0	0
19 – 20					
Total					
					T3.4.6

Table 25: Financial performance Year 0: Solid Waste Management Services

Financial Performance Year 0: Solid Waste Management Services					
					R'000
Details	Year - 2018/19	Year - 2022/23			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		R100 000,00	R100 000,00	R200 000,00	R100 000,00
Expenditure:		100%			100%
Employees		R29 572 883,00	R29 572 883,00	R29 572 883,00	0
Repairs and Maintenance		R1 500 000,00	R700 000,00	R2 200 000,00	R70 000,00
Other					
Total Operational Expenditure					
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					*T 3.4.7*

Table 26: Capital expenditure Year 0: Waste Management Services

Capital Expenditure Year 0: Waste Management Services					
					R' 000
	Year - 2022/23				
Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Construction of landfill site cell	R4 413 999,19	0.00	100%	0	
Computer & Equipment	R499 999,00 (For the whole institution)	R50 000,00	R549 999,00	R50 000,00	
Office Furniture	0,00				
Plant Equipment & Tools	0,00				
Purchase of bakkies	0,00				
					T 3.4.9

Summary of Performance Outcomes

Table 27: Summary of performance outcomes

Focus Area	KPI	Achieved
Waste Management	Number of areas that received waste management services	Yes
Awareness Education	Number of awareness campaigns conducted	Yes
Refuse Disposal	Number of compliant monitoring reports indicating compliance to landfill site and transfer station permit requirements	Yes
Waste Information System	Number of weighbridge verifications conducted	Yes

3.5 HOUSING

INTRODUCTION TO HOUSING

This function falls under the purview of the Department of Human Settlements, which oversees housing projects, services, and the construction of top structures. The department carries out its own procurement procedures and appoints service providers independently.

However, the Municipality supports the department in various ways, including:
- Identifying and registering beneficiaries for RDP houses.
- Ensuring land availability for housing projects.
- Assisting beneficiaries with deed of sale forms for property transfer through the department's appointed conveyancers.
- Collaborating with the Department of Human Settlements to establish a Housing Sector Plan as part of the IDP.

The Municipality has identified several urban settlements in need of upgrading from informal to formal status. A significant number of beneficiaries have been earmarked to benefit from this informal settlements upgrade programme. Specifically, settlements in Tsomo and Cofimvaba have been identified for potential upgrade, including:

Cofimvaba	:	Joe Slovo
	:	Mandela View
	:	Nyanisweni
	:	Nkanini Township
Tsomo	:	Tsomo Ext 3 and 4

T 3.5.1

HOUSING PROJECTS

Table 28: Housing projects

PROJECT	UNITS	DELIVERED	WARD	BUDGET	EXPENDITURE
Cofimvaba-Enyanisweni 431(157)	157	40	14	R 24 963 000,00	R 2 133 188,10
Cofimvaba-Joe Slovo 609(169)	169	41	14	R 26 871 000,00	R 17 020 075,71
Cofimvaba -Lubisi 1000 subs	1 000	955	21	R162 449 984,89	R 148 591 278,50
Chris Hani Heritage 1000(489)-Vukani	489	446	01,02 & 04	R 96 953 118,96	R 90 156 472,49
Vuyisile mini 1000(500)-Kentha	500	498	12 & 11	R 74 638 503,35	R 71 294 226,77
Chris Hani Heritage 1000(511)	511	507	11 & 12	R 76 271 440,56	R75 929 935,82
Chris Hani Destitute 800(135 subs)-Phase 1	135	20 on roof level	All wards	R 22 950 000,00	R 2 002 315,00
Chris Hani Destitute 800(135 subs)-Phase 2	135	19 units on foundation	All wards	R22 950 000,00	R 0
Intsika Yethu-KwaHala 1000(300) (278)-Phase 1	278	263	19	R 51 525 000,80	R 45 790 135,40
Cofimvaba 170-Voucher (118) Intsika Yethu Area	170	84	4, 8, 10, 11 & 13	R 42 048 997,18	R 33 910 566,18

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipality upholds an approved Indigent Policy, which is reviewed annually to ensure alignment with the Eastern Cape Provincial Framework and applicable legislation.

Objectives and Implementation of the Indigent Policy:

- Ensure the consistent and sustainable provision of basic services to the community within the financial and administrative capacity of the Council.
- Promote the financial viability of free basic services by implementing appropriate tariffs that support sustainability through cross-subsidisation.
- Establish a framework for identifying and managing indigent households, including conducting socio-economic analyses where necessary and developing an exit strategy.
- Provide clear procedures for subsidising basic charges and delivering free basic energy to indigent households, and
- Foster cooperative governance with other spheres of government.

IYM, in collaboration with Eskom, oversees the provision of Free Basic Energy (FBE) and Free Basic Alternative Energy (FBAE). Currently, a Service Level Agreement (SLA) with Eskom governs the provision of FBE in rural areas, utilising technical specifications (20 A supply).

IYM has established both an Indigent Policy and an FBE Policy. These policies extend support to households with a combined income not exceeding twice the official old age pension, subject to annual adjustments. Eligible households receive either FBE or FBAE. Additionally, formally identified indigent households benefit from Free Basic Solid Waste Removal and a full subsidy on property rates.

It is important to highlight that the Free Basic Services and Indigent Support Policies undergo annual review, with funding sourced from the Equitable Share Grant as allocated under the Division of Revenue Act (DORA).

T 3.6.1

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT.

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.

T 3.6.6

Chapter 3

COMPONENT B: ROAD TRANSPORT

This component encompasses roads, transportation, and wastewater management, including stormwater drainage.

INTRODUCTION TO ROAD TRANSPORT

IYM is responsible for the planning and maintenance of proclaimed roads, municipal streets, and the establishment of infrastructure for the transport of goods and commuters. According to the National Land Transport Act (NLTA), No. 5 of 2009, local municipalities bear the responsibility for providing public transport services.

It is noted that IYM is home to the largest and longest amount of unsurfaced main roads and access roads, particularly within its villages.

T 3.7

3.7 ROADS

INTRODUCTION TO ROADS

IYM's road network primarily consists of gravel roads that require upgrading and maintenance services. Tarred roads are located along the R61, linking the major towns of Queenstown and Mthatha through Tsomo to the N2 in the direction of East London. The Municipality is also aware of the number of citizens who rely on walking and has undertaken the expansion and upgrading of walkways throughout public areas and along certain paths, complete with the enhancement of community lighting, as outlined in the Projects and Programmes section of this document.

The Municipality has developed its own Local Integrated Transport Plan (ITP) and Storm Water Management Plan, both of which have been adopted by the Council.

The length and condition of IYM's roads are detailed in the Road Assessment Management Report ("RAMS"), which is published annually by the Eastern Cape Department of Roads and Transport.

T 3.7.1

Table 29: Gravel road infrastructure

Gravel Road Infrastructure				
				Kilometres
Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year 2018/19	1 471,33	18,6	2 981	151,7
Year 2019/20	1 445,03	26,3	0,4	118,3
Year 2020/21	1 418,73	46,7	2	48,1
Year 2021/22	50,4	42,1	0	11
				T 3.7.2

The following is a summary of the sources of funds for infrastructure development within IYM:

Table 30: Source of funds

SOURCE OF FUNDING	2021/22	2022/23	2023/24
MIG	R 45 353 000,00	R 48 873 000,00	R 47 559 000,00
INEP	R 8 270 000,00	R 9 980 000,00	R 27 896 000,00
TOTAL	**R 53 623 000,00**	**R 58 853 000,00**	**R 75 455 000,00**

2023/24 MUNICIPAL INFRASTRUCTURE GRANT (MIG) PROJECTS REPORT

Table 31: MIG Projects Report

INTSIKA YETHU MUNICIPALITY 3 YEAR CAPITAL PLAN							
Project Name	Ward	FINANCIAL YEAR					
		2023–2024	NO. OF KMs	2023–2024 Actual	%	Reasons for deviation	Corrective action
PMU Fund		R2 377 950,00		R2 377 950,00	100	None	None
Ngcaca Access Road	Ward 21	R11 168 470,49	6	R9 231 018,48	100	None	None
Cenyu, Khalimashe to Komkhulu Access Road	Ward 03	R9 048 060,51	9,5	R8 218 928,28	100	None	None
Mkwinti Access Road	Ward 10	R6 280 707,50	1 & stormwater structure	R6 318 131,22	100	None	None
Nomampondo to Nongqongqwana Access Road	Ward 19	R7 429 011,50	4	R8 043 249,25	100	None	None
Hangane to Ntwashini Access Road	Ward 20	R2 000 000,00	1,60	R1 911 990,05	100	None	None
Khayamnandi Bridge	Ward 20	R12 500 000,00	Bridge	R12 894 023,69	100	None	None
TOTAL =				R 48 995 290,97			

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The Municipality's ability to deliver basic services is constrained by its limited revenue base, which serves as a primary funding source for these services. Only 20% of IYM's own revenue is allocated to capital projects and infrastructure development, with the majority of funding coming from government grants. However, given the substantial backlogs highlighted earlier, the Municipality must strive to diversify its revenue streams while improving the effective utilisation of government grants to address these backlogs over the next five years. Efforts are already underway to reduce reliance on grants by exploring alternative revenue sources and maximising existing ones. The Municipality has outlined both short-term and long-term revenue enhancement goals. Key priorities in this process include minimising costs, increasing property tax revenue, and implementing an effective revenue enhancement strategy.

T 3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

This is not a function of IYM.

T 3.8.1

Concerning T 3.8.2

This is not a function of IYM.

T 3.8.2.1

3.9 WASTEWATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE
IYM, which is part of the CHDM, covers an area of 2 711 km² and includes the towns of Cofimvaba and Tsomo. A notable portion of the urban areas in Cofimvaba and Tsomo lacks formal stormwater drainage systems, resulting in erosion and uncontrolled overland flow during heavy rainfall events.
The Municipality has made significant progress in constructing stormwater infrastructure in both Cofimvaba and Tsomo, as outlined in the tables below.
T 3.9.1

Table 32: Stormwater Infrastructure

Stormwater Infrastructure				
				Kilometres
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year 2019/20	39.6	1.6	34	250
Year 2021/22	25	11	12	250
Year 2022/23	48	24	24	250
Year 2023/24	20	16	16	250
				T 3.9.2

Table 33: Cost of construction/maintenance

Cost of Construction/Maintenance			
			R' 000
	Stormwater Measures		
	New	Upgraded	Maintained
Year 2019/20	1 200 000	800 000	400 000
Year 2021/22	500 000	400 000	100 000
Year 2022/23	2 500 000	1 000 000	300 000
Year 2023/24	4 500 000	2 000 000	400 000
			T 3.9.3

Chapter 3

COMPONENT C: PLANNING AND DEVELOPMENT

This component encompasses planning and local economic development

INTRODUCTION TO PLANNING AND DEVELOPMENT

According to the IYM reviewed SDF for 2023–2024, the Municipality is underdeveloped. To aid the Municipality in prioritising spatial planning and investment decisions, the following Spatial Structuring Elements, adopted from the IYM SDF for 2023, are applicable: -

(a) Development nodes.
(b) Development corridors.
(c) Special priority development areas.
(d) Strategic development zones.

T 3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The sub-directorate for Spatial Development Planning is responsible for spatial development and land use planning and management. Its functions and activities are guided by various plans and statutes, which are summarised in the following table:

Table 34: Plans and statutes guiding the function and activities of the sub-directorate for Spatial Development Planning

#	Structure/Sector Plan	Status
1	Town Planning Tribunal	The Municipality is part of the District tribunal.
2	IYM SDF	The IYM reviewed SDF was adopted by the Council in 2024.
3	Local Spatial Development Frameworks	Developed for St. Marks and Ncora. The Municipality has developed frameworks for Tsomo and Cofimvaba-adopted by 31 June 2024.
4	Development Precincts with Plans	✓ Current plans include relocating the containers in town close to ESKOM and the Car Wash; sites have been demarcated but not yet allocated. ✓ Planned development of a shopping complex at Main Road, with plans already approved by the Municipality. ✓ Planned development of a Science Centre by the Department of Science and Technology. ✓ Planned development of Medium Houses in Ward 14. ✓ Planned development of a Multi-Purpose Centre in Tsomo.
5	By-laws on National Building Regulations	Developed and adopted by Council
6	By-laws on Town Planning/Land Use	Developed and adopted by Council
7	By-laws on Outdoor Advertising	Developed and adopted by Council

#	Structure/Sector Plan	Status
8	National Building Regulations	Municipality is guided by the National Building Act
9	Land Use Management Scheme	Developed and adopted by Council
10	Geographical Information System (GIS)	Municipality has a licenced GIS
11	Central Business District (CBD) Revitalisation Programme	Awaiting appointment of a service provider to develop the plan
		T 3.10.1

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

LED is an approach to economic growth that seeks to engage various stakeholders, including the community, businesses, and government, in achieving sustainable economic progress. This entails fostering employment opportunities, promoting skills development, and providing support to small, medium, and micro enterprises (SMMEs) within a specific area. Sustainable economic growth, in this context, means advancing economic development that fulfils the needs of the current generation without jeopardising the ability of future generations to fulfil their own needs.

The LED concept has been applied as a government programme to improve the economic performance of municipal areas across all industries (agriculture, SMME development, etc.) and sectors (formal and informal). LED is primarily implemented at the local sphere of government due to its proximity to local challenges.

The 5-year LED Strategy was adopted on 28 May 2020; this year is the 4th year. The strategy is due for review after 5 years.

The Municipality is using the District Tourism Sector Plan for tourism issues.

T 3.11.1

Table 35: Local Economic Development

	Intsika Yethu	Chris Hani	Eastern Cape	National Total	Intsika Yethu as % of district municipality	Intsika Yethu as % of province	Intsika Yethu as % of national
Agriculture	0,1	0,7	5,9	94,4	10,4%	1,30%	0,08%
Mining	0,0	0,0	0,5	306,2	16,8%	1,41%	0,00%
Manufacturing	0,1	1,2	36,3	517,4	7,9%	0,27%	0,02%
Electricity	0,1	0,4	6,2	144,1	19,4%	1,27%	0,05%
Construction	0,1	1,1	13,2	154,3	10,7%	0,92%	0,08%
Trade	0,5	5,5	61,5	589,7	9,9%	0,88%	0,09%
Transport	0,1	1,9	27,5	389,2	7,3%	0,52%	0,04%
Finance	0,4	3,9	60,5	781,7	9,2%	0,59%	0,05%
Community	1,0	9,5	89,7	894,1	10,7%	1,13%	0,11%

services							
Total Industries	**2,4**	**24,3**	**301,2**	**3 871,2**	***10,0%***	***0,81%***	***0,06%***

Table 36: LED – average annual growth

	2016	2017	2018	2019	2020	2021	Average Annual growth
Agriculture	49,4	53,1	54,2	55,6	57,3	58,8	**3,57%**
Mining	7,5	7,6	7,7	7,8	7,8	7,9	**1,09%**
Manufacturing	71,2	70,5	71,0	71,7	73,3	75,2	**1,10%**
Electricity	30,6	30,2	30,1	30,5	31,4	32,3	**1,06%**
Construction	76,2	77,1	78,5	80,2	82,5	85,8	**2,39%**
Trade	367,8	369,8	375,6	383,7	395,9	409,2	**2,16%**
Transport	91,2	91,8	93,2	94,7	97,4	100,5	**1,96%**
Finance	251,7	253,9	258,9	265,6	273,7	282,5	**2,34%**
Community services	716,9	724,4	722,1	728,6	737,8	750,9	**0,93%**
Total Industries	**1 662,4**	**1 678,4**	**1 691,2**	**1 718,3**	**1 756,9**	**1 803,1**	**1,64%**

COMMENT ON LOCAL JOB OPPORTUNITIES:

In the 2023/24 financial year, the Municipality facilitated 1 214 Community Works Programme (CWP) jobs and 501 EPWP jobs.

T 3.11.4

Table 37: Jobs created during Year 0 by LED Initiatives (Excl EPWP projects)

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	**Jobs created**	**Jobs lost/displaced by other initiatives**	**Net total jobs created in year**	**Method of validating jobs created/lost**
	No.	**No.**	**No.**	
Total (all initiatives)				
Year 2020/21	1 365 CWP jobs facilitated	0	1 365 CWP jobs facilitated	Recruitment reports.
Year 2021/22	1 306 CWP jobs facilitated	0	1 306 CWP jobs facilitated	Recruitment reports.
Year 2022/23	1 223 CWP jobs facilitated	0	1 223 CWP jobs facilitated	Recruitment reports.
Year 2023/24	1 214 jobs facilitated	0	1 214 jobs facilitated	Recruitment reports
				T 3.11.5

Table 38: Jobs created through EPWP projects

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
Year 2019/20	9	334
Year 2020/21	11	501
Year 2021/22	10	543
Year 2022/23	16	402
Year 2023/24	16	485
*** - Extended Public Works Programme**		*T 3.11.6*

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

With the limited financial resources, the LED and Planning Department accomplished the following:
- Provided support to 47 SMMEs in partnership with the Department of Small Businesses.
- Facilitated the creation of 1 214 jobs through the CWP.
- Organised the Traditional Horse Racing Championship on 23 September 2023 in Ward 2, St Mark's Village.
- Held a heritage celebration on 22 September 2023 at Qhumanco Great Place.
- Supported 613 ha with pre- and post-emergency spraying.
- Supported eight (8) poultry projects.

COMPONENT D: COMMUNITY & SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Community Services Department is responsible for ensuring the provision of an acceptable standard of Social Services, Emergency Services, Environmental Services, Community Safety and Road Traffic Management, as well as Sports, Arts, and Cultural Services to the communities.

The department also offers the following services to the communities of IYM:
- Ensuring the provision of efficient and coordinated health services.
- Managing and monitoring the implementation of environmental degradation prevention strategies.
- Providing efficient and coordinated fire-fighting services.
- Managing and monitoring the implementation of crime prevention strategies, thereby enhancing safety and security in communities through Community Safety Forums coordinated by the Municipality.
- Managing the provision of efficient and coordinated community welfare services, including:
  - ✓ Day-care centres;
  - ✓ Proper pension payouts;

✓ Sports, Arts and Culture Development
- Proper management of municipal community facilities, including sports fields and community halls.
- Oversight of public spaces, recreation centres, parks, and facilities.
- Provision of safety and security in the municipal area.

T 3.52

3.12 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

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

IYM has four fully functional libraries:
- Cofimvaba Library
-Tsomo Library
- Sabalele Library
- Ngqwarhu Library (Classroom Library Ngqwarhu SPS)

In addition to these libraries, several schools host corner libraries that library staff visit regularly. These facilities play a crucial role in delivering effective and efficient library services to the communities of IYM.

The libraries in the IYM are dedicated to collecting and preserving published documents, ensuring they remain accessible to the community. They serve as custodians of knowledge, safeguarding it for future generations while providing valuable resources for research. These libraries offer up-to-date information in various formats, including print, audio, audio-visual, and electronic media. They play a pivotal role in uplifting underprivileged communities by offering relevant resources and fostering educational opportunities.

T 3.12.1

SERVICE STATISTICS FOR LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

T 3.12.2

N/A

COMMENT ON THE PERFORMANCE OF LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, AND OTHER (THEATRES, ZOOS, ETC) OVERALL:

PERFORMANCE OF LIBRARIES

Library members:
Daily visits to the library provide patrons with opportunities to utilise various resources, including internet access, reading materials such as books and newspapers, as well as conducting research.

Computer use:

Computers are extensively used by patrons across all libraries for tasks such as drafting CVs, completing assignments, or working on projects. Despite the absence of Wi-Fi in our libraries, learners seeking information for research purposes receive assistance within the libraries. Additionally, the libraries continue to rely on data provided by the Municipality to facilitate access to online resources.

Municipal library campaigns:
Thirteen municipal library campaigns have been conducted to promote awareness and engagement with library services within the community.

T 3.12.7

3.13 INTRODUCTION TO CEMETERIES & CREMATORIUMS

INTRODUCTION TO CEMETERIES & CREMATORIUMS

IYM oversees and administers two formalised cemetery facilities within its jurisdiction. The Municipality is tasked with managing and controlling these cemeteries, ensuring the availability of space for burials, providing adequate graves and built-up graves, handling pauper funerals, managing tariff applications, maintaining accurate cemetery records, and upholding cleanliness within the cemetery grounds.

T 3.13.1

SERVICE STATISTICS FOR CEMETERIES & CREMATORIUMS

T 3.13.2

N/A

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

N/A

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes: pollution control; biodiversity and landscape; and costal protection.

Chapter 3

INTRODUCTION TO ENVIRONMENTAL PROTECTION

The current environmental footprint on natural resource consumption and demand patterns clearly indicates a future deficiency in available resources to meet population demands. This challenge is further intensified by human activities contributing to climate change, a global phenomenon with far-reaching consequences. To address this, it is essential to provide services sustainably and preserve natural resources. Initiatives like the Millennium Development Goals (MDGs) and international agreements such as the Montreal Protocol and the Basel Convention, to which South Africa is a signatory, are pivotal in tackling these issues.

The promulgation of the National Environmental Management Act (NEMA), No. 107 of 1998, along with subsequent legislation, has formalised the integration of environmental sustainability into development planning, service delivery, and infrastructure development. This framework ensures that efforts to meet current generational needs do not compromise the ability of future generations to meet theirs. As a result, prioritising and integrating environmental sustainability into development planning across national, provincial, and local government levels is imperative.

The IYM is well aware of the global challenge of climate change, which could significantly affect various climatic variables, particularly temperature and rainfall patterns. While the exact direction and magnitude of climate change and its specific impacts at the municipal level remain uncertain, it is anticipated that temperatures may rise, and rainfall patterns may become less frequent but more intense. This may lead to an increased frequency and severity of droughts and floods. Given the predominantly rural character of the municipality, climate change poses serious risks to agricultural activities. To mitigate these impacts, IYM actively promotes local economic development by exploring the cultivation of drought-resistant crops. Additionally, the Municipality's disaster management plan must also address extreme climatic events such as thunderstorms, lightning, and hail.

T 3.14

3.15 POLLUTION CONTROL

INTRODUCTION TO POLLUTION CONTROL

IYM participates in the Climate Change Forum within the CHDM. While the Municipality does not have its own dedicated climate change forum, it is recommended that Category B (Local Municipalities) adopt the District Climate Change Strategy Framework and outline how they integrate into the district's plans.

According to the National Climate Change Response Policy, *climate change* refers to the ongoing trend of shifts in the Earth's general weather patterns, driven by an average rise in the Earth's surface temperature, commonly known as *global warming*.

T 3.15.1

N/A

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (E.G. COASTAL PROTECTION)

N/A

COMPONENT F: HEALTH

This component includes: clinics; ambulance services; and health inspections.

INTRODUCTION TO HEALTH
This falls outside the municipal mandate and resides within the jurisdiction of the Department of Health.
T 3.17

3.17 CLINICS

N/A

3.18 AMBULANCE SERVICES

N/A

3.19 HEALTH INSPECTION; FOOD AND ABATTOIR LICENCING AND INSPECTION

N/A

COMPONENT G: SECURITY AND SAFETY

3.20 SECURITY AND SAFETY

3.20.1 Traffic and Licencing

INTRODUCTION TO TRAFFIC AND LICENCING SERVICES

3.20.1.1 HIGHLIGHTS – TRAFFIC AND LICENCING SERVICES

The IYM operates a fully-fledged Traffic Department, responsible for various functions, including traffic management, road safety, crime prevention, and the enforcement of certain by-laws. This department comprises a Driving Licence Testing Centre for testing and renewing driving licences, a Registering Authority for licencing and registering motor vehicles, and a Vehicle Testing Centre, which has been registered and is fully operational. The Municipality has constructed a vehicle testing station for this purpose. Additionally, the Traffic Department is responsible for traffic law enforcement, traffic control, and providing traffic education initiatives.

CHALLENGES – TRAFFIC AND LICENCING SERVICES

- Shortage of staff and unfilled vacant positions.
- Network challenges within Cofimvaba that affect the functioning of the Licencing Centre.
- Shortage of traffic equipment to assist in traffic law enforcement.

SERVICE STATISTICS – TRAFFIC AND LICENCING SERVICES

Table 39: Service statistics

NATURE	NUMBER
Learner licence(s)	2 134
Driver(s) Licence(s)	2 004
Motor vehicles tested for roadworthy	677 motor vehicles tested for roadworthy
Vehicle licencing	5 973

Table 40: Specifying traffic management personnel

Rank	Number
Chief Traffic Officer	1
Traffic Wardens	3
Traffic Officers	10
Peace Officers	0
TOTAL	

Table 41: Specifying road safety

Item	Number
Number campaigns	16
Number Traffic & Safety Committee meetings	4

TOTAL	

3.21 FIRE

INTRODUCTION TO FIRE SERVICES

The Municipality operates a functional Firefighting Unit equipped with one skid unit and one medium pump. However, Disaster Management falls under the purview of the CHDM.

3.21.1 HIGHLIGHTS – FIRE AND DISASTER MANAGEMENT

- Twenty-one (21) awareness campaigns were conducted.

Table 42: Specifying highlights for Fire and Disaster Management for the year

Highlights	Description
Major wildfire disaster	The team assisted in combating a wildfire.
Workshop on risk assessment	This initiative was a collaborative effort between IYM and CHDM to develop a Disaster Management Plan.

- IYM disaster management field workers conducted assessments in all affected areas.
- A report was compiled and submitted to CHDM.
- Relevant government departments were engaged for assistance in their respective areas of competence. For instance, Social Development and the Department of Home Affairs provided aid in cases where essential documents, such as Identity Documents (IDs), were destroyed, and shelter was unavailable.
- The Red Cross provided clothing to families whose belongings were destroyed.

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

South Africa faces a growing range of heightened threats and risks, including extreme weather events such as droughts, cyclones, and severe storms, which can cause significant hardship and widespread devastation. Consequently, municipalities often struggle with budget constraints, which add to their humanitarian assistance responsibilities during emergencies. Despite these financial challenges, the Municipality has established Emergency Services for Fire, Rescue, and Disaster Management.

However, the Municipality continues to face the following challenges:

a) The Municipality does not have its own Disaster Management Plan and instead relies on the CHDM Disaster Management Plan.
b) A dedicated Disaster Management Centre has not yet been established within the Municipality.

In 2023/24, fire prevention programmes primarily consisted of awareness campaigns conducted at the ward level through Ward Fire Committees. The Fire Fighting Unit responds to various types of fires, including domestic fires, within the Municipality.

The Unit has developed a Fire Response Plan and Fire and Emergency Guide Plan that will assist in the overall preparation and management of fires. Primarily, the plans aim to:

✓ Prevent and combat veld, forest, mountain, and chemical fires throughout the Municipality;

✓ Minimise the impact of veld fires where occurrences cannot be prevented;

✓ Identify the various role players in cases of veld fires;

✓ Establish a practical approach for the Municipality to minimise fires through prevention, including the implementation of early warning systems, mitigation measures, and response strategies;

✓ Offer guidance on the provision of firefighting services, including the management of specialised fires such as mountain, veld, and chemical fires; and

✓ Establish standard regulations through by-laws for the prevention, management, and control of fires within the region.

T3.22.1

SERVICE STATISTICS FOR DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

T 3.22.2

Table 43: Capital expenditure Year 0: Disaster Management, animal licensing and control, control of public nuisances, etc.

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc.					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value

Total All	0,00 (No capital projects were done in relation to the above)	0,00	0,00	0,00	0,00
Project A					
Project B					
Project C					
Project D					
					T 3.22.6

Table 44: Summary of performance outcomes

Focus Area	KPI	Achieved
Disaster Management	Number of fire and disaster awareness campaigns conducted	Yes
Animal Control	Number of compliant monitoring reports from the Society for the Prevention of Cruelty to Animals (SPCA)	Yes

COMPONENT H: SPORT AND RECREATION

INTRODUCTION TO SPORT AND RECREATION

The IYM is responsible for managing and maintaining three (3) sports grounds within the municipal area. The Municipality aims to promote a healthy lifestyle for all residents by providing a diverse range of well-maintained and managed sports facilities.

T3.23

3.23 SPORT AND RECREATION

3.23.1 HIGHLIGHTS – SPORT AND RECREATION

The table below lists highlights for Sports and Recreation for the year:

Table 45: Sports and Recreation highlights

Cofimvaba and Tsomo Sports grounds
The Cofimvaba and Tsomo Sports grounds serve as venues for local soccer leagues and the mayoral cup tournament.

3.23.2 CHALLENGES – SPORT AND RECREATION

The table below lists challenges for Sport and Recreation for the year:

Table 46: Challenges for Sport and Recreation

Challenge	Actions to address
The expansion of sporting codes and clubs presents a challenge concerning the availability of sports fields (infrastructure) and the increasing maintenance costs.	Ensuring club affiliation is essential to enable access to facilities, with considerations for fixture availability and the need for varied sporting codes to utilise different sports grounds.

3.23.3 SERVICE STATISTICS – SPORT AND RECREATION

The table below lists service delivery levels for Sport and Recreation for the year:

Table 47: Service delivery levels for Sports and Recreation

Types of service	2018/19	2019/20	2020/21	2021/22	2022/23
Numbers of sports grounds/fields	3	3	3	3	3
Number of rest places	4	4	4	4	4
Number of wards with rest places or parks	2	2	2	2	2
Number of wards with halls	21	21	21	21	21

3.23.4 CHALLENGES – COMMUNITY HALLS AND FACILITIES

The table below lists challenges for Community Halls and Facilities for the year:

Table 48: Challenges for Community Halls and Facilities

Challenges	Actions to address
No budget to implement some of the community-based projects	Budgetary allocations should be made to facilitate the implementation of certain community-based projects.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, and property services.

INTRODUCTION TO CORPORATE POLICY OFFICES, Etc.
The administration of IYM comprises five (5) Directorates/Departments, namely Technical, Community Services, LED and Planning, Budget and Treasury Office, and the Corporate Services Department. The Corporate Services Department is responsible for providing support services, including the Human Resources function with all its associated responsibilities, as well as Administration & Council Support. *T 3.24*

3.24 EXECUTIVE AND COUNCIL

This component includes the Executive Office (mayor; councillors; municipal manager, and senior managers).

INTRODUCTION TO THE EXECUTIVE AND COUNCIL
This component includes the Executive Office, which comprises the mayor, councillors, municipal manager, and senior managers. *T 3.24.1*

SERVICE STATISTICS FOR THE EXECUTIVE AND COUNCIL
T 3.69.2

3.25 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES
The Long-Term Financial Plan of the Municipality not only outlines material financial and other identified issues but also offers specific proposals and recommendations for future financial management. It suggests the need for additional capacity in establishing procurement processes for all goods. **Refer to Chapter 5 for further details on the financial performance of the Municipality.** ***T 3.25.1***

3.26 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES
The Human Resources Section is responsible for ensuring the well-being of the organisation's most valuable asset – its employees. Enhancing staff performance is integral to achieving the Municipality's primary service delivery objectives. The Municipality is committed to fostering a culture of good governance and creating an environment that addresses employees' needs, enabling the continual advancement of the interests of local communities. The Human Resources functions encompass various responsibilities, including, but not limited to, the administration of employee benefits, recruitment and selection of competent staff, improvement of organisational efficiency, employment equity, training and development of staff, fostering sound labour relations, ensuring occupational health and safety, and providing general support services to enhance staff capacity in achieving the organisational strategic objectives of service delivery to the community.
T 3.26.1

SERVICE STATISTICS FOR HUMAN RESOURCE SERVICES
T 3.26.2

Table 49: Human Resources services

Employees: Human Resource Services					
Job Level	Year 2019/20	Year 2022/23			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	143	157	99	58	6
4 – 6	49	55	32	23	11
7 – 9	115	121	114	7	3
10 – 12	42	53	42	11	19
13 – 15	8	13	7	6	38
16 – 18	17	28	19	9	29
19 – 20	0	0	0	0	0
Total	374	427	313	114	10
					T3.26.4

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

ICT is one of the Municipality's most critical services, enabling various essential functions, including salary payments, providing information for decision-making, communicating with internal and external stakeholders, marketing the Municipality to potential investors and funders, paying service providers, managing and reporting on the Municipality's financial position, and overseeing municipal assets. Sustaining this service is vital to ensuring its stability and, more importantly, its availability whenever needed.

The primary responsibility of the ICT unit is to maintain a secure, accessible, reliable, and constantly operational ICT infrastructure, with a target availability rate of 98%. Thus, the ICT Unit's core focus should be on achieving and maintaining a 98% uptime for its services.

T 3.27.1

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

IT policies were reviewed and adopted by the Council, addressing all security issues, confidentiality, and access to information. The alignment of ICT to national KPAs is detailed in our Master Systems Plan (MSP), which serves as the ICT strategy for the Municipality. Additionally, the MSP aligns ICT initiatives with the Municipal IDP.

T3.27.7

3.28 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

N/A

COMPONENT J: MISCELLANEOUS

N/A

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

ANNUAL PERFORMANCE REPORT FOR THE 2023/24 FY

Table 50: Annual performance report (2023/24)

KPA 1: Basic Services and Infrastructure Development

Strategic Objective: To provide sound municipal planning, maintenance, and infrastructure provision that meets the needs of IYM citizens by 2027

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
To improve road and transport infrastructure networks within IYM for greater mobility of people, goods, and services by June 2027.	Construct intermediate-level services for transport road infrastructure.	Number of kilometres of access roads constructed.	30,8 km. Cenyu to Komkhulu – 5,5 km. Mkhwinti – 4,4 km. Bholokodlela to Ntshingeni – 3,3 km. Hangana-Ntwashini – 3,1 km. Bholiye to Nomfenazana – 7 km. Halalane to Mpikweni – 6 km. Qutsa to Mangubomvu – 1,5 km.	Total gravel access roads achieved: 37,54 km. Qutsa to Mangubomvu Access Road 3,5 km. Cenyu to Komkhulu Access Road – 5 km. Bholiye to Nomfenazana Access Road – 7 km. Mkhwinti Access Road – 4,4 km. Halalane to Mpikweni Access Road – 5,5 km. Hangana to Ntwashini Access Road – 3 km. Bholokodlela to Ntshingeni Access Road – 8,4 km. Paving of Mzomhle project – 0,74 km.	20,845 km Cenyu: 9 km. Mkwinti: 0,4 km. Hangana to Ntwashini: 1,38 km. Ngcaca: 5 km. Nomampondo: 5,065 km.	Cenyu Access Road: 9 km of gravel access road and associated stormwater constructed. Mkwinti Access Road: 0,4 km of gravel access road and associated stormwater constructed. Hangane to Ntwashini Access Road: 1,38 km of gravel access road and associated stormwater constructed. Ngcaca Access Road: 5 km of gravel access road and associated stormwater constructed. Nomampondo to Nongqongqwana Access Road: 5,065 km of gravel access road and associated stormwater constructed. constructed.		The additional access roads achieved were never planned in the SDBIP-2023-2024. They are disaster projects.	None	Quarterly reports. Completion certificate.	Director: Infrastructure

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
						Additional Pre-performance: Total: 33,545 km. Ndlunkulu Access Road – 9,7 km. Singeni Access Road – 2 km. Khayamnandi Access Road – 1 km.					
		Number of bridges constructed	None	None	1 Khayamnandi Bridge	3 Bridges Constructed: - Khayamnandi Bridge - Ngxingweni Bridge - Cube Bridge		Due to the complete collapse of the two assessed bridges, the Municipality opted to construct new bridges rather than perform maintenance.	None	Quarterly reports. Completion certificate.	Director: Infrastructure
	Maintain road infrastructure.	Number of kilometres of gravel roads maintained.	Total: 8 km Ntsongeni Access Road – 2 km. Tsomo RDP Access Road – 2 km. Sikhobeni Access Road – 2 km. Tenza Access Road – 2 km.	**Total = 8 km maintained** Ntsongeni Access Road – 2 km. Tsomo RDP Access Road – 2 km. Sikhobeni Access Road – 2 km. Tenza Access Road – 2 km.	Total: 9 km Mgababa – 2,4 km. Mdibaniso – 2,1 km. Khoncoshe – 3 km. Rashman – 1,5 km.	Total: 9 km Mgababa – 2,4 km. Mdibaniso – 2,1 km. Khoncoshe – 3 km. Rashman – 1,5 km.		None	None	Quarterly reports. Completion certificate.	Director: Infrastructure
		Number of bridges assessed.	Bridges assessed: 8 - Bholana - Lubisi - Ndlunkulu 1 & 2 - Forty-Mawusheni - Seplani - Lower Ncorha - Mthingwevu	Bridges assessed: 8 - Bholana - Lubisi - Ndlunkulu 1 & 2 - Forty-Mawusheni - Seplani - Lower Ncorha - Mthingwevu	Total: 10 Bridges 2x Ndlunkulu 1x Ncorha 2x Forty to Mawusheni 1x Bholana 1x Lubisi 1x Mthingwevu 1x Holi 1x Lower Seplani	10 Bridges assessed: 2x Ndlunkulu 1x Ncorha 2x Forty to Mawusheni 1x Bholana 1x Lubisi 1x Mthingwevu 1x Holi 1x Lower Seplani		None	None	Assessment report	Director

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
		Number of bridges maintained.	1 bridge maintained – Bholokodlela.	1 bridge maintained – Bholokodlela.	Total: 3 Bridges - Catshile - Ngxingweni - Cube	0		There were delays in the delivery of concrete for the Catshile Bridge from the supplier. Additionally, due to the complete collapse of two assessed bridges (Ngxingweni and Cube), the Municipality opted to construct new bridges instead of performing maintenance. This decision resulted in the underperformance in the target for bridges maintained	The Catshile Bridge was successfully completed at 100% in July 2024 during the 2024/25 financial year. Moving forward, the Municipality must adopt a more proactive approach to ensure timely procurement of materials.	Quarterly reports. Completion certificate.	Director
To address electricity backlogs by June 2027.	Conduct a situation analysis.	Number of dwellings connected to the mains electricity supply.	225 households	164 households	819 households	466 households		There were delays in material delivery for some projects, including delays in the supply of meters, which are procured from overseas by local suppliers.	Going forward, the Municipality and Eskom must adopt a more proactive approach in approving the Network Planning Report to ensure that construction can commence on time.	List of connections. ID numbers. Completion certificate	Director: Infrastructure
	Lobby for funding from potential funders.	Number of electrification applications submitted to Department of Education (DoE)	1	1	1	1		None	None	Proof of application submitted to DoE	Director Infrastructure
To maintain municipal properties by June 2027.	Maintenance of municipal properties.	Number of municipal buildings maintained.	2 municipal buildings maintained: - Traffic Department - Tsomo Town Hall.	12 municipal buildings maintained. Ward 14: -Landfill Site -Library -Technical Workshop -Finance Building -LED Building -Main Office Building -Park Homes and	2: - Tsomo Town Hall - Traffic Department	1: - Traffic Department		The Infrastructure Department faced budget constraints for the overall maintenance programme due to the need to address unforeseen emergencies.	The budget for maintenance has been allocated for the 2024/25 financial year.	Quarterly reports. Completion certificate.	Director: Infrastructure

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
				Technical Registry -Installation of generators at Main Office and Traffic Department Ward 8: Storeroom Ward 1: Chris Hani Resource Centre							
To achieve integrated land use planning for sustainable human settlement within IYM by June 2027.	Update the IYM housing needs register.	Number of additional beneficiaries registered into the housing needs register.	2 000	2 000 beneficiaries registered on the housing needs register.	2 000	2 000 beneficiaries registered on the housing needs register.		None	None	Housing needs register	Director: Infrastructure
		The Local Spatial Development Framework (LSDF) was reviewed and approved by the Council, including the realignment of Extension 3 and 4.	IYM LSDF reviewed and adopted by Council.	IYM LSDF reviewed but not yet adopted.	LSDF reviewed and approved by Council.	The Council adopted the LSDF report.		None	None	Inception Report, Attendance register, Council Approved LSDF	Director: Infrastructure
	Conduct general valuations.	Number of general valuation rolls conducted, compiled, and approved by the Council.	1 general valuation roll conducted, compiled, and approved by the Council.	0	General valuation roll conducted and approved by Council.	General valuation roll adopted by Council.		None	None	Quarterly report, Attendance register; Copy of General Valuation.	Director: Infrastructure
To ensure compliance on building standards by June 2027	Enforce compliance on building by-laws and National Building Regulations.	Number of enforcement reports issued.	4 enforcement reports.	4 enforcement report compiled and submitted.	4 enforcement reports on illegal and legal activities.	4 enforcement reports for illegal and legal activities issued.		None	None	Quarterly Inspection and Enforcement Reports	Director: Infrastructure
To facilitate access to sustainable human settlements by June 2027	Registration of RDP sites to approved housing beneficiaries.	Number of RDP sites transferred to approved housing beneficiaries.	50 RDP sites transferred to approved beneficiaries.	50 RDP sites transferred to beneficiaries from Tsomo and Cofimvaba.	50 RDP sites transferred to approved beneficiaries.	51 RDP sites have been transferred to 51 beneficiaries.		The target was overachieved due to municipal backlogs.	None	Proof of submission to Deeds Office. Reports on RDP sites transferred.	Director: Infrastructure

KPA: 1 Basic infrastructure Development and Service delivery (Social Services)

Strategic Objectives: To provide quality social services and sustainable infrastructure for the communities of IYM by 2027

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/T/N	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
To provide an efficient and effective traffic management by June 2027.	Reduce lawlessness through intensified law enforcement.	Number of massive traffic law enforcement operations conducted.	12	15 massive traffic law enforcement operations conducted: 11 August 2022 24 August 2022 8 September 2022 17 October 2022 28 October 2022 4 November 2022 10 November 2022 17 March 2023 18 March 2023 19 March 2023 21 March 2023 10 April 2023 8 May 2023 3 June 2023	12	16 massive traffic law enforcement operations conducted: 24 August 2023 25 August 2023 7 September 2023 15 September 2023 22 September 2023 29 September 2023 14 December 2023 31 December 2023 10 February 2024 15 February 2024 13 March 2024 29 March 2024 12 April 2024 25 April 2024 9 May 2024 18 May 2024		Due to issues with motorists, the Municipality decided to increase the number of operations conducted.	None	Attendance register. Quarterly reports.	Director: Community Services
To provide traffic services in line with applicable legislation by June 2027.	Registration and examination of motor vehicles, licensing of motor vehicles, and testing of learner and driving licences.	Number of driving licence applications.	2 500	2 718 driving licences issued.	2 500	2 004		The Municipality experienced network challenges and a shortage of personnel during the 3rd quarter of the 2023/24 financial year.	The Municipality has since employed an additional examiner and acquired additional computers from the Department of Transport (DoT) to support the licencing section.	eNatis Reports	Director: Community
		Number of learner's licence applications.	1 100	2 047 learner's licences issued.	1 500	2 134		Community members are becoming accustomed to the digital learner's licence system. The K53 manual is available for download on	None	eNatis Reports	Director: Community

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
								smartphones for practical purposes. Additional computers have been provided from DoT to support the licencing section.			
		Number of motor vehicles licenced.	4 000	5 841 motor vehicles have been licenced.	4500	5973		The Municipality has employed an additional examiner and clerk, which has contributed to an increase in the number of applications. Additionally, the DOT has provided extra computers to support the licencing section.	None	eNatis Reports	DCS
		Number of motor vehicles tested for roadworthy.	400	79 motor vehicles tested for roadworthy.	160	677 motor vehicles tested for roadworthy.		The Vehicle Testing Station (VTS) is still new, and the department has implemented various strategies to market it. Municipal officials distributed pamphlets at taxi ranks in local towns and surrounding areas, including Engcobo, Nqamakwe, and Butterworth. These efforts have contributed to exceeding performance targets. Additionally, the VTS is advertised on social media platforms, such as WhatsApp and the municipal Facebook account.	None	Roadworthy Reports	Director Comm Services

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
To provide security services to all municipal assets by June 2027.	Provide security services to all municipal assets.	Number of municipal buildings provided with security services.	17	20 provided with security services.	19 Buildings provided with security services: -Main Building -Traffic -Library -Park Homes -LED -Town Hall -Public Toilets -ERF99 -Wellness -Cofimvaba Stadium -Pound -Technical -BTO -Magwala Stadium -Landfill Site -Tsomo Office -Tsomo Library -Transfer Station -Tsomo Taxi Rank	19 Buildings provided with security services: -Main Building -Traffic -Library -Park Homes -LED -Town Hall -Public Toilets -ERF99 -Wellness -Cofimvaba Stadium -Pound -Technical -BTO -Magwala Stadium -Landfill Site -Tsomo Office -Tsomo Library -Transfer Station -Tsomo Taxi Rank		None	None	Occurrence book	Director: Community Services
To provide effective and efficient by-law enforcement by June 2027.	Enforce municipal by-laws.	Number of reports on enforcing municipal by-laws.	4	4	4	4		None	None	Quarterly reports	Director
To provide support to indigent households within IYM by June 2027.	Registration and verification of indigent households in all 21 wards.	Number of indigent households registered on the Indigent Register.	8 500	8 950 indigent households registered in the Indigent Register.	10 000	10 025 registered indigent households in the Indigent Register.		The Municipality has intensified awareness campaigns on Free Basic Services at ward level. Ward councillors, ward committees, and the SAPS are assisting with the registration of indigents at ward level, which means not everyone has to travel to town for registration.	None	Indigent report	Director Comm Service

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
To ensure the provision of waste management services to residences within IYM by June 2027.	Daily waste collection to the communities of IYM.	Number of areas receiving waste management service.	12 areas: Cofimvaba Town, Tsomo Town, Joe Slovo, Nyanisweni, Extension 4, Section C, Polly, Thabo Village, Balfour, Mzomhle, Tsomo RDP	12 areas: Cofimvaba Town, Tsomo Town, Joe Slovo, Nyanisweni, Extension 4, Section C, Polly, Thabo Village, Balfour, Mzomhle, Tsomo RDP, C Side.	12 areas: Cofimvaba Town, Tsomo Town, Joe Slovo, Nyanisweni, Extension 4, Section C, Polly, Thabo Village, Balfour, Mzomhle, Tsomo RDP C Side	12 areas: Cofimvaba Town, Tsomo Town, Joe Slovo, Nyanisweni, Extension 4, Section C, Polly, Thabo Village, Balfour, Mzomhle, Tsomo RDP, C-Side.		None	None	Collection registers. Letter from Ward Councillor for residential	Director: Community Services
	Decrease the number of illegal dump sites within IYM.	Number of awareness campaigns conducted on environmental management.	8	23 Awareness Campaigns conducted: 24 August 2022 Ward 8 7 September 2022 Ward 20 8 September 2022 Ward 15 22 September 2022 Ward 7 17 November 2022 Ward 10 23 November 2022 Ward 1 25 November 2022 Ward 14 29 November 2022 Ward 13 7 December 2022 Ward 14 10 February 2023 Ward 14 16 February 2023 Ward 14 28 February 2023 Ward 20 9 March 2023 Ward 2 27 March 2023 Ward 8 27 March 2023 Ward 17 28 March 2023 Ward 2 28 March 2023 Ward 4	8	26 Awareness Campaigns conducted: 1 August 2023 2 August 2023 3 August 2023 15 August 2023 22 August 2023 23 August 2023 7 September 2023 1 November 2023 2 November 2023 14 November 2023 16 November 2023 28 November 2023 11 January 2024 23 January 2024 7 February 2024 8 February 2024 9 February 2024 15 March 2024 11 April 2024 17 April 2024 18 April 2024 9 May 2024 13 May 2024 6 June 2024 21 June 2024		The Municipality received assistance from the Department of Forestry, Fisheries, and the Environment (DFFE) through a flood-mopping project that concluded on 30 June 2024. Employees involved in the project were trained to support the Municipality in environmental programmes, including cleaning and awareness campaigns. Additionally, the Chris Hani District Municipality has partnered with its local municipalities to conduct awareness campaigns.	None	Attendance register	Director: Community Services

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/T/N	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
				12 April 2023 Ward 14 18 April 2023 Ward 8 11 May 2023 Ward 14 2 June 2023 Ward 2 14 June 2023 Ward 17 30 June 2023 Ward 14							
To maintain and provide compliant waste disposal sites according to permit conditions by June 2027.	Comply with permit requirements.	Number of compliant monitoring reports demonstrating adherence to landfill site permit requirements.	4	4 compliant monitoring inspection reports	4	4 compliant monitoring Inspection reports		None	None	Quarterly reports	Director:
To enhance the aesthetic appearance of both towns within IYM by June 2027.	Landscaping, greening, and beatification of both IYM towns.	Number of public spaces managed and maintained.	6	6 Public open spaces managed and maintained: Magwala Entrance Hospital Entrance Behind ABSA Tsomo Entrance Garden Nyaniswени Rest Area Plantation Road Rest Area (including areas behind Spar Supermarket and Hospital Road in Nyaniswеni).	7 public spaces: Magwala Entrance Cofimvaba Hospital Entrance Nyanisweni Resting Area Town Hall Plantation Road Market Road Rest Area Tsomo Entrance Garden	7 public spaces: Magwala Entrance Cofimvaba Hospital Entrance Nyanisweni Resting Area Town Hall Plantation Road Market Road Rest Area Tsomo Entrance Garden		None	None	Quarterly reports	Director: Community Services
To minimise the risk of fires and disaster incidents in all communities of IYM by June 2027	Conduct Fire and Disaster Awareness Campaigns and provide fire equipment to the communities of IYM.	Number of Fire and Disaster Awareness Campaigns conducted.	21	23 Fire and Disaster Awareness Campaigns conducted: 11 August 2022 Ward 21 17 August 2022 Ward 3 24 August 2022 Ward 8 25 August 2022 Ward 20 29 August 2022 Ward 9 7 September 2022 Ward 20 8 September 2022 Ward 15 13 September 2022 Ward 16 14 July 2022 Ward 19 17 November 2022 Ward 10 23 November 2022 Ward	1 Awareness Campaign in 21 wards.	24 Fire and Disaster Awareness Campaigns conducted: 27 July 2023 31 July 2023 1 August 2023 2 August 2023 3 August 2023 15 August 2023 17 August 2023 22 August 2023 1 November 2023 8 November 2023 9 November 2023 14 November 2023 16 November 2023 27 November 2023 17 January 2024		None	None	Attendance registers	Director: Community Services

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
				1 25 November 2022 Ward 13 29 November 2022 Ward 4 8 February 2023 Ward 5 10 February 2023 Ward 14 6 March 2023 Ward 2 14 March 2023 Ward 6 27 March 2023 Ward 17 14 April 2023 Ward 7 4 May 2023 Ward 12 17 May 2023 Ward 18 20 May 2023 Ward 11 14 June 2023 Ward 17		23 January 2024 15 February 2024 21 February 2024 11 April 2024 17 April 2024 22 April 2024 9 May 2024 6 June 2024					
To improve security and care of all impounded animals within IYM by June 2027.	Ensure compliance with the established standards of national animal care.	Number of compliant monitoring reports from the SPCA.	1	1 Compliant Monitoring Inspection: Conducted by the SPCA on 5 June 2023. A report was issued, confirming that the Cofimvaba Pound complies with SPCA standards.	1	Target not achieved		SPCA Queenstown Offices closed.	Municipality to acquire other avenues in future.	Signed SPCA report	Director: Community
To have a functional community safety forum at IYM by June 2027.	Coordinate and facilitate a Community Safety Forum meeting.	Number of Community Safety Forum meetings held.	4	4 Community Safety Forum meetings: 9 September 2022 8 December 2022 9 March 2023 22 June 2023	4	3 Community Safety Forum meetings: 12 September 2023 22 December 2023 28 June 2024		The forum could not sit in the 3rd quarter due to the non-availability key stakeholders. The chairperson was from the District.	The IYM has taken a decision to chair the forums going forward.	Attendance register.	Director:
To facilitate access to library services by June 2027.	By marketing and promoting municipal libraries	Number of municipal library campaigns conducted.	8	13 library awareness campaigns: 16 August 2022 – National Book Week 29 September 2022 – Literacy Day 22 September 2022 – Library Awareness 30 November 2022 – Holiday Programmes 7 December 2022 – Cofimvaba Library 8 December 2022 – Tsomo Library	8	28 municipal library campaigns conducted: 4 July 2023 – Sabalele 5 July 2023 – Sabalele 7 July 2023 – Sabalele 1 August 2023 – Isikhoba Primary School 2 August 2023 – Gxwalubomvu 22 August 2023 – Gxojeni Hall 23 August 2023 – Zolo 24 August 2023 – Thobile Dyantyi		The library section also focused on rural areas during the holidays. The Municipality also collected young people in the winter for games and to educate them about the availability of four libraries in a municipal jurisdiction.	None	Attendance registers and reports	Director: Community Services

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
				9 December 2022 – Sabalele Library 28 March 2023 – Wellness Centre 28 March 2023 – St Marks SPS 20 April 2023 – Mangelengele SPS 25 April 2023 – Sabalele Library 19 May 2023 – Ncwana SPS 14-17 June 2023 – Ngqwarhu library		30 August 2023 – Cofimvaba Hall 22 September 2023 – Sabalele 24 August 2023 – Mhlahlane 18 October 2023 – James Senior Secondary School 19 October 2023 – Tsomo Hall 8 November 2023 – Ncora Flats Primary School 6 December 2023 – Nyanisweni Senior Primary School 7 December 2023 – Lower Wodehouse 8 December 2023 – Haita Hall 8 December 2023 – Cofimvaba Library 11 December 2023 – Upper Kwababa 18 April 2024 – Lungisile Senior Primary School 19 April 2024 – Cofimvaba Library 23 April 2024 – Masakhane Primary School 15 May 2024 – Sentile Ground 6 June 2024 – Mangelengele School 19 June 2024 – Cofimvaba Library 21 June 2024 – Masakhane School 24 June 2024 – Sabalele Library 25 June 2024 – Ngqwarhu Library					
		Number of Business Plans compiled and submitted to the Department of Sport, Recreation, Arts and	1	1 Business Plan compiled and submitted to the DSRAC.	1	1 Business pPan compiled and submitted to the DSRAC.		None	None	Business Plan & acknowledgement letter from DSRAC.	Director:

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
		Culture (DSRAC).									
		Signing of SLA with DSRAC.	2022/23 SLA Signed between 2 parties	Achieved – SLA Signed between IYM & DSRAC on 30 June 2022.	2023/24 SLA signed between two parties.	2023/24 SLA signed between two parties (IYM and DSRAC).		None	None	Signed SLA.	Director

KPA 2: Local Economic Development

Strategic Objective: To stimulate local economic development and ramping up economic growth within IYM by 2027

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
To enhance capacity of identified SMMEs in order to ensure their sustainability by June 2027.	Support SMMEs with capacity-building programmes and financial support.	Number of SMMEs supported.	3	63 SMMs supported.	4	47 SMMEs supported.		The municipality has forged partnership with Department of Small Business.	None	Letter of support. Invoices.	Director LED &
To ensure that businesses have trading licences and permits by June 2027.	Issuing licences and permits.	Number of licenses and permits issued.	40	154 business licences issued.	50	106 business licences issued.		None	None	Copy of business licences and permits.	Director LED &
To implement Community Works Programmes by June 2027.	Facilitating the creation of job opportunities through the CWP.	Number of CWP jobs facilitated.	1 200	1 223 CWP jobs created.	1200	1 214 jobs created.		None	None	Report on jobs created.	LE D
		Number of CWP Reference Committee meetings held.	4 meetings	4 meetings	4	4 meetings held		None	None	Invites, attendance registers, and minutes.	Director: Local
To develop, promote, and support tourism development in IYM by June 2027.	Exploring new tourism ventures in the form of water sports activities, hiking trails, and events.	Number of exhibitions shows held.	New indicator	New indicator	4	4 exhibition shows held		None	None	Signed Report	Direc tor
		Number of exhibition shows participated in and showcased IYM tourism products.	1	2 exhibition shows	1	1 exhibition show		None	None	Signed Report	DLED
		Number of traditional horse	1	1 Traditional Horse Racing and Fashion	1	1 Traditional Horse Racing		None	None	Signed report	Dir ect

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
		racing and fashion shows hosted.		show hosted in Ward 2, St Mark's village grounds on the 22nd of April 2023.		Championship: Held at St. Mark's Village Grounds on 23 September 2023. Fashion Show Awards: Held on 29 September 2023.					
		IYM Tourism website revamped and functioning	1 (tourism website)	1 (tourism website)	Tourism website revamped and functioning.	Tourism website revamped, finalised, and functioning.		None	None	Tourism website	Director: LED &
To facilitate the development and preservation of all IYM heritage sites by June 2027.	Facilitate the declaration of all IYM Heritage sites.	Number of IYM heritage sites identified for declaration.	3 sites: -St. Mark's Anglican Church -Chris Hani's home – Sabalele -Vuyisile Mini's home	0	3 sites: -St. Mark's Anglican Church -Chris Hani's home – Sabalele -Vuyisile Mini's home	3 sites identified: -St. Mark's Anglican Church -Chris Hani's Home – Sabalele -Vuyisile Mini's Home A formal application for site declaration was made to the Provincial Heritage Council for the nominated sites.		None	None	Signed report on identified sites.	Director: LED & Planning
		Number of Heritage Day celebrations held.	1	1 Heritage Day Celebration: Held at Qamata Great Place on 15 September 2022.	1	1 Intsika Yethu Heritage celebration held on 22 September 2023 at Qhumanco Great Place.		None	None	Attendance registers	Director: LED & Planning
		Number of career expo exhibitions held.	New indicator	New indicator	1	1 career expo held on 1 March 2024 at Sabalele.		None	None	Attendance and report	Direc
		Number of heritage awareness campaigns.	New indicator	New indicator	2	2 heritage awareness campaigns held: 20 March 2024 06 June 2024		None	None	Attendance registers and minutes.	Director: LED &
To improve the agricultural potential of IYM by June 2027	Support crop and livestock production in strategic areas across IYM.	Number of hectares provided with agricultural inputs (fertiliser, seeds, chemicals).	40 hectares Ward 1, 7, 14, 15.	40 hectares supported with inputs in Ward 1, 7, 14, 15.	50 Ha	613 hectares supported with pre- and post-emergency spray.		None	None	Invoices, Delivery notes, Beneficiary register	Director: LED &

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATON FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
	Provide and refurbish economic Infrastructure by enhancing value edition.	Number of shearing sheds refurbished.	2 sheds: Ward 15 & 20.	2 shearing sheds refurbished in Ward 15 & 20.	1	3 shearing sheds supported with sheep shear scissors.		None	None	Invoices, Delivery Notes, Beneficiary register.	Director: LED &
		Number of poultry projects supported.	2 poultry: Ward 4 & 18	3 poultry projects supported: Ward 4: Silwa Uphango Primary Co-operative Ward 18: The Sun Co-operative, Yiya Embovaneni Vilandini Co-operative.	2	8 poultry projects were supported with 1 600 chicks with poultry production inputs.		None	None	Invoices, Delivery notes, Beneficiary register.	Director: LED & Planning
		Number of piggery projects supported.	1 piggery: Ward 1	3 Piggery Projects Supported: -Khulati Primary Youth Co-operative (Ward 1) – Procurement of pig feed. -Ndima Piggery Project (Ward 8) – Procurement of pig feed. -Boys and Girls Project (Ward 15) – Provision of materials for piggery structures.	2	0		The projects initially planned for support by the Municipality received assistance from the Chris District Municipality. Consequently, the Municipality decided not to support these projects to avoid wasting financial resources.	The Municipality has integrated plans with the Chris District Municipality for the 2024/25 financial year to use resources effectively and efficiently. This initiative is part of the District Development Model (DDM) implementation.	Invoices, Delivery notes, Beneficiary register	Director: LED & Planning
To stimulate Local Economic Development by June 2027	Facilitate funding for all LED programmes.	Number of funding or partnership applications submitted and rand value amount acquired.	5 funding or partnership applications submitted and rand value amount acquired.	5 funding applications	5	5 funding applications		None	None	Funding Proposal, and rand value amount acquired.	Director: LED & Planning
To improve relations with LED stakeholders by June 2027.	Improve relations with LED stakeholders.	Number of LED Forum meetings held.	4	4 LED Forum meetings: 21 September 2022 30 November 2022 14 March 2023 6 June 2023	4	4 LED forums held: 15 September 2023 16 November 2023 26 March 2024 26 June 2024		None	None	Attendance registers, report.	Director: LED & Planning
To develop and review the credible IDP by June 2027	Develop and review the 5-Year IDP annually.	5-year IDP reviewed and approved by Council.	1	1 Final reviewed IDP adopted by Council on 26 May 2023.	2024-2025 reviewed IDP	Final IDP reviewed and approved by Council on 21 May 2024.		None	None	Copy of reviewed adopted IDP.	Director: LED &

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
		Number of IDP/PMS & Budget Roadshows conducted.	42	IDP/PMS and Budget Roadshows conducted in all 21 wards from 19-21 October 2022 and 19-21 April, 2023	42	IDP/PMS and Budget Roadshows conducted in all 21 wards from 1 March to 11 November 2023 and 09-12 April, 2024.		None	None	Notice. Attendance registers. Report	Director: LED & Planning
		Number of IDP/PMS & Budget Rep Forum meetings held.	4	4 IDP Rep Forum meetings held.	4	4 IDP/PMS and Budget Rep Forum meetings held: 19 September 2023 28 November 2023 20 March 2024 25 June 2024		None	None	Notice. Attendance registers.	Director LED & Planning
To develop and review SDBIP by June 2027	Develop a credible SDBIP	SDBIP developed and approved within 28 days after the approval of the IDP and Budget	Final SDBIP approved by the Mayor.	Final SDBIP approved by the Mayor.	Final SDBIP approved by the Mayor.	Final SDBIP approved by the Mayor.		None	None	Copy of approved SDBIP.	Director: LED &
		SDBIP reviewed and approved by Council.	SDBIP reviewed and approved by Council.	Reviewed SDBIP approved by Council on 23 February 2023.	SDBIP reviewed and approved by Council.	SDBIP reviewed and approved by Council on 29 February 2024.		None	None	Copy of reviewed SDBIP.	Director LED &
To monitor and evaluate municipal performance and compliance by June 2027.	Develop quarterly, mid-year, and annual performance monitoring and evaluation reports.	Number of quarterly SDBIP reports developed.	4	4	4	4		None	None	Copy of quarterly reports.	Director
		Number of annual performance reports developed and approved by Council.	1	1 S46 / Annual performance report developed and approved by Council on 30 August 2022.	1	1 Annual performance report adopted and approved by Council on 31 August 2023.		None	None	Copy of annual performance report.	Director LED &
		Number of annual reports developed, compliant, and approved by Council.	1	1 Final annual report adopted by Council on 30 March 2023.	1	1 Final annual report tabled and approved by Council on 30 January 2024.		None	None	Copy of annual report.	Director LED &
		Number of PMS Committee meetings held.	New indicator	New indicator	4	4 meetings held 14 July 023. 13 October 2023. 22 February 2024. 22 April 2024		None	None	Invites. Minutes. Attendance registers.	Director LED &

KPA 3: Financial Management and Viability

Strategic Objectives: To provide financial support to the overall achievement of municipal vision and mission by 2027

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TATP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
To ensure financial resource mobilisation by June 2027.	Effective and efficient revenue management.	Number of monthly billings prepared.	12	12 monthly billings prepared.	12	12 monthly billings prepared.		None	None	Billing Report	CF
		Revenue Enhancement Strategy reviewed and approved by Council.	1	1 Revenue Enhancement Strategy reviewed and approved by Council.	1	1 Revenue Enhancement Strategy reviewed and approved by Council.		None	None	Revenue Strategy and Council Approval	CFO
		% billed revenue collection rate (revenue collected over billed revenue).	80%	71%	75%	46%		Long outstanding debts for all debtor categories are affecting the revenue collection rate. (Households, business, and government).	The Council has approved a debt incentive scheme that offers discounts to debtors wishing to settle their outstanding debts. Additionally, there are ongoing discussions with government departments to establish payment terms and agreements. COGTA is assisting the Municipality in ensuring that government departments pay their municipal bills.	Billing vs. Receipts Report	CFO
	Effective and efficient grant management.	% spending of approved capital and % approved operational budget	3	12 reports	100%	93% spending of the approved operating budget.		The target of 100% included a year-end procedure (debt impairment), which will only be conducted during AFS preparation.	Target revised for the 2024/25 financial year to cater for year-end processes (Impairment).	12 Reports submitted to Council.	CFO
						79% of capital budget.		The disaster grant allocation was received midway through the financial year, resulting in underspending of the capital budget.	Contractors have since been appointed to expedite spending of the disaster grant.		
To ensure effective and complaint financial reporting by June 2027	Prepare GRAP compliant Annual Financial	Number of GRAP compliant AFS.	1	1 GRAP Compliant Asset Register developed	1	1 GRAP Compliant Asset Register developed.		None	None	GRAP compliant AFS.	CFO

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
	Statements (AFS) and submit to the Office of AG by 31 August, yearly.										
	Effective and efficient management of debtors.	Number of reports on UIFW expenditure and Minor Breaches by June 2023.	4	4	4	4		None	None	UIFW Report	CFO
	Prepare and submit Section 71 reports to the Mayor monthly, within 10 working days after month-end.	Number of Section 71 reports submitted by set date.	12	12 Section 71 reports submitted by set date.	12	12 Section 71 reports submitted by set date.		None	None	Section 71 report proof of submission to Provincial Treasury.	CFO
	Prepare and submit Section 72 reports to the Audit Committee and Council on or before 25 January each year.	Number of section 72 reports submitted by set date.	1	1 Section 72 report submitted by set date.	1	1 Section 72 report submitted by set date.		None	None	Section 72 report proof of submission to PT.	CFO
	Prepare and submit Section 52(d) reports to the Audit Committee and Council quarterly, within 30 days after the end of each quarter. Prepare monthly reconciliations for VAT, creditors, debtors, and other financial accounts.	Number of Section 52(d) quarterly reports submitted by set date.	4	4 Section 52(d) quarterly reports submitted by set date.	4	4 Section 52(d) quarterly reports submitted by set date.		None	None	Section 52 report proof of submission to PT.	CFO
To ensure effective, efficient, and economic SCM processes by June 2027	Develop an Annual Procurement Plan for all goods & services.	Number of developed Procurements Plans per budget and procurement strategy.	2	2 Procurement Plans developed.	2	2 Procurement Plans developed.		None	None	Procurement Plans.	CFO
		Number of monitoring reports on performance of	New indicator	New indicator	2 reports	2 reports		None	None	Quarterly reports on performance of service providers.	CFO

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
		service providers.									
To ensure effective asset management by June 2027.	Manage, control, and maintain all the municipal assets.	Developed GRAP Compliant Asset Register by set date.	1	1	3	3		None	None	GRAP Compliant Register.	CFO
		Disposal of Obsolete assets by set date	1	1	1	0		The asset verification process is still in progress; all assets in very poor condition will be considered for disposal.	A Disposal Committee meeting is scheduled for Quarter 1 to review the list of proposed assets for disposal and make recommendations to EXCO and Council. The identified obsolete assets are planned for disposal in Quarter 4 of the 2024/25 financial year.	Compiled items for disposal.	CFO
To ensure effective and efficient financial resources management by June 2027.	Effective and efficient budget management.	Compilation of the Annual Budget.	1	1	Compilation of the Annual Budget.	Final Budget compiled and adopted by Council.		None	None	Council Resolution. Draft and Final Budget.	CFO
		Compilation of the adjustment budget by 28 February.	1	1	1	1		None	None	Council Resolution considering the Adjusted budget.	CFO
	Ensure that creditors are paid within 30 days of receipt of the invoice.	Average monthly turnaround time for the processing of valid invoices (from the date of receipt of invoice to the actual date of payment) in line with Section 65(2)(e) of the Local Government: MFMA, No. 56 of 2003.			30 days	Creditors paid within 30 days.		None	None	Creditors Age Analysis and recon.	CFO
	Ensure that staff salaries and councillor allowances are paid by the 25th of each month.	Payment of salaries and councillor allowances by the 25th of each month.	25th	25 days taken to pay councillors and staff on time.	25	25 days taken to pay councillors and staff on time.		None	None	Proof of payment.	CFO
To ensure effective and adequate financial control by June 2027	Develop and review all budget-related policies, procedures, and strategies annually.	Number of budget-related policies reviewed.	17	17 budget policies reviewed and approved by Council.	21	21 budget policies reviewed and approved by Council.		None	None	Council resolution approving policies	CFO

KPA 4: Institutional Development and Municipal Transformation

Strategic Objective: To ensure Municipal transformation and Institutional development at IYM by 2027.

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
To ensure effective and efficient records management by June 2027.	Implement a backup system to safeguard institutional records (automated/electronic record system).	Number of records registers maintained and updated.	4	4 records registers maintained and updated.	4	4 records registers maintained and updated.		None	None	4 updated records registers.	Direc tor
		Number of records sorted and arranged.	1	1	1	1		None	None	Report on records sorted and arranged.	Direc tor
To enhance the capacity and performance of Councillors and Employees by June 2027.	Develop and implement a WSP.	2023/24 WSP developed and submitted to LGSETA.	2022/23 WSP developed and submitted to LGSETA.	The WSP was developed and submitted on 19 April 2023.	2023/24 WSP developed and submitted to LGSETA by 30 April 2024.	The WSP for 2024/25 was developed and submitted on 23 April 2024.		None	None	Proof of submission to LGSETA.	Director: Corporate
		Number of skills audits conducted.	New Indicator	New indicator	1 skills audit conducted by 30 April 2024.	1 skills audit was conducted.		None	None	Report on skills audit conducted	Direc tor
		Number of training interventions implemented as per the WSP.	5	8 training interventions were implemented as per the WSP (CPMD, Bachelor of Commerce Honors in HRM, Advanced Diploma in Business Management, Bachelor of Public Administration, Bachelor of Commerce, Refresher course for Operators, Occupational Health and Safety training, Basic Security Training).	4	4		None	None	Report on learning programmes implemented.	Director corporate services
To ensure effective functioning of S80 Committees, EXCO, and	Develop an Annual Council and Committee Calendar.	Annual Council and Committee Calendar developed	Annual Council and Committee Calendar	Annual Calendar developed and approved by Council.	Annual Council and Committee Calendar	A final Annual Council and Committee		None	None	Copy of draft annual Calendar. Copy of final annual	Direc tor

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
Council by June 2027.		and approved by Council.	developed and approved by Council.		developed and approved by Council.	Calendar was developed and approved by Council.				Calendar	
	Provide administrative and secretariat support for S80 Committees, EXCO and Council.	Number of ordinary Council meetings held.	4 ordinary Council sittings.	4 ordinary Council sittings: 28 July 2022 27 October 2022 30 March 2022 25 April 2023.	4 ordinary Council meetings held.	4 ordinary Council meeting held: 28 July 2023 31 October 2023 30 January 2024 30 April 2024.		None	None	Council minutes & attendance registers.	Director: Corporate
		Number of ordinary EXCO meetings held.	4 ordinary EXCO meetings.	4 EXCO Meetings held: 19 July 2022 18 October 2022 18 January 2023 13 April 2023.	4 ordinary EXCO meetings	4 ordinary EXCO meeting held: 19 July 2023 18 October 2023 19 January 2024 17 April 2024		None	None	Copy of EXCO minutes. Attendance registers.	Director: Corporate
		Number of Standing Committee meetings held.	28	28 Standing Committee meetings held.	28 Standing Committee meetings held.	28 Standing Committee meetings held.		None	None	Standing Committee meeting minutes. Attendance registers.	Director: Corporate
To ensure that Council resolutions are properly communicated and safeguarded by June 2027	Develop and maintain Council Resolution Register.	Number of Council Resolution registers developed and updated.	4	4 Council Resolution registers developed and updated.	4	4 Council Resolution registers developed and updated.		None	None	4 Council Resolution registers.	Director: Corporate
To ensure proper monitoring and management of IYM fleet by June 2027.	Implement a vehicle recovery and fleet monitoring system.	Number of reports prepared on the implementation of the Fleet policy.	4	4 reports complied on fleet utilisation in accordance with the Fleet policy.	4	4 reports compiled on fleet utilisation in accordance with the Fleet policy.		None	None	Quarterly reports on implementation of the Fleet policy.	Director: Corporate
To ensure compliance and equitable representation of municipal staff in alignment with the organisation's transformation agenda by June 2027.	By implementing, maintaining, and reporting on the EE Plan.	Number of reports submitted to the DoL.	1	1 report submitted to the DoL on 14 December 2022.	1	1 report submitted to the DoL.		None	None	Proof of submission of EE Report to DoL	Director: Corporate
		Number of trainings/ workshops held.	1	1 training held on 25–27 October 2022.	1	1 training held		None	None	Invitation Attendance register	Director: Corporate
To ensure that the organisational structure is aligned with IDP strategies and objectives by June 2027.	Review the organisational structure to ensure alignment with strategic and performance objectives.	Organisational structure reviewed and approved by Council.	Reviewed organisational structure <u>and approved by Council.</u>	Reviewed organisational structure adopted on the 30 May 2023.	Organisational structure reviewed and approved by 30 June 2024.	Final Organisational structure was reviewed and approved by Council on 21 May 2024.		None	None	Copy of reviewed organisational structure. Council resolutions.	Director: Corporate
To ensure rational basis for equitable remuneration within the organisation by June	Facilitate the development of job descriptions for every position in the	Number of job descriptions developed and approved in	100	107 Job descriptions developed.	100	124 Job descriptions developed.		More job descriptions developed due to municipal backlog.	None	Copy of job descriptions.	Director: Corporate

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/24 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI Owner
2027.	organisational structure.	accordance with the approved organisational and functional structure.									
To review institutional policies in line with legislation and other prescripts by June 2027.	Develop, implement, and review municipal policies.	Number of policies developed and/or reviewed in accordance with standard regulations.	25	85	25	30		Due to new policies that were developed by the Municipality.	None	Copy of policies developed and reviewed.	Director: Corporate
To capacitate and create awareness on institutional policies and procedure manuals by June 2027.	Conduct awareness workshops on all reviewed policies.	Number of stakeholder workshops conducted on new or reviewed policies.	1	1	1	1		None	None	Invitation Attendance register. List of policies workshopped.	Director: Corporate
To promote sound labour relations by June 2027.	Facilitate the seating of the Local Labour Forum (LLF) and compliance with relevant labour legislations.	Number of LLF meetings held.	4	3 LLF meetings held: -01 July 2022 -07 September 2022 -23 May 2023	4 LLF meeting held	5 LLF meetings: -4 October 2023 -9 October 2023 -28 November 2023 -7 December 2024 -9 March 2024		The overachievement is due to labour issue backlogs.	None	Invites. Minutes. Attendance registers.	Director: Corporate
To create a safe and healthy working environment by June 2027.	Implement an Occupational Health & Safety Policy & Plan	Number of OHS reports compiled.	4	4 OHS reports compiled.	4 OHS reports.	4 OHS reports compiled.		None	None	Quarterly reports compiled.	DCS
	Implement and review Wellness programmes for the benefit of the workforce.	Number of Wellness programmes held.	4	4 Wellness programmes held	4 Wellness programmes held	4 Wellness programmes held		None	None	Invites. Attendance registers.	Director: Corpora
To ensure efficient and effective HR provisions in line with the IDP by June 2027.	Develop and implement an HR plan.	Number of HR Plans developed and approved by Council.	1	1 HR Plan developed and approved by Council.	1	1 HR Plan developed and approved by Council.		None	None	Copy of HR Plan. Council resolutions.	Director: Corpora
		% filling of vacancies as per the approved HR Plan.	3 months positions below Sec 56	Positions were filled within a three month period.	100%	100%		None	None	Reports on filled vacant posts.	Director
		Number of leave recons prepared by 30 June 2024.	2 Leave audits conducted.	0	2	2 Leave recons prepared.		None	None	Reports on leave recons prepared	Direc tor

KPA 5: Good Governance and Public Participation

Strategic Objective: To ensure good governance and oversight at IYM by 2027.

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI ...
To strengthen the functioning of Ward Committees by June 2027.	Monitor and evaluate the functioning of Ward Committees.	Number of planned trainings conducted and completed in twenty-one (21) wards.	4	2 trainings conducted.	4 trainings conducted.	1 training conducted		The training of the Ward Committees was done in a cluster format to minimise the cost for the Municipality.	Training of Ward Committees has been budgeted for in the 2024/25 FY.	Attendance registers..	OMM
		Number of quarterly consolidated and approved reports submitted to the Office of the Speaker.	4	4 consolidated reports.	4 consolidated reports.	4 consolidated reports.		None	None	Quarterly consolidated reports.	OMM
To strengthen Council support and oversight within IYM by June 2027	Submit Municipal Section 79 Committee reports to Council.	Number of Rules and Ethics Committee meetings held and reports submitted to Council.	4	3 meetings held.	4 meetings held.	4 meetings held: -25 July 2023 -20 October 2023 -26 January 2024 -25 April 2024		None	None	Attendance registers. Reports	OMM
		Number of Women's Caucus meetings held.	New indicator	New indicator	4 meetings held.	4 meeting held: -25 July 2023 -19 October 2023 -23 January 2024 -22 April 2024		None	None	Attendance registers. Reports.	OMM
		Number of public participation meetings held.	New indicator	New indicator	4 meetings held.	4 meetings held: -26 July 2023 -18 October 2023 -7 March 2024 -25 June 2024		None	None	Attendance registers. Reports.	OMM
		Number of MPAC meetings with number of resolutions/actions implemented.	4	5 MPAC meetings held: -29 August 2022 -7 September 2022 -18 October 2022 -24 October 2022 -5 June 2023	4 meetings held.	4 meetings held: -27 July 2023 -31 October 2023 -12–13 June 2024.		None	None	Attendance registers.	OMM
		Number of MPAC approved reports submitted to Council.	4	5 MPAC reports submitted to Council.	4 reports.	4 reports submitted to Council.		None	None	Quarterly MPAC reports.	Municip
To ensure extensive communication with all	Enhance communication	Number of communication	1	1 communication	1	1 communication strategy reviewed and		None	None	Copy of reviewed communication	Mu

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
stakeholders by June 2027	Internally and externally.	strategies reviewed and approved by Council.		strategy reviewed and approved by Council.		approved by Council.				strategy.	
		Number of external newsletters prepared and published.	2	0	2 external newsletters.	2 external newsletters		None	None	Copy of external newsletters	Muni
		Number of internal newsletters prepared and published.	12	12 internal newsletters developed and disseminated electronically.	12 internal newsletters.	12 internal newsletters developed and disseminated electronically.		None	None	Copy of internal newsletters.	OMM
		Number of IGR meetings held.	New Indicator	New Indicator	4 IGR meetings held.	4 IGR meetings held		None	None	Attendance registers. Resolution registers.	OM
To contribute towards improving quality life through integrated services for the youth by June 2027.	Establish partnerships with relevant stakeholders to support youth development programmes.	Number of youth development programmes.	2 youth development programmes.	2 youth development programmes conducted.	2 youth development programmes.	2 youth programmes.		None	None	Concept. Attendance registers.	Municip
		Number of SPU mainstreaming strategies reviewed and approved by Council	1	1 SPU strategy reviewed and adopted by Council.	1	Final SPU strategy reviewed to ensure integration of services.		None	None	Copy of SPU strategy.	OMM
To facilitate War-Room Campaigns by June 2027.	Conduct advocacy programmes through the Integrated Service Delivery Model.	Number of War-Room Service Delivery Campaigns conducted and number of issues resolved or reported on.	4	5 War-Room Campaigns conducted	4 War-Room Service Delivery Campaigns conducted.	4 War-Rooms Campaigns conducted		None	None	Attendance registers. War-room.	OMM
To commemorate government national, provincial & local events by June 2027.	Align and develop concept documents for programmes of national days.	Number of national events commemorated as per the scheduled annual timetable.	10	10 National events commemorated -1 August 2022 -23 August 2022 -6 December 2022	10 national events commemorated	10 national events commemorated: -Honoring 67 minutes for Mandela Day -Women's Month -Heritage Day -Disability month -16 Days of Activism -World AIDS Day		None	None	Attendance registers. Concept document.	OMM

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
				-8 December 2022 -28 February 2023 -27 March 2023 -28 April 2023 -31 May 2023 -24 June 2023		-Human Rights Day -Youth Day -Chris Hani Month -Candlelight Memorial					
To strengthen customer care within IYM by June 2027.	Conduct Community & Business Satisfaction Surveys.	Number of Community Satisfaction Surveys conducted and submitted to Council.	1	0	1 Community Satisfaction Survey submitted to Council.	0		The document is currently in draft form and is still undergoing consultation.	The target has since been revised in the 2024/25 financial year.	Copy of Community Satisfaction Survey report.	OMM
To deliver results-driven internal audit services by June 2027.	By developing & implementing a 3 Year Rolling Risk Based Internal Audit Plan.	Number of risk-based internal audit plans developed and signed.	14	3 risk-based internal audit plans developed and implemented	1	1 risk-based internal audit plan developed and signed.		None	None	Reports on risk-based internal audits. Approved Annual Audit Plan.	Municipal
	By ensuring proper functioning of the Audit Committee.	Number of Audit Committee meetings held.	4	5 Audit Committee meetings held: -19 August 2022 -26 August 2022 -30 November 2022 -7 February 2023 -26 May 2023	4 Audit Committee meetings held.	4 Audit Committee Meetings held: -27 July 2023 -26 October 2023 -26 February 2024 -26 April 2024		None	None	Attendance registers. Minutes.	Municipal Manager
		Number of Audit Committee reports to Council.	4	4 Audit Committee reports submitted to Council.	4 reports	4 Audit Committee reports submitted to Council.		None	None	Signed Quarter Audit Committee reports.	Municipal
To provide ICT services by June 2027.	Develop and implement an Integrated Information Communication Strategy by managing risk related to ICT.	Number of ICT strategies reviewed and approved by Council.	1	ICT Strategy document.	1	1		None	None	Copy ICT strategy	Municip
		Number of ICT Steering Committee meetings held.	4	4 ICT Steering Committee meetings held: -18 August 2022 -30 November 2022	4 ICT steering Committee meetings held.	4 ICT Steering Meetings held -17 July 2023 -19 October 2023 -22 February 2024 -22 April 2024		None	None	Minutes. Attendance registers.	Municipal

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
				-20 January 2023 18/04/23							
To monitor and evaluate municipal performance and compliance by June 2027.	Develop a municipal performance and compliance register as per the MFMA Calendar.	Number of performance agreements developed & signed by S56/7 Managers.	6	6 Performance Agreements developed and signed.	6 Performance Agreements signed.	6 Performance Agreements developed and signed.		None	None	Signed Performance Agreements.	Municipal
To coordinate and monitor the institutional risk management function by June 2027.	Implement and review the Risk Management Framework and Policy.	Number of risk management frameworks and policies reviewed.	1	1 Risk Management Framework and Policy reviewed and tabled to Council on 30 May 2023.	1	1 Risk Management Framework and Policy reviewed and tabled to Council on 30 May 2023.		None	None	Copy of Risk Policy.	Municipal
	Ensure proper functioning of Risk Management Committee.	Number of risk management strategies reviewed and approved by Council.	1	1 Risk Management Strategy reviewed and tabled to Council on 30 May 2023.	1	1 Risk Management Strategy reviewed and adopted by Council on 21 May 2024.		None	None	Copy of strategy.	Municipal Manger
		Number of Risk Committee meetings held.	4	4 Risk Committee meetings: -16 August 2022 -23 November 2022 -31 January 2023 -16 May 2023	4 Risk Committee meetings held.	4 Risk Committee meetings held: -26 July 2023 -20 October 2023 -22 February 2024 -23 April 2024		None	None	Minutes. Attendance registers.	OMM
To monitor the prevention of fraud and corruption by June 2027.	Facilitate the implementation and reviewal of the of Anti-Fraud & Corruption Strategy.	Number of Anti-Fraud & Corruption Strategies reviewed and approved by Council.	1	1 Anti-Fraud & Corruption Strategy reviewed and tabled to Council on 30 May 2023.	1	1 Anti-Fraud & Corruption Strategy reviewed and approved by Council on 21 May 2024.		None	None	Copy of strategy.	Municipal Manger
	Facilitate the monitoring and implementation of the Anti-Fraud and Corruption Strategy.	Number of awareness sessions conducted.	2	2 awareness campaigns held: -03 November 2022 -04 November 22	2 awareness sessions conducted.	2 awareness sessions conducted -14-15 November 2023 -28 May 2024 and 5 June 2024.		None	None	Attendance registers.	Municipal Manger

PERFORMANCE OBJECTIVES	STRATEGIES	KEY PERFORMANCE INDICATOR	2022/23 ANNUAL TARGET	2022/23 ACTUAL	2023/24 ANNUAL TARGET	2023/2024 ACTUAL	TA/TP A/TN	EXPLANATION FOR DEVIATION	MECHANISM TO ADDRESS SHORTFALL	SOURCE OF EVIDENCE	KPI
To ascertain that all laws and regulations affecting the Municipality are in place by 2027.	Ensure that the Municipality employs the services of a panel of attorneys	Number of litigation reports.	4	4 reports	4 litigation reports	4 litigation reports		None	None	Quarterly reports	OMM
	by facilitating thr development of by-laws.	Number of by-laws reviewed and approved by Council.	5	8 By-laws reviewed and adopted by Council in June 2023.	5 By-Laws reviewed and approved by Council.	0		No new by-laws reviewed, developed, and Introduced to Council.	This target has been reviewed in the 2024/25 FY.	Copy of by-laws.	OMM

Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

(PERFORMANCE REPORT PART II)

INTRODUCTION

IYM is dedicated to making all reasonable efforts to achieve the objectives outlined in the IDP while addressing daily operational needs. This commitment is upheld by ensuring appropriate staffing levels to meet functional requirements. Organisational support plays a crucial role in optimising staff performance and departmental functionality. This is achieved through vigilant monitoring of the utilisation and implementation of relevant policies and procedures.

Every effort is dedicated to ensuring compliance with relevant legislative requirements, including those related to recruitment, the Workplace Skills Plan, Employment Equity, and similar matters. Rigorous monitoring is conducted to ensure that all aspects of staff recruitment, selection, appointment, and retention are managed correctly and in strict accordance with established policies, procedures, and legislation.

T 4.0.1

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Table 51: Employees

Employees					
Description	Year 2021/22	Year 2022/23			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water					%
Wastewater (Sanitation)					%
Electricity	3	3	5	2	40%
Waste Management					%
Housing	5	5	5	2	40%
Wastewater (Stormwater Drainage)					%
Roads	83	83	41	7	17%
Transport					%

Planning	5	5	5	2	40%
Local Economic Development	20	20	14	9	36%
Planning (Strategic & Regulatory)					%
Local Economic Development	20	20	14	9	36%
Community & Social Services			105	78	74%
Environmental Protection	33	33	30	8	27%
Totals	–	–	–	–	–
					T 4.1.1

Table 52: Vacancy rate

Vacancy Rate: Year 2022/23			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	0	0%
Other S57 Managers (Finance posts)			
Police officers			
Fire fighters	8	4	50%
Senior management: Levels 13–15 (excluding Finance Posts)	4	0	0%
Senior management: Levels 13–15 (Finance posts)	1	0	0%
Highly skilled supervision: levels 9–12 (excluding Finance posts)	44	8	18%
Highly skilled supervision: levels 9–12 (Finance posts)	4	3	75%
Total			
			T 4.1.2

Table 53: Turnover rate

Turnover Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
Year 2017/18	25	18	72%
Year 2018/19	34	15	44%
Year 2019/20	34	16	47%
Year 2020/21	6	19	0%
Year 2021/22	5	15	0%
Year 2022/23	8	17	0%
***Divide the number of employees who have left the organisation within a year, by total number of employees who occupied posts at the beginning of the year**			*T 4.1.3*

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The IYM currently employs 329 permanent officials, each contributing individually and collectively to the achievement of the Municipality's objectives. The primary goal of Human Resource Management is to deliver an innovative Human Resource service that addresses both skills development and administrative functions.

Managing the municipal workforce involves analysing and coordinating employee behaviour. The daily operations and management of the workforce are governed and directed by various legislative acts and internal policies, including the Labour Relations Act, the Basic Conditions of Employment Act, the Employment Equity Act, the MFMA, and the internal Disciplinary Policy and Procedures, as well as the Performance Management Policy, among others. To ensure proper implementation and foster the necessary commitment from management and staff, stakeholders are involved in the development of these policies, and relevant staff receive comprehensive training to ensure effective application.

The organisation's ongoing intention is to establish personnel administration that is administered and managed in a fair, efficient, effective, and transparent manner. Management is tasked with appropriately managing and supporting staff in accordance with legislative requirements. By doing so, a supportive management and administrative structure is cultivated, fostering successful outcomes and enhancing performance optimisation at every level.

T4.2.0

Table 54: Municipal workforce

DEPARTMENT	TOTAL NUMBER OF STAFF	NO. OF PERMANENT STAFF	NO. OF CONTRACT STAFF
Infrastructure, Planning and Development	111	110	1
Community Services Department	64	59	5
Office of the Municipal Manager	39	33	6
Local Economic Development	15	11	4
Corporate Services Department	55	55	0
Finance	27	25	2
TOTAL	311	293	18

T 4.2.0

Full organogram attached as appendix.

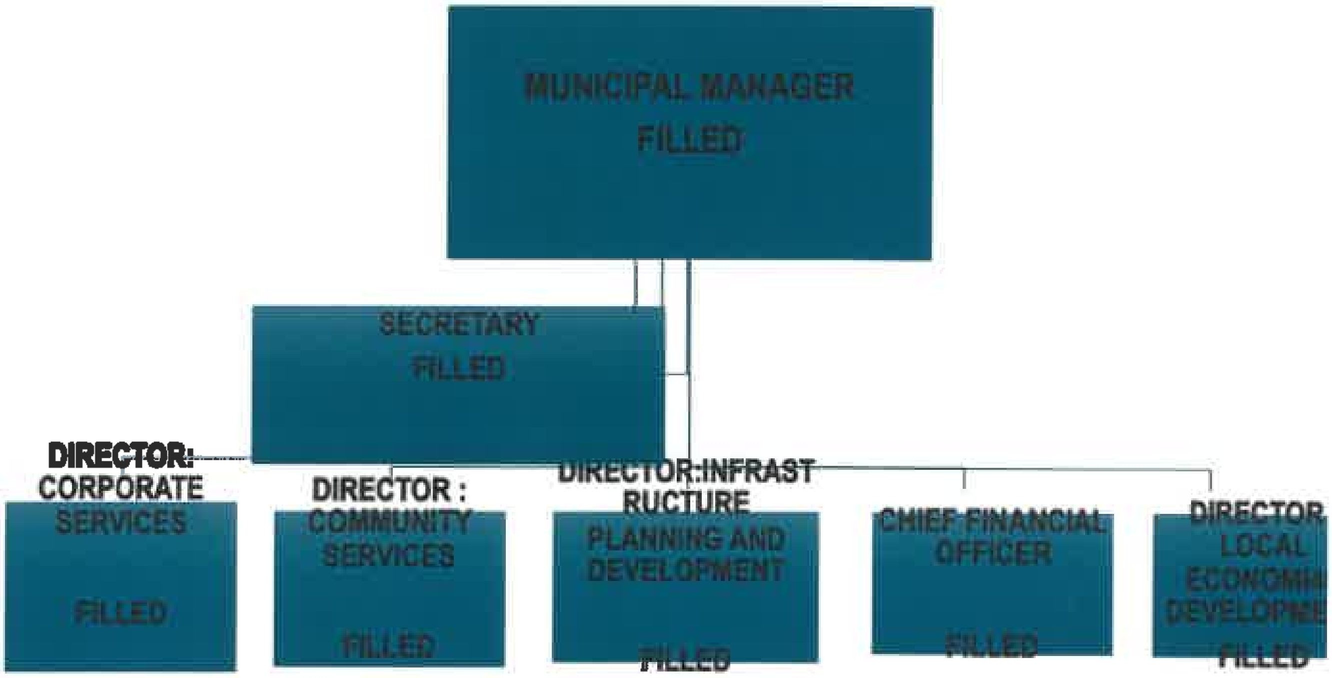


Figure 5: Organogram

4.2 POLICIES

Table 55: Policies

	HR Policies and Plans			
	Name of Policy	**Completed %**	**Reviewed %**	**Date adopted by Council or comment on failure to adopt**
1	Affirmative Action	0%		N
2	Attraction and Retention	100%		Y
3	Code of Conduct for Employees	100%		Y
4	Delegations, Authorisation & Responsibility	100%		Y
5	Disciplinary Code and Procedures	100%		Y
6	Essential Services	100%		Y
7	Employee Assistance / Wellness	100%		Y
8	Employment Equity	100%		Y
9	Exit Management	0%		N
10	Grievance Procedures	100%		Y
11	HIV/AIDS	100%		Y
12	Human Resource and Development	100%		Y
13	Information Technology	100%		Y
14	Job Evaluation	100%		Y
15	Leave	100%		Y
16	Occupational Health and Safety	100%		Y
17	Official Housing	100%		Y
18	Official Journeys	100%		Y
19	Official Transport to Attend Funerals	100%		Y
20	Official Working Hours and Overtime	100%		Y
21	Organisational Rights	100%		Y
22	Payroll Deductions	100%		Y
23	Performance Management and Development	100%		Y
24	Recruitment, Selection and Appointments	100%		Y
25	Remuneration Scales and Allowances	100%		Y
26	Resettlement	100%		Y
27	Sexual Harassment	100%		Y
28	Skills Development	100%		Y
29	Smoking	100%		Y
30	Special Skills	100%		Y
31	Long Service Policy	100%		Y
32	Policy regulating absenteeism	100%		Y
33	Substance Abuse Policy	100%		Y

HR Policies and Plans			
Name of Policy	Completed %	Reviewed %	Date adopted by Council or comment on failure to adopt
			T 4.2.1

4.3 INJURIES, SICKNESS AND SUSPENSIONS

An *occupational injury* refers to any personal injury, disease, or fatality resulting from an occupational accident. Compensation claims for such injuries are assessed based on the severity of the injury or disease and can place a considerable financial burden on a municipality. Occupational injuries not only incur direct costs but also result in a loss of productive man-hours, negatively impacting both financial performance and overall productivity. As of now, there have been no new reported cases of injuries.

The table below provides a summary of the total number of injuries recorded per directorate.

Table 56: Total number of injuries per directorate

Directorate	2019/20	2020/21	2021/22	2022/23	2023/24
Office of the Municipal Manager	0	0	0	0	0
Economic development & planning	0	0	0	0	0
Community Services	0	0	0	0	0
Technical Services	1	1	1	0	0
BTO	0	0	0	0	0
Corporates Services	0	0	0	0	0

The table below shows the total number of sick leave days per directorate:

Table 57: Total number of sick leave days per directorate

DEPARTMENT	No. of day taken 2021/22	No. of days taken 2022/23	No. of days taken 2023/24
Infrastructure, Planning and Development	135	59	112
Community Services	157	79	121
Office of the Municipal Manager	107	51	49
Local Economic Development	33	12	15
Corporate Services Department	234	319	301
BTO	147	58	64

The table below shows the total number suspensions per directorate:

Table 58: Total number of suspensions per directorate

DEPARTMENT	2020/21	2021/22	2022/23	2023/24
Infrastructure, Planning and Development	0	0	0	0
Community Services	0	0	0	0
Office of the Municipal Manager	0	0	1	1
Local Economic Development	0	0	0	0
Corporate Services Department	0	0	2	2
BTO	0	0	0	0

COMMENT ON INJURY AND SICK LEAVE:

An occupational injury refers to any personal injury, disease, or fatality resulting from an occupational accident. Compensation claims for such injuries are determined based on the severity of the injury or illness and can impose significant financial costs on a municipality. Occupational injuries not only incur direct costs but also result in a loss of productive man-hours, negatively impacting both financial performance and overall productivity. At the time of writing, no new cases of injuries had been reported.

The number of sick leave days taken by employees directly impacts service delivery and costs. Regular monitoring of sick leave helps identify patterns or trends, enabling the implementation of corrective actions when necessary.

T 4.3.4

Table 59: Number and period of suspensions

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action Taken or Status of Case and Reasons Why Not Finalised**	**Date Finalis**
Personnel Clerk	Gross misconduct; organising and participating in an unprotected strike; intimidation; and also bringing the name of the Municipality into disrepute.	04 November 2022	Suspended; disciplinary hearing in progress.	31 August 2023
Communication Clerk	Gross misconduct; organising and participating in an unprotected strike; intimidation; and also bringing the name of the Municipality into disrepute.	09 November 2022	Suspended; disciplinary hearing in progress.	31 August 2023
Driver	Theft	16 February 2023	Suspended; disciplinary hearing in progress.	29 August 2023
				T 4.

Cases of financial misconduct are overseen by the Financial Misconduct and Ethics Board of the Council. During the 2022/23 financial year, no cases of financial misconduct were reported. Nonetheless, the Board remains fully functional and prepared to address any such cases should they arise.

Table 60: Disciplinary action taken for financial misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the Municipality**	**Disciplinary action taken**	**Date Finalised**
N/A	0	N/A	0
N/A	0	N/A	0
N/A	0	N/A	0
			T 4.3.6

4.4 PERFORMANCE REWARDS

Table 61: Performance rewards by gender

Performance Rewards by Gender					
		Beneficiary profile			
Designations	**Gender**	**Total number of employees in group**	**Number of beneficiaries**	**Expenditure on rewards Year 2022/23 R' 000**	**Proportion of beneficiaries within group %**
Lower skilled (Levels 1–2)	Female	0	0	R0	
	Male	0	0	R0	
Skilled (Levels 3–5)	Female	0	0	R0	
	Male	0	0	R0	
Highly skilled production (levels 6–8)	Female	0	0	R0	
	Male	0	0	R0	
Highly skilled supervision (levels 9–12)	Female	0	0	R0	
	Male	0	0	R0	
Senior management (Levels 13–15)	Female	0	0	R0	
	Male	0	0	R0	
MM and S57	Female	2	2	R92 248,18	
	Male	2	2	R92 248,18	
Total					
Has the statutory municipal calculator been used as part of the evaluation process?					Yes/No
					T 4.4.1

COMMENT ON PERFORMANCE REWARDS:

The performance assessments for S56/7 Managers for the 2022/23 financial year were completed. Assessments for the 2023/24 financial year are set to be conducted during the 3rd quarter of the 2024/25 financial year.

T 4.4.1.1

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Section 68(1) of the MSA states that municipalities must develop their human resource capacity to a level that enables them to perform functions and exercise powers in an economical, effective, efficient, and accountable manner. To achieve this, the Human Resource capacity of a municipality must adhere to the Skills Development Act (SDA), No. 81 of 1998, and the Skills Development Levies Act, 20, No. 28 of 1999.

During the 2023/24 financial year, the Municipality significantly expanded its training initiatives, with a notable increase in full credit-bearing programmes. In line with the National Qualifications Framework (NQF), which emphasises the portability of training programmes, the municipality focused on offering both full and part qualifications that provide pathways to further education and qualifications at various tertiary institutions.

Discretionary allocations granted to IYM by the Local Government Sector Education & Training Authority (LGSETA) facilitated access to learnerships. The following training programmes were provided for municipal employees:

- Yellow Fleet Operators (20 Employees)

- Occupational Health and Safety Training (11 Employees)

- Basic Security Training (17 Employees)

T 4.5.0

4.5 SKILLS DEVELOPMENT AND TRAINING

The SDA (1998) and MSA (2000) mandate employers to provide employees with appropriate training to strengthen human resource capacity. As stipulated in Section 55(1) (f) of the MSA, the Municipal Manager, as the head of administration, is responsible for the management, utilisation, and training of staff.

Table 62: Skills development and training provided

LEARNING PROGRAMMES PROVIDED	SKILLS PROGRAMMES PROVIDED	QUALIFICATIONS PROVIDED
CPMD (1 learner)	Training for Operators (20 Employees)	Bachelor of Public Administration (12 Learners)
	Occupational Health & Safety Training (11 Employees)	Bachelor of Commerce Degree (1 Learner)
	Basic Security Training (17 Employees)	Bachelor of Commerce in HRM (2 Learners)

LEARNING PROGRAMMES PROVIDED	SKILLS PROGRAMMES PROVIDED	QUALIFICATIONS PROVIDED
	Examiner of Vehicle Grade (1 Learner)	Advanced Certificate in Business Management Learner)
	Introduction to SAMTRAC (1 Learner)	Bachelor of Commerce in IT (2 Learners)
		Bachelor of Commerce in Project Management Learners)
		Post Grade in Project Management (2 Learners)
		Bachelor of Commerce in Business Administration Learners)
		Bachelor of Commerce in Supply Chain Manageme (2 Learners)
		Higher Certificate in Supply Chain Management Learner)
		Advanced Diploma in Business Management Learner)

Table 63: Skills development expenditure

Skills Development Expenditure								
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 2023/2024					
			Learnerships		Skills programmes & other short courses		Total	
		No. 92	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
Municipal Manager and S57	Female		R0.00	R0.00				
	Male	0						
Legislators, senior officials & managers	Female	0						
	Male	2						
Professionals	Female	2						
	Male	0						
Technicians & associate professionals	Female	0						
	Male	1						
Clerks	Female	18						
	Male	3						
Service & sales workers	Female	0						
	Male	23						
Plant and machine operators and assemblers	Female	0						
	Male	20						
Elementary occupations	Female	5						
	Male	4						

Sub-total	Female	32						
	Male	46						
Total			0	0	0	0		
% and *R value of municipal salaries (original budget) allocated for workplace skills plan.							%*	*R
								T4.

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

Section 83 (1) of the Local Government: MFMA, No. 56 of 2003, requires that the Accounting Officer, Senior Managers, the Chief Financial Officer, non-financial managers, and other financial officials of a municipality meet the prescribed financial management competency levels necessary for the effective implementation of the MFMA. These competencies have been outlined by National Treasury in Government Notice 493, dated 15 June 2007.

To support these officials in attaining the required financial competencies, National Treasury, in collaboration with various stakeholders and role players in the local government sphere, has developed an outcomes-based NQF Level 6 qualification in Municipal Finance Management.

T 4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Section 66 of the Local Government: MSA, No. 32 of 2000, stipulates that the Accounting Officer of a municipality must report to the Council on all expenditure related to staff salaries, wages, allowances, and benefits. This reporting obligation aligns with the provisions of the Public Service Regulations (2002) and the National Treasury Budget and Reporting Regulations SA22 and SA23.

IYM is mandated to manage all resources, including financial management such as workforce expenditure, in the most effective and efficient manner possible. To establish and maintain effective controls that minimise overspending, strict adherence to established policies and procedures is essential. Accordingly, no appointments may be made without the appropriate approvals, ensuring that budget allocations are allocated correctly.

Accordingly:
- Budgets are meticulously controlled, with any instances of over- or under-expenditure regularly reported, typically through monthly reporting procedures.
- Staff appointments are strictly made in accordance with the relevant legislation and/or policy agreements.

T 4.6.0

4.6 EMPLOYEE EXPENDITURE

COMMENT ON WORKFORCE EXPENDITURE:

Section 66 of the Local Government: MSA, No. 32 of 2000, mandates that the Accounting Officer of a municipality must report to the Council on all expenditure incurred by the municipality on staff salaries, wages, allowances, and benefits. This requirement aligns with the provisions outlined in the Public Service Regulations (2002) and the National Treasury Budget and Reporting Regulations SA22 and SA23.

IYM is committed to managing all resources, including financial aspects such as workforce expenditure, in the most effective and efficient manner. To establish and maintain effective controls that minimise opportunities for overspending, strict adherence to policies and procedures are essential. To this end, no appointments may be made without the necessary approvals, ensuring that budget allocations are correctly and responsibly managed.

Accordingly:
- Budgets are closely monitored, with any instances of over- or under-expenditure regularly reported, typically through monthly reporting mechanisms.
- Staff appointments are made strictly in accordance with the relevant legislation and/or policy agreements.

T 4.6.1.1

Table 64: Number of employees whose salaries were increased due to upgraded positions

Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgraded		
Beneficiaries	**Gender**	**Total**
Lower skilled (Levels 1–2)	Female	0
	Male	0
Skilled (Levels 3–5)	Female	0
	Male	0
Highly skilled production (Levels 6–8)	Female	0
	Male	0
Highly skilled supervision (Levels 9–12)	Female	0
	Male	0
Senior management (Levels 13–16)	Female	0
	Male	0
Municipal Manager and S 57	Female	0
	Male	0
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 (as illustrated above).		***T 4.6.2***

DISCLOSURES OF FINANCIAL INTERESTS
Refer to Appendix J.
T 4.6.6

Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

Amid global economic uncertainty and rising costs driving inflationary pressure on the Municipality, meticulous attention is given to maintaining effective financial management practices. Robust systems and procedures are implemented to establish sound fiscal controls and create an environment that supports effective financial management, thereby minimising occurrences of fruitless and wasteful expenditure. Additionally, the Municipality adopts proactive measures to ensure that operations are appropriately controlled, thereby sustaining efficient and effective service delivery to our consumers.

T 5.0.1

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

INTRODUCTION TO FINANCIAL STATEMENTS

Note: Statements of Revenue Collection Performance by vote and by source are included in **Appendix K.**

T 5.1.0

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Table 65: Statement of financial performance for the year ended 30 June 2024

Intsika Yethu Local Municipality
Annual Financial Statements for the year ended June 30, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Service charges	18	1,455,149	1,379,875
Construction contracts	31	25,805,979	8,240,459
Rental of facilities and equipment	19	1,192,741	1,335,344
Interest on outstanding debtors	24	1,718,575	1,297,402
Agency services	21	1,086,856	890,164
Licences and permits	22	2,182,953	1,783,297
Operational Revenue	26	534,854	476,461
Sale of Goods and Rendering of Services	27	338,414	847,505
Interest received - investment	28	8,435,517	5,336,310
Total revenue from exchange transactions		**42,621,129**	**21,398,817**
Revenue from non-exchange transactions			
Property rates	29	16,585,178	13,506,234
Fines Penalties and Forfeits	23	535,808	540,921
Government grants & subsidies	31	277,815,782	246,984,750
Licences and permits	20	142,856	173,690
Interest, Dividends and Rent on Land	25	5,005,328	3,093,031
Total revenue from non-exchange transactions		**300,084,952**	**264,968,626**
		42,621,129	21,398,817
		300,084,952	264,968,626
Total revenue		342,706,081	286,367,443
Expenditure			
Employee related costs	32	(157,889,163)	(137,732,119)
Remuneration of councillors	33	(19,337,802)	(17,986,236)
Depreciation and amortisation	34	(32,086,365)	(31,160,730)
Finance costs	36	(8,456)	(6,936)
Impairment Loss	37	(17,651,926)	(10,563,326)
Construction Contracts Expenditure	39	(25,805,979)	(8,240,459)
Contracted services	40	(31,906,856)	(20,225,039)
Transfers and Subsidies	30	(3,684,990)	(4,162,631)
Loss on disposal of assets and liabilities		(1,136,896)	(14,638,916)
Inventory Consumed	17	(5,434,896)	(2,882,934)
Operational cost	38	(45,174,826)	(33,678,090)
Total expenditure		**(342,856,037)**	**(281,217,412)**
		-	-
Total revenue		342,706,081	286,367,443
Total expenditure		(342,856,037)	(281,217,412)
Operating surplus/deficit		-	-
(Deficit) surplus before taxation		(149,956)	5,150,031
Taxation		-	-
(Deficit) surplus for the year		**(149,956)**	**5,150,031**

COMMENT ON FINANCIAL PERFORMANCE:

The Municipality has utilised 95% of its allocated grants.

T5.1.3

5.2 GRANTS

Table 66: Grants

NAME	BUDGET	ACTUAL	%
Municipal Infrastructure Grant (MIG)	50 667 682,00	50 667 682,00	100%
Integrated Electrification Programme (INEP)	27 896 000,00	27 896 000,00	100%
Finance Management Grant (FMG)	2 100 000,00	2 100 000,00	100%
EPWP	1 749 000,00	1 749 323,00	100%
CHDM	316 200,00	316 200,00	100%
LIBRARY FUND	536 665,00	536 665,00	100%
LG SETA	257 185,00	257 185,00	100%
Municipal Disaster Grant (MDR)	43 180 995,00	27 355 390,00	63%
Equitable Share	197 942 000,00	197 942 000,00	100%
TOTAL	**324 645 727,00**	**308 820 445,00**	**95%**

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The Municipality has utilised its allocated grants as follows:
- 109% of the approved operating budget was spent.
- 95% of the capital budget was expended.

The underspending on the capital budget is attributed to the MDG allocation being received midway through the financial year. Contractors have since been appointed to expedite the spending of the grant.

T 5.2.4

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Amid global economic uncertainty and rising costs, the Municipality places a high priority on meticulous financial management. Robust systems and procedures are implemented to establish sound fiscal controls and foster an environment conducive to effective financial management, thereby minimising fruitless and wasteful expenditure. Additionally, the Municipality ensures diligent oversight of operations to sustain efficient and effective service delivery to its consumers.

Asset management practices within the Municipality are governed by a comprehensive Asset Management Policy. This policy provides clear directives for the management, accounting, and control of property, plant, and equipment (assets) owned or controlled by the Municipality, ensuring the following:

- Implementation of the approved Asset Management Policy, as required by Section 63 of the MFMA.
- Annual verification of assets in the Council's possession throughout the financial year.
- Maintenance of a complete and balanced record of all assets in the Council's possession.
- Reporting of asset losses, where applicable, to the Council in writing, with these assets valued and accounted for in compliance with a statement of GRAP (Generally Recognised Accounting Practice).
- Proper maintenance and safeguarding of assets.

The Asset Management Policy clearly defines the roles of the:

- Municipal Manager
- Chief Financial Officer
- Procurement Section
- Budget Section
- Expenditure Section
- Asset Control
- All other departments

Asset management is conducted in accordance with the Asset Management Policy outlined above. The control and safeguarding of assets are the responsibility of each department. Each department is required to budget for the necessary maintenance of the assets under its control to ensure that the assets achieve their economic lifespans.

T 5.3.1

Table 67: Expenditure for repairs and maintenance

Expenditure incurred to repair and maintain		
	2023	2024
Electrical Infrastructure	209 039	299 706,00
Roads Infrastructure	968 226	7 584 647,00
Solid Waste Disposal	58 571	62 321,00
Community Assets	317 168	295 818,00
Machinery and Equipment	3 314 534	4 453 922,00
Other Assets – Buildings	418 285	2 657 142,00
TOTAL	**5 285 822**	**15 353 556,00**

5.4 FINANCIAL RATIOS ON KEY PERFORMANCE INDICATORS

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Table 68: Capital expenditure

Project Description	Opening Balance	Addition	Commissioned	Closing Balance
Ngcaca Access Road	-	8 101 560,42	8 101 560,42	-
HALALANE ACCESS ROAD	0.01	-	-	0,01
KHAYAMNANDI BRIDGE	711 832,78	11 471 589,19	12 183 421,97	-
HOYANA ACCESS ROAD	-	2 698 248,71	-	2 698 248,71
GONGQO TO BHANTI ACCESS ROAD	-	3 342 108,28	-	3 342 108,28
UPGRADING OF GRAVEL ROADS TO SURFACED ROADS	26 399 754,57	-	-	26 399 754,57
BHOKOLODLELA ACCESS ROAD	755,44	-	-	755,44
Hangana to Ntwashini Access Road Phase 2	-	1 778 947,65	1 778 947,65	-
CENYU KHALIMASHE TO KOMKHULU ACCESS ROAD Phase 2	-	6 662 543,53	6 662 543,53	-
KHUZE BRIDGE	-	2 036 273,32	-	2 036 273,32
CENYU ACCESS ROAD	-	-	-	-
SKIMINI TO MATHAFENI ACCESS ROAD	-	1 252 031,00	-	1 252 031,00
MKHWINTI ACCESS ROAD Phase 2	-	5 605 617,70	5 605 617,70	-
Ndlunkulu Access Road	-	1 518 131,43	1 518 131,43	-
QAMATA TO BASIN ACCESS ROAD	-	1 475 562,51	-	1 475 562,51
BHOLITYE ACCESS ROAD	0,04	-	-	0,04
Mkwintl Access Road	(0,32)	-	-	(0,32)
NGQWASHU ACCESS ROAD	-	1 526 046,27	-	1 526 046,27
Nomampondo to Nongqongqwana Access Road	-	6 395 871,91	6 395 871,91	-
MNCUNCUZO ACCESS ROAD	-	1 294 894,83	-	1 294 894,83
TENZA BRIDGE	2 863 579,51	-	-	2 863 579,51
MABHENTSENI ACCESS ROAD	-	2 174 596,80	-	2 174 596,80
MARHAULENI BRIDGE	-	1 760 654,53	-	1 760 654,53

Project Description	Opening Balance	Addition	Commissioned	Closing Balance
BHOKOLODLELA ACCESS ROAD	-	-	-	-
Singeni Access Road	-	2 108 804,20	2 108 804,20	-
QUTSA ACCESS ROAD	(0,01)	-	-	(0,01)
PAVING OF JOE SLOVO NYANISWENI AND MZOMHLE	5 056 913,40	-	5 056 913,40	-
HANGANA ACCESS ROAD	-	885 837,25		885 837,25
VRYSTAD ACCESS ROAD	-	2 315 734,80	-	2 315 734,80
NKOMFENI ACCESS ROAD	-	2 001 032,93	-	2 001 032,93
	35 032 835,42	66 406 087,26	49 411 812,21	52 027 110,47

T 5.5.1

5.6 SOURCES OF FINANCE

Table 69: Grants and subsidies

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Government grants & subsidies		
Operating grants		
Equitable share	197,942,000	187,928,000
Department of Sports, Recreation, Arts and Culture	536,865	882,667
CHOM Grant	316,200	500,088
Municipal Infrastructure Grant	3,108,582	2,748,348
Local Government Financial Management Grant	2,100,000	2,100,000
Expanded Public Works Programme Integrated Grant	1,749,323	2,397,446
LG SETA	257,185	246,958
	206,010,055	196,904,537
Capital grants		
Municipal Disaster Recovery Grant	27,355,390	-
Municipal Infrastructure Grant	44,450,318	50,060,213
	71,805,708	50,060,213
	206,010,055	196,904,537
	71,805,708	50,060,213
	277,815,763	246,964,750

5.7 CAPITAL SPENDING ON FIVE LARGEST PROJECTS

Table 70: Capital spending on largest projects

Project Description	Opening Balance	Addition	Commissioned	Expense	Closing Balance
Ngcaca Access Road	-	8 101 560,42	8 101 560,42	-	-
KHAYAMNANDI BRIDGE	711 832.78	11 471 589,19	12 183 421,97	-	-
CENYU KHALIMASHE TO KOMKHULU ACCESS ROAD Phase 2	-	6 662 543,53	6 662 543,53	-	-
Nomampondo to Nongqongqwana Access Road	-	6 395 871,91	6 395 871,91	-	-

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

The current debtors' book reflects a billing versus collection rate of 55% for the period from July 2023 to June 2024, with outstanding debts at 21%. The collection rate has decreased compared to previous years; however, a plan is in place to increase the collection rate.

The Municipality has incurred fruitless and wasteful expenditure, as defined by the MFMA, which refers to expenditure incurred in vain and that could have been avoided with reasonable care. This expenditure primarily arose due to interest charges by Eskom and Telkom. Both companies consistently send their accounts late, resulting in delayed payments by the Municipality and, in some instances, overpayments.

The Municipality has been receiving VAT refunds, and for the 2023/25 financial period, an amount of R14 million was received, as reflected in the VAT Statement. However, during the 2022/23 financial year, VAT was claimed from service providers who were not VAT-registered, leading to a voluntary disclosure to SARS amounting to R2.8 million. The Municipality is still settling this liability, with payments being deducted in agreed-upon tranches.

The Municipality continues to seek better ways to address the challenge of receiving late accounts, which is beyond its direct control. To mitigate this issue and reduce fruitless and wasteful expenditure, the Municipality has implemented a policy of immediate payment upon receipt of invoices, rather than adhering to the standard payment dates of the 15th and 31st of each month.

The Municipality has two investments that were opened in May 2024. The process of opening these investments was conducted in compliance with Section 11 of the MFMA and the Cash and Investment Policy approved by the Council. The interest rate for these municipal investments ranges between 6% and 9%.

In 2024, the Municipality made the following payments:

- R25 077,116 to suppliers.
- R36 749,838 for other payments.

No VAT refunds were received during 2024.

5.9. CASH FLOW

Table 71: Cash flow statement for the year ended 30 June 2024

Intsika Yethu Local Municipality
Annual Financial Statements for the year ended June 30, 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Sale of goods and services		54,179,249	14,269,579
Grants		289,414,395	256,427,085
Interest income		8,436,517	6,326,310
		352,028,161	276,022,943
Payments			
Suppliers		(277,481,849)	(223,791,456)
Interest paid		(8,458)	(6,938)
Vat payment		-	(764,300)
		(277,490,307)	(224,562,694)
Total receipts		352,028,161	276,022,943
Total payments		(277,490,307)	(224,562,694)
Net cash flows from operating activities	41	74,537,844	45,460,249
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(71,030,004)	(45,740,964)
Proceeds from sale of property, plant and equipment	3	1,829,216	220,001
Proceeds from sale of investment property	2	(267,283)	-
Net cash flows from investing activities		(69,468,071)	(45,520,963)
Net increase/(decrease) in cash and cash equivalents		5,069,772	(60,714)
Cash and cash equivalents at the beginning of the year		61,022,328	61,083,042
Cash and cash equivalents at the end of the year	14	66,092,101	61,022,328

AGE ANALYSIS

Table 72: Age analysis

Service	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181+ Days	Balance
Interest	596 289,43	584 679,52	857 187,67	559 018,96	545 753,37	534 420,15	18 973 477,17	22 650 826,27
Property Rates	1 116 209,60	951 289,10	933 133,83	909 138,01	901 226,50	900 533,71	27 527 606,55	33 239 137,30
OTHER	- 65 204,57	- 23 365,60	- 36 826,24	- 10 520,25	- 2 707,69	- 536,54	611 040,43	471 879,54
Refuse Removal	75 731,27	91 180,84	85 165,62	83 197,73	81 045,47	80 689,38	5 784 305,85	6 281 316,16
Property Rental	48 520,68	45 515,60	43 856,69	43 487,74	43 070,68	43 070,68	2 540 692,53	2 808 214,60
Grand Total	1 771 546,41	1 649 299,45	1 882 517,57	1 584 322,19	1 568 388,33	1 558 177,38	55 437 122,53	65 451 373,86

Service	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181+ Days	Balance
Interest	596 289,43	584 679,52	857 187,67	559 018,96	545 753,37	534 420,15	18 973 477,17	22 650 826,27
Property Rates	1 116 209,60	951 289,10	933 133,83	909 138,01	901 226,50	900 533,71	27 527 606,55	33 239 137,30
OTHER	- 65 204,57	- 23 365,60	- 36 826,24	- 10 520,25	- 2 707,69	- 536,54	611 040,43	471 879,54
Refuse Removal	75 731,27	91 180,84	85 165,62	83 197,73	81 045,47	80 689,38	5 784 305,85	6 281 316,16
Property Rental	48 520,68	45 515,60	43 856,69	43 487,74	43 070,68	43 070,68	2 540 692,53	2 808 214,60
Grand Total	**1 771 546,41**	**1 649 299,45**	**1 882 517,57**	**1 584 322,19**	**1 568 388,33**	**1 558 177,38**	**55 437 122,53**	**65 451 373,86**

5.10 BORROWING AND INVESTMENTS

N/A

5.11 PUBLIC PRIVATE PARTNERSHIPS

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

INTRODUCTION TO SUPPLY CHAIN MANAGEMENT

The Council and management remain steadfast in their commitment to upholding compliance with all SCM legislation and regulations. This commitment aims to ensure that fair and transparent tender processes are consistently followed, while also guaranteeing full compliance with relevant legislation. In line with this commitment, the Municipal SCM Policy underwent a thorough review and received approval from the Council in the preceding financial year as part of the comprehensive review of all budget-related policies.

To comply with Section 119 of the MFMA, all members serving on Bid Specification, Evaluation, and Adjudication Committees, as well as all SCM staff, are undergoing National Treasury-approved training. This training is critical to ensure they achieve the mandated minimum competency levels in SCM.

Table 73: Sitting of committees

PROJECTS	BID EVALUATION COMMITTEE SITTINGS	BID ADJUDICATIC COMMITTEE SITTINGS
Sourcing of grant funding IYM SCMU 30 (A)-2022/2023	04 April 2023	24 May 2(
Proposal for the management of a Wellness Centre IYM SCMU 31-2022/2023	04 April 2023	24 May 2(
Appointment of a panel of information technology (IT) service providers for the provisioning of IT services, software, hardware, IT security, IT electronics, and professional services for a period of three (3) years IYM SCMU 32-2022/2023	22 March 2023	24 May 2(
Request for advertising services for a period of three years.	22 March 2023	24 May 2(

PROJECTS	BID EVALUATION COMMITTEE SITTINGS	BID ADJUDICATI COMMITTEE SITTINGS
IYM SCMU 33-2022/2023		
Supply and delivery of 25MPa concrete. IYM SCMU 34-2022/2023	22 March 2023	24 May 2
Supply, delivery and installation of Clear Tsomo Pound fencing. IYM SCMU 34 (A) 2022/2023	08 June 2023	24 May 2
Supply, delivery, installation, and maintenance of server room IYM SCMU 35-2022/2023	08 June 2023	28 August 20
Supply, delivery, installation, and maintenance of new SAN IYM SCMU 36-2022/2023	22 June 2023	20 July 20
Construction of Cenyu, Khalimashe to Komkhulu Phase 2 Access Road IYM SCMU 01-2023/2024	22 June 2023	27 June 2
Construction of Mkwinti Phase 2 Access Road IYM SCMU 02-2023/2024	22 June 2023	27 June 2
Construction of Hangana to Ntwashini Access Road IYM SCMU 03-2023/2024	22 June 2023	27 June 2
Construction of Nomampondo to Nongqongqwana Access Road IYM SCMU 04-2023/2024	22 June 2023	27 June 2
Construction of Ngcaca Access Road IYM SCMU 05-2023/2024	22 June 2023	03 July 2
Appointment of a contractor for construction of Khayamnandi Bridge IYM SCMU 06-2023/2024	22 June 2023	03 July 2
Contractor for electrification of Khayamnandi Phase 2, Mangubomvu Phase 2, Mnqanqeni, Joe Slovo Phase 2 IYM SCMU 07-2023/2024	07 July 2023	20 July 2
Contractor for electrification of Mahlubini Phase 2, Gxojeni Phase 2, Ntsume Phase 2, Qutsa, Ndungwane Phase 2, Sixhotyeni Phase 2, Chamama Phindela Phase 2, Tyelerha Phase 1, Xeni IYM SCMU 08-2023/2024	07 July 2023	20 July 2
Contractor for electrification of Tyelerha Phase 2, Thafeni Phase 2, Entshingeni Phase 2, Sdubi Port Phase 2, Qaqane, Phelandaba IYM SCMU 09-2023/2024	07 July 2023	20 July 2
Contractor for electrification of Ntlonze Phase 2, Mahlathini Phase 2, Nyamankulu, Taiwan Phase 2 IYM SCMU 10-2023/2024	07 July 2023	20 July 2
Contractor for electrification of Bilatye Phase 2, Cenyu, Mdukutheni Phase 2, Mbongiseni Phase 2, Khalimashe Phase 2, Kensington Phase 2 IYM SCMU 11-2023/2024	07 July 2023	20 July 2
Contractor for electrification of Ndenxe/Sigangeni Phase 2, Melika/Ngqwarhu Phase 2, Ncorha Flats Phase 2, Ncorha Irrigation Phase 2	07 July 2023	20 July 2

PROJECTS	BID EVALUATION COMMITTEE SITTINGS	BID ADJUDICATI COMMITTEE SITTINGS
IYM SCMU 12-2023/2024		
Transversal contract RT-57 2019 Supply and delivery of a sedan motor vehicle	N/A	20 July 2
Appointment of a suitable and qualified provider for conveyancing services IYM SCMU 13-2023/2024	17 August 2023	11/09/2
Supply, delivery, installation, and maintenance of server room. IYM SCMU 14-2023/2024	17 August 2023	28 August
Appointment of a contractor for the construction of Cenyu, Ndlunkulu Access Road IYM SCMU 15-2023/2024	04 September 2023	11 September 2
Appointment of a contractor for the construction of Singeni Access Road IYM SCMU 16-2023/2024	04 September 2023	11 September 2
Upgrading of Microsoft licence for a period of 36 months IYM SCMU 17-2023/2024	10 October 2023	12 October 2
Appointment of two service providers for the repairs and maintenance of municipal buildings and facilities for a period of 36 months as and when required. IYM SCMU 18-2023/2024	Cancelled	Cance
Supply, delivery, installation, and maintenance of Council Chamber Conference System IYM SCMU 19-2023/2024	21 November 2023	31 January /2
Repairs of three high mast light poles at Joe Slovo IYM SCMU 20-2023/2024	Cancelled	Cance
Supply and delivery of A4 printing papers IYM SCMU 21-203/2024	21 November 2023	31 January 2
Appointment of a provider to review the small town revitalisation plan for both Tsomo & Cofimvaba	21 November 2023	January 2
Supply, delivery, and construction of a generator safe house at the main offices and traffic department	Cancelled	Cance
Supply and delivery of uniforms for IYM securities	06 December 2023	06 February 2
Supply and delivery of the purchased motor vehicle for the Speaker	N/A	07 February 2
Appointment of a panel of 15 contractors for the rehabilitation of flood-damaged roads and stormwater structures for a period of 36 months	06 April 2024	16 April 2

AWARDED TENDERS

Table 74: Awarded tenders

Bid Name	Appointment Date	Awarded Supplier	Tender Price	Comments
Proposal for the management of a Wellness Centre	06 June 2023	Yonatha Trading	Rate	Awarded
Request for advertising for a period of three years	07 July 2023	Sondlo ans Knopp Advertising	Rate	Awarded
Supply and delivery of 25MPa concrete	31 May 2023	Kozozo Trading	R800 000,00	Awarded
Supply, delivery, and installation of Clear Tsomo Pound fencing	11 August 2023	Vaduba Investment	R372 128,50	Awarded
Supply, delivery, installation, and maintenance of new SAN	01 August 2023	Resilient Serves and Networks	R588 560,43	Awarded
Appointment of a contractor for the construction of Cenyu; Kalimashe to Komkhulu Phase 2 Access Road	07 July 2023	Lunika Investment	R7 153 429,53	Awarded
Appointment of a contractor for the construction of Mkwinti Phase 2 Access Road	07 July 2023	Matshatsha Civils	R5 021 780,00	Awarded
Appointment of a contractor for the construction of Hangana to Ntwashini Phase 2 Access Road	11 July 2023	Izinja Ze-Game Trd JV Matshatsha Civils	R1 330 000,00	Awarded
Appointment of a contractor for the construction of Nomampondo to Nongqongqwana Access Road	01 August 2023	Sesethu Services	R5 780 446,08	Awarded
Appointment of a contractor for the construction of Ngcaca Access Road	15 August 2023	Maqrula PTY LTD	R7 011 046,50	Awarded

Bid Name	Appointment Date	Awarded Supplier	Tender Price	Comments
Appointment of a contractor for the construction of Khayamnandi Bridge and Access Road	10 August 2023	Kasp TRD & Proj	R10 986 383,13	Awarded
Contractor for the electrification of Khayamnandi Phase 2, Mangubomvu Phase 2, Mnqanqeni, Joe Slovo Phase 2	10 August 2023	Masiqhame trading 787CC	Rate	Awarded (R 425 822,74) rate
Contractor for the electrification of Mahlubini Phase 2, Gxojeni Phase 2, Ntsume Phase 2, Qutsa,Ndungwane Phase 2,Sixhityeni Phase 2, Chamama phindela Phase 2, Tyelerha Phase 1, Xeni	10 August 2023	Masiqhame trading 787CC	Rate	Awarded (R477 658,97) rate
Contractor for the electrification of Tyelerha Phase 2, Thafeni Phase 2, Entshingeni Phase 2, Sdubi Port Phase 2, Qaqane, Phelandaba	01 August 2023	Siya and Aya Engineering	Rate	Awarded (R 739 937,89) rate
Contractor for the electrification of Ntlonze Phase 2, Mahlathini Phase 2, Nyamankulu, Taiwan Phase 2	10 August 2023	Prest Business Suppliers	Rate	Awarded (R787 740,77) rate
Contractor for the electrification of Bilatye Phase 2, Cenyu, Mdukutheni Phase 2, Mbonisenu Phase 2, Khalimashe Phase 2, Kengsinton Phase 2	01 August 2023	Siya and Aya Engineering	Rate	Awarded (R720 557,34) rate
Contractor for the electrification of Ndenxe/Sigangeni Phase 2, Melika/Ngqwarhu Phase 2, Ncorha Flats Phase 2, Ncorha Irrigation Phase 2	01 August 2023	Boboshe Trading JV Jojocon Projects	Rate	Awarded (R734 092,64) rate
Supply and delivery of Sedan motor vehicle	30 June 2023	Isuzu Truck	R504 540,00	Awarded
RE: Supply, delivery, installation, and maintenance of server room.	05 September 2023	Sivv Projects	R467 756,79	Awarded

Bid Name	Appointment Date	Awarded Supplier	Tender Price	Comments
Appointment of a contractor for the construction of Cenyu, Ndlunkulu Access Road	18 September 2023	Route 17 CVE TRD & Projects	R1 254 203,09	Awarded
Appointment of a contractor for the construction of Singeni Access Road	18 September 2023	Route 17 CVE TRD & Projects	R1 727 435,30	Awarded
RE: Upgrading of Microsoft licence for a period of 36 months	25 November 2023	First Technology (PTY) LTD	R593 311,68	Awarded (R1 957 637,64) for three years
Rental of digital multi-function printing solution for a period of three years		Bid Vest Office t/a Konica Minolta South Africa	Rate	Awarded
Purchase of a 2.4 GLX/C4X4/T (HP) motor vehicle	14 September 2023	Ronnies Motors east London	R559 989,98	Awarded
Supply and delivery of uniforms for IYM securities	12 January 2023	Isqalo Events Management	R357 585,29	Awarded
Supply and delivery for the purchase of a motor vehicle for the Speaker	07 February 2024	Ford SA Company	R1 073 000,97	Awarded
Appoint of a panel of 15 contractors for the rehabilitation of flood-damaged roads and stormwater structures for a period of 36 months	30 April 2024	Eyamakwane jv Eyamakhwane Ndima-Kanoni Trading Trademark Enterprise Maphiko Investment Soyamubuntu Trading Enterprs Matshatsha Civils	R 4 345 157,36 R2 410 603,72 R3 348 269,94 R1 135 671,46 R3 294 678,24 R3 707 056,01 R1 624 215,73 R1 451 389,53 R2 542 371,70	Awarded

Bid Name	Appointment Date	Awarded Supplier	Tender Price	Comments
		Jojocon Projects Men D Plumbing Services Hasile Investment Makhwemnte Trading Mtyuda Investment	R1 805 162,89 R 4 862 320,97	
			R76 108 494,82	

5.13 GRAP COMPLIANCE

IYM diligently adheres to GRAP standards, ensuring that AFS and asset registers are meticulously prepared in accordance with the prescribed standards.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Information on compliance with the B-BBEE Act is included in the AFS under the section titled 'B-BBEE Compliance Performance Information'.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

The Municipality has regressed from an unqualified audit opinion to a qualified audit opinion for the 2023/24 financial year. However, the Municipality has maintained an unqualified audit opinion in the Audit of Predetermined Objectives (AOPO) for the same period.

A full audit report is attached (Appendix T).

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR – 2023/24

6.1 AUDITOR-GENERAL'S REPORT YEAR – 2023/24

The Municipality has regressed from an unqualified audit opinion to a qualified audit opinion for the 2023/24 financial year. The Municipality has maintained an unqualified audit opinion in the Audit of Predetermined Objectives (AOPO) for the same period.

2024–2025 AUDIT ACTION PLAN

Table 75: Audit Action Plan 2024–2025

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Procurement and Contract Management: Deviations and reasons for deviations not disclosed on the AFS	Non-Compliance - Not Material	Budget and Treasury Office - SCM	In terms of the above requirement, the Municipality did not disclose the following deviation in the notes to the AFS: Payday Software R311 579,85	Management must ensure that it adheres to its procurement policy and the MFMA SCM regulations. Furthermore, management should guarantee that SCM officials and all other officials involved in SCM processes are informed about and trained on the latest developments in SCM. This includes all relevant legislation, instructions, practice notes, and guidance from the National Treasury, as well as any other reforms. This will ensure that there is adequate capacity and skills, allowing for the right decisions to be made; correct processes to be followed; and sufficient segregation of duties, supervision, review, and monitoring to be built into the	Management will follow the procurement process in appointing Payroll and HR System service providers in the 2024/25 financial year	Low	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	1) Procurement Plan 2) Payroll SLA	31 April 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
				procurement process.							

Figures in Rand	2024	2023

16. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Interest	Utilised during the year	Total
Landfill site	2,627,844	144,531	-	2,772,375
Performance Bonus	964,507	-	(238,347)	726,160
	3,592,351	**144,531**	**(238,347)**	**3,498,535**

Reconciliation of provisions - 2023

	Opening Balance	Interest	Additions	Total
Landfill site	2,490,847	136,997	-	2,627,844
Performance Bonus	916,193	-	48,314	964,507
	3,407,040	**136,997**	**48,314**	**3,592,351**

	2024	2023
Non-current liabilities	2,772,375	2,627,844
Current liabilities	726,160	964,507
	3,498,535	**3,592,351**

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse sites, the municipality will incur licencing and rehabilitation cost of R 4 996 076 (2023: R 4 996 076) to restor the sites at the end of their useful lives. Provision has been made for the net present value of the future cost. Using the average inflation interest rate which have been determined at 5.5% over the last 10 years.

The municipality will incur rehabilitation cost on its dumping/landfill site in the period 2034/35. Provision has been made for the net present value of this cost.

17. Inventory Consumed

	2024	2023
Consumables	765,954	535,456
Finished Goods	587,013	2,230,268
Materials and Supplies	4,081,731	37,210
	5,434,698	**2,802,934**
	5,434,698	2,802,934
	-	-
	-	-

18. Service charges

	2024	2023
Refuse removal	1,455,149	1,379,875

The amount disclosed above for revenue from Services Charges are in respect of services rendered which are billed to the consumers on a monthy basis according to approved tariffs.

19. Rental of facilities and equipment

	2024	2023
Invetment Property	1,147,504	1,309,978
Other Fixed Assets: Property Plant and Equipment	1,504	1,353
Ad-hoc Rental Income from Other Fixed Assets	43,733	23,913
	1,192,741	**1,335,244**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
19. Rental of facilities and equipment (continued)		
Premises	-	-
Garages and parking	-	-
Facilities and equipment	1,192,741	1,335,244

Rental income generated are at market related premiums.All rental income recognised is therefore market related.

20. Licences and permits

Trading	142,586	173,690

21. Agency services

Vehicle Registration	1,086,856	890,164

The municipality has a service level agreement with the Department of Transport to act as an agent for it in collection the revenue.

The municipality is party to a principal /agent agreement.

The municipality is an agent on behalf of the Eastern Cape Provincial Department of Transport in collecting motor vehicle licences at an agency fee of 19%, VAT inclusive.

There were no significant changes in the agreement which occurred during the reporting period.

No material risks were identified on the agreement for the municipality.

The municipality does not incur any expenses on behalf of the principal

22. Licences and permits

Road and Transport	2,162,953	1,793,397

The Municipality earns revenue from applications for driver's and learner'slicences, issuing of public driver permits, driver's and learner's licences, issue of roadworthy certificates, business and hawkers licenses.

23. Fines, Penalties and Forfeits

Law Enforcement Fines	57,850	21,176
Pound Fees Fines	44,669	62,295
Municipal Traffic Fines	433,380	457,450
	535,899	**540,921**

24. Interest from exchange receivables

Outstanding Billing Debtors	1,718,575	1,297,402

25. Interest from non-exchange receivables

Outstanding Billing Debtors	5,005,526	3,693,031

26. Other revenue

Operational Revenue	534,954	478,461

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Sale of Goods and Rendering of Services

Building Plan Approval	23,171	61,509
Sale of goods	291,139	560,373
Entrance Fees	8,045	15,281
Cemetery and Burial	8,569	9,130
Clearance Certificates	1,021	1,212
Application Fees	6,469	-
	338,414	**647,505**

28. Investment revenue

Interest revenue

Bank	8,435,517	5,336,310
	-	-
	8,435,517	5,336,310

29. Property rates

Rates received

Business and Commercial Properties	5,107,763	3,060,465
Residential Properties	1,045,563	552,582
Public Service Purposes Properties	10,403,299	9,965,264
Vacant Land	28,553	17,923
	16,585,178	**13,596,234**

30. Transfer and subsidies

Other subsidies

Allocation in kind		
Grants paid to ME's	3,584,990	4,162,631
	-	-
Other subsidies	3,584,990	4,162,631

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Government grants & subsidies

Operating grants		
Equitable share	197,942,000	187,928,000
Department of Sports, Recreation, Arts and Culture	536,665	982,687
CHDM Grant	316,200	500,089
Municipal Infrastructure Grant	3,108,682	2,749,349
Local Government Financial Management Grant	2,100,000	2,100,000
Expanded Public Works Programme Integrated Grant	1,749,323	2,397,446
LG SETA	257,185	246,966
	206,010,055	**196,904,537**
Capital grants		
Municipal Disaster Recovery Grant	27,355,390	-
Municipal Infrastructure Grant	44,450,318	50,060,213
	71,805,708	**50,060,213**
	206,010,055	196,904,537
	71,805,708	50,060,213
	277,815,763	**246,964,750**

Equitable Share

This grant has been used to fund operational expenses within the municipality.

Department of Sports, Recreation, Arts and Culture

Balance unspent at beginning of year	36,665	519,084
Current-year receipts	500,000	500,000
Conditions met - transferred to revenue	(536,665)	(982,419)
	-	**36,665**

Conditions still to be met - remain liabilities (see note 15).

Expanded Public Works Program - Grant Transfer

Balance unspent at beginning of year	324	-
Current-year receipts	1,749,000	2,398,000
Conditions met - transferred to revenue	(1,749,323)	(2,397,676)
	-	**324**

Conditions still to be met - remain liabilities (see note 15).

The Expanded Public Works Programme (EPWP) is an conditional grant and it was received from Department of Public Works for the purpose of the Extended Public Works Programme.

Integrated National Electrification Programme Grant

Current-year receipts	27,896,000	9,980,000
Conditions met - transferred to revenue	(27,896,001)	(9,980,000)
	-	-

Conditions still to be met - remain liabilities (see note 15).

The Integrated Electrification Programme is a conditional grant. The purpose of the grant is to facilitate the development of the electrical infrastructure grid as part of the Integrated National Electrification Programme.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

31. Government grants & subsidies (continued)

Local Government Financial Management Grant

Current-year receipts	2,100,000	2,100,000
Conditions met - transferred to revenue	(2,100,000)	(2,100,000)
	-	-

Conditions still to be met - remain liabilities (see note 15).

The Financial Management Grant is a conditional grant . The purpose of the grant is to promote and support municipal financial management reforms and assist municipalities with the implementation of MFMA. The focus of the FMG Grant is to build awareness and undertake training on MFMA Reforms including budgeting, reporting and financial processes.

Integrated National Electrification Programme Grant

Conditions still to be met - remain liabilities (see note 15).

Provide explanations of conditions still to be met and other relevant information.

Municipal Disaster Response Grant

Balance unspent at beginning of year	4,189,995	(5)
Current-year receipts	38,991,000	4,190,000
Conditions met - transferred to revenue	(27,355,390)	-
	15,825,605	**4,189,995**

Conditions still to be met - remain liabilities (see note 15).

The Disaster Grant is a conditional grant , the purpose of which is to provide all South Africans with at least a basic level of service through the provision of grant finance to cover the maintainance costs of access roads and related infrastructure. This grant is used for contingency measures put in place for disasters within the municipal area and creation of jobs..

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	3,936,562
Current-year receipts	47,559,000	48,873,000
Conditions met - transferred to revenue	(47,559,000)	(52,809,563)
	-	-

Conditions still to be met - remain liabilities (see note 15).

The Municipal Infrastructure Grant is a conditional grant , the purpose of which is to provide all South Africans with at least a basic level of service through the provision of grant finance to cover the capital cost of fund access roads and related infrastructure.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

32. Employee related costs

Basic	92,251,397	85,153,011
Bonus	7,038,042	6,844,624
Medical aid - company contributions	8,943,968	8,195,139
UIF	675,654	665,604
Bargaining Council	44,985	43,004
SDL	1,183,594	1,108,379
Leave Pay	9,508,061	1,687,275
Long Service Award	515,270	607,899
Defined contribution plans	2,641,401	1,010,515
Travel, motor car, subsistence and other allowances	10,792,553	9,384,714
Overtime payments	3,631,629	3,393,689
Acting allowances	1,477,011	2,026,122
Housing benefits and allowances	1,253,083	1,139,268
Pension	15,001,620	13,917,923
Cellular and Telephone	1,185,855	933,708
Standby Allowance	952,785	957,262
Accommodation, Travel and Incidental	811,793	663,974
	157,908,701	**137,732,110**

Remuneration of Municipal manager

Annual Remuneration	1,018,272	804,764
Car Allowance and Insurance	241,097	542,885
Medical	89,271	15,601
Termination Benefits	-	73,285
Cellular and Telephone	145,546	-
Housing Benefits	201,924	-
	1,696,110	**1,436,535**

Remuneration of Chief Finance Officer (Former)

Annual Remuneration	-	845,623
Car Allowance and Insurance	-	608,714
Performance Bonuses	-	46,124
Contributions to UIF, Medical and Pension Funds	-	17,228
Leave pay	-	151,420
	-	**1,669,109**

Remuneration of Chief Finance Officer (Acting during the year from 01/07/2023 to 31/12/2023)

Annual Remuneration	461,248	-
Car Allowance and Insurance	106,108	-
Contributions to UIF, Medical and Pension Funds	103,805	-
	671,161	**-**

Remuneration of Chief Finance Officer (Appointed during the year 04/01/2024

Annual Remuneration	461,249	-
Car and Other Allowance	114,130	-
Contributions to UIF, Medical and Pension Funds	59,475	-
Cellular and Telephone	37,003	-
Housing Benefits	96,770	-
	768,627	**-**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

32. Employee related costs (continued)

Remuneration of the Director Corporate Services

Annual Remuneration	922,498	538,124
Car and Other Allowance	228,260	370,311
Contributions to UIF, Medical and Pension Funds	118,950	10,000
Cellular and Telephone	74,007	-
Housing Benefits	193,542	-
	1,537,257	**1,603,737**

Remuneration of Directors Infrastructure and Planning

Annual Remuneration	922,498	845,623
Car and Other Allowance	228,260	604,052
Performance Bonuses	-	46,124
Contributions to UIF, Medical and Pension Funds	118,950	17,086
Leave Pay	-	90,852
Cellular and Telephone	74,007	-
Housing Benefits	193,542	-
	1,537,257	**1,603,737**

Remuneration of Director Local Economic Development

Annual Remuneration	922,498	461,249
Car and Other Allowance	228,260	318,842
Contributions to UIF, Medical and Pension Funds	118,950	46,124
Cellular and Telephone	74,007	-
Housing Benefits	193,542	-
	1,537,257	**826,215**

Remuneration of Director Community Services

Annual Remuneration	922,498	942,088
Car Allowance	228,260	550,482
Contributions to UIF, Medical and Pension Funds	118,950	15,681
Cellular and Telephone	74,247	-
Housing Benefits	197,807	-
	1,541,762	**1,508,251**

33. Remuneration of councillors

Mayor	1,007,882	935,673
Chief Whip	772,967	768,850
Executive Committee Members	4,818,574	4,454,077
Speaker	813,419	751,983
Councillors	11,924,760	11,075,652
	19,337,602	**17,986,235**

Figures in Rand	2024	2023

33. Remuneration of councillors (continued)

Mayor

Annual Remuneration	784,302	890,000
Car Allowance	172,571	-
Cell phone Allowance	42,800	37,485
SDL	8,209	8,188
	1,007,882	**935,673**

Chief Whip

Annual Remuneration	718,358	695,910
Cell phone Allowance	42,800	61,900
In-kind Benefits	6,000	5,500
SDL	5,809	5,540
	772,967	**768,850**

Executive Committee Members

Annual Remuneration	4,776,818	4,413,222
SDL	41,756	40,855
	4,818,574	**4,454,077**

Speaker

Annual Remuneration	626,739	709,055
Car Allowance	138,057	-
SDL	5,823	5,528
Cell phone Allowance	42,800	37,400
	813,419	**751,983**

Councillors (Sec 79)

Annual Remuneration	9,189,541	8,995,376
Car Allowance	1,665,601	1,576,900
SDL	106,946	105,109
In-kind Benefits	64,000	66,000
Travelling Allowance	898,672	332,267
	11,924,760	**11,075,652**

In-kind benefits

The Mayor and Speaker are full-time Councillors and each is provided with an office and secretarial support at the cost of the Municipality. The Mayor and Speaker utilise official Council transportation when engaging in official duties..

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

33. Remuneration of councillors (continued)

Additional Information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

34. Depreciation and amortisation

Property, plant and equipment	31,248,593	30,528,991
Investment property	807,762	631,739
	32,056,355	**31,160,730**

35. Interest paid

Overdue Accounts	8,458	6,938

36. Auditors Fees

Fees	5,354,286	4,964,079

37. Impairment Losses

Debt impairment	17,651,926	10,588,328

38. General expenses

Advertising	647,800	660,967
Auditors remuneration	5,354,286	4,964,079
Bank charges	290,816	149,388
Commission paid	2,816,125	2,391,391
Computer expenses	6,261,783	2,171,617
Consulting and professional fees	3,411,854	3,434,492
Public Participation Programs	2,182,793	835,177
Personnel Agency Fees [Personal Recruitment Cost]	67,152	28,059
Hire	440,606	751,138
Insurance	1,717,680	604,618
Conferences and seminars	65,786	-
Licences	324,956	289,701
Supplier Development Programme	334,776	224,575
Fuel and oil	4,955,800	2,732,472
Printing and stationery	122,855	-
Telephone and fax	1,113,773	851,160
Travel Agency and Visa's	121,700	105,816
Travel and Subsistence	2,101,117	1,052,326
Uniforms	886,619	220,988
Contribution to Provisions	144,531	136,997
Environmental Levy	-	15,050
Traditional Councillors and Ward committee Memmbers	3,363,067	4,225,449
Incentives Scheme	2,361,075	422,064
Municipal Services	8,544,099	6,660,666
Workman's Compensation Fund	300,000	400,000
Drivers licences and Permits	243,476	339,268
	48,174,525	**33,667,458**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

39. Construction Contracts Expenditure

Construction cost paid towards electrification	25,695,970	8,240,459

Contract between IYM and Department of Energy an amount of R 27,896,000 (2023: R 9,979,625) was recognized by the municipality as revenue during the current financial year. As the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognized by reference to the stage of completion of the contract at reporting date. The municipality determines the stage of completion of contract in progress by the accumulative actual work performed i.e. contract cost divided by price. During the year 2024 a total contract cost to the amount of R 25,695,970 (2023: R 8,240,459) was recognized. Retention was withheld for this construction contract during the year 2024 amounting to R 2,013,618 (2023: R 588,433)

40. Contracted services

Outsourced Services		
Administrative and Support Staff	473,651	408,776
Animal Care	28,638	26,517
Business and Advisory	2,645,392	1,282,419
Catering Services	500,778	596,258
Cleaning Services	119,201	-
Personnel and Labour	542,131	793,628
Researcher	-	40,435
Security Services	2,000,289	1,022,247
Electrical	164,368	209,039
Consultants and Professional Services		
Business and Advisory	8,224,856	6,221,108
Infrastructure and Planning	807,785	1,173,504
Legal Cost	1,045,010	2,006,661
Contractors		
Maintenance of Buildings and Facilities	3,015,281	2,657,142
Maintenance of Equipment	299,706	62,321
Maintenance of Plant and Machinery	4,453,922	3,314,534
Maintenance Roads Infrastructure	7,584,647	353,500
Plants, Flowers and Other Decorations	-	56,950
Presented previously	-	-
Outsourced Services	6,474,448	4,379,319
Consultants and Professional Services	10,077,651	9,401,273
Contractors	15,353,556	6,444,447
	31,905,655	**20,225,039**

41. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	3,638,601	3,638,601
Cash and cash equivalents	66,092,101	66,092,101
	69,730,702	**69,730,702**

Financial liabilities

Figures in Rand	2024	2023

41. Financial instruments disclosure (continued)

	At amortised cost	Total
Trade and other payables from exchange transactions	30,749,157	30,749,157

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1,932,469	1,932,469
Cash and cash equivalents	61,022,328	61,022,328
	62,954,797	**62,954,797**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	30,552,891	30,552,891

42. Commitments

Authorised capital expenditure

	2024	2023
Already contracted for but not provided for		
• Property, plant and equipment	22,108,599	1,747,819
• Other	-	2,025,969
	22,108,599	**3,773,788**

	2024	2023
Total capital commitments		
Already contracted for but not provided for	22,108,599	3,773,788

Authorised operational expenditure

	2024	2023
Already contracted for but not provided for		
• Procurement of Financial Reporting and AFS Tools	4,689	150,973
• Town and Regional Planners	172,500	434,400
• Supply and Delivery of Double Cab Bakkie	39,182	504,540
• Rental of Multi-Function Printing Solution	1,287,532	11,068
• Valuation Roll	275,000	-
• Installation and Maintenance (IT)	1,364,326	-
• Fleet Tracking Services	179,763	325,052
• Financial Support System	239,577	-
• Revitalisation Plan	172,090	-
• Installation, Monitoring of Alarm System and 24 Hours Armed Response	2,410,328	4,493,227
• Municipality Assets for a Period of Two Years	-	1,555,983
• Other commitments	-	436,059
	6,144,987	**7,911,302**

	2024	2023
Total operational commitments		
Already contracted for but not provided for	6,144,987	7,911,302

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Figures in Rand	2024	2023

43. Contingencies

Contigent liabilities

Asanda Bokoto /IYM 05/2020 On 20 Jan 2020, Plaintiff suing IYM claiming R100 000 in damages. Plaintiff alleges that on 7 July 2019, IYM Traffic Officer, Mr. M. Mtiya assaulted him while acting within the scope of his employment (vicarious liability	100,000	-
Freshman Sixabhayi // IYM & Minister of Police –Case No. EC/COF/RC 24/2023 Plaintiff claiming R280 000.00 from both defendants. He alleges that on 6-11-2023 his vehicle which had been stopped and impounded by IYM Traffic Officer, Mr. L. Songelwa, and kept at Tsomo SAPS Offices for being un-roadworthy was stolen from the offices. That IYM Traffic Officer failed to open a case or register the vehicle at SAPS when he arranged for its storage. As a result, Plaintiff alleges that his vehicle is missing even though there is information that the said vehicle was released by SAPS at his behest.	280,000	-
JG Afrika // IYM Plaintiff claiming R987 847.86 for what is invoiced as professional fees not paid for services purportedly rendered during surfacing of Tsomo roads	987,848	987,489
Pentecost Genius School (Case 17/2021) The plaintiff suing the municipality for damages of R65 876 .35 for their demolished structure. The matter was set down for hearing in March 2023 and was on the date further postponed.	-	65,876
Dalakuthethwa Wakeni (Case RC08/2021) The plaintiff is suing the municipality for the amount of R367 975.5 as he alleges that he was unlawfully removed as a Councillor and he claims because of this he was deprived from his monthly emoluments. The matter has not been set down for hearing.	-	367,976
	1,367,848	**1,421,341**

Contingent assets

Kuhlemcebo Engineers (Case 742/2023) The Municipality is suing Kuhlemcebo Engineers in respect of a payment made to the contractor for services not delivered by them during the implementation of the electrification project, valued at R2 278 252.84. After the summons was served, the respondent did not oppose action. The matter will proceed by way of default judgment.	2,278,253	2,278,253

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Related parties

Relationships	
Accounting Officer	M.Mabono -Refer to note 35
Chief Financial Officer	N.Combo (Appointed January 2024)- Refer to Note 35
Director Infrastructure Planning and Development	K.Clock -Refer to Note 35
Director Corporate Services	B.Zantsi - Refer to Note 35
Director Community Services	K.Roto - Refer to Note 35
Director Local Economic Development	S. Mbotshane - Refer to note 35
Honorable Mayor	K. Mdleleni - Refer to note 36
Speaker	Y.Zicina - Refer to Note 36
Chief Whip	N.Ntsaluba - Refer to note 36
Exco Councillors	B.Mpengesi
	V.Matomela
	M.Toni
	A.Tshangana-Nkota
	N.Mafanya
	M.Skotana
	N.Mlokoti (Resigned in June 2024)
Womens Caucus Chairperson	N.Magaga
MPAC Chairperson	L.Makade
Public Participation Chairperson	M.Yamile
Rules And Ethics Chairperson	S.Mthimkhulu
Councillors	M.Ngwane
	X.Mini
	N.Bani
	P.Magazi
	X.Bomoyi
	N.Xoxo
	V.Danster
	N.Mcaleni
	M.Mdumata
	N.Gadeni
	Z.Malusi
	S.Twani
	N.Nyandana
	Z.Cekiso
	L.Ngamlana
	M.Mrwetyana
	S.Ndondo
	N.Mnqanqeni
	N.Jada(Passed Away In May 2024)
	N.Sonkosi
	M.Gulubela
	M.Mfamana
	N.Mzizana
	L.Mfana
	N.Mpofu
	N.Sindile
	N. Ludaka
	N.Mgqamqho
Traditional Leaders To Participate In Intsika Yethu Municipal Council	M.Sabata
	L.Nkwenkwezi
	S.Zulu (Resigned In September 2023)

45. Prior period errors

The correction of the error(s) results in adjustments as follows:

Notes to the Annual Financial Statements

46. Prior period errors

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

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Inventories		53,137,849	4,377,500	57,515,349
Investment Property		81,410,258	(4,308,518)	77,101,740
Accumulated surplus		640,204,720	863,712	641,068,432
		774,752,827	**932,694**	**775,685,521**

Inventories
Increase is as a result of land parcels identified by Council for resale and transferred from IP to Inventory land.

Investment Property
Decrease is as a result of land parcels identified by Council for resale and transferred from IP to Inventory land and the IP was overbudgeted.

Accumulated surplus
The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated above

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Transfers and subsidies		256,944,375	-	(9,979,625)	246,964,750
Construction contracts		-	-	9,979,625	9,979,625
Operational Cost		33,405,485	270,605	-	33,676,090
Surplus for the year		**290,349,860**	**270,605**	-	**290,620,465**

Transfers and subsidies
Previously was classified as transfers and subsidies and now it is classified as Construction contracts.

Construction contracts
Previously was classified as transfers and subsidies and now it is classified as Construction contracts.

Operational Cost
Restatement of payables to allocate expenditure to the correct period.

2024

Figures in Rand	2024	2023

47. Risk management

Capital risk management

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in the Statement of Changes in Net Assets.

Gearing Ratio

	2024	2023
Cash and cash equivalents	66,982,868	61,022,328
Net Debt	66,982,868	61,022,328
Equity	642,439,456	640,204,720
	10 %	9 %

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

The Gearing Ratio of the municipality is currently negative, due to the municipality having no debt. If the value is negative, then this means that the municipality has net cash, i,e cash at hand exceeds debt.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

Liquidity risk

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.

The maturity analysis below shows the remaining contractual maturities of the entity's financial liabilities based on the remaining period as at the reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The entity manages liquidity risk through an ongoing review of future commitments and credit facilities..

At June 30, 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	30,749,157	-	-	-
Payables from non-exchange transactions	3,190,566	-	-	-

At June 30, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	14,526,013	-	-	-
Payables from non-exchange transactions	1,773,516	-	-	-

47. Risk management (continued)

Credit risk

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.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made. Trade and Other Receivables There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

Financial Instrument	2024	2023
Receivables from Exchange Transactions	18,549,022	15,497,240
Bank, Cash and cash Equivalents	66,092,101	61,022,328

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Market risk

Interest rate 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 consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Stanc Bank, No investments with a tenure exceeding twelve months are made, Long term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

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

Figures in Rand	2024	2023

48. Going concern

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.

49. Unauthorised, Irregular and Fruitless and Wasteful Expenditure

	2024	2023
Unauthorised expenditure	28,855,566	10,004,643
Irregular expenditure	91,265,061	69,842,569
Fruitless and wasteful expenditure	39,370,790	39,362,333
Closing balance	**159,491,417**	**119,209,545**

50. Unauthorised expenditure

	2024	2023
Opening balance as previously reported	10,004,643	35,245,976
Add: Unauthorised expenditure - current	18,850,923	10,004,643
Approved/ Condoned by Council	-	(35,245,976)
Closing balance	**28,855,566**	**10,004,643**

The current year's unauthorised expenditure is as a result of the assessment conducted for immovable assets classified as "in bad condition" and duly impaired. For non cash items and cash alike, the anauthorised expenditure results from basic services and employee costs, such as other allowances, overtime, standby that were under budgeted for. Unauthorised expenditure has been tabled to Council and was referred to MPAC.

51. Fruitless and wasteful expenditure

	2024	2023
Opening balance as previously reported	39,362,332	19,263,620
Add: Fruitless and wasteful expenditure identified - current	8,458	685,429
Add: Fruitless and wasteful expenditure identified - prior period	-	19,413,283
Closing balance	**39,370,790**	**39,362,332**

Fruitless and wasteful expenditure is presented inclusive of VAT.The AGSA raised findings querying the existence of infrastructure assets which were capitalised to work-in-progress since the commencement of the prodamme. Of the total of R21 705 237.80 raised as a finding, R5 313 219.39 was incurred in 2018/19 from a different service provider and was in fact verifiable and accurately capitalised in terms of that supplier's service level agreement.

The remaining R16 281 839.16 (excl.VAT) did not meet the requirements to be recognised as an asset. The municipality appointed engineers to assess and investigate the work done on site relating to the project. The outcome of this investigation is still pending.

Transfers and Subsidies: Free Basic Services(Electricity) payments made for households who are not beneficiaries of Indigent. Fees to the amount of R678 491 were paid over to Eskom for individuals who no longer qualifies for subsidy. Eskom was instructed to delete the old data, upload the new data as per the approved Indigent Register and a formal correspondence will be sent to Eskom for recovery of the fruitless expenditure

52. Irregular expenditure

	2024	2023
Opening balance as previously reported	69,842,569	46,626,088
Add: Irregular expenditure - current	21,422,492	23,216,481
Closing balance	**91,265,061**	**69,842,569**

Disciplinary steps taken/criminal proceedings

Prior years Irregular Expenditure was referred to MPAC for investigation by Council, furthermore council recommended that MPAC support be sourced through an appointment of a service provider.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

53. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

Current year subscription / fee	1,726,047	1,715,155
Amount paid - current year	(1,726,047)	(1,715,155)
	-	-

Audit fees

Opening balance	-	5,498
Current year subscription / fee	5,354,286	5,714,188
Amount paid - current year	(5,354,286)	(5,719,686)
	-	-

PAYE and UIF

Opening balance	(3,104)	(4,647)
Current year subscription / fee	25,835,774	23,816,121
Amount paid - current year	(25,835,674)	(23,814,578)
	(3,004)	**(3,104)**

Pension and Medical Aid Deductions

Opening balance	3,626	-
Current year subscription / fee	39,071,028	36,409,796
Amount paid - current year	(39,050,845)	(36,406,170)
	23,809	**3,626**

VAT

VAT receivable	34,853,166	17,560,757
VAT payable	(33,426,167)	(19,019,953)
	1,426,999	**(1,459,196)**

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted throughout the year.

Councillors' arrear consumer accounts

At the reporting date no Councilor was in arrear on their municipal accounts.

Figures in Rand	2024	2023

54. 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.

Payday Software

The Municipality has access to use Payday Software Systems for its management of leaves and processing of salanes; however, the licence, support and training has lapsed. The normal process of getting this service is impractical as Payday Software Systems is the Sole provider of the right to issue licence, support, and training on their system. It is against this background that its impractical for follow normal processes to get these services.

Incurred during the year	311,580	116,887

55. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of Six major functional areas: Community Services, Corporate Services, Finances, Mayor and Council, Municipal Managers Offices, Planning (LED), Technical and Services/Planning. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives.Segments were aggregated for reporting purposes.

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

The municipality's operations are in the Eastern Cape Province.

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

Althought the municipality operations in a number of georgraphic areas (i.e wards), the georgraphic information is not considered relevant to management for decision making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards.Therefore,the municipality has assessed that it operates in a single georgraphic area.

Aggregated segments

The municipality operates throughout the Eastern Cape Province. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Eastern Cape Province were sufficiently similar to warrant aggregation.

55. Segment Information (continued)

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	**Goods and/or services**
Community services	This segment consists of all services for community and social development services
Corporate Services	This segment consists of all services for corporate safety
Town Planning and Development Services	This segment do the planning and development of all services such as Road Transport and Energy sources in the municipal area.
Waste Management	This segment consist of all services for the management of solid waste in the municipal area.
Technical Services	This Segment consists of infrastructure services for road and storm water,including related maintenance services
Finance	This segment consists of services such as services,support services to the executive and finance and administration services and other minor services rendered in the municipal jurisdiction area.

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Community Services		Corporate Services	Finances	Municipal Managers Offices	Planning (LED)	Technical Services/Planning	Total
Revenue								
Fines,Penalties and Forfeits	57,850	-	-	478,049	-	-	-	535,899
Interest Earned	-	-	-	9,326,284	-	-	-	9,326,284
Property Rates by Usage	-	-	-	16,585,178	-	-	-	16,585,178
Transfers and subsidies	536,665	-	257,185	229,687,323	-	316,200	74,914,390	305,711,763
Agency Services	-	-	-	1,086,856	-	-	-	1,086,856
Interest exchange transactions	-	-	-	5,005,526	-	-	-	5,005,526
Licences or Permits	2,162,953	-	-	-	-	-	-	2,162,953
Operational Revenue	-	-	-	534,954	-	-	-	534,954
Rental from Fixed Assets	313	-	-	1,191,237	-	-	1,191	1,192,741
Sales of Goods and Rendering Of Services	16,614	-	-	301,376	-	-	20,423	338,413
Service Charges	1,455,149	-	-	-	-	-	-	1,455,149
Interest On Outstanding Debtors Non-exchange Revenue	-	-	-	1,718,575	-	-	-	1,718,575
Licences and Permits (Non-exchange)	-	-	-	142,586	-	-	-	142,586
Total segment revenue	**4,229,544**	**-**	**257,185**	**266,057,944**	**-**	**316,200**	**74,936,004**	**345,796,877**
Entity's revenue								**345,796,877**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community Services		Corporate Services	Finances	Municipal Managers Offices	Planning (LED)	Technical Services/Planning	Total
Expenditure								
Employee Related Cost	44,187,773	-	24,434,884	17,585,841	22,457,041	9,257,814	37,350,659	155,274,012
Remuneration of Councillors	-	-	-	-	19,169,160	-	-	19,169,160
Depreciation and Amortisation	2,141,734	-	-	30,195,134	-	-	218,383	32,555,251
Interest exchange transactions	-	-	-	8,458	-	-	-	8,458
Contacted Services	1,824,825	-	1,214,515	7,078,969	2,613,910	1,973,008	16,959,608	31,664,835
Inventory Consumed	-	-	3,947,228	241,209	196,478	-	1,049,786	5,434,701
Transfers and Subsidies paid	1,293,462	-	-	2,291,528	-	-	-	3,584,990
Operational Cost	9,040,473	-	4,661,556	13,743,267	18,255,108	711,209	3,030,913	49,442,526
Gain and losses	-	-	-	18,834,239	-	-	46,800	18,881,039
	-	-	-	-	-	-	25,626,311	25,626,311
Total segment expenditure	**58,488,267**	-	**34,258,183**	**89,978,645**	**62,691,697**	**11,942,031**	**84,282,460**	**341,641,283**
Total segmental surplus/(deficit)	**(54,258,723)**	-	**(34,000,998)**	**176,079,299**	**(62,691,697)**	**(11,625,831)**	**(9,346,456)**	**4,155,594**
Assets								
Cash and cash equivalent	-	-	-	66,982,867	-	-	-	66,982,867
Inventory	-	-	-	56,824,902	-	-	-	56,824,902
Operating Lease	-	-	-	19,604	-	-	-	19,604
Receivables From Non-Exchange Transaction	-	-	-	3,993,559	-	-	-	3,993,559
Trade and Other Receivables From Exchange Transactions	-	-	-	4,634,650	-	-	-	4,634,650
VAT Receivables	-	-	-	34,840,546	-	-	-	34,840,546
Non Current Asset	-	-	214,300	586,750,708	1,063,565	314,550	23,198,865	611,541,988
Total segment assets	-	-	**214,300**	**754,046,836**	**1,063,565**	**314,550**	**23,198,865**	**778,838,116**
Total assets as per Statement of financial Position								**778,838,116**

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

	Community Services		Corporate Services	Finances	Municipal Managers Offices	Planning (LED)	Technical Services/Planning	Total
Liabilities								
Consumer deposit	-	-	-	(5,138,811)	-	-	-	(5,138,811)
Defined Benefit Obligation	-	-	-	(297,000)	-	-	-	(297,000)
Provision	-	-	-	726,160	-	-	-	726,160
Trade And Other Payable Exhange Transaction	-	-	(102,303)	(57,094,185)	-	-	-	(57,196,488)
Trade And Other Payables Non Exchange Transaction	(2,011,682)	(11,635,610)	-	(2,262,509)	-	-	-	(15,909,801)
VAT Payable	-	-	-	33,426,167	-	-	-	33,426,167
Non Current Liabilities	-	-	-	19,741,375	-	-	-	19,741,375
Total segment liabilities	**(2,011,682)**	**(11,635,610)**	**(102,303)**	**(10,898,803)**	**-**	**-**	**-**	**(24,648,398)**
Total liabilities as per Statement of financial Position								**(24,648,398)**

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.

2023

	Community Services	Coporate	Finance And Administration	Mayor	Municipal Manager	Planning(LED)	Technical Services	Total

Notes to the Annual Financial Statements

Figures in Rand

55. Segment information (continued)

Proparty Rates	-	-	13,596,233	-	-	-	-	13,596,233
Fines,Penalties and Forfeits	21,176	-	519,745	-	-	-	-	540,921
Licences and Permits	-	-	173,690	-	-	-	-	173,690
Transfers and subsidies	982,687	246,966	192,425,445	-	-	500,089	52,809,563	246,964,750
Interest Earned	-	-	3,693,031	-	-	-	-	3,693,031
Licences and Permits	1,793,397	-	-	-	-	-	-	1,793,397
Services charges	1,379,875	-	-	-	-	-	-	1,379,875
Sales of Goodz and Rendering of Services	24,411	-	610,766	-	-	-	12,329	647,506
Income from Agency Services	-	-	890,164	-	-	-	-	890,164
Rental from Fixed Assets	783	-	1,333,892	-	-	-	570	1,335,245
Interest Earned	-	-	6,633,712	-	-	-	-	6,633,712
Operatinal Revenue	-	-	478,461	-	-	-	-	478,461
Construction Contracts Received	-	-	-	-	-	-	9,979,625	9,979,625
Total segment revenue	**4,202,329**	**246,966**	**220,355,139**	**-**	**-**	**500,089**	**62,802,087**	**288,106,610**
Entity's revenue								**288,106,610**
Expenditure								
Employee Related Costs	37,971,170	20,344,790	19,224,622	-	18,629,781	8,702,763	33,201,610	138,074,736
Remuneration of Councillors	-	-	-	-	17,821,014	-	-	17,821,014
Depreciation and Amortisation	2,280,698	-	-	23,124,712	-	-	5,755,318	31,160,728
Impairment Losses	-	-	-	-	-	-	10,588,328	10,588,328
Interst,Dividends and Rent on Land	-	-	-	-	-	-	6,938	6,938
Contracted Services	1,497,719	788,196	1,394,836	8,154,725	-	-	8,389,562	20,225,038
Inventory Consumed	-	75,003	-	2,261,477	-	-	466,453	2,802,933
Tranfers and Subsidies Paid	4,162,631	-	-	-	-	-	-	4,162,631
Operational Cost	7,335,091	4,467,439	356,315	389,647	-	-	22,401,197	34,949,689
Loss on Disposal of Property,Plant and Equipment	-	-	-	-	-	-	14,635,918	14,635,918
Construction Contracts Paid	-	-	-	-	-	-	8,240,459	8,240,459
Total segment expenditure	**53,247,309**	**25,675,428**	**20,975,773**	**33,930,561**	**36,450,795**	**8,702,763**	**103,685,783**	**282,668,412**
Total segmental surplus/(deficit)	**(49,044,980)**	**(25,428,462)**	**199,379,366**	**(33,930,561)**	**(36,450,795)**	**(8,202,674)**	**(40,883,696)**	**5,438,198**

56. Budget differences

Material differences between budget and actual amounts

56. Budget differences (continued)

Reasons for Variances between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Statement of Financial Performance

Service Charges:
Variance is due to the delays in the transfer of properties in the name of the municipality to beneficiaries which the municipality had projected that it would bill individuals. The community services also projected to increase the collection or billing of skip bins but the department did not meet the target due to high maintanance of refuse tractors.%

Rental of facilities and equipment
Varaince is due to the municipal properties that were renovated as a results most of the properties had no tenants in place for a period of 6 months.

-Interest on outstanding debtors
Due to non payment of debtors, resulting to a low collection rate thus the increase in interest and municipality under budgeted the interest on debtors.

Agency Services:
The increase of Agency fees was due to the Vehicle Testing Station that started operating last financial year and the volume of vehicle tested increased in the year under review.

Licences and Permits:
The increase in Licences and Permits fees is due to the Vehicle Testing Station that started operating last financial year and the volume of vehicle tested increased in the year under review.

Licences and permits (Non-exchange)
This is due to a decrease in the number of Hawkers & Trading Licenses.

Sales of Goods and Rendering of Services:
> The budget was based on the prior year actual's however in the current year a panel of contractors was appointed and as a result there was revenue lost on the sale of tender documents since the municipality is having the 3 year contracts for panel of contractors and consultants in place.
> The building inspector stopped coming during the weekend to offer the services, and as a result the revenue declined because the community usually targeted the weekend to come and get their building plans inspected due to being unable to do it during the week due to employment purposes. The building inspector was stopped to come during the weekend as a result of the cost containment measures that were taken by the municipality

Government grants & subsidies
The increase is due to the implemetation of treasury circular, Equitable share has increased by 4% as per the gazzetted DORA.

Construction Contracts
There was an increase in the INEP Grant allocation from which resulted in more spending of the grant. Division Of Revenue Bill (DORA) allocation for 2022/23 and confirmed that INEP was allocated R9 800 000 and further inspected the Division Of Revenue Bill (DORA) allocation for 2023/24 and confirmed that INEP was allocated R30 196 000 with an adjustment of R2 300 000 resulting an adjusted allocation of R27 896 000 and further confirmed through the inspection of the INEP agreement between the Department of Mineral Resource and Energy and Intsika Yethu Municipality in relation to the funding and implementation of Integrated National Electrification Programme for 2023/24 and the amount allocated as per the agreement was R30 196 000 as indicated in the Division of Revenue Bill, which is a more than 100% increase in allocation as compared to prior year.

Property Rates:
The variance is due to the implementation of the increase of tariff for the period under review and the fact the Eskom was previously renting property but now they are owning the properties and implementation of supplementary valuation roll.

Fines, Penalties and Forfeits:

56. Budget differences (continued)

This is due to the decreased number of traffic fines during the year.

Operational Revenue
Budgeted for VAT refund which was initially recorded under the VAT receivable.

Interest received - Investment
When the budget was made for interest received, the municipality did not have any investments that would accrue so much interest, however when the Disaster Grant was received it was invested and two other investments were made worth R 20 000 000, which was R 10 000 000 in Standard Bank and R 10 000 000 in Nedbank.

Interest, Dividends and Rent on Land
Due to non payment of debtors, resulting to a low collection rate thus the increase in interest and municipality under budgeted the interest on debtors.

Employee related costs
The variance emanates from the leave pay provision that was previously calculated incorrectly at basic salary instead of salary cost. This had an effect in budgeting since the projections were based on the actuals from prior year.

Remuneration of councillors
When the budget was made for remuneration of councillors an anticipated increase in the salaries in relation to councillors of 5.4% on the prior years budget.

Depreciation and amortisation
Variance is due to the verification that was done in prior year where there were infrastructure assets that did not belong to municipality , roads that were duplicated in the FAR, old roads that were replaced by upgraded roads and were removed from the FAR with the cost of R74m that led to decrease in depreciation.

Finance costs
Previously we had a fruitless and wasteful expenditure based on prior year actuals, therefore we budgeted based on the actuals we had in the prior year. The municipality did not anticipate to pay interest on outstanding creditors and this resulted to fruitless expenditure.

Impairment Loss
We had under budgeted for the impairment of debtors as we had anticipated to collect more as there was a revenue enhancement strategy that was developed, however we failed to implement the revenue enhancement strategy, hence there is a huge hike in low collection of debtors.

Construction Contracts Expenditure
The Municipality was more budget as per the Bill of Division of Revenue to the amount R 27 896 000 which is the bidgeted figure, and the difference is between the spending and the budget.

Transfers and Subsidies
We had budgeted less for transfers and subsidies based on that in the prior year, there were accruals that were not captured as expenditure in the relevant financial year and as well as there were beneficiaries that should not be classified as indigents.

Loss on disposal of assets and liabilities
There were no loss on assets that was anticipated in the current year as most assets were written off in the prior year however the previous carrying value of the asset Kayamnandi Bridge was removed from the fixed asset register as the bridge was demolished and started afresh as the bridge was in a bad space, therefore a loss was incurred as no proceeds were received from the demolishing of the bridge.

Inventory Consumed
There was no anticipation that the adhoc services in relation to the plant hire will take place as the costs of the adhoc maintenance services of the roads were not budgeted.

Operational cost
The variance is due to ICT expenses that were budgeted under intangible assets yet they did not belong to that category.

Contracted services
Hiring of Equipment and Plant for roads that are not registered on Grants or are not grant funded projects such as graders,

56. Budget differences (continued)
excavators and ensuring all the roads to voting stations are wide. In the current year we incurred more as a result of the election therefore the demand of plant hire was a lo, further noted that the contract is a dry run contract and indicated the dry rates for each and every type of plant.

Statement of Financial Position

Inventories
There was a prior period error that was done in the 2022/23 financial year and it affected the audited actual figures for 2021/22 that were utilised to make the budget, hence there a huge difference.

Operating lease Receivable
The budgeted amount was based on the escalation rate of 10% as per the lease agreements, however due to unplanned repairs and maintenance that took place in ERF 99 we were unable to collect rental and have operating lease receivables as planned.

Receivables from exchange transactions
The system used the debtors book versus the collection and it then generates the budgeted figure for receivables, therefore a lower rate for collection was used by the system to calculate the budgeted receivables.

Receivables from non-exchange transactions
The variance is due to reduction in debt collection in the debtors book and its ageing of the debt this resulted to an increase in the impairment hence the decrease in the receivables balance.

VAT receivable
The system calculates the budgeted VAT amount.

Cash and cash equivalents
There was an increase in the actual as opposed to the budget as the income from external investments was high in the current year as the Municipality received an additional disaster funding for projects, and the interest received from the invested amount of R20m to Standard bank and Nedbank and the investment was not anticipated.

Investment property
There was a decrease and it is as a result of land parcels identified by Council for resale and transferred from IP to Inventory land and the IP was overbudgeted.

Property, plant and equipment
The decrease is as a result that the carrying amount of the actual amount of PPE in the Annual Financial Statements is incorrect.

Intangible Assets
The municipality budgeted for the intangible assets of which upon interogating the expenditure it was discovered that they did not meet the defination and were classfied as operational cost.

Payables from exchange transactions
The budget amount was based on the 2021/22 audited actuals of payables exchange transactions as the budget for 2023/24 was prepared before the audit of 2022/23 can be completed, and it is adjusted by 4.7%.

Payables from non-exchange transactions
> The amount of unspent conditional grant is also included as payables from non-exchange transaction in the budget. The variance is due to the fact that the municipality did not anticipate that will be having the unspent grant. Additional funding for disaster grant that was received in March 2024 had a negative impact on the spending, as a result a rollover application was done and submitted to NT.

Consumer deposits
The budget amount was based on the 2021/22 audited actuals of consumer deposits as the budget for 2023/24 was prepared before the audit of 2022/23 can be completed, and there was no anticipation of the sale of the land that took place in the current financial year.

Employee benefit obligation
The budget amount was incorrectly recorded in another line item indicated as other financial liabilities in the budget tool and

56. Budget differences (continued)
also on the statement of budget and actual comparison

Unspent conditional grants and receipts
'The variance is due to the fact that the municipality did not anticipate that will be having the unspent grant. Additional funding for disaster grant that was received in March 2024 had a negative impact on the spending, as a result a rollover application was done and submitted to NT.

Provisions (Current)
The was due to a reduction in.the number of employees and thus the drop in the provisions for employee benefits.

Employee benefit obligation (Non-Current)
We under estimated and underbudgeted for the liability.

Other financial liabilities
'The variance is due to the outcome from the actuarial valuation which is based on the fair value method of calculation and this was shown under Employee benefit obligation note.

Provisions (Non - Current)
The variance is due to the outcome from the actuarial valuation which is based on the fair value method of calculation.

Cash Flow Statement

Cash received from customers(Property rates)
The variance is due to the implementation of the increase of tariff for the period under review and the fact the Eskom was previously renting property but now they are owning the properties and implementation of supplementary valuation roll.

Cash received from grants
The increase is due to the implemetation of treasury circular, Equitable share has increased by 4% as per the gazzetted DORA.

Interest income
Due to non payment of debtors, resulting to a low collection rate thus the increase in interest and municipality under budgeted the interest on debtors.

Cash received from customers(Services charges)
Variance is due to the delays in the transfer of properties in the name of the municipality to beneficiaries which the municipality had projected that it would bill individuals. The community services also projected to increase the collection or billing of skip bins but the department did not meet the target due to high maintanance of refuse tractors.

Other cash received
The budget was based on the prior year actual's however in the current year a panel of contractors was appointed and as a result there was revenue lost on the sale of tender documents since the municipality is having the 3 year contracts for panel of contractors and consultants in place.
> The building inspector stopped coming during the weekend to offer the services, and as a result the revenue declined because the community usually targeted the weekend to come and get their building plans inspected due to being unable to do it during the week due to employment purposes. The building inspector was stopped to come during the weekend as a result of the cost containment measures that were taken by the municipality.

Cash paid to suppliers
The variance is due to ICT expenses that were budgeted under intangible assets yet they did not belong to that category.
The variance emanates from the leave pay provision that was previously calculated incorrectly at basic salary instead of salary cost. This had an effect in budgeting since the projections were based on the actuals from prior year.

Vat payment
The is largely due to input vat that was incorrectly claimed on suppliers that were non VAT vendors.

Interest paid
Previously we had a fruitless and wasteful expenditure based on prior year actuals, therefore we budgeted based on the actuals we had in the prior year. The municipality did not anticipate to pay interest on outstanding creditors and this resulted to

56. Budget differences (continued)
fruitless expenditure.

Transfers and Subsidies paid
We had budgeted less for transfers and subsidies based on that in the prior year, there were accruals that were not captured as expenditure in the relevant financial year and as well as there were beneficiaries that should not be classified as indigents.

Purchase of property, plant and equipment
The decrease is as a result that the carrying amount of the actual amount of PPE in the Annual Financial Statements is incorrect

Proceeds from sale of property,plant and equipment
There was disposal due to Council writing off removing assets which were in the AR however they were upgaded.

Purchase of investment property
Increase in Land Sales as a result of more land available to sell due to the Investment Property that was transferred to Inventory. Further compared the consumer deposit listing for current year to prior year and confirmed that the more sales of land was made in the current year as compared to the prior year.

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Procurement and Contract Management: Preferential Procurement Policy Framework Act (**PPPFA): Quotations and Bids – Evaluation is not in accordance with the preference point system, and the applicable preference point system was not stipulated in the tender** documents.	Non-compliance - Material	Budget and Treasury Office - SCM	The Municipality's SCM policy is inconsistent with the Preferential Procurement Regulations (PPR), 2022. The Municipality is using the repealed legislation to calculate preferential procurement points and to award quotations and bids. According to the Municipality's policy, preferential procurement points are allocated as follows: "Price: 80 points BBBEEE Status Level: 10 points Specific goals: 10 points". Certain competitive bids and quotations were not evaluated in accordance with the preference point system as prescribed by the PPPF Act, and the applicable preference point system was not stipulated in the tender documents.	Management must ensure the procurement policy is applied and implemented in compliance with Section 2(1) of the PPPFA. Additionally, management should ensure that SCM officials, along with all other staff involved in SCM processes, are adequately informed and trained on the latest developments, including relevant legislation, instructions, practice notes, and guidance from the National Treasury, as well as any other reforms. This will help build adequate capacity and skills, ensuring sound decision-making, adherence to correct processes, and the incorporation of sufficient segregation of duties, supervision, review, and monitoring within the procurement process.	Management has updated all documents to comply with PPR 2022.	High	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	Tender Document Template	31 December 2024	Complete	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Procurement and Contract Management: PPPFA: Register not kept for closing bids.	Non-compliance - Material	Budget and Treasury Office - SCM	A register was not kept of all bids received on time, resulting in a non-compliance with SCM Reg 23(c).	Management must ensure that it applies its procurement policy and adheres to MFMA SCM regulations. Additionally, management should inform and train SCM officials, as well as all other officials involved in the SCM processes, on the latest developments in SCM. This includes all relevant legislation, instructions, practice notes, guidance from the National Treasury, and any other reforms. Ensuring adequate capacity and skills will facilitate the right decisions, adherence to correct processes, and sufficient segregation of duties, supervision, review, and monitoring within the procurement process.	Management has implemented controls to establish a checklist for all processes involved in closing a tender, as well as a review of the checklist after the tender has been awarded.	High	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	Checklist for closing of tender	31 December 2024	Complete	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Competitive Bids: Tender advertised for less than the prescribed minimum prescribed period	Non-compliance - Material	Budget and Treasury Office - SCM	The following tender was advertised for at least 17 days, which does not meet the minimum requirement of not less than 30 days for transactions over R10 million (VAT included) or for those of a long-term nature.	Management must ensure that it applies its procurement policy in accordance with Section 2(1) of the PPPFA. Furthermore, management should ensure that SCM officials and all other personnel involved in SCM processes are informed of and trained on the latest developments in SCM, including all relevant legislation, instructions, practice notes, and guidance from the National Treasury, as well as any other reforms. This will ensure adequate capacity and skills, which will facilitate the making of the right decisions, adherence to correct processes, and the incorporation of sufficient segregation of duties, supervision, review, and monitoring into the procurement process.	Management has implemented controls to review tender documents before advertising the tender.	High	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	Checklist for tender documents and advertising.	31 December 2024	Complete	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
PPPFA: Quotations – Incorrect calculation of preferential points.	Non-compliance - Non-material	Budget and Treasury Office - SCM	The Municipality incorrectly calculated the preferential points for the following quotation, resulting in the contract being awarded to the wrong supplier. TSQ Trading (Pty) Ltd, with the highest recalculated points of 87.14, should have been awarded the contract instead of Our Place Enterprise, which had recalculated points of 83.	Management must apply its procurement policy as required by Section 2(1) of the PPPFA. Furthermore, SCM officials and all personnel involved in SCM processes should be adequately informed and trained on the latest developments, including relevant legislation, instructions, practice notes, and guidance from the National Treasury, as well as any other reforms. This will build adequate capacity and skills, facilitating sound decision-making, adherence to correct processes, and the incorporation of sufficient segregation of duties, supervision, review, and monitoring within the procurement process.	This finding was resolved, but AGSA still added the paragraph in the Management Report	Low	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	None	None	Complete	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Procurement and Contract Management Quotations: Three quotations were not obtained for award	Non-compliance - Non-material	Budget and Treasury Office - SCM	SEAMO INVESTMENTS 47 (PTY) LTD t/a ALLIED BUSINESS SOLUTIONS Purchase of NB Dell Vostro 3430 i7-1355U 16GB 512 WP Laptop for Landfill site	Management must apply its procurement policy and implement it in accordance with Section 2(1) of the PPPFA. Additionally, SCM officials and all other personnel involved in SCM processes should be kept informed of and trained on the latest developments, including applicable legislation, instructions, practice notes, guidance from the National Treasury, and any other reforms. This approach will help build adequate capacity and skills, ensuring sound decision-making, adherence to correct processes, and the integration of sufficient segregation of duties, supervision, review, and monitoring within the procurement process.	This finding was resolved, but AGSA still added the paragraph in the Management Report	Low	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	None	None	Complete	
Procurement and Contract Management Quotations: Three quotations were not obtained for award	Non-compliance - Material	Budget and Treasury Office - SCM	Procurement and Contract Management: No provisions were included in the contracts for termination in cases of non-performance or underperformance.	It is recommended that management: • Populate and review all contracts or agreements with service providers to ensure they are prepared in	Management will add addendums to the current contract and have a checklist of the clauses that	High	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	1) Addendum template 2) Checklist for Contracts	31 December 2024	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
			The contracts/agreements between service providers and IYM lack clauses outlining dispute resolution mechanisms to address conflicts between the parties. Contract performance was not monitored on a monthly basis, and no performance measures were established to ensure effective contract management. Variation orders related to the contracts listed below were not presented to the municipal council for review. For the audit of Contract Management, we noted that the variation order for Nomampondo to Nongqongqwana did not pertain to the contract specifications or conditions necessary to accommodate costs for additional work that was either unforeseen when the contract was awarded for the infrastructure project. The motivation report from Melokuhle Management indicated that the variation order was related to the construction of an additional gravel road, rather than the gravel road being constructed	accordance with the requirements of the MFMA.	should be part of the contracts moving forward.						

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
			from Nomampondo to Nongqongqwana. Consequently, this variation order cannot be regarded as applicable to the Nomampondo to Nongqongqwana project. Therefore, the variation order does not comply with SCM policy, as it does not relate to the contract specifications or conditions for the Nomampondo to Nongqongqwana road, nor does it accommodate costs for additional work associated with that project. The additional cost pertains to another road, as stated in the motivation report								
Planning: Internal audit external quality assurance review not conducted Audit finding	Internal control deficiency – Non-material	Municipal Managers Office - Internal Audit	During the planning, we could not obtain evidence that an external quality assurance review or assessment of the internal audit function was performed by a qualified, independent reviewer or review team from outside the IYM. Additionally, there was no evidence that the external quality assurance review or assessment was conducted at least once every five years at the Intsika Yethu Local Municipality, as required by IIA standard 1312.	Management and the Audit Committee should ensure that the Internal Audit function is periodically assessed by an independent external reviewer, as required by the IIA. Internal Audit should present the results of this assessment to the Audit Committee, along with a plan to address the findings.	Then we conduct the external assessment for the 2025/26 financial year, which is also included in the Internal Audit Strategic Plan.	High	Municipal Managers Office - M. Mabono - L. Bango	Internal Audit Strategic Plan	31 December 2024	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Planning: The Municipality did not conduct mid-year performance assessments within the specified timeframes.	Internal control deficiency – Non-material	Municipal Managers Office - Internal Audit	The following non-compliance has been identified: The Mid-year and Performance Assessment Report was approved by the Accounting Officer on 30 January 2024 and adopted by the Council on the same day. Therefore, the Accounting Officer of the Municipality did not assess the Municipality's performance by 25 January 2024.	The Accounting Officer must ensure that he assesses the performance of the Municipality by 25 January every year.	The finding was Resolved – AGSA has communicated it for control.	High	Municipal Managers Office - M. Mabono - L. Mkonjiswa	Mid-Year Assessment 2024/2025	31 January 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
High Level Review of AFS – TB, GL and/ Supporting schedules not submitted on 31 August 2024	Limitation - Material	Budget and Treasury Office - AFS	During the high-level review of the submitted annual financial statement and the accounting/audit file on 31 August 2024 for the financial year ended 30 June 2024, it was noted that the following supporting documents and schedules were either not submitted or could not be found in the underlying folders that support the line items of the AFS.	Management is advised to submit any information that was not previously included with the AFS and APR, thereby adhering to the guidelines of MFMA Circular No. 50. As a corrective measure, management should: • Implement adequate controls over the preparation process of the AFS by ensuring that an AFS preparation plan is in place. This plan should allow management to track all necessary milestones in the AFS preparation process to ensure that all required information is submitted by the legislated date. This also applies to the APR. • Ensure that all information required to be submitted under the MFMA and Circular 50 is provided. • Submit the asset register that will be used	Management will prepare an accounting file containing all the listing and lead schedules for the interim and AFS.	High	Budget and Treasury Office - N. Combo - N. Zisiwe	Annual Financial Statements Plan	28 February 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
				for audit purposes.							

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
High level review of the AFS – Disagreement Misstatement	Disagreement - Material	Budget and Treasury Office - AFS	During the high-level review of the submitted AFS and the accounting/audit file on 31 August 2024 for the financial year ended 30 June 2024, disagreements were noted between the figures on the submitted supporting schedules and the financial statements, as detailed below.	Management is advised to submit supporting schedules that reconcile with the submitted financial statements, thereby adhering to the guidelines of MFMA Circular No. 50. As a corrective measure, management should: • Implement adequate controls over the AFS preparation process by ensuring that an AFS preparation plan is in place. Management should track all necessary milestones in the AFS preparation process to ensure that all required information is submitted by the legislated date. This also applies to the APR. • Ensure that all information required to be submitted under the MFMA and Circular 50 is provided. • Ensure that the submitted supporting schedules and/or listings	Management will prepare an accounting file with all the listing and lead schedules interim and Annual Financial Statements	High	Budget and Treasury Office - N. Combo - N. Zisiwe	Annual Financial Statements Plan	28 February /2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
				agree with and reconcile to the financial statements submitted for audit.							

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Consumer deposits: Current year narration on the note not consistent with the prior year note	Disagreement - Non-material	Budget and Treasury Office - Revenue	Incomplete disclosure is noted in the included narrations of consumer deposits as contained in Note 8 of the financial statements. -No narrations are included to substantiate the nature of the deposits that compose the reported amount. -A comparison of the note with the prior year's disclosure highlights the omission in the current year's disclosure, as noted below:	Management is recommended to maintain measures and interventions that strengthen internal review processes for reporting consumer deposits. This is essential to ensure that the required quality of presentation and disclosure is upheld, thereby achieving fair presentation and enhancing the usefulness of the AFS.	Management will develop a working paper for the review of the financial statements by compiling the prior year's AFS information into a spreadsheet and comparing it with the current year's AFS.	High	Budget and Treasury Office - N. Combo - F. Bushula	AFS Review Working paper	28 February 2025	Not Started	
Investment property: Differences between amounts per AFS and amounts per trial balance	Disagreement - Non-material	Budget and Treasury Office - Budget, Reporting & Asset Management	The differences noted in the audit of the investment property are as follows: Amount per AFS R76 492 280 Amount per TB R76 224 996,50 Difference R267 283,50	Management is recommended to maintain measures and interventions that strengthen internal review processes related to investment property to ensure fair presentation.	Management will reconcile the trial balance with the Trial Balance (TB) and General Ledger.	High	Budget and Treasury Office - N. Combo - N. Lwana	AFS Review Working paper	28 February 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Property rates	Disagreement - material	Budget and Treasury Office - Revenue	During the audit of Property Rates Revenue, the following issues were noted: 1. We have ascertained that customer 10000004 is not included on the valuation roll, whereas the property has been billed per the billing report. 2. We have further ascertained that customer 10000003 has been included in the billing report at an incorrect amount. Please refer below for details.	Management is recommended to maintain measures and interventions to strengthen its internal review processes pertaining to Property Rates Revenue to achieve fair presentation.	Reconciliation testing accuracy of billing will be developed and monitored monthly.	Medium	Budget and Treasury Office - N. Combo - F. Bushula	Revenue Reconciliation	31 December 2024	Not Started	
Interest received: Amount per bank confirmations does not agree to the amount recorded per the AFS	Disagreement - Non-material	Budget and Treasury Office - Revenue	The amount in the bank confirmations does not match the amount recorded in the AFS. Please refer to the table below for more details.	Management is recommended to maintain measures and interventions to strengthen its internal review processes pertaining to interest investment revenue to achieve fair presentation.	The finding was resolved.	Low	Budget and Treasury Office - N. Combo - F. Bushula	None	None	Complete	
AOPO **Indicator:** Number **of** Kilometres **of** access roads constructed **as** per defined project list AOPO **Number** of bridges maintained	Disagreement - material	Municipal Managers Office - AOPO	During the audit of the indicator "Number of kilometres of access roads constructed" as per the defined project list, we noted discrepancies between the actual achievements reported in the Annual Performance Report and the access roads recorded in the fixed asset register. We	• Management should regularly prepare a reconciliation between the supporting documentation and the listings to ensure the reliability and accuracy of the evidence. • Management needs to	Management will reconcile the information for maintenance and repairs.	Low	Municipal Manager Office - M. Mabono - L. Mkonjiswa	Quarterly Performance Reports	31 January 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
			inspected the Fixed Asset Register and selected the access roads completed in the current year. We confirmed that the following roads were recorded in the Fixed Asset Register but not included in the Annual Performance Report:: 1. Ndlunkulu Access Road 2. Singeni Access Road 3. Khayamnandi Access Road Additionally, during the audit of the indicator "Number of Bridges Maintained," discrepancies were identified between the actual achievements reported in the APR and those recorded in the progress report/completion certificates. The completion certificates in the POE files referred to the construction of roads rather than the maintenance of bridges. The following table highlights the discrepancies: Name of Indicator: Number of Bridges Maintained Achievement as per the Annual Performance Report Progress: 2 Report/completion certificate: 0	review the information captured in the listing to ensure that it relates to the reported achievements and is verifiable.							

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
			Difference: 2								
AOPO: KPA 1: Basic Services and Infrastructure Development	Disagreement - material	Municipal Managers Office - AOPO	During the audit of KPA 1: Basic Services and Infrastructure Development, the following discrepancies were noted between the actual achievements reported in the Annual Performance Report and the listings and supporting documentation provided for the audit. Table: The value of actual achievements reported in the Annual Performance Report differs from the listings and supporting documentation provided for the audit.	• Management should regularly prepare a reconciliation between the supporting documentation and the listings to ensure the reliability and accuracy of the evidence. • Management needs to review the information captured in the listing to ensure that it relates to the reported achievements and is verifiable.	Management will reconcile the information for maintenance and repairs.	Low	Municipal Manager Office - M. Mabono - L. Mkonjiswa	Quarterly Performance Reports	31 January 2025	Not Started	
AOPO: Indicator: Number of Km's of gravel roads maintained	Disagreement - material	Municipal Managers Office - AOPO	During the audit of the indicator, "Number of Km's of gravel road maintained", the following discrepancies were identified in the completion certificates for the roads reported in the Annual Performance Report: The purpose of the project is different from the conclusion in relation to what has been achieved on the completion certificate.	• Management should regularly prepare a reconciliation between the supporting documentation and the listings to ensure the reliability and accuracy of the evidence. • Management needs to review the information captured in the listing to ensure that it relates to the reported achievements and is verifiable.	Management will reconcile the information for maintenance and repairs.	Low	Municipal Manager Office - M. Mabono - L. Mkonjiswa	Quarterly Performance Reports	31 January 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Misstatement 1. Overtime: inaccurate calculations and non-dated approvals	Disagreement - Non-material	Corporate Service - Human Resources	The following differences were noted between the recorded overtime and the audited overtime.	Management must implement appropriate measures and interventions to strengthen internal review processes related to recorded overtime, ensuring the accuracy and reliability of reported information.	No action will be taken as AGSA disagreed with overtime being paid a month after the overtime was worked.	Low	Corporate Services - B. Zantsi - Anele Sikade	Monthly Overtime Reports with POE	31 January 2025	Not Started	
Employee related costs - SDL costs	Disagreement - Non-material	Budget and Treasury Office - Employee Related Costs	During the audit of "Employee Related Costs" (Note 32) for the 2023/24 financial year, a reconciliation between the payroll report and the annual financial statements revealed that the Skills Development Levy (SDL) for councillor remuneration was included as part of the employee-related costs in the payroll report for Employee Related Costs. While the SDL costs for Employee Related Costs: Note 32 were accurately recorded in the annual financial statements, the SDL costs for Councillor Remuneration: Note 33 were not included in the disclosure.	It is recommended that management: • Conducts a thorough review of the financial statements submitted for audit to ensure compliance with the applicable reporting framework and legislation. • Makes the necessary amendments to Note 33 in the AFS.	Management will prepare a comprehensive accounting file containing all listings, lead schedules, and supporting documentation for both the interim and AFS.	Low	Budget and Treasury Office - N. Combo - N. Zisiwe	Interim and Annual Financial Statements	28 February 2025	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Fruitless and wasteful expenditure as a result of incorrect payment of basic salaries	Disagreement - Non-material	Corporate Service - Human Resources	For the audit of "Basic Salaries-Employee Related Costs", it was identified that the following employees were incorrectly paid their salaries after the termination of their employment contracts: 1) Tyandela T (9723) 2) Sihlali N (7308)	It is recommended that management: -Ensures all terminated employees are promptly removed from the payroll system in the same month their employment contracts end. -Includes the amount of fruitless and wasteful expenditure related to these payments in the total balance incurred for the financial year ending 30 June 2024.	Management will communicate with all directors regarding employees who have left the municipality prior to salary payments. Directors will be required to confirm the accuracy of the list for their respective staff.	Low	Corporate Services - B. Zantsi - Anele Sikade	Monthly confirmation of employee resignation, retirement, or abscondment.	31 December 2024	Not Started	

CoAF Description	Material / Immaterial Issues Raised by the AGSA	Component affected	Finding	AGSA Recommendation	Management Action Plan	Priority	Directorate - Director - Manager	Deliverable/POE	Due date	Progress	Remedial Action
Procurement and Contract Management: Contracts are not monitored on a monthly basis, and contract performance measures are not in place to ensure effective contract management.	Compliance - Disagreement	Budget and Treasury Office - SCM	The following contracts/agreements between the service providers and IYM lack provisions for termination of the contract or agreement in cases of non-performance or underperformance: 1) Construction of Cenyu, Khalimashe to Komkhulu Phase 2 Access Road 2) Construction of Hangana to Ntwashini Phase 2 Access Road 3) Construction of Nomampondo to Nongqongqwana Access Road 4) Construction of Ngcaca Access Road 5) Construction of Singeni Access Road 6) Construction of Khayamnandi Bridge Access Road	It is recommended that management: • Populate and review all contracts or agreements with service providers to ensure they comply with the requirements of the MFMA.	Management will add an amendment to the current contracts that lack the specified clause and ensure that future contracts include this clause.	Low	Budget and Treasury Office - N. Combo - S. Masiko-Totongwana	SCM Monthly report on contracts	31 December /2024	Not Started	

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 2023/24

6.2 AUDITOR-GENERAL REPORT YEAR 2023/24

AUDITOR-GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 2023/24
The Municipality has received a **Qualified Audit Opinion for the 2023/24** financial year – See Appendix T.
T 6.2.3

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES :
Section 71 of the Municipal Finance Management Act (MFMA) requires municipalities to submit periodic financial performance data to the National Treasury at specified intervals throughout the year. The CFO confirms that these submissions have been made in full compliance with the reporting requirements.
Signed (Chief Financial Officer) ………………………………………………………….. Dated
T 6.2.5

GLOSSARY

Accessibility indicators	Accessibility indicators assess whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Accountability documents are reports used by executive authorities to provide comprehensive and regular updates to Parliament and provincial legislatures, as mandated by the Constitution. These documents include plans, budgets, in-year reports, and Annual Reports.
Activities	Activities encompass the processes or actions utilising various inputs to generate desired outputs and outcomes. Essentially, activities outline "what we do".
Adequacy indicators	Adequacy indicators measure the quantity of input or output in relation to the corresponding need or demand.
Annual Report	An Annual Report is a yearly submission prepared according to the regulations outlined in Section 121 of the MFMA. It must include the AFS approved by the AG.
Approved Budget	An Approved Budget refers to the AFS of a municipality, audited by the AG and ratified by Council or a provincial/national executive.
Baseline	Baseline denotes the current level of performance that a municipality endeavours to enhance when establishing performance targets. It reflects the performance level recorded in the year prior to the planning period.
Basic municipal service	A basic municipal service is a service provided by the municipality that is essential for maintaining an acceptable and reasonable quality of life for citizens within a specific area. Its absence may pose risks to public health, safety, or the environment.
Budget year	The budget year refers to the financial year for which an Annual Budget is to be approved, ending on June 30.
Cost indicators	Cost indicators gauge the overall cost or expenditure involved in producing a specified quantity of outputs.
Distribution indicators	Distribution indicators assess the allocation of capacity to deliver services.
Financial Statements	Financial Statements encompass at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements, and any other statements as may be prescribed.
General Key Performance Indicators (KPIs)	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	Impact refers to the tangible results of achieving specific outcomes, such as poverty reduction and job creation.
Inputs	Inputs encompass all resources contributing to the production and delivery of outputs. They include finances, personnel, equipment, and buildings, essentially representing "what we use to do the work".
Integrated Development Plan (IDP)	Integrated Development Plan (IDP) outlines municipal goals and development plans.
National Key	• Service delivery & infrastructure

GLOSSARY

Performance Areas (KPAs)	• Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	Outcomes represent the medium-term results for specific beneficiaries resulting from achieving specific outputs. They should align clearly with an institution's strategic goals and objectives outlined in its plans, essentially representing "what we wish to achieve".
Outputs	Outputs denote the final products or goods and services produced for delivery. They may be defined as "what we produce or deliver" and represent concrete achievements contributing to the attainment of Key Result Areas.
Performance Indicator	Performance Indicators should be specified to measure performance in relation to inputs, activities, outputs, outcomes, and impacts. An indicator is a form of information used to assess the extent to which an output has been achieved (e.g., policy developed, presentation delivered, service rendered).
Performance Information	Performance Information is a generic term encompassing non-financial information about municipal services and activities. It can also be used interchangeably with performance measures.
Performance Standards	Performance Standards denote the minimum acceptable level of performance or the generally accepted level, informed by legislative requirements and service-level agreements. These standards serve as mutually agreed criteria, describing the quantity, quality, and timeliness of work. In the Employee Performance Management and Development System (EPMDS), performance standards are divided into indicators and time factors.
Performance Targets	Performance Targets represent the performance levels that municipalities and their employees aim to achieve. They are derived from current baselines and express specific levels of performance that municipalities strive to attain within defined time periods.
Service Delivery Budget Implementation Plan	Service Delivery Budget Implementation Plan is a detailed plan approved by the mayor for implementing the municipality's service delivery, including revenue projections and operational and capital expenditures by vote for each month. Additionally, service delivery targets and performance indicators must be included.
Vote	Vote refers to one of the primary segments into which a municipality's budget is divided for the appropriation of funds to different departments or functional areas. It specifies the total amount appropriated for the specific department or functional area. According to Section 1 of the MFMA, a "vote" is defined as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

APPENDICES

APPENDICES

APPENDIX A – COUNCILLORS AND COMMITTEES

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time FT/PT**	**Committees Allocated**	***Ward and/or Party Represented**	**Percentage Council Meetings Attendance %**	**Percentage Apologies for Non-Attendance %**
Cllr. Yanga Zicina	FT	Speaker	PR	99%	100%
Cllr. Khanyiswa Mdleleni	FT	Mayor	PR	100%	100%
Cllr. Noloyiso Ntsaluba	FT	Chief Whip	PR	97%	100%
Cllr. Bongani Mpengesi	FT	Portfolio Head Corporate Services	PR	96%	100%
Cllr. Melekile Skotana	FT	Portfolio Head Infrastructure	PR	96%	100%
Cllr. Vuyokazi Matomela	FT	Portfolio Head LED	PR	97%	100%
Cllr. Nozuko Mafanya	FT	Portfolio Head Community Services	PR	97%	100%
Cllr. Myolisi Toni	FT	Portfolio Head Finance	PR	96%	100%
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					*T A*

Councillors, Committees Allocated and Council Attendance					
Council Members	**Full Time / Part Time FT/PT**	**Committees Allocated**	***Ward and/ or Party Represented**	**Percentage Council Meetings Attendance %**	**Percentage Apologies for Non-Attendance %**
Cllr. Ntombaziphell Nkota	PT	Portfolio Head Planning	PR	97%	97%
Cllr. Nokuthula Mlokoti	PT	Portfolio Head Governance and Administration	PR	96%	95%
Cllr. Lusanda Makade	FT	MPAC Chairperson	PR	97%	100%
Cllr. Nophelo Magaga	FT	Women Caucus Chairperson	PR	100%	100%
Cllr. Siqhamo	FT	Rules and Ethics	PR	98%	100%

APPENDICES

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for Non-Attendance %
Mthimkhulu		Chairperson			
Cllr. Mayenzeke Yamile	FT	Public Participation Chairperson	PR	97%	100%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*					*T A*

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for Non-Attendance %
Cllr. Xolile Mini	PT	MPAC	PR	100%	100%
Cllr. Nobom Bani	PT		W	99%	100%
Cllr. Neliswa Gadeni	PT	Rules and Ethics	W	98%	100%
Cllr. Zwelethu Malusi	PT		W	98%	100%
Cllr. Sylvia Twani	PT	MPAC, Public Participation, Rules and Ethics	W	100%	100%
Cllr. Nolukholo Nyandana	PT	MPAC, Women Caucus	W	100%	100%
Cllr. Zukile Cekiso	PT	Public Participation	W	97%	100%
Cllr. Lulama Ngamlana	PT	Public Participation	W	99%	100%
Cllr. Mncedisi Ngwane	PT	Rules and Ethics, Public Participation	W	99%	100%
Cllr. Mvusi Mrwetyana	PT	Rules and Ethics	W	97%	100%
Cllr. Simphiwe Ndondo	PT	Public Participation	W	99%	100%
Cllr. Nkosinathi Mnqanqeni	PT	MPAC	W	97%	99%
Cllr. Nokwakha Jada *(deceased)*	PT	MPAC	W	98%	100%
Cllr. Nosakhele Sonkosi	PT	Rules and Ethics, Public Participation	W	99%	100%
Cllr. Malibongwe Gulubela	PT	Rules and Ethics	W	99%	100%
Cllr. Mpumzi Mfamana *(deceased)*	PT		W	95%	100%
Cllr. Nontobeko Mzizana	PT	Women Caucus	W	99%	100%

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for Non-Attendance
	FT/PT			%	%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*					T A

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for Non-Attendance
	FT/PT			%	%
Cllr. Lufefe Mfana	PT		W	100%	100%
Cllr. Nceba Mpofu	PT		W	100%	100%
Cllr. Nonyameko Sindile	PT	Women Caucus	W	100%	100%
Cllr. Nokhaya Ludaka	PT	Public Participation	W	99%	100%
Cllr. Ncedeka Mgqamqho	PT	MPAC	W	100%	100%
Cllr. Ntombifikile Xoxo	PT	MPAC, Women Caucus, Public Participation	PR	99%	100%
Cllr. Lusanda Bomoyi	PT		PR	98%	100%
Cllr. Vuyo Danster	PT	MPAC, Women Caucus, Rules and Ethics	PR	99%	100%
Cllr. Ntsikelelo Mcaleni	PT	MPAC, Rules and Ethics, Public Participation	PR	100%	100%
Cllr. Phumelele Magazi	PT	MPAC	PR	98%	100%
Cllr. Nozintombi Mdumata	PT	Woman Caucus	PR	99%	100%
Cllr. Trad. Leader Sabata	PT	MPAC		98%	100%
Cllr. Trad. Leader Nkwenkwezi	PT			97%	100%
*Note: * Councillors appointed on a proportional basis do not have wards allocated to them*					T A

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of the Committees	
Municipal Committees	**Purpose of the Committee**
Municipal Public Accounts Committee (MPAC)	Oversees Council business.
Audit Committee	Oversees Council business.
Performance Management System (PMS) Committee	Assists the Executive Management Team in implementing policies and plans for performance management to enhance the Municipality's ability to achieve its strategic objectives.
Rules & Ethics Committee	Ensures adherence to municipal Council rules by all council members.
Women Caucus Committee	Promotes and enforces gender equality within the IYM's jurisdiction.
Community Services Standing Committee	Provides recommendations on matters related to community services to the Executive Committee.
Local Economic Development and Planning Standing Committee	Provides recommendations on matters related to LED and planning to the Executive Committee.
Budget and Treasury Standing Committee	Provides recommendations on all Budget and Treasury Office (BTO) related matters to the Executive Committee.
Corporate Services Standing Committee	Provides recommendations on all corporate services related matters to the Executive Committee.
Infrastructure Standing Committee	Provides recommendations on all infrastructural related matters to the Executive Committee.
Planning and Development Standing Committee	Provides recommendations on all planning and development related matters to the Executive Committee.
Governance and Administration Standing Committee	Provides recommendations on all governance and administrative matters to the Executive Committee.
Executive Committee	Provides recommendations to the Council on all matters concerning departmental Standing Committees.
	T B

APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	**Manager**
Office: Municipal Manager	
1. Zuko Tshangana	Communications Manager
2. Nonzame Jafta	SPU Manager
3. Neziswa Liwani	Manager Governance and Political Support
4. Lukhanyo Bango	Manager Internal Auditor
5. Nkosinathi Totongwana	Manager Risk, Anti-Fraud and Corruption
6. Lindiwe Mkunyana	ICT Manager
7. Khanyisa Mdingi	Manager Internal Controls
Technical Services	
1. Lwando Ketelo	Project Manager
2. Siyasanga Mrwetyana	Manager Roads and Transport
3. Samkelo Mazula	Municipal Public Works Manager
4. Noluvo Rols	Manager Human Settlement and Estates
5. Simphiwe Gcali	Manager Electrification
Community Services	
1. Makhuze Nondzaba	Manager Social Services
2. Lwazi Ntombini	Manager Public Safety
3. Khanyisile Gantsho	Environmental Management Manager
Local Economic Development & Planning	
1. Zukiswa Makhubalo	LED Manager
2. Lwandiso Mkonjiswa	Manager Planning (IDP and PMS)
3. Linda Ndongeni	Manager Agriculture
Budget and Treasury Office	
1. Feziwe Bushula	Revenue Manager
2. Siphokazi Masiko	Supply Chain Management Manager
3. Nondyebo Lwana-Xashimba	Manager Budget, Reporting and Asset Management
4. Nyameko Ziswe	Expenditure Manager
Corporate Services	
1. Nomonde Xego	Admin and Council Support Manager
2. Gcinumzi Dekeda	Records Manager
3. Anele Sikade	HR Manager
	TC

APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	**Function Applicable to Municipality (Yes / No)***	**Function Applicable to Entity (Yes / No)**
Constitution Schedule 4, Part B functions:		
Air pollution	No	No
Building regulations	Yes	No
Child care facilities	Yes	No
Electricity and gas reticulation	Yes	No
Firefighting services	No	No
Local tourism	Yes	No
Municipal airports	No	No
Municipal planning	Yes	No
Municipal health services	No	No
Municipal public transport	No	No
Municipal public works, but only to the extent necessary for municipalities to fulfil their responsibilities in administering functions specifically assigned to them under the Constitution or any other applicable law.	No	No
Pontoons, ferries, jetties, piers, and harbours, excluding the regulation of international and national shipping and related matters.	No	No
Stormwater management systems in built-up areas	Yes	No
Trading regulations	Yes	No
Water and sanitation services are limited to potable water supply systems and domestic wastewater and sewage disposal systems.	No	No
Beaches and amusement facilities	Yes	No
Billboards and the display of advertisements in public places	Yes	No
Cemeteries, funeral parlours, and crematoria	Ye	No
Cleansing	No	No
Control of public nuisances	Yes	No
Control of undertakings that sell liquor to the public	No	No
Facilities for the accommodation, care, and burial of animals	Yes	No
Fencing and fences	Yes	No

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Licencing of dogs	Yes	No
Licencing and control of undertakings that sell food to the public	Yes	No
Local amenities	Yes	No
Local sport facilities	Yes	No
Markets	Yes	No
Municipal abattoirs	No	No
Municipal parks and recreation	Yes	No
Municipal roads	Yes	No
Noise pollution	No	No
Pounds	Yes	No
Public places	Yes	No
Refuse removal, refuse dumps, and solid waste disposal	Yes	No
Street trading	Yes	No
Street lighting	Yes	No
Traffic and parking	Yes	No
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APPENDIX E – WARD REPORTING

Functionality of Ward Committees – 2023–2024					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to the Speaker's Office on time	Number of quarterly public ward meetings held during year
1	Cllr N. Bani Ward Comm. Members: 10	Yes	12	120	4
2	Cllr P. Gadeni Ward Comm. Members: 10	Yes	12	120	4
3	Cllr Z. Malusi Ward Comm. Members: 10	Yes	12	120	4
4	Cllr S. Twani Ward Comm. Members: 10	Yes	12	120	4
5	Cllr A. Yamile Ward Comm. Members: 10	Yes	12	120	4
6	Cllr Z. Cekiso Ward Comm. Members: 10	Yes	12	120	4
7	Cllr L. Ngamlana Ward Comm. Members: 10	Yes	12	120	4
8	Cllr M. Ngwane Ward Comm. Members: 10	Yes	12	120	4
9	Cllr M. Mrwetyana Ward Comm. Members: 10	Yes	12	120	4
10	Cllr S. Ndondo Ward Comm. Members: 10	Yes	12	120	4
11	Cllr. Nkosinathi General Mnqanqeni Ward Comm. Members: 10	Yes	12	120	4
12	Cllr N. Jada Ward Comm. Members: 10	Yes	12	120	4
13	Cllr N. Nkosi Ward Comm. Members: 10	Yes	12	120	4
14	Cllr M. Gulubele Ward Comm. Members: 10	Yes	12	120	4
15	Cllr M. Mfamana Ward Comm. Members: 10	Yes	12	120	4
16	Cllr N. Mzizana Ward Comm. Members: 10	Yes	12	120	4
17	Cllr L. Mfana Ward Comm. Members: 10	Yes	12	120	4
18	Cllr N. Mpofu Ward Comm. Members: 10	Yes	12	120	4
19	Cllr N. Sindile Ward Comm. Members: 10	Yes	12	120	4
20	Cllr N.M. Ludaka Ward Comm. Members: 10	Yes	12	120	4
21	Cllr N.T. Mgqamqho Ward Comm. Members: 10	Yes	12	120	4

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APPENDIX F – WARD INFORMATION

ELECTED WARD MEMBERS (STATING NUMBER OF MEETING ATTENDED – MAXIMUM 12 MEETINGS)
Names: xxx (8); xxx (7)...

Please refer to Appendix E for Ward Information.
Please refer to Appendix O for seven largest projects.

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Functionality of Ward Committees – 2022–2023					
Ward Name (Number)	**Name of Ward Councillor and elected Ward Committee members**	**Committee established (Yes / No)**	**Number of monthly Committee meetings held during the year**	**Number of monthly reports submitted to the Speaker's Office on time**	**Number of quarterly public ward meetings held during year**
1	Cllr N. Bani Ward Comm. Members: 10	Yes	12	120	4
2	Cllr P. Gadeni Ward Comm. Members: 10	Yes	12	120	4
3	Cllr Z. Malusi Ward Comm. Members: 10	Yes	12	120	4
4	Cllr S. Twani Ward Comm. Members: 10	Yes	12	120	4
5	Cllr A. Yamile Ward Comm. Members: 10	Yes	12	120	4
6	Cllr Z. Cekiso Ward Comm. Members: 10	Yes	12	120	4
7	Cllr L. Ngamlana Ward Comm. Members: 10	Yes	12	120	4
8	Cllr M. Ngwane Ward Comm. Members: 10	Yes	12	120	4
9	Cllr M. Mrwetyana Ward Comm. Members: 10	Yes	12	120	4
10	Cllr S. Ndondo Ward Comm. Members: 10	Yes	12	120	4
11	Cllr. Nkosinathi General Mnqanqeni Ward Comm. Members: 10	Yes	12	120	4
12	Cllr N. Jada (deceased) Ward Comm. Members: 10	Yes	12	120	4
13	Cllr N. Nkosi Ward Comm. Members: 10	Yes	12	120	4
14	Cllr M. Gulubele Ward Comm. Members: 10	Yes	12	120	4
15	Cllr M. Mfamana	Yes	12	120	4

APPENDICES

Functionality of Ward Committees – 2022–2023					
Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to the Speaker's Office on time	Number of quarterly public ward meetings held during year
	Ward Comm. Members: 10				
16	Cllr N. Mzizana Ward Comm. Members: 10	Yes	12	120	4
17	Cllr L. Mfana Ward Comm. Members: 10	Yes	12	120	4
18	Cllr N. Mpofu Ward Comm. Members: 10	Yes	12	120	4
19	Cllr N. Sindile Ward Comm. Members: 10	Yes	12	120	4
20	Cllr N.M. Ludaka Ward Comm. Members: 10	Yes	12	120	4
21	Cllr N.T. Mgqamqho Ward Comm. Members: 10	Yes	12	120	4
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Ward Title: Ward Name (Number)					
Capital Programme/Projects: Current Year-2023-2024					
No.	Project Name and Detail	Ward	Start Date	End Date	Total Value
1.	Ngcaca Access Road	Ward 21	1 July 2023	30 June 2024	R 9 231 018,
2.	Cenyu, Khalimashe to Komkhulu Access Road	Ward 03	1 July 2023	30 June 2024	R 8 218 928,
3.	Mkwintl Access Road	Ward 10	1 July 2023	30 June 2024	R 6 318 131,
4.	Nomampondo to Nongqongqwana Access Road	Ward 19	1 July 2023	30 June 2024	R 8 043 249,
5.	Hangane to Ntwashini Access Road	Ward 20	1 July 2023	30 June 2024	R 1 911 990,
6.	Khayamnandi bridge	Ward 20	1 July 2023	30 June 2024	R 12 894 023,
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FINANCIAL YEAR-2023-2024

Project Name	Ward	Households	2023/24 Budget	2023-2024 Actual
Electrification Tyelerha Phase 2	2	27	R 1 068 133,17	R 1 068 133,17
Electrification Thafeni Phase 2	1	28	R 1 138 456,10	R 1 138 146,10
Electrification Entshingeni Phase 2	2	34	R 916 600,32	R 915 316,76
Electrification of Sdubi Port	5	27	R 797 152,36	R 797 152,32
Electrification of Ntlonze Phase 2	4	22	R 1 181 496,46	R 673 452,98
Electrification of Khayamnandi Phase 2	20	25	R 358 749,05	R 286 99,24

APPENDICES

Project Name	Ward	Households	2023/24 Budget	2023-2024 Actual
Electrification of Mangubomvu phase 2	20	42	R 1 779 129,88	R 1 779 129,88
Electrification of Mahlathini Phase 2	19	45	R 945 000,00	R 160 650,00
Electrification of Mnqanqeni Phase 2	19	35	R 735 000,00	R 477 650,00
Electrification of Nyamankulu Phase 2	19	29	R 924 147,39	R 101 656,21
Electrification of Ndenxe / Sigangeni	17	60	R 2 194 634,02	R 2 194 634,02
Electrification of Joe Slovo Phase	19	124 (150)	R 2 976 443,79	R 2 711 293,85
Electrification of Mahlubini Phase 2	14	36	R 1 462 855,76	R 1 184 913,17
Electrification of Gxojeni Phase 2	12	14	R 390 056,93	R 280 840,99
Electrification of Ntsume Phase 2	8	33	R 1 334 720,55	R 2 576 010,66
Electrification of Melika/Ngqwarhu phase	17	19	R 604 881,16	R 604 881,16
Electrification of Qutsa Ndungwana Phase 2	7	34	R 831 255,46	R 507 065,83
Electrification of Bilatye Phase 2	4	6	R 306 627,65	R 306 627,65
Electrification of Bholokodlela Phase	2	14	R 483 256,16	R 468 256.48
Electrification of Cenyu Phase 2	3	25	R 365 822,92	R 365 822,92
Electrification of Mdukutheni Phase	3	24	R 547 824,44	R 547 824,44
Electrification of Mbongiseni Phase 2	3	5	R 161 744,55	R 101 899.07
Electrification of Sixhotyeni Phase 2	9	13	R 449 669,32	R 224 834,66
Electrification of Mathafeni Phase 2	17	35	R 1 141 436,09	R 1 027 292,48
Electrification of Khalimashe Phase	3	10	R 482 104,47	R 279 620,59
Electrification of Kengsinton Phase	3	36	R 705 570,27	R 493 899,19
Electrification of Fubu Phase 2	3	5	R 120 589,44	R 12 058,94
Electrification of Ncorha Irrigation Phase 2	18	25	R 601 946,30	R 343 109,39
Electrification of Ncorha Flats Phase 2	17	43	R 634 335,63	R 503 588,778
Electrification of Xeni	1	8	R 434 757,27	R 417 366,98
Electrification of Qaqane	18	18	R 646 839,75	R 646 839,75
Electrification of Phelandaba	18	27	R 843 510,55	R 843 510,55
Electrification of Taiwan Phase 2	19	21	R 712 323,08	R 598 351,39
Electrification of Chamama Phindela Phase 2	7	44	R 1 025 854,15	R 1 025 854,15
Electrification of Tyelerha	18	15	R 434 730,11	R 434 730,11
BUDGET			R 27 896 000,00	R 25 106 400,00

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2023/24

Municipal Audit Committee Recommendations		
Date of Committee	**Committee recommendations during Year 2023/24**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
26 October 2023	The backup power supply should be procured. After thorough consideration, the Municipality has decided to procure an uninterrupted power supply (UPS) instead of a generator. This decision is based on the price, including running and maintenance costs. The UPS is more cost-effective than a generator.	Yes, the recommendation was adopted by the Counc and the UPS has been successfully procured a installed.
26 October 2023	The Internal Audit (IA) team is not currently affiliated with any professional body, including the Institute of Internal Auditors, which is responsible for promoting and maintaining professional conduct among IA professionals in accordance with global IA standards and the Code of Ethics.	Yes, the IA team is now registered as members of t Institute of Internal Auditors South Africa.
21 and 26 February 2024	The capacitation of MPAC should be given high priority.	A senior resource person has been seconded to supp the MPAC.
26 October 2023	A detailed progress report on the work completed to date regarding UIF expenditure must be maintained and readily accessible in the Municipality's records.	Yes.
21 and 26 February 2024	Risk champions are to be appointed from each directorate and trained through the Institute of Risk Management South Africa.	Yes.
	The centralisation of ICT activities aims to enhance the management and safeguarding of ICT assets.	Yes.
27 August 2024	Fuel and fleet management costs need to be reduced through the implementation of adequate controls.	Yes.
	The Municipality should develop a three-year Employment Equity Plan that aligns with and complements the approved Employment Equity Policy.	Yes. The Municipality has developed a three-ye Employment Equity Plan and established Employment Equity Forum, which convenes on quarterly basis.

APPENDIX H – LONG-TERM AND PUBLIC PRIVATE PARTNERSHIP YEAR 2023/24

- *Projects attached as annexure.*

APPENDIX I – MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

N/A. The Municipality does not have a municipal entity.

APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2023/24 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
Mayor	Cllr. Khanyiswa Mdleleni	NIL
Member of MayCo / Exco		
	Cllr. Yanga Zicina	NIL
	Cllr. Noloyiso Ntsaluba	NIL
	Cllr. Bongani Mpengesi	NIL
	Cllr. Melekile Skotana	NIL
	Cllr. Vuyokazi Matomela	NIL
	Cllr. Nozuko Mafanya	NIL
	Cllr. Myolisi Toni	NIL
PR Councillors	Cllr. Ntombiaziphell Nkota	NIL
	Cllr. Nokuthula Mlokoti	NIL
	Cllr. Lusanda Makade	NIL
	Cllr. Nophelo Magaga	NIL
	Cllr. Siqhamo Mthimkhulu	NIL
	Cllr. Mayenzeke Yamile	NIL
Municipal Manager	Mr M. Mabono	NIL
Chief Financial Officer	Ms N. Combo	NIL
Deputy MM and (Executive) Directors	Mr K. Clock	NIL

Disclosures of Financial Interests		
Period 1 July to 30 June of Year 2023/24 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
	Mr K. Roto	NIL
	Mr S. Mbotshane	NIL
	Ms B. Zantsi	NIL

APPENDIX K – REVENUE COLLECTION PERFORMANCE BY SOURCE

Refer to Vollum II of the Annual Report (signed AFS)

APPENDIX L – CONDITIONAL GRANTS RECEIVED

Refer to Vollum II of the Annual Report (signed AFS)

APPENDIX N – CAPITAL PROGRAMME/PROJECTS: CURRENT YEAR

Ward Title: Ward Name (Number)					
Capital Programme/Projects: Current Year-2023-2024					
No.	Project Name and detail	Ward	Start Date	End Date	Total Value
1.	Ngcaca Access Road	Ward 21	1 July 2023	30 June 2024	R 9 231 018,48
2.	Cenyu, Khalimashe to Komkhulu Access Road	Ward 03	1 July 2023	30 June 2024	R 8 218 928,28
3.	Mkwinti Access Road	Ward 10	1 July 2023	30 June 2024	R 6 318 131,22
4.	Nomampondo to Nongqongqwana Access Road	Ward 19	1 July 2023	30 June 2024	R 8 043 249,25
5.	Hangane to Ntwashini Access Road	Ward 20	1 July 2023	30 June 2024	R 1 911 990,05
6.	Khayamnandi Bridge	Ward 20	1 July 2023	30 June 2024	R 12 894 023,69

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FINANCIAL YEAR-2023-2024

Project Name	Ward	Households	2023/24 Budget	2023-2024 Actual
Electrification Tyelerha Phase 2	2	27	R 1 068 133,17	R 1 068 133,17
Electrification Thafeni Phase 2	1	28	R 1 138 456,10	R 1 138 146,10
Electrification Entshingeni Phase 2	2	34	R 916 600,32	R 915 316,76
Electrification of Sdubi Port	5	27	R 797 152,36	R 797 152,32
Electrification of Ntlonze Phase 2	4	22	R 1 181 496,46	R 673 452,98
Electrification of Khayamnandi Phase 2	20	25	R 358 749,05	R 286 99,24
Electrification of Mangubomvu Phase 2	20	42	R 1 779 129,88	R 1 779 129,88
Electrification of Mahlathini Phase 2	19	45	R 945 000,00	R 160 650,00
Electrification of Mnqanqeni Phase 2	19	35	R 735 000,00	R 477 650,00
Electrification of Nyamankulu Phase 2	19	29	R 924 147,39	R 101 656,21
Electrification of Ndenxe / Sigangeni	17	60	R 2 194 634,02	R 2 194 634,02

Project Name	Ward	Households	2023/24 Budget	2023-2024 Actual
Electrification of Joe Slovo Phase	19	124 (150)	R 2 976 443,79	R 2 711 293,85
Electrification of Mahlubini Phase 2	14	36	R 1 462 855,76	R 1 184 913,17
Electrification of Gxojeni Phase 2	12	14	R 390 056,93	R 280 840,99
Electrification of Ntsume Phase 2	8	33	R 1 334 720,55	R 2 576 010,66
Electrification of Melika/Ngqwarhu Phase	17	19	R 604 881,16	R 604 881,16
Electrification of Qutsa Ndungwana Phase 2	7	34	R 831 255,46	R 507 065,83
Electrification of Bilatye Phase 2	4	6	R 306 627,65	R 306 627,65
Electrification of Bholokodlela Phase	2	14	R 483 256,16	R 468 256,48
Electrification of Cenyu Phase 2	3	25	R 365 822,92	R 365 822,92
Electrification of Mdukutheni Phase	3	24	R 547 824,44	R 547 824,44
Electrification of Mbongiseni Phase 2	3	5	R 161 744,55	R 101 899,07
Electrification of Sixhotyeni Phase 2	9	13	R 449 669,32	R 224 834,66
Electrification of Mathafeni Phase 2	17	35	R 1 141 436,09	R 1 027 292,48
Electrification of Khalimashe Phase	3	10	R 482 104,47	R 279 620,59
Electrification of Kengsinton Phase	3	36	R 705 570,27	R 493 899,19
Electrification of Fubu Phase 2	3	5	R 120 589,44	R 12 058,94
Electrification of Ncorha Irrigation Phase 2	18	25	R 601 946,30	R 343 109,39
Electrification of Ncorha Flats Phase 2	17	43	R 634 335,63	R 503 588,778
Electrification of Xeni	1	8	R 434 757,27	R 417 366,98
Electrification of Qaqane	18	18	R 646 839,75	R 646 839,75
Electrification of Phelandaba	18	27	R 843 510,55	R 843 510,55
Electrification of Taiwan Phase 2	19	21	R 712 323,08	R 598 351,39
Electrification of Chamama Phindela Phase 2	7	44	R 1 025 854,15	R 1 025 854,15
Electrification of Tyelerha	18	15	R 434 730,11	R 434 730,11
BUDGET			**R 27 896 000,00**	**R 25 106 400,00**

APPENDIX O – CAPITAL PROJECTS: SEVEN LARGEST

Ward Title: Ward Name (Number)					
Capital Projects: Seven Largest In Year 0 (Full List at Appendix O)					
No.	Project Name and detail	Ward	Start Date	End Date	Total Value
1.	Ngcaca Access Road	Ward 21	1 July 2023	30 June 2024	R9 231 018,48
2.	Cenyu, Khalimashe to Komkhulu Access Road	Ward 03	1 July 2023	30 June 2024	R8 218 928,28
3.	Mkwinti Access Road	Ward 10	1 July 2023	30 June 2024	R6 318 131,22
4.	Nomampondo to Nongqongqwana Access Road	Ward 19	1 July 2023	30 June 2024	R8 043 249,25
5.	Hangane to Ntwashini Access Road	Ward 20	1 July 2023	30 June 2024	R1 911 990,05
6.	Khayamnandi bridge	Ward 20	1 July 2023	30 June 2024	R12 894 023,69

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APPENDICES

APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government

Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	The Municipality's focus is on roads, electricity, and public facilities. As per the Performance Report attached in this Annual Report, significant progress has been made.	Significant progress achieved. Refer to Component K.
Output: Implementation of the Community Works Programme	During the 2023/24 financial year, the Municipality created 1 214 CWP jobs.	1 214 CWP jobs created
Output: Deepen democracy through a refined Ward Committee model	The Municipality is committed to deepening democracy through the implementation of various programmes. These include the Mayor's Community Participation Programme, and several stakeholder and community participation fora. Community-based programmes are executed at ward level.	Significant progress achieved
Output: Administrative and financial capability	The municipal audit has regressed, moving from an Unqualified Audit Opinion to a Qualified Audit Opinion for the 2023/24 financial year. Previously, the opinions for the financial years 2018/19, 2019/20, 2020/21, and 2021/22 were all Qualified. The Municipality has developed a credible audit action plan to address this issue.	Qualified Audit Opinion
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APPENDICES

APPENDIX T: IYM AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2024

APPENDICES

VOLUME II: ANNUAL FINANCIAL STATEMENTS

The finalised AFS is Volume II of the Annual Report, inserted hereunder.

INTSIKA YETHU LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Provincial Legislature and the council on the Intsika Yethu Municipality

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Intsika Yethu Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Intsika Yethu Municipality as at 30 June 2024, financial performance, cash flows and statement of comparison of budget and actual amounts for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act of South Africa, (Act no.5 of 2023) (Dora).

Basis for qualified opinion

Receivables from non-exchange transactions

3. The provision for impairment of debtors was not calculated in accordance with the *SA Standards of GRAP 108: Statutory receivables.* The municipality used the incorrect calculation method for computing the provision for debtor impairment, which affected the receivables from non-exchange transactions. Consequently, I was unable to determine whether any further adjustments were necessary to receivables from non-exchange transactions stated at R4,0 million in note 12 and to debt impairment stated at R17,6 million in note 37 to the financial statements.

Cash flow statement

Net cash flows from operating activities

4. Net cash flows from operating activities was not correctly accounted for as required by the *SA Standards of GRAP 2, Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R35,1 million in the financial statements were necessary.

Cash and cash equivalents at the end of the year

5. The municipality did not prepare the cash flow statement in accordance with the requirements of the *SA Standards of GRAP 2, Cash flow statements.* The municipality did not correctly disclose the cash and cash equivalents at year-end, as the amounts included in the cash flow did not agree with the balance disclosed in the statement of financial position. This was due to the multiple errors in determining cash and cash equivalents at the end of the year. I was unable to determine the full extent of the errors for the current year, as it was impracticable to do so.

Prior period error

6. Not all prior period errors were disclosed in note 46 to the financial statements, as required by *SA Standards of GRAP 3, Accounting policies, estimates and errors.* The nature and the amount of the correction for some financial statement items affected, and the amount of the correction at the beginning of the earliest previous period were not disclosed. I was unable to determine the full extent of the prior period errors that occurred during the financial year, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to the prior period errors disclosed in note 46 to the financial statements.

Unauthorised expenditure

7. The municipality did not have adequate systems to identify and disclose all unauthorised expenditure during the year, as required by section 125(2)(d)(i) of the MFMA. The unauthorised expenditure for the year under review, disclosed in note 50 to the financial statements, is understated as a further expenditure was incurred in excess of the budgeted votes within the approved budget. Consequently, I was unable to determine the full extent of the unauthorised expenditure disclosed in note 50 to the financial statements as it was impracticable to do so.

Irregular expenditure

8. The municipality did not have adequate systems to identify and disclose all irregular expenditure during the year, as required by section 125(2)(d)(i) of the MFMA. The irregular expenditure for the year under review, disclosed in note 52 to the financial statements, is understated as expenditure was incurred in contravention of supply chain management requirements, which resulted in irregular expenditure. Consequently, I was unable to determine the full extent of the irregular expenditure disclosed in note 52 to the financial statements as it was impracticable to do so.

Financial instruments

9. The municipality's disclosures of financial instruments in note 41 to the financial statements was not in accordance with *GRAP 104: Financial Instruments.* The municipality incorrectly included items that do not meet the recognition criteria for financial instruments. Consequently, the financial instruments are overstated by R13,5 million.

Context for opinion

10. 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.

11. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matter

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

Unaudited disclosure note

14. 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

15. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and 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.

16. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

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

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

Key performance area	Page numbers	Purpose
Basic infrastructure and service delivery	XX	To provide sound municipal planning, maintenance and infrastructure provision that delivers for the needs of the IYM citizens by 2027

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

22. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

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

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

26. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

27. The table that follows provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic infrastructure and service delivery

Targets achieved: 90% *Budget spent: 100%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number dwellings provided with connections to the main electricity supply	819	466
Number of bridges maintained	3	0

Material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the key performance area. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

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

30. 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.

31. 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.

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

Annual financial statements, performance reports and annual reports

33. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, but the uncorrected material misstatements resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

34. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year.

35. The contract performance and monitoring measures were not in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA.

Expenditure management

36. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by SCM regulations.

37. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the unauthorised expenditure was caused by overspending of the budgeted votes within the approved budget of the municipality.

Consequences management

38. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(a) of the MFMA.

39. Irregular expenditure incurred by the municipality were not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(b) of the MFMA.

40. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person was liable for the expenditure, as required by section 32(2)(c) of the MFMA.

Strategic planning and performance management

41. The performance management system and related controls were not maintained or were inadequate, as it did not describe how the performance planning processes should be organised, as required by municipal planning and performance management regulation 7(1).

Human resources management

42. Appropriate systems and procedures to monitor, measure and evaluate the performance of staff were not developed and adopted, as required by section 67(1)(d) of the Municipal Systems Act 32 of 2000.

Asset management

43. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Other information in the annual report

44. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

45. 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.

46. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance area presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

47. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this

auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

48. 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.

49. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on compliance with legislation included in this report.

50. Management did not implement adequate internal controls to ensure the preparation of accurate financial statements, as numerous material misstatements were identified that resulted in the modification of the auditor's opinion.

51. Management did not prepare regular, accurate and complete financial reports that are supported and evidenced by reliable information.

52. Management did not implement controls over daily and monthly processing and reconciling of financial transactions.

53. Management did not review and monitor compliance with applicable laws and regulations.

Material irregularities

54. 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

Payment for goods and services not received

55. The municipality made payments to multiple suppliers for upgrading gravel roads in Cofimvaba extension 1, but did not receive the related goods or services, resulting in a material financial loss. The municipality's controls were not effective, as they did not prevent the municipality from paying the contractor for preliminary and general costs and contract price adjustments without receiving full value.

56. Therefore, the municipality did not comply with section 65(2)(a) of the MFMA, which requires reasonable steps to be taken to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. The non-compliance resulted in a likely material financial loss for the municipality by 1 April 2019.

57. The accounting officer was notified of the material irregularity on 16 November 2021. The council referred the material irregularity to the MPAC for investigation and recovery process. An independent service provider was appointed by the accounting officer to investigate the matter. Upon conclusion of this investigation, the findings will be tabled to the council for its consideration and decision-making. The accounting officer then reported the matter to South African Police Service in accordance with the MFMA.

58. The disciplinary board was appointed to conduct an investigation with a view to instituting a disciplinary process regarding the project. The new MPAC, which assumed duties after the elections, was still investigating and its report will be presented to the council for consideration. The municipal public accounts committee and the disciplinary board recommended that a forensic investigation be conducted.

59. The municipality embarked on a forensic investigation and concluded the investigation. The report regarding the liability of the affected parties has been tabled to the council and a resolution was tabled to approve the report and its contents and to determine for implementation of the recommendations contained in the report.

60. I am in the process of evaluating whether the accounting officer implemented the actions he committed to. I will follow up on the implementation of the planned actions during my next audit.

Payment for goods not received

61. The municipality made a double payment to the main contractor and a sub-contractor who was appointed through a deed of cession agreement for the supply and delivery of electrical equipment, but did not receive the related goods or services, amounting to a likely material financial loss. The municipality's controls were not effective, as they did not prevent the municipality from paying the contractor and sub-contractor without receiving full value.

62. Therefore, the municipality did not comply with section 65(2)(a) of the MFMA, which requires reasonable steps to be taken to ensure that the municipality has and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds. The non-compliance resulted in a material financial loss for the municipality.

63. The accounting officer was notified of the material irregularity on 28 November 2022. The council referred the material irregularity to MPAC for investigation and recovery process. The municipality investigated the matter through the Financial Misconduct and Ethics Board (DC Board) of the municipality with the intention of advising of the appropriate remedial action. The investigation report by DC board led the council to direct instructions to one of the municipality's attorneys to look into the matter, and this culminated in a legal opinion.

64. The municipality has since taken legal action against the main contractor. A court order dated 6 November 2023 has been obtained directing that the main contractor was liable for the amount owed to the municipality, including the interest and the costs of the suit. The recovery of the financial loss was still in progress, as the main contractor has defaulted against the court order and the municipality has taken further action by attaching the assets of the contractor against the court order.

65. I am in the process of evaluating whether the accounting officer implemented the actions he committed to. I will follow up on the implementation of the planned actions during my next audit.

Other reports

66. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

67. The Directorate for Priority Crime Investigation (Hawks) is investigating allegations of fraudulent expenditure emanating from the awarding of the contract for upgrading gravel roads to surfaced roads in extension 1. The investigation was still in progress at the date of this report.

Auditor-General

East London

30 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), Sections: 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), Sections: 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), Regulations: 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1),96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(5)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)

MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 7(1),31

Intsika Yethu Local Municipality
Annual Financial Statements
for the year ended June 30, 2024

General Information

Legal form of entity	Intsika Yethu Municipality is South Africa Category B Municipality (Local Municipality) established under paragraph 151 of the constitution of the republic of South Africa as defined by the Municipality Structures Act, 1998 (Act No. 117 of 1998). The municipality's operation are governed by the: - Municipal Finance Management Act, 2003 (Act No. 56 of 2003 - Municipal Systems Act 2000; and - Various other Acts and Regulation.
Nature of business and principal activities	Intsika Yethu Municipality is a local municipality performing the functions set out in the Constitution. (Act no 108 of 1996)
Mayoral committee	
Hon. Mayor	Cllr Mdleleni K
Speaker of the Council	Cllr Zicina Y
Chief Whip	Cllr Ntsaluba N
Executive Committee	Cllr Bongani Divilias Mpengesi (Corporate Services) Cllr Vuyokazi Gladys Matomela (LED) Cllr Myolisi Toni (Budget & Treasury) Cllr Azipheli Tshangana Nkota (Planning & Development) Cllr Magaga N Cllr Melekile Skotana (Infrastructure) Cllr Mlokoti (Governance & Administration)
Section 79 Committees	
MPAC Members	Cllr Makade L
Women's Caucus Chairperson	Cllr Magaga N
Public Participation Chairperson	Cllr Yamile M
Rules And Ethics Chairperson	Cllr Mthimkhulu S
Councillors	Cllr Mini X Cllr Magazi P Cllr Xoxo N Cllr Danster V Cllr Mcaleni N Cllr Twani S Cllr Mnqaqeni NG Cllr Nyandana N Cllr Jada N (Passed away in May 2024) Cllr Ngwane M Cllr Bhomoyi X Cllr Mdumata M Cllr Gadeni NP Cllr Malusi Z Cllr Cekiso Z Cllr Ngamlana L Cllr Mrwetyana M Cllr Ndondo S Cllr Mnqanqeni NG Cllr Sonkosi N Cllr Gulubela M

General Information

	Cllr Mfamana M Cllr Mzizana N Cllr Mfana L Cllr Mpofu N Cllr Sindile N Cllr Ludaka NM Cllr Mgqamqho NT Cllr Bani N
Traditional Leaders Participating in Intsika Yethu Council	
	Zulu S (Resigned In September 2023) Nkwenkwezi L Sabata M
Grading of local authority	3
Accounting Officer	Mr Mthembu Mabono
Chief Finance Officer (CFO)	Ms Noncedo Combo
Main office	ERF. 201 Main Street Cofimvaba 5380
Satellite Office	ERF. 72 Main Street Tsomo 5400
Postal address	Private Bag X 1251 Cofimvaba 5380
Bankers	First National Bank
Auditors	Auditor- General of South Africa Registered Auditors
Attorneys	Keitgley Sigadla Inc Zilwa Attorneys
Telephone Number	(047) 532 4255
Facsimile Number	(047) 532 4255

Index

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

Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
DORA	Division of Revenue Act
MPAC	Municipal Public Accounts Committee
SALGA	South African Local Government Association
SCM	Supply Chain Management
DSRAC	Department Of Sports, Recreation, Arts And Culture
AFS	Annual Financial Statements
EXCO	Executive Committee
MIG	Municipal Infrastructure Grant
LGSETA	Local Government Services Sector Education and Training Authority
PAYE	Pay As You Earn
MDRG	**Municipal Disaster Recovery Grant**
UIF	Unemployement Insurance Fund
INEP	Integrated National Electrification Programme

Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with 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 deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 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. Furthermore, the Accounting Office certifies that the remuneration of councilors and in-kind benefits are within the upper limits of the framework envisaged in section 219 of the constitution, read with the Remuneration of Public Office Bearers Act.

The municipality is highly dependent on grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's external auditors.

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on August 31, 2024 and were signed by him:

Mr Mthembu Mabono
Municipal Manager

Statement of Financial Position as at June 30, 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Inventories	10	56,824,903	57,515,349
Operating lease Receivable	4	19,604	46,546
Receivables from exchange transactions	11	4,634,650	2,239,280
Receivables from non-exchange transactions	12	3,993,559	5,329,915
VAT receivable	13	1,426,999	-
Cash and cash equivalents	14	66,092,101	61,022,328
		132,991,816	**126,153,418**
Non-Current Assets			
Investment property	2	76,293,978	77,101,740
Property, plant and equipment	3	535,534,625	498,556,537
		611,828,603	**575,658,277**
Non-Current Assets		611,828,603	575,658,277
Current Assets		132,991,816	126,153,418
Total Assets		**744,820,419**	**701,811,695**
Liabilities			
Current Liabilities			
Payables from exchange transactions	5	57,412,269	30,552,891
Payables from exchange transactions (non-exchange)	6	3,190,566	1,773,516
VAT payable	7	-	1,459,196
Consumer deposits	8	5,138,811	3,734,326
Employee benefit obligation	9	1,266,000	1,380,000
Unspent conditional grants and receipts	15	15,825,605	4,226,983
Provisions	16	726,160	964,507
		83,559,411	**44,091,419**
Non-Current Liabilities			
Employee benefit obligation	9	16,969,000	15,404,000
Provisions	16	2,772,375	2,627,844
		19,741,375	**18,031,844**
Non-Current Liabilities		19,741,375	18,031,844
Current Liabilities		83,559,411	44,091,419
Total Liabilities		**103,300,786**	**62,123,263**
Assets		744,820,419	701,811,695
Liabilities		(103,300,786)	(62,123,263)
Net Assets		**641,519,633**	**639,688,432**
Accumulated surplus		641,519,633	639,688,432
Total Net Assets		**641,519,633**	**639,688,432**

Intsika Yethu Local Municipality
Annual Financial Statements for the year ended June 30, 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Service charges	18	1,455,149	1,379,875
Construction contracts	31	27,896,000	9,979,625
Rental of facilities and equipment	19	1,192,741	1,335,244
Interest on outstanding debtors	24	1,718,575	1,297,402
Agency services	21	1,086,856	890,164
Licences and permits	22	2,162,953	1,793,397
Operational Revenue	26	534,954	478,461
Sale of Goods and Rendering of Services	27	338,414	647,505
Interest received - investment	28	8,435,517	5,336,310
Total revenue from exchange transactions		**44,821,159**	**23,137,983**
Revenue from non-exchange transactions			
Property rates	29	16,585,178	13,596,234
Fines Penalties and Forfeits	23	535,899	540,921
Government grants & subsidies	31	277,815,763	246,964,750
Licences and permits	20	142,586	173,690
Interest, Dividends and Rent on Land	25	5,005,526	3,693,031
Total revenue from non-exchange transactions		**300,084,952**	**264,968,626**
		44,821,159	23,137,983
		300,084,952	264,968,626
Total revenue		**344,906,111**	**288,106,609**
Expenditure			
Employee related costs	32	(157,908,701)	(137,732,110)
Remuneration of councillors	33	(19,337,602)	(17,986,235)
Depreciation and amortisation	34	(32,056,355)	(31,160,730)
Finance costs	35	(8,458)	(6,938)
Impairment Loss	37	(17,651,926)	(10,588,328)
Construction Contracts Expenditure	39	(25,695,970)	(8,240,459)
Contracted services	40	(31,905,655)	(20,225,039)
Transfers and Subsidies	30	(3,584,990)	(4,162,631)
Loss on disposal of assets and liabilities		(1,136,695)	(14,635,918)
Inventory Consumed	17	(5,434,698)	(2,802,934)
Operational cost	38	(48,174,525)	(33,676,090)
Total expenditure		**(342,895,575)**	**(281,217,412)**
		-	-
Total revenue		344,906,111	286,367,443
Total expenditure		(342,895,575)	(281,217,412)
Operating surplus/deficit		-	-
Surplus before taxation		2,010,536	5,150,031
Taxation		-	-
Surplus for the year		**2,010,536**	**5,150,031**

Intsika Yethu 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	638,070,081	638,070,081
Adjustments		
Correction of errors 45	18,394,409	18,394,409
(Deficit) for the year	(21,926,089)	(21,926,089)
Balance at July 1, 2022 as restated*	**634,538,401**	**634,538,401**
Changes in net assets		
Surplus for the year	5,150,031	5,150,031
Total changes	5,150,031	5,150,031
Balance at July 1, 2023	**639,509,097**	**639,509,097**
Changes in net assets		
Surplus for the year	2,010,536	2,010,536
Total changes	2,010,536	2,010,536
Balance at June 30, 2024	**641,519,633**	**641,519,633**

Note(s)

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Cash received from customers		36,376,200	14,259,578
Cash received from grants		317,394,581	250,427,055
Interest received		8,435,517	5,336,310
		362,206,298	270,022,943
Payments			
Cash paid to suppliers		(277,481,849)	(223,791,456)
Interest paid		(8,458)	(6,938)
Vat payment		-	(764,300)
		(277,490,307)	(224,562,694)
Total receipts		362,206,298	270,022,943
Total payments		(277,490,307)	(224,562,694)
Net cash flows from operating activities		**35,061,823**	**53,828,931**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(71,030,004)	(45,740,964)
Proceeds from sale of property, plant and equipment	3	1,829,216	220,001
Proceeds from sale of investment property	2	(267,283)	-
Net cash flows from investing activities		**(69,468,071)**	**(45,520,963)**
Net increase/(decrease) in cash and cash equivalents		**(34,406,248)**	**8,307,968**
Cash and cash equivalents at the beginning of the year		61,022,328	61,083,042
Cash and cash equivalents at the end of the year	14	**26,616,080**	**69,391,010**

The accounting policies on pages 14 to 34 and the notes on pages 35 to 72 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	See note 56
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	2,514,056	(300,000)	2,214,056	1,455,149	(758,907)	A
Construction contracts	27,896,000	-	27,896,000	27,896,000	-	
Rental of facilities and equipment	931,467	-	931,467	1,192,741	261,274	
Interest received (trading)	1,034,960	400,000	1,434,960	1,718,575	283,615	
Agency services	1,204,050	-	1,204,050	1,086,856	(117,194)	B
Licences and permits	3,200,000	-	3,200,000	2,162,953	(1,037,047)	C
Operational Revenue	14,500,000	3,000,000	17,500,000	534,954	(16,965,046)	
Sales of Goods and Rendering of Services	1,902,905	(580,250)	1,322,655	338,414	(984,241)	D
Interest received - investment	4,221,549	800,000	5,021,549	8,435,517	3,413,968	
Total revenue from exchange transactions	**57,404,987**	**3,319,750**	**60,724,737**	**44,821,159**	**(15,903,578)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	13,262,658	-	13,262,658	16,585,178	3,322,520	E
Licences and Permits (Non-exchange)	172,500	58,375	230,875	535,899	305,024	F
Transfer revenue						
Government grants & subsidies	256,816,000	31,282,696	288,098,696	277,815,763	(10,282,933)	
Fines, Penalties and Forfeits	1,120,000	(300,000)	820,000	142,586	(677,414)	G
Interest Exchange Non Transaction	2,129,636	800,000	2,929,636	5,005,526	2,075,890	
Total revenue from non-exchange transactions	**273,500,794**	**31,841,071**	**305,341,865**	**300,084,952**	**(5,256,913)**	
'Total revenue from exchange transactions'	57,404,987	3,319,750	60,724,737	44,821,159	(15,903,578)	
'Total revenue from non-exchange transactions'	273,500,794	31,841,071	305,341,865	300,084,952	(5,256,913)	
Total revenue	**330,905,781**	**35,160,821**	**366,066,602**	**344,906,111**	**(21,160,491)**	
Expenditure						
Employee related costs	(140,415,970)	(4,000,000)	(144,415,970)	(157,908,701)	(13,492,731)	
Remuneration of councillors	(20,329,744)	-	(20,329,744)	(19,337,602)	992,142	
Depreciation and amortisation	(45,000,000)	11,243,000	(33,757,000)	(32,056,355)	1,700,645	H
Finance costs	-	(5,000)	(5,000)	(8,458)	(3,458)	
Impairment Loss	(5,051,297)	-	(5,051,297)	(17,651,926)	(12,600,629)	I
Construction contracts and receivables	(27,896,000)	-	(27,896,000)	(25,695,970)	2,200,030	
Contracted Services	(27,388,400)	(4,196,000)	(31,584,400)	(31,905,655)	(321,255)	
Transfers and Subsidies	(4,700,000)	1,000,000	(3,700,000)	(3,584,990)	115,010	
Inventory Consumed	(1,920,000)	(2,000,000)	(3,920,000)	(5,434,698)	(1,514,698)	J
Loss on disposal of assets	-	-	-	(1,136,695)	(1,136,695)	
General Expenses	(36,972,045)	(7,438,000)	(44,410,045)	(48,174,525)	(3,764,480)	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	See note 56
Total expenditure	**(309,673,456)**	**(5,396,000)**	**(315,069,456)**	**(342,895,575)**	**(27,826,119)**	
Operating surplus	21,232,325	29,764,821	50,997,146	2,010,536	(48,986,610)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**21,232,325**	**29,764,821**	**50,997,146**	**2,010,536**	**(48,986,610)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	See note 56
Statement of Financial Position						
Assets						
Current Assets						
Inventories	53,419,687	(2,000,000)	51,419,687	56,824,903	5,405,216	
Operating lease asset	62,617	33,881	96,498	19,604	(76,894)	
Receivables from exchange transactions	31,419	97,412	128,831	4,634,650	4,505,819	
Receivables from non-exchange transactions	2,270,655	-	2,270,655	3,993,559	1,722,904	
VAT receivable	24,299,818	853,579	25,153,397	34,853,166	9,699,769	
Cash and cash equivalents	29,964,992	19,086,925	49,051,917	66,092,101	17,040,184	
	110,049,188	18,071,797	128,120,985	166,417,983	38,296,998	
Non-Current Assets						
Investment property	97,744,717	-	97,744,717	76,293,978	(21,450,739)	
Property, plant and equipment	528,845,390	17,714,095	546,559,485	535,534,625	(11,024,860)	
Intangible assets	434,783	7,600,000	8,034,783	-	(8,034,783)	
	627,024,890	25,314,095	652,338,985	611,828,603	(40,510,382)	
Non-Current Assets	627,024,890	25,314,095	652,338,985	611,828,603	(40,510,382)	
Current Assets	110,049,188	18,071,797	128,120,985	166,417,983	38,296,998	
Total Assets	737,074,078	43,385,892	780,459,970	778,246,586	(2,213,384)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	26,790,215	7,499,351	34,289,566	57,412,269	23,122,703	
Other payable (non-exchange)	-	-	-	3,190,566	3,190,566	
VAT payable	3,183,747	(78,282)	3,105,465	33,426,167	30,320,702	
Consumer deposits	3,700,726	-	3,700,726	5,138,811	1,438,085	
Employee benefit obligation	2,281,038	-	2,281,038	-	(2,281,038)	
Unspent conditional grants and receipts	10,744,303	-	10,744,303	15,825,605	5,081,302	
Provisions	15,280,514	-	15,280,514	726,160	(14,554,354)	
	61,980,543	7,421,069	69,401,612	115,719,578	46,317,966	
Non-Current Liabilities						
Other financial liabilities	2,281,038	-	2,281,038	-	(2,281,038)	
Employee benefit obligation	7,819,000	-	7,819,000	15,643,000	7,824,000	
Provisions	10,525,847	-	10,525,847	2,772,375	(7,753,472)	
	20,625,885	-	20,625,885	18,415,375	(2,210,510)	
	61,980,543	7,421,069	69,401,612	115,719,578	46,317,966	
	20,625,885	-	20,625,885	18,415,375	(2,210,510)	
	-	-	-	-	-	
Total Liabilities	82,606,428	7,421,069	90,027,497	134,134,953	44,107,456	
Assets	737,074,078	43,385,892	780,459,970	778,246,586	(2,213,384)	
Liabilities	(82,606,428)	(7,421,069)	(90,027,497)	(134,134,953)	(44,107,456)	
Net Assets	654,467,650	35,964,823	690,432,473	644,111,633	(46,320,840)	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	See note 56
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	710,951,947	29,764,821	**740,716,768**	644,111,633	**(96,605,135)**	

Accounting Policies

1. Significant account policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

Summary of significant accounting policies

These standards are summarised as follows:

GRAP 1 - Presentation of Financial Statements
GRAP 2 - Cash Flow Statement
GRAP 3 - Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5 - Borrowing Costs
GRAP 9 - Revenue from Exchange Transactions
GRAP 11 -Construction Contracts
GRAP 12 - Inventories
GRAP 13 - Leases
GRAP 14 - Events After the Reporting Date
GRAP 16 - Investment Property
GRAP 17 - Property, Plant and Equipment
GRAP 18 - Segment Reporting
GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
GRAP 20 - Related Party Disclosures (Revised)
GRAP 21 - Impairment of Non-cash-generating Assets
GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24 - Presentation of Budget Information in Financial Statements
GRAP 25 - Employee Benefits
GRAP 26 - Impairment of Cash-generating Assets
GRAP 31 - Intangible Assets
GRAP 103 - Heritage Assets
GRAP 104 - Financial Instruments
GRAP 108 - Statutory Receivables
GRAP 109 - Accounting by Principals and Agents
GRAP 110 - Living and Non-living Resources
IGRAP 1 - Applying The Probability Test On Initial Recognition Of Revenue
IGRAP 2 - Changes in Existing Decomissioning Restoration and Similar Liabilities
IGRAP 3 - Determining Whether an Arrangement Contains a Lease
IGRAP 4 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 8 - Agreements for the Construction of Assets from Exchange Transactions
IGRAP 10 - Assets Received from Customers
IGRAP 13 - Operating Leases – Incentives
IGRAP 14 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15 - Revenue – Barter Transactions Involving Advertising Services
IGRAP 16 - Intangible Assets – Website Costs
IGRAP 18 - Recognition and Derecogntion of Land
IGRAP 19 - Liabilities to Pay Levies
IGRAP 20 - Accounting for Adjustments to Revenue

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with GRAP 3. Where required, accounting policies were developed for standards of GRAP that have been issued by the Accounting Standards Board, but for which an effective date have not been determined by the Minister of Finance.

1.1 Basis of preparation

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.

These accounting policies are consistent with the previous period.

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	See note 56
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Cash received from customers(Property rates)	10,610,543	-	10,610,543	16,585,178	5,974,635	
Cash received from grants	284,712,000	30,967,746	315,679,746	317,394,581	1,714,835	
Interest income	4,221,549	800,000	5,021,549	8,435,517	3,413,968	
Cash received from customers(Services charges)	2,312,932	-	2,312,932	1,455,149	(857,783)	
Other cash received	24,488,090	2,383,500	26,871,590	9,988,264	(16,883,326)	
	326,345,114	34,151,246	360,496,360	353,858,689	(6,637,671)	
Payments						
Cash paid to suppliers	(263,817,227)	(8,469,350)	(272,286,577)	(253,662,439)	18,624,138	
Interest paid	-	(5,000)	(5,000)	(8,458)	(3,458)	
Transfers and Subsidies paid	(4,700,000)	-	(4,700,000)	-	4,700,000	
Vat payment	-	-	-	6,627,860	6,627,860	
	(268,517,227)	(8,474,350)	(276,991,577)	(247,043,037)	29,948,540	
Total receipts	326,345,114	34,151,246	360,496,360	353,858,689	(6,637,671)	
Total payments	(268,517,227)	(8,474,350)	(276,991,577)	(247,043,037)	29,948,540	
Net cash flows from operating activities	57,827,887	25,676,896	83,504,783	106,815,652	23,310,869	
Cash flows from investing activities						
Purchase of property, plant and equipment	(90,207,303)	(6,589,971)	(96,797,274)	(71,030,004)	25,767,270	
Proceeds from sale of property, plant and equipment	1,322,500	-	1,322,500	1,829,216	506,716	
Purchase of investment property	-	-	-	(267,283)	(267,283)	
Net cash flows from investing activities	(88,884,803)	(6,589,971)	(95,474,774)	(69,468,071)	26,006,703	
Net increase/(decrease) in cash and cash equivalents	(31,056,916)	19,086,925	(11,969,991)	37,347,581	49,317,572	
Cash and cash equivalents at the beginning of the year	60,995,188	-	60,995,188	61,022,328	27,140	
Cash and cash equivalents at the end of the year	29,938,272	19,086,925	49,025,197	98,369,909	49,344,712	

Reconciliation

Accounting Policies

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Significant judgements and sources of estimation uncertainty

In the application of the municipality's accounting policies, which are described below, management is required to make judgement, estimates and assumption that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The estimates and associated assumptions are based on historical experiences and other factors that are considered too reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates:

Trade receivables

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

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

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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

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

Provisions

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

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on industry norm. This estimate is based on the pattern in which an assets future economic benefits or service potential are expected to be consumed by the municipality.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Employee benefit obligation

The present value of the employee benefit 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 employee benefit obligation. 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 9.

Effective interest rate

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

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	**Useful life**
Property - land	indefinite
Property - buildings	30 - 50

Investment property is derecognised 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.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.5 Investment property (continued)

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

1.6 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 if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Initial recognition and measurement
Property, plant and equipment are initially recognised at cost on its acquisition date. 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset 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.

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

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.

Subsequent measurement – cost model
Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated using the straight line method, to allocate their cost or revalued amounts less their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets' future economic benefits or service potential are expected to be consumed by the municipality. 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 rates are based on the following estimated useful lives

1.6 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Land	Not depreciated	Indefinite
Buildings (mobile offices)	Straight-line	10 - 20
Buildings (other)	Straight-line	30 - 50
Plant and machinery	Straight-line	5 - 25
Furniture and office equipment	Straight-line	7 - 20
Motor vehicles	Straight-line	10 - 15
Infrastructure Assets (Roads and paving)	Straight-line	5 - 135
Community Assets (Halls)	Straight-line	15 - 50
Community Assets (Libraries)	Straight-line	15 - 30
Parks and Recreation	Straight-line	15 - 70
Wastewater network	Straight-line	10 - 30
Electricity	Straight-line	20 - 30
Landfill sites	Straight-line	25 - 30

The estimated useful life, residual values and depreciation method are assessed at each reporting date on an indicator basis.

The useful lives, residual values and depreciation method are reviewed annually at the end of the financial year where there is any indication that the municipality's expectations about the residual amount and the useful life of an asset has changed since the preceding reporting date. Any adjustments arising from the annual review are applied prospectively.

Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, the term of the relevant lease. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is ready for use.

Derecognition
The carrying amount of an item of property, plant and equipment is derecognised 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 an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue. Gains or losses are calculated as the difference between the carrying values of assets (Cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of financial performance as a gain or loss on disposal of property, plant and equipment.

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.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or surplus when the compensation becomes receivable.

1.7 Site rehabilitation and restoration costs

Where the municipality has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Accounting Policies

1.7 Site rehabilitation and restoration costs (continued)

As the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;

(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and

(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on Impairment of cash-generating assets and/or Impairment of non-cash-generating assets.

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. Financial instruments are classified into three categories namely, financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost. The municipality determines the classification of its financial instruments at initial recognition

A financial instrument is recognised if the entity becomes a party to the contractual provisions of the instrument.

Accounting Policies

1.8 Financial instruments (continued)

Classification of financial instruments

Financial assets

A financial asset is any asset that is a cash or contractual right to receive cash. In accordance with GRAP 104 the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

Financial asset at amortised cost being a non-derivative financial asset with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Type of financial asset	Classification in terms of GRAP 104
Finance lease receivables	Financial asset measured at amortised cost
Long-term receivables	Financial asset measured at amortised cost
Current portion of long-term receivables	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Bank balances and cash	Financial asset measured at amortised cost

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

Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

Type of financial liability	Classification in terms of GRAP 104
Long-term liabilities	Financial liability measured at amortised cost
Current portion of long-term liabilities	Financial liability measured at amortised cost
Other creditors	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Any other financial liabilities should be classified as financial liabilities at amortised cost:

1.9 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

Accounting Policies

1.9 Inventories (continued)

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.

Other Arrengements

Redundant and slow-moving inventories identified are written down from cost to current replacement cost, if applicable. Inventories identified to be sold by public auction are written down from cost to net realisable value with regard to their estimated economic or realisable values. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Differences arising on the measurement of such Inventory at the lower of cost and current replacement cost or net realisable value, are recognised in Surplus or Deficit in the year in which they arise. The amount of any reversal of any write-down of Inventories arising from an increase in current replacement cost or net realisable value is recognised as a reduction in the amount of Inventories recognised as an expense in the period in which the reversal occurs.

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

1.10 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.10 Construction contracts and receivables (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 Impairment of non-cash-generating assets

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.

Identification

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

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

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

Accounting Policies

1.12 Construction contracts and receivables (continued)

Value in use

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

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

Reversal of an impairment loss

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

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

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Employee benefits

Identification

Employee benefits

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

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

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Recognition and measurement

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

• Defined Contribution Plans:
The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

• Defined Benefit Plans:

Benefits
The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

Accounting Policies

1.13 Employee benefits (continued)

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

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

Provincially-administered Defined Benefit Plans
The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Defined Benefit Pension Plans
The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using 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 to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

Accounting Policies

1.13 Employee benefits (continued)

Termination benefits

Measurement

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either: terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy

. The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal.The detailed plan includes:

the location, function, and approximate number of employees whose services are to be terminated; the termination benefits for each job classification or function; and the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.14 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 (deficit).

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.

Accounting Policies

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 43.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.15 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.

The disclosure for commitments in the AFS includes the capital and operational commitments

Accounting Policies

1.15 Commitments (continued)

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

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

Accounting Policies

1.16 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.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

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 .

Interest, royalties and dividends

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

Accounting Policies

1.17 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.

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.

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.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

Accounting Policies

1.17 Revenue from non-exchange transactions (continued)

Transfers

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

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

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

Debt forgiveness and assumption of liabilities

The municipality recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

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.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Unspent conditional grants

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.

1.18 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.

1.19 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.

Accounting Policies

1.19 Accounting by principals and agents (continued)

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

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.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.20 Comparative figures

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

1.21 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.

Accounting Policies

1.21 Unauthorised expenditure (continued)

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.22 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.23 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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.24 Segment information

A segment is an activity of an entity:

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

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

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.

1.25 Budget information

Municipality are 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 accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2023 to 6/30/2024.

Accounting Policies

1.25 Budget Information (continued)

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

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 venturers).

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

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

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

Close members of the family of a person are 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.

1.27 VAT

Value Added Tax on revenue and expenditure transactions are recorded in the books of the municipality on accrual basis of accounting, however South African Revenue Services has registered and permitted the municipality to use the payment basis.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

2. Investment property

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	85,899,842	(9,605,864)	76,293,978	85,899,842	(8,798,102)	77,101,740

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	77,101,740	(807,762)	76,293,978

Reconciliation of investment property - 2023

	Opening balance	Transfers	Depreciation	Total
Investment property	82,110,978	(4,377,500)	(631,738)	77,101,740

Pledged as security

All of the municipality's investment property is held under freehold interests and no investment property had been pledged as security for any liabilities of the municipality.

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

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

There are no contractual obligations on Investment Property

2.1 ***Investment Property carried at fair value***
The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

2.2 ***Impairment of Investment Property***
The assessment was done and there was no impairment losses recognised on Investment Property of the municipality at the reporting date.

Amounts recognised in surplus or deficit

	2024	2023
Rental revenue from Investment property	1,114,892	1,309,978

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	35,976,140	(10,140,305)	25,835,835	35,976,140	(9,286,787)	26,689,353
Machinery and Equipment	11,423,019	(2,575,232)	8,847,787	11,404,424	(1,733,482)	9,670,942
Furniture and Office Equipment	4,283,725	(2,757,140)	1,526,585	4,379,888	(3,193,170)	1,186,718
Motor vehicles	42,699,342	(25,785,610)	16,913,732	45,162,339	(25,579,083)	19,583,256
Computer Equipment	5,859,971	(2,612,439)	3,247,532	5,041,247	(2,419,096)	2,622,151
Infrastructure	606,813,825	(244,218,849)	362,594,976	561,798,602	(224,709,465)	337,089,137
Community Assets	78,041,614	(13,500,518)	64,541,096	78,041,712	(11,358,784)	66,682,928
Work in progress	52,027,082	-	52,027,082	35,032,052	-	35,032,052
Total	**837,124,718**	**(301,590,093)**	**535,534,625**	**776,836,404**	**(278,279,867)**	**498,556,537**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Buildings	26,689,353	-	-	-	-	(853,518)	-	25,835,835
Machinery and Equipment	9,670,942	54,704	(10,176)	-	-	(867,682)	-	8,847,787
Furniture and fixtures	1,186,718	689,267	(99,711)	-	-	(250,017)	-	1,526,585
Motor vehicles	19,583,256	2,310,231	(2,219,056)	-	-	(2,702,597)	(58,101)	16,913,732
Computer Equipment	2,622,151	1,568,961	(217,542)	-	-	(726,038)	-	3,247,532
Infrastructure	337,089,137	-	(152,143)	49,411,811	-	(23,707,000)	(46,801)	362,594,976
Community	66,682,928	-	-	-	1	(2,141,734)	-	64,541,096
Work in progress	35,032,052	66,406,841	-	-	(49,411,811)	-	-	52,027,082
	498,556,537	71,030,004	(2,698,628)	49,411,811	(49,411,810)	(31,248,586)	(104,902)	535,534,625

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Buildings	27,540,539	-	-	-	-	(851,186)	-	26,689,353
Plant and machinery	6,500,341	3,941,136	(138,993)	-	-	(631,542)	-	9,670,942
Furniture and fixtures	1,307,905	187,178	(39,244)	-	-	(269,121)	-	1,186,718
Motor vehicles	22,535,888	487,035	(692,329)	-	-	(2,684,877)	(100,668)	19,583,256
Office equipment	2,838,444	620,166	(149,605)	-	-	(686,854)	-	2,622,151
Infrastructure	332,058,972	-	(9,354,458)	37,512,904	-	(23,124,713)	(3,568)	337,089,137
Community	73,444,916	-	(4,481,290)	-	1	(2,280,698)	-	66,682,928
Work in progress	32,039,505	40,505,449	-	-	(37,512,902)	-	-	35,032,052
	498,266,510	**45,740,964**	**(14,855,919)**	**37,512,904**	**(37,512,901)**	**(30,528,991)**	**(104,236)**	**498,556,537**

Pledged as security

No portion of property, plant and equipment has been pledged as security

Other information

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

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Tenza Bridge Delayed As per initial Design/Plan the project cost amounted to R11,266.110.50 but the amount approved by MIG was R2,800,000.00. Due to financial constraints the project has been delayed and will be completed when financial resources are available.	2,863,580	2,863,580
	2,863,580	**2,863,580**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	35,032,080	35,032,080
Additions/capital expenditure	66,406,841	66,406,841
Transferred to completed items	(49,411,812)	(49,411,812)
	52,027,109	**52,027,109**

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Total
Opening balance	32,039,505	32,039,505
Additions/capital expenditure	40,505,479	40,505,479
Transferred to completed items	(37,512,904)	(37,512,904)
	35,032,080	**35,032,080**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2024	2023
Contracted services	15,318,765	6,444,446

4. Operating lease Receivable

	2024	2023
Current assets	19,604	46,546

Operating Leases relate to Property owned by the municipality with lease terms of 1 to 3 years (2023/24: 1 to 3 years), with an option to extend

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period

The average escalation % of leases is between 5% to 10%, on a yearly basis

5. Payables from exchange transactions

	2024	2023
Trade payables	15,758,448	4,597,681
Accrued leave pay	23,658,209	13,356,609
Accrued bonus	3,092,845	2,670,269
Retentions	11,035,060	5,366,265
Other payables	3,269,800	3,964,160
Other Creditors #12	597,907	597,907
	57,412,269	**30,552,891**

6. Trade and Other Payable Non-exchange Transactions

	2024	2023
Non- Exchange Transaction Receivables with Credit Balances	3,190,566	1,773,516

Figures in Rand	2024	2023

6. Trade and Other Payable Non-exchange Transactions (continued)

7. VAT payable

VAT payable	-	(1,459,196)

8. Consumer deposits

Land Sales	5,138,811	3,734,326

Consumer deposits- Land Sales Deposits for Land Sales comprise deposits for properties sold, but not yet transferred. Transfer of these properties will be done on receipt of total payments. No interest is paid on Consumer deposits held.

9. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Post-retirement Health Care Benefits Liability	(8,676,000)	(8,617,000)
Long Service Awards Liability	(9,559,000)	(8,167,000)
	(18,235,000)	**(14,981,801)**
Non-current liabilities	(16,969,000)	(15,404,000)
Current liabilities	(1,266,000)	(1,380,000)
	(18,235,000)	**(16,784,000)**

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023

9. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance are as follows:

	2024	2023
Service cost	(731,000)	(799,000)
- Current service cost	1,493,000	1,717,000
- Gains & losses on settlement	(2,224,000)	(2,516,000)
Interest	1,922,000	1,729,000
	1,191,000	**930,000**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these quelitying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the detined benefit obligation were carried out at 30 June 2024 by Chanan Weiss, Fellow of the Actuarial Society of South Africa. The present value of the delined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

	2024	2023
In-service Members (Employees)	236	229
n-service Non-members (Employees)	88	86
Continuation Members (Retirees, widowers and orphans)	6	8
Total Members	**330**	**323**

The liability in respect of past service has been estimated as follows

	2024	2023
In-service Members (Employees)	6,947,000	5,781,000
Continuation Members	1,729,000	2,836,000
Total liability	**8,676,000**	**8,617,000**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

Bonitas
Keyhealth
LA Health
Samwumed

The Current-service Cost for the year ending 30 June 2024 is estimated to be R608,000, whereas the cost for the ensuing year is estimated to be 680,000.

Figures in Rand	2024	2023

9. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Long service award Obligation

Discount rate	10.97 %	11.20 %
CPI inflation rate	5.14 %	4.39 %
General earnings inflation rate	6.14 %	6.52 %
Net discount rate	4.55 %	8.45 %
Expected Retirement Age	62	62

Post retirement Benefit Obligation

Discount rate	12.58 %	12.58 %
CPI inflation rate	8.18 %	8.18 %
Medical aid contribution inflation rate	6.45 %	6.45 %
Net discount rate (medical aid contributions)	4.07 %	4.07 %
Maximum subsidy inflation rate	5.76 %	5.76 %
Expected Retirement Age	62	62

10. Inventories

Land	56,703,533	57,320,856
Materials and Supplies	121,370	194,493
	56,824,903	**57,515,349**

Inventories are disclosed at the lower of cost or net replacement cost.

Inventory pledged as security

No inventory was pledged as security.

Figures in Rand	2024	2023

11. Receivables from exchange transactions

	2024	2023
Insurance	996,069	709,678
Sundry debtors	417,609	417,609
Property Rental Debtor	821,851	576,981
Refuse	2,399,121	535,012
	4,634,650	**2,239,280**

Consumer receivables from exchange transaction 2024 Refuse:	Current	31-60 days	61-90 days	+91 days	Total
Gross Balances	216,250	171,482	235,330	12,353,931	12,976,993
Less: Provision for Impairment	(152,023)	(151,187)	(221,486)	(10,053,176)	(10,577,872)
Total	**64,227**	**20,295**	**13,844**	**2,300,755**	**2,399,121**

The ageing of these receivables is as follows:

Rental:	Current	31-60 days	61-90 days	+91 days	Total
Gross Balances	82,797	81,446	100,158	3,893,950	4,158,351
Less: Provision for impairment	(38,958)	(41,813)	(56,167)	(3,199,562)	(3,336,500)
	43,839	**39,633**	**43,991**	**694,388**	**821,851**

Other Receivables	Current	Total
Insurance	996,069	996,069
Sundry Debtors	417,609	417,609
	1,413,678	**1,413,678**

Consumer receivables from exchange transaction 2023 Refuse:	Gross Balance	Provision for Impairment	Net Balances
Sercive Debtors:	-	-	-
Refuse	9,719,060	(9,184,048)	535,012
Other Receivables:	-	-	-
Property Rental Debtors	4,483,104	(4,134,345)	576,981
Failed Payments Received	167,789	-	-
Prepayments and Advances:	-	-	-
Insurance	709,678	-	709,678
Sundry Debtors	417,609	-	417,609
	15,497,240	**(13,318,393)**	**2,239,280**

Ageing of Receivables from Exchange Transactions	0 -30 Days	31 -60 Days	61 - 90 Days	+ 90 Days	Total
Refuse:	-	-	-	-	-
Gross Balances	195,380	197,434	182,154	9,144,092	9,719,060
Less: Provision for Impairment	(142,685)	(151,619)	(144,647)	(8,745,096)	(9,184,047)
	52,695	**45,815**	**37,507**	**398,996**	**535,013**
Rental					
Gross Balances	103,097	101,751	93,745	4,580,530	4,879,123
Less: Provision for Impairment	(59,988)	(53,091)	(54,676)	(4,134,387)	(4,302,142)

Figures in Rand				2024	2023
11. Receivables from exchange transactions (continued)					
	43,109	**48,660**	**39,069**	**446,143**	**576,981**

Other Receivables

Prepayments and Advances:

Insurance	709,678	-	-	-	709,678

Sundry Debtors					
Other Debtors	417,609	-	-	-	417,609

Trade and other receivables past due but not impaired

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Receivables from non-exchange transactions

	2024	2023
Fines	1,453,508	1,236,818
Property Rates	2,540,051	4,093,097
	3,993,559	**5,329,915**

The ageing of these receivables is as follows:

Consumer receivables from Non exchange transaction 2024	Current	31 - 60 days	61 - 90 Days	+90 Days	Total
Rates					
Gross Balance	1,580,459	1,417,020	1,581,989	47,458,624	52,038,092
Less: Provision for Impairment	(1,200,673)	(1,190,431)	(1,360,586)	(45,746,351)	(49,498,041)
	379,786	**226,589**	**221,403**	**1,712,273**	**2,540,051**

Fines	Current	31 - 60 days	61 - 90 Days	+90 Days	Total
Gross Balance	2,907,017	-	-	-	2,907,017
Less: Provision for Impairment	(1,453,508)	-	-	-	(1,453,508)
	1,453,509	-	-	-	**1,453,509**

Consumer receivables from Non exchange transaction 2023	Gross Balances	Provision for Impairment	Net Balances
Property Rates:	36,350,656	(32,257,559)	4,093,097
Fines	2,473,637	(1,236,819)	1,236,818
	38,824,293	**(33,494,378)**	**5,329,915**

The ageing of these receivables is as follows:

Consumer receivables from Non exchange transaction 2023	Current	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Property Rates:					
Gross Balances	1,959,782	1,048,512	974,024	32,368,338	36,350,656
Less: Provision for Impairment	(1,468,552)	(778,940)	(776,403)	(29,233,665)	(32,257,560)
	491,230	**269,572**	**197,621**	**3,134,673**	**4,093,096**

Fines:	Current	31 - 60 Days	61 - 90 Days	+ 90 Days	Total
Gross Balances	2,473,637	-	-	-	2,473,637
Less: Provision for Impairment	(1,236,819)	-	-	-	(1,236,819)
	1,236,818	-	-	-	**1,236,818**

Figures in Rand	2024	2023

12. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Rates- Municipal Property Rates Act (MPR Act) section 2 states that a local municipality may levy a rate on property in it's area.

Fines - Fines are issued in terms of the National Road Traffic Regulations of 2000 and the National Road Traffic Act 93 of 1996.

Determination of transaction amount

Rates - Rates are amounts determined in terms of section 11 of the Municipal Property Rates Act and the approved policy of the municipality.

Fines - All fines are governed by the specific regulation which is applicable to the offence.

Interest or other charges levied/charged

Rate - Consumer receivables from rates are billed monthly. Interest is charged on 60 days + overdue consumer receivables at a rate of 16.5% per annum.

Fines - No interest or other charges are raised on outstanding fines.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed for indicators of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continuously monitors consumers and identified groups by reference to annual payment rates and incorporates this information in to its credit risk control. No external credit rating is performed. Traffic fines are recognised in accordance with IGRAP 1.

Receivables from non-exchange transactions past due but not impaired

At June 30, 2024, R - (2023: R 3,601,867) were past due but not impaired.

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

0 - 30 Days	-	4,433,419
31 - 60 Days	-	1,048,512
61 - 90 Days	-	974,024
+90 Days	-	32,368,338

13. VAT receivable

VAT receivable	1,426,999	-

Value Added Tax on revenue and expenditure transactions are recorded in the books of the municipality on accrual basis of accounting.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	66,092,101	61,022,328

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

14. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	June 30, 2023	June 30, 2022	June 30, 2024	June 30, 2023	June 30, 2022
FNB- Primary Bank- 62022331003 (Primary)	1,113,529	2,350,670	1,994,963	1,113,529	2,350,670	2,082,817
FNB- 62101651398 (MIG)	22,354,234	2,965,567	8,972,287	22,354,234	2,965,567	8,972,287
FNB- Money Market - 620223323316 (INEP)	2,620,616	475,438	6,735,501	2,620,616	475,438	6,735,501
FNB- Money Market - 62090678320 (FMG)	148,321	6,340	8,937	148,321	6,340	8,937
ABSA - 32 Day Call Account - 961149096	945,695	893,149	860,948	945,695	893,149	860,948
FNB - Money Market - 62027101245	11,190,455	5,151,699	4,821,521	11,190,455	5,151,699	4,821,521
FNB - Money Market - 62160167500	77,662	7,019,713	25,750,425	77,662	7,019,713	25,750,425
FNB - Money Market - 62026740549	3,536,945	21,850,605	11,850,605	3,536,945	21,850,605	11,850,605
FNB - Traffic Account - 63054019617	4,013,822	213,312	-	4,013,822	213,312	-
NEDBANK - FIXED DEPOSIT-037881052066	10,090,822	10,095,836	-	10,090,822	10,095,836	-
STANDARD BANK FIXED DEPOSIT - 088795101	10,000,000	10,000,000	-	10,000,000	10,000,000	-
Total	**66,092,101**	**61,022,329**	**60,995,187**	**66,092,101**	**61,022,329**	**61,083,041**

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2024	2023
Unspent conditional grants and receipts		
Department of Sports, Recreation, Arts and Culture	-	36,665
Expanded Public Works Programme Integrated Grant	1	324
Integrated National Electrification Programme Grant	(1)	-
Municipal Disaster Response Grant	15,825,605	4,189,995
Municipal Infrastructure Grant	-	(1)
	15,825,605	**4,226,983**