ELUNDINI LOCAL MUNICIPALITY
IKAMVA ELIQAQAMBILEYO

DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

ABBREVIATIONS:

AIDS:	Acquired Immune Deficiency Syndrome
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
CPLW:	Community Participation Liaison Worker
CSS:	Community Satisfaction Survey
CRDP:	Comprehensive Rural Development Programme
CIF:	Capital investment Framework
CMA:	Catchment Management Area
DEDEA:	Department of Economic Development & Environmental Affairs
DoE:	Department of Energy
DEA	Department of Environmental Affairs
DFA:	Development Facilitation Act 67 of 1995
DLGTA:	Department of Local Government and Traditional Affairs
DLTC:	Driving Licence Testing Centre
DM:	District Municipality
DRP:	Disaster Recovery Plan
DWA:	Department of Water Affairs
EC:	Eastern Cape
ECBCP:	Eastern Cape Biodiversity Conservation Plan
ECPSDP:	Eastern Cape Provincial Spatial Development Plan
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ELM:	Elundini Local Municipality
EMF:	Environmental Management Framework
ES:	Ethics Strategy
EXCO:	Executive Committee
FET:	Further Education & Training
GDP:	Gross Domestic Product.
GDS:	Growth and Development Summit
GGP:	Gross Geographic Product.
GIS:	Geographic Information System
HIV:	Human Infected Virus
HSP:	Housing Sector Plans
ICT:	Information and Communication Technology
IDP:	Integrated Development Plan
IGR:	Inter-governmental Relations
ISRDP:	Integrated Sustainable Rural Development Programme
ISDM:	Integrated Service Delivery Model
ITPs:	Integrated Transport Plans
IPILRA:	Interim Protection of Informal Land Rights Act
IDC:	Industrial Development Corporation
IWMP:	Integrated Waste Management Plan
JGDM:	Joe Gqabi District Municipality
JoGEDA:	Joe Gqabi Economic Development Agency
KPA:	Key Performance Area
KPI:	Key Performance Indicator
LDO:	Land Development Objective
LED:	Local Economic Development
LRAD:	Land Redistribution for Agriculture Development
LM:	Local Municipality

LUM:	Land Use Management
MEC:	Member of the Executive Council
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MIMF:	Municipal Integrity Management Framework
MSA:	Municipal Systems Act
MSI:	Mayor's Social Investment
MSIG:	Municipal Systems Improvement Grant
MSP:	Master Systems Plan
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
MYPE:	Mid-year population estimates
NDP:	National Development Plan, Vision 2030
NEMA:	National Environmental Management Act
NGO:	National Government Organisations
NSDP:	National Spatial Development Perspective
PES:	Poverty Eradication Strategy
PGDP:	Provincial Growth Development Plan
PPPFA:	Preferential Procurement Policy Framework Act
PSDP:	Provincial Spatial Development Plan
PSDF:	Provincial Spatial Development Framework
PGDS:	Provincial Growth Development Strategies
PLAS:	Pro-active Land Acquisition Strategy
PLTF:	Provincial Land Transport Framework
PSF:	Provincial Strategic Framework
RAMS:	Road Asset Management System
RDA:	Rural Development Agency
RDAT:	Rural Development & Agrarian Transformation
RDP:	Reconstruction and Development Programme
RMC:	Risk Management Charter
RMCo:	Risk Management Committee
RR:	Risk Register
RULIV:	Rural Livelihoods
SANRAL:	South African National Road Agency
SAPS:	South African Police Services
SCM:	Supply Chain Management
SDF:	Spatial Development Framework
SEDA:	Small Enterprise Development Agency
SETA:	Sector Education Training Authority
SMME:	Small, Medium & Micro Enterprises
SPLUMA:	Special Planning and Land Use Management Act
SPU:	Special Programmes Unit
STEP:	Sub Tropical Ecosystem Planning Project
TA:	Tribal Authority
VIP:	Ventilated Improved Pit Latrine
VTS:	Vehicle Testing Station
WMA:	Water Management Area
WMP:	Water Management Plan
WSA:	Water Services Authorities
WSDP:	Water Services Development Plan

TABLE OF CONTENTS

List of Tables

1. CHAPTER ONE

1.1 Mayor's Foreword

As we come towards the end of the fifth term of local government administration which started in 2021, I present this annual report for the year ended 30 June 2025 which represent the penultimate report of the current Council. This annual report accounts for the organizational performance reflecting key service delivery milestones, performance of each Municipal Key Performance Areas; Audit outcomes and other areas of compliance, municipal challenges faced during the reporting period. As the current and outgoing Council, when we started in office, we developed our principal strategic plan as required by legislation. We crafted our vision to be ***"A pioneer for sustainable rural development."*** and o*ur* mission ***"to deliver quality services through good governance and administration."***

We achieved 72.5% of our performance for the year under review. We constructed 5.7 kms of roads; upgraded Hopedale sportsfield and Tlokoeng Public Toilets; maintained 96.4kms of access roads; constructed 4km of link line for bulk infrastructure; electrified 224 households; installed 28 Streetlights; 95.7% of electricity network maintenance; 100% maintenance of streetlights and public amenities; 5 291 indigent households received free basic services; 59 areas received refuse collection services; created **688 work opportunities** through EPWP, supported 08 contractors through contractor development program and 83 local SMEs capacitated through LED initiatives; 4 focus groups enterprise projects implemented; 100% expenditure on all infrastructure grants; spent 100% expenditure on all infrastructure grants and 69% expenditure on training and development; 08 focus groups social projects implemented; 02 HIV/AIDS projects and 02 Mayor's Social Investment projects implemented; 06 ICT projects were implemented. Council and its Committees were functional.

Despite the synopsis of service delivery above, there were challenges that were experienced during implementation such as: -

- Non-completion of some infrastructure projects due to budget shortfall
- Insufficient internal resources which led partial maintenance, outsourcing the repair of some identified defects and delays in appointing the service provider to carry out the refurbishment of the Nqanqarhu main substation.
- Reduced number of applicants for indigents due to deceased people that the new system detected.
- Delays in advertising and the appointment of training providers for accredited training courses
- Cancellation of youth, Mayor's Social Investment, projects due to municipal budgetary constraints

We are committed as the Council to implement the following corrective measures to address the shortfalls that we experienced during implementation for the year. We commit to: -

- Source additional funding of R1.6 million through the MIG budget for financial 2025/2026. The completion work of 1.4 km will be reported in Q1 report of 2025/26 FY.
- Expedite procurement and appointment process for a service providers for infrastructure and training programs
- Intensify public education on the requirements of Indigent applications and the importance of submitting correct information for the purpose of applications. The meetings with councillors will be held to ensure that the message is carried over through ward community meetings, ward committee meetings and work with Public Participation unit on campaigns

- Carry over projects that were not implemented or incomplete financial year and defer other projects until the budget is available
- Improve revenue collection and cost containment measures

This Council is proud to have functional community and stakeholder platforms such as ward committees; IDP Representative Forum; Local Communicators Forum; Local AIDS Councils, etc. We continued to conduct quarterly community satisfaction surveys to gauge service delivery satisfaction levels. We continued to improve and diversify our communication to our stakeholders and communities through our social media platforms namely, Facebook, Twitter, Instagram, WhatsApp and YouTube communicating service delivery. We are happy that we maintained our audit outcomes of the previous year – unqualified audit outcomes.

As the Council we would like to extend our gratitude to Elundini community and beyond for their support and advice - our citizens; stakeholders; ratepayers; our counterparts- government departments, municipalities and entities; our administration led by the Municipal Manager for working so hard to ensure the functionality of the municipality.

The Council, during planning phase, ensured that strategic alignment to provincial and national plans such as Provincial Growth Development Plan, National Development Plan and its Outcome 9 for local government which included sensitivity to community needs, service delivery improvement, financial stability, institutional development & performance, economic development, etc.

MPS Leteba　　　　　　　　31/01/2026

Cllr MPSS Leteba　　　　　　　　Date
Mayor

1.2 EXECUTIVE SUMMARY

I am pleased to present that annual report of Elundini Municipality which provides a bird's eye view of the financial year with all the key achievements and challenges experienced in pursuit of achieving Integrated Development Plan (IDP).

The report does reflect in detail the outcome of all the functions bestowed to the municipality by the constitution of the Republic of South Africa.

The municipality obtained an unqualified audit opinion with findings, as was the case in the previous financial year. We will continue to strive towards obtaining an unqualified audit opinion with no findings in the near future.

During the year under review the financial health ratios of the municipality indicated a decline when compared to the previous years and the industry norms. The council resolved to implement stringent cost reduction measures to respond to this situation. A drive towards intensifying revenue enhancement strategy has also been embarked on and the outcome of these measures is expected to yield a turnaround of the situation going forward.

All senior management positions were filled throughout the financial year, with the Chief Financial Officer position filled in the last quarter of the previous financial year.

The risk management function continues to assess, rate and respond, as well as monitor the risk within the municipality. The key role played has been the identification and mitigation of the top risks, thus preventing and minimising the effect of the likely harm that could be caused by such risks. During the year under review an independent chairperson was appointed to champion the function. Various municipal wide awareness initiatives were conducted periodically.

In as far as the electricity function is concerned, for the first time this year, the municipality compiled a cost of supply study that informed the setting of the tariffs for this function. The municipality also completed the TiD Rollover process as legally required which enabled the use of current prepaid electrical meters after November 2024.

31/01/2026

Jack Thando Mdeni **Date**
Municipal MANAGER

1.3 Municipal Functions

The Elundini Local municipality provides refuse removal, and electricity as part of basic services. It also provides roads and storm water, Local Economic development, and building regulations to local communities. The detailed list of services provided by the ELM are listed in **appendix D.**

1.4 Municipal Vision, Mission, And Values

Elundini municipality crafted and adopted its development vision, ***"A pioneer for sustainable rural development".*** The vision is driven by the objects of Local Government as entailed in the Constitution of the Republic of South Africa, Act 108 of 1986: Section 152 which prescribes the following as the principal mandates of the Local Government.

(a) To provide democratic and accountable government for local communities.

(b) to ensure the provision of services to communities in a sustainable manner.

(c) to promote social and economic development.

(d) to promote a safe and healthy environment; and

(e) to encourage the involvement of communities and community organisations in the matters of local government.

The mission statement of the ELM is "To deliver service delivery to the community through good governance and administration".

1.5 Municipal Strategic Goals

To ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

Table 1: municipal strategic goals and objectives

2021-2026 Strategic Goals		**Strategic objectives**
1.	Accelerate delivery of reliable basic service and resilient infrastructure.	1.1 To ensure effective construction, rehabilitation and maintenance of municipal infrastructure 1.2 To promote environmental health and safety of local communities 1.3 To provide reliable basic services to households and business sector
2.	Promote economic growth, environment sustainability through job absorbing sectors 2.	2.1 To facilitate industrialisation that unlock the manufacturing potential of the local economy 2.2 To support the development of SMMEs to participate in a diversified and growing economy. 2.3 To increase investment through land and socio-economic infrastructure development. 2.4 To promote the protection and conservation of natural resources through green lifestyle 2.5 To promote creation of employment opportunities and decent jobs.
3.	Improve the effectiveness of governance administrative and financial systems	3.1 To improve public participation and oversight to enhance accountability 3.2 To strengthen integrated planning, monitoring and evaluation of municipal programmes. 3.3 To enhance organisational performance, financial viability and management of municipal resources.

1.6 Strategic Priorities 2022-2027

The Strategic Planning process produced the following priorities for the Council over the next five years.

Table 2: Strategic Priorities

LOCAL GOVERNMENT KPA	5-YEAR PRIORITIESIORITIES
Infrastructure and Service Delivery	Meeting the basic needs and improving service delivery through infrastructure development & maintenance; electrification of households and businesses; exploration of renewable energy options; refurbishment / maintenance of infrastructure as per National Treasury norm of 8%. Improve contract management capacity and increase local beneficiation to 50% on infrastructure projects. Review by-laws and create a business-friendly environment that will attract investment to the Municipal area.
Local Economic Development	Develop an extended SMME strategy that incorporate an incubation and capacity development programme for local SMMEs and Cooperatives. Work with ECRDA and other partners to establish an Agro-Hub by 2027
Financial Viability	Leveraging on the property portfolio for revenue enhancement.
Good Governance and Public Participation	Defend democracy and advance freedom through promoting and defending the rights of children, youth, older persons, persons with disability. Taking action against drugs, organised crime, gender-based violence and femicide. Tackling corruption and improve public accountability; participation in the District Development Model platforms; promotion of arts and sports development. Improve public participation through ward-based planning and implementation.
Municipal Transformation	Improve internal efficiencies and effectiveness through collaboration and partnerships Improve internal efficiencies and effectiveness through collaboration and partnerships

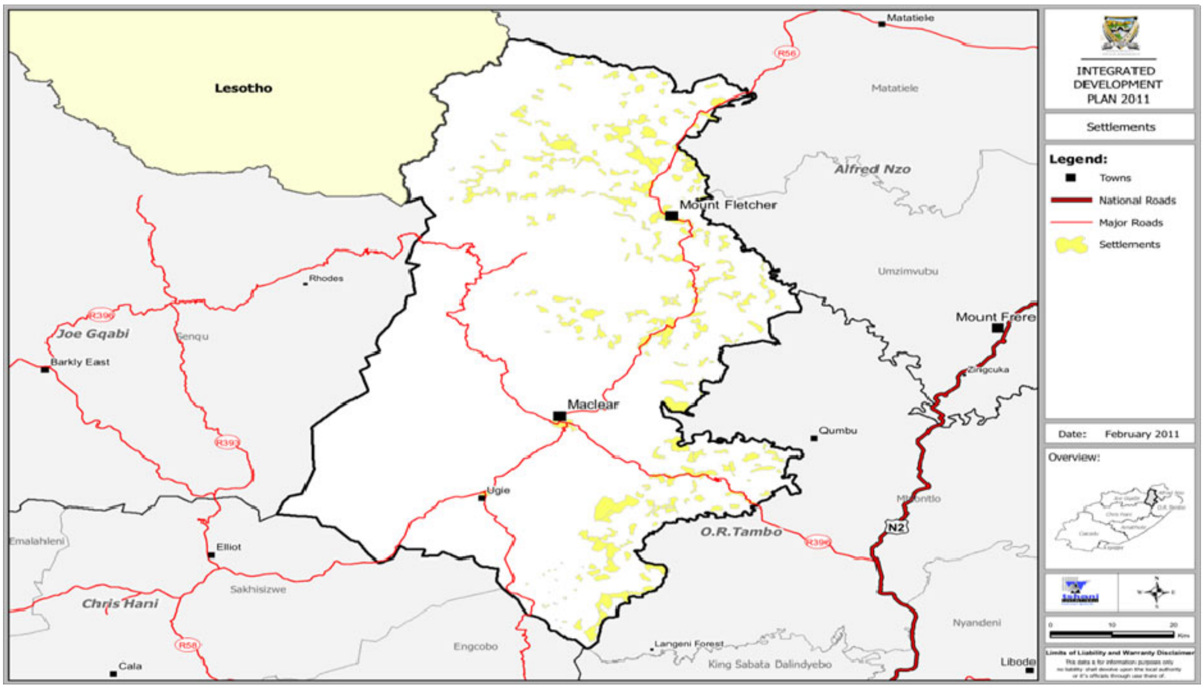
1.7 POPULATION STATISTICS

The population of Elundini forms part of the ultimate objective of the development process as well as being subject in the process since demographic processes such as fertility, mortality and migration determine the demographic outcomes such as size, age-sex structure and spatial distributions of the population which affect the functioning of socio-economic processes of land use, labour absorption, consumption and expenditure which in turn define the socio-economic outcomes in terms of income, employment, education, health, housing etc. This analysis will shade some light on the dynamics of the Municipal population, which can then be used to develop strategic interventions. These demographics characteristic analyses the socio-demographic and human settlement characteristics of the Elundini local Municipality.

Elundini Municipality is a Category B municipality located within the Joe Gqabi District in the north-eastern portion of the Eastern Cape Province, the municipality consist of three towns namely, Nqanqarhu, Tlokoeng, and Ugie the ELM is bounded by the Alfred Nzo District in the North, Chris Hani District in the South, OR Tambo District in the East, and Lesotho and Senqu in the West. It is the smallest of three municipalities in the district, making up a quarter of its geographical area (refer to map below).

The map below depicts the geographical area of ELM:

Figure 1: ELM Geographical Area



1.8 POPULATION SIZE

The municipality covers an area of 5,064 km² and has 17 Wards. According to the recent Census of 2022 released by Stats SA, the Elundini Local Municipality is the second populous municipality in the Joe Gqabi District Municipality. The JGDM total population has increased by 44 375 people from the Census 2011 figures of 348 673 to 393 048 of the Census 2022 and an increase of 20 136 from the CS 2016 figures of 372 912. This represents a 11,0% increase between 2011 and 2022. From the JGDM total population increase, the ELM has seen a significant increase of 3 621 people representing an increase of 2.55% between 2011 and 2022 as compared to an increase of 0, 5% between 2001 and 2011. Between 2022 and 2011, in both the JGDM and the ELM, there is a noticeable increase in the number of households by 3 659 in ELM and 26 823 in the JGDM, both the municipalities have experienced an increase of 9,7% and 27,5% of households respectively as depicted by the table overleaf. Of the total number of households in both the JGDM and Elundini municipalities, there has been an increase in the formal structures where the formal structures in JGDM increased from 69,6% to 86, 1% and on ELM increased from 47,8% to 76, 5%.

The table below depicts the changes in the total numbers of households between JGDM and ELM from 2011, 2016 to 2022:

Table 3: Population Changes

Municipality	2011	2016	2022	% growth			Number of households			
				2001 – 2011	2011 - 2016	2016 - 2022	2011	2016	2022	% Change
JGDM	349 768	372 912	393 048	2.3%	6.2%		95 294	95 107	124 294	27.5%
Elundini	138 141	144 929	141 762	0.5%	4.7%		35 992	35 804	41 210	9.7%

Source: Census 2011, CS 2016 and Census 2022

Distribution of Total Population by Age and Gender

The graph below depicts the distribution of population by age and gender:

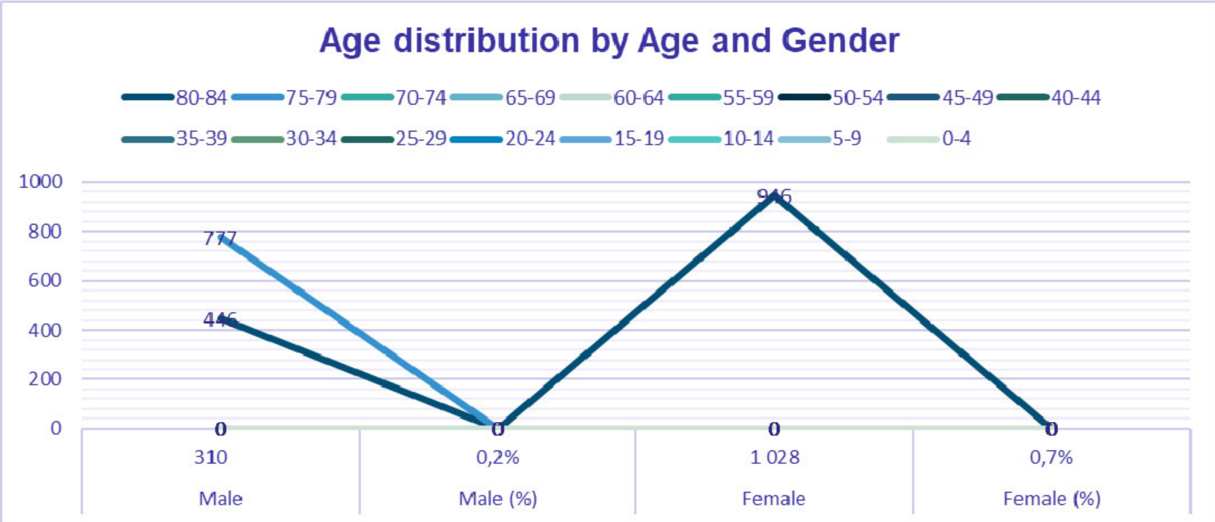


Figure 2: Source: Census 1996, Census 2001, Census 2011, CS 2016 and Census 2022.

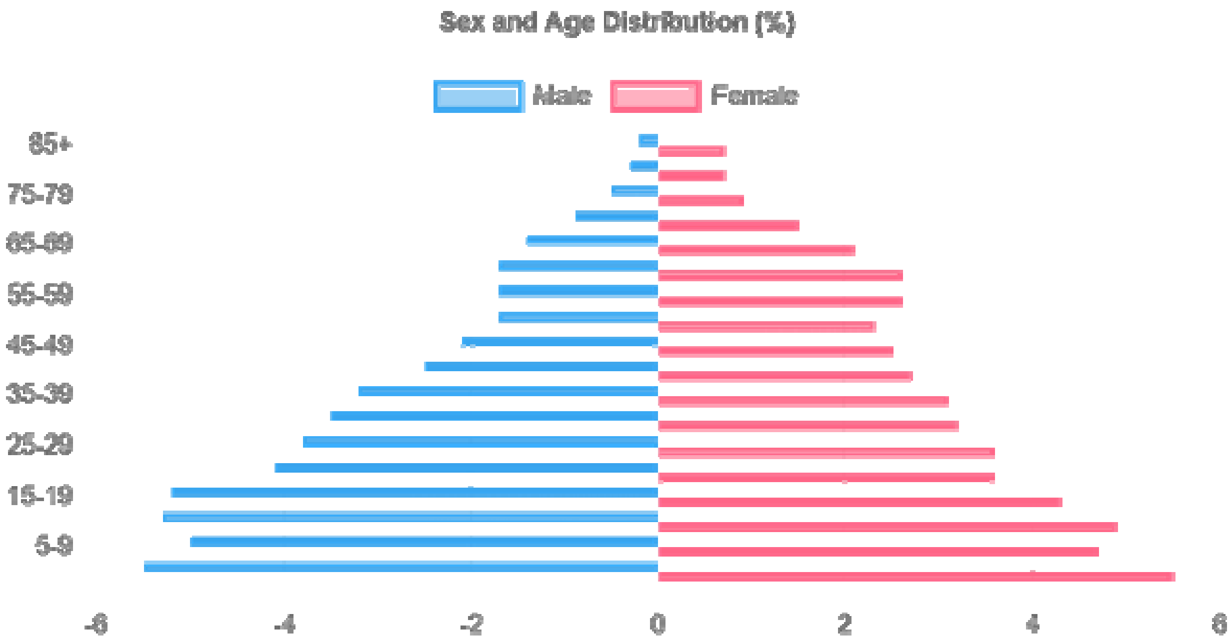
Table 3 : population by age and gender

Age group	Males	% Males	Females	% Females
85+	310	0.2	1028	0.7
80-84	446	0.3	946	0.7
75-79	777	0.5	1275	0.9
70-74	1334	0.9	2067	1.5
65-69	1919	1.4	2945	2.1
60-64	2349	1.7	3648	2.6
55-59	2344	1.7	3727	2.6
50-54	2457	1.7	3318	2.3
45-49	2932	2.1	3606	2.5
40-44	3588	2.5	3773	2.7
35-39	4506	3.2	4332	3.1
30-34	4918	3.5	4539	3.2
25-29	5357	3.8	5106	3.6
20-24	5755	4.1	5077	3.6
15-19	7385	5.2	6144	4.3
10-14	7498	5.3	6955	4.9
5-9	7109	5	6691	4.7
0-4	7779	5.5	7816	5.5

Source: Elundini IDP 2024/2025

Although there has been an overall increase of 3,4% in the total population in Elundini, there has been a decrease of 2,5% of the female population and an increase of 2, 5% of the male population between 2011 and 2022. The female population in Elundini makes 51.5% of the total population and males constitute 48,5% of the total population. In terms of the demographic distribution of the Elundini population, a younger population, between the ages of 0-4, comprises the largest population with 15 595 followed by 10-14 with 14 453, 05-09 with 13 800 and 15-19 with 13 529.

The pyramid below provides a clear depiction of age and sex distribution of the ELM population. In terms of the stages of demographic transition model, the ELM pyramid appears to be at the third stage, which shows stationary growth and mortality particularly in the 25 to 75+ years cohorts. It is clear how many people of each age range and sex are found within the municipality. Moreover, the pyramid shows that the population is generally older on average.



Literacy Levels

Census 2022 indicates that there has been an increase of 0.5% in the levels of education in Elundini for those between 20 years and above from 2011 to 2016 from 11.9% to 16.6% of the entire population having completed Grade 12 but there has been a slight decrease of 0.4% between 2011 and 2016 from 4.9% in 2011 to 4.5% in 2016 of the population who has studied further than Grace 12. Community Survey 2016 also revealed that 10.7% has no schooling at all, 20.7% has some primary education, 7.4% has completed some primary education and 44% has completed some secondary education. The table below depicts the percentage levels of education as provided by Census 2022.

Table 4: Levels of Education against the District

ELM EDUCATION LEVELS			**JGDM EDUCATION LEVELS**		
Description	**Number**	**Percentage**	**Description**	**Number**	**Percentage**
No Schooling	7106	8.9	No Schooling	21000	9.4
Some Primary	15725	19.8	Some Primary	38397	17.3
Completed Primary	5687	7.2	Completed Primary	14054	6.3
Some Secondary	30538	38.4	Some Secondary	81687	36.7
Grade 12/Std10	15700	19.7	Grade 12/Std10	51009	22.9
Higher Education	4481	5.6	Higher Education	15098	6.8
Other	286	0.4	Other	1123	0.5

The table overleaf depicts the highest level of education as per 2022 Census of Elundini population as against that of the district:

Table 9: Literacy Levels

No schooling		**Some primary**			**Completed primary**		**Some secondary**		**Matric**		**Higher**	
2011	2022	2011	2022		2011	2022	2011	2022	2011	2022	2011	2022
JGDM	14,7%	9,4%	24,4 %	17,3 %	7,2%	6,3%	33,2 %	36,7 %	14,3 %	22,9 %	5,85	6,8%
ELM	14,6%	8,9%	26,3 %	19,8 %	7,6%	7,2%	52,9 %	38,4 %	11,9 %	19,7 %	4,9%	5,6%

1.9 SERVICE DELIVERY OVERVIEW

The Elundini Local Municipality 2024/2025 Annual Performance is reported against the planned targets. A total of 40 Key Performance Indicators were set for the year under review. Basic

Service Delivery KPA constituted a total of 15 indicators out of the 40 indicators, and 10 indicators were achieved, while 5 indicators were not achieved.

The below table depicts a list of projects implemented under 15 Key Performance Indicators during the year under review and the status of each project.

Table 3: list of service delivery projects implemented for 2024/2025

PROJECT	STATUS	COMMENT	BUDGET
Ugie Park Street (600m)	Completed	Project completed successfully	R5 328 717,03
Surfacing of Greenfields (2,87km)	Completed	Project completed successfully	R11 448 153,79
Surfacing of Mt Fletcher Urban roads (1,2km)	Completed	Project completed successfully	R3 109 888,50
Xaxazana access roads (2,5km)	Completed	Project completed successfully	R5 093 063,18
Rehabilitation of Pitseng and Matuguru bridges	Completed	Project completed successfully	R10568552.26
Mt Fletcher/Tlokoeng public toilets Upgrade	Completed	Project completed successfully	R2 316 787,33
of Hopedale Phase 1& 2	Completed	Project completed successfully	R4 216 392,64
Maintenance of gravel roads	Completed		R 8 963 438,54
Urban Road maintenance	Completed		R 1 800 00
(224) Households' electrification 1. Polokoe 48 2. Showini 60 3. Koebung 65 4. Nxotshana 51	Completed		R1 796 796,23-Polokoe R1 539 967,76-Showini R3 764 071,18-Koebung R1 860 808,13-Nxotshana **TOTAL R8 961 643,30**
10 Streetlights (Nqanqarhu); 10 Streetlights in (Tlokoeng) Installation of 2 highmast lights	28 completed	13 streetlights installed at Tlokoeng. 15 streetlights installed at Nqanqarhu (10 at Thompson	R980 425.60

(Tlokoeng)		and Kirk, 5 at Mojalefa. One high mast connected at Tlokoeng	
Free Basic Services (5291)	On going		BUDGET
EPWP	688 Jobs created	Office of MM -204 Community services -232 Infrastructure and planning - 252	R2114 M – grant
Contractor development	8 SMMEs appointed per project	Slow progress delays projects completion	R15 588 368.00
SMME Capacitation	83 SMMEs capacitated through LED initiatives	The municipality appointed Unakho Consulting to train SMMEs on the following: Tendering (Tender Document), Costing, BOQ- Calculation, SARS returns, financial management, record keeping and financial statements. The ELM, in collaboration with Joe Gqabi, held a Suppliers Day that included presentations by various stakeholders on business management. The Department of Trade and Industry, in collaboration with ELM, held an outreach for SMMEs on 28 November 2024. The session included the capacitation of SMMEs, emerging entrepreneurs with presentations and exhibition on opportunities, financial and non-financial support, and other services offered by government agencies in support of SMMEs.	R 296 125,00

1.10 FINANCIAL HEALTH OVERVIEW

Financial health refers to the overall well-being of a municipality's financial position. It considers various aspects such as the municipality's liquidity, debt levels and cash flow. By evaluating these factors, you can get a comprehensive picture of the municipality's financial strength and stability.

The municipality does not have revenue base due to poor collection on arrear debt, it is grant dependent and even the grant is unable to meet all the financial obligations of the municipality. The municipality does not have reserves. The section 52 (d) report provide a detailed status quo of the municipality's financial health, indicates that the municipality is not financial stable and healthy.

The solution would be to implement the credit control policy fully, appoint the debt collector and to implement the cost containment policy.

Financial overview 2024/2025 R'000				
Income	Details	Original	Adjusted	Actual
Grant		278 581	278 481	265 314
Taxes, levies and Tariffs		224 674	237 590	118 314
Less Expenditure		447 187	448 650	402 992
Net Total		56 068	67 421	19 364

Operating Ratios

Details	Percentage
Employee costs	36%
Repairs and Maintenance	9%
Finance Charges & Impairment	7%

Total Capital Expenditure

Details	2022/2023	2023/2024	2024/2025
Original Budget	91 109	133 614	68 017
Adjusted Budget	149 577	135 070	90 044
Actual	67 997	70 392	54 735

1.11 ORGANISATIONAL DEVELOPMENT OVERVIEW

ELM's main political and administrative offices are situated in Nqanqarhu with two administrative units in Tlokoeng and Ugie which are headed by their respective unit heads. As part of the IDP process, the Municipality reviewed the Organogram to ensure its alignment to the IDP and Constitutional obligations. As of 30 June 2024, the ELM's reviewed Organogram reflected a total number of 461 positions with 312 funded positions and 286 filled (91.6 % filled). The municipality is reflecting 8.3 % vacancy rate. The above narration includes senior management positions which were all filled by the end of the 2024/25 financial year.

The Departmental and Individual Key Performance Areas, Deliverables and Standards are to be formulated and aligned with IDP Objectives.

Individual Performance Management has been cascaded down from Senior Management to TASK Grade 7 and the municipality is implementing an electronic system which starts from the uploading of Signed Annual Performance Agreements and Output Plans by Employees from Senior Management, Middle Management down to TASK Grade 7 employees.

Municipality is implementing performance management as directed by the municipality's policy on PMS as well as the Local Government: Municipal Staff Regulations of 2021 (Reg. 890), which necessitate a feedback driven performance management, which is mainly achieved through formal assessments. In the 2024/25 financial year, the municipality was able to facilitate annual performance assessments for all employees starting from Senior Management, down to TASK Grade 09 employees. The assessments were looking at the performance achieved in the 2023/24 financial year to improve employee, departmental and municipal performance going forward.

1.12 STATUTORY ANNUAL REPORT PROCESS

Local authorities prepare annual reports to discharge their public accountability responsibilities. A local authority's annual report serves as a communication tool for providing wider information on activities carried out and services provided, and for comparing actual service delivery with forecast service delivery. The information in annual reports and summary annual reports should allow ratepayers, the community, and the wider public to assess how local authorities have performed in relation to stewardship of community assets, and the efficiency, effectiveness, and cost-effectiveness of operations.

Local authorities are also required to prepare an annual report that fairly reflects their achievements and results against their annual plan, with particular emphasis on comparisons with their forecast financial and non-financial performance.

The annual report should link forecast performance and actual performance. The annual report should compare forecast expectations to actual results, should "feed into" the next year's forecast, and should signal any intended changes in direction, services, or actions based on an analysis of the current year's performance.

2. CHAPTER TWO – GOVERNANCE

2.1 POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1.1 Political Governance

In terms of Section 151 (2) of the Constitution of the Republic of South Africa, 1996, the executive and legislative authority of a municipal council is vested in its municipal council. Section 11 (1) of the Local Government: Municipal Systems Act (Act No 32 of 2000), stipulates that the executive and legislative authority of a municipality is exercised by the council of ELM, and the council takes all the decisions of ELM subject to Section 59. In terms of Section 59 of the Municipal Systems Act, a municipal council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances and, in accordance with that system, may: -

a) Delegate appropriate powers, excluding a power mentioned in section 160 (2) of the Constitution and the power to set tariffs, to decide to enter into a service delivery agreement in terms of section 76(b) and to approve or amend ELM's integrated development plan, to any of ELM's other political structures, political office bearers, councillors and staff members.
b) Instruct any such political structure, political office bearer, councillor, or staff member to perform any of ELM's duties; and
c) Withdraw any delegation or instruction.

The ELM is a collective executive system combined with a ward participatory system. The original powers of the executive committee are outlined in section 44 of the Local Government: Municipal Structures Act (Act No 117 of 1998). ELM has, in terms of Section 53 of the Municipal Systems Act, defined the role and area of responsibility of each political structure, political office bearer and the municipal manager. In terms of ELM's Policy on Roles and Responsibilities and the Delegation of Power, as well as the delegation's register, Council has devolved certain decision-making powers (apart from those directly assigned by legislation) to the Executive Committee, the Mayor, the Speaker and the Municipal Manager. The Speaker is the chairperson of the municipal council, the Mayor is the chairperson of the Executive Committee and the Municipal Manager is the head of administration. After the Local

Government elections that were held in November 2021, the political party composition of the Municipal Council was as follows: -

Table 1: Political Party Representation

Political Party representation	During the year under review	
	Number	% representation
African National Congress	28	82.36
Economic Freedom Fighters	2	5.88
United Democratic Movement	1	2.94
Democratic Alliance	1	2.94
African Transformation Movement	1	2.94
South African Royal Kingdoms Organisation	1	2.94
TOTAL	34	100

The ELM established six (06) Section 80 Committees in line with administrative departments which are referred to as portfolio committees to assist the Executive Committee and they are: -

- Corporate Services Portfolio Committee
- Budget & Treasury Portfolio Committee
- Infrastructure Planning and Development Portfolio Committee
- Planning and Economic Development Portfolio Committee
- Community Services Portfolio Committee
- Strategic Governance Portfolio Committee

These portfolio committees are chaired by members of the Executive Committee. The Executive Committee is the principal committee of the Council. It is the Committee which receives reports from Portfolio Committees of Council and submits these reports together with its recommendations to the Council when it cannot dispose of matters in terms of its delegated authority. All Section 80 Committees were inducted in quarter 3 and quarter 4 on their roles and responsibilities. The following councillors served as members of the Executive Committee during the term under review:

Table 2: Executive Committee Members

Name	Portfolio
Hon Cllr Mamello P.S.S. Leteba	The Mayor and EXCO Chairperson
Hon Cllr Simphiwe Mdoda	Infrastructure Planning and Development
Hon Cllr Mthobeli Siphamla	Planning and Local Economic Development
Hon Cllr Bandile Nqodi	Corporate Services (Whip)
Hon Cllr Lephafa	Budget and Treasury
Hon Cllr Thozama May	Community Services

(Pictures of members of Executive committee to uploaded)

The Council defined the following roles for the Speaker as the chairperson of the Council (over and above the roles assigned by the Municipal Structures Act): -

- Leader of council in respect of the oversight function.
- Custodian of the interests of the members of the municipal council.
- Politically in charge of the community development workers' program; and
- Responsible for the training and development of ward committees

The ELM has, in terms of its By-laws relating to the Standing Rules and Orders, established the following section 79 committees, inter alia: -

- Audit Committee
- Municipal Public Accounts Committee
- Women Caucus
- Mandate Committee
- Rules Committee
- Members Interests and Ethics Committee

All Section 79 Committees were generally functional but differed from one committee to another. Municipal Public Accounts Committee managed to sit 7 meetings in the financial year under review with more than 1 meeting in quarter 1 and quarter 3. Followed by the member's interest and ethics committee with 3 meetings (quarter 1-3) for the financial year. lastly the

Women Caucus sit only 1 meeting (quarter 1). Rules committee and Mandate Committee did not sit for the entire financial year respectively.

Table 6: ***Section 79 Committee members***

Name	Portfolio
Hon Cllr V.V Hokwana	Speaker and Chairperson Rules Committee
Hon Cllr Z. Mampintsha	MPAC Chairperson
Hon Cllr C.L Marrandi	Chairperson Women Caucus
Hon Cllr M. Thokozwayo	Chairperson Mandate Committee
Hon Cllr M. Telile	Chairperson Members interest and Ethics Committee
Hon Cllr M.P.S.S Leteba	Chairperson IDP & Budget Steering Committee

(Pictures of chairpersons of section79 committees to be inserted here)

Table 7: ***Section 79 Committee meeting sittings***

Committee	Quarter 1	Quarter 2	Quarter 3	Quarter 4
MPAC	01 August 2024	12 November 2024 03 December 2024	25 February 2025 06 March 2025 25 March 2025	18 June 2025 27 June 2025
RULES COMMITTEE	-	15 November 2024	13 March 2025	-
MANDATE COMMITTEE	14 September 2024	14 November 2024	13 March 2025	-
MEMBER'S INTERESTS AND ETHICS	27 August 2024	15 November 2024	13 March 2025	11 June 2025
WOMAN CAUCUS	23 August 2024	12 November 2024	14 March 2025	19 June 2025

2.1.2. Audit Committee

Name	Portfolio
Mrs. Ntombentsha Mnconywa	Chairperson
Mr. Yongama Madolo	Member
Mr. Rholihlahla Vuzane	Member
Mr. Mxolisi J. Skhosana	Member

Mrs Ntombentsha Mnconywa, CA (SA)
Chairperson - Audit Committee

Mr Yongama Madolo CA (SA)
Audit Committee Member

Mr. Rholihlahla Vuzane, CA (SA)
Audit Committee Member

Mr. Mxolisi J Sikhosana, CA (SA)
Audit Committee Member

2.2 Administrative Governance

The ELM's executive management structure consists of the Municipal Manager, appointed in terms of Section 54 (A) of the Local Government: Municipal Systems Act, and five managers appointed by the Municipal Council in terms of Section 56 of the Municipal Systems Act and one non-section 56 senior manager. All these managers are directly accountable to the municipal manager. The macro-organisational structure of ELM, for the year under review, consists of the following departments: -

- Office of the Municipal Manager
- Budget & Treasury
- Community Services
- Corporate Services
- Infrastructure Planning & Development
- Planning & Economic Development

Table 3: Administrative Departments

	NAME	OCCUPATION	DEPARTMENT
1.	Mr. Jack Thando Mdeni	Municipal Manager	Office of the Municipal Manager
2.	Mrs Balisa Mbana-Gantsho	CFO	Budget and Treasury
3.	Mr Sqalo Mrengqwa	Director	Infrastructure Planning & Development
4.	Mrs. Lungiswa Gomana-Kutwana	Director	Community Services
5.	Mrs Ntomboxolo Eddie	Director	Planning and Economic Development
6.	Mr Zibele Xuba	Director	Corporate services

(Pictures of chairpersons of Departmental Directors to be inserted here)

2.2.1 Inter-Governmental Relations

The ELM is represented and participates in various cooperative and intergovernmental forums, through its Mayor and Municipal Manager. At a district level, the mayor is a member of the District Mayor's Forum (DIMAFO) established in terms of sections 24 and 25 of the Intergovernmental Relations Framework Act (Act No 13 of 2005), whilst the Municipal Manager serves in the technical committee/s that support the DIMAFO. At a provincial level, ELM participates directly in the MUNIMEC, which is a meeting of the provincial government of the Eastern Cape with all the Mayors of the province, which is convened by the MEC for Local Government and Traditional Affairs. These meetings sit Quarterly and are preceded by the Technical MUNIMEC at which the Superintendent General of Department of Cooperative Governance and Traditional Affairs convenes all the Municipal Managers of the province to discuss service delivery and cooperative governance matters. At a local level the ELM has convened four (04) IDP & Budget Representative Fora that discussed, among other things, the review and adoption of IDP and budget and other related service delivery issues. Other local IGR platforms that were coordinated effectively by their relevant municipal departments were Local Communicators' Forum and Local AIDS Council to share service delivery information and progress.

The 2024/2025 IGR meetings were attended as follows:

Event name	Date	Attendee
Provincial DDM Workshop	6 – 7 March 2025	Cllr S Mdoda
MuniMEC	22 – 23 August 2025	May Leteba
DIMAFO	13 May 2025	May Leteba
DIMAFO	28 February 2025	May Leteba

2.2.2 Public Accountability and Participation

The ELM is enjoined by Section 152 of the Constitution of the Republic of South Africa, 1996, to, inter alia: -

- Provide democratic and accountable government to the local community
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development
- Promote safe and healthy environment, and
- Encourage the involvement of communities and community organisations in the matters of local government.

2.2.2.1 Ward Committee Meetings

The ELM successfully established ward committees in 17 wards since the beginning of the current term of Council to promote public participation in the affairs of ELM. Ward committee meetings for the quarter under review were held in all 17 wards. Issues that were raised during ward committee meetings will be packaged and will be sent to relevant public bodies i.e. government departments, state-owned enterprises and district municipality for their attention. The intention is to ensure that issues raised by communities are attended to, through an efficient information management and feedback system. All ward committee members were paid their monthly stipends for April, May and June 2023 (Both manual payments and payroll).

2.2.2.2 Ward-Based Planning Stakeholder Meetings

Ward-based planning is a form of participatory planning which is linked with Integrated Development Plan (IDP). Ward-based planning is aimed at empowering communities to interact and engage with appropriate socio-economic development interventions including poverty reduction in their communities. The municipality developed ward-based plans with the communities in 2017 as the five-year plan intended to improve lives of citizens of the municipal area. These plans were reviewed with the 2022-2023 IDP & Budget and will be effective up until the end of the term of the current administration which is 2022-2027. As a support mechanism to communities towards implementation of ward-based plans, during the year under review the municipality performed and completed four deliverables in line with the project plan which were the following: -

(a) Prioritization and identification of short- and long-term projects in each ward and their impact to the lives of communities.

(b) Resource mapping (Linking of ward representatives for guidance and support purposes with knowledgeable service providers who have expertise relevant to priorities of the wards)
(c) Establishment of ward task team
(d) Business Plan development support

2.2.2.3 Public Participation Events

ELM supported other public participation events that were hosted within Elundini area of jurisdiction by the municipality and other public bodies such as Independent Electoral Commission; Eastern Cape Provincial Legislature; Joe Gqabi District Municipality; Joe Gqabi Development Agency; etc. The table below shows other public participation events that were supported. These events included Public Participation on Valuation Roll, Indigent beneficiation & land expropriation workshop, GWPA&RMR debates, Ward delimitation, Integrated Community Registration Program (ICROP); Local Initiation Forum; HIV/AIDS Awareness Campaign; IDP Representative Forum; Petition Management.

2.2.2.4 Public Participation Meetings sitting

The table below depicts the list of public meetings that were held by ELM during the year under review.

Table 4 : Public Meetings

Nature of meetings	Date & Venue of Events	No of Councillors	No of Municipal Administrators	No of Sector Departments Officials	No of Community Members	No. of Traditional Leaders	No. of Community Development Workers
IDP / Budget Rep Forum & Local Communicators Forum – Q1	04/09/2024, Town Hall, Nqanqarhu	31	17	21	11	01	07
IDP / Budget Rep Forum & Local Communicators Forum –Q2	13/11/2024, Council Boardroom, Nqanqarhu	27	13	22	05	00	08
IDP / Budget Rep Forum & Local Communicators Forum – Q3	20/03/2025, Council Boardroom, Nqanqarhu	18	18	18	03	00	08
IDP / Budget Rep Forum & Local Communicators Forum – Q4	22/05/2025, Town Hall, Nqanqarhu	21	11	20	08	00	04
IDP/Budget Outreach – Ward 1	10/04/2025 Ncembu Paypoint	6	4	0	64	0	0
IDP/Budget Outreach – Ward 2	15/04/2025 Ntokozweni	4	5	6	38	0	1

	Community Hall						
IDP/Budget Outreach – Ward 3	09/04/2025 Sonwabile Community Hall	6	8	1	51	0	1
IDP/Budget Outreach – Ward 4	16/04/2025 Lower Tsitsana Community Hall	2	5	0	72	1	1
IDP/Budget Outreach – Ward 5	08/04/2025 Mbonisweni Shearing Shed	4	2	0	85	1	0
IDP/Budget Outreach – Ward 6	10/04/2025 Esixhotyeni	4	5	0	60	0	0
IDP/Budget Outreach – Ward 7	09/04/2025 Upper Nxaxa	4	5	1	58	1	0
IDP/Budget Outreach – Ward 8	09/04/2025 Ketekete SPS	4	5	0	59	1	0
IDP/Budget Outreach – Ward 9	08/04/2025 Tlokoeng Town Hall	7	14	0	32	0	0
IDP/Budget Outreach – Ward	08/04/2025 Amahlubi Tribal	4	5	0	56	0	1

10	Authority						
IDP/Budget Outreach – Ward 11	08/04/2025 Sidinane SSS	4	4	0	78	1	0
IDP/Budget Outreach – Ward 12	08/04/2025 Mangoloaneng Paypoint	2	3	0	61	1	1
IDP/Budget Outreach – Ward 13	09/04/2025 Morivian Charch-Phirintsu	2	1	0	68	1	0
IDP/Budget Outreach – Ward 14	08/04/2025 Zanyeni SPS	4	1	1	87	1	1
IDP/Budget Outreach – Ward 15	08/04/2025 Hillgate	6	5	3	48	1	1
IDP/Budget Outreach – Ward 16	11/04/2025 Magedla SPS	5	6	2	78	1	1
IDP/Budget Outreach – Ward 17	10/04/2025 Cebenca SPS	4	5	0	71	0	0
Ward 1 Committee (Q 1)	19/09/2024	1	1	0	6	0	1

	Ncembu Paypoint						
Ward 1 Committee (Q 2)	07/11/2024 Ncembu Paypoint	1	1	0	8	0	1
Ward 1 Committee (Q 3)	05/03/2025 Ncembu Paypoint	1	1	0	8	0	1
Ward 1 Committee (Q 4)	05/06/2025 Ncembu Paypoint	1	1	0	7	0	1
Ward 2 Committee (Q 1)	08/11/2024 Ntokozweni community Hall	2	1	0	10	0	0
Ward 2 Committee (Q 2)	03/09/2024 Ntokozweni community Hall	2	1	0	11	0	1
Ward 2 Committee (Q 3)	06/03/2025 Ntokozweni Community Hall	2	1	0	10	0	0
Ward 2 Committee (Q 4)	03/06/2025 Ntokozweni Community Hall	1	1	0	10	0	0
Ward 3 Committee	23/09/2024	2	1	0	9	0	1

(Q 1)	Municipal Boardroom						
Ward 3 Committee (Q 2)	14/11/2024 Municipal Boardroom	2	1	0	9	0	1
Ward 3 Committee (Q 3)	06/03/2025 Municipal Boardroom	1	1	0	10	0	1
Ward 3 Committee (Q 4)	13/06/2025 Municipal Boardroom	1	1	0	7	0	1
Ward 4 Committee (Q 1)	06/09/2024 Lower Tsitsana Community Hall	1	1	0	8	0	1
Ward 4 Committee (Q 2)	08/11/2024 Lower Tsitsana Community Hall	1	1	0	8	0	1
Ward 4 Committee (Q 3)	03/03/2025 Lower Tsitsana Community Hall	1	1	0	9	0	0
Ward 4 Committee (Q 4)	12/06/2025 Lower Tsitsana	1	1	0	10	0	1

	Community Hall						
Ward 5 Committee (Q 1)	17/09/2024 Mbonisweni Shearing Shed	1	1	0	6	0	0
Ward 5 Committee (Q 2)	08/11/2024 Mbonisweni Shearing Shed	1	1	0	6	0	0
Ward 5 Committee (Q 3)	07/03/2025 Mbonisweni Shearing Shed	1	1	0	9	0	0
Ward 5 Committee (Q 4)	12/06/2025 Mbonisweni	1	1	0	9	0	0
Ward 6 Committee (Q 1)	20/09/2024 Mqokolweni	1	1	0	09	0	0
Ward 6 Committee (Q 2)	15/11/2024 Mqokolweni	1	1	0	09	0	1
Ward 6 Committee (Q 3)	03/03/2025 Qurana	1	1	0	9	0	0
Ward 6 Committee (Q 4)	11/06/2025	1	1	0	9	0	0

	Sommerville						
Ward 7 Committee (Q 1)	25/09/2024 Khohlopong	1	1	0	6	0	1
Ward 7 Committee (Q 2)	08/11/2024 Khohlopong	1	1	0	6	0	1
Ward 7 Committee (Q 3)	17/03/2025 Khohlopong	1	1	0	5	0	1
Ward 7 Committee (Q 4)	11/06/2025 Khohlopong	1	1	0	5	0	1
Ward 8 Committee (Q 1)	13/09/2024 Umfanta	1	1	0	9	0	0
Ward 8 Committee (Q 2)	14/11/2024 Umfanta	1	1	0	10	0	1
Ward 8 Committee (Q 3)	05/03/2025 Lithoteng	1	1	0	10	0	0
Ward 8 Committee (Q 4)	13/06/2025 Umfanta	1	1	0	6	0	0
Ward 9 Committee (Q 1)	13/09/2024	1	1	0	6	0	1

	Tlokoeng Town Hall						
Ward 9 Committee (Q 2)	07/11/2024 Tlokoeng Town Hall	1	1	0	6	0	1
Ward 9 Committee (Q 3)	13/03/2025 Tlokoeng Town Hall	1	1	0	5	0	0
Ward 9 Committee (Q 4)	12/06/2025 Tlokoeng Town Hall	1	1	0	6	0	1
Ward 10 Committee (Q 1)	02/09/2024 Amahlubi Tribal Authority	1	1	0	9	0	0
Ward 10 Committee (Q 2)	11/11/2024 Amahlubi Tribal Authority	1	1	0	10	0	0
Ward 10 Committee (Q 3)	04/03/2025 Xaxazana	1	1	0	10	0	1
Ward 10 Committee (Q 4)	02/06/2025 Ezingonyameni Tribal Authority	1	1	0	10	0	1
Ward 11 Committee (Q 1)	20/09/2024	1	1	0	10	0	0

	Tinana						
Ward 11 Committee (Q 2)	11/11/2024 Tinana	1	1	0	10	0	0
Ward 11 Committee (Q 3)	07/03/2025 Tinana	1	1	0	10	0	0
Ward 11 Committee (Q 4)	05/06/2025 Tinana	1	1	0	6	0	0
Ward 12 Committee (Q 1)	23/09/2024 Mangoloaneng	1	1	0	9	0	1
Ward 12 Committee (Q 2)	11/11/2024 Mangoloaneng	1	1	0	10	0	1
Ward 12 Committee (Q 3)	04/03/2025 Mangoloaneng	2	1	0	6	0	1
Ward 12 Committee (Q 4)	10/06/2025 Mangoloaneng	2	1	0	9	0	1
Ward 13 Committee (Q 1)	09/09/2024 Mohoabatsane Community Hall	1	1	0	7	0	0
Ward 13	06/11/2024	1	1	0	8	0	1

Committee (Q 2)	Mohoabatsane Community Hall						
Ward 13 Committee (Q 3)	11/03/2025 Mohoabatsane Community Hall	1	1	0	6	0	1
Ward 13 Committee (Q 4)	19/06/2025 Mohoabatsane Community Hall	1	1	0	9	0	0
Ward 14 Committee (Q 1)	05/09/2024 Bethania	1	1	0	10	0	1
Ward 14 Committee (Q 2)	14/11/2014 Lehanas Pass	1	1	0	10	0	1
Ward 14 Committee (Q 3)	05/03/2025 Vuvu Paypoint	1	1	0	9	0	1
Ward 14 Committee (Q 4)	04/06/2025 Mamontoeli SPS	2	1	0	8	0	1
Ward 15 Committee (Q 1)	25/09/2024 Hillgate	1	1	0	8	0	0
Ward 15 Committee (Q 2)	15/11/2024	1	1	0	8	0	0

	Hillgate						
Ward 15 Committee (Q 3)	03/03/2025 Hillgate	1	1	0	7	0	1
Ward 15 Committee (Q 4)	04/06/2025 Hillgate	1	1	0	6	0	1
Ward 16 Committee (Q 1)	19/09/2024 Mdeni	1	1	0	6	0	0
Ward 16 Committee (Q 2)	08/11/2014 Chevy chase	1	1	0	8	0	1
Ward 16 Committee (Q 3)	06/03/2025 Chevy chase	1	1	0	9	0	1
Ward 16 Committee (Q 4)	04/06/2025 Taung	1	1	0	8	0	1
Ward 17 Committee (Q 1)	11/09/2024 Bhodi	1	1	0	7	0	0
Ward 17 Committee (Q 2)	11/11/2024 Bhodi	1	1	0	7	0	1
Ward 17 Committee (Q 3)	14/03/2025	1	1	0	8	0	1

	Bhodi						
Ward 17 Committee (Q 4)	12/06/2025 Bhodi	1	1	0	6	0	1
Local Aids Council (Q 1)	17 September 2024 Council Chamber	12	04	00	34	00	00
Local Aids Council (Q 2)	26 November 2024 Sonwabile Community Hall	05	02	02	33	00	00
Local Aids Council (Q 3)	18 March 2025 Nqanqarhu Town Hall	05	03	02	44	00	00
Local Aids Council (Q 4)	18 June 2025 Nqanqarhu Town Hall	11	01	00	33	00	00

2.3 IDP Participation and Alignment

The table below depicts the alignment of the IDP participation process:

Table 5: IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does ELM have impact, outcome, input, output indicators?	No, ELM only has output indicators
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 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 on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

2.4 CORPORATE GOVERNANCE

The scope of corporate governance in the context of this report is legal services, risk management, fraud and corruption, communication, customer care and supply chain management. Other governance issues are already dealt with in the components above.

2.4.1 Legal Services

The Legal Services function is mandated to provide comprehensive legal advisory support to the Municipality, manage litigation, vet and draft contracts and other legal instruments, and review, develop, and align municipal by-laws with applicable legislation. The unit further ensures that all municipal operations and decisions are executed within the parameters of the prevailing legal and regulatory framework.

For the greater part of the year under review, the Municipality continued to utilise a Panel of Attorneys to provide expert legal support and representation in specialised matters. This arrangement enabled access to a broad range of legal expertise while ensuring adherence to governance, compliance, and procurement requirements.

During the reporting period, the Legal Services and Compliance Unit significantly strengthened the Municipality's internal legal capacity. This improvement enhanced coordination with external legal practitioners, promoted sound legal governance, and improved the Municipality's overall effectiveness in ensuring legal compliance, risk mitigation, and the protection of municipal interests.

2.4.1.1 By-Laws

There were eight (10) by-laws that were reviewed for the year under-review by Community Services and Planning and Economic Development These by-laws were: -

- Street Trading By-Law
- Liquor Regulatory By-Law
- Fire Safety By-law
- Gathering By-Law
- Cemetery & Crematorium By-Law
- Waste Management By-Law
- Keeping of Animals By-Law
- Pound Management By-Law
- Building control By-Law
- Street trading by -Law

The table below illustrates the number of by-laws reviewed and processes that still need to be followed until the by-laws are gazetted and published.

Table 6: Development & Review of By-Laws

Newly Developed	**Revised**	**Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)**	**Dates of Public Participation**	**By-Laws Gazette* (Yes/No)**	**Date of Publication**
00	10	No. By-Laws were only submitted to the Council for noting and consideration before public participation. By-Laws were taken to communities for public participation, consultation and soliciting inputs from the public.	08August 2024(Ugie) 10 Augsust2024, 11 August 2024(Nqanqarhu) & 10 April 2025 (Tlokoeng)	No	Not yet applicable

2.4.1.2 Cases

For the financial year 2023/2024 Municipality had a total number of 17 legal matters. The table below depicts the number of cases the municipality had for the year under review

Table 7: Cases

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
1	MANXIWA GROUP // ELUNDINI LOCAL MUNICIPALITY		Internally handled	The municipality invited bidders for bid No: ELM-3/005/2020-2021 Manxiwa Group is one of the bidders who submitted tender documents for the bid and their bid offer was unsuccessful. They then lodged an appeal after receipt of letter informing them that their bid offer was unsuccessful. After receiving their response that the appeal was unsuccessful, they then made a request for access to information, requesting Manxiwa group bid document and adjudication report	N/A	The Company was furnished with the form for formal request in terms of PAIA manual. Copies for the requested information were made available and are awaiting their proof of payment for access fee. They were informed that they will have to pay access fee of R35.00 and request fee for R140.40.

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
2	XOLISWA T, RWEXANA // ELUNDINI LOCAL MUNICIPALITY	3170/2019	Magqabi Seth Zitha Attorneys	Plaintiff is claiming from the municipality an amount of R3, 035, 000.00 in respect of injuries she allegedly suffered after she allegedly fell into a trench that was left uncovered at night where roadworks was being carried out at Back Street, Tlokoeng.	R3 035 000.00	The matter has not moved since July 2023, due to the Plaintiffs attorney's that had failed to comply with Rules of the Court in respect of carrying a Joinder of the independent contractor as a co-defendant in this matter. It remains their prerogative to take the matter further.
3	ELUNDINI LOCAL MUNICIPALITY // UNCEDA TAXIE ASSIATION (UGIE)	2189/2020	Gwabeni Inc	The Municipality appointed the attorney to lodge an application for Eviction proceedings against Uncedo Taxi Association in respect of Erf. 442, Ugie for illegal occupation of municipal property	None	The matter was lost on a technicality. The matter is being prepared to be started afresh
4	COUNTERPOINT TRADING // ELUNDINI LOCAL MUNICIPALITY		Mgxaji Incorporated	The Municipality terminated the contract of Counterpoint trade as a result of non-performance in	R1 250 000.00	The Matter is ready for trail and the attorneys are waiting for the allocation of a trial date.

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				March 2014. The Municipality thereafter received summons from their attorney's claiming loss of profit as a result of the termination		
5	NANGAMSO CIVILS //ELM	4279/2016	Joubert Gaplin Searle	Summons were received for the claim of additional services rendered (LEHANA TO UPPER TOKWANA)	R961 155.60	Matter was withdrawn in court by the Plaintiff, and they were to pay legal cost of the Municipality. Cost consultant was appointed for the Municipality to have its bills of cost prepared and then taxed so that Municipality can request payment from the plaintiff. A request for confirmation of receipt of payment has been made, upon receipt the matter will be removed from the register.
6	ELUNDINI LOCAL MUNICIPALITY//	N/A	Magqabi Seth Zitha Attorneys	The Municipality identified a Building	None	A notice was served in December 2020,

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
	MARAWU			Regulations contravention in Erf 466 Ugie for the Building which have not been constructed in compliance with the legislation. Correspondence has been issued dating back from 2018 on contraventions relating to the National Building Regulations. On record, construction was noted on the site on 14 May 2018. As a result, a noncompliance notice was issued and received (and signed) by a representative of the owner on 29 May 2018. The matter highlighted in the notice of non-compliance was that the owner had proceeded with construction works without submitting a building plan application. The owner was		on behalf of the Municipality by the attorneys instructing Marawu to comply by submitting “as Built” building plans within 21 days. 21 days lapsed and there was no response received. As per the Council resolution the Attorney was instructed to serve another demand to the property owner seeking her action within a specified period of time and indeed the letter was served by the sheriff on the 04th day of March 2021. The time having elapsed without the property owner having acted in terms of the correspondence from the attorney, the attorney requested instruction from the Municipality to proceed with

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				advised to stop with the works and proceed with the necessary application process. The owner did not respond to this request. Following further inspection in the area, it transpired that the works had only been suspended, because on inspection on 03 April 2019, it was noted that further work has been done on the site and the flats were ready for occupation. The owner was contacted to ensure rectification of the works which had been done in contravention of the National Building Regulations. She was further advised to provide confirmation that all the necessary approvals for construction had been done by a		an application for a demolition order for erf 466 Ugie. A Council resolved that the Municipality must continue to seek order to demolish the building and such instruction were given to Municipal Attorneys and matter is being attended to be enrolled in High Court.

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				registered Professional Engineer and that there are built drawings and certificates of approval be submitted so that she could be provided with a building permit. But still there was no response.		
7	WIKUS VAN RENSBURG ATTORNEYS//EL UNDINI LOCAL MUNICIPALITY	62/2019	Clark Laing Inc	Summons were received for a Claim for fees for professional services rendered to the Municipality. The Municipality felt that the fees were excessive and requested that their bill be subjected to taxation.	R103 370.10	The matter has been settled, a request for confirmation of Payment has been submitted. Upon receipt the matter will be removed from the register.
8	SMAFIKA AND OTHERS //ELUNDINI LOCAL MUNICIPALITY	398 /2023	T.L Luzipho Attorneys	The Municipality had an agreement for the provision of electricity to the property known as Erf 3488 Maclear, with Ms. Nosipho Flora Nyezi (Ms. Nyezi) as the owner of the property. Ms	N/A	Application for leave to appeal in respect of this matter has since been dismissed with costs by Hight Court. The applicants if they still want to pursue this matter, they are to approach the

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				Nyezi gave notice of termination of services rendered by the municipality and requested to pay all the dues owed to the municipality for services rendered hereto in the property. After the necessary due consideration was given the electricity supply to the property was disconnected. As a result of the disconnection, the occupiers launched an application to force the Municipality to reconnect the municipality, at the time of notice of termination the municipality was not aware of who resided and/or, was residing in the property.		Supreme Court of Appeal for special leave to appeal. The Applicants approached Supreme Court of appeal, for a special leave to appeal, we have prepared answering Affidavit on the matter as we want the SCA to Dismiss their application for leave to appeal.

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
9	NKAOLISE JOSEPH JAKIE// ELUNDINI LOCAL MUNICIPALITY		Makade incorporated	The Plaintiff's claim is for damages resulting from alleged unlawful confiscation of his driving licence by the municipal traffic police.	R 800 000.	The matter is currently defended, and the municipality's attorneys of record have filed all the necessary pleadings and answering Affidavit and Plaintiff's attorneys have replied to the answering affidavit but have not yet set down the matter for hearing on the opposed motion roll.
10	DIRK MARINUS VAN STADEN//MINISTER OF POLICE AND OTHERS		Tonise Attorneys	The plaintiff is claiming for damages arising from an alleged unlawful arrest by Municipal Officials	R 200 000.00	The Municipality is defending the matter as the Municipality was not involved in the arrest. The arrest was made by provincial Traffic Officers. The plaintiff served the municipality with notice to discover information where they requested the particulars of

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
						certain officials, which the municipality responded and informed the plaintiff's representatives, of the fact that municipality have no record of the information requested.
11	ELUNDINI LOCAL MUNICIPALITY// SIMPHIWE MNYUKWANA AND OTHERS, MUNICIPAL LAND INVADORS.	1012/2024	T.L Luzipho Attorneys	The Municipality launched an urgent application in High Court to restrain the respondents from demarcating and allocating sites and plots in two immovable properties which are owned by the municipality in UGIE	N/A	On the 14 January 2025, Judment was delivered infavour of the Municipality, That the demarcation, subdivision and erection of illigal structures is declared unlaful. The sherrif is duly assigned to demolish all unoccupied structures within 10 days of the order of the Court. Municipality to recover cost occassined by this Court application . On the 05 th February 2025, the Respondents

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
						applied for Notice of application for leave to appeal , Subsequently we have instructed attorneys to oppose leave to appeal and the appeal its self.
12	ILISO CONSULTING(PTY)LTD t/a NAKO ILISO// ELUNDINI MUNICIPALITY		T.L LUZIPHO ATTORNEYS	The plaintiff alleges that they have provided professional services to the municipality and alleges nonpayment of the work done.	R 195,167. 44	Municipal Attorneys of record filed the Notice intention to oppose. Challenged the Plaintif that the matter must be refered for mediation and abitration before it is taken to court as per the contractual data terms.
13	SIQALO NGWANE MRENGWA// ELUNDINI MUNICIPALITY		K GCOLOTELA & PETER INCORPORATED	Applicant lodged urgent court application, challenging his suspension and demanding to be re-instated.		Municipal Attorneys of record defended the matter at the labour court and the Matter was struck out of Court Roll and was declared not urgent.

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
14	ZAMA TRAFFIC SIGNALS HIGH VOLTAGE SYSTEMS CC// ELUNDINI MUNICIPALITY		ZUKISANI MATIWANE ATTORNEYS	Municipality received summons from the plaintiff demanding payment of an invoice allegedly not paid by the Municipality	R 298,659.23	Attorneys of record have filled notice of intention to defend, the matter is at pleading stages.
15	ELUNDINI LOCAL MUNICIPALITY// SAMWU obo KANO BLESSING MATUBATUBA		K GCOLOTELA & PETER INCORPORATED	Municipality launched a review application to review and set aside,Arbitration ward issued against the Municipality.		The application has been launched for a review of the arbitration award. The matter is still at pleading stage.
16	ELUNDINI LOCAL MUNICIPALITY// SINANDA CIVILS		DYUSHU & MAJEBE INC	The Municipality made payment in the sum of R311,248.58 as final retention. This payment was effected without observing the twelve-month defects liability period stipulated in the contract, which was required to elapse prior to the release of the retention amount. This happened despite the contractor having failed to complete phase	R 311,248.58	Letter of demand was issued, and was not complied with, summons have been issued

Table 17 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				one of the Project		
17	ELUNDINI LOCAL MUNICIPALITY// ZKS TRADING & PROJECTS		ZUKISANI MATIWANE ATTORNEYS	The Municipality erroneously made a payment in the amount of R430,749.01 to ZKS Trading and Projects. Attempts were made by the Municipality to recover these funds without success. Consequently, the Municipality is now instituting legal proceedings to recover the amount in question.	R430,749.01	Letter of demand was issued, and was not complied with, summons have been issued

2.4.1.3 Contingent Liability

A contingent liability refers to a potential financial obligation that may arise depending on the outcome of litigation or other uncertain future events. It is not a confirmed liability but may materialise if the pending legal matters are finalised in favour of the plaintiffs. In such instances, the Municipality may be required to settle the amounts claimed, including legal costs, in accordance with the legal principle that "costs follow the cause."

The table below provides a summary of the litigation matters, contingent liabilities, and payments made to legal practitioners during the 2024/2025 financial year, reflecting the Municipality's ongoing commitment to prudent legal and financial management in addressing potential exposures arising from legal disputes.

LITIGATION TREND	NUMBER OF CASES PER CATEGORY	CONTINGENT LIABILTY	PAYMENTS MADE TO THE LEGAL PRACTITIONERS
Compliance related	1	R 0.00	R 117500.
Contractual and SCM related	5	R 4010439.5	R 202947.43
HR and Labour related	1	R0.00	R 146515,13
Public liability (MVA, bodily injuries, unlawful arrests etc)	3	R 3051595.13	R 0.00
Immovable property related (land use management, evictions, invasions, unlawful demolition etc)	1	R0.00	R 442336.09
General damages	1	R0.00	R 0.00
Other (specify)	0	R 0.00	R 0.00
TOTAL	14	R 7062033.63	R 909298.65

2.4.1.4 Legal Compliance

The Legal Compliance function is responsible for directing and overseeing the Municipality's adherence to legislation governing access to information, administrative justice, and the protection of personal data. This includes providing guidance to departments on procedures to be followed in terms of the Promotion of Administrative Justice Act (PAJA), Consumer Protection Act, Promotion of Access to Information Act (PAIA), and the Protection of Personal Information Act (POPIA), as well as preparing and coordinating official responses on behalf of the Municipality.

During the 2024/2025 financial year, the Municipality dealt with a total of four (4) legal compliance matters. The table below presents a summary of these matters, reflecting the nature of compliance interventions undertaken and the corresponding legislative frameworks applied during the period under review.

COMPLAINCE FUNCTIONS	NO OF MATTERS INHERITED FROM 2023/2024	NUMBER OF NEW MATTERS REGISTRED DURING 2024/2025	NUMBER OF MATTRRS FINALISED DURING 2024/2025	NO OF PENDING MATTERS
`PAJA related	0	0	0	0
Consumer Protection Act related	1	0	0	1
Public Protector related Act	0	1	0	1
PAIA related	0	1	0	1
POPI related	0	0	0	0
Financial Misconduct related	1	0	0	1
Total	2	2	0	4

2.4.1.5 Contract vetting.

The Legal Services and Compliance Unit is responsible for conducting contract vetting, a critical process that involves the systematic review and analysis of contractual documents to ensure that their terms are fair, unambiguous, and legally sound. The process entails identifying and mitigating potential risks, clarifying ambiguous provisions, and ensuring that all contractual clauses comply with applicable legislation, municipal policies, and regulatory frameworks.

Through this function, the Unit safeguards the interests of the Municipality by promoting sound contractual governance, minimising legal and financial exposure, and preventing future disputes. This proactive approach contributes significantly to strengthening compliance, accountability, and effective contract management across the institution.

The table below provides a summary of the contracts vetted during the 2024/2025 financial year, including the nature of contracts reviewed, the departments supported, and the overall volume of legal vetting services rendered during the period under review.

QUATERS	CONTRACTS VETTED
Quarter 1	19
Quarter 2	26
Quarter 3	14
Quarter 4	32
Total	91

2.4.2 Risk Management

The Risk Management function did well for the year under review, in August 2023 a risk officer was appointed to head the unit. CoGTA and Treasury was roped in to assist with the facilitation of the annual risk assessment in the month of May 2024. The outcome was a strategic risk register with twelve identified risks for the 2024/2025 financial year. There was quarterly risk reporting and quarterly siting of the Risk Management Committee (RMC) meeting, the RMC was initially chaired by the Accounting Officer however adhering to the comments from Cogta on the functionality of the RMC the municipality advertised for an external independent RMC chairperson and as such the meetings in the 2024/2025 financial year were chaired by the independent chairperson. The municipality has six operational risk registers that were quarterly monitored and reported on, the Accounting Officer appointed six risk champions to assist the coordination and consolidation of the departmental risk reports, their functionality is improving with time and there are continuously being trained on their functions.

2.4.2.1 Anti-Fraud & Corruption

ELM anti-fraud & corruption anonymous hotline facility which is administered by Deloitte their contract ended June 2024. In the 2024/2025 financial year the municipality on two occasions advertised on the municipal website for Request for Quotations which were nonresponsive. A decision to create an email address to receive alleged or suspected fraud or corruption tipoff was created the email is receive by the Accounting Officer, the Internal Audit Activity and Risk Management Unit simultaneously. Additionally, the municipality is using the National Anti-Corruption Hotline to report fraud and corruption cases anonymously. The municipality has a fraud risk register which is also monitored, the annual fraud risk assessment was facilitated by Cogta with the outcome of the municipal fraud risk register. There were no fraud and corruption related cases that were reported through this facility for the year under review. The municipality's anonymous tips off facility to register such unethical conduct is as follows: -

- National Anti-Corruption hotline: 0800 807 807
- Email: fraudhotline@elundini.gov.za

2.4.2.2 Fraud & Corruption Cases Reported

Table 8: Fraud & Corruption Cases

Date Fraud or Corruption was Reported	Source	Fraud incident description (who, what, when, where, how)	Investigation summary	Status	Outcome
Quarter 1 – None	N/A	N/A	N/A	N/A	N/A
Quarter 2- None	N/A	N/A	N/A	N/A	N/A
Quarter 3 – None	N/A	N/A	N/A	N/A	N/A
Quarter 4 – None	N/A	N/A	N/A	N/A	N/A

2.4.2.3 Fraud & Corruption Anonymous Hotline

Fraud anonymous hotline system is recognised as the most common detective tool for fraud and corruption. This tool for the 2024/2025 financial year we did not have and when the municipality opted for the National Anti-Corruption Hotline there were no cases reported.

Table 9: Fraud & Corruption Anonymous Hotline Calls

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Number of Cases
Number of Calls	05	0	0	2	1	4	1	2	0	2	0	5	22
Call Description	Wrong Calls & 01 Dropped Call in June												

2.4.2.4 Ethics Management

Elundini Local Municipality reviewed the Ethics and Integrity Management Strategy in 2023-2024 financial year. The Ethics and Integrity Management Strategy during the 2024/2025 financial year was implemented as per its implementation plan.

2.4.3 Communication

Communication is one of the key functions of the municipality to ensure that service delivery achievements and challenges are communicated efficiently and effectively to communities. Communications had five key areas of focus for the year under review, namely: -

- Social Media Content Management
- Website content Management
- Outdoor LED Screens Content Management & Maintenance

- Municipal Publications development
- Local Communicator's Forum Coordination
- Tintswalo project

2.4.3.1 Social Media

Social media communication was adopted as one of the main pillars of communication due to advances in technology and increase in access to gadgets like telephone, smart phones, tablets, iPads, computer, etc by community members. ELM currently has five social media platforms namely, Facebook, Twitter, Instagram, WhatsApp and YouTube to communicate service delivery. Service delivery information is communicated using these platforms to reach diverse audiences of the municipality. The table below shows the performance overview of these social media platforms for the year under review.

Table 10: Municipal Social Media Platforms & Activities

	Quarter 1	**Quarter 2**	**Quarter 3**	**Quarter4**
k	Forty-six service delivery contents were published on Facebook for the quarter under review. The Facebook page has 10447 followers, with an increase of 747 new followers this quarter. The page has reached 28400 audiences this quarter with 8764-page likes.	Fifty-two service delivery contents were published on Facebook for the quarter under review. The Facebook page has 10 581 followers, with an increase of 134 new followers this quarter. The page has **8800-page** likes	Thirty-nine service delivery contents were published on Facebook for the quarter under review. The Facebook page has 10816 followers, with an increase of 212 new followers this quarter. The page has reached 38800 audiences, and 10800 page likes for the quarter under review.	Forty-nine service delivery contents were published on Facebook for the quarter under review. The Facebook page has 10928 followers, with an increase of 112 new followers this quarter. The page has reached 214,88 audiences and 8800 page likes for the quarter under review.
	There were 25 service delivery contents uploaded on the page for the quarter under review. The page has 53 followers with an increase of 03 followers for this quarter. The page received 231 impressions this quarter.	There were 25 service delivery contents uploaded on the page for the quarter under review. The page has 48 followers for this quarter.	Thirty service delivery contents were uploaded on the page for the quarter under review. The page has 47 followers, with a decrease of 01 follower for this quarter. The page received 267 impressions this quarter.	Twenty-nine service delivery contents were uploaded to the page for the quarter under review. The page has 48 followers, with a decrease of 01 follower for this

				quarter. The page received 311 impressions this quarter.
n	The account has 310 followers with an increase of 10 new followers this quarter. Twenty-Five service delivery contents were published for the quarter under review. The page has reached 700 audiences this month.	The account has **420** followers with an increase of 110 new followers this quarter. **Twenty-nine** service delivery contents were published for the quarter under review.	The account has 439 followers, with 19 new followers added this quarter. Twenty-eight service delivery contents were published for the quarter under review. The page has reached 403 audiences this quarter.	The account has 539 followers, with 86 new followers added this quarter. Twenty-nine service delivery contents were published for the quarter under review. The page has reached 354 audiences with 3760 views this quarter.
	One video was premiered for the quarter under review. ELM Aerobics group for the Wellness event held in September 2024. The channel received 5000 views with 37 subscribers with 03 new subscribers. YouTube screenshots have been attached as POE	6 videos premiered for the quarter under review. 16 Days of Activism, Gender Based Violence, Pienaar River the Musical Production, Xolisiwe Ndziweni, Qwabe Twins,ELM Fun Walk. **53** subscribers.	One video premiered for the quarter under review. The channel received 1300 views with 6 new subscribers. One video of the Children's Festival was posted and received 44 views. The channel has 59 subscribers. YouTube screenshots	Four videos were premiered for the quarter under review. The channel received 1115 views with 5 new subscribers. The channel has 64 subscribers. SOMA English Video received 72 views; SOMA Xhosa video received 52 views Sesotho video received 19 views and the IDP Roadshow video received 1 view. YouTube screenshots have been

				attached as POE.
o	Forty-six service delivery contents were published for the quarter under review. These contents included Infographics, pdf docs and Images and they were posted on the following groups; Elundini Business Chamber, Elundini Contractors Forum, Tlokoeng Unit, Hawkers, Ugie Association, Jobseekers, Mabenyeng, Somashishini Abakhasayo Public Participation Officers, CDW Coordinator and Simthandile, Aerobics group and MM's Office. WhatsApp screen shots have been attached as POE.	Service delivery contents were published for the quarter under review. These contents included Infographics, pdf docs and Images and they were posted on the following groups; Elundini Business Chamber, Elundini Contractors Forum, Tlokoeng Unit, Hawkers, Ugie Association, Jobseekers, Mabenyeng, Somashishini AbakhasayoPublic Participation Officers, CDW Coordinator and Simthandile, Aerobics group and MM's Office.	Thirty-four service delivery contents were published for the quarter under review. These contents included Infographics, PDF docs and Images and they were posted on the following groups: Elundini Business Chamber, Elundini Contractors Forum, Tlokoeng Unit, Hawkers, Ugie Association, Jobseekers, Mabenyeng, Somashishini abakhasayo, Public Participation Officers, CDW Coordinator and Simthandile, Aerobics group and MM's Office. WhatsApp screenshots have been attached as POE.	Forty-one service delivery contents were published for the quarter under review. These contents included Infographics, PDF docs and Images and they were posted on the following groups: Elundini Business Chamber, Elundini Contractors Forum, Tlokoeng Unit, Hawkers, Ugie Association, Jobseekers, Mabenyeng, Somashishini abakhasayo, Public Participation Officers, CDW Coordinator and Simthandile, Aerobics group and MM's Office. WhatsApp

			screenshots have been attached as POE.

2.4.3.2 Municipal Publications

ELM has three publications, namely, The Buzz, The BlueSnow and The Back of the Horizon. These publications serve different purposes and to some degree different audiences. The Buzz is an internal publication which focuses on municipal internal matters such as the introduction of newly recruited employees; new or revised policies; updates on key decisions and events that affect employees and councillors. The publication is published twice in a quarter. The second publication, The BlueSnow is a Quarterly newsletter which communicates service delivery progress and other interesting community development initiatives to communities. The third publication is The Back of The Horizon which communicates service delivery twice during the term of each Council. For the year under review, the municipality implemented two of these publications – The Buzz and The BlueSnow. The Back of the Horizon was not due for implementation.

2.4.3.3 Local Communicator's Forum

Local Communicators Forum (LCF) is a forum composed of all sector departments, community structures, Councillors and Traditional Leader in Council, CDW's, Ward Committees, Business sector and other key stakeholders. The Forum was established to close a gap between the government and community by promoting access to information to ensure that information dissemination is broadly achieved by reaching communities at all times. The forum sits quarterly to table progress from all government departments including the municipality. In accordance with Section 21A of the Municipal Systems Act, ELM has website presence, and its content management adheres to Section 75 of the MFMA which requires the municipality to upload to the website all documents listed on this act. Furthermore, ELM uses its website to communicate information such as tenders, requests for quotations, tenders awarded, supply chain monthly reports, notices, vacancies etc on a weekly basis. table below shows the quarterly meetings of LCF

Table 10: Quarterly Meetings of Local Communicators Forum

uarter	Date	Venue
uarter 1	04th September 2024	Nqanqarhu Council Boardroom.
uarter 2	13 November 2024	Nqanqarhu Council Boardroom.
uarter 3	20th March 2025	Nqanqarhu Council Boardroom.
uarter 4	22nd May 2025	Nqanqarhu Town hall

2.4.3.4 Websites Uploads

In accordance with Section 21A of the Municipal Systems Act, ELM has website presence, and its content management adheres to Section 75 of the MFMA which requires the municipality to upload to the website all documents listed on this act. Furthermore, ELM uses its website to communicate information such as tenders, requests for quotations, tenders awarded, supply chain monthly reports, notices, vacancies etc on a weekly basis.

Table 11: List of Documents loaded in the Municipal Website

Quarter	Documents Uploaded
Quarter 1	▪ Twenty-two tender docs were uploaded on the municipal website. ▪ Forty Quotations docs were advertised on the municipal website ▪ Six Tender Opening Registers were uploaded on the municipal website ▪ Six Award Registers were uploaded on the municipal website ▪ Six Notices were uploaded to the website Two Vacancies were uploaded on the municipal website ▪ Sixteen Policies were uploaded on the website ▪ Four Performance Agreements were uploaded on the municipal ▪ One Integrated Development Plan (IDP) was uploaded on the website ▪ Three MBD Forms were uploaded on the website
Quarter 2	▪ Twenty-two tender docs were uploaded on the municipal website. ▪ Forty Quotations docs were advertised on the municipal website

	▪ Six Tender Opening Registers were uploaded on the municipal website ▪ Six Award Registers were uploaded on the municipal website ▪ Six Notices were uploaded to the website Two Vacancies were uploaded on the municipal website ▪ Sixteen Policies were uploaded on the website ▪ Four Performance Agreements were uploaded on the municipal ▪ One Integrated Development Plan (IDP) was uploaded on the website ▪ Three MBD Forms were uploaded on the website
Quarter 3	▪ Four tenders, three addendums and one Erratum docs were uploaded on the municipal website. ▪ Thirty Quotations docs were advertised on the municipal website ▪ Twenty-two Tender Opening Registers were uploaded on the municipal website ▪ Six Award Registers were uploaded on the municipal website ▪ One SCM Quarterly Reports were uploaded on the municipal website ▪ Ten Notices were uploaded to the website ▪ Seven Vacancies were uploaded on the municipal websi ▪ One Integrated Development Plan (IDP) was uploaded to the website ▪ One SDBIP was uploaded to the website ▪ One Draft annual Report was uploaded on the website ▪ One Database form was uploaded on the wesbite ▪ One Adjustment Report was uploaded on the website
Quarter 4	▪ Four Tender documents were uploaded on the municipal website. ▪ Twenty quotations documents were advertised on the municipal website ▪ Eight Tender Opening Registers were uploaded on the municipal website ▪ Six Award Registers were uploaded to the municipal website ▪ Eight Notices were uploaded to the website

	▪ Three Vacancies were uploaded on the municipal website ▪ One SDBIP was uploaded to the website

Below is the list of documents placed on the municipal website in adherence to Section 75 of the MFMA.'

Municipal Website: Content and Currency of Material		
Documents published on ELM's / Entity's Website	**Yes / No**	**Publishing Date**
Draft IDP and Budget 2025 – 2026	Yes	02 April 2024
ELM Final IDP 2025– 2026	Yes	02 June 2025
ELM Final (Annual)Budget 2025-2026	Yes	09 June 2025
ELM Institutional SDBIP 2024/25	Yes	04 June 2025
Draft Annual Report for the Year ended 30 June 2024	Yes	07 February 2025
Final Annual Report for Year Ended 30 June 2024	Yes	23 July 2025
Adjustment Budget February 2024/25	Yes	12 March 2025
Adjustment SDBIP 2024/2025	Yes	12 March 2024
Oversight Report on the Annual Report for the year ended 30 June 2024	Yes	09 April 2025
IDP and Budget Process Plan 2025 – 2026	Yes	02 June 2025

2.4.4 CUSTOMER SERVICE

2.4.4.1 Public Satisfaction on Municipal Services

A total of five community satisfaction surveys were conducted for the year under review. The first survey assessed the satisfaction level of the Community with regard to an investigation into funding for the Siyamthanda Centre for Disabled People 2023/2024. The second survey assessed the level of Community with regard to an investigation of service delivery towards the Construction of the Refele Sportsfield. The third survey assessed the level of community involvement regarding an investigation of the Sisikelele Community-based Care. The fourth survey assessed the satisfaction level of the Community with regard to an investigation of service delivery towards the Construction of Castle Rock Bridge 2023/2024. The fifth survey assessed the satisfaction level of the Community with regard to an investigation of service delivery towards maintenance for Urban roads of the Elundini Local Municipality.

2.4.4.2 Funding of Cheshire Home for the Disabled people 2023/2024

20% are not satisfied, and 80% are satisfied. Beneficiaries state that the information provided by the caregivers is accurate and reliable. Some beneficiaries, however, state that they are not able to rate the accuracy of the information as they don't know any better than what they are told.

100% is satisfied. Most participants state that their lives have changed for the better since. Some say that the groceries they have been given by the caregivers have assisted a lot.
40% are satisfied, and 60% are very satisfied. According to the beneficiaries, caregivers make regular door-to-door visits. They say they even follow up on cases and referrals regularly. They speak to them in a manner that is very easy to understand.
100% are satisfied. Survey shows that there are a lot of referrals made by the caregivers. Most of these referrals are to the Department of Health (clinics) as well as SASSA (grant application). Surveys also show that the outcomes of these referrals are positive.
80% are not satisfied, and 20% are very satisfied. Although the beneficiaries are satisfied with the service, caregivers state that the equipment they can buy does not meet the demand exposed by their door-to-door visits. Some of the beneficiaries even stated that the crutches she was promised never arrived.

2.4.4.3 Construction of Refele Sportfield

67% are satisfied and 33% are not satisfied. Community members were satisfied with the construction of the sports field. But the Contractor left the sports field with unfinished work; the pavements need to be done correctly.
82% are very satisfied, and 18% are not satisfied. Other community members were not satisfied because people employed do not belong to the Refele community.
75% were very satisfied and 25% were satisfied. The community was satisfied because there was an employee who was employed by the municipality to provide security service, to protect the site not to be vandalized. The community indicated that the sports field would also assist in controlling crime because the youth would be kept busy with tournaments. 65% were not satisfied and 35% were satisfied. Community members raised a lot of complaints about the sports field; the playground is not in a good condition for runners because the ground was not rubberized. Outside the changing rooms, there were no pipes that were installed according to the specifications, and outside the soccer grounds, there was a big wall, so the community was worried about soil erosion since it was supposed to be paved with cement.

2.4.4.4 Funding Sisikelele Home Community-Based Care 2024/2025

18% were satisfied with the level of satisfaction on the outcomes and frequency of awareness programs conducted by the HCBC, and 82% were very satisfied.
76% were satisfied with the results of references that were made, and 14% were very satisfied.
80% were satisfied with the level of care and support they received from the support groups created by the HCBCs, and 14% were very satisfied.

16% were satisfied with the level of satisfaction on the accuracy and relevance of information that was provided by the HCBC, and 84% are very satisfied.
67% were satisfied with the overall improvements in the Centre since the funding from the Municipality, and 33% are very satisfied.

2.4.4.5 Construction of Castle Rock Bridge and Access Road 2023/2024

50% are very satisfied with the activities that were done during the rehabilitation of Castle Rock Bridge and causeway Access Road being performed as planned and expected, and 50% are satisfied.
76% are satisfied with the beneficiaries and their involvement in this project, 10% are not satisfied, and 14% are very satisfied.
49% are satisfied with employment opportunities that were made available to the community during the construction of Castle Rock Bridge and Causeway Access Road, 45% are very satisfied, and 6% are not satisfied. Although a large number of participants show a high level of satisfaction, some beneficiaries are not happy with the employment of community members.
89% are very satisfied, with the project providing the planned services of assisting the communities to cross the bridge safely, and 11% are satisfied**.** The community of Ward 08 was crossing safely to the Castle Rock Bridge.
61% are very satisfied with the completion, there are no improvements, and overall safety roads for the community of Ward 08, and 39% are satisfied.

2.4.4.6 Maintenance of Urban roads of Elundini Local Municipality

82% are very satisfied with the consultation that is done by the municipality before the road maintenance process,18% are satisfied. Beneficiaries state that they do know that the plant rotates from ward to ward according to the list that is accessible through their councillors. However, state that things do not always go according to schedule, and there are those emergencies that require urgent attention.
70% are satisfied with the effectiveness of stormwater drains and how they are maintained, 18% are very satisfied, and 12% are not satisfied. Participants state that storm water drains a cleaned regularly by the municipality. They mention that the problem with drains is illegal dumping that blocks these drains.
70% are satisfied, 30% with the frequency of road maintenance in your area, and 30% are not satisfied. Although a large number of participants show a high level of satisfaction, some say that the number of times that their roads are maintained is not satisfactory at all.
50% are satisfied with the level of roads when they are maintained, and 50% are unsatisfied. The survey shows that the participants are not overly satisfied with the issue. Participants state that in some instances, especially during the rainy

seasons, roads tend to erode more frequently. They are not sure whether this is due to the material used while maintaining or to the geographic location of their areas.

67% are satisfied with the impact on their livelihood caused by the maintenance (or lack thereof) of your roads, 33% are completely unsatisfied. Participants state that although the roads damage their cars in most areas, they do realise the efforts by the municipality.

2.4.4.7 Customer Walk-in Services

Elundini Local Municipality acquired the Integrated Management Information System (IMIS) in 2018-2019. IMIS has 10 Modules for the municipality, which include the Customer Care module to record/register Walk-ins. This customer Care module makes it easier to trace complaints, requests, and compliments with reference numbers in order to improve turnaround time in resolving the reported, solved, and unsolved cases/complaints. The system was effective from July 2019 after the installation of the IMIS system on the computers of Customer Care Consultants.

Table 12: Customer Walk/In Reported Cases

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total No. of Cases
Number of Cases	43	44	31	33	54	29	23	45	59	32	27	27	447
Resolved Cases	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100%
Unresolved Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

2.4.4.8 Presidential Hotline

The Presidential Hotline is to provide citizens with a way to lodge complaints and queries where they left, they had not received the attention they deserved from other complaint mechanisms. The second objective was to use the Hotline to elevate the importance of complaints management in government, to ensure a steady improvement in the resolution of complaints. The aim of the report is to give feedback about Presidential Hotline cases to unlock service delivery bottlenecks and to ensure that relevant services are rendered to the public.

Table 13 : Number of Presidential Hotline Cases

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Number

													of Cases
Number of Cases	01	0	0	0	0	0	0	0	0	0	0	0	1
Resolved Cases	01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unresolved Cases	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The office of the Premier takes time to remove the cases from the system while the cases are already resolved.

2.5 Information and Communication Technology (ICT) Services.

ELM has constantly tried to ensure that it is operating with high integrity ICT Governance Standards to ensure compliance with regulations both local and internationally recognized standards. In this regards ELM took upon itself to ensure that it complies with aforementioned ICT Governance Standards in line with KING IV, ISO/IEC 38500,ISO 27001/2 POPI ACT and other relevant standards and practices by reviewing and benchmarking its existing policies, procedures, frameworks and strategies annually in order to align them with current updated standards.

(a) Implementation of the IT Governance as per the KING IV and COBIT recommendations:

- Develop Vulnerability management procedure.
- Develop User Rights Policy
- Develop Community Wi-fi Fair Usage Policy
- Review of ICT Disaster Recovery Plan
- Review Patch Management Policy.
- Review Access control Procedure.
- Review Data Privacy Plan
- Review Data Protection Policy and Procedure
- Review ICT DRP Procedure Manual
- Review Password and User Access Management Procedure
- Review Protection against Malicious Code Procedure
- Review Backup and Recovery Procedure

- Review Firewall Management Procedure
- Review ICT Business Continuity Plan
- Review Incident Management Procedure
- Review of ICT Master Plan
- Review of ICT Steering Committee charter
- Review of Telephone System Policy

(b) Implementation of Information Security:

- Carry out IT security awareness initiatives and campaigns.
- Proactively assess potential items of risk and opportunities of vulnerability in the network.
- Design and implement IT Security policies and procedures for the administration of security measures over the network, operating system.
- Implement strong password controls to authenticate system access. Incorporate this aspect in the IT Security policy.
- Ensure the ELM correctly configures firewalls routers within the network environment to ensure optimal protection against unauthorized access.
- Ensure that there is anti-virus software across the organization to protect information systems.
  - Ensure there is patch management process to prevent exploitation of vulnerabilities.
  - Ensures that activities within the system network, including databases are tracked by using audit trails by someone independent of administration functions.
  - Ensure that system configuration detect security vulnerabilities and that incidents are monitored, reported and resolved on a regular basis.
  - Carry out checks / tests for effectiveness that Firewall, Anti-Virus and Spyware solutions to ensure the ELM's email, intranet and internet are protected.
  - Perform additional related responsibilities as required to ensure compliance with the Auditor General's requirements and relevant laws and regulations.

(c) Development of IT Master Systems Plan:

- Interview key stakeholders.
- Conduct the Business, Information, Applications, and Technology GAP Analysis.
- Develop IT Master Systems Plan that incorporates Implementation Plan.

(d) Implementation of POPI:

- Conduct POPI Readiness Assessment.
- Develop Plan of Action for POPI Compliance that includes the development of Data Protection Policy and Procedures, Data Privacy Plan.
- Conduct POPI Compliance Assessment to comprehensively evaluate how Plan of Action is implemented to comply with POPI.

(e) Development and Implementation of Business Continuity (BC) and IT Disaster Recovery (DR) Plans:

- Conduct Business Impact Analysis and Risk Assessment.
- Identify the Recovery Strategies.
- Prepare Business Continuity and IT Disaster Recovery Plans.
- Educate and Train on BC and IT DR Plans.
- Test BC and IT DR Plans and update accordingly.

The abovementioned activities have since been completed and presented to council for approval and adoption and are considered as official municipal guideline documents that will enhance service delivery.

- Identify the Recovery Strategies.
- Prepare Business Continuity and IT Disaster Recovery Plans.
- Educate and Train on BC and IT DR Plans.
- Test BC and IT DR Plans and update accordingly.

The abovementioned activities have since been completed and presented to council for approval and adoption and are considered as official municipal guideline documents that will enhance service delivery.

(f) Projects and Contracted ICT Services Provided

During the reporting period the municipality procured and maintained a range of ICT projects and contracted services for operational efficiency, business continuity and information security. These included

- Provision and maintenance of VPN and telephony systems
- Email hosting and security services (Mimecast)
- Printing solutions
- Supply of ICT equipment
- Microsoft licence provisioning and management
- Maintenance of ICT hardware infrastructure

(g) Disaster Recovery and Backup Services

- Implementation and servicing of a Disaster Recovery Site and offsite backup solutions
- Munsoft backup services
- Mu soft backup and disaster recovery solutions, tested for the Financial Management System and Payroll modules
- Internal Disaster Recovery System implemented at Ugie

(h) ICT Licence Renewals

- Munsoft
- IMIS
- Payday
- ESET Antivirus
- SolarWinds
- FortiGate
- Mimecast
- Adobe Pro

2.6 Executive and Council

This section deals with the function of the executive office that includes the Offices of the Mayor, the Speaker and the Municipal Manager. The table below depicts the number of employees and vacancies in each level:

Table 14: Executive and Council

Employees: The Executive and Council					
Task Grade	Year 2022	Year 2023			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 – 3	-	-	-	-	-
4 – 6	3	3	2	-	-
7 – 9	3	3	3	-	-
10 – 12	17	17	14	-	
13 – 15	3	3	2	-	-
16 – 18	5	5	5	-	
19 – 20	1	1	1	-	-
Total	32	32	27	-	

2.7 Records Management

The records management is in terms of MM58 of the approved delegation register to the Director Corporate Services. It is done in compliance and obligations as set out in the National Archives and Records Services Act of South Africa (NARSSAA) no 43 of 1996 read with the Provincial and Records Service Act Eastern Cape PARSA (EC) no 7 of 2003 and other directives as issued by both the National and Provincial Archives and Records Services. The records management is conducted more using the Electronic Document and

Records Management System (EDRMS) which is an application within the municipal system Integrated Management Information System (IMIS).

A proper management of municipal documents from creation through to disposal were done in the FY 2024/25. Activities performed included but not limited to uploading, versioning, archival disposal and dispatching of both internal and external correspondence. On monthly basis the office of Records and Registry section upload the documents based on the IMIS system for easy retrieval and for proper management of such.

The documents that are currently uploaded to the system are Council Agendas, Exco Agendas, Portfolio Agendas, Correspondences, Orders, Vouchers, Performance Agreements, and HR Personal Files. These documents are Archived and secured within the electronic system.

On Quarterly basis the permission rights are viewed by the records official responsible for the security of documents within the system for the purpose of report.

Through the archived records schedule update, all A20, D, and DAU records are managed accordingly for the sound purposes of municipal records and documents management. Another successful Disposal activity of documents was performed in consultation with the office of Provincial Archivist during 2024/ 2025 financial year for vouchers under BTO section.

2.8 Supply Chain Management

Local Government: Municipal Finance Management Act requires the municipality must have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'. Elundini SCM Policy has been adopted in line with Municipal Finance Management Act, Section 111 & 112, Supply chain management policy. It is important to note that in terms of the Municipal Finance Management Regulation 3, our reviewed policy was adopted by the council on the 31 May 2023 under resolution CONA/078/23. In December 2023 National Treasury introduced new Government Gazzette No. 4198 local government: municipal finance management act, 2003 - amendments to regulations regarding supply chain management therefore by 27 March 2023 the policy was reviewed again under resolution CONA/052/24.

The SCM Policy integrates with the Transport and Catering policy, Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM), Contract

Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging enterprises. The role of the Council of a Municipality in maintaining oversight on implementation of its supply chain management policy is included in this policy and the Accounting Officer pursuant to Regulation 6 of the MFMA, prepares and submit a draft a supply chain management report complying with regulation 2 (a) & (3) to the council of the municipality for noting and adoption. The purpose of this report is to provide an overview of the SCM process in terms of Council's Supply Chain Management Policy (as amended), Section 9.3.1 of said Policy states that the Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council. SCM is guided by the following legislative framework: -

- The Constitution of the Republic of South Africa (No. 108 of 1996), Section 217
- Local Government: Municipal Finance Management Act (No. 56 of 2003) (MFMA)
- Municipal Systems Act (Act 32 of 2000), Section 21A (MSA)
- Municipal Supply Chain Management Regulations (Government Gazette 27636 dated 30 May 2005) (SCM Regulations). Elundini Municipality Supply Chain Management Policy (SCM Policy.
- Preferential Procurement Regulations, 2022 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA).

Elundini officials and other role players in the supply chain management system of the municipality must implement the SCM Policy in a way that gives effect to Section 217 of the Constitution, which requires processes to be fair, equitable, transparent, competitive and cost effective. Council's mandate is to maintain oversight over the implementation of the SCM Policy and for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the Implementation of the Supply Chain Management Policy of the Elundini Municipality, to the Council.

The report will reference the following sub sections:

- Establishment of SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance

2.8.1 Establishment Of SCM Section

The section has been established to implement the Supply Chain Management Policy as per regulation 7 (1) of the Supply Chain Management Regulation. The section operates under the direct supervision of the Chief Financial Officer as required by regulation 7 (3) of the Supply Chain Management. The structure of the SCM section has been approved for the financial year 2024/2025 in order to address the current shortcomings in the section.

2.8.1.1 Challenges

- The schedule for the sitting of the Bid Evaluation Committee and Bid Adjudication Committee needs to be amended to reduce the backlog of bids waiting for evaluation committee.
- Even though there is an approved schedule with timeframes for submission of specifications, there are a few departments that do not submit the specifications in time, and the ultimate challenge relates to the entrenched lack of accountability that affects service delivery.
- It is important to note that the user departments are not only responsible for the allocation of resources, but cooperation is part of their roles and responsibilities too, so there is a lack of cooperation from some end-user departments.
- Re-advertisement of bids due to non-adherence of bidders to the required specifications and functionality.

2.8.1.2 Demand & Acquisition Management

The municipality’s system of acquisition management ensures:

- That goods and services are procured in accordance with authorized processes only.
- That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA.
- That the threshold values for different procurement processes are complied with.
- That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- That any Treasury guidelines on acquisition management are properly considered.
- Coordination of the development and signing of the demand management plan (DMP)process flow for each department.

- Support on the process of developing schedules for convening the committee meetings was done and schedules were circulated to all SCM users.
- Demand Management Plan was approved on the 25 July 2024 with 70 projects registered.
- According to the Demand Management Plan 90% of specifications were submitted to SCM for implementation whilst 60% is awarded.

For the 2024/25 financial year:

Department	No of projects registered per department	Number of project specifications submitted to SCM	Number of projects still on process	Number of projects Awarded	Number of projects re-advertised	Number of project specifications not submitted to SCM	Number of projects Cancelled
Infrastructure Planning and Development	32	31	5	26	0	0	1
Corporate Services	6	5	3	1	1	1	0
Community Services	9	7	3	3	1	2	0
Finance Department	10	9	2	7	0	0	1
Planning and economic development	7	5	1	4	0	2	0
MM'S office	6	6	5	1	0	0	0
TOTAL	**70**	**63**	**19**	**42**	**2**	**5**	**02**

Reason for not achieving targets are as follows: -

- Re- advertisements due to non-responsive bidders
- Non-submission of specifications on time
- Non-sitting of the bid committees
- Cancellations due to budget constraints.

Goods and services are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of

Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000), LGFIPDM and we are continuously improving the documents in order to improve access and ease of use. SCM section had designed a procedure manual which is intends to improve governance in the SCM and also to provide guidance to the ELM officials in the procurement of goods and services. The municipality is preparing process flow charts helps to assign responsibility, communicate a process those unfamiliar with it, such as new employees and outside auditors, reducing the time needed to learn the details embedded in the Policy. Elundini Municipality is a small municipality with limited number of suppliers and service providers therefore it was perceived most pertinent to review service charter in order to guarantee reasonable timeframes and turnaround time.

2.8.1.3 Competitive Bidding For Contracts Valued More Than R300,000

The competitive bidding process and bid committee structures are functioning. Composition, mandate, roles and functions of the SCM Committees (Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) have also been reviewed and officials serving on these committees are formally appointed by the Municipal Manager and are therefore required to complete declaration of interests forms that are signed by the Commissioner of Oath.

- Training of all SCM Bid committee members and other role players is done annually.
- Contract Management policy is in place was also approved on the 31 May 2023.
- Contract management systems are in place and fully functionalization of Contract Management as a tool for tracking projects could map the municipality to its success.

A template for assessing service provider and contractors in their performance has been formulated & utilized, this assist the municipality in continuous improvement of the service provider as the feedback for services rendered is given back to them so that they can improve in the arrears of their weaknesses.

2.8.1.4 SCM Regulation 36 - Deviations

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes.

The expenditure incurred through deviation from normal supply chain management processes amounted to **R14 511 642,82**. The table below depicts expenditure incurred through deviation.

Table 15: Deviation Expenditure

DEPARTMENT	AMOUNT SPENT ON DEVIATIONS
Municipal Manager	R 2 815 854,72
Budget and Treasury Office	580 454,39
Infrastructure Planning & Development	9 272 269,34
Corporate Services	229 313,66
Community Services	1 518 098,94
Planning & Economic Development	95651,77
DEPARTMENT TOTALS	R14 511 642,82

(2023-2024 Financial year: R33 448 321,82) (2024-2025 Financial year: R 14 511 642.82) Deviations decreased by R 18 936 679 during 2024-2025 Financial Year. During this period there were no new appointments of deviations of high value that were made and that resulted to a decrease on the value of deviation in the municipality.

2.8.1.5 *Compliance with MFMA AND SCM POLICY*

The municipality by all means necessary including strengthening of internal controls is trying to eliminate irregular expenditure

Table 16: Irregular Expenditure Comparison Between 2024 & 2025 Financial Year

Irregular expenditure consists of the following:	2024/25		2023/24
Opening Balance	R15 969 472	R	-
Irregular expenditure incurred	R6 465 590	R	15 969 472
Written off by Council	R0	R	-
To be recovered	R0	R	-
Closing Balance (Irregular expenditure awaiting council consideration	**R22 435 062**	**R**	**15 969 472**
Details of irregular expenditure incurred	**2024/25**		**2023/24**
SCM Processes not followed	R0	R	-
Deviations not in line with SCM Regulation 36	R22 435 062	R	15 969 472
TOTAL	**R22 435 062**	**R**	**15 969 472**
Number of incidents	**2025**		**2024**
SCM Processes not followed	-		-
Deviations not in line with SCM Regulation 36	2		2
Total	**2**		**2**

3. CHAPTER 3

SERVICE DELIVERY PERFORMANCE PART I

3.1. Basic Service Delivery

The Elundini Local municipality provides refuse removal, and electricity as part of basic services. It also provides construction of new roads, rehabilitation of existing roads both surfaced and unsurfaced. Construction and rehabilitation of bridges and storm water drainage system, the municipality has the obligation to ensure economic growth through Local Economic development initiates. The municipality has planned to render these services for local communities for the year under review. The performance of the municipality in service delivery for 2024/2025 financial year is recorded as follows.

Basic Service Delivery KPA had a total of 15 indicators out of the 40 indicators, contributing 37.5%. 10 indicators were achieved, and 5 indicators were not achieved, which translates to 66.6 % achievement and 33.3 % not achieved. A full performance report is covered under Component H institutional performance management. This section cover the details of performance per area of service delivery rendered by the municipality.

The Elundini Local Municipality is mandated as per Chapter 8 of the Municipal Systems Act, Act 32 of 2000, as such, waste management services amongst others, refuse collection is a mandatory basic service that should be rendered effectively and efficiently by municipalities.

3.1.1 Kerbside Refuse collection and Street sweeping

The ELM renders refuse collection services in all its urban areas as well as peri-urban areas as per the approved refuse collection schedule that is reviewed each financial year. The ELM has not yet extended refuse collection services to its rural areas (200+ villages across the 17 wards) due to financial constraints, however, rural areas receive other services such education and awareness campaigns, participation in recycling initiatives and trainings. The aim of the review is to cater for additional areas that are either new or have been formalised to and be eligible to receive such services. This financial year, there are no additional areas eligible to receive the service.

Refuse collection is rendered to households and commercial businesses within Elundini as per the approved collection schedule, through kerbside collection on a weekly basis. There are shifts to cater for afternoons as commuters are still busy in the CBD, the shifts start at 8AM – 16H30 and 10H00 – 18H00. The shifts are implemented to curb additional requirement for overtime for employees during the week.

Street cleansing (sweeping) is conducted on ad-hoc basis due to challenges of urban design / town planning where parking bays for public transport is not adequate, as such, the main streets in the CBD are utilised. This results in the inability to access the streets, especially in winter season where the shift work system is impossible due to safety issues as well inadequate budget for overtime. The municipality where possible (budget), can conduct street sweeping from 5AM – 8AM (morning) and 6PM -8PM (afternoon) during summer and the winter season would be impossible to achieve.

The municipality experiences a lot of fleet break-down and as such, the current procurement system makes it difficult for quicker turn-around times with regards to repairs/service by appointed service provider. This results in backlogs and inability to adhere to the approved collection schedule, posing potential danger to communities as well as the environment.

During 2024/2025 FY, almost all refuse collection fleet broke down in all three units, this caused a strain in the delivery of services. However, where there are fleet break downs, the unit make alternatives of rotating available fleet to service all units even though it was restrictive.

3.1.1.1 Clearing of Illegal Dumping sites

Illegal dumping of waste by communities is rife in the ELM, even communities where refuse collection services are rendered and where education and awareness campaigns are conducted. The main issue is the paradigm shift as well as inadequate waste receptacles, in that, communities do not provide waste bins/refuse bags for their generated waste. The ELM resorted to develop an annual awareness campaign incorporating Quarterly programs for clearing of illegal dumping, which costs the municipality a lot of resources. The municipality receives great help form the EPWP program in terms of additional numbers of staff to service the CBD, households as well as illegal dumping sites. For the 2024/25 FY, 244 illegal dumping sites were cleared.

3.1.2 Environmental Education and Awareness raising

There's an annual education and awareness plan that is developed each financial year, detailing areas to be targeted for awareness activities and this is coupled with the cleaning of illegal dumping sites. All areas of the ELM where refuse collection services are rendered are targeted Quarterly for the campaigns, where the aim is to educate communities as well as business on their role regarding proper waste management in their premises. The municipality also works with schools as well as Echo schools, sector departments, the JGDM and various stakeholders in terms of conducting education and awarenesses, 17 environmental awareness campaigns were conducted for the 2024/25 FY in various schools within the ELM in conjunction with various stakeholder. The unit strives to source / develop pamphlets, and educational materials are disseminated to the various stakeholders, there's also the use of the LED screen managed by the Communications unit, where environmental messages are flighted for educational purposes

3.1.4 Recycling Initiatives

The Ugie Materials Recovery Facility (MRF) requires major renovations (rife vandalism and absence of overnight security). The municipality is still struggling to receive support from Eskom to energise the structure to allow for its use by the relevant recycling cooperatives within the municipality. There is currently a total of Eight (8) registered recycling cooperatives in the municipality's database, the recyclers are doing recycling on a small scale as well as various waste pickers who are not yet registered. The renovation / refurbishment of the MRF in Ugie is set to increase the recycling activities enough to ensure diversion of significant amount of waste from being landfilled which saves both costs and conserve landfill airspace.

The municipality is in the process of finalizing partnerships through signed MoUs with Eastern Cape Recyclers (ECR) and MPACT for ease of support of the municipality's recycling initiatives. The partnership will assist recycling and recyclers within the ELM as cooperatives struggle with recycling markets and sustainability of their businesses, these partnerships will bring the markets to them.

The ELM for 2024/25 FY has provided support to its recyclers as well as waste pickers by partnering with PETCO, ECR and MPACT to provide trainings/workshops so that recyclers are kept abreast of the changes in terms technologies, systems, legislative requirements as well various platforms for sourcing of funding. There's also requests of PPE for recyclers submitted to the partners and is under consideration and processes. The ELM also continues to engage and urge informal waste pickers to be formalised so that funding opportunities are accessible as well as any other support the municipality deems fit for their benefit.

3.1.5 Landfill sites Operations

The ELM operates and manages its three landfill sites. The municipality is not in full compliance with some of the permits conditions due to insufficient plant and equipment for landfill operations. The department intervened by applying to DFFE/CoGTA for waste management specialised fleet and yellow plant and was approved, where plant and fleet will be procured through MIG via RT57 transversal contract. The municipality procured a landfill compactor for landfill covering and compaction in the 24/25FY (phase 1). For phase two, a request for the procurement of a tipper truck, refuse cage truck and skid wheel unit have been submitted and procurement stages are underway. The plant and fleet will assist in landfill operations as well as augment refuse collection fleet.

The department also works with IP&D to lend yellow plant during weekends (where possible) for management of landfill operations due to shortage of plant. This arrangement has yielded positive results in the Ugie site and operations have drastically improved, the plant will be moved to Tlokoeng site for continuation of operations. The roads and stormwater unit has also maintained the Ugie landfill site access road and plan to maintain access roads in Nqanqarhu and Tlokoeng as well. Phase three of the procurement of yellow plant through MIG will be done in the next FY.

3.1.6 Achievement in Waste Management Program

The ELM has managed to provide refuse collection services despite the numerous challenges of frequent breakdown of refuse fleet and shortage of staff or delays in filling vacant positions, the following have been achieved for the 24/25 FY:

- Applied for funding to DEDEAT for clearing of alien invasives and the project was awarded with 65 participants form Ward 5 and Ward 6 benefiting from job created for a period of a year during 2024/2025 F/Y
- Applied for the same program from DEDEAT and awarded for Ward 12.
- Procurement of a landfill site compactor with a value of R8 000 000.00 through MIG for landfill operations.
- Initiated procurement of a refuse cage truck and skid wheel unit for landfill site operations through MIG during the last quarter of 2024/2025 FY, the delivery is expected by Quarter 1 of 2025/2026.
- Procured 2x bakkies for waste management Supervisors for ease of management of operations.
- Funding for EPWP program which complements and support waste management functions.
- Position of the landfill plant operator was funded during the mid-year budget adjustment

3.1.7 Parks, Amenities and Open Spaces

The municipality has one park that is dilapidated and requires major refurbishment as well as open spaces that are beautified and greened through plantation of trees or shrubs. Beautification of parks and open spaces within the municipality is conducted on a quarterly basis for eradication of illegal dumping of waste as well for promoting greening. There's no set budget aside yet towards the development of a park in Tlokoeng as well as budget for maintenance of the existing park & open spaces.

The department relies on donations from DFFE or DEDEAT for trees and shrubs when the municipality observes Abor month celebrations annually in September, this initiative seeks to promote greening and beautification in responding to issues of climate change.

3.1.7.1 Community halls

The community halls are in dire need for refurbishment and the challenges of budget allocation to different departments has rendered community services inefficient due to the inability to manage and maintain the facilities. Institutional arrangements need to be reviewed for the municipality to recoup the missed opportunities with regards to revenue from these facilities. There is shortage to non-availability of chairs in our community halls

3.1.7.2 Sports fields

The sports facilities require major refurbishment and the challenges of budget allocation to different departments has rendered community services inefficient due to the inability to manage and maintain the facilities. Institutional arrangements need to be reviewed for the municipality to recoup the missed opportunities with regards to revenue from these facilities.

3.1.7.3 Cemeteries

The ELM's cemeteries require fencing in order manage access control as well curb vandalism. The gravesites in all three towns are close to full capacity, a request of suitable land for the development of new compliant cemeteries has been submitted to the planning department. The allocation of land, sourcing of budget as well as the construction of new cemeteries needs to be prioritised by the municipality. The greatest challenge facing the municipality is cemeteries in Tlokoeng and Nqanqarhu running out of burial space, this issue requires urgent prioritization by the institution as this might result in land invasion & illegal burials. Extension of the cemetery at Tlokoeng has been finalized but the challenge is the provision of fencing.

3.1.7.4 Pounds

The municipality does not have animal pounds, only holding cells that are non-compliant. The institution needs to set aside budget for the development a compliant pound with all the required infrastructure as per the Animal Act. This must be coupled with the prioritization of the appointment of a Pound Master who will be responsible for the operation, maintenance and management of animal pounds to comply with relevant legislation. There's no budget set aside yet for the construction of a compliant pound in Ugie and refurbishment of two holding facilities in Nqanqarhu and Tlokoeng.

3.1.8 Environmental Protection

3.1.8.1 Biodiversity Management

The ELM requires support and capacitation in dealing with issues of biodiversity as well as ensuring that biodiversity management is a priority and budgeted for in terms of programmes responding to such issues. The ELM does however receive projects implemented by external stakeholders responding to biodiversity issues such as the working for water and wetlands program funded by DFFE but implemented by the JGDM on behalf of the department. The ELM was proactive in applying for an alien invasive project through DEDEAT and was funded with R3 000 000.00 for Ward 5 and 6, where 63 participants were appointed to eradicated wattle encroaching households, schools, clinics, pathways and water sources. The project was a social impact project, where the focus was to eradicate the encroachment for safety and environmental purposes as well as for economic benefits for youth. The program was applied for Ward 12 as well.

3.1.8.2 Climate change

The ELM requires support and capacitation in dealing with issues of climate change as well as ensuring that climate change response is a priority and budgeted for in terms of programmes responding to such issues. The ELM is currently developing it's first climate strategy with an implementation plan, the strategy is envisaged to be finalised between the end of first quarter or second quarter of the new FY. The strategy will enable the municipality to plan, budget and implement climate change response strategies as well as ensure that the strategy is owned by all departments and recommendations are effected in planning and daily operations as a means of responding to climate change as an institution /Elundini.

3.1.8.3 Pollution management (air, water and land)

ELM does not have an Air Quality Management Plan (AQMP) and air pollution bylaws in place and will have to consider developing these to primarily comply with the Air Quality Act, of 2004. The ELM is not undertaking any licensing function in terms of air quality activities, that function is shared by the JGDM and DEDEAT (regional office). The municility requires support and capacitation with regards to undertaking air quality functions and the development of an AQMP will be the starting point in ensuring that the ELM's mandate is met and budgeted for.

However, there are activities undertaken (though not documented) in terms of responding to air qaulity issues such as prohibition and monitoring of incoming waste into landfills to ensure that no hazardous waste and health care risk waste is accepted as these elevate levels of ground/surface and underground water pollution. The grassing and continuous maintenance of green spaces and landscaping of polluted open spaces through illegal dumping of waste is recognized by the municipality as having a major contribution to preventing burning of waste and therefore air pollution.

The only major source of air pollutants (there are other sources but not as major) is recognized as PG Bison plant which through research and information published is sufficiently managed through monitoring of license conditions by the relevant provincial department. Attempts are being made to enforce mechanisms of disclose by PG Bison to over and above give assurance to the municipality that the levels of contaminants emanating therefrom are not toxic and significant enough to warrant any cause for concern.

3.1.8.4 Fire

ELM does not have a Fire Emergeny Centre only a small fire engine that is utilized by the 2 appointed Fire Fighters/Officers. The fire service at present are not responsive enough to meet current demands especially considering the geographic spread of the areas needing to be serviced. Such impact heavily on response times in the event of a fire breaking out. This often leads to responses however which do not effectively ensure the fire is extinguished before much destruction and threats to lives. Notwithstanding these challenges ELM embarked on an intensive further training of fire officers to ensure they were competent in their work. ELM also upgraded its fire engines by purchasing an additional skid unit for the two fire officers. The challenge is related to procurements delays in securing proper protective clothing for fire fighters.

3.1.9 By-law Enforcement / ENatis / Traffic services

The ELM has through the department of Community Services reviewed its by-laws and are in the process of gazetting. The municipality resourced its law enforcement wing by recruiting Six (6) officers which have been trained as peace officers. This addition has sought to increase the level of implementation of all municipal bylaws from violations regarding waste management, impoundment of stray animals as well as violations of fire bylaws and illegal dumping etc.

3.2 Electricity

3.2.1 Rural Electrification

The municipality was granted the distribution license by NERSA as a result some areas of Elundini Local Municipality (ELM) are provided by the municipality in terms of electricity. The municipality has experienced a loss over the years however, the project of installing the smart meters is one of the strategies that intend to curb such losses. The municipality is working with Eskom to eradicate electrification backlog within Elundini LM hence the municipality is electrifying some villages and thereafter handover the completed projects to Eskom for operations and maintenance. During 2024/25 financial year, the municipality connected a total number of 233 households to electricity in Koebung with 65 households and 4km link line, Polokoe 47 households, Showini 60 households and Nxotshana with 51 households and did the designs for Umnga Flats households (100HH), Ngxaxha Goji(22) and Cicirha (60HH). The municipality is now close to reaching the universal access in terms of electrification. The challenges experienced in electrification are infills that always come after the area has been finalised

Table 17: Household Electrification

Ward	Number Of Villages	Total Households	Electrified	Not Electrified	% Not Electrified	Electrified In 2024/25 Fy	
						Eskom	Elundini LM

1	12	2 823	2 635	188	7%		
2	7	3 375	3 275	100	3%		
3	12	2 381	2 220	161	7%		
4	21	2 336	1 797	539	23%		
5	15	2 712	2 348	364	13%		
6	10	4 968	4 132	836	17%		
7	24	3 378	3 100	278	8%		
8	21	2 502	2 499	3	0%		
9	6	2 514	2 414	100	4%		60
10	15	3 962	3 470	492	12%		
11	16	3 265	3 054	211	6%		
12	12	4 430	4 420	10	1%		47
13	10	2 773	2 572	201	7%		117
14	15	2 768	2 700	68	2%		
15	10	8 171	7 520	651	8%		
16	25	3 960	3 800	160	4%		
17	16	2 866	2 689	177	6%		
TOTAL	**247**	**59 184**	**54 645**	**4 539**	**8,3%**		**224**

3.2.2 Municipal Network

The table below is the capital expenditure in the electricity division during the year under review:

Table 18: Electricity Capital Expenditure

CAPITAL PROJECTS				
	Budget	Actual Expenditure	Variance from original budget	Total Project Value
INEP				
Total	R8 994 000,00	**R 8 986 892,10**	0	R 8 986 892,10
Ngxaxha Goji pre-eng 22HH	R276 000,00	R276 000,00		R276 000,00
Cicirha pre-eng 75HH	R99 000,00	R99 000,00		R99 000,00
Umnga Flats pre-eng 100HH	R165 000,00	R165 000,00		R165 000,00
Koebung 65HH	R1 757 865,07	R2 025 640,27	R267 775,20	R2 025 640,27
Koebung 4km link line	R1 094 560,81	R1 094 560,81		R1 094 560,81

Polokoe 47HH		R1 828 161,07	0	R1 828 161,07
Nxotshana 51HH	R1 967 808,13	R1 898 534,03	0	R1 898 534,03
Showini 60HH	R1 704 969,76	R1 584 561,70	0	R1 584 561,70
EQS				
28 street Lights Ward 3 (15) & ward 09 (13)	R980 425,60	R928 096,00	0	R928 096,00

It is worth noting that the R267 775,20 was utilized to procure 2000m x 10mm² airdac CNE that will be used to complete service connection at Koebung and Makotlana villages.

3.3 Housing

Section 26 of the Constitution of South Africa emphasizes the right to adequate housing, obliging the State to take reasonable measures to achieve its progressive realization. As stipulated in Schedule 4, housing is a function of National and Provincial Governments. Elundini Local Municipality, though not accredited to implement housing projects, plays a vital facilitation and support role in the housing delivery process.

In the 2023/2024 financial year, the Municipality continued to fast-track township applications, coordinate housing stakeholder forum meetings, and foster partnerships with the private and public sectors to address the housing backlog. However, land invasion threats persist, and mitigating interventions will be employed to minimize their impact on municipal housing planning and budgeting.

The Municipality's housing unit, comprising a single official, serves as a crucial link between Elundini Local Municipality and the Eastern Cape Department of Human Settlements. Key housing projects and initiatives for the 2023/2024 financial year include:

3.4.1 Development of Informal Upgrading of Kutlaonong

The Eastern Cape Department of Human Settlements through the Housing Development Agent has appointed Professional Services of AES Consulting Teams to prepare informal settlement upgrading plans for selected informal settlements in the Municipal area. The scope of work entails but not limited to the assessment, categorization, developing the informal settlements upgrading plans and the sustainable livelihoods programmes for informal settlements.

3.4.2 Progress Status (Year Ending 2023/24)

- The permanent services for the layout plan, which includes the design and infrastructure requirements for roads, water, electricity, and sewerage, have been submitted to the Infrastructure Department for consideration and endorsement.
- The informal upgrade project is complete with outstanding tasks including the handover process facilitated by the managing consultant and acquiring signatories for completed works refers.

3.4.3 Mqokolweni 305 And Mbidlana 300 Housing Units

Progress Status (Year Ending 2023/24)

Mqokolweni and Mbidlana Rural Housing Projects is comprising of 305 and 300 units respectively and was approved for implementation. The Eastern Cape Department of Human Settlements has made the following progress to date:

3.4.4 Mqokolweni 305

- We have a total of four parties on site, including the main contractor and three subcontractors, working collaboratively to ensure the project's progress.
- Our social facilitation team has successfully engaged with the beneficiaries, educating them on the project's benefits, timelines, and expectations. This outreach effort has helped build trust and foster a sense of community among the beneficiaries, ensuring their needs and concerns are addressed throughout the project.
- 60 houses have been completed and officially handed over to the beneficiaries.

3.4.5 Mbidlana 300

- The main contractor is on site
- 188 houses have been finished
- Lukho contractor for 25 units has been introduced to community and has not started.
- Project Steering Committee (PSC) has been re- established ensuring effective oversight, guidance, and decision-making to drive the project forward.

3.4.6 Kuebong 290 Housing Units

Progress Status (Year Ending 2023/24)

Kuebong Housing Project is comprising of 290 units and is currently under implementation. The Eastern Cape Department of Human Settlements has made the following progress to date:

- We are pleased to report that 267 houses have been completed and handed over to the beneficiaries. This marks a significant milestone in our efforts to coordinate the provision affordable housing to those in need.
- Currently, the contractor is on site, working closely with the Department of Human Settlement to address any outstanding issues (snags) that need to be rectified. This collaborative effort ensures that the homes meet the required standards and are safe for occupation.

3.4.7 Emergency Housing Programme

Progress Status (Year Ending 2023/24)

The Department of Human Settlements plays a crucial role in disaster relief efforts, particularly in managing infrastructure and human settlements affected by disasters. As of April 1, 2023, the department has taken over the implementation of emergency housing to respond faster to disaster victims' needs. Resources include provision of temporary housing relief to those in urban and rural areas facing emergency situations. The Eastern Cape Department of Human Settlements has made the following progress for the period ranging from 1st April 2024 to 30th June 2024:

- A total of 7 applications for destitute benefits have been successfully submitted to the Human Settlement Department. These applications come from various wards, including:

  - Ward 3: 2 applications
  - Ward 1: 2 applications
  - Ward 15: 1 application

- Ward 16: 2 applications

These efforts demonstrate the Municipality's commitment to supporting the progressive realization of the right to adequate housing, despite the challenges posed by land invasion threats and limited resources.

3.5 Free basic services and indigent support

The ELM has adopted and continues to implement an Indigent Management Policy that provides for adequate financial provisioning to ensure the efficient, equitable, and sustainable delivery of basic municipal services to indigent households within the municipal area. The policy is reviewed annually to align with prevailing socio-economic conditions and to reaffirm the municipality's commitment to ensuring that indigent and vulnerable households are not denied their constitutional right of access to basic services. In accordance with the provisions of this policy, households with a combined income not exceedingly twice the annual official old-age pension qualify for Free Basic Energy or Free Basic Alternative Energy support.

For households that have been officially recognized as destitute, the Municipality provides free basic solid waste removal services as well as a full property rates subsidy. The Elundini Local Municipality (ELM) also administers the Free Basic Energy (FBE) program in collaboration with Eskom, and the Free Basic Alternative Energy (FBAE) program. In rural areas, FBE is currently delivered through a Service Level Agreement (SLA) with Eskom, based on a 20-amp supply as the technical standard.

During the year under review, ELM successfully provided free basic services to 5,545 qualifying indigent households. The number of registered beneficiaries, however, remains a concern, as the municipality continues to face a high number of indigent households. To ensure that households whose financial circumstances change are not disadvantaged by having to wait until the end of the financial year to receive their benefits, the Indigent Register is updated monthly.

In accordance with the division of powers and functions, the Joe Gqabi District Municipality serves as the Water Services Authority (WSA) and is therefore responsible for the implementation and provision of all water and sanitation services, including the supply of water as part of the Free Basic Services package.

For the year under review, the Indigent Management Policy formed an integral part of the Elundini Tariff Policy, which is developed and implemented in a transparent manner to ensure the long-term financial sustainability of local public services while maintaining affordability for residents. As part of ELM's ongoing commitment to poverty alleviation and ensuring continued access to essential services, the municipality has allocated an indigent support funding envelope of R 44.1 million over the 2024/2025-2025/2026 – 2026/2027 MTREF.

The municipality has successfully procured an advanced indigent management system known as Indi-Reg. This system is specifically designed to manage and track the status of indigent households with precision and efficiency. Indi-Reg supports the full lifecycle of the indigent management process from initial registration to the ongoing maintenance and updating of the indigent register. It enables accurate verification of applicant information and ensures that all necessary actions are executed in a streamlined manner.

The implementation of Indi-Reg is expected to significantly enhance the integrity of the indigent register and improve the overall efficiency of the approval process by the Council.

The table below reflects the number of households with access to free basic services during the reporting period.

Table 19: Free Basic Services

Years	The income threshold is an income of not less than two state pensions per month	The guideline relation to the household income threshold is an income of not less than two state pensions per month			
		Free Basic Electricity		Free Basic Refuse	
	Total	Access	%	Access	%
2021	4 789	4 156	86	633	14
2022	5 914	5 177	87	737	13
2023	5 933	5 049	85	884	15
2024	4 288	3 432	80	856	20
2025	5 545	4 630	83	915	17

Roads and transport

3.6 Roads

ELM, during the year under review, managed to achieve the construction and upgrading of roads. As at the end of 30 June 2025, staff complement in the Building & Civil Works Unit, comprised of the following personnel:

Table 20: Staff Compliment in Building and Civil Works Unit

Position	Number of employees	Filled	Vacant
Director Planning and Infrastructure Development	1	Filled	N/A
Manager Building and Civil Works	1	Filled	N/A
Administration, Database and Contracts officer	1	Not Filled	1
Road's technician (Urban Roads and Rural maintenance)	2	Filled	N/A
Building Control officer	1	Filled but moved to Planning and Development	N/A
Foremen (Urban Roads maintenance, Rural Maintenance and storm water maintenance)	3	1 Filled	2
Plant Mechanic	1	Filled	N/A
Artisan Aids (Plant mechanic)	2	Filled	N/A
Plant Operators	17	14 Filled	1 vacant 2 vacant and unfunded
General Workers	8	7 Filled	1 vacant unfunded

3.6.1 Access Roads

The table below reflects the roads constructed by the municipality in kilometres from 2017/18 financial year to 2024/25.

Table 21 : Road Infrastructure

Kilometres

Financial Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded to tar	Gravel roads graded/maintained	Surfaced Road
2017/18	525km	29.46km	10.514 km	-	39.8 km	4712 m²
2018/19	525km	-	14.7 km	-	202.55 km	2626m²
2019/2020	525km	12.2km	23.25 km	3.7km	205.01 km	6953m²
2020/2021	525km	34.7km	6.8km	2.9km	179.6 km	5009m²
2021/2022	525km	10.15km	0km	0km	174.88km	1.088km
2022/2023	525km	7.98km	7.3km	0km	152km	0,5m
2023/2024	525km				95.4km	
2024/2025	525km				96.4km	

3.6.2 Reports on Road / Capital Projects:

Table 22: Road Capital Projects

Implemented Project Name	Construction Status	Comment
Upgrading & Rehabilitation of Nqanqarhu Roads (Cluster 1 Roads) - Phase 3	100%	Completed satisfactorily
Construction of Refele Sport Field Phase 2	100%	Completed satisfactorily
Construction of Chevy-Chase - Nkangala Access Road	100%	Completed satisfactorily
Construction of Bhethula to Mrhorwana Access Road	100%	Completed satisfactorily
Ntokozweni / Kuyasa Preschool	100%	Completed satisfactorily
Castle Rocks and Bridge	100%	Completed satisfactorily
Surfacing of Ugie Park Streets & Stormwater	100%	Phase-1 &2 Completed satisfactorily
Surfacing of Greenfields Streets & Stormwater	100%	Phase-1 &2 Completed satisfactorily
Surfacing of Mt Fletcher Urban Roads & Stormwater	100%	Phase-1 &2 Completed satisfactorily
Construction of Xaxazana Special School Access Road	100%	Completed satisfactorily
Procurement of Specialised Waste Management Yellow Plant	100%	Completed satisfactorily
Procurement of Specialised Waste Management Yellow Plant	100%	Completed satisfactorily

Roads and Stormwater Master plan	100%	Completed satisfactorily

3.6.3 Implementation of the Subcontracting Strategy

The municipality's Construction Procurement Strategy is designed to benefit local SMMEs from Elundini Municipality to participate in infrastructure projects as subcontractors as per the adopted subcontracting strategy. A total number of 7 local SMMEs benefited during project implementation. See SMME package details for the projects below.

Table 23: Infrastructure Projects

S/N	SMME Name	CIDB GRADE	Funding Source	Project Name	Project Scope and progress	Award amount	Project status
1	Sinako Mthunzi Construction	2CE	Disaster	Upgrading Cresnock Street	Establishment 100% Roadbed 100% Layer works 100% Stormwater 100% Concrete slab	R1,2	Completed
2	Dunas Trading	2CE	MIG	Upgrading of Ugie Access Roads.	Establishment 100% Roadbed 100% Layer works 100% Stormwater 100% Kerbing 100% Paving 100%	R1.9m	Completed
3	Ezamajola Trading Construction	2CE	MIG	Upgrading of Ugie Access Roads.	Establishment 100% Roadbed 100% Layer works 100% Stormwater 100% Kerbing 100% Paving 100%	R2.5m	Completed
4	Sisasesonke Construction	3CE	MIG	Greenfields Streets and Stormwater	Establishment 100% Roadbed 100% Layer works 100% Stormwater 100% Kerbing 100% Paving 100%	R3.3m	Completed
5	Khutshwa Group	3CE	MIG	Greenfields Streets and Stormwater	Establishment 100% Roadbed 100% Layer works 100% Stormwater 100% Kerbing 100%	R3.3m	Completed

					Paving 100%		
6	Sikhululekile Construction	3CE	MIG	Greenfields Streets and Stormwater	Establishment 100% Roadbed 100% Layer works 100% Stormwater 100% Kerbing 100% Paving 100%	R3.3m	Completed
7	Inaque Noah	1CE	MIG	Xaxazana AR	Establishment 100% Stone pitching and concrete V drains 100% Wearing course 100%	R 588 k	

3.7 Rural Roads Maintenance

In the maintenance of municipal roads, ELM had the following plant during the year under review:

Plant: -

2 Graders, 2 TLBs, 3 ADTs, Excavator, Agrico, 2 Rollers, 18 000L Water Tanker AWT, 10 cubic water truck, 8 000 L water truck

Vehicles: -

4 x LDV.

2 x Mahindra Bolero and.

2 x Toyota Avanza

The table below depicts the kilometers of gravel roads maintained, constructed, and upgraded to a surfaced standard**:**

Table 24: Gravel Roads Maintained, Constructed & Upgraded FY 2024-2025

PERIOD	MONTHS	ROAD NO	AREA	WARD	APR LISTING (CO-ORDINATES)	PLANNED KM	ACTUAL KM COMPLETED	%	TYPE OF MAINTENANCE
Q-1	Jul-24	Unnamed	Goniwe	5	31°11'42.1501"S; 28°35'42.1472"E	2	2,9	144%	REGRAVELING
	Jul-24	Unnamed	Ntywenka	6	31°11'42.1501"S; 28°35'42.1472"E	2	2	100%	Road Bed Preparation
	Aug-24	Unnamed	Goniwe	5	31°9'32.418"S; 28°34'20.0341"E	1,9	1,9	100%	Gravelling
	Aug-24	Unnamed	Ntywenka	6	31°11'42.1501"S; 28°35'42.1472"E	6,1	6,1	100%	Gravelling
	Sep-24	Unnamed	Ntywenka	6	31°11'42.1501"S; 28°35'42.1472"E	3	3	100%	Gravelling
	Sep-24	Unnamed	Horce racing Trails	11& 4		0	2,4		Bladding

	Sep-24	Unnamed	Polar park	3	31°4'40.5664"S; 28°22'15.0197"E	0	1,1		Bladding
	Sep-24	AC60420	Thabatlala-Setaka	12	30°30'8.15"S; 28°32'53.0207"E	7,5	7,5	100%	Regravelling
QUARTERLY TARGETS						**22,5**	**26,9**	**119%**	
Q-2	Oct-24	Unnamed	Somerset	13	30°25'5.092"S; 28°22'50.9221"E	4	4,0	100%	Reshaping
	Oct-24	AC60481	Kwebung	13	30°25'46.0902"S; 28°25'18.962"E	5,2	5,2	100%	Reshaping
	Oct-24	Unamed	Setaka -Moleko	12	30°30'38.6507"S; 28°32'36.1561"E	3,8	3,8	100%	Reshaping
	Oct-24	AC63699	Thabtlala-Setaka	12	30°30'8.15"S; 28°32'53.0207"E	2,4	2,4	100%	Reshaping
	Oct-24	Unnamed	Setaka	12	30°30'30.632"S; 28°31'4.4821"E	0,4	1	250%	Gravelling
	Nov-24		Magwaca	7	30°54'21.8437"S; 28°32'46.3247"E	3,2	3,2	100%	Reshaping
	Nov-24		Makrombe	7	30°55'5.3515"S; 28°33'40.2736"E	3,5	3,5	100%	Regravelling
QUARTERLY TARGETS						**22,5**	**23,1**	**103%**	
	Jan-25	Unnamed	Tivi Park	3	31°4'20.7872"S; 28°21'42.9469"E	1	1	100%	Regravelling
	Feb-25	Unnamed	Mountain	5	31°10'10.1395"S; 28°30'26.8261"E	5	5,0	100%	Regravelling
	Feb-25	AC60673	Kinira Port	12	30°30'37.6092"S; 28°32'36.1302"E	6	6	100%	Reshaping
	Mar-25	AC60418	Popopo	12	30°27'16.573"S; 28°34'21.9119"E	8,5	0	0%	Regravelling
	Mar-25	Unnamed	Lehlakaneng	12	30°28'41.898"S; 28°34'52.4341"E	2	2	100%	Reshaping
	Mar-25	Unnamed	Nqanqarhu	3		0	0,8	100%	Regravelling
	Mar-25	DR08083	Upper Tsitsana	4	30°51'50.18"S; 28°19'35.9663"E	0	0,2	100%	Regravelling
	Mar-25	Unnamed	Katlehong	9	30°41'40.7256"S; 28°30'24.3947"E	0	0,6	100%	Regravelling

	Mar-25	Unnamed	Mbidlana	17	31°9'54.3211"S; 28°26'2.2902"E	0	0,5		Regravelling
	Mar-25	Unnamed	Sibabalwe	2	31°4'41.4574"S; 28°22'5.8188"E	0	0,3	100%	Regravelling
	Mar-25	Unnamed	Mahanyaneng	12	30°29'17.16"S; 28°26'16.368"E	0	0,3		
QUARTERLY TARGETS						**22,5**	**16,7**	**74%**	
Q-4	Apr-25	AC60418	Popopo	12	30°27'16.573"S; 28°34'21.9119"E	8,5	1,0	12%	Regravelling
	Apr-25	AC62661	Somerville	6	31°11'57.629"S; 28°38'32.6749"E	0	0,1		Regravelling
		AC30403	Mountain	5	31°0'19.3788"S; 28°28'9.2464"E	0,5	0,5	100%	Regravelling
	May-25	AC30403	Mountain-Internal Access road	5	31°0'19.3788"S; 28°28'9.2464"E	0,6	0,6	100%	Regravelling
			Luzie Primary School	8	30°45'55.764"S; 28°30'52.632"E		0,9		Reshaping
		DR02903 & DR02901	R56-Tsisa Bridge	7	31°0'19.3788"S; 28°28'9.2464"E		4,6		Reshaping & Regravelling
	May-25	AC60416	Xaxazana	10	30°36'46.5134"S; 28°32'40.7918"E	5,7	6,7	118%	Reshaping & Regravelling
	May-25	AC63711	Sondaba SPS	10	30°37'4.7395"S; 28°32'48.7118"E	0,4	0,4	100%	Reshaping & Regravelling
	May-25	Unnamed	Ezingonyameni JSS	10	30°36'57.2634"S; 28°32'30.3684"E	1,8	1,8	100%	Reshaping & Regravelling
	May-25	Unnamed	Mpukane	5	31°7'10.4192"S; 28°33'2.8825"E		0,9		Dry Blading
	Jun-25	AC60417	Mbambangwe-Zwelitsha	10	30°37'53.5829"S; 28°32'37.9518"E	2,8	2,8	100%	Reshaping
	Jun-25	AC60418	Popopo	12	30°30'37.6092"S; 28°32'36.1302"E		7,0	#DIV/0!	Regravelling and Reshaping
	Jun-25	AC30155	Mqokolweni	6	31°7'0.8821"S; 28°30'54.7009"E	0,0	0,2		Dry Blading
	Jun-25	AC62831	Mandela Park	2	31°11'41.0622"S;	2,5	2,2	88%	Regravelling

					28°14'48.6427"E				
QUARTERLY TARGETS						**22,5**	**29,7**	**130%**	
ANNUAL TOTAL TARGET						**90**	**96,4**	**107%**	

3.8 Stormwater

Table 25: Completed Stormwater Repairs

PERIOD	ROAD NAME	AREA	WARD	PLANNED METERS (m)	ACTUAL COMPLETED METRES(m)	%	TYPE OF MAINTENANCE
	Town						Cleaning crossings and channels
	Van riebeek street						Cleaning crossings and channels
	Bhokhwe	Ugie	2	500	774		Cleaning channels
	Sonwabile						Re constructing channels
	Langley street						Cleaning crossings and channels
	Willow street						Cleaning channels
Q-1	Zakhele						Cleaning and re constructing channels
	Behind jumbo						Cleaning and re constructing channels
	Fourrie street	Nqanqarhu	3	500	680		Jetting crossings and cleaning channels
	Town						Jetting crossings and cleaning channels
	Hill gate						Jetting crossings and cleaning channels
	Town						Jetting crossings and cleaning channels
	Behind boxer	Tlokoeng	9	500	842		Jetting crossings and cleaning channels
	Ntokozweni						Jetting crossings and cleaning channels
	Old location						Jetting crossings and cleaning channels
Q-2	Hoof street	Ugie	2	500	917		Jetting crossings and cleaning channels
	Van riebeeck street						Jetting crossings and cleaning channels
	Zakhele						Jetting crossings and cleaning channels
	Vincent	Nqanqarhu	3	500	759		Jetting crossings and cleaning channels

	Clinic						Jetting crossings and cleaning channels
	Hill gate						Jetting crossings and cleaning channels
	Town	Tlokoeng	9	500	1078		Jetting crossings and cleaning channels
	Nassau street				200	80%	stormwater cleaning
	Body residence- concrete road				200	80%	stormwater cleaning
	Popcorn valley				100	40%	stormwater cleaning
	Bokwe street	Ugie	2	250	200	80%	stormwater cleaning
	Traffic department				25	10%	stormwater cleaning
	Kirk street				195	78%	stormwater cleaning
	R56-Ugie road	Nqanqarhu	3	250	1	0%	stormwater cleaning
	Municipal road				130	52%	stormwater cleaning
	Iliso lomzi road				60	24%	stormwater cleaning
	Hospital road				150	60%	stormwater cleaning
	Hill gate road				120	48%	stormwater cleaning
	Behind boxer	Mount Fletcher	9	250	53,5	21%	stormwater cleaning
	Old location				50	20%	Storm water cleaning
	Ntokozweni				45	18%	Storm water cleaning
	Popcorn valley				100	40%	Storm water cleaning
	Town-(church str)	Ugie	2	250	150	60%	Storm water cleaning
	Town				100	40%	Storm water cleaning
	Peter mkaba				50	20%	Storm water cleaning
	Sonwabile				50	20%	Storm water cleaning
	Tv-park	Nqanqarhu	3	250	50	20%	Storm water cleaning
	Nkululekweni				45	18%	Storm water cleaning
	Hill gate				100	40%	Storm water cleaning
	Ilisolomzi	Tlokoeng	9	250	100	40%	Storm water cleaning
	Old location				200	80%	Storm water cleaning
Q-4	Ntokozweni	Ugie	2	250	0	#DIV/0!	Storm water cleaning
	Sonwabile	Nqanqarhu	3	200	50	25%	Storm water cleaning

	Sonwabile				20	10%	planting pipe culverts
	Tv-park				50	25%	Storm water cleaning
	Nkululekweni				0	0%	Storm water cleaning
	Hill gate				50	33%	Storm water cleaning
	Behind boxer				60	40%	Storm water cleaning
	Behind mjamba	Tlokoeng	9	150	300	200%	Storm water cleaning
	Old location		2		100	67%	Storm water cleaning
	Ntokozweni	Ugie	2	150	300	200%	Storm water cleaning
	Pote street		3		292	195%	Storm water cleaning
	Tv-park	Nqanqarhu	3	150	50	33%	Storm water cleaning
	Ilisolomzi				50	33%	Storm water cleaning
	Nkululekweni				500	333%	Storm water cleaning
	Behind VIP-Corner	Tlokoeng	9	150	10	7%	v-drain costruction
	Ntokozweni	Ugie	2	150,00	200	133%	Storm water cleaning
	Uitsig	Nqanqarhu	3	150,00	130	87%	planting pipe culverts
	Ilisolomzi	Tlokoeng		150,00	65	43%	v-drain cleaning
					51	34%	v-drain cleaning
					33	22%	v-drain cleaning
			9		107	71%	v-drain cleaning
	ANNUAL TOTAL TARGET			**6000,0**	**9942,4**	**166%**	

3.9 Urban maintenance Report

Table 26: Urban Maintenance

PERIOD	ROAD ID	ROAD NAME	AREA	WARD	PLANNED SQUARE METERS (m²)	ACTUAL COMPLETED SQUARE METERS (m²)	%	START CO-ORDINATE	END CO-ORDINATE	TYPE OF MAINTENANCE
Q-2	1141264	Nassau Street	Ugie	2	300	113		28.229097, -31.197350	28.230176, -31.199113	Pothole patching
	1141571	Ntokozweni (to the hall)				45		28.240727, -31.193642	28.241760, -31.193386	Pothole patching
	1141583	Ntokozweni (from the bridge)				44		28.248255, -31.198242	28.249087, -31.197985	Pothole patching
	1141338	Murray Street	Nqanqarhu	3	500	1446		28.341831, -31.070669	28.339448, -31.069930	Pothole patching and slurry seal
	1141974	Arbeck Street				31		28.343351, -31.072803	28.341220, -31.072120	Pothole patching
	1141973	Wade Crescent				15,6		28.344478, -31.074958	28.340604, -31.073496	Pothole patching
	1141972	Wade Crescent				26,5		28.346467, -31.075403	28.344478, -31.074958	Pothole patching
	1140363	Clearview (Clinic & Church)				55		28.359226, -31.074850	28.361245, -31.074175	Pothole patching
	1142205	Zakhele				63,5		28.365989, -31.081703	28.367045, -31.080035	Pothole patching
	1141472	Municipal Road	Tlokoeng	9	300	89		28.504692, -30.691913	28.505176, -30.691532	Pothole patching
	1141455	Clinic Road				111		28.500152, -30.695282	28.496561, -30.693877	Pothole patching
	1140998	Hospital Road				84,5		28.506516, -30.692765	28.509400, -30.690459	Pothole patching

	1141463	Behind Boxer				53,5		28.505262, -30.694455	28.503543, -30.692840	Pothole patching
QUARTERLY TARGETS					**1100,0**	**2177,6**	**198%**			
Q3		n/a	ugie	2	100	0		N/A	N/A	0
		celler street	maclear	3	100	3		31°03'55.8"S 28°20'41.7"E	N/A	Pothole patch
		Behind mjamba	Mt Fletcher	9	100	600		30°41'35.9"S 28°30'10.5"E	30°41'26.3"S 28°30'00.1"E	Surry Seal
		nassau	Ugie	2	100	2		31°11'50.7"S 28°13'45.1"E	31°12'13.1"S 28°13'47.4"E	Pothole patch
		ntokozweni				2		31°11'37.0"S 28°14'26.8"E	31°11'39.1"S 28°14'45.2"E	Pothole patch
		Jan-00	Nqanqarhu	3	100	0		NA	NA	Pothole patch
		hospital road	Mount Fletcher	9	100	575		30°41'30.9"S 28°30'27.4"E	30°41'25.7"S 28°30'33.7"E	slury seal
		behind VIP-Town				0		30°41'43.4"S 28°30'27.8"E	pin	concrete surface paving repairs
QUARTERLY TARGETS					**300,0**	**1182,0**	**394%**			
Q-4		ntokozweni	Ugie	2	100	0	0%			Pothole patch
	1186000	fourie street	Nqanqarhu	3		0	0%	31°04'11.9"S 28°21'00.1"E	31°04'30.3"S 28°20'48.3"E	Pothole patch
	1189000	church street		3	100	0	0%	31°04'06.5"S 28°20'53.5"E	31°04'11.9"S 28°21'00.1"E	Pothole patch
		Hill street				0	0%	31°04'06.1"S 28°20'24.6"E	31°04'10.2"S 28°20'17.7"E	Pothole patch
		behind VIP-Town	Tlokoeng	9	100	90,25	90%	30°41'43.4"S 28°30'27.8"E	pin	concrete surface paving repairs
		church street	Nqanqarhu	2	100	8	8%	31°04'06.9"S 28°20'53.6"E	31°04'08.8"S 28°20'56.0"E	Pothole patch

		willow street		2		12	12%	31°04'08.8"S 28°20'56.3"E	31°04'07.1"S 28°20'56.9"E	Pothole patch
		Arbeck Street	Nqanqarhu	3	200	1258	629%	31°04'19.7"S 28°20'28.6"E	31°04'22.1"S 28°20'36.0"E	Slurry seal
QUARTERLY TARGETS					**300,0**	**1368,25**	**456%**			
ANNUAL TOTAL TARGET					**2800,0**	**4727,9**	**169%**			

3.10 Transport (Including Vehicle Licensing, Renewing of Driving Licences & Public Bus Operation)

ELM does not provide any public transport facility to its communities and the service is only rendered by the private operators. ELM continued to operate two Driving Licence Testing Centres (DLTCs), Registering Authority (RA) in Tlokoeng and Nqanqarhu, there is a service level agreement between ELM and Department of Transport guided by a National Road Traffic Act 93/1996.

Both these centres are staffed with examiners and related systems are being utilized. The services rendered are renewal of driving licences, Professional Driving Permit, learners' licence, practical driving licence code B (this service is only rendered in Nqaqarhu), and the registration & licencing of motor vehicles for both units.

Revenue is generated from both units, (RA) Registering Authority and (DLTC) Driving Licence Testing Centre. The revenue that was generated from DLTC for 24/2025 financial year from drivers' licence & renewal of driving license was R533 489.00, learners licence R665 203.00, duplicate learners R540, professional driving permit (PrDP) R262 115.37, traffic fines R23 023.79. The total amount for all revenue generated = R1 484 371.16.

Revenue generated from RA (DoT) Department of Transport R10 208 005.56, (RTMC) Road Traffic Management Centre R720 879.45 and Agency fees R2 461 565.51.
The total revenue amount generated from DLTC R 1 484 371.16 + (RA) Agency fees + R2 461 565.51 (Municipality) = R 3 949 936.67.
Total revenue collected including revenue generated for DoT= R14 874 826.68.

There are challenges of network connectivity for both units. In Tlokoeng there always unavailability of electricity and the centre does not have a back-up generator. Frequent breakdowns of eye testing machine which hinders service delivery and in Nqanqarhu DoT disconnected 1 machine and installed a new upgraded version which in not currently operating due to non-connectivity by the department.

Vehicle Testing Centre has not been operational due to the additional works that needs to be done as per recommendations from DoT. Budget was made available during the mid-year budget adjustment and supply chain processes were initiated for construction of additional works. The building has been provided with furniture. Non finalization and operationalisation of the VTS affects service delivery and revenue generation

3.11 Police, Traffic and Law Enforcement

Currently ELM does not have an (ITP) Integrated Transport Plan, however in response to the Integrated Transport Plan the municipality works with SAPS, (DoT) department of transport and other related stakeholders to perform the following operations or duties for:

Traffic officers, conducts roadblocks with SAPS and Provincial Traffic Officers in prevention of accidents and to reduce the risk of harm to drivers and passengers. Law enforcement agencies can detect and prevent criminal activities such as drunken driving, transportation of stolen goods, protect the public from potential threats, such as suspicious vehicles or individuals and provide opportunities for gathering intelligence on potential security threats.

Traffic officers also conduct road safety awareness campaign twice a year during Easter and Festive Season with the following stakeholders, SAPS, Provincial Traffic, Road Safety, Public Transport Compliance and other related departments- benefits, educating the public about road safety and save lives. Campaigns can raise awareness about specific road safety issues, such as speeding or distracted driving, they issue Sec 56 notice to offenders traffic fines.

Law Enforcement Officer conducts public safety awareness joint operations with police officials, Environmental Health Practitioners, Home Affairs (Immigration- conduct foreign screening to foreign or illegal citizens) and enforcement of by-laws.

- **The following by-laws are under review**
    - Liqour regulatory by-law

3.12 Planning and Economic Development

The department of Planning and Economic Development plays a critical role in ensuring that the municipal vision to be realised. The strategic objectives of this unit cannot be isolated from the municipal vision and mission. In order to achieve the Vision, there must be planned projects each and every financial year. The spatial plans must be implemented while taking into cognisance provincial and national plans. The Department is consisting of Local Economic Development Division, Planning and Land Use Management, Properties, Valuation sections. The Department plays a pivotal role in terms of developing plans, policies and strategies aimed attracting developments, investors, and job creation, and it is also the main driver to the success of the Municipality vision.

The Department is involved with the developmental duties of municipalities, as outlined in section 153 of the Constitution, including to 'give priority to the basic needs of the community, and to promote the social and economic development of the community' and 'participate in national and provincial development programmes. The Directorate's strategic and operational service delivery objectives include the following:

3.12.1 Introduction To Planning and Land Use Management Division

The purpose and function are to facilitate the effective implementation and enforcement of the Elundini Spatial Development Framework, the Elundini Land Use Scheme 2022 (As Amended), the Elundini Spatial Planning and Land Use Management By-Law of 2016 and the Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013). The objectives of the enforcement of the above-mentioned pieces of legislation and policy directives seek to give effect to the following:

a) indicate where public and private land development and infrastructure investment should take place;

(b) indicate desired or undesired utilisation of space in a particular area;

(c) delineate the urban area within a well-defined urban edge;

(d) identify areas where strategic intervention is required; and

(e) Indicate areas where priority spending is required.

(f) ensure compliance with applicable land use regulations.

Authorised Official, Municipal Planning Tribunal and Appeal Authority

3.12.2 Authorised Official

In compliance with the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) and the Municipality Spatial Planning, Land Development and Land Use Management By-law, 2016, the authorised official considered six land use and land development applications from the during the 2024/2025 financial year, compared to 13 and 4 applications in the 2023/2024 and 2022/2023 financial years, respectively. Determinations Made in Following Year varied across the years, with no consistent trend.

3.12.3 Municipal Planning Tribunal

During the 2023/2024 financial year, the Municipal Planning Tribunal considered three land development and land use applications, compared to two in the 2022/2023 financial year. No applications as per zoning categories were due for consideration by the Tribunal in the 2024/2025 financial year.

3.12.4 Appeal Authority

There were no applications considered by the Appeal Authority during the 2024/2025 financial year. This indicates that no appeals were lodged or processed against land development and land use decisions within this period. The Appeal Authority continued to maintain its role in ensuring fair and lawful consideration of any future appeals as stipulated in relevant legislation.

3.12.5 Land Alienation and Revenue Collection

The alienation of properties plays a significant role in terms of bringing development to the Municipality. During the year under review, we manage to sell sites in Ugie, Nqanqarhu and Tlokoeng. As part of the revenue collection, the Development and Planning Department is also responsible for the management of the Municipal valuation roll. In compliance with the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), a Municipal Valuer has been appointed in the year under review for the compilation of the 2025-2030 general valuation roll for implementation on the 1st of July 2026.

3.12.6 Demarcation of Residential Sites

To advance spatial planning and promote community well-being and environmental sustainability, the municipality continues to design pilot layout planning for future development in communal areas and municipal-owned land through the support of the South African Local Government Association (SALGA). This initiative also ensures proper implementation of SPLUMA, the Spatial Development Framework, Land Use Scheme, and relevant By-Laws.

3.12.7 Progress on Clearance of Vacant Sites

During the 2024/25 Financial Year, significant progress was made in advancing the clearance of **141 vacant sites**. Following a formal request to the Accounting Officer, conveyancer services were appointed to facilitate the legal processes required for site clearance. **Taleni Godi Kupiso Law Firm** was ultimately appointed as the conveyancer, with the initial project inception meeting conducted in June 2025. This appointment marked a critical step toward finalising ownership and enabling development on these sites.

Consultations previously held with the Ugie Residence Association have been finalised, and the focus has shifted to legal and administrative processes necessary for site transfer and clearance. Moving forward, efforts will concentrate on supporting the conveyancer’s work and ensuring all legal requirements are met to expedite the release of these sites for development. Structured community engagement sessions will be planned once the legal processes advance to ensure alignment with community interests and needs.

3.12.8 Progress on the Extension of Ugie Township

In response to community concerns raised during the Honourable Mayor’s engagement in May 2024, the municipality initiated a project to **extend existing township areas** rather than establish new settlements. This approach aims to **densify existing townships** and increase residential sites for allocation to qualifying community members, leveraging existing infrastructure.

The Planning & Economic Development Department conducted on-site verification of available land parcels with community representatives in locations such as **Land Camp, Ugie Park, Bhekela, Robin Island, Ntokozweni, Mandela Park, and JK Bokwe**. These areas form part of existing settlement zones and require extension rather than new township establishment. Final registration with the Surveyor-General is required to secure formal land tenure rights.

The project has been noted for consideration and possible registration in the **2025/26 SDBIP**, enabling procurement through competitive bidding process allowing budget provisions to be adjusted in order to reflect market rates, and enhanced engagement with responsive service providers.

3.12.9 Protection of Council land

Land invasions continue to pose significant challenges for the municipality, particularly in areas outside Tlokoeng town and the Greater Ugie area. The Tlokoeng commonage, which is municipal land, has been persistently invaded as Tribal Authorities continue to disregard established boundaries when allocating land for development. Illegal structures have also been erected in Nqanqarhu, despite repeated municipal warnings and contravention notices.

To address these issues, the municipality—through the Office of the Municipal Manager and the Planning & Economic Development Department—has taken decisive action. Between **16 May and 17 June 2025**, several illegal structures were demolished in Tlokoeng and Nqanqarhu following enforcement of outstanding court orders, some dating back to 2011. These demolitions form part of a multi-departmental initiative aimed at restoring the rule of law and ensuring compliance with municipal by-laws.

The municipality continues to work closely with Councillors, Ward Committees, and Communities to mitigate land invasions through **public awareness campaigns** and enforcement measures. Residents and developers are reminded that constructing buildings without municipal approval is prohibited and subject to legal action.

3.12.10 Geographic Information Systems and Open-Source Integration

The Geographic Information System (GIS) plays a critical role in supporting the Municipality's spatial planning, land use management and informed decision-making processes. By providing accurate spatial information and analytical tools, GIS enables effective management of geographic data for planners, engineers, environmental managers, and other stakeholders. This includes collecting, storing, and disseminating spatial data to guide development strategies and policy formulation.

Currently, GIS services are maintained through the IMIS subscription under the existing Munsoft contract. However, the Municipality is actively exploring cost-effective, open-source platforms to enhance data-driven governance, urban planning, and public service management. These platforms offer significant benefits such as **zero licensing costs**, **extensive functionality**, and **community-driven support**, making them attractive alternatives for sustainable digital transformation.

To ensure successful adoption and utilisation of these technologies, the Municipality has established agreements with Sector Departments for capacity-building and upskilling initiatives. These partnerships aim to empower municipal staff with the necessary technical expertise to leverage open-source GIS solutions effectively, thereby improving operational efficiency and decision-making capabilities.

Through these efforts, the Municipality seeks to maintain robust spatial data systems while transitioning toward innovative, cost-efficient solutions that align with modern governance and planning needs.

3.12.10.1 Building Control

The Building Control unit plays a vital role in ensuring the health, safety, and well-being of individuals in their living and working environments. This is achieved through the enforcement of the National Building Regulations and Building Standards Act No. 103 of 1977 (as amended). The unit's key responsibilities include ensuring compliance with building codes and standards, conducting regular inspections of buildings and construction sites, issuing certificates of occupancy and approval, investigating building-related complaints and incidents, and providing guidance and education on building regulations and standards.

By enforcing these regulations, the Building Control unit helps to prevent accidents and injuries, reduce the risk of building collapses and structural failures, promote energy efficiency and sustainability, protect the environment and public health, and support economic growth and development through safe and compliant construction practices.

3.12.10.2 Housing Development Facilitation

Housing Development Facilitation is a crucial function that aims to ensure that all individuals have access to adequate housing, a fundamental human need. This involves setting realistic housing delivery goals, both in terms of quantity and quality, to address the housing needs of various communities. Effective coordination is also essential to facilitate the delivery of housing, involving collaboration with various stakeholders, including government agencies, private developers, and community organizations.

Sound public participation is a critical component of housing development facilitation, ensuring that the needs and concerns of all stakeholders are considered. This involves engaging with communities, conducting public hearings, and soliciting feedback to ensure that housing developments are responsive to local needs and aspirations. By facilitating inclusive and participatory housing development processes, this function helps to promote social cohesion, community empowerment, and sustainable urban development.

3.12.10.3 Outdoor Advertising Regulation

The Outdoor Advertising Regulation function plays a crucial role in maintaining a visually appealing and safe environment within the Municipality by ensuring that all forms of outdoor advertising are controlled and regulated. This involves enforcing compliance with the South African Manual for Outdoor Advertising Control (SAMOAC) and the Municipality's Outdoor Advertising Policy, which provide guidelines and standards for outdoor advertising. The regulation covers various aspects, including billboards, signage, outdoor displays, advertising on municipal property, mobile advertising, and digital outdoor advertising.

By regulating outdoor advertising, the Municipality aims to maintain a clean and attractive environment, protect public safety, and reduce visual pollution. The enforcement of SAMOAC and the Elundini Outdoor Advertising Policy ensures that outdoor advertising is consistent with the aesthetic, environmental, and safety standards of the area. This involves monitoring permit applications, approving compliant advertising, and taking enforcement action against illegal or non-compliant advertising. Through effective regulation, the Municipality can strike a balance between allowing outdoor advertising that supports local economic growth and maintaining a high quality of life for residents and visitors.

3.13 Local Economic Development

In 2020 the Elundini local Municipality adopted and approved Local Economic Development strategy, which a five-year document. The prime and paramount objective of the strategy is to delve into supporting agriculture, and Tourism as its main sectors, while in addition enhance SMME development through inter alia, sourcing funding opportunities and training that will provide capacity and necessary skills required to assist in job creation and employment. Furthermore, the Municipality council made a resolution to appoint NDIBANO CONSORTIUM as its strategic partner for the development of Agric-Industrial Park in Ugie, as agriculture is the backbone of the economy of the Municipality. Subsequently a resolve was taken by the council the appoint three (3) tour – guides for a period of 3 years, the paramount purposes of the tour guides is to assist in tourism development and marketing through conducting tourism awareness campaigns and sustainable tourism through the wards and schools that are within the juridistiction of the Municipality. Street Trading By-law has been reviewed and subsequently approved by council; the process of workshopping street traders will ensue thereafter.

3.13.1 SMME Development

3.13.1.1 Contractor Development Programme

The Elundini Local Municipality resolved to focus on the construction sector by providing trainings, building programs, and funding opportunities to grow the sector as it has potential to create sustainable job opportunities and employment and grow the local economy. ELM reviewed its Procurement Construction Strategy which has two categories of objective, the primary which focuses on quality service delivery, the secondary objective, which are aligned with the development of the SMME contractors such as follows:

Promote broad based black economic empowerment.

Promote local employment (temporary and permanent) through the delivery of the works.

Develop small enterprise capacity to undertake the portions of the work as subcontractors and the maintenance of the completed works.

Retain as much of the project expenditure within the Elundini Local Municipality; and

Support skills development by increasing the number of people who have part qualifications, national qualifications and professional designations awarded by statutory councils

At the time of the review of the construction strategy, there were 135 Grade 1s and only 5 contractors graduated from grade 1 to grade 2, but the year ended with 9 grades. The municipality has continued with the implementation of the Sub Construction Strategy in the 2022/23 financial year. Our infrastructure Directorate appointed a total of 11 SMMEs from the Elundini Municipal Area to implement various projects ranging from road surfacing, paving and fencing and road surfacing. As part of the strategy beneficiary contractors will be assisted by the municipality upgrade their CBID grade upon completion of the works. This will ensure that that local SMMEs are able to graduate and compete for much larger contracts. This component is the cornerstone of the development of local contractors by the municipality and by implication development of the local construction industry.

3.13.1.2 SMMEs (Contractors) Development and Beneficiation

There were four **(4)** contractors that were developed and benefited from the SMMEs development programme of the municipality, one **(1)** contractor is a 2CE Grade, three **(3)** are 1 CE grade and the value of their beneficiation is to an amount of **R 2970, 000**.

In Elundini, the problem of access to information and skills that can enable economic participation manifests itself in the inability of local SMMEs to benefit from procurement opportunities that are offered by the municipality. This has been the cause of much consternation and distrust that has been directed against the municipality by the local business community. To try address the issue of access to procurement opportunities, Local Economic Development (LED) partnered with Supply Chain Management (SCM) to train and capacitate local SMMEs on the SCM requirements that will enable them to be awarded municipal tenders. The training that was conducted over two days targeting local caterers and contractors. The services of a professional service provider were acquired through the SCM processes of the municipality. ***In the year under review 2024-2025, the following trainings were conducted:***

The training took place over a three **(3)** days period The training targeted local contractors to be trained and there were about fifty (**50)** who attended and a service provider was appointed by the municipality to conduct the trainings.

The schedule and modules of the trainings for the (3) days were as follows:

- Procurement governing legislation. (Section 217 of the South African Constitution Act, MFMA, PPPFA, CIDB, National Treasury Practice Notes, Case Laws and another Legislative framework. NECC3 Forms of contract
- Procurement thresholds and governing legislation.
- Completing responsive tender document and returnable documents in terms of GCC and NEC 3 Contracts.
- Responding to requirements/conditions and special conditions of tender.
- Understanding functionality/eligibility in terms of the requirements of the PPPFA, SANS 10845 and CIDB Standard form of uniformity
- Local Production and content
- Specific Goals and substantial documents as mean of verification (PPPR 2022)
- Comprehensive interpretation of "**locality"** in the SCM regime.
- Procedures to follow when requesting information from an Organ of state e.g. when bidder was informed /not informed of the outcomes of the bid
- Department of Labour requirements for tender
- BBBEE JV requirements and JV agreement (Bidder must provide sample of JV Agreement)
- Bidder must provide Sample of Cession Agreements and advise on available sources of funding in South Africa.
- Bidders must capacitate SMMEs of Ethics management and code of conduct for suppliers and repercussions thereof.
- Practical filling of Tender Documents using Elundini Municipality Tender document (NEC3 Forms of Contract) and SANS 10845
- Important aspects in functionality and Eligibility Criteria
- Calculation of points
- One on one engagement with the company for more clarity on training matters of the previous and following year (Mentorship).
- The training was held at Elundini LM Council Chambers on the 18^{h} – 20th of February 2025.
- The municipality has also collaborated with other Government Departments to capacitate SMMEs. The following are the Departments that has assisted in capacitating SMMEs.

- DEDEAT - has trained Cooperatives on Cooperative Enterprise Concept, Financial Management, Bookkeeping, pricing and costing.
- Department of Public works - Trained local contractors on Tendering and Compliance, Registration on COIDA and UFI
- Department of Water and Sanitation – Trained local contractors on tendering and E-portal system
- SARS – Assisted SMME on Tax Returns

Elundini Local Municipality , subsequently organised and hosted a SMME information day that took place on the 21st November 2024 in ELM Council Chamber and our sister departments were in attendance inter-alia , ***Joe Gqabi District Municipality ,DEDEAT, DSBD, The DTIC, Companies Tribunal, NMISA*** , presented various funding opportunities and capacity building trainings offered and how the SMMEs can access them , be it they are grants or fundings.

3.13.1.3 Street Traders Support

The Elundini local municipality, has a going initiative of supporting hawkers and in December 2024 a local SMME was appointed to manufacture and deliver **(10)** hawker stalls for hawkers in Ugie, the value of the project is **R 650 000.**

3.13.1.4 SMME Funding Facilitated

In the year under review **2024-2025**, Local Economic Development unit, facilitated and assisted four **(4)** Cooperatives to apply for **Imvaba funding**, however one **(1)** Cooperative /project was able to be funded by **ECDC**.

3.13.1.5 Business Licencing

The Elundini local Municipality adhering to the guide by Minister of COGTA, that all Spaza shops within the zone of the municipality must be licensed, therefore in the year under review 2024-2025, the municipality licensed about **(52)** spaza shops.

3.14 AGRICULTURE AND FORESTRY DEVELOPMENT

3.14.1.1 Wool Development Program

ELM commissioned Council for Scientific and Industrial Research (CSIR) to review the existing feasibility and business plan for wool hub development for Elundini municipality. The business did not only consider the scouring line but also considered the value chain analysis and other pragmatic downstream enterprises for immediate implementation. The project suffered commitment from Provincial government which led to the local wool growers soliciting political intervention from the province. ELM and the local Wool Growers Association (WGA) established partnership with provincial government **through ECRDA to implement the project from April 2020. The** memorandum of understanding between ELM, ECRDA and the local wool growers would be signed in 2019/20. The business plan was reviewed and was finalised in October 2019.

A service provider was appointed by the Municipality in 2020/21 to train local woolgrowers in responsible wool production that would grant them certification of their shearing sheds as responsible wool growers according to international standards. Once certified their wool is expected to fetch a premium of 10 percent more than the current rate being paid.

In the year under review 2024-2025 the here-under shearing sheds, which were nine (9) were awarded with certificates as per the international wool standards. These shearing sheds are all in Tlokoeng.

- Nxotshana
- Bethania
- Phaphamang
- Ditaung
- Mosana
- Themalethu
- Lisakhanya
- Lehlakaneng
- Mbambangwe

Imperative to note is that the certified shearing sheds will now receive a premium of 10 percent and above in the market for their wool

3.14.2 Forestry

In ward 6 Esixhotyeni Village, ECRDA has planted about 200 hectors of forestry over five (5) sites. This plantation has brought about economic activity in that community and there are about Five (5) permanent staff employed which 4 are local people and during harvesting season the projects employs about fifteen (15) temporal employees who are locals.

Rural Development and Agrarian Reform in ward 16, has by ensuring that it promotes the sustainable use and management of natural agricultural resources by engaging in community-based initiatives that support sustainability (social, economic and environmental), leading to improved productivity, food security, job creation, has employed about Fifty (50) temporal local people.

3.14.3 Agro-Industrial Park Development

The purpose of the Agro Industrial Park is to develop a concrete strategy on integration processes in the agricultural sector in order to improve the efficiency of the agricultural sector in the local and regional complex through strong infrastructure for production, processing, and trade. The development was based on the development site located just about 2 km out of Ugie Town along the MR00715 road linking Ugie to Langeni. The second (**2nd**) development site and the first (**1st**) development spoke to the Ugie Development site is Tlokoeng (Mount Fletcher), Wool Processing Hub, the third (3rd) development site and the second (2nd) development spoke is the proposed Maclear Site, old Transnet Railway Station property as a Logistic Hub, and the forth (4th) development site and the third (3rd) development spoke is Ugie Housing Project earmarked for gap, middle, and high-Income Housing development and the site is located adjacent to the main Agro processing hub site.

Progress

- PPP status achieved with TVR-1 and internal Municipal supply chain (appointment) and council process (resolution), completed.
- Geo-technical and land surveys completed.
- Sites town planning (re-zoning) completed.

- EIA completed (**ROD Received**).
- Preliminary architectural designs done.
- Preliminary basic / bulk infrastructure designs with costs estimates
- Preliminary energy demand assessment, planning and designs done, alternative energy mix.
- Preliminary traffic impact assessment and designs done.
- Consolidated master plan, done including the financial model.
- Certain potential financing /funding sources identified and approached inter alia (**DBSA, National Treasury, Infrastructure South Africa and DTIC).**

3.15 TOURISM DEVELOPMENT, PROMOTION AND MARKERTING

3.15.1 Nqanqarhu Tourism Information Centre (VIC)

The Elundini local Municipality has one (**1**) Visitors Information Centre situated in Nqanqarhu town the centre is managed, and its operations are funded by the municipality. The main function of the centre is to provide tourists with authentic and accurate information on area of interest such as attractions, lodgings, maps and restaurants in the area and profiling of tourist in relation to being domestic or international tourists, the province or country they are from, whether there are visiting for leisure or business tourism. They also assist in marketing and promoting tourism of Elundini (The **Cradle of Culture)** as tourism is prime sector of the Municipality and its economy. The centre is currently managed by the tourism officer and assisted by interns that the municipality has absorbed.

3.15.2 Tourism Awareness

The municipality has appointed 3 local tour guides, which are from Ugie, Nqanqarhu. Tour guides are key ambassadors of the tourism sector and play an important role in creating awareness of the value of tourism in our Municipality. They assist in educating communities, visitors, and learners about the economic, cultural, social, and environmental importance of tourism. In Elundini Municipalities we have tour guides which specialize in different aspects of tour guiding ranging from inter alia bird watching, hiking, camping, game drive viewing, heritage and cultural.

In May 2025 the Elundini Local Municipality participated in the Tourism Indaba in Durban, the exhibition is one of the largest tourism marketing events on the African calendar and one of the tops three 'must visit' events of its kind on the global calendar. It showcases the widest variety of Southern Africa's best tourism products, and attractions. The Indaba is estimated to have been visited by 9,990 tourists and exhibitors in 2025.

The following awarenesses were conducted in the year 2024-2025:

There were tourism awarenesses in these Wards **(14, 2, 3, 4, 13, 15).**

During the awarenesses the tour guides were able to form community tourism organisations **CTOs** in **ward 8, Mbizeni Village** where they also on the school have a **Tourism information centre (VIC)** and in **ward 14, Vuvu Village t**our guides established a ***Tourism information centre (VIC)***. Tourism Education was conducted in Ugie High School, wherein students were educated on the significance of tourism as a career and job creation and Environment. The resolve by council to appoint the Tour guides has proven to be a sagacious decision as they are assisting in discovering and development of tourism routes in rural areas of the municipality which will bring about economic activities and job creation to those areas such **Vuvu Village** , furthermore they encourage the utilisation of home stays when tourist has visited the villages.

3.15.3 Craft Centre

In addition to tourism, Elundini Local Municipality IDP 2020/21 identifies **Arts and Craft** as one of the rural industries with great potential. The IDP states that "Industries like handloom, handicraft and other local artisan product manufacturing have immense potential to become professionally managed as a small and medium industry". To this effect, ELM has developed a Craft and Art Centre in Mt Fletcher which started its operation in 2016 as a centre of support to the Art and Craft industry. A strategy was developed for the arts and craft industry which outlines the operation of the craft centre.

Every year the municipality in partnership with DSRAC, ECDC conduct a selection of products that will be displayed and sold at the Grahamstown national Arts Festival. This is to assist the local arts community to market their products and give them exposure.

Elundini local municipality in partnership with DESRAC selected about **(25)** local crafters and projects to participate in the ***Grahamstown Arts festival.*** The crafter Centre is managed by Tourism Officer with two (**2)** contract workers stationed at the centre who are from Tlokoeng.

3.15.4 Tourism SMME Support

The municipality in partnership with ***ECPTA*** trained four home stays in ward 14 ***(Vuvu Village***) on food handling and customer service. The municipality also assisted two **(2)** guest houses to be graded by the **Tourism Grading Council of South Africa**, both with 3-star grading.

3.16 PROPERTY DEVELOPMENT

At the Strategic Planning Session of 2020/21, the ELM selected properties that were presented from the Municipal Property Portfolio, which were envisaged as development catalysts for property development and investment, economic development and to enhance the Elundini local municipality's revenue. The process during and after the Strategic Planning Session culminated in six Development Projects being profiled which could be listed as catalytic development projects that require Economic Feasibility and Development facilitation. Thereafter in the financial year 2024-2025 a Property Development Plan and Feasibility Study for Nqanqarhu, Tlokoeng, and Ugie Investment Properties and Sites was developed and produced by URBAN-ECON DEVELOPMENT ECONOMICS.

From the document alluded here-above an expression of interest looking for service providers to develop catalytic property project that were outlined by the property plan in area of Tlokoeng, Nqanqarhu and Ugie was done for the following projects:

- Development of the Ugie Development Corridor (Erf 226) for commercial and retail use
- Development of Bodie accommodation facilities in Ugie
- Government Employee Housing Scheme on Erf 2013 in Nqanqarhu
- Commercial development (Office Park and retail) Nqanqarhu
- Small Business Development in Tlokoeng (Transido)

Implementing the property plan an expression of interest was done by the Planning and Economic Development to interested SMMEs to develop Maclear Transport Node commercial with an area spans 376.55 Ha which has a potential to permits various uses, including commercial premises, workshops, and places of entertainment. The aim is to give opportunity to more previously disadvantaged local SMMEs business to design and develop a space for their small business in order to create more economic activity in the area

3.16.1 Tlokoeng mixed Development (MALL)

Tlokoeng mall is one the primary projects that the department is undertaking to enhance the local economic development and create job opportunities and employment for the community of

Tlokoeng. The project is a mixed development in a commercial property on an identified portion of municipal land on erf 4369 in Tlokoeng town.

Progress

A developer for the Tlokoeng mixed development has been appointed, and the SLA has been signed between the developer and the Municipality. Furthermore, the PSC for the development /project has been established and on the 29th of September 2025 it had its first siting. The on-site development is estimated to commence in March 2026.

3.17 COMMUNITY & SOCIAL SERVICES SPECIAL PROGRAMS

3.17.1 Libraries; Archives; Museums; Community Facilities; Other (Theatres, Zoos, Etc).

Libraries are a function of the Department of Sport, Recreation, Art and Culture and ELM run them on an agency basis. To give effect to this arrangement a Service Level Agreement was signed with the provincial government who is subsidizing the services to the tune of R1 333 472.00 for 2024/2025 FY.

There are three libraries in all the towns of Elundini with three modular libraries in Tsitsana, Elunyaweni and Tinana. The three (3) modular libraries are in rural wards. The Department of Sports Recreation Arts and Culture runs and operates the modular libraries with their staff members. All three towns operate library facilities through seconded professional librarians assisted by library assistants and general workers appointed by ELM.

For the longest time, the library grant was R750 000.00 which was insufficient. During 2024/2025 it increased to R1 333 472.00, which was an improvement.

Some of the challenges regarding libraries include:

- Reliable access to internet services (in some libraries)
- Shortage of computers in Ugie Library
- Ablution facilities in Nqanqarhu Library
- Some modular libraries are not connected to electricity
- Shortage of staff in modular libraries
- Space constraints (no discussion rooms, offices etc.)
- Lack of dedicated maintenance plans
- Inadequate funding

3.18 Special Programs Unit

The Special Program Unit is responsible for Women empowerment; Youth development, and Mayor's Social Investment; People with disabilities (PWD) and HIV & AIDS coordination. The municipality went through the process of developing Service Delivery and Budget Implementation Plan (SDBIP) for this financial year. Projects for implementation were prioritized and plans to articulate how allocated resources will be utilized and how the projects are to be implemented. The following projects were implemented in this financial year:

- HIV and Aids Projects
- Focus Groups Enterprise Support Projects
- Focus Groups Social Projects
- Mayors Social Investment Projects

3.18.1 HIV& AIDS programs

In this financial year the municipality budgeted an amount of **R908 640** to ensure coordinated response to HIV in Elundini through the Local Aids Council. In this financial year, the municipality supported 17 Home Community Based Care organisations (HCBC's) with an amount of **R13 000** each quarterly, as financial support and in return the HCBC submitted Quarterly reports of the services rendered as stipulated in the partnership agreement. In addition, ELM has a responsibility to coordinate the Local Aids Council activities, all of this is covered under the above-mentioned budget

3.18.1.1 Functioning of Local Aids Council

The Elundini Local Aids council is a multisectoral response platform created by the municipality to fight against the scourge of HIV&AIDS in our communities. The local aids council lead by the office of the Mayor has a clear program and have held all its quarterly meetings as planned in this financial year.

3.18.1.2 HCBC partnerships

Elundini Local Municipality (ELM) adopted a strategy to partner with 17 Community Home Based Care (HCBC) organizations to fight HIV/AIDS pandemic. These HCBCs are entrusted with responsibility to implement the HIV& AIDS implementation plan that is aligned to the National Strategic Plan to all its wards. The Service Level Agreements for 2024/2025 financial year, were developed and signed between the municipality and all 17 HCBCs. The scope of for these HCBCs is as follow:

Education, Awareness and Prevention Programs

Treatment, Care and Support for people living with HIV&AIDs

Care and support for orphans and vulnerable individuals

3.19 Focus Groups Enterprise Support

The main objective of this project is to empower focus groups in business by providing financial and technical support to their businesses. The focus in this financial year was in People with Disabilities and Women. The project has been implemented successfully and the following PwD and Women owned enterprises were supported:

Table 27:Enterprises Supported

NAME OF THE ENTERPRISE	FOCUS GROUP	SUPPORT PROVIDED	AMOUNT
Thaba Lefipha from Ward 8	Women	Water tanks Chicken feeders and drinkers Bags of Chicken feed Metallics Incubators 400 chicks	R98 591
Kgosi Beaty Salon from Ward 9	Women	Refurbished 12M Container (Work Space)	R186 000
Lakhe Farming Enterprise	People with Disabilities	Building Material for Shelter and Fencing Water Tanks Male and Female Piglets Feed and Medicine	R98 508

3.20 Focus groups social projects

3.20.1 Mayoral Horse Racing Event

The council has successfully implemented Mayoral Horse racing and performing arts initiative over the previous year. This initiative was conceived as one of the strategic interventions towards youth development through enhancement of youth talent and was launched to ensure that youth talent is promoted, profiled, acknowledged and appreciated. The objectives of the project are as follows:

- To facilitate the provision of more opportunities for our jockeys.
- To promote local economic development and tourism.
- To facilitate social cohesion

Most of the objectives set out for this project were achieved. The municipality working with DSRAC hosted 2 Mayoral horse racing events in September 2024. The first race was held in

Tlokoeng- Fairview on the 14th of September 2024. This race was exclusively for the Elundini racers, no outsiders were allowed to race. This race was organized to also accommodate the horse racers that are unable to compete in the main race due to the size and type of their horses. This race was a success and provided the same local economic spin-offs as the main race and the same developmental opportunities for the young jockeys. One hundred and fifteen (115) young jockeys from three horse racing clubs Ncembu, Sisonke and Mt fletcher clubs and other surrounding towns of ELM became an integral part of this event, racing under two races, Umphalo with 8 different hits and Umhabo with 8 different hits.

The second race which is the main race was held in Nqanqarhu on the 28th September 2024, which is the central venue, as advised by key stakeholders taking to consideration the health and safety measures, the event has different races of different horses such as Traditional race :Umhambo and Galloping horses with different distances, 800-1600m.Each hit had prizes awarded 1st prize up to 4th prize then wafa wafa final, all the jockeys were young people from our communities and they were awarded 10% of the amount won.

The event also created an opportunity to local entrepreneurs to register and erect stalls to sell their produce and food to spectators and organise also recreational games for children. The event also provided a platform for local artists to perform, but due to bad weather condition on the day, not all artists were able to perform. 280 horses registered for different hits.

The total budget for this project was R408 000, as follows the project expenditure.

Activity	Amount
Logistics	R95 500
Prizes awarded to External Racers	R60 200
Prizes awarded to Local Racers	R197 800
Prizes Awarded to Jockeys	R25 800
Local Performing Artists	R25 000
DSRAC contributed	with R90 000 for prizes and awards

3.20.2 Gender Based Violence and Femicide

Elundini women development strategy was developed as a guiding tool in curbing challenges that Elundini local municipality is facing which are inclusive of the GBVF pandemic. Within this strategic document, strategies have been set and amongst these is the establishment of the GBVF RRT to rapidly respond to the issue of GBVF which is being guided by the GBVF NSP. Project GBVF Awareness campaigns were then conceived, stratified as GBVF Candlelight and other communal sessions with the objective. To organize and facilitate information sharing platforms that will empower women and youth to fight against GBVF through being self-aware and financially independent.

An awareness campaign was conducted on 02 December 2024 through RRT member organization (Maclear survivor and Safe home) in Hlankomo village ward 16 with most of the RRT member departments that shared essential information with that community.

Another awareness campaign was conducted by Mount Fletcher Cheshire Home on 05 December 2024 organized as an inmate Christmas sendoff celebration ceremony and commemorating 16 days of activism with the PWD stakeholders and community members. Again, in this session most RRT members attended, and Funani Foundation model Sinelizwi Maseti handed out sanitary towels to girls who were in attendance.

Another awareness campaign was conducted by Mount Fletcher Advice Center in Sithabathaba Village ward 13 on 05 December 2024 commemorating 16 days of activism and a large number of RRT members were available and shared information with the community, however the community did not participate as expected there was poor attendance.

The last event was organized by the municipality partnered with Glammed by Miitzie (NDO) on the 07 December 2024 in Siphelwande Conference Venue in Nqanqaru town ward 3, the event targeted young women, youth in general and GBVF survivors that were not publicly disclosed to maintain confidentiality. The aim of this event was to GBVF survivors to prioritize their holistic wellbeing and to be enlightened about different strategies towards financial stability. A master class for makeup was conducted by Glammed by Miitzei as an inspiration to girls and survivors to utilize it as a business opportunity so that they can be financially independent.

3.20.3 People with Disabilities NGO Support

The municipality renewed the service level agreements with two PWD NGOs (Cheshire Home and Siyamthanda) and set aside a budget of R44 000 for each NGO to provide services to people with disabilities in the municipal jurisdiction. Under these service level agreements, the municipality, also supported these two NGOs to employ five care givers (each NGO) under the EPWP program and were paid every month an amount of R1 750.00 stipend for each care giver. This amount was within the EPWP threshold of payment of stipends and the care givers were working hours that are in-line with the EPWP condition. They were working 3 hour per day, three days per week which totals to 12 hours per month.

3.21 Mayors Social Investment (MSI)

The municipality designed a program called Mayor's Social Investment, for this financial year three projects under the MSI program were implemented. These projects are Bursary Support; Youth Skilling; and Bridge of hope.

3.21.1 Bursary Support

The municipality supported 03 students in this financial year, the following are their registered qualifications and their institution of learning

Table 28: Bursary Support

No	Qualification	Institution of learning
1.	Bachelor of Engineer Tech in Electrical Engineering	CUT
2.	Public Management	Fort Hare
3.	ND: Safety Management	UNISA

3.21.2 Bridge of Hope

Bridge of hope is dependent on requests from the needy people from the society, all the requests were processed and implemented through Mayor's discretion. The programme plays a huge role in improving the lives of the vulnerable and restores dignity, following are the interventions implemented: -

3.21.3 Indigent Funeral Assistance

Mayor's office received a request Department of Community Services acting from a request submitted by Ward Councillor from Ward 5 in the October 2025. The request was for the municipality to assist an indigent family that has lost their mother, who was a pensioner and only breadwinner in the family. An assessment was done by the office of Director Community services and confirmed that the family meets the requirements of a pauper burial and that they requested the office of the Honourable mayor to assist in funding the burial. The municipality assisted with funeral arrangements, paying the funeral parlour to render burial services. The municipality assisted the family with R5 000.

3.21.4 SOMA legacy

Honourable Mayor during SOMA at Sonwabile Community Hall on the 30 May 2025 in ward 3, left legacy by handing over 20 sets of school uniform as per the specification of the schools to the needy children, in which they are chosen by the surrounding schools to receive the uniform.

3.22 INSTITUTIONAL PERFORMANCE MANAGEMENT

In order to improve on performance planning, implementation, measurement and reporting, the institution implemented the following actions.

Departmental operational plans were developed for monitoring and reporting operational programmes.

The Municipality endeavoured during the development of the Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific, measurable, attainable, realistic and time bound.

Table 29: Compliance Checklist

	Performance Management Policy	All MSA s57/56 Performance contracts signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Annual Reporting to Council
In place	√	√	√	√	√

3.22.1 Service Delivery and Budget Implementation Plan

The organizational performance is evaluated by means of the institutional Service Delivery and Budget Implementation Plan (Top Layer SDBIP). At the departmental level the performance is measured through the departmental Service Delivery and Budget Implementation Plan (lower layer SDBIP). The SDBIP is a plan that converts the IDP and Budget into measurable indicators on how, where and when the strategies, objectives and normal business processes of the Municipality are implemented. It also allocates responsibilities to Departments to deliver the services in terms of the IDP and Budget. The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned.
- The budget must address the strategic priorities.
- The SDBIP should indicate what the municipality is going to do during the next 12 months; and
- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.

The Top Layer SDBIP (the Municipal Scorecard) consolidates service delivery targets set by Council and provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment
methodology:

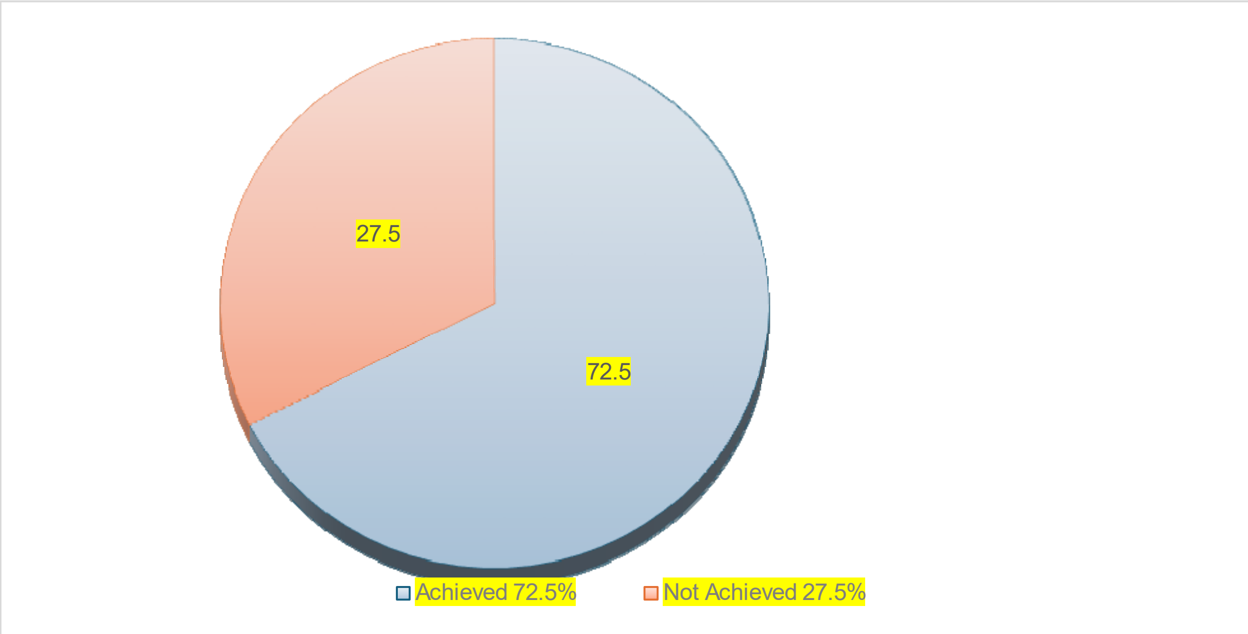
Table 55: Assessment Methodology

Colour	Category	Explanation
	KPI Not Yet Measured	KPI's with no targets or actual results for the selected period
	KPI Not Met	Actual vs. target less than 75%
	KPI Almost Met	Actual vs. target is 75% and more but less than 100%
	KPI Met	Actual vs. target 100% achieved
	KPI Well Met	Actual vs. target more than 100% and less than 150% achieved
	KPI Extremely Well Met	Actual vs. target more than 150% achieved

3.22.2 Planned Targets Vs Actual Results for the 2024/25 Financial Year

This section of the Annual Performance Report reports on the municipality's actual performance against the planned targets. A total of 40 Key Performance Indicators were set for the year under review. Out of 40 KPIs, 29 indicators were achieved, and 11 indicators were not achieved. This translates to 72.5% achievement and 27.5 % of under-achievement. The graph below shows percentage overall of institutional performance.

Figure 3: Summary of Performance Achievement in Percentage



3.22.3 Overall Summary of Results

Table 56 : Overall Institutional Performance

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0%
R	KPI Not Met	0% <= Actual/Target <= 74.999%	7	17.5%
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	4	10.%
G	KPI Met	Actual meets Target (Actual/Target = 100%)	12	30%
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	13	32.5%
B	KPI Extremely Well Met	150.000% <= Actual/Target	4	10%
	Total KPIs:		**40**	**100%**

3.22.4 Annual Performance Report 2024-25

Table 57: Annual Performance Report

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 32	1_001	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 11; Ward: 17; Ward: 2; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Ugie Park Street (600m) Surfacing of Greenfields (2,87km) Surfacing of Mt Fletcher Urban roads (1,2km) Xaxazana access roads (2,5km)	No. of kms of Roads Constructed	6.37 Km	7.17Km	**5.7Km**	O	Target was not achieved as planned for the 2024/25 financial year due to challenges experienced in Greenfields project. Ugie parks street (600m) and Xaxazana AR (2.5) projects were achieved as planned, however only 1.4km were achieved for Greenfields project due to budget shortfall and the project has been extended to be completed in the 2025/26 FY to complete the outstanding 1.47km.	Additional funding of R 1.6 Million will be sourced through the MIG budget for Financial year 2025/2026. The completion work of 1.4 km will be reported in Q1 report of 2025/26 FY.
TL 33	1_002	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2; Ward: 5; Ward: 9	To ensure efficient construction, rehabilitation and	Mt Fletcher/Tlokoeng public toilets Upgrade of Hopedale	No. of Public Amenities Constructed	9	2	**2**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					maintenance of municipal infrastructure	Phase 1& 2							
TL 34	1_003	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 16; Ward: 17; Ward: 2; Ward: 3; Ward: 4; Ward: 7; Ward: 8	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Maintenance of gravel roads	No. of KMs of access roads maintained	90Km	90Km	**96.4KM**	G2		
TL 35	1_004	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2; Ward: 3; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Urban Road maintenance [1_004]	No. of Square Meters of urban roads maintained	2 500 m²	2 500 m²	**4 727.75 m²**	B		
TL	1_005	Infrastruct	Basic	Ward:	To ensure	Households'	No. of	362	201	**224**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
36		ure Planning & Development	Service Delivery and Infrastructure	12; Ward: 13; Ward: 9	efficient construction, rehabilitation and maintenance of municipal infrastructure	electrification 1. Polokoe (41) 2. Showini (60) 3. Koebung (53) 4. Nxotshana (47)	households in electrification programme connected						
TL 37	1_006	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 15; Ward: 3; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	10 Streetlights (Nqanqarhu); 10 Streetlights in (Tlokoeng) Installation of 2 highmast lights (Tlokoeng)	No of public lights installed	22 Streetlights (20) High Mast (2)	20 Streetlights	**28 Streetlights**	G2		
TL 38	1_007	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 3; Ward 4; Ward: 7	To promote environmental health and safety of local communities	Electricity network maintenance	% of maintenance completed for the electricity network as per the maintenance plan	100%	100%	**95.7%**	O	Target is partially achieved. The shortfall in maintenance was due to insufficient internal resources, which necessitated outsourcing the	It is therefore recommended that the Municipal BEC and BAC expedite the appointment process for a service provider to undertake the maintenance of the main substation, as further

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
												repair of some identified defects. The budget was not fully spent due to delays in appointing a service provider to carry out the refurbishment of the Nqanqarhu main substation.	delays may lead to electricity blackouts in Nqanqarhu due to compromised substation protection
TL 40	1_009	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2. Ward: 3; Ward 4; Ward: 9; Ward: 17	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	1.Maintenance of streetlights 2. Maintenance of Highmast lights	% maintenance of public lighting	100%	100%	**100%**	G		
TL 41	1_010	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 1; Ward: 12; Ward: 13; Ward: 15; Ward:	To ensure efficient construction, rehabilitation and maintenance of	Maintenance of Community Halls Mount Fletcher Sports Field Municipal building	% maintenance of public amenities under the control of the department	100%	100%	**100%**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
				17; Ward: 2; Ward: 3; Ward: 4; Ward: 7; Ward: 9	municipal infrastructure	phase 2 Renovation of holding pound in Nqanqarhu							
TL 42	4_004	Budget and Treasury	Basic Service Delivery and Infrastructure	Whole of the Municipality	To provide reliable basic services to households and the business sector.	Free Basic Services	Number of indigent Households receiving Free Basic Services	8 000	8 000	**5 291**	R	Target not achieved due to the effectiveness of the Ind-reg system which is able to detect incorrect information at the initial stage of application and that reduces number of approved applicants drastically and that affects the achievement of this indicator. The system detected 254 deceased applicants, which further decreased the number of applicants by 254.	There is a need to intensify public education on the requirements of Indigent applications and the importance of submitting correct information for the purpose of applications. The meetings with Cllrs will be held to ensure that the message is carried over through ward community meetings, ward committee meetings and to work with Public Participation unit on campaigns
TL 43	2_006	Community Services	Basic Service	Ward: 2; Ward: 3;	To provide reliable	Refuse Collection	Number of areas	59	59	**59**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			Delivery and Infrastructure	Ward: 9	basic services to households and the business sector.		receiving refuse collection, for household and commercial properties.						
TL 44	2_007	Community Services	Local Economic Development	Whole of the Municipality	To promote creation of employment opportunities and decent jobs	EPWP	Number of work opportunities created through EPWP	554	554	**688**	G2		
TL 45	1_012	Infrastructure Planning & Development	Local Economic Development	Whole of the Municipality	To support the development of SMME to participate in a diversified and growing economy	Contractor development	Number of appointed SMMEs per project	9	7	**8**	G2		
TL 46	3_003	Planning & Economic Development	Local Economic Development	Whole of the Municipality	To support the development of SMME to participate	SMME Capacitation	Number of Local SMMEs capacitated through LED initiatives	25	25	**83**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					in a diversified and growing economy								
TL 47	6_003	Office of the Municipal Manager	Local Economic Development	Whole of the Municipality	To support the development of SMME to participate in a diversified and growing economy	Project Sithasolwazi PWD enterprise development (PWDED) Women Enterprise (WE)	Number of focus groups enterprise projects implemented	3	3	**4**	G2		
TL 48	1_013	Infrastructure Planning & Development	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Expenditure of infrastructure grants	% expenditure on all infrastructure grants	100%	100%	**100%**	G		
TL 49	4_009	Corporate Services	Financial Viability and Manage	Administrative or Head Office	To enhance organizational performanc	Training Expenditure	Percentage expenditure of the municipal budget for	100%	100%	**69%**	O	The process of implementing the accredited training courses was not	Procurement process to be commenced earlier to allow the appointment of service providers to be

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			ment	(Including Satellite Offices)	e, financial viability and management of municipal resources.		training and development					flowing smoothly due to delays in advertising and the appointment of Training Provider	completed on time.
TL 50	2_008	Community Services	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Revenue Generated	Rand value for revenue generated from vehicle's registration and licensing	R3 000 000.0000	R3 000 000.0000	**R3 383 921**	G2		
TL 52	5_001	Corporate Services	Municipal Transformation and Organisational Development	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Local labour forum	Percentage functionality of local labour forum and its committees	100%	100%	**156%**	B		
TL 53	5_004	Corporate Services	Municipal	Administrative or	To enhance organization	Organisational Structure	Number of organizational	1	1	**1**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			Transformation and Organisational Development	Head Office (Including Satellite Offices)	al performance, financial viability and management of municipal resources.		structures reviewed						
TL 54	6_009	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Community based meetings. Petition Management Public Participation events Section 79 Committee co-ordination. Ward committee co-ordination.	Number of public participation and oversight projects implemented	5	5	**5.7**	G2		
TL 55	6_010	Office of the Municipal Manager	Good Governance and Public Participation	Administrative or Head Office (Including Satellite Offices)	To improve public participation and oversight to enhance accountability	Local Communicators Forum: Municipal Publication Outdoor LED screen Social Media	Number of communications projects implemented	6	6	**8**	B		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
						Tintswalo Project Website management							
TL 56	6_011	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Anonymous hot line. IMIS walk-ins) Presidential hotline. Proof of residence Satisfaction survey.	Number of customer care projects implemented	5	5	**5**	G		
TL 57	6_012	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Gender-based violence & Femicide Mayoral Cup/ Horse Racing Military Veterans PWD support Youth in Arts (YiA)	Number of focus groups social projects implemented	10	10	**8**	O	Target partially achieved. Only PWD was implemented, the Youth in Arts (June 16) program was cancelled due to municipal budgetary constraints	The program will be implemented as soon as the budget is available
TL 58	6_013	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance	HCBC Support Local Aids Council	Number of HIV/AIDS projects implemented	2	2	**2**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					accountability								
TL 59	6_014	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Youth Skilling Bridge of hope (BOH) Bursary Assistance (BA)	Number of MSI projects implemented.	3	3	**2**	R	Target not achieved, only MSI Bridge of hope program was implemented. The Youth Skilling program was cancelled due to budgetary constraints	The program will be implemented as soon as the budget is available
TL 60	5_011	Corporate Services	Good Governance and Public Participation	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Development of ICT Assets Register Migration of systems to Cloud Based Monitoring of Remote Backups Review of ICT Governance upgrade of LAN to Cat6	Number of ICT projects implemented	6	5	**6**	G2		
TL 61	5_012	Corporate Services	Good Governance and	Administrative or Head	To improve public participatio	Council Functionality	Percentage functionality of council and	100%	100%	**160%**	B		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			Public Participation	Office (Including Satellite Offices)	n and oversight to enhance accountability		its committees						
TL 62	1_014	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 13	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Link Line	Number of km of bulk infrastructure constructed 4km 33kV Koebung Link line	5.3 Km	4Km	**4 Km**	G		
TL 63	1_015	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 17; Ward: 3; Ward: 4	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Smart meters	% of activities in procuring through transversal tender for installation of phase two smart meters	100%	100%	**0%**	R	The revised bill of quantities including remaining scope for the smart metering project was compiled and RFQ was issued to two service providers, however, the returned quotations for the potential bidder exceeded the available budget	A request will be submitted to standing for recommendation to Council to approve the proposal of revising the scope of work and implementing the project in phases to ensure efficiency and cost-effectiveness and completeness of the work.

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
												hence the bid did not get appointed	
TL 64	1_016	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Whole of the Municipality	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	NERSA Tariffs proposal	Number of tariff proposals submitted to NERSA	2	2	**2**	G		
TL 65	1_017	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	1.Ugie Landfill site (Weigh bridge; Guard House) 2. Tlokoeng Landfill site (Fencing) 3. VTS	% of Rehabilitation of public amenities	40%	40%	**0 %**	R	The projects were planned to be at 40% by end of financial year however this was not achieved due to means of verification that did not incorporate designs on the adjusted SDBIP. The means of verification relate to construction stage of the project which has not yet	The projects will be carried over to the 2025/2026 financial year. The means of verification will be corrected in the 2025/2026 financial year to relate to the envisaged achievements.

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
												commenced.	
TL 66	4_013	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Repairs & Maintenance to PPE Ratio	Percentage Level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery	8%	8%	**9 %**	G2		
TL 67	4_014	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Current Ratio	Municipality's ability to payback its short-term liabilities with its short-term loans	1.5:1	1.5 :1	**0.828: 1**	R	Target is not achieved because of poor collection on revenue and non-adherence to cost containment.	The norm for this ratio is 1.5:1 as per Treasury circular 71. The baseline has to be reduced to 0.8 since we are now unable to achieve the 1.5: 1 target. The calculation type has to be revised and not be averaged.
TL 68	4_012	Budget and Treasury	Financial Viability and	Administrative or Head	To enhance organizational	Asset management ratios	Percentage Capital expenditure to	20%	20%	**13%**	G		The industry norm is 10% and 20%. for the quarter 4 performance is 13 % and

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			Management	Office (Including Satellite Offices)	performance, financial viability and management of municipal resources.		total expenditure						the calculation method of this KPI is last value. this put the performance above 10% as per the industry norm. the target will be aligned with the industry norm moving forward
TL 69	4_010	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Net debtor's days	Average number of days taken to receive payment from debtors (net debtor's day)	1 50 days	150 days	**559 days**	R	Target is not achieved because of poor collection on revenue and non-adherence to cost containment.	The norm for this ratio is 30 days per Treasury circular 71. The baseline has to be reduced to 559 days since we are now unable to achieve the target. The calculation type has to be revised and not be averaged.
TL 70	4_015	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Debtors' collection rate	Percentage collection on collected revenue	95%	95%	**98 %**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 71	4_016	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Debtors Billing rate	Percentage collection on billed revenue	95%	95%	**99 %**	G2		
TL 72	4_017	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Asset management ratios (Budgeted)	Percentage Capital expenditure to total expenditure (budgeted)	20%	20%	**17 %**	G		The industry norm is 10% and 20%. for the e quarter 4 performance is 13 % and the calculation method of this KPI is last value. this put the performance above 10% as per the industry norm. the target will be aligned with the industry norm moving forward
TL 73	4_011	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of	Cost Coverage Ratio	Number of months for the municipality ability to meet monthly fixed operating commitments from cash and	3	3	**0**	R	Target is not achieved due to poor collection on revenue and non-adherence to cost containment measures.	The industry norm is 1-3 months as per Treasury circular 71. The base line has to be reduced to one month moving forward since we could not achieve 1-3 months. The calculation type has to be

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					municipal resources.		short-term investments without collecting any additional revenue. (cost coverage ratio)						revised on this target, it must not be averaged.

3.22.5 Performance Per KPA

ELM had a total of 40 indicators;

Basic Service Delivery KPA had a total of 15 indicators out of the 40 indicators, contributing 37.5% . 10 indicators were achieved, and 5 indicators were not achieved, which translates to 66.6 % achievement and 33.3 % not achieved.

Financial Management and Viability KPA had a total of 11 indicators out of 40 which gives 27.5% contribution to the Organisational performance . 7 indicators were achieved , while 4 were not achieved which accounted 63.6% achievement and 36.6% under-achievement.

Local Economic Development KPA had a total of 04 indicators out of 40 and 10% to the overall organisational performance . 4 indicators were achieved , 0 indicator was not achieved which translate 100% achievement and 0 % underachievement.

Good Governance and Public Participations KPA had 08 indicators out of 40 indicators contributing 20 % overall of the overall organisational performance . 6 indicators were achieved while 2 were not aachieved, account for 75% achievement and 25% underachievement.

Municipal Transformation KPA had 02 indicators, 2 indicator were achieved which translate 5% and 2 indicators were achieved which translated achievement of 100% and 0% under-achievement.

This account for 72.5%overall organisational achievement, 25% overall organisational under achievement.

Table 308: Summary of Performance Per KPA

	Elundini Local Municipality	Basic Service Delivery and Infrastructure	Financial Management & Viability	Local Economic Development	Good Governance & Public Participation	Municipal Transformation & Organisational Development
Number of Indicators Per KPA	40	15	11	4	8	2
% of indicators Per KPA	100%	37.5%	27.5 %	10 %	20 %	5%
Actual Performance Achievement Per KPA	29	10	7	4	6	2
% Performance Achievement Per KPA	72.5%	66.6%	63.6%	100%	75 %	100%
Actual Performance Not achieved Per KPA	10	4	4	0	2	0
% Performance Not Achieved Per KPA	25%	26.6 %	10.25%	0%	25%	0%

3.22.5.1 KPA 1: Basic Service Delivery and infrastructure

Table 59: Basic Services KPA

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 32	1_001	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 11; Ward: 17; Ward: 2; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Ugie Park Street (600m) Surfacing of Greenfields (2,87km) Surfacing of Mt Fletcher Urban roads (1,2km) Xaxazana access roads (2,5km)	No. of kms of Roads Constructed	6.37 Km	7.17Km	**5.7Km**	O	Target was not achieved as planned for the 2024/25 financial year due to challenges experienced in Greenfields project. Ugie parks street (600m) and Xaxazana AR (2.5) projects were achieved as planned, however only 1.4km were achieved for Greenfields project due to budget shortfall and the project has been extended to be completed in the 2025/26 FY to complete the outstanding 1.47km.	Additional funding of R 1.6 Million will be sourced through the MIG budget for Financial 2025/2026. The completion work of 1.4 km will be reported in Q1 report of 2025/26 FY.
TL 33	1_002	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2; Ward: 5; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of	Mt Fletcher/Tlokoeng public toilets Upgrade of Hopedale Phase 1& 2	No. of Public Amenities Constructed	9	2	**2**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					municipal infrastructure								
TL 34	1_003	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 16; Ward: 17; Ward: 2; Ward: 3; Ward: 4; Ward: 7; Ward: 8	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Maintenance of gravel roads	No. of KMs of access roads maintained	90Km	90Km	**96.4KM**	G2		
TL 35	1_004	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2; Ward: 3; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Urban Road maintenance [1_004]	No. of Square Meters of urban roads maintained	2 500 m²	2 500 m²	**4 727.75 m²**	B		
TL 36	1_005	Infrastructure	Basic Service	Ward: 12;	To ensure efficient	Households' electrification	No. of households in	362	201	**224**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
		Planning & Development	Delivery and Infrastructure	Ward: 13; Ward: 9	construction, rehabilitation and maintenance of municipal infrastructure	1. Polokoe (41) 2. Showini (60) 3. Koebung (53) 4. Nxotshana (47)	electrification programme connected						
TL 37	1_006	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 15; Ward: 3; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	10 Streetlights (Nqanqarhu); 10 Streetlights in (Tlokoeng) Installation of 2 highmast lights (Tlokoeng)	No of public lights installed	22 Streetlights (20) High Mast (2)	20	**28 Street lights**	G2		
TL 38	1_007	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 3; Ward 4; Ward: 7	To promote environmental health and safety of local communities	Electricity network maintenance	% of maintenance completed for the electricity network as per the maintenance plan	100%	100%	**95.7 %**	O	Target is partially achieved. The shortfall in maintenance was due to insufficient internal resources, which necessitated outsourcing the repair of some identified defects. The	It is therefore recommended that the Municipal BEC and BAC expedite the appointment process for a service provider to undertake the maintenance of the

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
												budget was not fully spent due to delays in appointing a service provider to carry out the refurbishment of the Nqanqarhu main substation.	main substation, as further delays may lead to electricity blackouts in Nqanqarhu due to compromised substation protection
TL 40	1_009	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2. Ward: 3; Ward 4; Ward: 9; Ward: 17	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	1.Maintenance of streetlights 2. Maintenance of Highmast lights	% maintenance of public lighting	100%	100%	**100%**	G		
TL 41	1_010	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 1; Ward: 12; Ward: 13; Ward: 15; Ward: 17; Ward: 2;	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructur	Maintenance of Community Halls Mount Fletcher Sports Field Municipal building phase 2 Renovation of	% maintenance of public amenities under the control of the department	100%	100%	**100%**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
				Ward: 3; Ward: 4; Ward: 7; Ward: 9	e	holding pound in Nqanqarhu							
TL 42	4_004	Budget and Treasury	Basic Service Delivery and Infrastructure	Whole of the Municipality	To provide reliable basic services to households and the business sector.	Free Basic Services	Number of indigent Households receiving Free Basic Services	8 000	8 000	**5 291**	R	Target not achieved due to the effectiveness of the Ind-reg system which is able to detect incorrect information at the initial stage of application and that reduces number of approved applicants drastically and that affects the achievement of this indicator. The system detected 254 deceased applicants, which further decreased the number of applicants by 254.	There is a need to intensify public education on the requirements of Indigent applications and the importance of submitting correct information for the purpose of applications. The meetings with Cllrs will be held to ensure that the message is carried over through ward community meetings, ward committee meetings and to work with Public Participation unit on campaigns
TL 43	2_006	Community Services	Basic Service Delivery and Infrastru	Ward: 2; Ward: 3; Ward: 9	To provide reliable basic services to households	Refuse Collection	Number of areas receiving refuse collection, for	59	59	**59**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025 — Actual	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025 — R	Performance Comment	Corrective Measures
			cture		and the business sector.		household and commercial properties.						
TL 62	1_014	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 13	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Link Line	Number of km of bulk infrastructure constructed 4km 33kV Koebung Link line	5.3 Km	4Km	**4 Km**	G		
TL 63	1_015	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 17; Ward: 3; Ward: 4	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Smart meters	% of activities in procuring through transversal tender for installation of phase two smart meters	100%	100%	**0%**	R	The revised bill of quantities including remaining scope for the smart metering project was compiled and RFQ was issued to two service providers, however, the returned quotations for the potential bidder exceeded the available budget hence the bid did not get appointed	A request will be submitted to standing the committee for recommendation to Council to approve the proposal of revising the scope of work and implementing the project in phases to ensure efficiency and cost-effectiveness and completeness of the work.

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 64	1_016	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Whole of the Municipality	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	NERSA Tariffs proposal	Number of tariff proposals submitted to NERSA	2	2	**2**	G		
TL 65	1_017	Infrastructure Planning & Development	Basic Service Delivery and Infrastructure	Ward: 2; Ward: 9	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	1.Ugie Landfill site (Weigh bridge; Guard House) 2. Tlokoeng Landfill site (Fencing) 3. VTS	% of Rehabilitation of public amenities	40%	40%	**0 %**	R	The projects were planned to be at 40% by end of financial year however this was not achieved due to means of verification that did not incorporate designs on the adjusted SDBIP. The means of verification relate to construction stage of the project which has not yet commenced.	The projects will be carried over to the 2025/2026 financial year. The means of verification will be corrected in the 2025/2026 financial year to relate to the envisaged achievements.

3.22.5.2 KPA 2: Financial Viability and management

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 49	4_009	Corporate Services	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Training Expenditure	Percentage expenditure of the municipal budget for training and development	100%	100%	**69 %**	O	The process of implementing the accreted training courses was not flowing smoothly due to delays of advertisement and the appointment of Training Provider	Procurement process to be commenced earlier to allow the appointment of service providers on time.
TL 50	2_008	Community Services	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Revenue Generated	Rand value for revenue generated from vehicle's registration and licensing	R3 000 000.0000	R3 000 000.0000	**R3 383 921**	G2		
TL 48	1_013	Infrastructure Planning & Development	Financial Viability and Management	Administrative or Head Office (Including	To enhance organizational performance, financial viability and	Expenditure of infrastructure grants	% expenditure on all infrastructure grants	100%	100%	**100%**	G		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
				Satellite Offices)	management of municipal resources.								
TL 66	4_013	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Repairs & Maintenance to PPE Ratio	Percentage Level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery	8%	8%	**9 %**	G2		
TL 67	4_014	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Current Ratio	Municipality's ability to payback its short-term liabilities with its short-term loans	1.5:1	1.5 :1	**0.828: 1**	R	Target is not achieved because of poor collection on revenue and non-adherence to cost containment.	The norm for this ratio is 1.5:1 as per Treasury circular 71. The baseline has to be reduced to 0.8 since we are now unable to achieve the 1.5: 1 target. The

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
													calculation type has to be revised and not be averaged.
TL 68	4_012	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Asset management ratios	Percentage Capital expenditure to total expenditure	20%	20%	**13%**	G		The industry norm is 10% and 20%. for the e quarter 4 performance is 13 % and the calculation method of this KPI is last value. this put the performance above 10% as per the industry norm. the target will be aligned with the industry norm moving forward
TL 69	4_010	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Includin	To enhance organizational performance, financial	Net debtor's days	Average number of days taken to receive payment from	1 50 days	150 days	**559 days**	R	Target is not achieved because of poor collection on revenue and non-adherence to cost containment.	The norm for this ratio is 30 days per Treasury circular 71.

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
				g Satellite Offices)	viability and management of municipal resources.		debtors (net debtor's day)						The baseline has to be reduced to 559 days since we are now unable to achieve the target. The calculation type has to be revised and not be averaged.
TL 70	4_015	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Debtors' collection rate	Percentage collection on collected revenue	95%	95%	**98 %**	G2		
TL 71	4_016	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of	Debtors Billing rate	Percentage collection on billed revenue	95%	95%	**99 %**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					municipal resources.								
TL 72	4_017	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Asset management ratios (Budgeted)	Percentage Capital expenditure to total expenditure (budgeted)	20%	20%	**17 %**	G		The industry norm is 10% and 20%. for the e quarter 4 performance is 13 % and the calculation method of this KPI is last value. this put the performance above 10% as per the industry norm. the target will be aligned with the industry norm moving forward
TL 73	4_011	Budget and Treasury	Financial Viability and Management	Administrative or Head Office (Including Satellite	To enhance organizational performance, financial viability and managemen	Cost Coverage Ratio	Number of months for the municipality ability to meet monthly fixed operating	3	3	**0**	R	Target is not achieved due to poor collection on revenue and non-adherence to cost containment measures.	The industry norm is 1-3 months as per Treasury circular 71. The base line has to be

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
				Offices)	t of municipal resources.		commitments from cash and short-term investments without collecting any additional revenue. (cost coverage ratio)						reduced to one month moving forward since we could not achieve 1-3 months. The calculation type has to be revised on this target, it must not be averaged.

3.22.5.3 KPA 3: LOCAL ECONOMIC DEVELOPMENT

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 44	2_007	Community Services	Local Economic Development	Whole of the Municipality	To promote creation of employment opportunities and decent jobs	EPWP	Number of work opportunities created through EPWP	554	554	**688**	G2		
TL 45	1_012	Infrastructure Planning & Development	Local Economic Development	Whole of the Municipality	To support the development of SMME to participate in a diversified and growing economy	Contractor development	Number of appointed SMMEs per project	9	7	**8**	G2		
TL 46	3_003	Planning & Economic Developmen	Local Economic	Whole of the Municip	To support the developme	SMME Capacitation	Number of Local SMMEs	25	25	**83**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
		t	Development	ality	nt of SMME to participate in a diversified and growing economy		capacitated through LED initiatives						
TL 47	6_003	Office of the Municipal Manager	Local Economic Development	Whole of the Municipality	To support the development of SMME to participate in a diversified and growing economy	Project Sithasolwazi PWD enterprise development (PWDED) Women Enterprise (WE)	Number of focus groups enterprise projects implemented	3	3	**4**	G2		

3.22.5.4 KPA 4: Good Governance and Public Participation

Table 9: Good Governance KPA

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 54	6_009	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Community based meetings. Petition Management Public Participation events Section 79 Committee co-ordination. Ward committee co-ordination.	Number of public participation and oversight projects implemented	5	5	**5.7**	G2		
TL 55	6_010	Office of the Municipal Manager	Good Governance and Public Particip	Administrative or Head Office (Includi	To improve public participation and	Local Communicators Forum: Municipal Publication	Number of communications projects implemented	6	6	**8**	B		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			ation	ng Satellite Offices)	oversight to enhance accountability	Outdoor LED screen Social Media Tintswalo Project Website management							
TL 56	6_011	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Anonymous hot line. IMIS walk-ins) Presidential hotline. Proof of residence Satisfaction survey.	Number of customer care projects implemented	5	5	**5**	G		
TL 57	6_012	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountabi	Gender-based violence & Femicide Mayoral Cup/ Horse Racing Military	Number of focus groups social projects implemented	10	10	**8**	O	Target partially achieved. Only PWD was implemented, the Youth in Arts (June 16) program was cancelled due to municipal budgetary constraints	The program will be implemented as soon as the budget is available

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
					lity	Veterans PWD support Youth in Arts (YiA)							
TL 58	6_013	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	HCBC Support Local Aids Council	Number of HIV/AIDS projects implemented	2	2	**2**	G		
TL 59	6_014	Office of the Municipal Manager	Good Governance and Public Participation	Whole of the Municipality	To improve public participation and oversight to enhance accountability	Youth Skilling Bridge of hope (BOH) Bursary Assistance (BA)	Number of MSI projects implemented.	3	3	**2**	R	Target partially achieved, only MSI Bridge of hope program was implemented. The Youth Skilling program was cancelled due to budgetary constraints	The program will be implemented as soon as the budget is available
TL 60	5_011	Corporate Services	Good Governa	Administrative	To enhance	Development of ICT	Number of ICT projects	6	5	**6**	G2		

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
			nce and Public Participation	or Head Office (Including Satellite Offices)	organizational performance, financial viability and management of municipal resources.	Assets Register Migration of systems to Cloud Based Monitoring of Remote Backups Review of ICT Governance upgrade of LAN to Cat6	implemented						
TL 61	5_012	Corporate Services	Good Governance and Public Participation	Administrative or Head Office (Including Satellite Offices)	To improve public participation and oversight to enhance accountability	Council Functionality	Percentage functionality of council and its committees	100%	100%	**160%**	B		

3.22.5.5 KPA 5: Municipal Transformation and Organisational Development

Ref	Internal Ref / Indicator Code	Responsible Directorate	Municipal KPA	Region	Strategic Objective	Project	KPI Name	Original Annual Target	Revised Annual Target	Overall Performance for Quarter ending September 2024 to Quarter ending June 2025		Performance Comment	Corrective Measures
										Actual	R		
TL 52	5_001	Corporate Services	Municipal Transformation and Organisational Development	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Local labour forum	Percentage functionality of local labour forum and its committees	100%	100%	**156%**	B		
TL 53	5_004	Corporate Services	Municipal Transformation and Organisational Development	Administrative or Head Office (Including Satellite Offices)	To enhance organizational performance, financial viability and management of municipal resources.	Organisational Structure	Number of organizational structures reviewed	1	1	**1**	G		

3.22.5.6 Comparison of Performance for Previous Year Against the Current Year

Section 46(1)(b) of the Municipal Systems Act requires the municipality to make comparison of performances for the current and previous years' performance. Section 32 of Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting a comparison of the performance with targets set for performance in the previous financial year. The table below shows the comparison of performance for previous against the current year.

Table11: Comparison of the Previous & Current Year Performance

Strategic Objectives	Municipal KPA	KPI Name	Target 2023/24	Actual achievement 2023/24	Target 2024/25	Actual achievement 2024/25
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of households in electrification programme connected.	304	308	201	**224**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of km's of link line constructed (Batlokoa 02)	3km	4km	4 km	**4km**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of public lights installed	24 22 Street lights 02 Highmast	24	20 streetlights	**28 streetlights**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% of maintenance completed for electricity network as per the maintenance plan	100%	100%	100%	**95.7%**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% maintenance of public lights	N/A	N/A	100%	**100%**

Strategic Objectives	**Municipal KPA**	**KPI Name**	**Target 2023/24**	**Actual achievement 2023/24**	**Target 2024/25**	**Actual achievement 2024/25**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of electricity network upgraded	2	2	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of smart meters installed	6400	2 810	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	KMs of roads constructed	3.9	6.264	7.17Km	**5.7Km**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of public amenities constructed	3	1	2	**2**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of bridges rehabilitated	Castle rock	2x Sophonia and castle rock bridges	N/A	Pitseng and Matuguru bridges
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of bridges constructed	1	3	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of kms of remedial works at Sonwabile streets	N/A	N/A	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of KMs of access roads maintained	150	95.40%	90Km	96.4KM
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% completed of Stormwater repairs/ maintenance	N/A	N/A	N/A	N/A

Strategic Objectives	Municipal KPA	KPI Name	Target 2023/24	Actual achievement 2023/24	Target 2024/25	Actual achievement 2024/25
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% completed of urban roads maintenance	N/A	N/A	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	No. of Square Meters of urban roads maintained	N/A	N/A	2 500 m²	**4 727.75 m²**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of KMs of urban roads maintained	1	2.54	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% maintenance of public amenities under the control of the department	N/A	N/A	100%	**100%**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% Rehabilitation of public amenities	N/A	N/A	40%	0%
To provide reliable basic services to households and business sector	Basic Service Delivery and Infrastructure	Number of indigent households receiving free basic services	7500	6 474	8 000	**5291**
To provide reliable basic services to households and business sector	Basic Service Delivery and Infrastructure	Number of areas receiving refuse collection from urban and commercial properties	59	59	59	**59**
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of bridges repaired/maintained (Tsitsa Bridge)	N/A	N/A	N/A	N/A
To enhance organisational performance, financial	Financial Viability and	% of the Municipality's	100%	100%	100%	**69%**

Strategic Objectives	Municipal KPA	KPI Name	Target 2023/24	Actual achievement 2023/24	Target 2024/25	Actual achievement 2024/25
viability and management of municipal resources	Management	budget for training and development actually spent.				
To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	% expenditure on all infrastructure grants	100%	100%	100%	**100%**
To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Revenue generated from vehicle registration and licensing	R3 million	R3 606 36 6	R3 000 000.0000	**R3 383 921**
To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Average Number of days taken to pay Creditors	30	9	N/A	N/A
To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Municipality's ability to pay back its short-term liabilities with its short-term assets.	1.5:1	1.291:1	1.51.1:	**0.828: 1**
To enhance organisational performance, financial viability and management of municipal resources	Municipal Transformation and Organisational Development	% implementation of identified training interventions	100%	43%	N/A	N/A
To enhance organisational performance, financial viability and management of municipal resources	Municipal Transformation and Organisational Development	Number of organizational structures reviewed	1	1	1	**1**
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of contractors SMMEs benefited through sub-contracting	10	11	N/A	N/A

Strategic Objectives	Municipal KPA	KPI Name	Target 2023/24	Actual achievement 2023/24	Target 2024/25	Actual achievement 2024/25
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of appointed SMMEs per project	N/A	N/A	7	8
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of Local SMMEs capacitated through LED initiatives	N/A	N/A	25	83
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of focus groups enterprise development projects supported	5	3	3	**4**
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of youth development projects implemented	2	2	N/A	N/A
To promote creation of employment opportunities and decent jobs	Local Economic Development	Number of work opportunities created through EPWP	584	706	554	**688**
To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of public participation and oversight projects implemented	5	6	5	**5.7**
To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of deliverables implemented on ward-based planning	3	3	N/A	N/A

3.22.5.7 Conclusion

The municipality performance of the 2024/25 Financial has seen a slight decline compared to the previous financial year. Out of 40 indicators a total of 29 indicators were achieved, which accounted for 72.5% overall of performance compared to 73.9% overall performance of the previous financial year.

Service delivery challenges encountered for the year under review include amongst others; the: -

- Inadequate internal capacity to deal with major repairs of facilities (Nqanqarhu power station)
- Budget shortfall (Surfacing of Greenfields streets)
- Severe damage of facilities due to vandalism which requires to be outsourced and more budget allocation (maintenance of public amenities)
- Delays in subsidy approvals, particularly affecting Eskom account holders for indigent beneficiaries and decline of applications due to non-submission of required documents during registration period (Free basic services)
- Revenue collection there are challenges in the distribution of final demand notices to customers who do not have email addresses, which hampers effective communication.
- Poor collection of revenue (revenue collection)
- The implementation agreement with Elundini ECDC ended in June 2024 and was not renewed by the Council.
- Delays in procurement processes, has affected the finalisation of the development of some strategies and plans (IWMP & Climate Change)

CHAPTER 4
ORGANIZATIONAL DEVELOPMENT PERFORMANCE PART II
Introduction To Municipal Personnel

4.1 Human Resource Services

Critical for the survival of any institution is the development and functioning of its human resources. ELM, as a small and rural municipality constantly finds itself competing with the private and public sector for limited human capital resources, as a result, ELM at times find it difficult to attract and retain competent and critical skills. The human resources department is an integral part of Corporate Services and is mainly responsible for effective and efficient Recruitment and Selection of personnel; effective administration of staff benefits; maintain sound Labour Relations; ensure Occupational Health and Safety of employees; wellness; training and development of staff and unemployed; Employment Equity development; implementation and reporting; Organizational design and development; Individual Performance Management of staff.

4.1.1 New Employees

As can be depicted by the table below, the municipality employed 10 employees during the year under review, 5 of them were females and the other 5 were males. From the new recruits, the municipality prides itself in the employment of 6 youth members below the ages of 35, this guarantees a long standing and guarantees survival of Municipality. Furthermore, in an attempt to address employment equity. The Municipality encouraged the recruitment of disabled citizens however none were attracted, and this resulted in ensuring that the municipality recruits disabled employees through the EPWP initiative.

Table 31: New employees

NEW EMPLOYEE RECRUITS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services	2				4				6					3	3	0

Corporate Services																
Finance																
Administration																
Electricity					1				1					1		
Environmental Protection																
Infrastructure Planning	1								1					1		
Office of the Municipal Manager	2								2					1	1	
Public Safety																
Road Maintenance																
Sport and Recreation																
Waste Management																
Waste Water Management																
Strategic Planning																
TOTALS	5				5				10					6	4	

4.1.2 New Labour Market Entrants

For 2024/25 financial year, the municipality employed 6 new employees (first time employment) as depicted by the table below, and all these employees are below the age of 35

Table 32: New Labour Market Entrants

NEW LABOUR MARKET ENTRANTS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social	1				2				3					3		

Services																
Corporate Services																
Finance																
Administration																
Electricity					1				1					1		
Environmental Protection																
Health																
Infrastructure Planning	1								1					1		
Office of the Municipal Manager	1								1					1		
Public Safety																
Road Transport																
Sport and Recreation																
Waste Management																
TOTALS	3				3				6					6		

4.1.3 Labour Turnover

The table below depicts that there were 16 terminations during the year under review, of which 4 were Resignations, 4 were Deceased, 4 were Retirements and 4 were Dismissals.

Table 33: Labour Turnover

EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				RESIGNED		RETIRED		DISMISSED		DEATH	
	A	C	I	W	A	C	I	W	A	C	I	W	F	M	F	M	F	M	F	M
Community and Social Services	3				4				7						1	1	1	2	1	1
Corporate Services	2								2						2					
Finance								1				1								1

Administration (Office of the Municipal Manager)	1				1				2				1	1						
Electricity																				
Environmental Protection																				
Planning & Economic Development	1								1				1							
Public Safety																				
Infrastructure Planning	1				2				3				1					1		1
Road Transport																				
Sport and Recreation																				
Waste Management																				
Waste Water Management																				
Water and Sanitation																				
TOTALS	8				7			1	15			1	3	1	3	1	1	3	1	3

4.1.4 Employee Totals and Employee Equity

Of the **284** filled positions during the year under review, 145 are female employees and males are 139, including temporary employees, which constitutes 51% female and 48,9% males. Giving this figure the ELM has achieved more than the economically active population required by the department of employment and labour.

Table 34: Snapshot of workforce profile for all employees, including people with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1										1

Senior management	2				3						5
Professionally qualified and experienced specialists and mid-management	11				12						23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	34	1			62			1			98
Semi-skilled and discretionary decision making	35				28						63
Unskilled and defined decision making	53				36	1					90
TOTAL PERMANENT	**136**	**1**			**140**	**1**		**1**			**279**
Temporary employees	2				3						5
GRAND TOTAL	**138**	**1**			**143**	**1**		**1**			**284**

4.1.5 Staff Turnover & Vacancy Rate

The tables below depict the number of employees, the rate of turnover and the vacancy rate as per vacant funded positions:

Table 35: Staff Turnover & Vacancy Rate

Employees					
Description	Year -1 2023/24	Year - 2 2024/25			
	Employees No.	Approved and funded Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-			-

Waste Water (Sanitation)	-	-			-
Electricity	14	9	13	1	7.6%
Waste Management	86	90	86	4	4.4%
Housing	3	3	3	0	0
Waste Water (Stormwater Drainage)	-	-	-	-	-
Roads	31	32	28	4	12%
Project Management Unit	5	6	5	1	16%
Transport	-	-	-	-	-
Planning	3	3	3	0	0
Local Economic Development	5	5	5	0	0
Planning (Strategic & Regulatory)					-
Community & Social Services	-	-	-	-	-
Environmental Protection					-
Health					-
Safety and Security	26	27	25	2	7.5%
Sport and Recreation					-
Corporate Policy Offices and Other	135	133	114	14	10%
Totals	**308**	**308**	**282**	**26**	**8.4%**

The table below depicts the employee 2024/25 status quo per department:

Table 36: Vacancy Rate

Vacancy Rate: 2025			
Designations	*Total Approved and funded 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)	0	0	0%
Police officers	0	0	0%
Fire fighters	1	0	0%
Mid management: TASK Grade 14-19 (excluding Finance Posts)	17	1	5.8%
Mid management: TASK Grade 14-19 (Finance posts)	3	0	0%
Highly skilled supervision: TASK Grade 9 -13 (excluding Finance posts)	84	8	8.6%
Highly skilled supervision: TASK Grade 9 -13 (Finance posts)	14	3	21%
Total	**129**	**11**	**8%**

Table 37: Staff Turnover

Turn-over Rate: 2025			
Details	**Total Appointments as of beginning of Financial Year**	**Terminations during the Financial Year**	**Turn-over Rate***
	No.	**No.**	
Year – 2	10	16	5.5 %
Year – 1	20	16	5.2 %

4.2 MANAGING MUNICIPAL WORKFORCE:

Human Resource Plans and Policies

The table below illustrates the list of HR related policies available in ELM:

Table 38: HR Plans and Policies

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Acting Allowance Policy	100%	100%	11 December 2024
2	Bereavement / Funeral Assistance Policy	100%	100%	11 December 2024
3	Cell phone Allowance Policy	100%	100%	11 December 2024
4	Conditions of Employment Policy	100%	100%	11 December 2024
5	Employee Assistance Policy	100%	100%	11 December 2024
6	HIV/AIDS Policy	100%	100%	11 December 2024
7	Induction & Code of Conduct Policy	100%	100%	11 December 2024
8	Job Evaluation Policy	100%	100%	11 December 2024
9	Occupational Health and Safety	100%	100%	11 December 2024
10	Overtime and Emergency Work policy	100%	100%	11 December 2024
11	Performance Management System Policy	100%	100%	11 December 2024
12	Recruitment, Selection and Probation Policy	100%	100%	11 December 2024
13	Sexual and Racial Harassment Policy	100%	100%	11 December 2024
14	Staff Movement & Relocation Policy	100%	100%	11 December 2024
15	Training & Development Policy	100%	100%	11 December 2024

16	Leave Management Policy	100%	100%	11 December 2024
17	Subsistence and Travelling Policy	Pending Council approval	100%	30 May 2023
18	Transport/Car allowance Policy	Pending Council approval	100%	June 2018
19	Other: All Collective Agreements	X		Regulated by SALGA & SALGBC

4.2.1 Labour Relations

The disciplinary cases and bargaining matters of mutual interest are being conducted with strict adherence and confined to the Labour Relations Act 66 of 1995 and SALGBC Disciplinary Procedure Collective Agreement and Main Collective Agreement as extended.

Below were the active cases as at the end of 2024/2025 financial year:

- Fraud and Corruption
- Tempering with SCM Policy.
- Gross Negligence and breach of Municipal transport policy
- Prolonged Absenteeism.

4.2.1.1 Injuries, Sickness and Suspensions

Table 39: Cases of Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
Department	**Nature of Alleged Misconduct and Rand value of any loss to ELM**	**Disciplinary Action taken**	**Date Finalised**
Infrastructure Planning and Development	Tempering with Supply Chain Management Processes.	Yes	To be finalised in 2025/26
Budget and Treasury Office	Tempering with Supply Chain Management Processes.	Yes	Ongoing

INJURIES			
POSITION	**Nature of Injure/ Sickness**	**Action taken**	**Date Finalised**
Building and Civil Works – Foreman – Concrete Structures	Pain on the left side of the ribs	Taken to hospital	23 January 2025
Community Services - EPWP	Ankle Sprain	Taken to hospital	07 February 2025

Table 40: Number of Suspension

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 Finalised**
EPWP Coordinator	Fraud and Corruption	05 March 2024	Finalised – The employee was dismissed	07 August 2024
Director: Infrastructure Planning & Development	Breaching section 55 of SCM Policy	30 September 2024	Finalised – The employee was dismissed. on the 16th of July 2025.	16 July 2025
Manager: Supply Chain Management	Manager: Supply Chain Management	24 June 2025	Investigations not yet finalised	None
General Worker	Prolonged Absenteeism	N/A	Finalised –The employee was dismissed.	30 June 2025
General Worker	Gross negligence	N/A	Finalised - the employee was dismissed.	30 April 2025

4.2.2 Occupational Health & Safety

Elundini Local Municipality is currently implementing the Occupational Health and Safety Strategy that is intended to minimise occupational related risks and incidents, as well as promoting a healthy and safe environment. The implementation of the approved strategy is in line with the Occupational Health and Safety Act, and related legislations.

The municipality has a functional Occupational Health and Safety Committee which is the sub - committee of the Local Labour Forum (LLF) and aims to improve ELM performance in terms of health and safety, increase employee knowledge on OHS matters as well as to ensure compliance to relevant legislation governing the function. The Health & Safety Committee is comprised of municipal employees from various municipal departments and levels of employment and are capacitated on an annual basis. The OHS division also facilitate biannual fire drills and quarterly inspections in all three Municipal Units (Nqanqarhu, Ugie and Tlokoeng).

The Municipality is in good standing in terms of compliance with the Department of Employment and Labour. The Letter of Good Standing serves as an insurance to the Workman's Compensation Fund (COID) that assist in paying for any work-related injuries or harm to employees.

4.2.3 Individual Performance Management

Elundini Local Municipality seeks to manage municipal performance towards the achievement of municipal objectives and comply with legislative imperatives through an individual and institutional PMS process that is integrated. This is achieved through the use of an electronic system, wherein Departmental indicators attached to Managers and Sectional Heads are pulled through to reflect on the institutional performance.

Municipality is implementing performance management in line with the municipality's policy on PMS as well as the Local Government: Municipal Staff Regulations of 2021 (Reg. 890), which necessitate a cascading to the lowest level of employees, however, this process is implemented in phases. In the previous financial year PMS was cascaded from TASK Grade 19 to TASK Grade 9. In the 2024/25 financial year, performance was cascaded from TASK Grade 8 to TASK Grade 07 employees and piloted to TASK Grade 6 on 4 of Human Resource Clerks under Corporate Services Department.

4.2.3.1 Performance rewards

Total employees on PMS = 110

Employees who did not achieve 100% performance = 60

Employees who achieved above 100% performance = 50

Total employee Performance percentage: 45%

Under the 50 employees who achieved above 100%, employees received performance bonus as follows:

1% = 12 employees

2% = 9 employees

3% = 7 employees

4% = 8 employees

5% = 3 employees

6% = 4 employees

7% = 5 employees

8% = 1 employees

9% = 1 employees

Total monies paid in respect of performance bonus for employees below Senior Management in respect of 2023/24 performance amounts to R934 660.93

4.2.4 Employee Assistance Program / Wellness

The employee Assistance Programs address work related, social and psychological problems of the employees and Councillors in a comprehensive approach. It further encourages and maintains the well-being and productivity of employees by providing confidential assistance and short-term therapeutic interventions to those who are experiencing personal or work-related problems. The Employee Assistance Programme (EAP) also assist in improving of the wellbeing of employees and councillors for achieving appropriate job performance levels.

Wellness factors	Number of reported cases
Medical condition	5
Financial wellbeing	1
Psychological Factors	13

4.2.5 Managing the Workforce Expenditure

The remuneration of all ELM workforce for the year under review was determined in line with the TASK Job Evaluation grades and salary schedules, as well as the regulated remuneration for senior managers and councillor

CAPACITATING THE MUNICIPAL WORKFORCE

4.3. Skills Development and Training

Elundini Municipality complies and submits the Workplace Skills Plan (WSP) to LGSETA by 30th April each financial year. The WSP is based on the Annual Training Report and mainly on training needs identified in the employee's personal development plans, skills audit results as well as the training needs identified for Councillor's and unemployed youth of Elundini. All the training and development initiatives are properly planned, programmed and recorded accordingly. The results are reviewed to determine how training methods can be used to improve the parentage spending and how maximum benefits can be obtained from resources devoted to training and development

4.3.1 Bursary Programme for employees

Elundini Local Municipality Implements Bursary programme to all qualifying municipal employees as outlined in the Training and Development Policy. There were twenty-four (24) new applicants for 2024/2025 academic year and twelve (12) were the continuing students. Out of twenty-four (24) applications for 2025 academic year, twenty (20) municipal employees were afforded bursary due to the criteria that is used by the training and development Committee as guided by the Training and Development Policy.

Below is the table indicating the beneficiaries as per Department:

DEPARTMENT	NO OF BENEFICIARIES	NO. OF GRADUATED BENEFICIARIES - 2024/25
1. Corporate Services	8	0
2. Budget and Treasury Office	7	5
3. Infrastructure Planning and Development	7	0
4. Municipal Managers Office	5	0
5. Community Services	4	3
6. Planning and Economic Development	1	0
Total of new and continuing students	32	8

4.3.2 Internship Programme

As part of eradicating youth unemployment, Elundini Local Municipality has internship programmes that target unemployed youth who have completed tertiary qualifications and those who need experiential learning to complete the requirements of their qualifications. The

Municipality through the Skills Development Section has appointed fourteen unemployed graduates for internship and five experiential learners for experiential learning.

4.3.3 Learnership Programme

The Office of the Premier Eastern Cape and Chippa Training Academy are in partnership with the Municipality in the Implementation of the Skills Development Programmes. The aim is to empower and equip Elundini Community with the relevant Skills, Knowledge and Experience. This initiative is designed to support poverty alleviation and promote sustainable employment opportunities to Elundini community.

The programme was conducted through Office of the Speaker under Public Participation and targeted learners with an Engineering qualification in Mechanical, Chemical and Electrical. Only seven (7) learners met the requirements and are placed under the Infrastructure Planning and Development. For the duration of twenty-four (24) months which will expire on the 17th of August 2025.

The table below depicts the number and types of training that both councillors and employees benefited on during the year under review:

Table 41: Skills Matrix

TRAINING INTERVENTIONS – 2024 - 25	NO. OF BENEFICIARIES	DEPARTMENT
		Community Services
1. Basic Traffic Officer Course	2	
2. Secretaries Workshop	1	
3. Peace Officer Training	4	
4. Examiner of Drivers Licence	1	
		Budget & Treasury Office
1. Cashiers Training	4	
2. Secretaries Workshop	1	
3. Project Management Training	1	
4. Eastern Cape Young Professional Seminar	5	
		Municipal Managers Office
1. Municipal Finance Management Programme (MFMP)	1	
2. Eastern Cape Regional Internal Audit Conference	3	
3. Secretaries Workshop	1	
4. PMS Training	2	
5. Monitoring & Evaluation	1	
		Planning & Economic Development
1. Project Management Training	3	
2. Secretaries Workshop	1	
3. Property Development	1	
		Infrastructure Planning & Development
1. Municipal Finance Management Programme (MFMP)	1	

2. Project Management Training	2	
3. Secretaries Workshop	1	
4. Dangerous Goods	3	
		Corporate Services
1. Principles of Payroll Training	2	
2. ITL 4 Foundation including Exam	2	
3. Leave Module	2	
4. PAYE Seminar	1	
5. ITL Foundation including Exams	1	
6. Post Module Training	8	
7. PMS Training	3	
8. Eastern Cape Young Professional Seminar	1	
9. Secretaries Workshop	1	
		Office of the Speaker
1. Bachelor of Public Administration	1	
2. Integrated Councillors Induction Programme (ICIP) NQF Level 5	4	
3. Monitoring & Evaluation	4	
		EPWP - Community Services
4. Security Training	47	
5. Basic Computer Training	67	

2 CHAPTER FIVE – FINANCIAL PERFORMANCE

Financial Services

The financial services department has four (4) functions, viz. Budget Planning, Monitoring and Reporting; Income and Expenditure; Supply Chain Management and Assets Management. The overall objective of the department is to ensure that the municipality remains financial viable.

5.1 Budget Planning, Monitoring and Reporting

Municipal budgets are tabled and approved within stipulated time frames by the Municipal Council, after the approval the budget is implemented. The municipal budget is monitored via the financial management system. A system of virements is used to move funds from one project to another and from one section to another within the same department. The performance against the budget is measured through Section 71, Section 52(d) and Section 72 reports which are prepared and submitted within stipulated time frames.

5.1.1 Financial Health-June 2025

Financial health refers to the overall well-being of a municipality's financial position. It considers various aspects such as the municipality's liquidity, debt levels and cash flow. By evaluating these factors, you can get a comprehensive picture of the municipality's financial strength and stability.

5.1.1.1 Current Ratio

The ratio is used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets.

The norm range for this ratio is 1.5:1 as determined by National Treasury in MFMA circular 71.

For the period under review the Municipality's ratio is 0.828:1 and It's below the norm range at year end. This is an indication that the municipality will not be able to service its financial obligations in the near future.

5.1.1.2 Cost Coverage Ratio

This ratio defines the number of months that the municipality based on current available resources would be able to function without any form of revenue being raised. The norm range is 1-3 months. The outcome is **zero month** at year end and it's significantly lower that the norm range.

5.1.1.3 Collection Rate

The ratio indicates the collection rate, i.e., level of payments. It measures increases or decreases in debtors relative to annual revenue collected. The industry norm is 95%. The outcome 99% and it's above the norm at year end.

5.1.1.4 Net Debtors Days

The ratio reflects the collection period. Net debtor's days refers to the average number of days required for a municipality to receive payment from its consumers for bills/ invoices issued to them for services. The industry norm is 30 days. The outcome at year end is 559 days and it is above the norm of 30 days.

5.1.1.5 Summary

The municipality does not have revenue base due to poor collection on arrear debt, it is grant dependent and even the grant is unable to meet all the financial obligations of the municipality. The municipality does not have reserves. The ratios above also indicate that the municipality is not financial stable and healthy.

It is recommended that the municipality improve the implementation of the credit control policy fully, appoint the debt collector and to implement the cost containment policy.

Table 42: Statement of Financial Performance

DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

EC141 Elundini - Table B1 Adjustments Budget Summary - 2025/05/20					
	2024/25				
Description R thousands	Original Budget A	Adjusted Budget B H	Actual	Original Budget %	Adjusted Budget %
Property rates	30745	27326	29 187	95%	107%
Services charges	37017	53291	55 172	149%	104%
Investment revenue	5661	6297	15 949	282%	253%
Grants income	211061	211061	209 670	99%	99%
Operating Revenue	162703	150675	6913	4%	5%
Total Revenue Excluding Capital Transfers	**447 188**	**448 651**	**316 891**	**71%**	**71%**
Expenditure					
Employee related costs	165 009	163 006	143 512	87%	88%
Remuneration of Councillors	15 803	14 549	14 436	91%	99%
Bulk purchases	32 412	36 087	37 824	117%	105%
Depreciation	55 869	54 670	45 532	81%	83%
Finance charges	5 966	5 966	2 295	38%	38%
Inventory consumed	1 596	1 173	240	15%	20%
Total Expenditure	**447 187**	**448 650**	**372 285**	83%	83%
Surplus/Deficit	1	1	- 55 393	-5539300%	-5539300%
Capital Transfers	56 067	63 420	56 597	101%	89%
Surplus/Deficit for the year	**56 068**	**63 421**	**1 204**	2%	2%
Capital Expenditure & funds sources-					
Transfers recognised	68 017	67 420	49 404	73%	73%
Borrowings	5 139	6 638	3 424	67%	52%
Internally generated funds	11 950	15 986	4 981	42%	31%
Total sources of capital funds	**68 017**	**90 044**	**57 809**	85%	64%
Financial Posision					
Total current assets	184 596	176 502	77 366	42%	44%
Total non-current assets	645 314	664 540	632 578	98%	95%
Total current liabilities	145 633	149 412	93 452	64%	63%
Total non-current liabilities	30 541	- 42 363	60 764	199%	-143%
Total non current liab community wealth/Equity	**653 736**	**661 089**	**555 729**	85%	84%

Financial Summary R' 000

Description R thousands	Budget Year 2024/25 Original Budget	Adjusted Budget	YearTD actual	Original Budget Variance %	Adjusted Budget Variance %
RECEIPTS: **Operating Transfers and Grants National Government:**	206 749	206 749	217 644		
EPWP	2114	2114	2114	100%	100%
FMF	1700	1700	1700	100%	100%
MIG operational grant	2267	2267	13162	581%	581%
Equitable share	200668	200668	200668	100%	100%
Provincial Government:	4 312	4 312	4 312	100%	100%
Dedea grant	3000	3000	3000	100%	100%
Libraries grant	1312	1312	1312	100%	100%
District Municipality:	–	–	–		
Other grant providers:	–	–	–		
Total Operating Transfers and Grants	211 061	211 061	221 956	105%	105%
Capital Transfers and Grants National Government:	56 067	67 420	41 172	73%	61%
MIG	43 073	43 073	43 073	100%	100%
INEP	12994	12994	12994	100%	100%
Provincial Government: District Municipality: **Other grant providers:**	– – –	– – –	– – –		
Total Capital Transfers and Grants	56 067	67 420	67 420	120%	100%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	267 128	278 481	263 128	99%	94%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

"Capital Expenditure: R' 000

Capital Expenditure - Functional Classification				Original budget %	Adjusted budget %
Governance and administration	**5 700**	**3 200**	**2 387**	**42%**	**75%**
Executive and council	300	100	11	4%	11%
Finance and administration Internal audit	5,400 –	3,100 –	2,376 –		
Community and public safety	**650**	**528**	**–**		
Community and social services	–	29	–		
Sport and recreation	250	0	–		
Public safety Housing Health	400 – –	500 – –	– – –		
Economic and environmental services	**44 473**	**62 483**	**49 497**	**111%**	**79%**
Planning and development	1400	1 110	64	5%	6%
Road transport Environmental protection	43,073 –	61,373 –	49,433 –		
Trading services	**17 194**	**23 832**	**4 831**	28%	20%
Energy sources	12 994	21 132	4 769	37%	23%
Water management	–	–	–		
Waste water management	–	–	–		
Waste management	4 200	2 700	62	1%	2%
Other	–	–	–		
Total Capital Expenditure - Functional Classification	**68 017**	**90 044**	**56 715**	**83%**	**63%**
Funded by:					
National Government	56 067	67 420	48 100	86%	71%
Provincial Government	–	–	–		
District Municipality Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,	– –	– –	– –		
Transfers recognised - capital	**56 067**	**67 420**	**48 100**	86%	71%
Borrowing	–	6 638	3 424		52%
Internally generated funds	11950	15 986	5 190	43%	32%
Total Capital Funding	**68 017**	**90 044**	**56 715**	**83%**	**63%**

Finanancial performance

Description	Budget Year 2024/25				
	Original Budget	**Adjusted Budget**	**YearTD actual**	Original Budget %	Adjusted Budget %
R thousands					
Revenue					
Exchange Revenue					
Service charges - Electricity	29 649.00	45 923.00	47 826.00	161%	104%
Service charges - Waste management	7 368.00	7 368.00	7 346.00	100%	100%
Sale of Goods and Rendering of Services	1 861.00	1 864.00	850	46%	46%
Agency services	654	654	–		
Interest earned from Receivables	2 036.00	2 036.00	11 571.00	568%	568%
Interest from Current and Non Current Assets	5 661.00	6 297.00	4 378.00	77%	70%
Rental from Fixed Assets	2 479.00	2,479	2,183		
Licence and permits	2 789.00	3 606.00	1,436		
Operational Revenue	151,332	133,494	2 318.00		
Non-Exchange Revenue					
Property rates	30 745.00	27 326.00	29 187.00	95%	107%
Fines, penalties and forfeits	397	453	127	32%	28%
Licence and permits	–	–	–		
Transfers and subsidies - Operational	211 061.00	211 061.00	209 670.00	99%	99%
Interest	–	4 934.00	–		
Gains on disposal of Assets	1 155.00	1 155.00	–		
Total Revenue (excluding capital transfers and contributions)	**447188**	**448651**	**316891**	71%	71%

5.2 Income and Expenditure

5.2.1 Free Basic Services and Indigent Support

The ELM has adopted and continues to implement an Indigent Management Policy that provides for adequate financial provisioning to ensure the efficient, equitable, and sustainable delivery of basic municipal services to indigent households within the municipal area. The policy is reviewed annually to align with prevailing socio-economic conditions and to reaffirm the municipality's commitment to ensuring that indigent and vulnerable households are not denied their constitutional right of access to basic services. In accordance with the provisions of this policy, households with a combined income not exceedingly twice the annual official old-age pension qualify for Free Basic Energy or Free Basic Alternative Energy support.

For households that have been officially recognized as destitute, the Municipality provides free basic solid waste removal services as well as a full property rates subsidy. The Elundini Local Municipality (ELM) also administers the Free Basic Energy (FBE) program in collaboration with Eskom, and the Free Basic Alternative Energy (FBAE) program. In rural areas, FBE is currently delivered through a Service Level Agreement (SLA) with Eskom, based on a 20-amp supply as the technical standard.

During the year under review, ELM successfully provided free basic services to 5,545 qualifying indigent households. The number of registered beneficiaries, however, remains a concern, as the municipality continues to face a high number of indigent households. To ensure that households whose financial circumstances change are not disadvantaged by having to wait until the end of the financial year to receive their benefits, the Indigent Register is updated monthly.

In accordance with the division of powers and functions, the Joe Gqabi District Municipality serves as the Water Services Authority (WSA) and is therefore responsible for the implementation and provision of all water and sanitation services, including the supply of water as part of the Free Basic Services package.

For the year under review, the Indigent Management Policy formed an integral part of the Elundini Tariff Policy, which is developed and implemented in a transparent manner to ensure the long-term financial sustainability of local public services while maintaining affordability for residents. As part of ELM's ongoing commitment to poverty alleviation and ensuring continued access to essential services, the municipality has allocated an indigent support funding envelope of R 44.1 million over the 2024/2025-2025/2026 – 2026/2027 MTREF.

The municipality has successfully procured an advanced indigent management system known as Indi-Reg. This system is specifically designed to manage and track the status of indigent households with precision and efficiency. Indi-Reg supports the full lifecycle of the indigent management process from initial registration to the ongoing maintenance and updating of the indigent register. It enables accurate verification of applicant information and ensures that all necessary actions are executed in a streamlined manner.

The implementation of Indi-Reg is expected to significantly enhance the integrity of the indigent register and improve the overall efficiency of the approval process by the Council.

The table below reflects the number of households with access to free basic services during the reporting period.

Table 43: Free Basic Services

Years	The income threshold is an income of not less than two state pensions per month	The guideline relation to the household income threshold is an income of not less than two state pensions per month			
		Free Basic Electricity		Free Basic Refuse	
	Total	Access	%	Access	%
2021	4 789	4 156	86	633	14
2022	5 914	5 177	87	737	13
2023	5 933	5 049	85	884	15
2024	4 288	3 432	80	856	20
2025	5 545	4 376	83	915	17

Table 20 Budget vs Expenditure: Free Basic Services

Year	Budget	Expenditure	Percentage
2021/2022	R9 000 000	R7 113 746	79%
2022/2023	R8 989 080	R6 727 956	75%
2023/2024	R9 200 000	R8 216 544	80%
2024/2025			

5.3 Supply Chain Management

Local Government: Municipal Finance Management Act requires the municipality must have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'. Elundini SCM Policy has been adopted in line with Municipal Finance Management Act, Section 111 & 112, Supply chain management policy. It is important to note that in terms of the Municipal Finance Management Regulation 3, our reviewed policy was adopted by the council on the 31 May 2024 held at Solomzi JSS under resolution CONA/127/24.

The SCM Policy integrates with the Transport and Catering policy, Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM), Contract Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging enterprises. The role of the Council of a Municipality in maintaining oversight on implementation of its supply chain management policy is included in this policy and the Accounting Officer pursuant to Regulation 6 of the MFMA, prepares and submit a draft a supply chain management report complying with regulation 2 (a) & (3) to the council of the municipality for noting and adoption. The purpose of this report is to provide an overview of the SCM process in terms of Council's Supply Chain Management Policy (as amended), Section 9.3.1 of said Policy states that the Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council. SCM is guided by the following legislative framework: -

- The Constitution of the Republic of South Africa (No. 108 of 1996), Section 217
- Local Government: Municipal Finance Management Act (No. 56 of 2003) (MFMA)
- Municipal Systems Act (Act 32 of 2000), Section 21A (MSA)
- Municipal Supply Chain Management Regulations (Government Gazette 27636 dated 30 May 2005) (SCM Regulations). Elundini Municipality Supply Chain Management Policy (SCM Policy.
- Preferential Procurement Regulations, 2022 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA).

Elundini officials and other role players in the supply chain management system of the municipality must implement the SCM Policy in a way that gives effect to Section 217 of the Constitution, which requires processes to be fair, equitable, transparent, competitive and cost effective. Council's mandate is to maintain oversight over the implementation of the SCM Policy and for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the Implementation of the Supply Chain Management Policy of the Elundini Municipality, to the Council.

The report will reference the following sub sections:

- Establishment of SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance

5.3.1 Establishment Of SCM Section

The section has been established to implement Supply Chain Management Policy as per regulation 7 (1) of Supply Chain Management Regulation. The section operates under the direct supervision of the Chief Financial Officer as required by regulation 7 (3) of the Supply Chain Management. The structure of the SCM section has been approved for the financial year 2024/2025 in order to address the current shortcomings in the section.

5.3.1.1 Challenges

The schedule for the sitting of Bid Evaluation Committee and Bid Adjudication Committee needs to be amended, to reduce the backlog of bids waiting for evaluation committee.

Even though there is an approved schedule with timeframes for submission of specifications, there are few departments that do not submit the specifications in time, and the ultimate challenge relates to the entrenched lack of accountability that affects service delivery.

It is important to note that the user departments are not only responsible for allocation of resources, but cooperation is part of their roles and responsibilities too, so there is lack of cooperation from some end user departments.

Re-advertisement of bids due to non-adherence of bidders to the required specifications and functionality.

5.3.2 Demand & Acquisition Management

The municipality's system of acquisition management ensures:

- That goods and services are procured in accordance with authorized processes only.

- That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA.
- That the threshold values for different procurement processes are complied with.
- That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- That any Treasury guidelines on acquisition management are properly considered.
- Coordination of the development and signing of the demand management plan (DMP)process flow for each department.

5.3.2.1 For the 2024/25 financial year

- Support on the process of developing schedules for convening the committee meetings was done and schedules were circulated to all SCM users.
- Demand Management Plan was approved on the 25 July 2024 with 70 projects registered.
- According to the Demand Management Plan 90% of specifications were submitted to SCM for implementation whilst 60% is awarded.

Department	No of projects registered per department	Number of project specifications submitted to SCM	Number of projects still on process	Number of projects Awarded	Number of projects re-advertised	Number of project specifications not submitted to SCM	Number of projects Cancelled
Infrastructure Planning and Development	32	31	5	26	0	0	1
Corporate Services	6	5	3	1	1	1	0
Community Services	9	7	3	3	1	2	0
Finance Department	10	9	2	7	0	0	1
Planning and economic development	7	5	1	4	0	2	0
MM'S office	6	6	5	1	0	0	0
TOTAL	**70**	**63**	**19**	**42**	**2**	**5**	**02**

Reason for not achieving targets are as follows: -

- Re- advertisements due to non-responsive bidders
- Non-submission of specifications on time
- Non-sitting of the bid committees
- Cancellations due to budget constraints.

Goods and services are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000), LGFIPDM and we are continuously improving the documents in order to improve access and ease of use. SCM section had designed a procedure manual which is intends to improve governance in the SCM and also to provide guidance to the ELM officials in the procurement of goods and services. The municipality is preparing process flow charts helps to assign responsibility, communicate a process those unfamiliar with it, such as new employees and outside auditors, reducing the time needed to learn the details embedded in the Policy. Elundini Municipality is a small municipality with limited number of suppliers and service providers therefore it was perceived most pertinent to review service charter in order to guarantee reasonable timeframes and turnaround time.

Competitive Bidding For Contracts Valued More Than R300,000

5.3.2.2 Functionality of Bid committees

The competitive bidding process and bid committee structures are functioning. Composition, mandate, roles and functions of the SCM Committees (Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) have also been reviewed and officials serving on these committees are formally appointed by the Municipal Manager and are therefore required to complete declaration of interests forms that are signed by the Commissioner of Oath.

- Training of all SCM Bid committee members and other role players is done annually.
- Contract Management policy is in place was also approved on the 31 May 2024.
- Contract management systems are in place and fully functionalization of Contract Management as a tool for tracking projects could map the municipality to its success

	Contract Number	Contract Description	Source of Fund	Date Awarded	Start Date	End Date	Duration	Suppliers Contract Manager	Awarded Supplier	Tendered Price-(A)	Current Status
1	ELM-2/044/2023-2024	Provision of Free Basic Alternative Energy for a period of 3 years	EQ	07-Aug-24	29-Aug-24	28-Aug-27	3 Years	Mr Monogaran Naicker	Hlomelang Marketing (Pty) Ltd	Rates	In-progress
2	ELM-3/012/2023-2024	Supply and Delivery of Diesel for a period of three years	EQ	27-Aug-24	19-Sep-24	18-Sep-27	3 Years	Mr Klaas	Tlouna Tona Energy (Pty) Ltd	Rates	In-progress
								Mr Tshonapi	Hlathi Delivery Solutions (Pty) Ltd		
3	ELM-2/020/2023-2024	Provision of Advertising of Tenders, Vacancies and Other Articles in Print Media for a Period of Two years	EQ	20-Sep-24	01-Nov-24	31-Oct-26	2 Years	Mr Jikijela	Jikijela Communications and Advertising	Rates	In-progress
4	ELM-3/066/2023-2024	Supply and Delivery of Quarry Material for a period of three years	EQ	21-Aug-24	26-Sep-24	25-Sep-27	3 Years	Mr B Gxumisa	Nomali Trading Enterprise	Rates	In-progress
5	ELM-2/026/2023-2024	Services for preparation of Annual financial statements	EQ	28-Aug-24	06-Jan-25	05-Jan-27	2 Years	Mr T Mapenda	Reliable Accountants Inc	Rates	In-progress
6	ELM-2/027/2023-2025	Professional Services to Render Direct and Indirect Tax Services	EQ	07-Oct-24	01-Nov-24	31-Oct-27	3 Years	Mr JS. Xulu	Maximum Profit Recovery (Pty) Ltd	Rates	In-progress
7	ELM-3/056/2023-2024	Supply and Delivery of Bitumen Products	EQ	26-Aug-24	26-Sep-24	25-Sep-27	3 Years	Mr S Ndzuzo	Erioline Investments (Pty) Ltd	Rates	In-progress
								Mr O Ndzuzo	Amyoli Civils (Pty) Ltd	Rates	In-progress
8	ELM-1/020/2023-2024	Provision of Legal Services and Legal Support	EQ	18-Nov-24	12-Dec-24	11-Dec-27	3 Years	Mr V Maqgabi	Magqabi Seth Zitha Inc	Rates	In-progress
								Mr F Rooyen	Clark Laing Inc	Rates	In-progress
								Ms N Bulabula	Nandi Bulabula Inc	Rates	In-progress

								Mr Z Matiwane	Matiwane Zukisani Attorneysd	Rates	In-progress
								Mr W Parker	Joubert, Galpin & Searle	Rates	In-progress
								Mr D Majebe	Dyushu & Majebe Inc	Rates	In-progress
								Mr U Taleni	Taleni Godi Kupiso Inc	Rates	In-progress
								Mr V Funani	V. Funani Inc	Rates	In-progress
								Mr S Mac Minn	Wesley Pretorius & Associates Inc	Rates	In-progress
								Mr T Sonamzi	Sonamzi Attorneys Inc	Rates	In-progress
9	ELM-2/015/2023-2024	Supply and Delivery of Stationery for ELM for a period of 3 years	EQ	12-Jul-24	19-Sep-24	19-Sep-27	3 Years	Mr Z Sibanda	Mtshokotsho Investments (Pty) Ltd	Rates	In-progress
								Mr N Kotsoana	Mocia Projects and Services	Rates	In-progress
10	ELM-3/011/2023-2024	Framework Contract for Public Lighting within Elundini Municipality for a period of three (3) years	EQ	07-Jan-25	09-Jan-25	09-Jan-28	3 Years	Ms R Monene	Bohlabela Systems (Pty) Ltd	Rates	In-progress
								Mr A Maseko	Kaddon Projects CC	Rates	In-progress
								Mr P Padayachie	A1 Electrical CC	Rates	In-progress
								Mr A Tandwa	Siya and Aya Engineering Pty Ltd	Rates	In-progress
								Mr T Kalone	Akal Genesis Pty Ltd	Rates	In-progress

11	ELM-5/028/2023-2024	Development of Elundini Local Municipality Climate change strategy with implmentation	EQ	23-Jan-25	10-Apr-25	11-Jul-25	4 Months	Mr D Brink	AIVIA (Pty) Ltd	R399 671.00	Project completed
12	ELM-2/005/2024-2025	Provision of debt collection	EQ	28-Jan-25	27-Feb-25	26-Feb-28	3 Years	Ms NN Maidi	Noko Maimela Incorporated	Rates	In-progress
13	ELM-6/013/2024-2025	General Valuation roll and supplementary valuation rolls :2024/2025 to 2026/2027 financial years	EQ	14-Jan-24	20-May-25	29-May-28	2 Years	Mr Ntshangani	Penny Lindstrom Valuations	Rates	In-progress
14	ELM-6/013/2024-2026	Supply, Delivery and Erect Hawker Stalls	EQ	05-Mar-25	12-May-25	23-Jun-25	6 Weeks	Mr A.C Makeje	Ndi-Mac General Trading	Rates	In-progress
15	ELM-2/022/2023-2024	Provision of vehicle tracking system	EQ	07-Apr-25	10-Jun-25	09-Jun-28	3 Years		Ctrack Fleet Management	Rates	In-progress
16	ELM-6/001/2024-2025	Mixed Commercial Development Lease at Tlokoeng	EQ	10-Mar-25	01-Oct-25	30-Sep-53	30 Years	Mr L Matoti	Snethemba JV Aquemen	Rates	In-progress
17	ELM-5/040/2023-2024	Supply and Delivery of Lurcene	EQ	07-Apr-25	24-May-25	23-May-28	3 Years	Mr M Moleleki	Way to Bright JV Makhetheng Trading	Rates	In-progress
									Hesman Construction	Rates	In-progress
18	ELM-4/007/2024-2025	Provision of Email Cyber Resilience Professional Solution for a Period of Three years	EQ	20-May-25	20-Jun-25	19-Jun-28	3 Years	Mr. JS Mjiza	ICT Choice	R 2 408 518.08	In-progress

5.3.2.3 Service Providers 'Performance monitoring

A template for assessing service provider and contractors in their performance has been formulated & utilized, this assist the municipality in continuous improvement of the service provider as the feedback for services rendered is given back to them so that they can improve in the areas of their weaknesses. Please refer to Appendix I for performance of service providers for the year under review

5.3.2.4 SCM Regulation 36 - Deviations

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes.

The expenditure incurred through deviation from normal supply chain management processes amounted to **R14 511 642,82**. The table below depicts expenditure incurred through deviation.

Table 44: Deviation Expenditure

DEPARTMENT	AMOUNT SPENT ON DEVIATIONS
Municipal Manager	**R 2 815 854,72**
Budget and Treasury Office	**580 454,39**
Infrastructure Planning & Development	**9 272 269,34**
Corporate Services	**229 313,66**
Community Services	**1 518 098,94**
Planning & Economic Development	95651,77
DEPARTMENT TOTALS	**R14 511 642,82**

(2023-2024 Financial year: R33 448 321,82) (2024-2025 Financial year: R 14 511 642.82) Deviations decreased by R 18 936 679 during 2024-2025 Financial Year. During this period there were no new appointments of deviations of high value that were made and that resulted to a decrease on the value of deviation in the municipality.

5.3.2.5 Compliance with MFMA and SCM Policy

The municipality by all means necessary including strengthening of internal controls is trying to eliminate irregular expenditure

Table 45: Irregular Expenditure Comparison Between 2024 & 2025 Financial Year

Irregular expenditure consists of the following:	**2024/25**		**2023/24**
Opening Balance	R15 969 472	R	-
Irregular expenditure incurred	R6 465 590	R	15 969 472
Written off by Council	R0	R	-
To be recovered	R0	R	-
Closing Balance (Irregular expenditure awaiting council consideration	**R22 435 062**	**R**	**15 969 472**
Details of irregular expenditure incurred	**2024/25**		**2023/24**
SCM Processes not followed	R0	R	-
Deviations not in line with SCM Regulation 36	R22 435 062	R	15 969 472
TOTAL	**R22 435 062**	**R**	**15 969 472**
Number of incidents	**2025**		**2024**
SCM Processes not followed	-		-
Deviations not in line with SCM Regulation 36	2		2
Total	**2**		**2**

CHAPTER SIX -AUDIT REPORTS

6.1 Audit Report 2024/25

ELUNDINI LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Legislature and Council on Elundini Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Elundini Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Elundini Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

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

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

Material uncertainty related to going concern

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

7. I draw attention to note 64 to the financial statements, which indicates that a deficit of R19,4 million was incurred during the year ended 30 June 2025 and, as of that date the current liabilities exceeded its current assets by R65,8 million. As stated in note 64, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

9. As disclosed in note 35 to the financial statements, material allowance for impairment of receivables from exchange and non-exchange transactions of R26,5 million (2023-24: R31,9 million) was incurred because of non-payment by consumer debtors.

10. As disclosed in note 53 to the financial statements, the corresponding figures for 30 June 2024 were restated because of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025.

11. As disclosed in note 49 to the financial statements, irregular expenditure of R22,4 million was incurred, as a proper tender process was not followed.

12. As disclosed in note 63 to the financial statements, material electricity losses of R8,4 million (2023-24: R10,7 million) were incurred, which represents 24% (2023-24: 26%) of total electricity purchased.

Other matter

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

14. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. 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 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 8, forms part of my 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 area 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 2025 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery	XX	To manage and ensure the provision of basic municipal services and the reduction of infrastructure backlogs.
Local economic development	XX	To grow the economy within the municipality

21. I evaluated the reported performance information for the selected development priorities 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. The material findings on the reported performance information for the selected development priorities are as follows.

Basic service delivery

% rehabilitation of public amenities

25. The reported measures taken to improve performance against underachieved target of 40% were not supported by collaborative evidence. Consequently, the reported measures are not reliable to address the actions taken by the accounting officer to address performance gaps and to assess the effectiveness of strategies to improve future performance against targets.

Other matter

26. I draw attention to the matters below.

Achievement of planned targets

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

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

Service delivery and infrastructure development

Targets achieved: 71% *Budget spent: 100%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
No. of kms of roads constructed	7.17km	5.7km
% of maintenance completed for the electricity network as per the maintenance plan	100%	95.7%

Targets achieved: 71% Budget spent: 100%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of indigent households receiving free basic services	8000	5545
% of rehabilitation of public amenities	40%	0%

Material misstatements

29. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

30. 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.

31. 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.

32. 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.

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

Annual financial statements and annual reports

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

Expenditure management

35. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Governance and oversight

36. The performance audit committee/audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) on Municipal Planning and Performance Management.

Other information in the annual report

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

38. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information 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 other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

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

43. Leadership has not institutionalised all the disciplines necessary to enable adequate oversight and monitoring to promote efficiency and effectiveness in financial and performance management and compliance with legislation. Reviews conducted by management and those charged with governance on the financial statements and performance information were unable to detect and prevent material misstatements.

Auditor General.

East London

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Sections: 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), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 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), 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), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 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), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 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)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 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), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)

Legislation	Sections or regulations
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 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), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

6.2 AUDIT ACTION PLAN 2024/2025

ELUNDINI MUNICIPALITY

AUDIT ACTION PLAN FOR THE YEAR ENDED - 30 JUNE 2025

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 1a	Planning	Understanding Audit Committees: Non-compliance with MFMA section 165 and circular 65	MFMA section 165(2) states that the internal audit unit of a municipality or municipality entity must prepare a risk-based audit plan and an internal audit program for each financial year. MFMA Circular 65 states that the specific authorization to do the work is the Three-Year Rolling Strategic Internal Audit Plan and the Annual Internal Audit Plan, which is approved by the Audit Committee. This implies that the audit plan must be developed before the financial year begins, and it must be risk-based, aligning with the strategic and operational risks of the municipality. Furthermore, it also means that This implies that the audit plan must be developed before the financial year begins, and it must be risk-based, aligning with the strategic and operational risks of the municipality. The Internal audit completed their Internal Audit Charter for 2024/25 on the 8 August 2024 which is a month after the year has started which then resulted in Audit Committee	Approving the risk-based internal audit plan after the start of the financial year can have several governance, compliance, and operational impacts, especially under the MFMA and its supporting circulars like Circular 65 and 127. - There is a risk of governance and oversight weakness where the delay in approval might lead to delaying the executions of the Internal audit team and they might miss opportunities to identify and mitigate risks early.	Internal Audit should prepare the Internal Audit charter before the start of the financial year which will then enable ARC to approve the charter before the start of the year.	Management does not agree with the finding, the MFMA requires the IA to prepare a risk-based audit plan and an internal audit program for each financial year and circular 65 requires operational internal audit plan to be done at least annually. There is not specific timeframe in terms of before financial year or first month of the financial year.	The auditor agrees with the response of management, therefore the finding is resolved.	The finding resulted from differing interpretations of the applicable legislative and regulatory requirements regarding the timing for the preparation and approval of the Internal Audit Charter, as MFMA section 165 and MFMA Circular 65 do not prescribe a specific deadline for approval before the start of the financial year.	The management must ensure that the risk assessment is conducted and the risk registers are drafted and approved by end of April each year and submitted to internal audit. Internal audit to prepare internal audit documents and submitt for approval to ARC before end of 30 June each year.	30 April 2026 30 June 2026	Risk Management Officer Manager Internal Auditor	
	Comaf 1b	Planning	Understanding Audit Committee: Some details not included in the ARC charter as required by MFMA circular 65	MFMA circular 65 stated that the Audit Committee must operate under a formally adopted Charter or ToR, which should include: - Committee mandate and authority - Membership criteria and appointment process - Roles and responsibilities - Meeting procedures - Reporting lines - Performance evaluation mechanisms. The Ellunding Charter does not adequately cover the following critical information: - it does not have a mandate of the committee. It does not include the duration of members of the committee . It does not cover conflict of interest.	There is a risk that the audit committee will do scope of work that is not in their mandate of which that might cause inefficiencies in the audit committee.	The municipality should review their Charter and include the following - Committee mandate - Term of office for the members - Conflict of interest	Management does not agree with the finding, as paragraph 1. Purpose and 2. Authority do cover the mandate of the audit committee. It does not include the duration of members of the committee: Management agrees with the finding, control was already identified when reviewing audit committee charter for 2025/26 audit and included the Term of office on paragraph 2.8 – 2.11. Audit Committee charter was approved on 15 August 2025. It does not cover conflict of interest: Management does not agree with the finding, conflict of interest is included	Mandate: Management response is acknowledged, and the auditors agree with the management, therefore; the matter is resolved. Duration: Management agrees with the finding, the finding will remail and be reported in the management report. Conflict of interest Managemen response is acknowledged, and the auditors agree with the management, therefore, the matter is resolved.	Inadequate compliance review and quality assurance during the drafting and approval process	Develop a Compliance check list for audit documents. Conduct a formal compliance review of all internal audit documents against all requirements of MFMA Circular 65.	2026/06/30	Manager internal audit	
	Comaf 2(a)	Planning	Internal Control Deficiency - Co-ordination of work of the Internal Audit and External Audit	Section 11 of the Public Sector Audit Committee role in overseeing Internal Audit (PSACF) outlines the Audit Committee's minimum oversight role and responsibility which includes the responsibility to encourage cooperation between external and internal audit. Review coverage and scope between external and internal audit to avoid duplication and possible cost savings from the alignment of the two functions. Section 10 of the 2024/25 Elundini Local Municipality Internal Audit Charter states that the Internal Audit unit will co-ordinate their work with the external auditors and ensure appropriate coverage of risk areas. The external auditors will be notified of the activities of Internal Audit unit to minimise duplication of audit effort.This will be accomplished by regular meetings between the Internal Auditor and external auditors to discuss the annual internal and external audit plans. There were no meetings that took place between the internal audit and the external audit in the current year 2024/25 to enable joint planning sessions, risk sharing discussions and feedback briefing in order to	The impact of the finding is an internal control defficiency and will be reported in the Management Report.	Management should ensure to schedule regular meetings between the internal and external auditors to enable timely and appropriate coverage of risk areas, joint planning session , feedback briefings in order to minimize duplication of audit efforts	Management does not agree with the finding as Internal Audit made efforts to engage the External Auditor through invitations to Audit and Risk Committee (ARC) meetings where internal audit reports, progress, and risk areas were tabled for discussion. However, the External Auditor did not attend any of these sessions during the current audit cycle, which limited opportunities for collaborative discussions on risk sharing, feedback, and alignment of audit focus areas. Furthermore, Internal Audit did not receive feedback or input on the draft 2025/26 Internal Audit Plan that was shared for comment, which further constrained opportunities for coordination. Office of the Auditor General is a standing invitee in all ARC meetings. ARC does review coverage of both functions to avoid duplication and possible cost savings from the alignment of the two functions. Refer to the ARC meeting invitation dated Tue 2025/03/04. Refer to request for comments – Internal Audit Plan, comments on the Internal Audit Plan requested on the 11th of August 2025	Management's response and supporting evidence have been considered. The AGSA agrees that the invites mentioned above were not honored and there is a need for improvement in the visibility of the external audit in the audit committee meetings. As mentioned above, the Audit and Risk Committee (ARC) meetings are a platform where internal audit reports, progress, and risk areas are tabled for discussion and is not the platform to enable the co-ordination of the work of the external auditors and ensure appropriate coverage of risk areas. The internal control deficiency is referring to regular and timely engagements between the internal and external auditors to enable this co-ordination, alignment on audit plans, contributions towards audit plans, in depth discussions on risk areas and means of testing and other discussion that will result in the elimination of duplicated efforts and improving the reliance on the work of internal auditors. The finding therefore still remains and will be reported in the Management Report.	Absence of a formally structured, documented, and enforced engagement framework that governs regular, timely, and in-depth interactions between the two assurance providers outside of Audit and Risk Committee (ARC) meetings.	Develop and approve a formal IA & EA coordination framework outlining joint planning, risk-sharing and feedback requirements. Schedule at least one annual joint planning session between IA & EA and those charged with governance.	30-Jun-26	Manager internal audit	
	Comaf 2(b)	Planning	Internal Control Defficiency - Ineffective Communication between internal and external Audit	Paragraph 21 of the International Standard on Auditing 610 (REVISED 2013) states that if the external auditor plans to use the work of the internal audit function, the external auditor shall discuss the planned use of its work with the function as a basis for coordinating their respective activities. Paragraph A25 of the International Standard on Auditing 610 (REVISED 2013) states that coordination between the external auditor and the internal audit function is effective when, for example: • Discussions take place at appropriate intervals throughout the period. • The external auditor informs the internal audit function of significant matters that may affect the function. • The external auditor is advised of and has access to relevant reports of the internal audit function and is informed of any significant matters that come to the attention of the function when such matters may affect the work of the external auditor so that the	The impact of the finding is an internal control defficiency and will be reported in the Management Report.	Management should ensure to implement the following to improve the effectiveness of the communication between the internal and external audit. Formal frequent meetings between internal and external audit during planning and execution phases. Timely sharing of internal audit findings and reports. Documented engagements on significant risks and findings.	Management does not agree with the finding as internal audit ensured that rele	The AGSA acknowledges management's response and the accountability for not honoring the Audit Risk Committee Meetings and rendering comments on the Internal Audit Plan. The COMAF is issued so the internal control deficiency may be effectively communicated and addressed. The effectiveness of communication between the internal and external auditors is dependent on both parties. The following are indicators that communication in place is not effective: No regular discussions took place at appropriate intervals throughout the period. No meetings were held early enough to influence the Internal Audit Plan. The communication in place does not have depth that includes risk sharing and joint planning sessions. There are missed opportunities to coordinate on audit coverage and reduce duplication of audit efforts. The finding therefore remains and will be reported in the Management Report.	Absence of a formally structured, documented, and enforced engagement framework that governs regular, timely, and in-depth interactions between the two assurance providers outside of Audit and Risk Committee (ARC) meetings.	Develop and approve a formal IA & EA coordination framework outlining joint planning, risk-sharing and feedback requirements. Schedule at least one annual joint planning session between IA & EA prior to finalisation of audit plans.	30-Jun-26	Manager internal audit	
	Comaf 2(c)	Planning	Internal Control Defficiency - No evidence of Meetings between Internal Audit and Audit Commitee	According to MFMA Circular 65 The chief audit executive should have direct communication with the accounting officer, audit committee, municipal council, and other appropriate governing authorities. Direct communication occurs when the chief audit executive regularly attends and participates in meetings which relate to its oversight responsibilities for auditing, financial reporting, corporate governance and control. The attendance and participation of chief audit executive at these meetings provide an opportunity to exchange information concerning the plans and activities of internal audit. There is no evidence that any meetings were held between the internal audit and the audit committee without management being present. The audit evidence submitted (Agenda of meeting held on 08 August 2024) was not sufficient audit evidence to obtain	The impact of this finding is a control deficiency and will therefore be reported in the Management Report.	Management should ensure that the internal audit function has direct access to and communication with the audit committee. Management should further ensure that these engagements are formally documented and made available for audit.	Management does not agree with the finding, meetings between Internal Auditors and the ARC are not ad hoc (not planned in advance); they are triggered by specific governance, oversight, and reporting requirements, for instance the in-committee meeting that took place on the 29 November 2024. The issue that was discussed was the reasons for non-completion/submission of Internal Audit reports. Agenda and minutes are attached for further reference. As for attendance register, in-committee meeting took place immediately after main ARC meeting and as screenshot of the attendance register was mistaken not taken after other invitees left the meeting in order for in-committee meeting to resume.	The findings are therefore resolved.	The screenshot of the attendance register of the ARC in-committee meeting was not taken after other invitees had left the main ARC meeting (the same meeting link was used)..	Take a screenshot of each meeting separately.		Manager internal audit	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 2(d)	Planning	Limitation of Scope - Internal Audit Assessment	According to paragraph 16 of the International Standard on Auditing, the external auditor shall not use the work of the internal audit function if the external auditor determines that: (a) The function's organizational status and relevant policies and procedures do not adequately support the objectivity of internal auditors; (b) The function lacks sufficient competence; or (c) The function does not apply a systematic and disciplined approach, including quality control. To determine if the internal audit has applied a systematic and disciplined approach, the following were considered. > There is an approved Methodology in place. > The internal audit charter states that the internal audit function uses IIA and all members on the internal audit are members of the IIA. It was, however, established that the internal audit does not maintain proper document management of its working papers as the	The impact of the finding is a limitation of scope and will therefore be reported in the Management Report.	Management should ensure that to exercise proper document management and ensure the availability of the internal audit working papers. Management should further ensure that the requirements of section 5.16 of the Internal Audit Methodology.	Management does not agree with the finding, as there was no formal request for information (RFI) submitted as per audit strategy paragraph dealing with communication protocols. Email requesting this information was submitted on Wed 2025/10/08 15:28 then COAF was submitted Thursday, 09 October 2025 at 19:45. Internal audit working papers subsequently submitted. Refer to Waste Management, Traffic Management and performance management audit working papers.	There was a meeting on the 03 October 2025 with the internal audit manager where the assessment of the internal audit unit was discussed in detail and the working papers were requested as part of the assessment and a resolution to make the submission was made. The email sent on 08 October 2025 was a follow up on the initial request. However, management subsequently submitted the required information. The finding is therefore resolved.	Internal Audit did not initially provide working papers within the expected timeframe as there was no formal request for information (RFI) submitted in line with the established audit strategy and communication protocols before the follow-up email on 08 October 2025.	Ensuring that all requests for information (RFIs) are submitted in writing in line with the audit strategy and communication protocols. Tracking and monitoring responses to RFIs to ensure timely submission of working papers.	As and when required during the time of audit		
	Comaf 3	Planning	Non-submission of approved Consultancy Reduction Plan	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) states that when performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to - (a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee. The approved Consultancy Reduction Plan requested in was RFI 09 issued 19 August 2025 and due on 22 August 2025 was not submitted for audit.	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. Furthermore, this has resulted in a limitation of scope in our ability to confirm whether the municipality has complied with the requirements of the Municipal Cost Containment Regulations, 2019 Reg 5(5)(f), as it relates to Consultancy reduction plans.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	Management disagrees with the finding. The approved consultancy reduction plan for was submitted to the AGSA as part of RFI 09 submission with all budget related policies. Furthermore, a signed Cost Reduction Plan for 2024/25 as recommended by the AGSA in CoAF 2 of 2024, is attached.	The cost containment measures and elimination of non-priority spending document submitted by the municipality does not show the plan on consultancy reduction. The document does not show timelines and how the municipality is/will achieve reduction on use of consultants.	Inadiquate assessment conducted prior to appointment of consultants. Cost Reduction Plan does not specifically address the approved plan on consultancy reduction, including timelines, targets, and measurable steps to achieve reductions. Did not clearly detail the skills transfer methodology	Ensure the approved Consultancy Reduction Plan is documented clearly, including timelines, targets, and responsible officials. On each consultancy project the user dept must attach the assessment report with defined timelines and transfer of skills methodology.	05-Jan-26	Manager SCM & Assets	
	Comaf 4		Limitation of Scope : ICT information not submitted for IndiReg	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15 (1) (a) of the Public Audit Act states that "when performing an audit, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee". In RFI 06 issued on 09 October 2025 information relating to assessing the IT system on Indirect and Contour Web system was requested. However, the management submitted information relating to only Contour, leading to limitation of scope on assessing the IT system for IndiReg system as the relevant information was not submitted.	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. Furthermore, this has resulted in a limitation of scope in our ability to assess the IT system for IndiReg systems. The limitation will result in the increase of audit scope and increase in the audit fees.	Management should ensure that their internal controls over record keeping are properly implemented and regularly monitored to ensure that information is easily retrievable and readily available for audit purposes. In addition management should submit relevant information requested on agreed time lines as agreed in the signed engagement letter.	Management agrees with the finding, however the information requested was submitted on time, but the format needed by the office of AGSA led to the municipality re-populating the information. It was submitted on Thursday the 23rd of October 2025, using a memory stick to the AGSA.	Information was subsequent submitted, the finding has been resolved.	Failure to submitt the the prescribed information in a required format.	Use the current AG format and include it as part of the audit file when submitting AFS.	31-Aug-26	Manager Income and Expenditure	
	Comaf 5	Planning	External Quality Assessment not conducted in the past 5 years	According to standard 8.4 of the Global Internal Audit Standards the external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for external quality assessment may also met through a self-assessment with independent validation. There has been no External Quality Assessment (EQA) or internal assessment of the internal audit function has been conducted in the past five years as required by standard 8.4 of the Global Internal Audit.	The non-conformance with section 8.4 of the Global Internal Audit Standards will result to an internal control deficiency and will be reported in the Management Report.	Management should ensure that an External Quality Assessment is conducted in the 2025/26 financial year as per the Internal Audit Plan. Management should further ensure that quality assessment, whether external or internal, with an independent validation is conducted at least once in five years to comply with the Global Internal Audit Standards. The municipality should set aside budget for external quality assessment to be performed on ELM internal audit in the 2025/26 financial year.	Management concurs with the finding, the internal audit function has not undergone an External Quality Assessment (EQA) or internal quality assessment (periodic) within the past five years as required by Standard 8.4 of the Global Internal Audit Standards. This was mainly due to resource and capacity constraints, as well as competing organizational priorities in previous years. Despite this, internal audit has continued to implement quality improvement initiatives through management reviews, audit committee oversight, and feedback mechanisms to maintain reasonable assurance on the quality of audit work	Management's response and action plan is acknowledged, the action plan is considered adequate to address the deficiencies in internal controls. The finding therefore remains and will be reported in the Management Report.	This was mainly due to resource and capacity constraints, as well as competing organizational priorities in previous years.	In alignment with Standard 8.4 of the Global Internal Audit Standards, the Internal Audit Unit will initiate an internal quality self-assessment and periodic review before the end of the current financial year to evaluate conformance with the Standards. The Manager Internal Audit will develop the Quality Assurance Improvement Plan (QAIP) comprising of IQA and EQA plan and implementation roadmap to the Audit and Risk Committee for approval and oversight.Furthermore, an External Quality Assessment (EQA) has been incorporated into the 2025/26 Internal Audit Plan and budget to ensure full compliance	30-Jun-26	Manager internal audit	
	Comaf 6	Planning	Municipality did not adopt circular 65 and 127: Understanding Audit Committee	In terms of MFMA Circular 65 Internal Audit and Audit Committee it is critical that the contents of this Circular are read and implemented by senior management and council and in particular internal audit and audit committee. In terms of MFMA Circular 127 Municipal Audit Committee Tool Kit, the circular introduces the Municipal Audit Committee Tool Kit for immediate use by all municipalities and municipal entities, Internal Audit and Audit Committees. The information has been developed to support the effective functioning of Audit Committees. The Elundini Local Municipality council has not adopted MFMA circular 65 and MFMA circular 127 yet.	Municipality may fail to detect or prevent financial mismanagement, fraud, or irregular expenditure. The impact of the finding is a internal control deficiency.	The Elundini Local Municipality should adopt MFMA circular 65 and MFMA circular 127 to ensure that its audit committee implements good guidance provided by these circulars.	The quoted requirement that is Paragraph 21 and Paragraph of the International Standard on Auditing 610 (REVISED 2013) places more emphasis on the side of AGSA in terms of what should be done by external auditors not by the auditee.	Management comments are acknowelged, upon inspection of Internal Audit Charter and Audit Committee Charter it has been noted that the principles have been incorporated, we agree with management the circulars require the principles to be incorporated by the municipalities; therefore, the finding has been resolved.	MFMA Circulars 65 and 127 were used as guidance documents issued by National Treasury to interpret MFMA requirements rather than policies requiring formal Council adoption.	The principles and guidance in the MFMA Circulars 65 and 127 to be incorporated into the IA charter and Internal Audit Committee Charter.	30-Jun-26	Manager internal audit	
	Comaf 7	Expenditure	Non-submission of approved Contracted services	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) states that when performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to - (a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee. The information below requested through the Execution RFI 01 – Annexure A, issued on 30 September 2025 and due on 02 October 2025, has not been submitted for audit purposes:	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. The projected material limitation is 36 091 375.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	Management disagrees with the finding of non-submission. The information was submitted to the office of AGSA on 02 October 2025 via we transfer	Management comments are noted, the auditors have managed to identify the following journals that were submitted by management on the 02 October 2025, confirming that they were submitted on time as per audit request. Therefore the Comaf is resolved.	Poor controls over record keeping to ensure the reliability of the systems and the availability, accuracy and accessible upon request.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	05-Jan-26	Manager Budget and Reporting	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 8	AOPO	AoPO: Relevance issue % of rehabilitation of public amenities	Framework for Managing Programme Performance Information (FMPPI) Chapter 3.2 (f) states that; the indicator must relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives. The target for rehabilitation of public amenities does not link directly to the indicator; the indicator relates to percentage and the revised SDBIP has the annual target set at number which is 7	There is non compliance with FMPPI chapter 3.2 which will be reported in the auditor's report as material usefulness finding on relevance.	Management should ensure that there is a proper review of SDBIP before it is presented to council for approvals . There should be analysis of each indicator link to the set targets to ensure that targets link directly to indicators.	The municipality conducted SDBIP adjustments twice in 2024/2025, due to budget adjustments that require changes on some indicators in the SDBIP. The first adjustment was in February 2025, and the second adjustment was in May 2025. The SDBIP that was used by the municipality for reporting is the final SDBIP adjusted in May 2025. Therefore, the finding on the Indicator is not part of the final approved SDBIP.	Management comments are noted, at the time of raising the finding management had not submitted the final adjusted SDBIP. Upon inspecting the final adjusted SDBIP we are in agreement with with management and the finding has been resolved.	Poor record maintanance in performance management leading to inadequate reviews. Poor controls over record keeping to ensure that accurate, complete and reliable record keeping of supporting documentation are maintained.	Management to ensure that there is proper and accurate record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	31-Mar-26	Manager IDP	
	Comaf 9	Planning	Use of Consultants: Non Compliance with Municipal Cost Containment Regulations	Municipal Cost Containment Regulations, 2019 Reg 5 (1): A municipality or municipal entity may only appoint consultants if an assessment of the needs and requirements confirms that the affected municipality or municipal entity does not have the requisite skills or resources in its full-time employ to perform the function. During the audit of use of consultant, it was noted from the motivation letter submitted for appointment of Reliable Accountants that the municipality has stated that it has no internal capacity to provide services to prepare annual financial statements. However, management did not provide the underlying assessment to determine the lack of internal capacity concluded in the 'Request for approval to utilize professional services for preparation of annual financial statements" and support for outsourcing the services instead of filling the vacancies. Confirmed from the approved organizational structure 2024-25 that four	This has resulted in a non-compliance with Municipal Cost Containment Regulations which will be reported in the management report.	Municipality should ensure that it complies with Municipal Cost Containment Regulations. Municipality must perform a gap analysis clearly indicating factors considered to reach a conclusion to appoint a consultant	Management disagrees with the finding. The municipality does not have internal capacity to prepare the financial statements in-house as the Budget and financial reporting unit has two personnel/ warm bodies (Manager Budget and Accountant Budget) who are tasked to prepare budgets, report on them and also prepare annual financial statements, which is impossible to do. Refer to attached Budget and financial reporting organogram. The organogram process is an extensive process that management and labor unions and embarks on for the institution in assessing required skills and to assess the capacity needs of the institution before it gets Approved by the Council, as legislated. The departmental assessment was done hence the Request for approval to utilize professional services for preparation of annual financial statements was prepared clearly indicating the internal capacity and was approved by the accounting officer before the procurement processes could commence. Management disagrees with the finding.	Management comments are noted, however; management has not provided assessment performed before appointing the consultants as required by Municipal Cost Containment Regulations, 2019 Reg 5 (1), management only submitted organogram and internal memo.Therefore, the finding will remain and be reported in the management Report.	Inadequate assessment conducted prior to appointment of consultants. Cost Reduction Plan does not specifically address the approved plan on consultancy reduction, including timelines, targets, and measurable steps to achieve reductions. Did not clearly detail the skills transfer methodology	Ensure the approved Consultancy Reduction Plan is documented clearly, including timelines, targets, and responsible officials. On each consultancy project the user dept must attach the assessment report with defined timelines and transfer of skills methodology.	05-Jan-26	Manager SCM & Assets	
	Comaf 10	AOPO	AoPO: Consistency ; usefulness - No. of households in electrification programme connected	Municipal Finance Management Act 56 of 2003 (MFMA) section 121(3) (f) states that , the annual report of a municipality must include an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the	The non-compliance with section 121 (3) (f) of MFMA and section 41 (1) (a-c) of MSA which is material usefulness finding on consistency	Management should ensure that Annual Performance Report (APR) is properly reviewed to ensure that that the reported targets are the same as planned targets. Management should consider adjusting APR to ensure alignment between planned targets and reported targets.	The municipality conducted SDBIP adjustments twice in 2024/2025 FY, due to budget adjustments that required changes on some indicators in the SDBIP. The first adjustment was conducted in February 2025, and the second adjustment was conducted in May 2025. The SDBIP that was used by the municipality for reporting is the final SDBIP adjusted in May 2025. Therefore, the findings on the Indicators are extracted on a draft SDBIP, not on the final approved SDBIP. The final approved SDBIP aligns with the APR submitted on 31 August 2025.	Management comments are noted, it needs to be noted that the time of testing the revised SDBIP management id referring to was not submitted, however; upon inspection of the subsequently submitted final revised SDBIP the finding has been resolved.	Poor record maintanance in performance management leading to inadequate reviews. Poor controls over record keeping to ensure that accurate, complete and reliable record keeping of supporting documentation are maintained.	Management to ensure that there is proper and accurate record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	31-Mar-26	Manager IDP	
	Comaf 11	Expenditure	Communication of audit findings – non-submission of information – Operating expenses	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) states that when performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to - (a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee.	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. The projected material limitation is R36 352 778	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	Management comment: The management disagrees with the finding as the information was submitted via wetransfer and hand delivery on the due date; however, for the smooth running of the audit, the information will be resubmitted.	Management's responses are noted. However, the information as per the finding was outstanding as of the 30th of October 2025. The outstanding information was received on the 31st of October 2025; therefore, the findings have been resolved.	Poor controls over record keeping to ensure the reliability of the systems and the availability, accuracy and accessible upon request.	Management to ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	05-Jan-26	Chief Financial Officer	
	Comaf 12	Planning	The copy of the integrated development plan (IDP) was submitted to the MEC for Local Government before council adopted the plan	In terms of section 62(1)(c)(iii) of the MFMA, states that Accounting Officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Municipal System Act 32 (1) (a) The municipal manager of a municipality must submit a copy of the integrated development plan (IDP) as adopted by the council of the municipality and any subsequent amendment to the plan, to the MEC for for the local government in the province within 10 days of the adoption or amendment of the plan The Integrated Development Plan (IDP) was acknowledged by MEC COGTA before council adopted which is in contravention with Municipal System Act 32 (1) (a). The confirmation of receipt of a copy of 2024/25 Integrated Development Plan (IDP) and budget of Elundini LM was acknowledged by Asanda Nketho (COGTA) on the 28 May	This has resulted in a non-compliance with Municipal System Act 32 (1) (a)	Management should ensure that the Integrated Development Plan (IDP) is adopted by council and submit a copy of the plan to the Member of the Executive Council (MEC) for local government in the province within 10 days of the adoption or any amendment of the plan.	Management disagrees with the finding. The 2024/2025 IDP was adopted by Council on the 31 May 2024 and submitted to EC COGTA on the 11 of June 2024 by email. On the 18 of June 2024 Asanda Nketho responded to the email confirming the receipt of the IDP. The written acknowledgement with the wrong date was emailed to the Municipality on the 07 October 2024 however Asanda realized the error and re- send the written acknowledgement with the correct date.	Management comments were noted. We have inspected the email sent to COGTA and noted that it was sent on the 11 June 2024 and the acknowledgement of receipt was signed by COGTA on the 12 June 2024. Therefore the finding is resolved.	Inadequate and insufficient review of documentation for accuracy before filling.	Management to implement review processes for all documentation for accuracy before filling.	05-Jan-26	Manager IDP	
	Comaf 13	AOPO	Reported achievements do not agree to the relevant POE	Section 62(1)(c)(iii) of the MFMA, states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Section 40 of the Municipal Systems Act states that a municipality must establish mechanisms to monitor and review its performance management system. Some reported achievements per the annual performance report were not adequately supported by sufficient portfolio of evidence, refer below for the indicators where discrepancies identified:	This has resulted in the municipality reporting achievements that are not sufficiently supported by adequate portfolio of evidence, thus, a material misstatement of the reported achievements for the affected indicators.	Management should strengthen the annual performance report preparation process and ensure that the reported achievements are supported by the relevant, adequate supporting portfolio of evidence, to avoid future similar misstatements. Furthermore, the relevant portfolio of evidence should be submitted or the corrections processed in the APR to ensure that it corresponds to the portfolio of evidence.	Management agrees with the findings. Additional evidence is submitted	No. of kms of Roads Constructed The POE to support the 1.4km for Surfacing of Greenfields was provided, therefore, the finding is resolved. No. of households in the electrification programme connected Management comments were noted, the adjustment was considered and the finding is resolved. % of maintenance completed for the electricity network as per the maintenance plan Re-examined the POE, the finding is resolved.The finding therefore remains and will be reported in the Management Report% maintenance of public lighting Management comments are duly noted, it should be clear that the finding remains with its impact, the commitments for correcting the issue in future years are noted. The misstatement is not material. % maintenance of public amenities under the control of the department Management comments are duly noted, however, the quarter 3 report for this indicator does not show that the Nqanqarhu Town Hall Painting of exterior walls was completed, therefore, the finding remains unless management adjusts the APR. Number of households receiving Free Basic	Poor record maintanance in performance management leading to inadequate reviews. Poor controls over record keeping to ensure that accurate, complete and reliable record keeping of supporting documentation are maintained.	Management to ensure that there is proper and accurate record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	31-Mar-26	Manager IDP	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 14	AOPO	AoPO KPA 3: Reported achievement is not adequately supported by the portfolio of evidence	Section 62(1)(c)(iii) of the MFMA, states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Section 40 of the Municipal Systems Act states that a municipality must establish mechanisms to monitor and review its performance management system. Some reported achievements per the annual performance report were not adequately supported by sufficient portfolio of evidence, refer below for the indicators where discrepancies identified:	This has resulted in the municipality reporting achievements that are not sufficiently supported by adequate portfolio of evidence, thus, a material misstatement of the reported achievements for the affected indicators	Management should strengthen the annual	**Number of work opportunities created through EPWP** Management agrees with the finding, the extra POE was submitted to AG . **Number of Local SMMEs capacitated through LED initiatives** Management disagrees with the finding. the attendance registers were also signed Elundini local Municipality officials who are not members of SMME's, and they were to be subtracted on the register and some SMME's were represented by more than one person, which were also not counted as the indicator is counting number of local SMME's not members of SMME's. this is the reason the number was reduced to 101 from 107.	Number of work opportunities created through EPWEP The additional POE submitted in response to the finding supported a total of additional 204 work opportunities created through EPWP. The remaining difference is 32 overstatements; this is not material. Therefore, there are no remaining material misstatements for the indicator. Number of Local SMMEs capacitated through LED Initiatives After consideration of management response, recalculated the number of local SMMEs from the attendance registers and found that there were duplicates identified. The recalculated number of local SMMEs capacitated through LED Initiatives was 95 Local SMMEs, the remaining difference is 6, this is not material. Therefore, there are no remaining material misstatements for the indicator.	Poor record maintanance in performance management leading to inadequate reviews. Poor controls over record keeping to ensure that accurate, complete and reliable record keeping of supporting documentation are maintained.	Management to ensure that there is proper and accurate record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	31-Mar-26	Manager IDP	
	Comaf 15	Expenditure	Bulk Purchases: Invoices not paid within 30 days	MFMA Section 65(2)(e) prescribes that, the accounting officer must take all reasonable steps to ensure that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement	The impact is non-compliance with Section 65(2)(e) of the MFMA which could potentially be materially when aggregated non-compliance findings of similar nature.	Management should ensure that their interna	The management agrees with the finding.	Management's response is noted. The proposed remedial action addresses the requirement for payment of creditors within 30 days as per the MFMA. Implementation of this action will be followed up during the next audit cycle to confirm that adequate controls have been put in place and are operating effectively.	Poor financial management which led to the delays of payment of invoices.	Development and implementation of turnaround strategy.	05-Jan-26	Chief Financial Officer	
	Comaf 16	Revenue	Non-submission of Information: Revenue	The information below requested through RFI 20, issued on 29 October 2025 and due on 31 October 2025, has not been submitted for audit purposes: Rental of facilities	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. The projected limitation is R 1 914 804,08.	Management should ensure that there is pro	Management disagrees with the finding. The information was submitted to the AGSA as per RFI 20 within the due date using a memory stick. Refer to the attached POE for submission. However, for the sake of efficiencies, these have been extracted from the memory stick submission and submitted again	Management comments were noted, it needs to be noted that management disagreement is not factually correct as the rfi was reconciled with the audit controller and agreed that the information was outstanding, this was also discussed on the work group meeting where management committed to submitting the outstanding information. The information has subsequently been submitted; therefore, the finding is resolved.	Poor controls over record keeping to ensure the reliability of the systems and the availability, accuracy and accessible upon request.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	05-Jan-26	Manager Income and Expenditure	
	Comaf 17	Expenditure	**Expenditure:** Bulk Purchases-Missclassification	Section 62(1)(c)(i) states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal controls In terms of GRAP 1(17), it states that: Financial statements shall present fairly the financial position, financial performance, and cash flows of an entity. Fair presentation requires faithful representation of the effects of transactions, other events, and conditions in accordance with the definition and recognition criteria for assets, liabilities, revenue, and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.	The impact of the finding is the overstatement of Bulk purchases by R 412 225 and an understatement of Transfers and Subsidies electricity rebates by the same amount	Management should ensure that: •There is proper review of transactions captured to ensure that expenditure transactions and correctly classified •There are adequate controls over daily and monthly processing and reconciling of transactions.	Management agrees with the finding. The following adjusting journal entry will be processed: Dr Transfers and Subsidies R 412 225 Cr Bulk purchases R 412 225	Management responses are noted, an assessment will be made once the adjustment has been passed and audited.	Poor review and reconcilliation processes at the following levels: - point of entry - at account balance - financial statement level	Management to ensure that: •There is proper review of transactions captured to ensure that expenditure transactions and correctly classified •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions.	05-Jan-26	Chief Financial Officer	
	Comaf 18	Expenditure	Incorrect classification of Transfers and Subsidies	Section 62 (1) (c) (i) of the Municipal Finance Management Act (MFMA) 56 of 2003 states, the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. There is a difference of R1 676 851 on note 38 of Transfers and Subsidies, the difference relates to Free Basic	This will result in an overstatement of the R1 676 851 for Elundini Cooperative Development Centre and an understatement of Indigent Support - Eskom Electricity of the same amount within the Transfers and Subsidies note 38 in the AFS	Management should ensure that all expendit	Management agrees with the finding. The disclosure note for Transfers and Subsidies will be amended as follows; Amount Indigent Support - Eskom Electricity 5 056 152.55 Indigent Support - Other Energy Sources 552 050.00 Total 5 608 202.55	Management comments were noted, and management acknowledges the finding. The proposed disclosure will be tested upon receipt of the adjusted annual financial statement; thus the finding will remain for now	Poor review and reconcilliation processes at the following levels: - point of entry - at account balance - financial statement level	Management to ensure that: •There is proper review of transactions captured to ensure that expenditure transactions and correctly classified •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions.	05-Jan-26	Chief Financial Officer	
	Comaf 19	Expenditure	Expenditure - Contracted ServicesDifferences between Annual Financial Statement and General Ledger	A difference of R2 860 182.05 was noted between the Contracted Services balance in the Annual Financial Statements (AFS) and the General Ledger (GL) submitted for audit.	Financial and performance management controls are inadequate to ensure that all financial adjustments processed during consolidation are properly documented, authorized, and traceable within the accounting records.	Management should: • Apply documented a	Management disagrees with the finding. The Municipality does not use GL descriptions to classify transactions due to limitations of the MSCOA chart of accounts. The fore-mentioned 2,8 million difference is operational expenditure and it does not have a segment under operational expenditure on the MSCOA chart of accounts and is correctly classified in the AFS as operational expenditure. For AFS classification we use substance over form to classify the transactions. Find attached annexure and supporting documentation for the R2,8 million classified as operational expenditure. A difference of R2 860 182.05 was noted between the Contracted Services balance in the Annual Financial Statements (AFS) and the General Ledger (GL) submitted for audit.	Management comments were noted, However, the finding remains unchanged. The general ledger should agree to the Trial Balance, as the TB is compiled directly from the underlying ledger records. Where MSCOA limitations prevent accurate classification at GL level, it remains management's responsibility to ensure that the financial system and chart configuration allow for correct and consistent classification. If the current ledger structure limits proper allocation, controls and system settings should be reviewed and adjusted to eliminate these limitations.	Poor review and reconcilliation processes at the following levels: - point of entry - at account balance - financial statement level	Management to ensure that: •There is proper review of transactions captured to ensure that expenditure transactions and correctly classified •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions.	05-Jan-26	Chief Financial Officer	
	Comaf 20	Expenditure	Expenditure- Operating expenses: Payments not made within 30 days from the day of invoice receipt.	The following invoices for operating expenses were not paid within 30 days from the date of receipt of invoice: (Refer to initial finding)	The impact is non-compliance with Section 65(2)(e) of the MFMA which could potentially be materially when aggregated non-compliance findings of similar nature	Management should ensure that their internal controls over compliance with applicable laws and regulations are effective to ensure that invoices are paid within 30 days of receipt. In addition management should design an invoice tracking system that will ensure that all payments are paid within 30 days.	Management agrees with the finding, the finding will remain and be reported on either the management report or the auditor's report depending on aggregation with other misstatements of similar nature.	Management agrees with the finding, the finding will remain and be reported on either the management report or the auditor's report depending on aggregation with other misstatements of similar nature.	Poor financial management which led to the delays of payment of invoices.	Development and implementation of turnaround strategy.	05-Jan-26	Manager Income and Expenditure	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 21	Expenditure	Expenditure: Operational expenses- disagreements as mount recorded in 2024/25 relates to 2025/26 FY	The following transaction has been recorded and recognised in 2024/25 financial year whereas it relates to services rendered in 2025/26 financial year, resulting in expenditure for 2024/25 being overstated. (Munsoft Licencing - R3,664,824.4	The impact of the finding is the overstatement of expenditure (operating expenses) by a projected amount of R 15 766 475 and overstatement of trade payables by the same amount.	Management should ensure that proper review of the AFS supporting schedules like General Ledger are performed to ensure that accurate figures are recorded in the AFS. Management should further there is a system in place to address internal controls identified by auditors to ensure that this finding will not re-occur	Management agrees with the finding. The following adjustment is proposed by Management Details DR CR Trade Payables 4 214 548,06 Computer and Software Expenses 3 664 824,4 VAT input 549 723,66	Management's response is noted. The proposed remedial action addresses the audit finding to have the transactions be in the correct financial period. The journal will be audited to ensure correct implementation.	Failure to implement cut-off procedures at year end.	Conduct cut-off year end procedures.	30-Jun-26	Chief Financial Officer	
	Comaf 22	Expenditure	Expenditure- Contracted expenses: Payments not made within 30 days from the day of invoice receipt.	The following invoices for contracted expenses were not paid within 30 days of the date of receipt of invoice. (Refer to the initial finding).	The impact is non-compliance with Section 65(2)(e) of the MFMA which could potentially be materially when aggregated non-compliance findings of similar nature.	Management should ensure that their internal controls over compliance with applicable laws and regulations are effective to ensure that invoices are paid within 30 days of receipt. In addition management should design an invoice tracking system that will ensure that all payments are paid within 30 days	Management agrees with finding 1,2 and 4 but however disagrees with finding 3 as that payment was made within one (1) day not 31 days.	Management comments are noted and management acknowledges that finding 1,2 and 4 were acknowledged by management. On finding 3 there was a typographical error, the actual invoice receipt date is 05/11/2025, the finding has since been updated, and the matter remains.	Poor financial management which led to the delays of payment of invoices.	Development and implementation of turnaround strategy.	05-Jan-26	Manager Income and Expenditure	
	Comaf 23	AOPO	AoPO KPA 1: CoRI - Some relevant indicators have not been included in the annual plan	In contravention of the above legislative requirement, the following indicators measuring the performance of the municipality against its development priority of basic service delivery, were not included in the annual plan (service delivery and budget implementation plan):	This has resulted in a material finding on completeness of relevant indicators, this finding will be reported in the management and audit report	Leadership ensure that all indicators relevan	The KPI (No. of Bridges Constructed) The Municipality could not plan for this indicator and include it in the SDBIP for the following reasons. The bridges were to be rehabilitated as a disaster response and intervention measure, and the projects were funded under the Municipal disaster response recovery grant. The grant was received on 30 March 2024, with strict condition that the grant must be utilised by September 2024. The projects were planned to be completed by 21 February 2025 (see the attached extension letters). These projects could not be included in the 2024/2025 SDBIP as the projects were going to be implemented before the finalisation of the SDBIP. It could not further be included during the adjustment period as they were already at the completion stages and could not meet the smartness requirements. Including them in the SDBIP adjustments was not going to serve the purpose of planning as the SDBIP is a planning document which require projects to be included as pre- implementation plan. The monthly progress reports were submitted to PDMC and the council committees and Council.	Management response is duly noted, the circumstances around the grant and the rehabilitation/ construction of the bridges have been considered. The finding is resolved.	Poor record maintanance in performance management leading to inadequate reviews. Poor controls over record keeping to ensure that accurate, complete and reliable record keeping of supporting documentation are maintained.	Management to ensure that there is proper and accurate record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	31-Mar-26	Manager IDP	
	Comaf 24	AOPO	AoPO APR Overall Presentation: The annual performance report, at an overall level, is not understandable	The following issues were identified in the annual performance report for the 2024-25 financial year which hampers the understandability of the said report:	At an overall level, the annual performance report for the year ended 30 June 2025 is not understandable.	Management should strengthen the review p	Management agrees with the finding	Management comments were noted and management agree with the finding, the adjusted APR was corrected. Therefore finding is resolved.	Lack of timeous compilation of APR resulting into inadequate and insufficient review of documentation for accuracy before submission.	Management to compile the APR structure timously and make provision for review dates. (APR preparation plan).	31-Mar-26	Manager IDP	
	Comaf 25	SCM	SCM Compliance: Use of Deviations in Infrastructure Procurement	Municipal Supply Chain Management Regulation 36 (1) states that "A supply chain management policy may allow the accounting officer to dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only— i.in an emergency. ii.if such goods or services are produced or available from a single provider only; iii.for the acquisition of special works of art or historical objects where specifications are difficult to compile. iv.acquisition of animals for zoos; or	All expenditure towards the following projects is irregular 1.Hopedale Sports field (ZKS and Nam General Trading)- contract value: R10 759 972 2.Surfacing of Mt Fletcher streets and stormwater drainage (Milwa Construction and cession payments made to Manong Construction)- contract value: R18 433 888 3.Surfacing of Greenfields streets and stormwater	Review and monitor compliance with applica	**Issue 1**:Hopedale sport field Management disagree with the finding. **Issue: 2**. Surfacing of Mt fletcher street and stormwater drainage. Management disagrees with the finding. **Issue 3**.Cession payment to Monong construction. Management disagrees with the finding. **Issue 4** Surfacing of greenfiels street and stormwater face. Management disagrees with the finding. **Issue 5** General use of the framework agreement for project and contract management services for SMME development ELM-3/016/2021-2-22. Management disagrees with the finding	In conclusion issues 1, 2 and 3 the findings still remain. Issue 4 has been resolved and issue 5 is an internal control deficiency. Overall, there is still irregular expenditure and material non-compliances with SCM prescripts.	Inadequate contract management controls.	Enforcement of termination clauses wher applicable in the case of non-performing service providers. Plan and procure for all projects in advance.	05-Jan-26	Manager SCM & Assets	
	Comaf 26(1)	Expenditure	Contracted services - Payment not made within 30 days	The following invoices for contracted expenses were not paid within 30 days from the date of receipt of invoice:(Refer to initial finding)	The impact is non-compliance with Section 65(2)(e) of the MFMA which could potentially be materially when aggregated non-compliance findings of similar nature	Management should ensure that their internal controls over compliance with applicable laws and regulations are effective in ensuring that invoices are paid within 30 days of receipt. In addition, management should design an invoice tracking system that will ensure that all payments are paid within 30 days.	Management agrees with finding.	Management's response is noted. The proposed remedial action addresses the requirement for payment of creditors within 30 days as per the MFMA. Implementation of this action will be followed up during the next audit cycle to confirm that adequate controls have been put in place and are operating effectively.	Poor financial management which led to the delays of payment of invoices.	Development and implementation of turnaround strategy.	05-Jan-26	Manager Income and Expenditure	
	Comaf 26(2)	Expenditure	Expenditure: Operating expenses- invoice not paid within 30 days	The following invoice for operating expenses was not paid within 30 days from the date of receipt of invoice: (Refer to initial finding)	The impact is non-compliance with Section 65(2)(e) of the MFMA which could potentially be materially when aggregated non-compliance findings of similar nature	Management should ensure that their internal controls over compliance with applicable laws and regulations are effective in ensuring that invoices are paid within 30 days of receipt. In addition, management should design an invoice tracking system that will ensure that all payments are paid within 30 days.	Management agrees with the finding	Management's response is noted. The proposed remedial action addresses the requirement for payment of creditors within 30 days as per the MFMA. Implementation of this action will be followed up during the next audit cycle to confirm that adequate controls have been put in place and are operating effectively.	Poor financial management which led to the delays of payment of invoices.	Development and implementation of turnaround strategy.	05-Jan-26	Manager Income and Expenditure	
	Comaf 27	Revenue	Revenue from exchange Metered Electricity understatement	The following differences were noted between the tariff charged on the customer statement and the approved tariffs by council; the municipality charged using the prior year tariffs 9instead of 202425 approved tariffs by NERSA and the council causing an understatement on revenue from sales of metered electricity.	The impact is understatement of Revenue from Exchange Transactions (Sales of electricity and Receivables from Exchange by the projected amount of R 2 705 197.	Management should ensure that tariffs agree to the NERSA schedules and customer accounts are update accordingly. Management should ensure that the AFS are properly reviewed and agreed to the supporting schedules.	Management notes the COMAF. Please refer to COMAF 38 for the detailed responses.	Management responses were noted, we will assess the detailed responses on COMAF 38	Inadequate review controls in monitoring tarrif updates.	Timeous reviews of tarrifs for accuracy in all systems.	31-May-26	Manager Income and Expenditure	
	Comaf 28	Revenue	note: Exchange revenue - Construction contracts	1.The municipality did not disclose the aggregate amount of costs incurred to date for contracts in progress, this is not in line with GRAP 11. 2. The methods used to determine the contract revenue recognised in the period were not disclosed as required by GRAP 11. 3. The methods used to determine the stage of completion of contracts in progress were not disclosed 4. The amount of advances received; and the amount of retentions were not disclosed	The impact of this finding is material non-compliance with disclosure requirements of GRAP 11, which will be reported in auditor's report if not corrected	Management should ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management should consider conducting trainings on GRAP 11 requirements to ensure that the finding does not occur again. Furthermore, management should adjust the AFS to ensure adherence to GRAP 11 disclosure requirements.	Management agrees with the findings.	Management response is noted, a further assessment will be made when the proposed adjustments have been passed.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 29	Receivables	Provision of bad debts of Government Debtors not done	The municipality is not impairing its government debtors, and there is no indication if this is based on objective evidence that government debtors should not be impaired as no assessment was done. This is not in line with the GRAP 104.57 , 104.58 GRAP 108.16 and GRAP 108.22-29 Municipality did not impair government debtors, the total amount subject to debt Impairment is R30 380 678 for both exchange and non - exchange receivables and the impairment amount is R0 per the provision for impairment schedule submitted for audit.	The absence of indication if this is based on objective evidence aligned with GRAP requirements has resulted in a limitation of R 30 380 678 in assessing the adequacy of the provision for doubtful debts. This amount comprises receivables from non-exchange transactions of R 27 889 742 and receivables from exchange transactions of R 12 340 102 including debt impairment amounting to R 24 889 373 which could not be reliably evaluated due to insufficient guidance.	Management should ensure that below is performed to ensure that information disclosed therein and applied in accordance with the GRAP standards requirements. Review and update the policy on government debtor impairment to align with GRAP 104. Conduct regular assessments of government debtors for objective evidence of impairment. Document the rationale for any decisions not to impair, especially when debts are significantly overdue.	Management disagrees with the finding based on the following.1)GRAP 104 –	Management responses are noted, however; there was no detailed assessment as evidence that the debt from government is recoverable. The article from deputy president is noted and the quarterly meeting with CoGTA are not evidence that the government debt was actually paid. In age analysis submitted for audit there is evidence that the government debt is beyond 30 days overs, there is also evidence of government debt being 390+ overdue. GRAP 104 requires an entity to assess that at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. The government debtors have not been paying the municipality despite the call from the deputy president and the quarterly monitoring initiatives by CoCTA. The municipality needs to do an assessment of recoverability of the debt and considers providing for impairment on the remaining debt that is not deemed recoverable in line with the requirement of GRAP 104 and GRAP 108. Therefore, the finding will remain and be reported in the auditors report if management	Failure to correctly intepret and apply GRAP standards.	Management to ensure that information disclosed therein is applied in accordance with the GRAP standards requirements. - Review and update the policy on government debtor impairment to align with GRAP 104. - Conduct regular assessments of government debtors for objective evidence of impairment. - Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Manager Income and Expenditure	
	Comaf 30	AOPO	AoPO KPA 1: Presentation and Disclosure - the corrective measures presented are not supported by corroborative evidence	The measures taken to improve performance disclosed in the annual performance report for targets that were not achieved are not supported by corroborative evidence. Refer to initial finding	The indicators are not properly disclosed in the annual performance report, this is a material misstatement.	Management should ensure that proper actions/ measures taken to improve performance are disclosed in the annual performance report and these measures are supported by adequate corroborative audit evidence.	Management agrees with the findings	Management comments were noted and agrees with the finding. The finding 1 and 2 is resolved, finding 3 will remain for % rehabilitation of public amenities.	Ineffective review mechanisms.	Management to ensure that proper reviews are taken based on progressive quartely perfomance and reasonableness of the assesement of the supporting documentation (POE).	31-Mar-26	Manager IDP	
	Comaf 31	VAT	COMAF 31: VAT Balance Disagreement (VAT Receivable and Output VAT Accrual)	VAT Receivable amounting to R6 573 760 which was the VAT from the debt impairment provision was incorrectly recognized in the Financial Statements. VAT Output Accrual amounting to R 7 618 588 which is the VAT from receivables from exchange transactions was not accounted for as a current liability in the financial Statements.	Issue 1 The impact of finding is an overstatement of the VAT Receivable account in the current assets by R6 573 760. Issue 2 The impact of the finding is an understatement of Output Vat Accrual in the current liabilities by R1 044 828	Management should make an adjustment to derecognised the VAT Receivable on current assets. Management should further account for the Output VAT Accrual on the receivables from exchange transactions balance as at 30 June 2025 as a current liability on the Statement of Financial Position. Management should further adjust the Output VAT Accrual with the VAT portion of	Management agrees with the finding. VAT receivable has been analysed and adjustments required were processed and the disclosure has been aligned to ASB's factsheet #11 with the following: 1.VAT output accrued (Amounts still to be corrected from consumers) has been moved to Payables from exchange transactions as required by the ASB Fact Sheet 11 as well as FAQ 4.12; and 2.VAT provision of VAT output accrued has been moved to Payables from exchange transactions as required by the ASB Fact Sheet 11 as well as FAQ 4.12 3.VAT Output accrued, is a Statutory obligation on the Municipality to collect	Management properly adjusted the AFS, after auditing of the adjustments, the finding has been resolved.	Poor review and reconcilliation processes during the AFS preparation. Ineffective oversight controls to ensure correct classification and disclosure	Management to ensure that: •There is AFS review checklist to be completed by a senior official prior to AFS submission to the AGSA. •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions. -Conduct trainings on GRAP standards requirements.	05-Jan-26	Manager Income and Expenditure	
	Comaf 32	SCM	COMAF 32: SCM Contract Management Non-submission of SCM requested information	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) states that when performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to - (a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee.	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. Furthermore, this has resulted in a limitation of scope in our ability to confirm whether the municipality has complied with the requirements of the section 116 of the MFMA and SCM regulations	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	Management comment: Management disagrees with the finding. The information was provided on the initial (physical)submission, but to ensure smooth operation of the audit, the information will be resubmitted.	Management comment noted. Finding resolved.	Poor controls over record keeping to ensure the reliability of the systems and the availability, accuracy and accessible upon request.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	05-Jan-26	Manager SCM & Assets	
	Comaf 33	Prior Period Error	Non-submission of RFI 23: Prior Period Errors	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) states that when performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to - (a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee. The following journals supporting documents of prior year adjustments as per note 53 of the annual financial statements were not submitted for audit requested in RFI 23 has not been submitted: (Refer to initial Finding)	The impact of the finding is non-compliance with Section 74(1) of the MFMA and Section 15(1) of the Public Audit Act.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request	: Management disagrees with the finding. Execution RFI 23 was submitted physically and also on the emails and the requested journals with the supporting documents were attached. Refer to the below screen shots for ease of reference.	Finding Resolved	Poor controls over record keeping to ensure the reliability of the systems and the availability, accuracy and accessible upon request.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	05-Jan-26	Chief Financial Officer	
	Comaf 34	VAT	VAT Input Accrual Limitation	There is an amount of R73 552 107 inclusive of input VAT for Payables from Exchange Transactions in the Statement of Financial Position in the Financial Statements for year ended 30 June 2025 and yet no Input VAT Accrual was recognized as a current asset as a corresponding entry to the payables from exchange balance on the financial Statements. It should be noted that the Input VAT accrual will only meet the asset definition when the payments are made to VAT registered suppliers as the municipality is on the cash/payment basis, the accrual should however be recognized.	1. The impact of the finding is a limitation of scope on the Input VA accrual as the amount could not be established due to the fact that the municipality has not done analysis of which suppliers were VAT vendors and those that are not VAT vendors on the trade payables balance. 2. The financial statements are not fairly presented as required by GRAP 1.	Management should ensure that the Input VAT Accrual from the payables from exchange is recognised in the current assets of the Financial Statements. Management should further formulate an accounting policy using GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors. It may be appropriate to use GRAP 19 in formulating the accounting policy.	Management comment: Management agrees with the finding. VAT receivable has been analysed and adjustments required were processed and the disclosure has been aligned to ASB's factsheet #11 with the following: 1.VAT control account (amount due from SARS) is the only item remaining under the VAT receivable classification on the face of Statement of financial Position; 2.VAT input accrual (Amounts still to be paid by the municipality – included in payables) has been moved to Receivables from exchange transactions as required by the ASB Fact Sheet 11 as well as FAQ 4.12; 3.VAT input accrued, is a Statutory right of the Municipality to receive VAT. The parties involved are SARS(National Government) and Elundini Local Municipality and there is no contract but is governed by statutes (laws). In terms of ASB FAQ 4.12 this is to be classified as exchange transactions rather than non-exchange transactions. Journals posted 2024 FY ItemLongAccNoSegmentDescDEBITCREDIT IA001011002001000000000000000000000000Input VAT General:Opening Balance9 518 448.62 IA001011003001000000000000000000000000Input VAT Capital:Opening Balance1 224 955.03 IA001011001001000000000000000000000000Input Accrual:Opening Balance10 743 403.65 IA001011002001000000000000000000000000Input VAT General:Opening Balance6 911 518.11 IA001011003001000000000000000000000000Input VAT Capital:Opening Balance6 911 518.11 IL001010001004000000000000000000000001Output VAT:Opening	Management properly adjusted the AFS, after auditing of the adjustments, the finding has been resolved.	Poor review and reconcilliation processes during the AFS preparation. Ineffective oversight controls to ensure correct classification and disclosure	Management to ensure that: •There is AFS review checklist to be completed by a senior official prior to AFS submission to the AGSA. •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions. -Conduct trainings on GRAP standards requirements.	05-Jan-26	Chief Financial Officer	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 35	AOPO	AoPO: Presentation and Disclosure - Current year achievement and targets were not compared to the previous year's targets and achievements	The current year's achievements were not compared to the previous year's targets and achievements for the following indicators: (Refer to the initial Finding)	The presentation is has material omissions and if not corrected will result in material findings being reported in the audit report	Management should adjust the management report to ensure that the presentation and disclosure is in line with the requirements of section 41 of the Municipal Systems Act and put controls in place to ensure that there are no material disclosure omissions in the APR for upcoming years.	Management agrees with findings	Upon receiving of adjusted APR from management it was noted that adjustement were properly passed for two indicators (Number of appointed SMMEs per project and Number of Local SMMEs capacitated through LED initiatives). However; for % Rehabilitation of public amenities indicator was no properly made, as the wording were similar to the APR where findings were identified, Management still did not record corrective measures to be taken to address non achievement and there was no corroborative evidence submitted to prove that Accounting Officer is putting in corrective measures, there on this indicator the finding remains as material findings which gets to be reported in the auditor's report.	Poor record maintanance in performance management leading to inadequate reviews. Poor controls over record keeping to ensure that accurate, complete and reliable record keeping of supporting documentation are maintained.	Management to ensure that there is proper review of supporting documentation before submission.	31-Mar-26	Manager IDP	
	Comaf 36	Contingent Liabilities	Disclosure - Contingencies - Contingent Assets do not exist	The following litigations and claims have been incorrectly disclosed as contingent assets while they do not meet the definition of a contingent asset:	The contingent assets are overstated, and the trade receivables are understated by the same amount of R423 003. The misstatement is not material individually, but may be material when aggregated with other uncorrected misstatements.	Management should thoroughly assess the nature of the litigation and claims that they have, assess each one against the requirements of GRAP 19 prior to inclusion in the disclosure of the Contingencies in the annual financial statements.	1.Management disagrees with the finding: The cost in the matter were not a foregone conclusion and remain uncertain at year-end, until settlement agreement was reached and signed post June 2025. Refer to attached settlement agreement. 2.Management disagrees with the finding: There contractor disputes liability, his letter clearly indicates this point, the matter is still to be litigated so we can't claim certainty on its outcomes. Refer to attached letter	Management responses were noted and acknowledged. The settlement agreement and letter were reviewed, therefore finding is resolved.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	
	Comaf 37(1)	PPE	non-disclosure of reasons for significant delays in WIP projects	The reasons for delay in slow-moving projects were not disclosed in the AFS of Elundini Local Municipality as required by GRAP 17.87 (b)	impact is non compliance with disclosure requirements of GRAP 17.87	Management should conduct proper reviews of AFS against disclosure requirements of GRAP in ensuring that all disclosure requirement are met. Management should consider conducting training on disclosure requirement of GRAP to keep abreast with GRAP and any changes in GRAP. Management should adjust the AFS to include the the reasons for delay on slow moving projects.	Management agrees with the Finding. The reasons for disclosure of the slow-moving project are that: The toilets are not ready for use as they are not yet connected to the main sewer reticulation line".	Management comments were noted, and management acknowledges the finding. The proposed disclosure will be tested upon receipt of the adjusted annual financial statement; thus the finding will remain for now.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Manager Assets	
	Comaf 37 (2)	PPE	PPE - Slow moving asset not disclosed	The municipality did not disclose the Mt Fletcher Vehicle Testing Station -Pit Building as a slow-moving asset. The project is still work in progress as it is not finished and it was previously disclosed as a slow-moving asset in the prior year - The following is not disclosure resulting in incomplete disclosure Mt Fletcher Vehicle Testing Station -Pit Building R3 988 106,29	The impact of the finding is that the slow moving projects disclosed in noted 9 of the AFS are incomplete by R 3 988 106, and non - compliance with GRAP 17.87 disclosure requirments.	The municipality should disclose the Mt Fletcher Vehicle Testing Station -Pit Building as a slow moving asset. The municipality should train themselves on the disclosure requirements of GRAP 17 to prevent this issue from recurring.	Management agrees with the finding. The municipality had intentions to finalizing the project and budgets were set aside, however at year-end procurement processes were still in progress. However, the Pit Building will be disclosed as slow moving in the current year.	Management comments were noted, and management acknowledges the finding. The proposed disclosure will be tested upon receipt of the adjusted annual financial statement; thus the finding will remain for now.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Manager Assets	
	Comaf 38	Revenue	COAMAF 38: Revenue from exchange Sale of Electricity misstatements	1.1 The following differences were noted between the tariff charged on the customer statement and the approved tariffs by council; the municipality charged using the prior year tariffs 9instead of 202425 approved tariffs by NERSA and the council causing an understatement on revenue from sales of metered electricity. 1.2 The following differences were noted between the customer statement and the meter reading report, the municipality has charged using the prior yaer tariffs instead of 202425 approved tarrifys by NERSA and the council causing an understatment on revenue from sales of metered electricity. 1. The following differences were noted between the charges used by Contour Technology Pty Ltd. The municipality is utilising the approved tariffs by NERSA/ Council on the sale of prepaid electricity.	The impact is understatement of Revenue from Exchange Transactions (Sales of electricity) and Receivables from Exchange by the projected amount of R 5 613 926.	Management should ensure that tariffs agree to the NERSA schedules and customer accounts are update accordingly. Management should ensure that the AFS are properly reviewed and agreed to the supporting schedules.	Management disagrees with the finding as there was a court order issued on 28 June 2025 which prohibited municipalities without cost of supply study to levy NERSA rates, and Elundini LM was not on the list of the 66 municipalities that were allowed to implement the NERSA tariffs. Attached is the Court order for ease of reference.	Management comments are noted, however; the court order management referred to, was for 2023/24 financial, it had no impact to Elundini LM, in addition in the prior year auidit Lundini had submitted to auditors' cost of studies in the 2023/24 audit. Overall management agrees with the finding, therefore, the finding remains and will be reported in the management report as other important matter.	Inadequate review controls in monitoring tarrif updates.	Timeous reviews of tarrifs for accuracy in all systems.	31-May-26	Manager Income and Expenditure	
	Comaf 39	Expenditure	Bulk purchases: Amounts per the general ledger do not agree to the invoices	In the following bulk purchases transactions, the amounts per the general ledger do not agree to the amounts per the invoices (Refer to the finding)	The actual overall misstatement in the bulk purchases is R913 due to compensating errors, however, there a reasonable possibility that a misstatement could occur in the future that would not be offset by a offsetting error.	Management should ensure that: •There is proper review of transactions captured to ensure that transactions are recorded in the correct amounts as per the invoice •There are adequate controls over daily and monthly processing and reconciling of transactions.	Management disagrees with the finding. The municipality does monthly reconciliations which are reviewed by management, hence the error above was rectified in the following month. Eskom submitted an incorrect invoice which had an error (allocated funds more than what the municipality had paid) and in the following month it was corrected and adjusted and re-allocated correctly by Eskom.	Management agrees with the finding, the finding will remain and be reported as internal control deficiency in the management report.	Poor review and reconcilliation processes at the following levels: - point of entry - at account balance - financial statement level	Management to ensure that: •There is proper review of transactions captured to ensure that expenditure transactions and correctly classified •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions.	05-Jan-26	Chief Financial Officer	
	Comaf 40	Expenditure	COMAF 40: Expenditure - Contracted Services : Cut-off Error	The following transaction has been recorded and recognized in 2024/25 financial year whereas it relates to services rendered in 2025/26 and 2026/25 financial year, resulting in expenditure for 2024/25 being overstated. (Refer to finding)	The impact of the finding is the overstatement of expenditure (contracted expenses) by a projected amount of R 293 090 and overstatement of trade payables by the same amount.	Management should ensure that proper review of the AFS supporting schedules like General Ledger are performed to ensure that accurate figures are recorded in the AFS. Management should further there is a system in place to address internal controls identified by auditors to ensure that this finding will not re-occur	Management agrees with the finding. Management will ensure that in the next financial period, cut off is correctly monitored and addressed.	Management agrees with the finding, the finding will remain as a management report finding.	Failure to implement cut-off procedures at year end.	Conduct cut-off year end procedures.	30-Jun-26	Chief Financial Officer	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 41	Receivables	Interest earned on trade and other receivables - Differences in the interest charged on the account statement	In terms of the credit control and debt collection policy "Interest - A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies" The following differences were identified on the interest charged in the account statement:	This results to a projected overstatement of R 382 014 for Interest earned on trade and other receivables and exchange receivables are overstated by the same amount.	Management should ensure that the interest	Management disagrees with the finding. The municipality used the official prime lending rate of 11.75% by South African Reserve Bank as at the beginning of the financial year (July 2024). The same rate applies throughout the year as evident in customer statements. The municipality does not use fluctuating rates per the recalculation performed	Management comments were noted and acknowledged. The rates provided by management relate to July 2024 not for 12 months. It needs to be noted that when management apply prime rate, the changes in prime rate need to be taken into account. Therefore, the finding remains	Inadequate review controls in monitoring prime lending rates updates.	Manegement to ensure that when there changes on the prime rate, the chnages must be effected omn the system to reflect the current rates.	05-Jan-26	Manager Income and Expenditure	
	Comaf 42	Segment Reporting	Segment Information - The segment revenues and expenses are not accurate	The following differences were identified in the segment information disclosed in note 59 to the annual financial statements for the year ended 30 June 2025.	The impact is that segment information is not accurate, the differences are not material individually.	Management should conduct adequate reviews to ensure that information reported in the AFS is recorded accurately. Management should ensure that the segment information disclosed in the AFS is accurate	Management disagrees with the finding . Refer to the table below ; Agency services/Other income+- 306 691Management notes that the Auditor General proposes a reclassification from other income to agency services but Management disagrees as these transactions are recoveries and cannot be reclassified to agency services. Services in kind/Donations+-300 534Management notes the Auditor General proposes a reclassification but the Managements disagrees with the reclassification as the Management presentation aligns well with the AFS Actuarial gains+-998 996Management notes the Auditor General proposes a reclassification but the Managements disagrees with the reclassification as the Management presentation aligns well with the AFS Employee related costs+-1 209 915Managements notes that the Auditor General amount of 143 658 350 differs from the amount 144 868 265 on the AFS, hence the Auditor General mappings/calculations are incorrect. Contracted services+-2 860 182Managements notes that the Auditor General amount of 73 144 032 differs from the amount 70 283 850 on the AFS, hence the Auditor General mappings/calculations are incorrect. General expenses+-2 648 468Managements notes that the Auditor General amount of 73 144 032 differs from the amount 70 283 850 on the AFS, hence the Auditor General mappings/calculations are incorrect. Management views its disclosures on the segment are accurate as the items are presented in the same way as they are on the face of the Statement of Financial Performance without making any reclassifications. This enables the segment report to be more understandable to the users.	Management comments are acknowledged, after consultation with management and going through the calculations, the finding has been resolved.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	
	Comaf 43	Expenditure	Expenditure: Finance costs - disagreements in the finance cost on the financial and audited amounts.	Employee benefit obligation the interest charged is lower than the audited amount. Loans and borrowings the auditor's amortisation schedule has a lower interest that the interest in the financial statement. Landfill site the interest was calculated using the previous year's discount rate instead of using current year's rate.	The impact of the finding is overstatement of finance costs by R 722 111 and landfill sites by R721 225 and the loan and borrowings by R51 022 and an understatement Employee benefit obligation by R50 136.	Management should ensure that proper review of the AFS supporting schedules from expects such as actuarial reports are performed to ensure that accurate figures are recorded in the AFS.	Management disagrees with the finding. 1.Employee benefit obligation The municipality does not agree with the finding. The auditors did not use the accepted actuarial method of calculating finance costs for defined benefit obligations. The following is the method used by Municipal Actuaries to determine finance costs: -The figures (of R337,000 and R822,000) as disclosed in the financial statements are calculated prospectively at the previous valuations -Interest cost is the disclosure of one year's less discounting of future benefits. -The accepted actuarial / accounting formula is as follows (where LV = last valuation and TV = this valuation): -{LV discount rate x LV past service liability} – {benefit payments (for the year-ending TV) x ([(1 + LV discount rate) ^ 0.5] – 1)} Numerically, for the PEMA, it becomes: {12.0% x 2,920,000} – {217,000 x (1.12^.05 – 1)} = 337,000 (when rounded) Numerically, for the LSA, it becomes: {11.2% x 7,928,000} – {1,227,000 x (1.112^.05 – 1)} = 822,000 (when rounded) -To reiterate, the (year-ending) 2025 interest costs are calculated a year ago using the 2024 discount rates and liabilities, and the 2025 expected benefit payments. If the above formulae is used in recalculation then there would not have been any differences. 2.Loans and Borrowings The municipality does not agree with the finding. We note the Auditor General didn't use the payment dates and monthly payment amount as per amortisation schedule and statement supplied to	Management comments are acknowledged, after considering management responses and accompanying schedules, the finding is resolved.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	
	Comaf 44	Risk Management	Disclosure: Risk Management - incomplete disclosure of receivables	The following differences were noted in the risk management disclosure for receivables past due but not impaired, the difference was caused by management not disclosing receivables beyond 12 months	The risk management disclosure and service receivable that re past due but not impaired are understated by R 3 984 097.	Management should perform proper review of the AFS against GRAP requirements to ensure that all GRAP disclosure requirements are met. Management should consider conducting consistent training on understanding GRAP requirements.	Management agrees with the finding, however the misstatement is R 2 387 184 which relates to receivables more than one year past due	Management agreed with the finding and passed the proper adjustment to the AFS. Therefore, the finding is resolved.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	
	Comaf 45	Receivables	Receivable for Electricity Availability was not disclosed in Note 4	The receivable for Electricity Availability was not disclosed in the note 4 relating to Receivables from Non-exchange transactions, therefore the receivables from non-exchange transactions is understated.	This will result in an understatement of receivables from non-exchange transactions as the electricity availability receivables is not disclosed in note 4 and it is a material limitation as the amount is unknown	Management should ensure that below is performed to ensure that information disclosed therein and applied in accordance with the GRAP standards requirements.	Management agrees with the finding.	Management comments were noted and acknowledged. The proposed adjustment was reviewed in the adjustment AFS. Therefore finding is resolved.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	
	Comaf 46	Revenue	Revenue from non-exchange: Electricity Availability misstatement	The following differences were noted between the tariff charged on the customer statement and the approved tariffs by council; the municipality charged using the prior year tariffs instead of 202425 approved tariffs by NERSA and the council causing an understatement on revenue from non-exchange for electricity availability.	The impact is understatement of Revenue from Non-Exchange Transactions (Sales of electricity) and Receivables from Non-Exchange by the projected amount of R 1 524 779.	Management should ensure that tariffs agree to the NERSA schedules and customer accounts are update accordingly. Management should ensure that the AFS are properly reviewed and agreed to the supporting schedules.	Management disagrees with the finding as there was a court order issued on 2	Management comments are noted, however; the court order management referred to, was for 2023/24 financial , it had no impact to Elundini LM, in addition in the prior year auidit Lundini had submitted to auditors' cost of studies in the 2023/24 audit. Overall management agrees with the finding, therefore, the finding remains and will be reported in the management report as other important matter.	Inadequate review controls in monitoring tarrif updates.	Timeous reviews of tarrifs for accuracy in all systems.	31-May-26	Chief Financial Officer	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 47	Use of consultants	Use of Consultants: Non Compliance with Municipal Cost Containment Regulations	Service Level Agreement (SLA) entered into between Maximum profit recovery and Elundini Local Municipality for VAT consulting does not have a clause on transfer of skills.	This has resulted in a non-compliance with Municipal Cost Containment Regulations which will be reported in the management report.	Municipality should ensure that it complies with Municipal Cost Containment Regulations. Municipality must ensure terms of reference outlines an objective for transfer of skills including the nature, scope and goals of the training programme.	Management disagrees with the finding. The Service level agreement that was signed by both parties under clause number 7.1 (iii) "Obligations" indicated that both parties undertake to be bound by the contents and provisions of the listed items and terms of reference forms part of the binding documents listed for the bid. Refer to the below clause as per SLA: 7.OBLIGATIONS Both parties undertake to: 7.1Be bound by the contents and provisions of the: (i)Appointment Letter (ii)General Conditions of Contract annexed hereto (iii)Terms of Reference The Terms of Reference on the tender document of Elundini Local	Management comments are noted, however; on the SLA submitted for audit the clause was not there, therefore, the finding remains.	SLA does not specifically address and detail the skills transfer methodology.	Management to ensure that the SLA outlines an objective for transfer of skills including the nature, scope and goals of the training programme.	05-Jan-26	Chief Financial Officer	
		Contingent liabilities	Contingent liabilities misstatements	The following items were not included in the disclosure for contingencies liabilities for the year under review: (Refer to finding)	Issue 1: This has resulted in a misstatement of the contingent liabilities disclosed in note 46 to the AFS with an amount of R610 000, the misstatement is not material, however, it may be material when aggregated with other non-material findings. Issue 2: This has resulted in a limitation of scope valued at R200 000, the limitation misstatement is not matarial individually, however, it may be material when aggregated with other	Management should ensure that all the required documents are made available to the AGSA for audit and the information presented in the AFS is complete.	**Item1** - There is no quantifiable amount claimed in this matter. The proceeding	**Issue 1** 1.1Management responses were noted and acknowledged, based on the auditor's assessment, the finding has been resolved. 1.2Management responses were noted and acknowledged. The information was obtained from the legal confirmations, based on the auditor's assessment, the finding has been resolved. **Issue 2** 2.1 Management responses were noted and acknowledged, based on the auditor's assessment, the finding has been resolved.	Failure to correctly intepret and apply GRAP standards.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	
	Comaf 49	Contract Management	Contract management: Non-compliance with MFMA	During the audit of contract management, there was no evidence provided of tabling to the council of the following extensions/amendments of contracts/package orders/task orders:	This has resulted in non-compliance with Section 116(3) of the MFMA which will be reported in the management report should the evidence not be provided.	Management should ensure that there is evidence of compliance with applicable legislation when submitting SCM information for audit.	Management comment: Management disagrees with the finding. The contracts per the finding were not amended but they were extended through the extension of time and through a variation. These extensions and variations were submitted with the files for audit. However, these will be re-submitted again. "An amendment changes or modifies the terms of an existing agreement, while an extension is a process that grants more time to complete an action, such as filing taxes or a contract obligation. An amendment changes the substance of a document, whereas an extension changes the timeline for it". As per the NT SCM guide for accounting officer's, any granting of a substantial extension of the stipulated time for performance of a contract will be subject to the approval of the accounting officer or his / her delegate. Section 60 of NEC3 Contracts, under the compensation events, it allows municipality to extend the contract. Item 1,2,3,5, these were extension of time without costs and were approved by the Accounting Officer. Refer to attached extensions. MFMA circular 62 "SCM: Enhancing Compliance and Accountability" states	Management responses were noted and acknowledged. We noted the supporting evidence provided by management. Therefore finding is resolved.	Failure to correctly intepret and apply MFMA .	Management to ensure that contract extentions/amendments comply with MFMA and applicable NT guidance.	31-Mar-26		
	Comaf 50	Governance and oversight	Governance and oversight - Non - compliance with Municipal planning and performance management regulations	Audit and Risk Committee did not review and make recommendations of performance management system to the council through the audit committee reports at least twice a year.	This has resulted in a material non-compliance with Municipal planning and performance management regulations	Audit and Risk Committee should ensure that it provided proper oversight by performing all the reviews it i required to perform.	The management disagrees with the finding that ARC did not review and make recommendations on the Performance Management System at least twice a year. The ARC has, in fact, considered performance-management matters through its quarterly meetings, refer to ARC agendas, minutes and Internal Audits reports. ARC reports were presented to Council meeting on the following dates, 30 October 2024 and 11 December 2024. Also on the 06 March 2025, there was MPAC meeting where all Council members were invited as the Chairperson of the ARC was going to make a review and recommendations on Annual Financial Statement and Performance management (Audit Action plans)	Management comments are noted, however as per information submitted ARC only presented and made recommendations for a performance management system to the council once not twice as required. The information submitted by management on the response still does not address the finding, as there is no evidence of report on performance management system being presented at least twice to the council.Therefore, the finding remains as material non-compliance which gets to be reported in the auditor's report.	Failure to submitt audit reports report on performance management system being presented at least twice to the council.	Audit and Risk Committee to ensure that it provided proper oversight by performing all the reviews it required to perform.	30-Jun-26	Manager IDP	
	Comaf 51	Debt impairment	Debt impairment: Bad debts written off	The municipality indicated in the Income and Expenditure report for the month ended February 2025 that there was prescribed debt of R10 980 880.20 and it was recommended to council to write off the prescribed debt. Based on the list of bad debts provided by the municipality amounted to R10 980 880.20 and it was approved by council, however the amount disclosed in the 6 600 505 where a difference of R3 780 375.	There is an understatement of bad debt written off for R3 780 375.	Management should ensure that bad debts written off is accurately disclosed in the Annual Financial Statements. Management should ensure that the AFS are properly reviewed and agreed to the supporting schedules.	Management agrees with the finding. Adjustments will be made after further investigations.	Management comments note, however; no adjustment was made regarding this finding. Therefore' the finding remains and will be reported in the management report as other important matter.	Poor review and reconcilliation processes at the following levels: - point of entry - at account balance - financial statement level	Management to ensure that: •There is proper review of transactions captured to ensure that debtors transactions and correctly classified •There are adequate controls over daily, monthly, quarterly, mid-term and annual processing and reconciling of transactions.	05-Jan-26	Chief Financial Officer	
	Comaf 52	SCM	SCM Contract Management Non-submission of SCM requested	Section 74(1) of the MFMA states that the accounting officer of a municipality must submit to the AGSA such information, returns, documents, explanations and motivations as may be prescribed or as may be required. Section 15(1) of the Public Audit Act, 2004 (Act No. 25 of 2004) states that when performing an audit referred to in section 11, the Auditor-General or an authorized auditor has at all reasonable times full and unrestricted access to - (a) any document, book or written or electronic record or information of the auditee or which reflects or may elucidate the business, financial results, financial position or performance of the auditee	This has resulted in a non-compliance with Section 74(1) of the MFMA and section 15(1) of the Public Audit Act. Furthermore, this has resulted in a limitation of scope in our ability to confirm whether the municipality has complied with the requirements of the section 116 of the MFMA and SCM regulations	Financial and performance management Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.	The information has been submitted physically and item 4 on provision of service plan and extended warranty has been substituted and requested not to submit but rather submit the project on supply and deliver of hawker stalls and the document was also submitted in a hard copy, before close of business to the auditor "Mr Gary Dumba".	Management subsequently submitted the information, therefore, the finding is resolved.	Poor controls over record keeping to ensure the reliability of the systems and the availability, accuracy and accessible upon request.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	05-Jan-26	Manager SCM & Assets	
	COMAF 53:	Going Concern	Going Concern Material Uncertainty is not adequately disclosed	Management's and auditor's assessment of the going concern resulted in the identification on events or conditions that cast significant doubt on the municipality's ability to continue as a going concern. However, these events or conditions were not disclosed in the notes to the financial statements as required in terms of GRAP1.27	This has resulted in a material ommision of disclosures in the AFS and the AFS do not in conform with the presentation and disclosure requirements outlined in GRAP 1.	Management should disclose the events or conditions that cast significant doubt on the municipality's ability to continue as a going concern and disclose the mitigating strategies to address the events or conditions, which justify the use of a going concern assumption in the preparation of the annual financial statements.	Management agrees with the finding. Management will add a note on financial statements detailing the going concern status of the municipality as per attached document, on the adjusted AFS.	Management properly adjusted the AFS and the finding has been resolved.	Failure to correctly intepret and apply GRAP standards on disclosure.	Management to ensure proper reviews on disclosure notes to ensure all GRAP disclosure requirements are adhered to. Management to conduct trainings on GRAP standards requirements.	31-Mar-26	Chief Financial Officer	

#	Reference	Component	Finding description	Nature (Actual Finding)	Impact/Risk	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Remedial Action	Target Date	Responsible Official	Progress from last report date
	Comaf 54	Material Losses	Material Losses – Electricity distribution losses	Note 63 to the financial statements reflects that the municipality has incurred distribution losses amounting to 24% of units purchased. This decreased from 26% in the FY2023/24. The rate of losses far surpasses the norm per MFMA Circular No. 71 of 7 to 10%.	The finding results to material financial loss on units lost that would otherwise be sold and generate revenue for the municipality.	Management should improve adherence to the MFMA requirements quoted above through applying stringent measures to reduce electricity theft. This can include periodic physical inspections of the meters that are serviced by the municipality, where illegal connection is identified, disconnection and fine should be applied. Management should assess if arrangement cannot be reached with the district municipality to disconnect water as well for repeat transgressors. The municipality should further consider formally electrifying the informal settlements so that it can reduce the rate of illegal connection and deal with tampering, where if identified, an individual household can be fined and disconnected.	Management is in agreement with the finding that electricity distribution losses exceed the norm	Management agrees with the finding, this will be assessed further for potential financial loss. If a material financial loss is established a notification will be send directly to the Accounting Officer.	Communities keep evedang controls put in place by management to cap these losses.	Review electricity bylaw to criminilize electricity tamparing. Finalize the outstanding part of the smart meteing project. Form strategic aliance with department of energy agency to reform electricity reticulation. Fill the vacancies of Manager Electricity and Technicians.	30-Jun-26	Director - IPD	

Appendix A – Councillors; Ward and/ Or Party Represented and Council Attendance

The Council had 09 scheduled meetings, including both ordinary and special council meetings. The table below depicts the attendance of councillors to the council meetings:

COUNCIL MEMBERS	FULL TIME/ PART-TIME	WARD/ ORGANISATION	No of Council meetings attended	No of apologies for non-attendance	% Council meetings attendance
Mamello Leteba	FT	African National Congress	09	01	90%
Victoria Vangiwe Hokwana	FT	African National Congress	10	00	100%
Bandile Nicholas Nqodi	PT	African National Congress	10	00	100%
Thozama Victoria May	PT	African National Congress	10	00	100%
Simphiwe Mdoda	PT	African National Congress	09	01	90%
Mthobeli Siphamla	PT	African National Congress	09	01	90%
Patuoe Lephafa	PT	Economic Freedom Fighters	05	05	50%
Moleboheng Telile	PT	African National Congress	10	00	100%
Zandisile Mampintsha	PT	African National Congress	10	00	100%
Mabaca Victor Thokozwayo	PT	Ward 1	10	00	100%
Phumza Cawe	PT	Ward 2	09	01	90%
Nomalungisa Ngcuka	PT	Ward 3	09	01	90%
Kgotsofaditse Abednigo Mgijima	PT	Ward 4	09	01	90%
Thembani Mfono	PT	Ward 5	04	06	40%
Nokhanyo Tyumbu	PT	Ward 6	09	01	90%
Tukiso Lephaila	PT	Ward 7	08	02	80%

COUNCIL MEMBERS	FULL TIME/ PART-TIME	WARD/ ORGANISATION	No of Council meetings attended	No of apologies for non-attendance	% Council meetings attendance
Mpoleng Agnes Mdleleni	PT	Ward 8	09	01	90%
Nolwazi Mditshane	PT	Ward 9	08	02	80%
Sbusiso Sibanda	PT	Ward 10	09	01	90%
Amanda Ncusana	PT	Ward 11	09	01	90%
Lipuo Constance Marrand	PT	Ward 12	10	00	100%
Lennox Siphiwo Ndumndum	PT	Ward 13	09	01	90%
Akhona Siphambo	PT	Ward 14	10	00	100%
Lebohang Christopher Booka	PT	Ward 15	07	03	70%
Asithandile Mzekelo Masiso	PT	Ward 16	08	02	80%
Ntlokoma Dan Jubilee Mfono	PT	Ward 17	08	02	80%
Fundiswa Sonti-Maqanda	PT	African National Congress	07	03	70%
Veronica Norman	PT	African National Congress	08	02	80%
Lonwabo Magqashela	PT	African National Congress	10	10	100%
Anele P. Mayisha	PT	Democratic Alliance	07	03	70%
Lunga Botomani	PT	ATM	05	05	50%
Rethabile Moleleki	PT	SARKO	09	01	90%
Themba Tsoaeli	PT	Economic Freedom Fighters	06	04	60%
Akhona Witness Masondo	PT	United Democratic Movement	09	02	80%
Chief Siyamthanda Mabandla	PT	Traditional Council	05	05	50%
Chief Thozama Zibi	PT	Traditional Council	03	07	30%

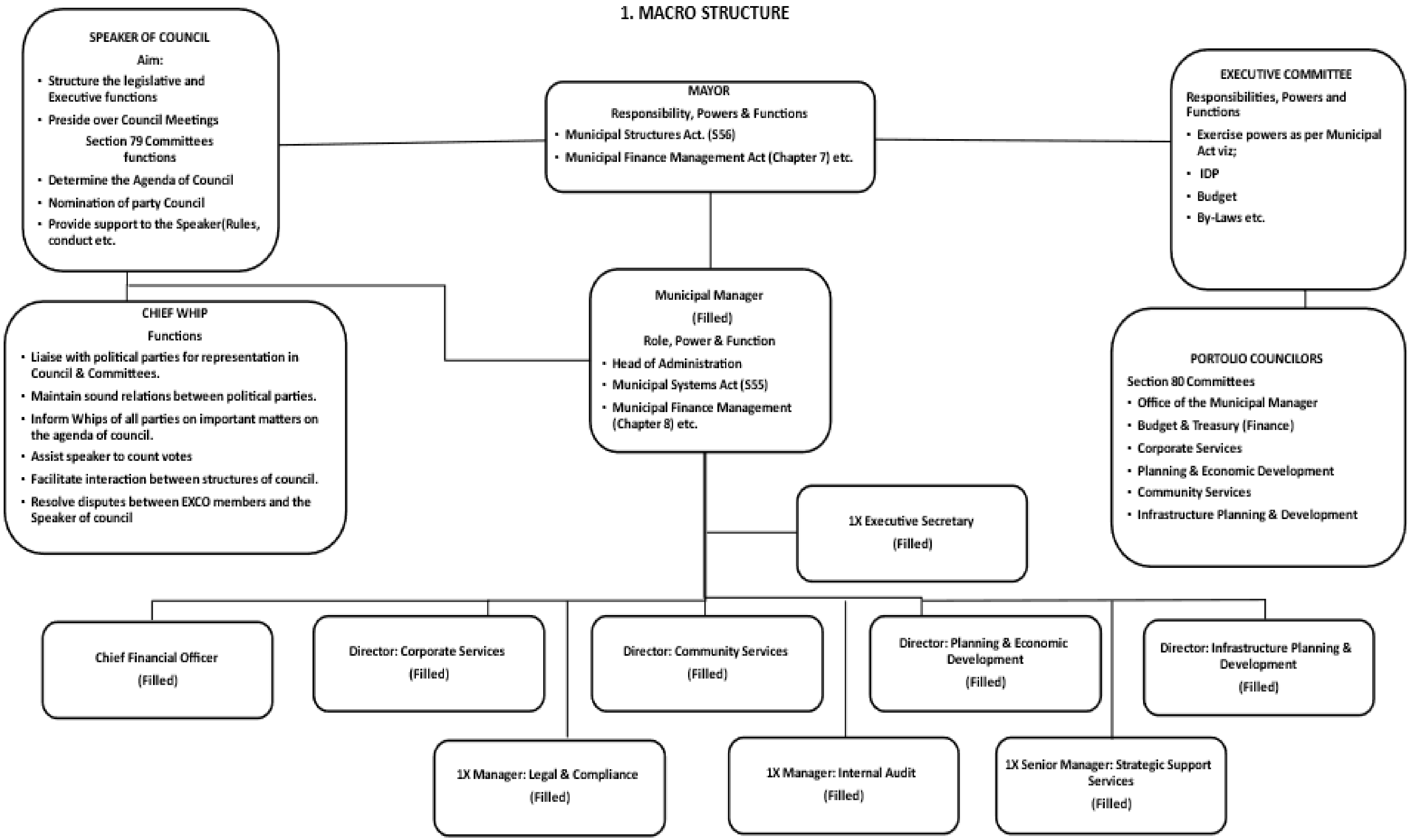
Appendix B – Committees and Committee Purposes

Below is the list of both Section 79 and 80 Committees that ELM had during the year under review:

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Type of Committee	Municipal Committees	Purpose of Committee
Section 80	Community Services Portfolio committee	The purpose is to provide the EXCO and Council with reports on all Community Services functions
Section 80	Financial Services Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Financial Services functions
Section 80	Infrastructure Planning and Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Infrastructure Planning and Development functions
Section 80	Strategic Planning and Economic Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Strategic Planning and Economic Development functions
Section 80	Strategic Governance Committee	The purpose is to ensure that ELM is operating in a transparent and accountable way and to also ensure that it is a suitable organisation which is clear of its contribution to its local people.
Section 79	Municipal Public Accounts Committee	The purpose is to exercise oversight over executive functionaries of Council and ensure good governance in ELM.
Section 79	Members' Interests and Ethics Committee	The purpose is to establish and promote ethical conduct standards for municipal officials and members of the Council. To outline certain roles of conduct so that they carry out duties, powers and function impartially and in dignity
Section 79	Rules Committee	The purpose of this committee is to develop, formulate and adopt policy concerning the exclusive business of the Council including its proceedings,

		procedures, rules and orders, also to monitor and oversee the implementation of policy on all matters mentioned above.
Section 79	Budget Steering Committee	The purpose of this committee is to provide technical assistance to the Mayor in discharging his or her duties as provided for in the Municipal Finance Management Act No 56 of 2003.
Section 79	Audit Committee	The purpose of this committee is to advise municipal council and the accounting officer on issues of sound financial controls, audit, risk management, performance management and good corporate governance.
Section 79	Women Caucus	The purpose of this committee is to advance interests of women and to ensure that women are also mainstreamed in all governance programmes.
Section 79	Mandate Committee	The purpose of this committee is to provide mandate to representatives serving in the district municipal council on issues of the municipality that need consideration by the district municipal council

Appendix C: Third Tier Administrative Structure



Appendix D– Functions of ELM

Below is the list of functions performed by the ELM as defined in terms both Schedule 4 Part B and Schedule 5 Part B of the powers and functions in terms of the Local Government: Municipal Structures Act as amended:

FUNCTION	JGDM	ELM
SCHEDULE 4 PART B		
Air pollution	X	
Building regulations		X
Child care facilities		X
Electricity reticulation	X	X
Fire fighting	X as per regulation	X
Local tourism	X as per White Paper	X
Municipal airports		X
Municipal planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
SCHEDULE 5 PART B		
Beaches and amusement facilities		

Billboards and the display of adverts in public places	X	
Cemeteries, Crematoria and funeral parlours	X	
Cleansing	X	
Control of public nuisances	X	
Control of undertakings that sell liquor to the public		
Facilities for the accommodation, care and burial of animals	X	
Fencing and fences	X	
Licensing of dogs	X	
Licensing and control of undertakings that sell food to the public	X	
Local amenities	X	
Local sport facilities	X	
Markets	X	
Municipal abattoirs	X	
Municipal parks and recreation	X	
Municipal roads	X	
Noise pollution	X	
Pounds	X	

Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
ADDITIONAL AGENCY FUNCTIONS PERFORMED		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	X

Appendix E – Functionality of Ward Committees

Functionality of Ward Committees					
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 Speakers Office on time	Number of Quarterly public ward meetings held during year
1	Cllr. Tokozwayo Zukiswa Tofile Nonkonzo Mavis Mdludlu Flenny Zandisile Mateyisi Nomakho Dyani Neliswa Maguga Noaphiwe Sophaqa Siphokazi Mqhamkana Nomthandazo Stella Mzondi Thandumzi Mongameli Sonti Mzimasi Matolo	Yes	Committee meets Quarterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
2	Cllr. P Cawe	Yes	Committee	Only Quarterly reports	Due to numerous challenges including public transport

	Busisiwe Spayidile Thundezwa Pika Eunice Mimi Falitenjwa Eric Fetana Zukile Mbizweni Gcobisa Dastile Lungiswa Dayimani Sinazo Jikwe Bonginkosi Elgin Nogavu		meets Quarterly. 4 Quarterly meetings were held	are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
3	Cllr. N. Ngcuka Ntomboxolo Nowethu Dywili Maboyisi Mbulali Andisiwe Bhoto Bongiwe Cynthia Pula Faith Fiona Hamann Ncebakazi Sithole	Yes	Committee meets Quarterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Mxolisi Gift Tsibanto Thando Mjika Beatrice Noxolo Saka			attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
4	Cllr. K. A. Mgijima Thembelani Nkohla Nopumlani Victoria Dibela Ntombokwenzani Mfundisi Nozipho Mdletye Nodabephi Kapa Ntombizanele Sonkwenye Christina Thozama Mbungu Aubrey Tefo Lequoa Shireen Bantom	Yes	Committee meets Qaurterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made.	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
5	Cllr. T. Mfono		Committee	Only Quarterly reports	Due to numerous challenges including public transport

	Nozuko Titshala Siyabonga Mhlandleni Luyanda Kerel Nhose Nomvelwano Nozuko Dlokwana Zikhona Ngayi Odwa Owen Mdlana Anele Nziweni Tandiswa Msutwana Ngeziwe Ntombonina Mbana Siyabonga Nyiba		meets Qaurterly . 4 Quarterly meetings were held	are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
6	Cllr. N. Tyumbu Sithembile Nunu Mbuyiselo Makhonjwa Simphiwe Dlomo Notozamile Mdzanga Xolile Muizen Slwanyana Valencia Nombuso Mneno-Nyiba	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Ntombethemba Mbuzeli Nosibusiso Gibeni Kalipa Joy Gana			attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
7	Cllr. Lephaila Thembikhaya Khwaza Kabelo Andries Machaea Octavia Gcwabe Bongiwe Sanezwa Sicwebu Malejoetso Tsolo Christopher Matsoso Katleho Maja Nosamkele Dyunkwana Vuyisa Manyosi	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
8	Cllr. Mdleleni	Yes	Committee	Only Quarterly reports	Due to numerous challenges including public transport

	Lefedisa Mpeke Ntitseng Anastacia Mohlafuno Moipone Thelma Ralarala Nombuso Malahlisa Mantankiso Khoase Mamolebadi Tedile Nikelwa Gcotyelwa-Lekhetha Mhlangabezi Sibizo Bonga Landule		meets Qaurterly . 4 Quarterly meetings were held	are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
9	Cllr. N. Mditshane Molebeledi Manganeng Lusanda Alex Ngxongxela Priscilla Nteboheng Lebeta Tiisetso Vincent Khonyane Luvuyo Mabuya	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Zwelandile Khwezi Ntombedinga Jojo-Delihlazo Vuyokazi Ndzunga Athenkosi Mkaka Ophola Olota			committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
10	Cllr. S. Sibanda Bulelwa Dlaba Mbulelo Admiral Mdletye Mpendulo Mpofana Ngele Yondela Dondolo Cyprian Ntlahla Ndaba Andiswa Mafumana Ralekane Motjotji George Bunene Mfuphi Samuel Keletso Heise Lwandile Mfuneko Dube	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

				made	
11	Cllr. A. Ncusana Bukiwe Mpeta Andiswa Magalela Kholeka Ntyinkala Ncomeka Magidi-Gidi Mcgregor Ntyikala Mantho Rametsi Mamello Peteince Qhali Nothobelumzi Lisimi Bithatelo Poni	Yes	Committee meets Qaurterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
12	Cllr. Marrand Xoliswa Petronella Lesebane Solomzi Geqeza Nthabeleng Julia Molefe-Lekena Nothembile Jonga	Yes	Committee meets Qaurterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Thulani Benjamin Mhlonyane Nkgothatseng Elizabeth Erasmus Sechaba Mokhutshoane Khojane Lebeko Lebohang Semaru Libuseng Matsa			convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
13	Cllr. L. S. Ndumndum Dieketseng Victoria Moshoeshoe Mamosuwe Boleke Tasi Innocentia Makhetha Lerato Adelina Lebenya Dineo Mokhutsoane Nokhawunti Cynthia Mbungendlu Nokwanda Nzdunga Patuwe Mpheme Takatso Khahleli Nkululeko Rodwell Nkothe	Yes	Committee meets Qaurterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

				made	
14	Cllr. A. Siphambo Mpatliseng Lephafa Mkhuseli Lekhatha Molokelang Temperance Lehapa Malehlohonolo Khiba Ntswakeleng Manamathela Mabokang Gladys Mabula Ntombomzi Matubatuba Emihle Mazwi Ntombethemba Christina Dlaza	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
15	Cllr. L. C. Booka Neo Tinny Sam Ongezwa Mhlana Zukiswa Cicilia Menyelwa Leboya Piet Sebeka	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Matumelo Patience Motema Thabiso Mpeke Albertina Ntebaleng Mamba Mampe Telile			to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
16	Cllr. A. Masiso Nompumelelo Macuphe Noluthando Mavis Menemene Mamarena Priscilla Mpeta Collen Tuurman Andiswa Mathole Nonceba Sicangca Zingiwe Mavis Mtembu Yoliswa Bhukhwana Abednigo Kholebona	Yes	Committee meets Qaurterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Mhambi Sandile Mangali			village meetings and recommendations made	
17	Cllr. N. D. J. Mfono Azola Mzanywa Busisiwe Masizana Sandiswa Dyani Monica Phelekwa Ngqubeka Zoleka Nyangweni Unathi Willen Tembelani Sondzandza Fungiswa Budaza Bulelwa Faith Sigwela Tandeka Sylvia Fihlani	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

Appendix F: Long Term Contracts and Public Private Partnerships

Appendix F1: Capital Project

Ward Title: Ward Name (Number)

Appendix F: Long Term Contracts and Public Private Partnerships

Appendix F1: Capital Project

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O) R' 000				
No.	**Project Name and detail**	**Start Date**	**End Date**	**Total Value**
17	Surfacing of Greenfields Streets & Stormwater (Phase 2)	12/08/2024	18/07/2025	R 11 448 153.79
All Wards	Procurement of Specialised Waste Management Yellow Plant	01/07/2024	30/06/2025	R 10 000 000.00
2	Surfacing of Ugie Park Streets & Stormwater (Phase 2)	19/08/2024	25/04/2025	R 5 328 717.03
11	Construction of Xaxazana Special School Access Road	29/07/2024	30/04/2025	R 5 093 063.18
6	Upgrade of Hopedale Sportsfield (Phase 1& 2)	06/10/2023	26/02/2025	R 4 216 392.64
9	Surfacing of Mt Fletcher Urban Roads & Stormwater (Phase 2)	04/08/2023	28/06/2024	R 3 109 888.50

Appendix G - Recommendations of The Municipal Audit Committee

The ELM Audit and Risk Committee convened the following meetings during the 2024/25 reporting period:

1.	19 July 2024	Special Audit and Risk Committee Meeting
2.	29 November 2024	Ordinary Audit and Risk Committee Meeting
3.	22 January 2025	Special Audit and Risk Committee Meeting
4.	27 March 2025	Ordinary Audit and Risk Committee Meeting
5.	06 June 2025	In-committee Meeting
6.	18 July 2025	Ordinary Audit and Risk Committee
7.	27 August 2025	Special Audit and Risk Committee Meeting
8.	28 November 2025	Ordinary Audit and Risk Committee Meeting

Below were the items discussed and their resolutions:

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
19 July 2024	AC/01/2024-25	Recommended that the Accounting Officer (AO) be and is hereby directed to compile and submit a comprehensive report on the Smart Meter Project to the Audit Risk Committee, which report shall include, but not be limited to: 1. Responses to all questions and concerns raised by the Committee in relation to the project; 2. A detailed statement of expenditure incurred to date;	Mr. J.T. Mdeni Accounting Officer	Yes

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
		3. Full particulars of all withdrawals made from the loan facility, confirming that such withdrawals were utilised solely for purposes related to the Smart Meter Project; and 4. A comparative analysis reflecting: o the total amounts paid to date in respect of capital and interest on the loan; and o the total interest income generated to date from funds held in the call account.		
	AC/02/2024-25	The Audit and Risk Committee recommended that Internal Audit verify all expenditure incurred on the smart meter project to date, including the number of smart meters installed, to confirm that the full amount withdrawn from the R30 000 000 loan was utilised solely for the smart meter project. The verification should include a review of supporting documentation, payment records, asset registers, and project progress reports.	Mr. B. Magongo Manager: Internal Audit	Yes
	AC/03/2024-25	ARC recommended that the municipality needs to put on hold the withdrawal of the remaining balance from the bank loan.	Mr. J.T. Mdeni Accounting Officer	Yes
22 January 2025	AC/04/2024-25	The Audit and Risk Committee recommended that the Accounting Officer must ensure that the process for the	Mr. J.T. Mdeni Accounting Officer	Yes

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
		appointment of service providers is strengthened and improved in the upcoming financial year, in order to enhance compliance, transparency, and value for money.		
	AC/05/2024-25	The Audit and Risk Committee recommended that the Accounting Officer must ensure that all issues relating to poor working relations are addressed and resolved, in order to promote a professional, cooperative, and effective working environment within the municipality	Mr. J.T. Mdeni Accounting Officer	Yes
	AC/06/2024-25	The Audit and Risk Committee recommended that ARC members and the Accounting Officer must engage regularly on collaboration efforts aimed at achieving a clean audit opinion.	ARC Members Mr. J.T. Mdeni Accounting Officer	Yes
27 March 2025	AC/06/2024-25	The Audit and Risk Committee recommended that the Municipality must identify one or more officials to be trained and capacitated on the smart metering project, in order to build internal capacity and reduce reliance on the service provider for the operation, maintenance, and management of the smart metering system.	Mr. J.T. Mdeni Accounting Officer	Yes
27 August 2025	AC/07/2024-25	Due to the number of concerns raised regarding the Annual Financial Statements (AFS), the Audit and Risk Committee recommended that the final set of the AFS be submitted on Friday, 29 August 2025, and	CFO	Yes

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
		that ARC members will conduct a high-level review of the AFS thereafter		
27& 28 November 2025	AC/08/2024-25	It is recommended that one member of the Audit and Risk Committee be appointed as the independent Chairperson of the ICT Steering Committee to strengthen independence and oversight, improving Risk Governance and enhance accountability and assurance.	Mr. J.T. Mdeni Accounting Officer	On going
	AC/09/2024-25	Cost-containment measures should be applied consistently across both the Municipal Council and municipal officials until the financial health of the institution improves	Mr. J.T. Mdeni Accounting Officer	Yes
	AC/10/2024-25	Where disagreements arise between management and the Auditor-General, it is recommended that additional stakeholders be engaged. In accordance with its approved Charter, the Audit and Risk Committee has a mandate to assist in facilitating the resolution of such matters. Where necessary, support and guidance may also be sought from the Provincial Treasury.	Mr. J. T. Mdeni Accounting and CFO	On going
	AC/11/2024-25	For business continuity audit, Internal Audit should conduct a rapid self-assessment using an approved template or checklist to determine the Municipality's current maturity or compliance stage. This approach will enable the identification of key gaps, such as missing policies, statements, or processes, without incurring immediate costs. A comprehensive and detailed assessment	Internal Audit Manager	Q3 of 2025/26

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
		should be scheduled for the following financial year when adequate resources are available, ensuring that all strategic policies and processes are fully reviewed.		
	AC/12/2024-25	It is recommended that all candidates, particularly for management and senior positions, be thoroughly vetted prior to appointment. Proactive vetting will reduce governance, compliance, and operational risks and is more effective than relying on corrective measures after appointment.	MR. Z. Xuba - Director Corporate Services	On going
	AC/13/2024-25	It is recommended that all SDBIP indicators and targets be subjected to SMART criteria validation and usefulness checks prior to submission to Council for approval. To strengthen assurance, proactive reviews by the Auditor-General and/or Internal Audit are suggested before Council approval to ensure that indicators and targets are clearly defined, measurable, and aligned to strategic objectives.	Mr. J. T. Mdeni Accounting Officer/PMS Unit	On going
	AC/14/2024-25	The Accounting Officer should develop, implement, and regularly monitor a comprehensive audit action plan aligned with both internal and external audit findings to ensure timely and effective resolution of identified issues. In addition, the Chief Financial Officer should develop and enforce GRAP and MFMA compliance checklists covering all major financial statement areas to strengthen financial reporting accuracy and regulatory compliance.	Mr. J. T. Mdeni – Accounting Officer. CFO	Due 31 January 2026

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
	AC/15/2024-25	The Chief Financial Officer (CFO) should develop and enforce comprehensive GRAP and MFMA compliance checklists covering all major financial statement areas. These checklists will serve as a control mechanism to ensure that financial reporting is accurate, complete, and in full compliance with statutory and regulatory requirements.	CFO	Due 31 January 2026

APPENDIX H –
OVERSIGHT REPORT ON THE ANNUAL REPORT OF THE ELUNDINI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2025

NOT YET DUE

APPENDIX I – Municipal Entity/Service Provider Performance Schedule

APPENDIX J: DISCLOSURES OF FINANCIAL INTERESTS

The table below is the list of Executive Committee and Senior officials on their disclosure of financial interests for the period July 2024 to June 2025.

Position	Signed Disclosure of interests	Description of Financial Interests
Mayor	Yes	N/A
Speaker	Yes	- Remunerated employment outside the Municipality : GEPF
Municipal Manager	Yes	- Member of Close Corporations : Jack's Trading
Councillor - Portfolio Head : Planning and Economic Development	Yes	- Remunerated employment outside the Municipality: Joe Qabi District Municipality, Indirect Rep(Part Time)
Councillor - Portfolio Head : Community Services	Yes	N/A
Councillor - Portfolio Head : Corporate Services	Yes	N/A
Councillor - Portfolio Head : Budget & Treasury	Yes	N/A
Councillor - Portfolio Head : Infrastructure Planning & Development	Yes	N/A
Councillor - Chairperson : MPAC	Yes	N/A
Director: Planning and Economic Development	Yes	- Property Owner in Aliwal North and Cape Town - Directorships and Partnership: AWC Izililo zeAfrica (Non Functional) - Rental Buhle B&B
CFO	Yes	- Remunerated employment outside the Municipality: Mhlontlo L.M: Audit Committee Chairperson, - ECSECC: Audit, Risk & ICT Member - Mbashe L.M: Risk Committee Chairperson,
Director: Corporate Services	Yes	- Interest in immovable property (land and property) including owned by family member, corporate entity. Family House
Director: Community Services	Yes	N/A
Senior Manager: Strategic Support service	Yes	Shares and other financial interest: Shares Old Mutual/ CompuServe,

APPENDIX K1: REVENUE COLLECTION BY VOTE

Revenue Collection Performance by Vote						
						R' 000
Vote Description	**Year -1**	**Current: Year 0**			**Year 0 Variance**	
	Actual	**Original Budget**	**Adjusted Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Executive & Council	52	0	0	82		
BTO	226 522	315 271	305 828	238 397		
Corporate Services Department	0	0	0	4		
Strategic Development Services	2 699	764	764	2 386		
Community Services Department	17 137	15 261	18 678	18 971		
Infrastructure Development	94 803	153 888	170 714	101 738		
Total Revenue by Vote	**341**	**485**	**496**	**362**	**–**	**–**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						*T K.1*

APPENDIX K2: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
R '000						
Description	**Year -1**	**Year 0**			**Year 0 Variance**	
	Actual	**Original Budget**	**Adjustments Budget**	**Actual**	**Original Budget**	**Adjustments Budget**
Property rates	27,909	35,898	31,443	29,509		
Property rates - penalties & collection charges						
Service Charges - electricity revenue	36,511	48,169	32,778	43,290		
Service Charges - water revenue						
Service Charges - sanitation revenue						
Service Charges - refuse revenue	1,140	3,957	7,024	7,020		
Service Charges - other						
Rentals of facilities and equipment	1,758	2,363	2,363	2,281		
Interest earned - from current and non current assets	6,367	5,397	5,397	6,267		
Interest earned - outstanding debtors	5,520	1,941	1,941	–		
Sale of goods and rendering of services	0,385	1,774	1,774	0,573		
Fines	2,367	0,379	0,379	0,384		
Licences and permits	1,416	2,658	2,658	1,631		
Agency services		0,624	0,624			
Transfers recognised - operational	188,146	202,177	202,527	202,567		
Other revenue	6,251	109,644	130,481	8,727		
Gains on disposal of PPE	0,882	1,101	1,101	0,076		
Interest	3,197	–	–	3,118		
Total Revenue (excluding capital transfers and contributions)	**281,849**	**416,082**	**420,490**	**305,443**	**-36,22%**	**-37,67%**
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						*T K.2*

APPENDIX L: CONDITIONAL GRANTS EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Disaster Relief Grant	R0	R12,306,000.00	R 952,782.00	0%	8%	
DEDEA	R5,000,000.00	R5,000,000.00	R4,418,388.00	12.00 %	12%	
INEP	R 12,994,000.00	R 12,994,000.00	R 579,000.00	4%	4%	
	R1,700,000.00	R1,700,000.00	R 170,000.00	10%	10%	To spend on Finance internship programme, financial systems and Trainings

Capital Expenditure - Upgrade/Renewal Programme*

R '000

Description	Year -1	Year 2023-2024			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	**50 430**	**50 430**	**50 430**	**49 877**	**45 340**	**47 350**	**51 377**
Infrastructure: Road transport - Total	50 430	50 430	50 430	49 877			–
Roads, Pavements & Bridges	50 430	50 430	50 430	49 877			
Storm water	-	-	-				
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							

Water purification										
Reticulation										
Infrastructure: Sanitation - Total	–	–		-						
Reticulation										
Sewerage purification										
Infrastructure: Other - Total	–	–		-						
Waste Management										
Transportation										
Gas										
Other										
FMG										
EPWP					R1,580,000.00	R1,930,000.00	R1,930,000.00	122 %	100%	
Total					R16,274,000.00	R12,306,000.00	R3,631,782.00	148 %	134%	
** This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*										*T L*

APPENDIX M1-2: CAPITAL EXPENDITURE

Not submitted

APPENDIX N: CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: Year 0					
					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Electricity					
Umnga Flats	R 165,000.00	R 165,000.00	R 165,000.00	100%	100%
Cicirha (Pre Eng 60HH)	R 99,000.00	R 99,000.00	R 99,000.00	100%	100%
Polokoe	R 1,320,000.00	R 1,928,796.23	R 1,828,161.97	95%	138%
Showini	R 1,650,000.00	R 1,704,969.76	R 1,584,561.70	93%	96%
Showini 5km 22KV Link Line	R 2,500,000.00	R 1,094,560.81	R 913,797.66	83%	37%
Ngxarha Goji	R 276,000.00	R 276,000.00	R 276,000.00	100%	100%
Lubisini/ Koebung	R 4,262,000.00	R 2,221,837.63	R 2,221,837.63	100%	52%
Nxotshana	R 1,072,000.00	R 1,898,534.03	R 1,898,534.03	100%	177%
Refuse removal					
Specialised Waste Management Yellow Plant	R10,000,000.00	R10,000,000.00	R 9,994,667.84	100%	100%
Stormwater					
Surfacing of Ugie Streets & Stormwater Phase 2	R 4,809,006.04	R 4,809,006.04	R 4,809,006.04	100%	100%
Surfacing of Greenfileds Streets & Stormwater Phase 2	R11,448,153.79	R12,211,012.78	R12,211,012.78	100%	107%
Surfacing of Mt. Fletcher Urban Roads & Stormwater Phase 2	R 3,109,888.50	R 3,176,945.12	R 3,176,945.12	100%	102%
Construction of Xaxazana Specialised School	R 5,093,063.18	R 5,328,724.79	R 5,328,724.79	100%	105%
Seqhobong Access Road	R 476,784.86	R 476,784.86	R 476,776.24	100%	100%
Thutsing Access Road	R 500,000.00	R 499,933.91	R 499,933.91	100%	100%
Upgrading of Hopedale Sportsfield	R 4,216,392.64	R 4,055,832.84	R 4,055,832.84	100%	96%

Appendix O: CAPITAL PROJECTS BY WARD

Capital Programme by Project by Ward: Year 0 R' 000		
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
Electricity		
Umnga Flats	1	Completed
Cicirha (Pre Eng 60HH)	1	Completed
Polokoe	12	Completed
Showini	9	Work in progress
Showini 5km 22KV Link Line	9	Work in progress
Ngxarha Goji	7	Work in progress
Lubisini/ Koebung	13	Completed
Nxotshana	13	Completed
Refuse removal		
Stormwater		
Surfacing of Ugie Streets & Stormwater Phase 2	2	Completed
Surfacing of Greenfileds Streets & Stormwater Phase 2	17	Work in progress
Surfacing of Mt. Fletcher Urban Roads & Stormwater Phase 2	9	Completed
Construction of Xaxazana Specialised School	11	Completed
Seqhobong Access Road	13	Design Completed
Thutsing Access Road	14	Design Completed
Sports, Arts & Culture		
Upgrading of Hopedale Sportsfield	6	Competed

KEY PERFOMANCE INDICATORS IN THE DEVELOPMENT OF THE ANNUAL REPORT

Organisational Transformation and Institutional Development –KPA 1

Chapter: Organisational Transformation and Institutional Development –KPA 1
Annual performance as per key performance indicators in municipal transformation and organizational development

Chapter: Basic Service delivery performance highlights (KPA 2)
Annual performance as per key performance indicators in Electricity services

Annual performance as per key performance indicators in road maintenance services

Annual performance as per key performance indicators in waste management services

Annual performance as per key performance indicators in housing and town planning services

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)
Annual performance as per key performance indicators in LED

Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)
Annual performance as per key performance indicators in financial viability

Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

APPENDIX L: ANNUAL FINANCIAL STATEMENTS

DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2025

LOCAL MUNICIPALITY
IKAMVA ELIQAQAMBILEYO

ELUNDINI LOCAL MUNICIPALITY
(Registration number EC141)
Annual Financial Statements
for the year ended 30 June 2025

General Information

Nature of business and principal activities	Elundini Local Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996).
Executive Committee	
Mayor	Cllr M. P. S. Leteba
	Cllr S. Mdoda - Portfolio head: Infrastructure Development
	Cllr T. V. May - Portfolio head: Community Services
	Cllr P. Lephafa - Portfolio head: Financial Services
	Cllr B. N. Nqodi - Portfolio head: Corporate Services
	Cllr M. Siphamla - Portfolio head: Planning and Economic Development
Speaker	Cllr V.V Hokwana
Chief Whip	Cllr B.N. Nqodi
All Councillors	Cllr M.V. Tokozwayo - Ward 1 (ANC)
	Cllr P. Cawe - Ward 2 (ANC)
	Cllr N. Ngcuka - Ward 3 (ANC)
	Cllr K.A. Mgijima - Ward 4 (ANC)
	Cllr N.D.J. Mfono - Ward 5 (ANC)
	Cllr N. Tyumbu - Ward 6 (ANC)
	Cllr T. Lephaila - Ward 7 (ANC)
	Cllr M.A Mdleleni - Ward 8 (ANC)
	Cllr N. Mditshane - Ward 9 (ANC)
	Cllr Z. Sibanda - Ward 10 (ANC)
	Cllr G.A. Ncusana - Ward 11 (ANC)
	Cllr C.L. Marrand - ward 12 (ANC)
	Cllr L.S. Ndumndum - Ward 13 (ANC)
	Cllr A. Siphambo - Ward 14 (ANC)
	Cllr L.C. Booka - Ward 15 (ANC)
	Cllr M.A Masiso - Ward 16 (ANC)
	Cllr T. Mfono - Ward 17 (ANC)
	Cllr M.P.S. Leteba - PR (ANC)
	Cllr V.V. Hokwana - PR (ANC)
	Cllr S. Mdoda - PR (ANC)
	Cllr T.V. May - PR (ANC)
	Cllr M. Siphamla - PR (ANC)
	Cllr Z. Mampintsha - PR (ANC)
	Cllr V. Norman - PR (ANC)
	Cllr B.N. Nqodi - PR (ANC)
	Cllr F.M. Maqanda- Sonti PR (ANC)
	Cllr L.B. Magqashela - PR (ANC)
	Cllr M. Telile - PR (ANC)
	Cllr A. Mayisha - PR (DA)
	Cllr L. Botomani - PR (ATM)
	Cllr R. Moleleki - PR (SARKO)
	Cllr A.W. Masondo - PR (UDM)
	Cllr P. Lephafa - PR (EFF)
	Cllr P. Tsoaeli - PR (EFF)
Grading of local authority	3

General Information

Accounting Officer	J T Mdeni
Chief Finance Officer	B Mbana - Gantsho
Registered office	No 1 Seller Street Maclear 5480
Business address	No 1 Seller Street Maclear 5480
Bankers	First National Bank Standard Bank
Auditors	Auditor-General South Africa (AGSA)
Attorneys	Clark Laing Inc Magqabi Seth Zitha Attorneys Dyushu and Majebe Attorneys V Funani Inc Wesley Pretorious Associates Sonamzi Attorneys Inc Nandi Bulabula Inc Matiwane Zukisani Attorneys Jobert Galpin Searle Inc Taleni Godi Kupiso Inc
Directors	Director: Corporate Services - Z. Xuba Director: Infrastructure Planning and Development - S. Mrengqwa Director: Planning and Economic Development - N.C. Eddie Director: Community Service - L. Kutwana - Gomana
Section 79 Chairpersons	Members Interest Committee - Cllr M.Telile Rules Committee - Cllr V.V.Hokwana Mandate Committee - Cllr M.V.Tokozwayo Municipal Public Accounts Committee - Cllr Z.Mampintsha Strategic Governance - Cllr M.P.S.Leteba Women Caucus - Cllr C.L.Marrand
Audit Committee	Chairperson - NL Mnconywa Member - Y Madolo Member - M Sikhosana

General Information

	Member - R Vuzane
Capacity of Local Authority	Low

Index

Index

Abbreviations used:

MPAC	Municipal Public Accounts Committee
SARS	South African Revenue Service
GRAP	Generally Recognised Accounting Practice
EFF	Economic Freedom Fighters
ATM	African Transformation Movement
UDM	United Democratic Movement
VAT	Value Added Tax
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
ANC	African National Congress
DA	Democratic Alliance
CFO	Chief Financial Officer
SALGA	South African Local Government Association
LSA	Long Service Award
UIF	Unemployment Insurance Fund
SENS	Stock Exchange News Services
JSE	Johannesburg Stock Exchange
INEP	Integrated National Electrification Programme
EPWP	Expanded Public Works Program

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

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

The accounting officer has reviewed the Municipality’s cash flow forecast for the year to 30 June 2026 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/as going concern for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the Municipality, they are supported by the Municipality's Audit committee.

The annual financial statements set out on pages 8 to 112, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

J T Mdeni
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

Net deficit of the entity was R19 363 603 (2024: deficit R31 698 551).

2. 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.

3. Subsequent events

Post year end minutes of the Council meeting dated 31st July 2025, presented two non-adjusting events:

(i) Councillor Thembani Mfono, who was the Ward 5 Councillor had resigned with immediate effect from the 25th of July 2025.
(ii) A director in charge of Infrastructure, Planning and Development was placed on suspension on 30 September 2024. The disciplinary process was finalised on 16 July 2025 and found him guilty and recommended dismissal.

4. Members' interest in contracts

The Accounting Officer has no interest in contracts awarded, either direct or indirect.

5. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The annual financial statements set out on pages 8 to 112, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025 and were signed on its behalf by:

J T Mdeni
Accounting Officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Notes	2025	2024 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	13 836 880	9 129 076
Receivables from non-exchange transactions	4	5 963 634	2 733 258
VAT receivable	5	76 721	8 488
Prepayments	6	-	1 642 958
Cash and cash equivalents	7	16 763 185	49 725 521
		36 640 420	**63 239 301**
Non-Current Assets			
Investment property	8	42 305 303	43 675 021
Property, plant and equipment	9	613 818 807	597 047 546
Intangible assets	10	157 178	429 078
		656 281 288	**641 151 645**
Total Assets		**692 921 708**	**704 390 946**
Liabilities			
Current Liabilities			
Finance lease obligation	11	845 853	708 787
Payables from exchange transactions	12	70 264 764	51 109 080
Employee benefit obligation	13	18 356 463	17 961 118
Unspent conditional grants and receipts	14	796 788	11 976 301
Provisions	15	1 023 344	891 382
Consumer deposits	16	402 450	402 450
Loans and borrowings	17	10 767 942	9 607 152
		102 457 604	**92 656 270**
Non-Current Liabilities			
Finance lease obligation	11	151 791	997 644
Employee benefit obligation	13	10 376 000	9 404 000
Provisions	15	44 564 965	35 830 142
Loans and borrowings	17	3 865 912	14 633 854
		58 958 668	**60 865 640**
Total Liabilities		**161 416 272**	**153 521 910**
Net Assets		**531 505 436**	**550 869 036**
Accumulated surplus	54	531 505 428	550 869 031
Total Net Assets		**531 505 428**	**550 869 031**

* See Note 53

Statement of Financial Performance

Figures in Rand	Notes	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	18	43 816 334	38 884 059
Construction contracts	19	7 820 870	13 442 609
Rental of facilities and equipment	20	2 183 457	2 289 140
Agency services	21	2 045 390	1 975 315
Licences and permits	22	1 434 665	1 631 051
Other Income	23	1 005 325	1 967 788
Interest earned - trade and other receivables	24	6 289 889	4 933 999
Interest earned - investment	24	4 379 571	6 267 229
Total revenue from exchange transactions		**68 975 501**	**71 391 190**
Revenue from non-exchange transactions			
Property rates	25	28 799 937	27 326 317
Electricity availability charges	18	9 920 658	9 982 142
Donations	26	300 534	-
Government grants and subsidies	27	265 313 513	250 626 170
Services in kind revenue	28	1 753 800	-
Fines, Penalties and Forfeits	29	1 725 705	1 640 719
Interest from non exchange receivables	30	5 280 621	4 272 367
Total revenue from non-exchange transactions		**313 094 768**	**293 847 715**
Total revenue		**382 070 269**	**365 238 905**
Expenditure			
Employee related costs	31	(144 868 268)	(135 199 797)
Remuneration of councillors	32	(14 435 731)	(13 417 831)
Depreciation and amortisation	33	(41 819 788)	(37 713 918)
Finance costs	34	(7 476 557)	(6 687 692)
Debt Impairment	35	(26 520 153)	(31 975 218)
Bulk purchases	36	(37 411 630)	(32 028 659)
Contracted services	37	(70 283 849)	(60 089 257)
Transfers and Subsidies	38	(6 020 428)	(5 495 648)
Operating expenses	39	(50 812 868)	(52 702 171)
Sale of goods/inventory	42	(280 917)	(651 373)
Total expenditure		**(399 930 189)**	**(375 961 564)**
Operating deficit		**(17 859 920)**	**(10 722 659)**
Fair value adjustments	41	583 195	-
Actuarial gains/(losses)	13	998 199	(1 233 994)
Impairment loss	33	(3 059 768)	(18 250 909)
(Loss) or gain on disposal of assets	40	(25 309)	(1 490 989)
		(1 503 683)	**(20 975 892)**
Deficit for the year		**(19 363 603)**	**(31 698 551)**

* See Note 53

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	574 659 955	574 659 955
Adjustments		
Correction of errors	8 052 449	8 052 449
Balance at 01 July 2023 as restated*	**582 712 404**	**582 712 404**
Changes in net assets		
Income(losses) recognised directly in net assets	(144 822)	(144 822)
Net income (losses) recognised directly in net assets	(144 822)	(144 822)
Deficit for the year	(31 698 551)	(31 698 551)
Total recognised income (loss) and expenses for the full year	(31 843 373)	(31 843 373)
Total changes	(31 843 373)	(31 843 373)
Restated* Balance at 01 July 2024	**550 869 031**	**550 869 031**
Changes in net assets		
Deficit for the year	(19 363 603)	(19 363 603)
Total changes	(19 363 603)	(19 363 603)
Balance at 30 June 2025	**531 505 428**	**531 505 428**

* See Note 53

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Service charges		40 516 497	41 132 869
Government Grants		254 134 000	262 562 000
Interest income		4 379 571	6 267 229
Other revenue		8 190 774	9 376 752
Property rates		19 259 482	21 146 340
Construction contracts		7 820 870	13 442 609
		334 301 194	353 927 799
Payments			
Employees		(158 097 452)	(146 184 334)
Suppliers		(141 982 450)	(155 464 714)
Finance costs		(2 449 577)	(2 340 557)
		(302 529 479)	(303 989 605)
Net cash flows from operating activities	43	**31 771 715**	**49 938 194**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(54 418 913)	(69 562 728)
Proceeds from sale of property, plant and equipment	9	-	104 274
Purchase of other intangible assets	10	-	(245 999)
Net cash flows from investing activities		**(54 418 913)**	**(69 704 453)**
Cash flows from financing activities			
Finance lease payments		(708 787)	(501 539)
Proceeds from loans and borrowings		-	30 000 000
Repayment of loans and borrrowings		(9 607 152)	(5 758 994)
Net cash flows from financing activities		**(10 315 939)**	**23 739 467**
Net increase/(decrease) in cash and cash equivalents		**(32 963 137)**	**3 973 208**
Cash and cash equivalents at the beginning of the year		49 725 521	45 752 318
Cash and cash equivalents at the end of the year	7	**16 762 384**	**49 725 526**

* See Note 53

ELUNDINI LOCAL MUNICIPALITY
(Registration number EC141)
Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	1 861 000	3 000	**1 864 000**	-	**(1 864 000)**	60.1
Service charges - Electricity	29 649 000	16 274 000	**45 923 000**	37 034 950	**(8 888 050)**	60.2
Construction contracts	-	-	**-**	7 820 870	**7 820 870**	60.3
Service charges- Solid Waste	7 368 000	-	**7 368 000**	6 781 384	**(586 616)**	60.4
Rental of facilities and equipment	2 479 000	-	**2 479 000**	2 183 457	**(295 543)**	60.5
Agency services	654 000	-	**654 000**	2 045 390	**1 391 390**	60.6
Licences and permits	2 789 000	817 000	**3 606 000**	1 434 665	**(2 171 335)**	60.7
Other Income	151 332 000	(17 838 000)	**133 494 000**	1 005 325	**(132 488 675)**	60.8
Interest received - trade and other receivables	2 036 000	-	**2 036 000**	6 289 889	**4 253 889**	60.9
Interest received - investment	5 661 000	636 000	**6 297 000**	4 379 571	**(1 917 429)**	60.10
Total revenue from exchange transactions	**203 829 000**	**(108 000)**	**203 721 000**	**68 975 501**	**(134 745 499)**	
Revenue from non-exchange transactions						
Property rates	30 745 000	(3 419 000)	**27 326 000**	28 799 937	**1 473 937**	60.11
Electricity availability charges	-	-	**-**	9 920 658	**9 920 658**	60.12
Donations	-	-	**-**	300 534	**300 534**	60.13
Government grants and subsidies	211 061 000	-	**211 061 000**	212 278 979	**1 217 979**	60.14
Services in kind	-	-	**-**	1 753 800	**1 753 800**	60.15
Fines, Penalties and Forfeits	397 000	57 000	**454 000**	1 725 705	**1 271 705**	60.16
Interest received - Property rates	-	4 934 000	**4 934 000**	5 280 621	**346 621**	60.17
Gains on disposal of assets	1 155 000	-	**1 155 000**	-	**(1 155 000)**	60.18
Total revenue from non-exchange transactions	**243 358 000**	**1 572 000**	**244 930 000**	**260 060 234**	**15 130 234**	
Total revenue	**447 187 000**	**1 464 000**	**448 651 000**	**329 035 735**	**(119 615 265)**	
Expenditure						
Employee related costs	(165 009 000)	2 003 000	**(163 006 000)**	(144 868 268)	**18 137 732**	60.19
Remuneration of councillors	(15 803 000)	1 254 000	**(14 549 000)**	(14 435 731)	**113 269**	60.20
Depreciation and amortisation	(51 672 000)	1 200 000	**(50 472 000)**	(41 819 788)	**8 652 212**	60.1
Impairment loss	-	-	**-**	(3 059 768)	**(3 059 768)**	60.22
Finance costs	(5 966 000)	-	**(5 966 000)**	(7 476 557)	**(1 510 557)**	60.23
Debt Impairment	(4 197 000)	-	**(4 197 000)**	(19 919 649)	**(15 722 649)**	60.24
Bad debts written off	(15 735 000)	-	**(15 735 000)**	(6 600 505)	**9 134 495**	60.25
Bulk purchases	(32 413 000)	(3 674 000)	**(36 087 000)**	(37 411 630)	**(1 324 630)**	60.26
Contracted Services	(90 059 000)	6 962 000	**(83 097 000)**	(70 283 849)	**12 813 151**	60.27
Transfers and Subsidies	-	-	**-**	(6 020 428)	**(6 020 428)**	60.28
Inventory consumed	(1 596 000)	696 000	**(900 000)**	(280 917)	**619 083**	60.29
Other expenditure	(64 737 000)	(9 904 000)	**(74 641 000)**	(50 812 868)	**23 828 132**	60.30
Total expenditure	**(447 187 000)**	**(1 463 000)**	**(448 650 000)**	**(402 989 958)**	**45 660 042**	
Operating deficit	**-**	**1 000**	**1 000**	**(73 954 223)**	**(73 955 223)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Transfers and subsidies - capital	56 067 000	7 353 000	**63 420 000**	53 034 534	**(10 385 466)**	60.31
Fair value adjustments	-	-	**-**	583 195	**583 195**	60.32
Actuarial gains/losses	-	-	**-**	998 199	**998 199**	60.33
Inventories losses/write-downs	-	-	**-**	1	**1**	
Loss on non-current assets held for sale or disposal groups	-	-	**-**	(25 309)	**(25 309)**	60.34
Borrowings	-	6 638 000	**6 638 000**	-	**(6 638 000)**	60.58
Internally generated funds	11 950 000	4 036 000	**15 986 000**	-	**(15 986 000)**	60.58
	68 017 000	**18 027 000**	**86 044 000**	**54 590 620**	**(31 453 380)**	
Deficit before taxation	**56 068 000**	**18 028 000**	**74 096 000**	**(19 363 603)**	**(93 459 603)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**56 068 000**	**18 028 000**	**74 096 000**	**(19 363 603)**	**(93 459 603)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	-	284 000	**284 000**	-	**(284 000)**	60.35
Receivables from exchange transactions	21 095 000	9 259 000	**30 354 000**	13 836 880	**(16 517 120)**	60.36
Receivables from non-exchange transactions	21 850 000	2 397 000	**24 247 000**	5 963 634	**(18 283 366)**	60.37
VAT receivable	16 587 000	1 061 000	**17 648 000**	76 721	**(17 571 279)**	60.38
Cash and cash equivalents	125 064 000	(21 095 000)	**103 969 000**	16 763 185	**(87 205 815)**	60.39
	184 596 000	**(8 094 000)**	**176 502 000**	**36 640 420**	**(139 861 580)**	
Non-Current Assets						
Investment property	46 798 000	-	**46 798 000**	42 305 303	**(4 492 697)**	60.40
Property, plant and equipment	598 042 000	19 227 000	**617 269 000**	613 818 807	**(3 450 193)**	60.41
Intangible assets	473 000	-	**473 000**	157 178	**(315 822)**	60.42
	645 313 000	**19 227 000**	**664 540 000**	**656 281 288**	**(8 258 712)**	
Total Assets	**829 909 000**	**11 133 000**	**841 042 000**	**692 921 708**	**(148 120 292)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	845 853	**845 853**	60.43
Payables from exchange transactions	92 048 000	1 338 000	**93 386 000**	70 264 764	**(23 121 236)**	60.44
Payables from non- exchange transactions	42 000	-	**42 000**	-	**(42 000)**	60.45
VAT payable	5 553 000	2 441 000	**7 994 000**	-	**(7 994 000)**	60.46
Employee benefit obligation	-	-	**-**	18 356 463	**18 356 463**	60.47
Unspent conditional grants and receipts	-	-	**-**	796 788	**796 788**	60.48
Provisions	33 781 000	-	**33 781 000**	1 023 344	**(32 757 656)**	60.49
Consumer deposits	424 000	-	**424 000**	402 450	**(21 550)**	60.50
Loans and borrowings	13 785 000	-	**13 785 000**	10 767 942	**(3 017 058)**	60.51
	145 633 000	**3 779 000**	**149 412 000**	**102 457 604**	**(46 954 396)**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	151 791	**151 791**	60.52
Employee benefit obligation	-	-	**-**	10 376 000	**10 376 000**	60.53
Provisions	-	-	**-**	44 564 965	**44 564 965**	60.54
Loans and borrowings	6 073 000	-	**6 073 000**	3 865 912	**(2 207 088)**	60.55
Other non-current liabilities	24 468 000	-	**24 468 000**	-	**(24 468 000)**	
	30 541 000	**-**	**30 541 000**	**58 958 668**	**28 417 668**	
Total Liabilities	**176 174 000**	**3 779 000**	**179 953 000**	**161 416 272**	**(18 536 728)**	
Net Assets	**653 735 000**	**7 354 000**	**661 089 000**	**531 505 436**	**(129 583 564)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	29 686 000	(5 810 000)	**23 876 000**	19 716 054	**(4 159 946)**	
Service charges	39 308 000	8 273 000	**47 581 000**	40 516 497	**(7 064 503)**	
Other revenue	21 471 000	(1 769 000)	**19 702 000**	15 555 072	**(4 146 928)**	
Government grants and subsidies- Capital	56 067 000	7 353 000	**63 420 000**	-	**(63 420 000)**	
Government grants and subsidies - Operational	211 061 000	-	**211 061 000**	254 134 000	**43 073 000**	
Interest	5 661 000	637 000	**6 298 000**	4 379 571	**(1 918 429)**	
	363 254 000	**8 684 000**	**371 938 000**	**334 301 194**	**(37 636 806)**	
Payments						
Employee costs and Suppliers	(369 617 000)	(1 463 000)	**(371 080 000)**	(300 079 902)	**71 000 098**	
Finance costs	(5 966 000)	-	**(5 966 000)**	(2 449 577)	**3 516 423**	
	(375 583 000)	**(1 463 000)**	**(377 046 000)**	**(302 529 479)**	**74 516 521**	
Net cash flows from operating activities	**(12 329 000)**	**7 221 000**	**(5 108 000)**	**31 771 715**	**36 879 715**	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	542 000	613 000	**1 155 000**	-	**(1 155 000)**	60.57
Decrease(Increase) non-current receivables	-	1 155 000	**1 155 000**	-	**(1 155 000)**	60.57
Purchases of capital assets	(68 017 000)	(18 027 000)	**(86 044 000)**	(54 418 913)	**31 625 087**	60.57
Net cash flows from investing activities	**(67 475 000)**	**(16 259 000)**	**(83 734 000)**	**(54 418 913)**	**29 315 087**	
Cash flows from financing activities						
Repayment of finance leases	-	-	**-**	(708 787)	**(708 787)**	60.58
Repayment of loan	-	-	**-**	(9 607 152)	**(9 607 152)**	60.58
Net cash flows from financing activities	**-**	**-**	**-**	**(10 315 939)**	**(10 315 939)**	
Net increase/(decrease) in cash and cash equivalents	(79 804 000)	(9 038 000)	**(88 842 000)**	(32 963 137)	**55 878 863**	
Cash and cash equivalents at the beginning of the year	45 752 000	-	**45 752 000**	49 725 520	**3 973 520**	
Cash and cash equivalents at the end of the year	**(34 052 000)**	**(9 038 000)**	**(43 090 000)**	**16 762 383**	**59 852 383**	

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024

1. Presentation of Annual Financial Statetements

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.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the functional currency of the Municipality.

1.2 Going concern assumption

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

1.3 Comparative figures

a) Prior Year Comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as practicable, and prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

b) Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy of the current year.

1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Standard of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the standards of GRAP if the effect of applying those requirements are immaterial.

1.5 Budget information

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

Significant Accounting Policies

1.5 Conditional Government grants and public contributions (continued)

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and the final budget amounts, as well as a comparison between the actual amounts and the final budget amounts for the current financial year.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.6 Investment property

1.6.1 Initial recognition

Investment property includes property (land or a building, or a part of a building, or both land and buildings held under a finance lease) held to earn rentals and/ or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

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 measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non - exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.6.2 Subsequent measurement- cost model

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

1.6.3 Depreciation- cost model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for an a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. In any such indication exists, the expected residual value and useful life are revised and the effect of any change in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

1.6 Investment property (continued)

	Years
Buildings	5 - 55

1.6.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable service amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.6.5 Derecognition

An 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 determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items on investment property that were impaired, lost or given up is recognised in the statement of Financial Performance when the compensation becomes receivable.

1.7 Property, plant and equipment

1.7.1 Initial recognition

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

The cost of an item of property, plant and equipment is recognised as an asset if it is possible that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of 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 through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at the date of acquisition and any 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.

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

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.7.2 Subsequent measurement- cost model

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

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

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on asset is capitalised when it increases the capacity of future economic benefits or service potential associated with the asset.

1.7.3 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.7.4 Derecognition

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

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

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

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

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

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

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

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

1.7.5 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any change in estimate accounted for on a prospective basis.

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	5-30 years
Infrastructure	Straight-line	3-100 years
Other Assets	Straight-line	3-20 years

Leased assets are depreciated over the lesser of the useful life or lease term.

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

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

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

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

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.

The Municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

1.8 Intangible assets

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

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

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

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

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

Significant Accounting Policies

1.8 Intangible assets (continued)

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 years

1.9 Employee benefits

Identification

Employee benefits

The Municipality provides short term benefits, long term benefits and long service awards for its employees and councillors.

Defined-contribution plans are post-employment benefit plans under which the Municipality pays a fixed contributions into a separate entity (a fund), and which will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current year and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

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

Significant Accounting Policies

1.9 Employee benefits (continued)

Short-term employee benefits

1) Staff leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulating leave is vesting.

2) Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

3) Provision for performance bonus

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to section 57 employees, is recognised as it accrues to section 57 employees. Provisions are based on the employment contract stipulation as well as previous performance bonus payment trends.

Other short - term employee benefits

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

a) as liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for a reduction in future payments or a cash refund; and

b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

Significant Accounting Policies

1.9 Employee benefits (continued)

Post-employment benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

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

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

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

Multi- employer defined benefit plans

The Municipality contributes to various National and Provincial-administered defined 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 recognised in the Statement of Financial Performance in the year they are payable. These defined benefit funds are actuarially valued 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.

Post retirement medical benefits

The Municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of minimum service period. The present value of the defined liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of the plan assets (if any) out of which the obligations are settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plan are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient funds to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri- annually on the projected unit credit method basis.

Deficits identified are recovered through lump sum payments or increased future contributions on a proportion basis to all participating municipalities. The contributions and lump sum payments are recognised in Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined plans have been accounted for as if they were defined contribution plans.

Long services awards

Significant Accounting Policies

1.9 Employee benefits (continued)

The entitlement to long service award benefits is based on the employee remaining in service and the completion of a minimum service period of 5 years.

Independent qualified actuaries carry out valuations of these obligations. The assumptions used in determining the liability include the discount rate. Any changes in these assumptions will impact on the carrying amount of long service award.

1.10 Leases

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

Finance leases - Municipality as a lessee

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

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

Contingency rents, if any, are charged as expense to the Statement of Financial Performance in the periods in which they are incurred.

The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

Operating leases - Municipality as a lessor

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

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

Income for leases is disclosed under revenue in Statement of Financial Performance.

Operating leases - Municipality as a lessee

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight line basis over lease term, unless another systematic basis is more representative of the time pattern of the users benefit. The difference between the straight-lined expenses and actual payments will give rise to liability or asset.

1.11 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.

1.11.1 Initial recognition

Financial Instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Significant Accounting Policies

1.11 Financial instruments (continued)

If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and thus the unamortised portion adjusted over the period of the loan transactions.

1.11.2 Subsequent measurement

Financial instruments are categorised as follows:

a) Financial instruments at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.11.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.11.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.11.4 Derecognition of financial instruments

1.11.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cashflows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another asset to another entity. Financial assets (receivables) are also derecognised when council approves the write off of financial assets due to non recoverability.

If the Municipality neither transfers nor retains substantially all the rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

1.11.4.2 Financial liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire. The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

Significant Accounting Policies

1.11 Financial instruments (continued)

1.11.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on net basis, or to realise the assets and settle the liabilities simultaneously.

1.12 Cash and cash equivalents

Cash includes cash on hand, held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

For the purpose of cashflow statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of any bank overdrafts.

1.13 Taxes (Value Added Tax)

Revenue , expenses and assets are recognised net of the amounts of value added tax. the net amount of value added tax recoverable or payable, to the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value added tax (VAT) on the payment basis.

1.14 Payables and annuity loans

Payables are initially recognised at fair value and subsequently measured at amortised cost using an effective interest at, which is the initial carrying amount, less repayments, plus interest.

1.15 Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated , the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.16 Conditional Government grants and public contributions

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria of recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulation and would be enforced by the transferor, a liability is recognised to the extent that conditions have not been met. When such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the condition associated with the grant, transfer or donation have not been met, always has to be cash backed. The cash which backs up the liability is invested as an individual investment or part of the general investment of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with the conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it in the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.17 Revenue

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Significant Accounting Policies

1.17 Revenue (continued)

1.18 Borrowing costs

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are paid.

1.19 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 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 as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Commitments

Items are classified as commitments (capital or operational) when the Municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation are 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.

1.23 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:
- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

Significant Accounting Policies

1.24 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.

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.

Management is considered a related party and comprises 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 the legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or separated by no more than two degrees of natural or legal consanguinity of affinity.

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.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties that are not arm's length and not on normal commercial terms, are disclosed.

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

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 the 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.

Significant Accounting Policies

1.25 Accounting by principals and agents (continued)

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 in accordance with this standard.

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.

1.26 Living and non-living resources

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in living resources.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, are not recognised as assets. The standard only requires disclosure of relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

1.27 Segment information

A segment is an activity of the Municipality:

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

Management comprises of 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 the legislation.

Significant Accounting Policies

1.27 Segment information (continued)

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial Statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/ department analysis of assets and liabilities associated with each segment/ department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is prepared on per segment.

1.28 Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amount s recognised in the financial statements.

1.28.1 Useful lives and residual Values

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

The estimated residual values of assets are also based on management's judgment on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.28.2 Impairment of non- monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost effective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on impairment of Non-cash generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment on non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation is only be performed if there is an indication of an impairment.

1.28.3 Provisions of and contingent liabilities

Management's judgment is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill sit. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used as the discounting rate.

Significant Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

1.28.4 Financial instruments and statutory receivables

The Municipality analyses the terms of and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgment is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.28.5 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgment by management. In making the judgment, management considered the definition and recognition criteria for the classification of financial instruments as set out in the GRAP Standards on Financial Instruments.

1.28.6 Revenue recognition

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

In making their judgment, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits service potential on initial recognition revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgment based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.28.7 Provision for staff leave

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

1.28.8 Provision for performance bonuses

Provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

1.28.9 Componentisation of infrastructure assets

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

1.28.10 Recognition and derecognition of land

In order for land to meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to the land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above mentioned assessment is subject to management's judgments and assumptions are applied to conclude that the Municipality controls land.

Significant Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

1.28.11 Post-retirement and long term benefits

The cost of post-retirement medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.28.12 Impairment of receivables

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

1.28.13 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgment about:

a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.

b) How the nature or size or both, of the information could reasonably be expected to influence decisions.

1.28.14 Long services awards

The entitlement to long service award benefits is based on the employee remaining in service and the completion of a minimum service period of 5 years.

Independent qualified actuaries carry out valuations of these obligations. The assumptions used in determining the liability include the discount rate. Any changes in these assumptions will impact on the carrying amount of long service award.

Additional information is disclosed in note 13.

1.29 Statutory receivables

Identification

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

Statutory receivables can arise from both exchange and non-exchange transactions.

1.29.1 Initial recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

Initial measurement

The Municipality initially measures statutory receivables at their transaction amount.

1.29.2 Subsequent measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other changes that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.29.3 Impairment and uncollectability of statutory receivables

Significant Accounting Policies

1.29 Statutory receivables (continued)

The Municipality assesses at each reporting date whether there is any indicating that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and the timing of the cashflows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted through the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.29.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable are settled, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.30 Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating loses. The present obligation under an an onerous contract is recognised and measured as a provision.

Where some of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised 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 reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

a) The Municipality has a detailed formal plan for the restructuring identifying at least:

> the business or part of the business concerned.

> the principal locations affected.

> the location, function, and approximate number of employees who will be compensated for terminating their service.

>the expenditure that will be undertaken; and

Significant Accounting Policies

1.30 Provisions (continued)

>when the plan will be implemented.

b) The Municipality 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.

If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is derecognised.

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy .

The adjusted depreciable amount of the asset is depreciated over its remaining useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Significant Accounting Policies

1.31 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 entity 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.

1.31.1 Service charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when the estimates of consumption up to reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date , an accrual is made based on the the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

1.31.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.31.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.31.4 Income from agency services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of agency agreement.

1.31.5 Other tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.31.6 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

Significant Accounting Policies

1.32 Revenue from non-exchange transactions

Revenue form non- exchange transactions refers to the transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.32.1 Taxation revenue

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.32.2 Transfer revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.32.3 Fines

Fine Revenue constitutes both spot fines and summons. All fines issued during the year less any cancellation or reductions are recognised as revenue.

1.32.4 Insurance refund

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.32.5 Unclaimed deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.32.6 Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.32.7 Services in-kind

These include services provided by individuals or other entities to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality recognises services in- kind that are significant to its operations as assets and recognises the related revenue when it is probable that future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.
If the service in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only discloses the nature and type of services in-kind received during the reporting period.

1.32.8 Contributed assets and donations

Contributed assets are recognised at fair value when such items of property, plant and equipment qualify for recognition and become available for use by the Municipality.

Significant Accounting Policies

1.33 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

Significant Accounting Policies

1.34 Receivables

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. An estimate is made for impairment of receivable, based on past default experience of all outstanding amounts at reporting date.

Bad debts written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.35 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation amount or amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow or resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Significant Accounting Policies

1.36 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.

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 Municipality 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 Municipality considers whether it is a contractor.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

The Municipality receives an INEP allocation in terms of Schedule 5B of DORA.

This allocation is used to construct electricity infrastructure in areas where Eskom is currently the distributor of electricity.
Upon completion the infrastructure is handed over to ESKOM for operation and maintenance.

The Municipality recognises revenue using the percentage of completion method for agreements that meet all the criteria in GRAP 9.29 (Revenue from Exchange transactions), continuously as construction progresses.

1.37 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

Significant Accounting Policies

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

- 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.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash generating asset based on whether the municipality expects to use that asset to generate a commercial return.

When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

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.

1.38 Prepayments

A prepayment is an operating expense paid for in one accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense.

A prepayment is carried on the Statement of Financial Position of the entity as a current asset until it is consumed. If a prepayment were likely to not be consumed within the next financial year, it would instead be classified on the Statement of Financial Position as a non-current asset. Once consumption has occurred, the prepayment is removed from the Statement of Financial Position and instead reported in that period as an expense on the Statement of Financial Performance.

1.39 Accumulated surplus

The accumulated surplus/deficit represent the net difference between the total assets and the total liabilities of the municipality. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made

Significant Accounting Policies

1.40 Effective interest rate

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

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 July 2025 or later periods:

GRAP 2023 Improvements to the Standards of GRAP 2023

The Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

GRAP1 - Presentation of Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

- Provide clarity to the terms “publicly available” and “publicly accountable”.

- Remove encouraged disclosures with limited information value.

GRAP2 - Cash Flow Statements

General Improvements

Amend disclosures to read as “useful additional information that may be disclosed” as opposed to “encouraged disclosures”.

GRAP3 - Accounting Policies, Changes in Accounting Estimates and Errors

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

General Improvements

Clarify that the requirements only apply to Standards of GRAP that are not yet effective for which the Minister of Finance has already determined an effective date.

GRAP5 - Borrowing Costs

Amendments to the IPSAS on Borrowing Costs (IPSAS 5) – Non-authoritative Guidance 2021

Add the Illustrative Examples in IPSAS 5 to GRAP 5.

GRAP13 - Leases

General Improvements

Remove encouraged disclosures with limited information value.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP17 - Property, Plant and Equipment

Improvements to IPSAS 2021

Amendments are made to prohibit proceeds from selling items produced before that asset is available, to be deducted from the cost of property, plant and equipment.

GRAP19 - Provisions, Contingent Liabilities and Contingent Assets

General Improvements

Remove encouraged disclosures with limited information value.

GRAP20 - Related Party Disclosures

General Improvements

Update the definition of “significant influence” to align with the Standard of GRAP on Investments in Associates and Joint Ventures (GRAP 36).

GRAP23 - Revenue from Non-exchange Transactions (Taxes and Transfers)

General Improvements

Remove encouraged disclosures with limited information value.

GRAP24 - Presentation of Budget Information in Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from “significant accounting policies” to “material accounting policies” because the Standards of GRAP do not define the term “significant”.

General Improvements

- Provide clarity to the terms “publicly available” and “publicly accountable”.

- Simplify the disclosures on the presentation of a reconciliation to improve the quality of reporting, by not prescribing the line items to reconcile to.

- Re-instate the Illustrative Examples that were deleted when GRAP 24 became effective.

GRAP31 - Intangible Assets

General Improvements

- Clarify when the Standard of GRAP on Service Concession Arrangements: Grantor (GRAP 32) is applicable.

- Remove reference to fully depreciated assets.

- Remove encouraged disclosures with limited information value.

GRAP104 - Financial Instruments

Improvements to IPSAS 2021

- Interest Rate Benchmark Reform - Amendments to provide a practical expedient not to treat changes in contractual cash flows as a modification.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Amendments to clarify the fees that an entity includes when it applies the "10 percent" test to derecognise a financial liability.

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

Remove encouraged disclosures with limited information value.

iGRAP20 - Accounting for Adjustments to Revenue

Narrow scope amendments to IAS 8 Feb 2021

Change in the definition of an accounting estimate because the previous definition was not sufficiently clear.

Directive 12 - The Selection of an Appropriate Reporting Framework by Public Entities

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

Guideline on The Application of Materiality to Financial Statements

Narrow scope amendments to the IAS Standard on Presentation of Financial Statements (IAS 1) Feb 2021

Disclosure of Accounting Policies: Changes from "significant accounting policies" to "material accounting policies" because the Standards of GRAP do not define the term "significant".

General Improvements

Amendments resulting from the review of the Standard of GRAP on Cash Flow Statements (GRAP 2) and the Standard of GRAP on Presentation of Budget Information in Financial Statements (GRAP 24).

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

The entity expects to adopt the standard for the first time in the 2098/2099 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The “intention” to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity’s operations is rare, and only in the case of dissolution without any continuation of the entity’s operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity’s functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity’s functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity’s financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board’s project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

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

The entity expects to adopt the standard for the first time in the 2098/2099 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The effective date of the revisions is not yet set by the Minister of Finance.

The entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

3. Receivables from exchange transactions

Gross balances		
House rentals	4 088 330	2 940 207
Sundry receivables	1 631 272	1 513 559
Electricity	24 570 758	20 782 786
Refuse	16 465 477	12 851 147
VAT component of outstanding debtors	7 618 588	6 524 937
Interest	21 912 755	18 053 860
VAT Input accrual	5 244 210	3 806 650
	81 531 390	**66 473 146**
Less impairment		
Impairment - Housing rental	(3 749 952)	(2 744 791)
Impairment - Electricity	(20 863 083)	(18 896 010)
impairment - Refuse	(15 730 827)	(12 316 741)
Impairment - VAT component of outstanding debtors	(6 802 262)	(6 077 126)
Impairment - Interest (exchange)	(20 548 386)	(17 309 402)
	(67 694 510)	**(57 344 070)**
Net amount		
House rentals	338 378	195 416
Sundry receivables	1 631 272	1 513 559
Electricity	3 707 675	1 886 776
Refuse	734 650	534 406
VAT Component of outstanding debtors	816 326	447 811
Interest	1 364 369	744 458
VAT Input accrual [1]	5 244 210	3 806 650
	13 836 880	**9 129 076**

[1] VAT input accrued represents the portion of payables not yet paid and therefore is not yet claimable from SARS.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Receivables from exchange transactions (continued)

Reconciliation of allowance for doubtful debts

Balance at the beginning of the year	57 344 071	42 070 503
Contributions to provision	15 915 292	17 913 359
Bad debts written off	(5 564 853)	(2 639 791)
	67 694 510	**57 344 071**

Electricity

Current (0 -30 days)	1 357 815	1 641 006
31 -60 days	1 009 944	1 072 999
61 -90 days	874 085	790 596
91 -120 days	922 936	711 782
121 -150 days	746 188	631 436
>150 days	19 659 791	15 934 969
	24 570 759	**20 782 788**

Refuse

Current (0 -30 days)	529 472	515 518
31 -60 days	458 790	431 931
61 -90 days	432 730	416 520
91 -120 days	426 609	408 268
121 -150 days	417 830	403 249
>150 days	14 200 046	10 675 660
	16 465 477	**12 851 146**

House rentals

Current (0-30 days)	174 059	177 451
31- 60 days	164 896	133 257
61- 90 days	160 418	215 338
91-120 days	155 238	109 692
121-150 days	125 357	105 071
>150 days	3 308 362	2 199 398
	4 088 330	**2 940 207**

Interest

Current (0 -30 days)	734 294	456 270
31 -60 days	716 282	455 362
61 -90 days	702 296	443 656
91 -120 days	683 472	423 561
121 -150 days	667 011	406 612
>150 days	18 409 400	15 868 397
	21 912 755	**18 053 858**

VAT component of outstanding debtors

Current (0 -30 days)	337 681	396 785
31 -60 days	261 503	275 209
61 -90 days	231 339	217 456
91 -120 days	239 478	200 359
121 -150 days	204 570	183 847
>150 days	6 344 017	5 251 281
	7 618 588	**6 524 937**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

3. Receivables from exchange transactions (continued)

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

VAT input accrual	5 244 210	3 806 650
Total receivables from exchange transactions	13 836 880	9 129 076

Trade and other receivables impaired

The allowance for impairment has been made for all balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on the payments trends, management is satisfied that no further credit provision is required in excess of the current allowance.

4. Receivables from non-exchange transactions

Property rates	49 063 919	40 194 507
Other receivables- Deposits	581 480	581 480
Other receivables- Office of the Premier Grant unpaid	119 842	119 842
Traffic fines	4 173 164	3 807 914
Interest on Property Rates	8 963 220	4 236 060
Other Debtors	751 338	751 338
Other receivables -Joe Gqabi District Municipality	-	456 572
Availability charges	6 581 839	6 392 987
	70 234 802	**56 540 700**

Less impairment		
Impairment - Property rates	(46 104 213)	(40 125 548)
Impairment -Traffic fines	(4 173 164)	(3 807 914)
Impairment - Interest on Property rates	(8 405 137)	(4 061 384)
Impairment of Availability charges	(5 588 654)	(5 812 596)
	(64 271 168)	**(53 807 442)**

Net amount		
Property rates	2 959 706	68 959
Other receivables- Deposits	581 480	581 480
Other receivables- Office of the Premier Grant unpaid	119 842	119 842
Traffic fines	-	-
Interest on Property Rates	558 083	174 676
Other Debtors	751 338	751 338
Other receivables -Joe Gqabi District Municipality	-	456 572
Availability charges	993 185	580 391
	5 963 634	**2 733 258**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for doubtful debts		
Balance at the beginning of the year	53 807 442	39 425 534
Contributions to provision	11 499 375	15 436 000
Bad debts written off	(1 035 651)	(1 054 092)
	64 271 166	**53 807 442**

Property rates		
Current (0 -30 days)	-	-
31 - 60 days	1 485 347	1 256 104
61 - 90 days	1 317 481	1 101 558
91 - 120 days	1 227 288	1 064 343
121 - 150 days	1 215 272	1 050 031
> 150 days	43 818 531	35 722 471
	49 063 919	**40 194 507**

Traffic fines		
Current (0 - 30 days)	15 100	46 710
31 - 60 days	20 400	18 300
61 - 90 days	46 400	38 220
91 - 120 days	21 000	15 400
121 - 150 days	25 400	19 100
> 150 days	4 044 864	3 670 184
	4 173 164	**3 807 914**

Interest on property rates		
Current (0 - 30 days)	300 357	390 393
31 - 60 days	292 989	380 808
61 - 90 days	287 268	373 915
91 - 120 days	279 568	367 453
121 - 150 days	272 835	363 103
> 150 days	7 530 203	2 360 388
	8 963 220	**4 236 060**

Availability charges		
Current (0 - 30 days)	363 722	504 789
31 - 60 days	270 537	330 065
61 - 90 days	234 144	243 195
91 - 120 days	247 229	218 951
121 - 150 days	199 883	194 236
> 150 days	5 266 324	4 901 751
	6 581 839	**6 392 987**

Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

Property rates	2 959 706	68 959
Traffic fines	-	-
Interest on Property Rates	558 083	174 676
	3 517 789	**243 635**
Financial asset receivables included in receivables from non-exchange transactions above	**2 445 845**	**2 489 623**
Total receivables from non-exchange transactions	5 963 634	2 733 258

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. VAT receivable

VAT receivable	76 721	8 488
VAT Receivable from SARS	76 721	8 487

VAT control account represents the amount due from SARS for all VAT201s submitted and is accounted for as a statutory receivable in terms of GRAP 108.

6. Prepayments

Prepayments	-	1 642 958

The prepayments relate to SALGA invoices that were paid in advance of which in the current year they were not paid in advance.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	279 083	383 869
Call accounts	13 913 609	37 677 186
Current accounts	2 570 493	11 664 465
	16 763 185	**49 725 520**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Cash and cash equivalents are held to support the following commitments

Unspent Conditional Grants	796 788	11 976 301
Cash available for working capital requirements	15 966 397	37 749 219
	16 763 185	**49 725 520**

First Rand Bank Limited issued letters of guarantee in favour of the following		
Eskom Holding Limited	5 216 304	5 216 304
Arbitration award	308 845	308 845
	5 525 149	**5 525 149**

The Bank holds security to the value of the two amounts over FNB account number 6255 7779 322.

Standard bank also holds security to the amount of R3 000 000 over investment account number 388490365-001	3 000 000	3 000 000

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	2024_2025 (R) Cash book	Bank Statement	Difference	2023_2024 (R) Cash book	Bank Statement	Difference
FNB Acc No 62159933772 (Primary Account)	917 042	1 937 833	(1 020 791)	10 878 522	9 552 123	1 326 399
FNB Acc no 62312151848 (Petty Cash)	23 094	2 259	20 835	21 965	2 133	19 832
FNB Acc no 62857839298 (Vendor)	322 335	322 335	-	211 984	211 984	-
Standard Bank Acc no 280642407 (Revenue Account)	1 308 020	1 308 411	(391)	551 995	552 241	(246)
Wesbank Acc no 13179 (Fuel Account)	43 556	43 556	-	41 593	41 593	-
Standard Bank Acc no 388497173001 (EPWP)	3 115	3 115	-	29 666	29 666	-
Standard Bank Acc no 388497165001 (Voter Station)	1 735	1 735	-	1 655	1 655	-
Standard Bank Acc no 388493410002 (FMG)	7 438	7 438	-	19 261	19 261	-
Standard Bank Acc no 388493003001 (MDG)	1 430	1 430	-	11 505 255	11 505 255	-
Standard Bank Acc no 388490810001 (NER)	7 414	7 414	-	1 679 135	1 679 135	-
FNB Acc no 62189194170 (EQS)	7 059	7 059	-	62 891	62 891	-
FNB Acc no 62189180111 (MIG)	1 838 731	1 838 731	-	4 897 678	4 897 678	-
FNB Acc no 62284785121 (WCR)	1 257 318	1 257 318	-	120 268	120 268	-
FNB Acc no 62378875226 (MSI)	630 493	630 493	-	627 533	627 533	-
FNB Acc no 62557779322 (Joe Gqabi)	5 609 017	5 609 017	-	5 576 719	5 576 719	-
FNB Acc no 62785909650 (Energy Efficiency)	6 035	6 035	-	6 000	6 000	-
FNB Acc no 62852498023 (Solidarity Fund)	167 859	167 859	-	156 109	156 109	-
FNB Acc no 63043360592 (Smart Meters)	1 584	1 584	-	6 638 147	6 638 147	-
FNB Acc no 63062748513 (Cleansing Project)	6 593	6 593	-	828 243	828 243	-
FNB Retention Acc no 63101209921	22 503	22 503	-	2 265 642	2 265 642	-
STD Acc no 388490365001 (Security)	3 533 392	3 533 392	-	3 221 392	3 221 392	-
Cash on Hand	279 083	-	279 083	383 867	-	383 867
FNB - Libraries Account no 63101211372	416 177	416 177	-	-	-	-
FNB - INEP Account no 63111791380	352 162	352 162	-	-	-	-
Total	**16 763 185**	**17 484 449**	**(721 264)**	**49 725 520**	**47 995 668**	**1 729 852**

Reasons for differences

Bank Acc no Acc name **Reconciling amount(s)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

7. Cash and cash equivalents (continued)

FNB	62159933772	Primary Account	-1 020 791
FNB	62312151848	Petty Cash Account	20 835
STD	280642407	Revenue Account	-391
CB	15	Cash on hand	279 083

8. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	53 326 710	(11 021 407)	42 305 303	53 326 710	(9 651 689)	43 675 021

Reconciliation of investment property - June - 2025

	Opening balance	Impairment	Depreciation	Total
Investment property	43 675 021	(908 957)	(460 761)	42 305 303

Reconciliation of investment property - June-2024

	Opening balance	Impairments	Depreciation	Total
Investment property	44 149 269	(13 488)	(460 760)	43 675 021

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.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

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

Income of R2 133 686 and (2024: R2 005 974) was generated on investment properties and was recognised as revenue from rental of investment property. There is no work in progress for investment property.

No significant operating expenditure was incurred on the investment property.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2025			2024		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	2 394 494	-	2 394 494	2 394 494	-	2 394 494
Buildings	199 915 829	(55 040 736)	144 875 093	185 498 492	(47 965 860)	137 532 632
Machinery and equipment	36 492 638	(23 209 919)	13 282 719	28 225 405	(21 481 311)	6 744 094
Furniture and office equipment	8 517 958	(4 832 603)	3 685 355	7 874 355	(4 086 762)	3 787 593
Motor vehicles	33 346 729	(26 748 462)	6 598 267	32 576 575	(24 195 484)	8 381 091
Leased asset	2 714 920	(1 698 409)	1 016 511	2 714 920	(858 749)	1 856 171
Computer equipment	13 370 252	(8 282 135)	5 088 117	11 218 444	(6 409 931)	4 808 513
Electricity Infrastructure	109 567 303	(32 842 178)	76 725 125	108 844 168	(28 598 963)	80 245 205
Roads Infrastructure	660 566 309	(343 507 201)	317 059 108	624 824 037	(322 485 366)	302 338 671
Capitalised Restoration Cost - Landfill sites	36 555 869	(19 130 225)	17 425 644	31 561 971	(16 843 227)	14 718 744
Work in progress	25 668 374	-	25 668 374	34 240 338	-	34 240 338
Total	**1 129 110 675**	**(515 291 868)**	**613 818 807**	**1 069 973 199**	**(472 925 653)**	**597 047 546**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June- 2025

	Opening balance	Additions	Disposals	Transfers received	Transfers	Donations	Restoration cost	Depreciation	Impairment loss	Total
Land	2 394 494	-	-	-	-	-	-	-	-	2 394 494
Buildings	137 532 632	-	-	14 116 803	-	300 534	-	(6 764 829)	(310 047)	144 875 093
Machinery and equipment	6 744 094	8 267 232	-	-	-	-	-	(1 728 607)	-	13 282 719
Furniture and office equipment	3 787 593	643 604	-	-	-	-	-	(745 842)	-	3 685 355
Motor vehicles	8 381 091	1 177 323	(20 403)	-	-	-	-	(2 939 744)	-	6 598 267
Leased assets	1 856 171	-	-	-	-	-	-	(839 660)	-	1 016 511
Computer equipment	4 808 513	2 151 808	-	-	-	-	-	(1 872 204)	-	5 088 117
Electricity infrastructure	80 245 205	-	-	723 136	-	-	-	(4 243 216)	-	76 725 125
Roads Infrastructure	302 338 671	-	-	35 742 272	-	-	-	(19 666 027)	(1 355 808)	317 059 108
Capitalised restoration cost	14 718 744	-	-	-	-	-	4 993 898	(2 286 998)	-	17 425 644
Work in progress	34 240 338	42 495 203	-	-	(50 582 211)	-	-	-	(484 956)	25 668 374
	597 047 546	**54 735 170**	**(20 403)**	**50 582 211**	**(50 582 211)**	**300 534**	**4 993 898**	**(41 087 127)**	**(2 150 811)**	**613 818 807**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June-2024

	Opening balance	Additions	Transfers to Capital Assets	Disposals	Transfers received	Finance lease addition	Restoration Costs	Depreciation	Impairment loss	Total
Land	2 394 494	-	-	-	-	-	-	-	-	2 394 494
Buildings	128 451 167	-	-	(374 219)	20 476 067	-	-	(6 440 968)	(4 579 415)	137 532 632
Machinery and equipment	6 911 425	551 406	-	(163 179)	526 125	-	-	(1 081 683)	-	6 744 094
Furniture and office equipment	2 170 489	1 321 834	-	(69 425)	618 712	-	-	(254 017)	-	3 787 593
Motor vehicles	8 643 697	2 405 390	-	(27 359)	-	-	-	(2 640 637)	-	8 381 091
Leased assets	1 278	-	-	-	-	2 557 970	-	(703 077)	-	1 856 171
Computer equipment	5 232 021	1 512 079	-	(286 044)	-	-	-	(1 649 543)	-	4 808 513
Electricity Infrastructure	64 931 710	-	-	-	18 740 516	-	-	(3 427 021)	-	80 245 205
Roads Infrastructure	291 117 967	-	-	-	39 647 067	-	-	(19 127 502)	(9 298 861)	302 338 671
Capitalised Restoration Cost - Landfill sites	14 383 174	-	-	-	-	-	2 017 864	(1 682 294)	-	14 718 744
Work in progress	54 356 338	64 251 630	(80 008 485)	-	-	-	-	-	(4 359 145)	34 240 338
	578 593 760	**70 042 339**	**(80 008 485)**	**(920 226)**	**80 008 487**	**2 557 970**	**2 017 864**	**(37 006 742)**	**(18 237 421)**	**597 047 546**

Pledged as security

Property plant and equipment was not pledged as security for financial liabilities.

Repairs and maintenance

Expenditure incurred to repair and maintain property, plant and equipment is included under contracted services in the Statement of Financial Performance.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

Slow moving projects

Public toilets in Maclear

Public toilets in Maclear	1 619 407	1 619 407

The toilets are not ready for use as they are not yet connected to the main sewer reticulation line.

Mount Fletcher Vehicle Testing Station MVA pit Building

Mount Fletcher Vehicle Testing Station MVA pit Building	3 988 106	4 473 062

The Pit Building is not yet ready for its intended use, as the procurement processes were not finalized at year-end.

Reconciliation of work-in-progress -June- 2025

	Infrastructure	Community	Total
Opening balance	15 450 353	18 789 986	34 240 339
Additions/capital expenditure	38 560 753	3 934 451	42 495 204
Impairment loss	-	(484 956)	(484 956)
Transferred to completed items	(36 465 409)	(14 116 803)	(50 582 212)
	17 545 697	**8 122 678**	**25 668 375**

Reconciliation of work-in-progress - June- 2024

	Infrastructure	Community	Total
Opening balance	33 717 287	20 639 048	54 356 335
Additions/capital expenditure	44 479 789	19 771 843	64 251 632
Impairment loss	(4 359 145)	-	(4 359 145)
Transferred to completed items	(58 387 578)	(21 620 905)	(80 008 483)
	15 450 353	**18 789 986**	**34 240 339**

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.

10. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	815 699	(658 521)	157 178	815 699	(386 621)	429 078

Reconciliation of intangible assets - June - 2025

	Opening balance	Amortisation	Total
Computer software	429 078	(271 900)	157 178

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

10. Intangible assets (continued)

Reconciliation of intangible assets - June-2024

	Opening balance	Additions	Amortisation	Total
Computer software	430 266	245 999	(247 187)	429 078

11. Finance lease obligation

	2025	2024
Minimum lease payments due		
- within one year	914 663	862 890
- in second to fifth year inclusive	153 896	1 068 559
	1 068 559	1 931 449
less: future finance charges	(70 915)	(225 019)
Present value of minimum lease payments	**997 644**	**1 706 430**

	2025	2024
Present value of minimum lease payments due		
- within one year	845 853	708 786
- in second to fifth year inclusive	151 791	997 644
	997 644	**1 706 430**

	2025	2024
Non-current liabilities	151 791	997 644
Current liabilities	845 853	708 787
	997 644	**1 706 431**

The lease term is 3 years and the average effective borrowing rate 11.07% (2024: 11.07%).

Interest rates are determined at the contract date. All leases have variable repayments that increase annually at 6% and no arrangements have been entered into for contingent rent.

The Municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 9.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

12. Payables from exchange transactions

Trade payables	41 266 534	23 371 179
Unknown receipts	2 784 153	2 412 325
Accruals	265 380	322 425
VAT Output accrual	927 205	962 836
Retentions	11 795 871	13 310 869
Deposits received	223 433	208 386
Payments received in advance	3 166 217	2 425 333
Sundry creditors	6 836 590	6 050 116
Advance licence fees	2 999 381	2 045 611
	70 264 764	**51 109 080**

Reconciliation to financial liabilities		
Total payables above	70 264 764	51 109 080
Deposits received	(223 433)	(208 386)
Payments received in advance	(3 166 217)	(2 425 333)
Advance licence fees	(2 999 381)	(2 045 611)
Sundry creditors (employee payables)	(6 836 590)	(6 050 116)
VAT Output accrual	(927 205)	(962 836)
Financial liabilities in payables	**56 111 938**	**39 416 798**

Reconciliation of VAT Output accrual		
VAT Output accrual [1]	7 500 965	6 642 081
VAT on Provision for debt impairment [2]	(6 573 760)	(5 679 245)
	927 205	**962 836**

[1] VAT output represents the output not yet received from consumers.

[2] VAT on Provision for Debt Impairment represents the portion of outstanding debtors for VAT that has been impaired.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Accrued Bonus	3 751 113	3 440 190
Performance Bonus	2 737 667	2 149 998
Staff Leave	11 076 683	10 926 930
Post Retirement Medical Benefits	2 524 000	2 920 000
Long Service Awards	8 643 000	7 928 000
	28 732 463	**27 365 118**

Non-current liabilities	(10 376 000)	(9 404 000)
Current liabilities	(18 356 463)	(17 961 118)
	(28 732 463)	**(27 365 118)**

Accrued bonus relates to the 13th cheque.

Accrued bonus		
Opening Balance	3 440 190	3 093 380
Contribution during the year	8 084 683	7 491 118
Payments made	(7 773 760)	(7 144 308)
	3 751 113	**3 440 190**

Perfomance bonus is a perfomance related bonus.

Performance bonus		
Opening Balance	2 149 998	1 609 626
Contributions during the year	1 899 819	1 349 281
Payments made	(1 312 149)	(808 909)
	2 737 668	**2 149 998**

Staff leave relates to leave days outstanding as at 30 June 2025

Staff leave		
Opening Balance	10 926 930	9 618 820
Contributions during the year	714 836	1 936 651
Payments made	(565 083)	(628 541)
	11 076 683	**10 926 930**

Post retirement medical benefits	2025	2024
Opening Balance	2 920 000	1 501 000
Payments made	(393 896)	(284 158)
Finance charges	337 000	163 000
Current service cost	82 000	-
Actuarial Loss/(Gain)	(421 104)	1 540 158
Subtotal	2 524 000	2 920 000
Less current portion	(182 000)	(217 000)
	2 342 000	**2 703 000**

The amounts recognised in the statement of financial performance are as follows		
Finance charges	337 000	163 000
Actuarial (gain) loss	(421 104)	1 540 158

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

Current service cost	82 000	-
	(2 104)	**1 703 158**

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up of as follows:

In-service members (eligible employees on medical aid)	218	210
In-service non-members (eligible employees without medical aid)	53	79
Continuation members (retirees and surviving dependants)	4	5
	275	**294**

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

>Bonitas

>LA Health

Key Assumptions used are as follows.

1) Interest rates		
Discount Rate %	11,00 %	11,98 %
Health Care Cost Inflation rate %	6,80 %	7,50 %
Net Effective Discount Rate %	6,20 %	6,39 %

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

2) Mortality post-employment

PA(90) -1 with a 1% mortality improvement per annum from 2010.

3) Last valuation

The last valuation was performed as at 30 June 2025

4) Actuarial valuation method

The Projected unit credit method has been used to value the liabilities.

The liability in respect of past service recognised in the statement of financial position is as follows

The liability in respect of past service recognised in the statement of financial position is as follows	Contribution Members	Present Value of fund obligations
30 June 2025	2 524 000	2 524 000
30 June 2024	2 920 000	2 920 000
30 June 2023	1 501 000	1 501 000
30 June 2022	1 561 000	1 561 000
30 June 2021	1 572 000	1 572 000
30 June 2020	1 453 000	1 453 000
30 June 2019	1 560 634	1 560 634
30 June 2018	1 376 771	1 376 771

The Municipality has elected to recognise the full increase in this defined liability immediately as per GRAP 25.

Experience adjustments were as follows.

	Liabilities (Gain)/Loss

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

30 June 2025	(663 000)
30 June 2024	56 000
30 June 2023	30 000
30 June 2022	11 000
30 June 2021	20 000
30 June 2020	70 000
30 June 2019	46 000
30 June 2018	(37 000)
	-

Sensitivity Analysis on the Accrued Liability.

Assumption	Total Liability (R)	% Change
Liability	2 524 000	-
Health care inflation rate (+1%)	2 685 000	6,00 %
Health care inflation rate (-1%)	2 319 000	(8,00)%
Discount rate (+1%)	2 271 000	(10,00)%
Discount rate (-1%)	2 836 000	12,00 %
Post-employment mortality (+1 year)	2 441 000	(3,00)%
Post-employment mortality (-1 year)	2 607 000	3,00 %
Average retirement age (-1 year)	2 637 000	4,00 %
Membership continuation (+10 year)	4 421 000	75,00 %

Sensitivity Analysis on the Current service costs and Interest Costs

Assumption	Current Service Costs (R)	Interest (R)	Total (R)	%Change
Estimated current service costs and interest for 2024/25	82 000	337 000	419 000	- %
Health care inflation rate (+1%)	90 000	361 000	451 000	8,00 %
Health care inflation rate (-1%)	68 000	308 000	376 000	(10,00)%
Discount rate (+1%)	66 000	329 000	395 000	(6,00)%
Discount rate (-1%)	99 000	346 000	445 000	6,00 %
Post-employment mortality (+ year)	79 000	327 000	406 000	(3,00)%
Post-employment mortality (-1)	83 000	348 000	431 000	3,00 %
Average retirement age (-1 year)	88 000	350 000	438 000	5,00 %
Membership continuation (+10%)	245 000	543 000	788 000	88,00 %
	900 000	**3 249 000**	**4 149 000**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

Long service awards

Assumptions used at the reporting date:

	2025	2024
Opening Balance	7 928 000	6 959 000
Current-service cost	1 033 000	969 000
Expenditure for the year	(562 906)	(446 836)
Finance Charges	822 000	753 000
Actuarial loss	(577 094)	(306 164)
Subtotal	8 643 000	7 928 000
Less Current Portion	(609 000)	(1 227 000)
	8 034 000	**6 701 000**

The Municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long service award is payable after five years of continuous service and every five years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees. These provisions are made to enable the Municipality to be in a position to fulfill its known legal obligations when they become due and payable.

The most recent actuarial valuations of plan assets and present value of the defined benefit obligation were carried out as at 30 June 2025 by ARCH Actuarial Consulting. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At the end of the current year (2025), 271 employees were eligible for Long Service Awards (289 in 2024).

Key assumptions used are as follows:

Interest rates		
Discount Rate %	9,90 %	11,21 %
General Salary Inflation (Long term) %	4,90 %	6,35 %
Net Effective Discount Rate applied to salary- related Long Service Bonuses %	4,80 %	4,57 %

The discount rate used is composite of all government bonds and is calculated using a technique known as "bootstrapping".

ii) Last valuation
The last valuation was performed as at 30 June 2025.

iii) Actuarial valuation method
The Projected Unit Credit Method has been used to value the liabilities.

The liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability
30 June 2025	8 643 000
30 June 2024	7 928 000
30 June 2023	6 959 000
30 June 2022	6 967 000
30 June 2021	6 170 000
30 June 2020	5 475 000
30 June 2019	4 749 336
30 June 2018	3 530 348

Experience adjustments were calculated as follows:

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

	Liabilities(Gain)/Loss
30 June 2025	140 000
30 June 2024	214 000
30 June 2023	121 000
30 June 2022	222 000
30 June 2021	(43 000)
30 June 2020	343 393
30 June 2019	348 115
30 June 2018	293 874

Sensitivity analysis on the unfunded accrued liability

	Total Liability	% Change
Liability	8 643 000	- %
General earnings inflation rate (+1%)	9 156 000	6,00 %
General earnings inflation rate (-1%)	8 173 000	(5,00)%
Discount Rate (+1%)	8 166 000	(6,00)%
Discount Rate (-1%)	9 172 000	6,00 %
Average retirement age (+ 2 years)	9 271 000	7,00 %
Average retirement age (-2 years)	7 954 000	(8,00)%
Withdrawal rates (*2)	6 856 000	(21,00)%
Withdrawal rates (*0.5)	9 829 000	14,00 %
	-	**- %**

Sensitivity analysis on the future current- service and interest costs

Assumption	Current service cost	Interest cost	Total cost	%Change
Future Cost for 2024/25	1 033 000	822 000	1 855 000	- %
General earnings inflation rate (+1%)	1 104 000	874 000	1 978 000	7,00 %
General earnings inflation rate (-1%)	968 000	774 000	1 742 000	(6,00)%
Discount rate (+1%)	976 000	843 000	1 819 000	(2,00)%
Discount rate (-1%)	1 097 000	797 000	1 894 000	2,00 %
Average retirement age (+2 years)	1 090 000	890 000	1 980 000	7,00 %
Average retirement age (-2 years)	971 000	755 000	1 726 000	(7,00)%
Withdrawal rates (X 2)	765 000	639 000	1 404 000	(24,00)%
Withdrawal rates (X 0.5)	1 221 000	945 000	2 166 000	17,00 %
	9 225 000	**7 339 000**	**16 564 000**	**- %**

The amounts recognised in the statement of financial performance are as follows		
Current Service Cost	1 033 000	969 000
Interest cost	822 000	753 000
Actuarial (gain)/loss	(577 094)	(306 164)
	1 277 906	**1 415 836**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Employee benefit obligations (continued)

Defined contribution plans

The Municipality contributes to the following defined benefit plans

Consolidated retirement fund	8 934 438	8 934 438

Defined contribution plans

he Municipality contributes to funds which are defined as defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with the pension being calculated on the pensionable remuneration paid. Current contributions by council are charged against expenditure on the basic of current service costs.

Contributions paid recognised in the Statement of Financial Performance:

SALA Pension	1 130 990	1 126 645
SAMWU National	4 503 304	4 538 889
National Municipal Workers Fund	696 719	636 452
	6 331 013	**6 301 986**

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Voter Education Grant	1 360	1 360
Libraries Grant	173 705	-
DEDEA Grant	620 723	620 723
Municipal Disaster Recovery Grant	1 000	11 354 218
	796 788	**11 976 301**

Movement during the year

Balance at the beginning of the year	11 976 301	40 471
Additions during the year	53 466 000	72 117 000
Income recognition during the year	(64 645 513)	(60 181 170)
	796 788	**11 976 301**

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 27 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Provisions

Reconciliation of provisions - June - 2025

	Opening Balance	Unwinding of discounted interest	Increase due to re-measurement	Total
Landfill sites	36 721 524	3 867 981	4 998 804	45 588 309

Reconciliation of provisions - June - 2024

	Opening Balance	Unwinding of discounted interest	Increase due to re-measurement	Total
Landfill sites	30 598 260	3 431 135	2 692 129	36 721 524

	2025	2024
Non-current liabilities	44 564 965	35 830 142
Current liabilities	1 023 344	891 382
	45 588 309	**36 721 524**

The Municipality is required by the Department of Water Affairs 1998, as amended, to rehabilitate landfill sites at the closure date of each respective site. The calculation for the rehabilitation of the landfill site provision was compiled by an external specialist (Enviromental and Sustainability Solutions) who was used to perform a valuation of the estimated annual cost of closure and rehabilitation (recurring costs) for the following landfill sites.

	2025	2024
Mount Fletcher	17 341 185	13 855 562
Maclear old	5 647 678	5 137 769
Ugie-old	5 451 916	4 932 711
Maclear-new	1 168 143	1 128 195
Ugie-new	15 979 387	11 667 287
	45 588 309	**36 721 524**

Location	Estimated decommission date	Future cost of rehabilitation
Mount Fletcher	2034	32 304 057
Maclear old	2024	9 142 182
Ugie -old	2024	8 825 292
Maclear- new	2072	16 495 128
Ugie- new	2033	27 883 229

The CPI is used for determining the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the General Landfill Closure Costing Model (GLCCM) is based on the three-month average CPA for the quarter that included the financial year-end date. The avarage of the CPI for the last quarter amounted to 2.8878% (2024:5.1704%).

There are currently five landfill sites in Elundini which service Mount Fletcher, Maclear and Ugie, they are named after the town which they service

Item description	Mt Fletcher Landfill Site	Maclear old Landfill Site	Ugie Old Landfill Site	Maclear new Landfill Site	Ugie new Landfill Site
Total area of the landfill	35 022 m2	10 000 m2	11 353 m2	80 900 m2	65 821 m2
Is the site licenced	Yes	No	No	Yes	Yes
Expected remaining useful life	9 years	0 years	0 years	47 years	8 years
Waste type allowed	General Landfill	General Landfill	General Landfill	General Landfill	General Landfill
Size class	Communal	Small	Small	Small	Small
Climatic water balance	B-	B+	B-	B+	B-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

16. Consumer deposits

Electricity	304 598	304 598
Housing Rental	97 852	97 852
	402 450	**402 450**

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amount.

17. Loans and borrowings

Opening capital	24 241 006	30 000 000
Capital payment	(9 607 152)	(5 758 994)
Closing capital	**14 633 854**	**24 241 006**
Current portion	10 767 942	9 607 152
Non-current portion	3 865 912	14 633 854
	14 633 854	**24 241 006**

The current annuity loan will be repaid over a period of 36 months at an interest rate of 11.29% (2024:11.29%). The loan is secured with an amount of R3 000 000 held over Standard Bank investment account number 388490365-001.

18. Service charges

Sale of electricity - exchange	38 024 221	33 410 445
Electricity rebates	(989 271)	(959 773)
Electricity availability charges - non-exchange	9 920 658	9 982 142
Refuse removal	7 346 140	7 026 848
Refuse rebates	(564 756)	(593 461)
	53 736 992	**48 866 201**

19. Construction contracts and receivables

The Municipality receives an INEP allocation in terms of Schedule 5B of DORA.

This allocation is used to construct electricity infrastructure in areas where Eskom is currently the distributor of electricity.

Therefore, upon completion the infrastructure is handed over to ESKOM for operation and maintenance.

The expenditure is reported under contracted services - electrical. Refer to note 37.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Construction contracts and receivables (continued)

Revenue INEP		
Makoatlane Phase2 electrification	113 749	-
Mahemeng (Iketleng)	6 188	-
Polokoe electrification	1 589 705	-
Nxotshana electrification	1 650 899	-
Showini 5km 22kv linkline electrification	90 673	-
Link line	-	61 613
Top blocks electrification	-	1 134 182
Westhoek electrification	-	3 130 617
Mehemeng electrification	-	3 035 753
Skote electrification	-	3 127 997
Xaxazana Zone 14 electrification	-	2 180 709
Ward 17 extention (Mbidlana) electrification	-	134 810
Ward 17 extention (Gqaghala) electrification	-	121 329
Esilindini electrification	-	198 323
Showini electrification	1 610 728	104 701
Koebong electrification	1 756 480	212 575
Koebong link line	633 297	-
Umga Flats electrification	117 339	-
Cicirha (Pre-Eng 60HH) electrification	72 403	-
Ngxaxha Goji (Pre-Eng 21HH) electrification	179 408	-
	7 820 869	**13 442 609**
Expenditure (INEP)		
Makoatlane Phase2 electrification	113 749	-
Mahemeng (Iketleng)	6 188	-
Polokoe electrification	1 589 705	-
Nxotshana electrification	1 650 899	-
Showini 5km 22kv linkline electrification	90 673	-
Link line	-	61 613
Top blocks electrification	-	1 134 182
Westhoek electrification	-	3 130 617
Mehemeng electrification	-	3 035 753
Skote electrification	-	3 127 997
Xaxazana Zone 14 electrification	-	2 180 709
Ward 17 extention (Mbidlana) electrification	-	134 810
Ward 17 extention (Gqaghala) electrification	-	121 329
Esilindini electrification	-	198 323
Showini electrification	1 610 728	104 701
Koebong electrification	1 756 480	212 575
Koebong link line	633 297	-
Umga Flats electrification	117 339	-
Cicirha (Pre-Eng 60HH) electrification	72 403	-
Ngxaxha Goji (Pre-Eng 21HH) electrification	179 408	-
	7 820 869	**13 442 609**
	-	-

Agreements that meet all the criteria in GRAP 9.29 (Revenue from exchange transactions).

The Municipality recognises revenue using the percentage of completion method for agreements that meet all the criteria in GRAP 9.29 (Revenue from Exchange transactions), continuously as construction progresses.

The Municipality determines which agreements meet all the criteria in GRAP 9.29 on Revenue from Exchange transactions continuously as construction progresses in the following manner:

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Construction contracts and receivables (continued)

Reconciliation of Construction Contracts Balance

Opening Balance	-	-
Amounts Received for the year	7 820 869	13 442 609
The amount of revenue arising from such agreement in the period	(7 820 869)	(13 442 609)
Amounts received in advace at the end of the year	**-**	**-**

	2025	2024
Aggregate Amount of Costs 2025 Disclosure	1 028 035	771 738
Retention on Construction Contracts in progress	-	267 693
Amounts received in advace at the end of the year	-	-
	-	**-**

Methods used to determine the contract revenue recognised is the Percentage of Completion Method

Contract revenue is matched with the contract costs incurred in reaching the stage of completion, resulting in the reporting of revenue, expenses and surplus/deficit which can be attributed to the proportion of work completed.

Methods used to determine the stage of completion of contracts in progress.

The Municipality uses the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs to determine the stage of completion of contracts in progress.

20. Rental of facilities and equipment

Rental of investment property	2 133 686	2 005 974
Rental of halls and facilities	49 771	60 995
Rental of machinery and equipment	-	222 171
	2 183 457	**2 289 140**

21. Agency services

Agency services	2 045 390	1 975 315

22. Licences and permits

Driving Licenses	491 663	525 268
Business licenses	96 134	36 369
Learner driving licenses	599 017	796 216
Public Driving Permits	247 851	273 198
	1 434 665	**1 631 051**

23. Other income

Building plans and inspection fees	264 255	130 149
Tender documents sale	212 419	185 681
Cemetery fees	26 257	42 614
Subsistence and Travel Allowance Refunds	33 445	7 752
Skills Development Levy Refund	51 932	286 713
Sundry income	195 702	638 151
Proceeds from Pound Auctions	-	389 805
Insurance refunds	221 315	286 923
	1 005 325	**1 967 788**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Interest revenue earned

Interest earned - investment	4 379 571	6 267 229
Interest earned - trade and other receivables	6 289 889	4 933 999
	10 669 460	**11 201 228**

25. Property rates

Rates received

Residential	7 437 560	7 090 707
Public Service Infrastructure & Agriculture	14 732 325	14 036 044
Industrial, State Owned & Vacant Land	8 821 867	8 382 229
Less: Rebates	(2 191 815)	(2 182 663)
	28 799 937	**27 326 317**

Valuations

Agricultural	1 506 079 957	1 506 079 957
Business	333 046 500	333 046 500
Churches	30 843 000	30 843 000
Government	579 164 400	579 164 400
Industrial	210 870 000	210 870 000
Mining	992 000	992 000
Municipal Owned Property	280 877 530	280 877 530
Public Open Space	33 027 000	33 027 000
Public service infrastructure	2 940 039 229	2 940 039 229
Residential	892 828 355	892 828 355
Vacant Land	43 504 600	43 504 600
	6 851 272 571	**6 851 272 571**

Assessment rates are levied on the total value of property of which the valuation must be performed every five years in terms of the Municipal Property Rates Act, Interim valuations were performed in June 2022.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by a way of rebate or remission.

Rates are levied annually and monthly. Monthly rates are payable by the last day of each month and annual rates are payable before 30 September. Interest is levied at prime rate on outstanding monthly basis.

Basic rate (c/Rand)		
Public service infrastructure and agricultural land farming	0,240	0,229
Residential	0,959	0,914
Industrial, state owned, mining and vacant land	1,918	1,828
Business	1,438	1,371
Agricultural land for other purposes	1,438	1,371

26. Donations

Donations	300 534	-

The donation relates to Elunyaweni Modular Library donated by Department of Sports, Recreation , Arts and Culture to Elundini Local Municipaity on the 7th of May 2025..

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Government grants and subsidies

Operating grants		
Equitable share	200 668 000	190 445 000
Expanded Public Works- EPWP	2 114 000	1 930 000
Municipal Finance Management Grant	1 700 000	1 700 000
Municipal Infrastructure Grant	3 658 684	2 702 250
Libraries Grant	1 138 295	750 000
DEDEA Grant	3 000 000	4 418 388
	212 278 979	**201 945 638**
Capital grants		
Municipal Infrastructure Grant	41 681 316	47 727 750
Municipal Disaster Recovery Grant	11 353 218	952 782
	53 034 534	**48 680 532**
Total Grants Revenue	**265 313 513**	**250 626 170**

Conditional and unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	64 645 513	60 181 170
Unconditional grants received	200 668 000	190 445 000
	265 313 513	**250 626 170**

Equitable share

In terms of the Constitution, local government is entitled to unconditional allocation of equitable share nationally raised to different levels of government. This allocation enables the provision of basic services and fulfillment of designated functions.

Municipal Finance Management Grant

Current-year receipts	1 700 000	1 700 000
Conditions met - transferred to revenue	(1 700 000)	(1 700 000)
	-	-

FMG is used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA) (see note 14).

Expanded Public Works Program (EPWP)

Current-year receipts	2 114 000	1 930 000
Conditions met - transferred to revenue	(2 114 000)	(1 930 000)
	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines (see note 14).

Voter Station Grant

Balance unspent at beginning of year	1 360	1 360

This grant is used for maintenance of roads to voting stations (see note 14).

Municipal Infrastructure Grant

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Government grants and subsidies (continued)

Current-year receipts	45 340 000	50 430 000
Conditions met - transferred to revenue (Operational)	(3 658 684)	(2 702 250)
Conditions met - transferred to revenue (Capital)	(41 681 316)	(47 727 750)
	-	-

MIG is used to supplement capital finance for basic municipal infrastructure for poor households, micro enterprise and social institutions. Also to provide for new municipal infrastructure and rehabilitation of existing ones (see note 14).

Libraries Grant

Current-year receipts	1 312 000	750 000
Conditions met - transferred to revenue	(1 138 295)	(750 000)
	173 705	**-**

The Library grant is used to pay salaries for libraries staff and other library related costs (see note 14).

DEDEA Grant

Balance unspent at beginning of year	620 723	39 111
Current-year receipts	3 000 000	5 000 000
Conditions met - transferred to revenue	(3 000 000)	(4 418 388)
	620 723	**620 723**

DEDEA Grant is used for promoting and administering sustainable economic development and employment creation (see note 14).

Municipal Disaster Recovery grant

Balance unspent at beginning of year	11 354 218	-
Current-year receipts	-	12 307 000
Conditions met - transferred to revenue	(11 353 218)	(952 782)
	1 000	**11 354 218**

Municipal Disaster Recovery Grant is used to rehabilitate and reconstruct municipal infrastructure damaged by a disaster (see note 14).

28. Services in kind

Services in-kind that are significant to the Municipality's operations and/or service delivery objectives.

Free use of equipment belonging to other organs of state	1 753 800	-
Notional rent on equipment [1]	(1 753 800)	-

- The Municipality is making use an ISUZU Tipper truck and a KOMATSU Grader belonging to the Department of Roads and Public Works for free. The use of this Equipment for an unknown period without an agreement for a fee constitutes services in kind which can be quantified as equivalent of fair market value of rental of equipment. The Municipality has determined the fair value of the rental amount through quotations for inclusion in the Financial Statements of 30 June 2025.
- The Municipality has been using this equipment for its projects since January 21, 2025 without paying rental.
- **[1]** This included in hiring charges under general expenses.Refer to note 39.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Fines, Penalties and Forfeits

Illegal Connections Fines	32 623	-
Municipal Traffic Fines	385 900	236 100
Pound Fees	58 321	99 524
Unclaimed Money Forfeits	1 248 861	1 305 095
	1 725 705	**1 640 719**

30. Interest from non-exchage receivables

Interest - Property rates	5 280 621	4 272 367

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Employee related costs

Basic salaries and wages	96 035 409	88 818 211
Bonus	9 984 500	8 840 399
Medical aid - company contributions	7 446 825	6 389 142
UIF Contributions	701 856	604 270
Other payroll levies	200 627	200 627
Staff leave	714 836	1 937 851
Pension contributions	16 098 439	15 236 424
Overtime payments	4 606 772	4 463 043
Long-service awards	721 105	684 843
Acting allowances	1 103 839	1 425 667
Workmens Compensation Fund	925 063	805 006
Motor vehicle allowance	4 358 045	4 255 297
Housing allowances	201 706	157 829
Post employment benefit	295 801	185 041
Cellphone allowance	70 014	46 144
Scarcity allowance	277 999	230 628
Standby allowance	1 085 117	880 636
Bargain council	40 315	38 739
	144 868 268	**135 199 797**

Remuneration of Municipal Manager (J T Mdeni)

Annual Remuneration	983 335	1 007 023
Car Allowance	360 000	360 000
Bonuses	145 802	74 020
Contributions to UIF, Medical and Pension Funds	15 738	15 345
	1 504 875	**1 456 388**

Remuneration of Chief Financial Officer (B.A Mbana - Gantsho)

Annual Remuneration	929 846	317 649
Car Allowance	120 000	40 000
Bonuses	24 581	-
Contributions to UIF, Medical and Pension Funds	12 449	4 120
	1 086 876	**361 769**

Acting Chief Financial Officer - B Mashologu Dlodlo (July 2023-February 2024)

Acting Allowance	-	17 128

Remuneration of Director Infrastructure Planning and Development (S Mrengqwa)

Annual remuneration	946 695	967 021
Car Allowance	219 361	219 361
Bonuses	44 940	-
Contributions to UIF, Bargaining and skills	13 503	13 367
	1 224 499	**1 199 749**

Remuneration of Director Strategic Planning and Economic Development (NC Eddie)

Annual Remuneration	806 056	826 383
Car Allowance	360 000	360 000
Bonuses	56 175	54 381
Contributions to UIF, Medical and Pension Funds	13 330	13 568

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Employee related costs (continued)

	1 235 561	**1 254 332**

Remuneration of Director Community Services (L. Kutwana-Gomana)

Annual Remuneration	948 730	990 115
Car Allowance	180 000	167 500
Bonuses	78 645	126 320
Contributions to UIF, Medical and Pension Funds	13 677	14 481
	1 221 052	**1 298 416**

Remuneration of Director Corporate Services (Z Xuba)

Annual remuneration	927 129	625 523
Car allowance	219 361	164 521
Bonuses	57 805	-
Contributions to UIF, Bargaining and Skills	13 455	8 975
	1 217 750	**799 019**

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Remuneration of Councillors

Executive Mayor	1 046 305	967 383
Speaker	838 546	783 308
Councillors	10 329 653	9 602 184
Chief whip	465 121	432 101
Executive committee	1 756 106	1 632 855
	14 435 731	**13 417 831**

June 2025	Basic Salary	Travel Allowance	Cellphone Allowance	Total
Mayor	762 136	237 165	47 004	1 046 306
Speaker	791 542	-	47 004	838 546
Councillors	6 956 210	2 104 335	1 269 108	10 329 653
Chief Whip	318 885	99 232	47 004	465 121
Executive Committee	1 319 363	248 727	188 016	1 756 106
	10 148 136	**2 689 459**	**1 598 136**	**14 435 732**

June 2024	Basic Salary	Travel Allowance	Cellphone Allowance	Total
Mayor	694 726	228 690	43 966	967 382
Speaker	739 342	-	43 966	783 308
Councillors	6 431 425	1 983 678	1 187 082	9 602 185
Chief Whip	292 448	95 687	43 966	432 101
Executive Committee	1 193 245	263 746	175 864	1 632 855
	9 351 186	**2 571 801**	**1 494 844**	**13 417 831**

The Mayor and Speaker are full-time. They are provided with secretarial support, office and a municipal motor vehicle.

The political office-bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

33. Depreciation and amortisation

Property, plant and equipment	41 087 127	37 005 970
Investment property	460 761	460 761
Intangible assets	271 900	247 187
	41 819 788	**37 713 918**

Impairment loss		
Work-in-progress	-	4 359 145
Roads infrastructure	484 956	9 298 861
Buildings	-	4 579 415
Investment property	908 957	13 488
	1 393 913	**18 250 909**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. Finance costs

Employee benefits	1 159 000	916 000
Current borrowings	2 267 232	2 157 263
Landfill site provision	3 867 981	3 431 135
Finance leases	154 103	183 294
Other interest paid	28 241	-
	7 476 557	**6 687 692**

Other interest paid		
Interest- Eskom	28 147	-
Interest -SARS	94	-
	28 241	**-**

35. Debt impairment

Debt impairment	19 919 649	28 281 335
Bad debts written off	6 600 505	3 693 883
	26 520 154	**31 975 218**

36. Bulk purchases

Bulk purchases	37 411 630	32 028 659

Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

37. Contracted services

Accounting and Auditing	2 156 402	2 225 087
Audit Committee	985 526	1 002 856
Catering Services	722 758	1 137 196
Legal Services	3 305 003	1 957 361
Organisational	5 657 926	2 915 952
Disconnection of Electricity	-	580 648
Personnel and Labour	14 048 282	9 408 684
Professional Staff	2 115 695	2 036 489
Research and Advisory	1 993 724	4 937 801
Other Contracted Services	623 459	2 213 053
Security Services	11 556 532	8 895 020
Drivers Licence Cards	131 524	201 213
Electrical	8 408 258	13 447 962
Decorations	86 082	96 760
Maintenance of Buildings and Facilities	16 405 721	9 033 175
Road master plan	2 086 957	-
	70 283 849	**60 089 257**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

38. Transfer and subsidies

Transfers and Subsidies	6 020 428	5 495 648
Transfers and Subsidies		
Indigent Support - Eskom Electricity	5 093 378	4 312 648
Elundini Cooperative Development Centre	-	1 015 000
Indigent Support - Other Energy Sources	927 050	168 000
	6 020 428	**5 495 648**

39. Operating expenses

Advertising publicity and marketing	1 514 886	1 721 223
Bank charges	968 565	995 955
Commission paid	1 977 178	684 991
Computer expenses	5 792 560	9 478 102
Electricity	2 912 256	1 874 363
External audit fees	4 571 197	5 586 840
Fuel and oil	5 484 824	5 214 528
Hire charges	2 800 877	736 263
Insurance	5 071 238	4 109 209
Learnership and Internship	886 070	648 993
Lease rentals	264 325	287 235
Motor vehicles licences	342 634	461 598
Other sundries and consumables	472 636	328 241
Printing and stationery	1 378 557	1 701 476
Professional bodies, membership and subscription	1 687 734	1 540 058
Protective clothing	1 670 294	993 076
Skills Development levy	1 337 164	1 202 668
Telephone and fax	1 488 397	1 298 479
Training	1 312 473	2 235 785
Travel and subsistence	6 856 003	7 666 500
Ward committees and other stipends	2 023 000	3 936 588
	50 812 868	**52 702 171**

40. Gain/(Loss)on disposal of non-monetary assets

Gain or (loss) on disposal of non-current assets	(25 309)	(1 490 989)

41. Fair value adjustments

Fairvalue of assets on the floor	583 195	-

42. Sale of goods/inventory

Inventory consumed	280 917	651 373

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

43. Cash generated from operations

Deficit	(19 363 603)	(31 698 551)
Adjustments for:		
Depreciation and amortisation	41 819 788	37 713 918
Loss/ (Gain) on disposal of non current assets	25 309	1 490 989
Fair value adjustments	(583 195)	-
Impairment deficit	3 059 768	18 250 909
Debt impairment	26 520 153	31 975 218
Movement in employee benefits obligation	1 367 345	4 583 292
Interest on Landfill sites	3 872 887	4 105 400
Non cash in other income	(4 906)	(674 265)
Non-cash donations	(300 534)	-
Services in kind	(1 753 000)	-
Net income (losses) recognised directly in net assets	-	(144 823)
Unclaimed money forefeits	(1 249 661)	(1 305 090)
Notional expenses	1 753 800	-
Changes in working capital:		
Receivables from exchange transactions	(20 623 095)	(10 418 916)
Other receivables from non-exchange transactions	(14 729 752)	(9 725 006)
Prepayments	1 642 958	(164 769)
Payables from exchange transactions	21 565 198	(6 792 773)
VAT	(68 232)	806 831
Unspent conditional grants and receipts	(11 179 513)	11 935 830
	31 771 715	**49 938 194**

44. Financial instruments disclosure

Categories of financial instruments

June- 2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	13 836 880	13 836 880
Receivables from non-exchange transactions	2 445 845	2 445 845
Cash and cash equivalents	16 763 185	16 763 185
	33 045 910	**33 045 910**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	56 111 938	56 111 938
Consumer deposits	402 450	402 450
Loans and borrowings	14 633 854	14 633 854
Finance lease obligation	997 644	997 644
	72 145 886	**72 145 886**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

44. Financial instruments disclosure (continued)

June 2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	9 129 076	9 129 076
Receivables from non-exchange transactions	2 489 623	2 489 623
Cash and cash equivalents	49 725 521	49 725 521
	61 344 220	**61 344 220**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	39 416 798	39 416 798
Consumer deposits	402 450	402 450
Loans and borrowings	24 241 006	24 241 006
Finance lease obligation	1 706 431	1 706 431
	65 766 685	**65 766 685**

Financial instruments in Statement of financial performance

June- 2025

	At amortised cost	Total
Interest earned - trade and other receivables (calculated using effective interest method) for financial instruments at amortised cost	6 289 889	6 289 889
Interest earned - investment (calculated using effective interest method) for financial instruments at amortised cost	4 379 571	4 379 571
Finance costs from financial instruments at amortised cost	(2 449 576)	(2 449 576)
Bad debts written off	(5 564 853)	(5 564 853)
Debt Impairment	(15 915 292)	(15 915 292)
	(13 260 261)	**(13 260 261)**

June 2024

	At amortised cost	Total
Interest earned - trade and other receivables (calculated using effective interest method) for financial instruments at amortised cost	4 933 999	4 933 999
Interest earned - investment (calculated using effective interest method) for financial instruments at amortised cost	6 267 229	6 267 229
Finance costs from financial instruments at amortised cost	(2 340 557)	(2 340 557)
Bad debts written off	(2 639 791)	(2 639 791)
Debt Impairment	(17 913 359)	(17 913 359)
	(11 692 479)	**(11 692 479)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

45. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	37 096 600	23 203 535

Total capital commitments		
Already contracted for but not provided for	37 096 600	23 203 535

This expenditure will be financed from:		
Own revenue	6 947 736	70 900
Municipal Infrastructure Grant	30 148 864	22 023 479
Municipal Disaster Recovery Grant	-	1 109 156
	37 096 600	**23 203 535**

Total commitments

Total commitments		
Authorised capital expenditure	37 096 600	23 203 535

46. Contingencies

Council has the following contingent liabilities.

Contingent liabilities		
Alleged breach of contract	1 250 000	1 250 000
The plaintiff is claiming for damages arising from an alleged unlawful arrest by Municipal Officials.	200 000	200 000
The plaintiff’s claim is for damages resulting from alleged unlawful confiscation of his drivers' license by the Municipal Traffic Police.	800 000	800 000
Plaintiff is claiming from the Municipality an amount of R3 035 000 in respect of injuries she allegedly suffered after she allegedly dell into a trench that was left uncovered at night where roadworks were being carried out at Back Street, Tlokoeng.	3 035 000	3 035 000
Claim for fees for professional services rendered to the Municipality. The Municipality felt that the fees were excessive and requested that their bill be subjected to taxation.	103 371	103 371
	5 388 371	**5 388 371**

Contingent assets

Council has the following contingent assets.

Labour Court Review Application:Municipality is the respondent in this matter. The Applicant failed to comply with the Practice Manual, and accordingly, its review application is deemed to be withdrawn. Municipality’s special plea heard on 16 July 2020 where the review application was dismissed with costs. The Applicant’s application for leave to appeal was also dismissed with costs on the attorney-client scale. Municipality’s bill of costs taxed and payment demanded from SAMWU.	111 754	-
Recovery of undue Payment: The Municipality made payment in the sum of R311 249 as final retention. This payment was effected without observing the twelve-month defects liability period stipulated in the contract, which was required to elapse prior to the release of the retention amount. This happened dispute the contractor having failed to complete phase one of the Project.	311 249	-
	423 003	**-**

47. Risk management

Financial risk management

The Municipality is potentially exposed to the following risks

The Municipality’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Municipality’s financial performance. The Municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (Municipality treasury) under policies approved by the accounting authority. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the Municipality’s operating units. The accounting authority provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk.

Financial Instrument		
Cash and cash equivalents (Cash at bank)	16 484 102	49 341 652

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Municipality’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

June 2025	Within 1 Year	Two to Five Years	After Five years	Total
Finance leases	845 853	151 791	-	997 644
Payables from exchange transactions	70 264 764	-	-	70 264 764
Consumer deposits	402 450	-	-	402 450
Loans and borrowings	10 767 942	3 865 912	-	14 633 854
	82 281 009	**4 017 703**	**-**	**86 298 712**

June 2024	Within 1 Year	Two to Five Years	After Five years	Total
Finance leases	708 787	997 644	-	1 706 431
Payables from exchange transactions	51 109 080	-	-	51 109 080
Consumer deposits	402 450	-	-	402 450
Loans and borrowings	9 607 152	14 633 854	-	24 241 006
	61 827 469	**15 631 498**	**-**	**77 458 967**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Risk management (continued)

Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Cash and Cash Equivalents	16 763 185	49 725 521
Receivable from exchange transactions	13 836 880	9 129 076
Receivable from non-exchange transactions	2 445 845	2 489 623

Cash and Cash Equivalent

Deposits of the Municipality are only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash was pledged as security. An amount of R3 000 000 is held as security over the midterm loan for the duration of the loan period which is 36 months.

Receivables

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the Municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction service" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered past due date.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits) .

The following service receivables are past due, but not impaired		
1 month past due	281 957	105 422
2 months past due	258 423	83 339
3 months past due	261 952	69 639
4 months past due	232 033	62 245
5 months past due	236 276	67 901
6 - 12 months past due	1 410 684	385 073
More than 1 year past due	4 950 666	1 212 954
	7 631 991	**1 986 573**

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

Market risk

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

47. Risk management (continued)

Interest rate risk

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

The following are exposed to interest rate fluctuations.

Cash and Cash equivalents	16 763 185	49 725 521

Other price risk (Market Risk)

Other price risk is the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Municipality is not exposed to other price risk.

48. Fruitless and wasteful expenditure

Opening balance as previously reported	103 740	103 740
Add: Fruitless and wasteful expenditure identified - current	54 207	-
Less: Amount recovered - current	(26 060)	-
Less: Amount written off - current	(1 077)	-
Less: Amount written off - prior period	(103 740)	-
Closing balance	**27 070**	**103 740**

The fruitless and wasteful expenditure opening balance, quarter 1,2,3 and was submitted to council and referred to MPAC investigation and report back to council. The outcome of the investigation was that the expenditure must be written off. The fourth quater has been submitted to council during the month of July 2025 and awaiting for the report back by MPAC.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure

SARS interest and penalties	50 448	-
Repair to damages on a tipper truck	47 692	-
Double payment made to X Madliwa	4 438	-
SARS interest and penalties	1 162	-
Missed Flights – Corporate Services	4 666	-
SARS interest and penalties - Corporate Services	2 728	-
ESKOM interest – Budget and Treasury Office	1 078	-
Missed flights – Corporate Services	15 477	-
Missed flights – Budget and Treasury Office	3 089	-
SARS interest and penalties – BTO	99	-
ESKOM interest charge	27 070	-
	157 947	**-**

49. Irregular expenditure

Opening balance as restated	**-**	**-**
Add: Irregular Expenditure - current	6 465 590	-
Add: Irregular Expenditure - prior period	15 969 472	-
Closing balance	**22 435 062**	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

49. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Deviations not in line with SCM Regulation 36	None	22 435 062	-

Number of incidents

Deviations not in line with SCM Regulation 36	2	-

50. Deviation from supply chain management regulations

Deviations from, and ratifications of minor breaches of the Procurement Processes due to Sole Providers, Specialised Services, Emergencies and Variation Orders:

	2025	2024
Section 36(1) (a) (iii)	-	6 000
Section 36 (1) (a) (v)	14 511 643	33 442 322
	14 511 643	**33 448 322**

	2025	2024
Municipal Manager Office	2 815 855	117 702
Budget and Treasury Office	580 454	279 580
Infrastructure Planning and Development	9 272 269	31 616 956
Corporate Services	229 314	1 129 025
Community Services	1 518 099	292 210
Strategic Planning and Development	95 652	12 849
	14 511 643	**33 448 322**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Statutory receivables

Property rates	49 063 919	40 194 507
Interest on property rates	8 963 220	4 236 060
Traffic fines	4 173 164	3 807 914
VAT Control	76 721	8 487

Property Rates are levied in term of the Municipal Property Rates Act 2004 (Act 6 of 2004) Refer to note 25 for property rates levied for the year and basis for interest rate used on outstanding balances.

Traffic fines are issued in terms of the Criminal procedure Act, 1997. Refer to note 26 or Traffic fines issued for the year. No interest is levied on outstanding traffic fines.

VAT receivable represents the refunds claimable from SARS by the Municipality for Value Added Tax paid or claimed on the services or goods acquired by the Municipality. VAT receivable is claimed when input VAT for the period exceeds output VAT declared.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Statutory receivables that are past due at the reporting date, and have been impaired

Property Rates	46 104 213	40 125 548
Traffic Fines	4 173 164	3 807 914
Interest on property rates	8 405 137	4 061 384
	58 682 514	**47 994 846**

Statutory receivables that are past due that have not been impaired

Property Rates	2 959 706	68 959
Traffic Fines	-	-
Interest on property rates	558 083	174 676
	3 517 789	**243 635**

Rates - payment percentage of receivables are used to assess whether the receivable is impaired.

Refer to note 4 for more detail on the impairment and ageing of the statutory receivable past due not impaired.

Fines - all fines are impaired.

Refer to note 4 for more detail on the impairment provision and ageing of the statutory receivable past due not impaired.

VAT - VAT receivable from SARS is not impaired as South African Revenue Service has sufficient funds to pay any outstanding amounts. VAT on output is provision assessed with the debtors impairment provision and included therein.

Refer to note 4 for more detail on the impairment provision.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

52. Related parties

Relationships

Councillors	Refer to page 1 - General Information
Members of key management	Municipal Manager (J T Mdeni) Chief Financial Officer (B.A Mbana - Gantsho) Director Infrastructure Planning and Development (S Mrengqwa) Director Community Services (L. Kutwana-Gomana) Director Corporate Services (Z Xuba) Director Strategic Planning and Economic Development (NC Eddie)

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public.

Other related parties transactions relate to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given. The provision for doubtful debts is not made as the Municipality is not owed by the supplier and no bad debts expense was recognised on these parties.

Related party loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councilors and senior management are not permitted.

Compensation of Management Personnel

Remuneration of related parties are disclosed in note 31 and 32.

53. Prior-year adjustments

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:

Statement of financial position

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

June 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Receivables from exchange transactions		11 406 462	(4 373 884)	2 096 496	9 129 074
Receivables from non-exchange transactions		20 261 230	(17 527 973)	-	2 733 257
VAT receivable		5 749 522	1 301 485	(7 042 522)	8 485
Prepayments		-	1 642 958	-	1 642 958
Cash and cash equivalents		49 725 521	-	-	49 725 521
Investment property		43 656 682	18 339	-	43 675 021
Property, plant and equipment		575 275 267	21 772 279	-	597 047 546
Intangible assets		429 078	-	-	429 078
Finance lease obligation - (Current)		(681 076)	(27 711)	-	(708 787)
Payables from exchange transactions		(50 146 244)	(5 908 862)	4 946 026	(51 109 080)
Employee benefit obligation - (Current)		(17 961 118)	-	-	(17 961 118)
Unspent conditional grants and receipts		(11 976 301)	-	-	(11 976 301)
Provisions - (Current)		(891 382)	-	-	(891 382)
Consumer deposits		(402 450)	-	-	(402 450)
Loans and borrowings - (Current)		(9 607 152)	-	-	(9 607 152)
Finance lease obligation - (Non-Current)		(895 546)	(102 098)	-	(997 644)
Employee benefit obligation - (Non-Current)		(9 404 000)	-	-	(9 404 000)
Provisions - (Non-Current)		(35 830 142)	-	-	(35 830 142)
Loans and borrowings - (Non-Current)		(14 633 854)	-	-	(14 633 854)
Accumulated surplus		(554 074 497)	3 205 467	-	(550 869 030)
		-	-	-	-

Statement of financial performance

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

June 2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges		38 884 059	-	-	38 884 059
Construction contracts		15 459 000	(2 016 391)	-	13 442 609
Rental of facilities and equipment		2 289 140	-	-	2 289 140
Licences and permits		3 606 366	-	(1 975 315)	1 631 051
Other income		1 593 224	374 564	-	1 967 788
Interest earned - trade and other receivables		4 933 999	-	-	4 933 999
Agency services		-	-	1 975 315	1 975 315
Interest earned - investments		6 267 229	-	-	6 267 229
Property rates		27 326 317	-	-	27 326 317
Electricity availability charges		9 982 142	-	-	9 982 142
Government grants & subsidies		250 626 170	-	-	250 626 170
Fines, penalties and forfeits		1 640 719	-	-	1 640 719
Interest from non exchange receivables		4 272 367	-	-	4 272 367
Employee related costs		(135 199 797)	-	-	(135 199 797)
Remuneration of councillors		(13 417 831)	-	-	(13 417 831)
Depreciation and amortisation		(35 589 090)	(2 124 828)	-	(37 713 918)
Finance costs		(6 676 298)	(11 394)	-	(6 687 692)
Debt Impairment		(24 323 847)	(7 651 371)	-	(31 975 218)
Bulk purchases		(32 028 659)	-	-	(32 028 659)
Contracted services		(60 089 257)	-	-	(60 089 257)
Transfers and subsidies		(5 495 648)	-	-	(5 495 648)
Sale of goods/inventory		(651 373)	-	-	(651 373)
Operational expenses		(52 866 940)	164 769	-	(52 702 171)
Gain (loss) on disposal of assets		(1 497 724)	6 735	-	(1 490 989)
Actuarial gains (losses)		(1 233 994)	-	-	(1 233 994)
Impairment loss		(18 250 909)	-	-	(18 250 909)
Surplus for the year		**(20 440 635)**	**(11 257 916)**	**-**	**(31 698 551)**

Cash flow statement

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

June 2024

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Service charges		28 715 266	12 417 603	41 132 869
Government Grants		278 021 000	(15 459 000)	262 562 000
Interest income		6 267 229	-	6 267 229
Other receipts		9 129 449	(672 536)	8 456 913
Property rates		29 001 567	(6 935 388)	22 066 179
Construction contracts		-	13 442 609	13 442 609
Employee costs		(146 184 330)	-	(146 184 330)
Suppliers		(151 841 824)	(3 622 890)	(155 464 714)
Finance costs		(2 329 163)	(11 394)	(2 340 557)
		50 779 194	**(840 996)**	**49 938 198**
Cash flow from investing activities				
Purchase of property, plant and equipment		(70 391 569)	828 841	(69 562 728)
Purchase of intangible assets		(245 999)	-	(245 999)
Proceeds from sale of property, plant and equipment		103 502	772	104 274
		(70 534 066)	**829 613**	**(69 704 453)**
Cash flow from financing activities				
Finance lease payments		(512 933)	11 394	(501 539)
Proceeds from loans and borrowings		30 000 000	-	30 000 000
Repayment of loans and borrrowings		(5 758 994)	-	(5 758 994)
		23 728 073	**11 394**	**23 739 467**

Cash generated from operations	**As Reported**	**Errors identified**	**Total**
Deficit	(20 440 635)	(11 257 914)	(31 698 549)
Depreciation and amortisation	35 589 092	2 124 826	37 713 918
Loss on sale of assets and liabilities	1 497 724	(6 735)	1 490 989
Impairment loss	18 250 909	-	18 250 909
Debt impairment	24 323 847	7 651 371	31 975 218
Movements in retirement benefit assets and liabilities	2 433 298	2 149 994	4 583 292
Movements in provisions	-	4 105 400	4 105 400
Income(losses) recognised directly in net assets	(144 823)	-	(144 823)
Unclaimed Money Forfeits	-	(1 305 095)	(1 305 095)
Actuarial gains or loss	1 233 994	(1 233 994)	-
Interest on Landfill sites	3 431 135	(3 431 135)	-
Interest on LSA	916 000	(916 000)	-
Non cash in other income	-	(674 265)	(674 265)
Receivables from exchange transactions	(24 940 111)	14 521 195	(10 418 916)
Receivables from non-exchange transactions	(2 597 117)	(7 127 889)	(9 725 006)
Payables from exchange transactions	(3 799 919)	(2 992 854)	(6 792 773)
VAT receivable	3 089 970	(2 283 139)	806 831
Prepayments	-	(164 768)	(164 768)
Unspent conditional grants and receipts	11 935 830	-	11 935 830
	50 779 194	**(841 002)**	**49 938 192**

The impact of these errors for the opening accumulated surplus at 01 July 2023 is reconciled as tabulated below:	**Amount**	**Total**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

Total cumulative effect of error corrections on surplus	(14 463 384)	(14 463 384)
Total effect of error corrections on surplus of 2022/2023 financial year	11 257 917	11 257 917
	(3 205 467)	**(3 205 467)**

Adjustments

Prepayments and operational expenditure

SALGA invoice relating to the 23/24 financial year was pre-paid and erroneously captured as an expense in 22/23 financial year. This resulted in overstatement of expenses and understatement of prepayments.SALGA invoice relating to the 24/25 financial year was pre-paid and erroneously captured as an expense in 23/24 financial year. This resulted in overstatement of expenses and understatement of prepayments.The SALGA invoice relating to 23/24 financial year was not captured resulting in understatement of expenses and overstatement of prepayments. The Corrections have been made and adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the corrections on the surplus and prepayments for the previous years is tabulated below:

Adjustment details	Accumulated surplus	Prepayments	Operational expenditure-Professional bodies, membership and subscription
Prepayment of 24/25 SALGA invoice	-	1 642 958	(1 642 958)
Recognising 23/24 SALGA invoice	-	(1 478 189)	1 478 189
Prepayments 22/23	(1 478 189)	1 478 189	-
	(1 478 189)	**1 642 958**	**(164 769)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

Infrastructure, office equipment and buildings depreciation and accumulated depreciation prior year adjustment calculation

Understatement of depreciation due calculation errors in financial year 23/24 and overstatement of accumulated depreciation in financial years 21/22-22/23. The Corrections have been made and adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the corrections on the surplus and prepayments for the previous years is tabulated below:

Adjustment details	Gains or loss on disposal	Accumulated surplus	Depreciation	Accumulated depreciation
Understated depreciation -electricity infrastructure 23/24	-	-	794 612	(794 612)
Understated depreciation -roads infrastructure 23/24	-	-	1 121 584	(1 121 584)
Overstatement of accumulated depreciation - electricity infrastructure 21/22-22/23	-	(1 041 186)	-	1 041 186
Overstatement of accumulated depreciation - roads infrastructure 21/22-22/23	-	(18 477 415)	-	18 477 415
2024 depreciation adjustment roads	-	-	(219 592)	219 592
2024 depreciation adjustment electricity	-	-	(25 926)	25 926
Depreciation correction on buildings 21/22-22/23	-	(4 749 026)	-	4 749 026
23/24 buildings depreciation understatement	-	-	406 016	(406 016)
Air conditioning depreciation restating-office equipment 2023/24	-	-	23 053	(23 053)
Depreciation understated - Useful lives alignment to alignment-roads infrastructure 2023/24	-	-	36 934	(36 934)
Useful lives alignment roads infrastructure 21/22-22/23	-	477 331	-	(477 331)
2023/24 PY _ FAR Buildings disposed recomputed accumulated depreciation	(6 734)	-	-	6 734
Lease depreciation reclaculation 23/24	-	-	(6 484)	6 484
	(6 734)	**(23 790 296)**	**2 130 197**	**21 666 833**

VAT and INEP revenue error

The Municipality overstated revenue on INEP grant by including the VAT on revenue.The Corrections have been made and adjusted retrospectively in accordance with GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. The impact of the corrections on the surplus and prepayments for the previous years is tabulated below:

Adjustment details	VAT	Revenue
Overstatement of revenue	(2 016 391)	2 016 391

Lease payment error

The lease payment terms changed in the prior year to include an annual escalation of 6%.

Adjustment details	Lease asset	Lease liability current	Lease liability non-current	Finance cost
Recognition of lease asset	118 415	-	(118 415)	-
Finance costs	-	-	(11 394)	11 394
Non current - current portion split	-	(27 711)	27 711	-
	118 415	**(27 711)**	**(102 098)**	**11 394**

Overstatement of investment property depreciation

Adjustment details	Depreciation	Accumulated depreciation
2024 investment property depreciation overstatement	(18 339)	18 339

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

Raising a debtor and revenue.

Adjustment details	VAT output	Exchange Debtors	Revenue
Raising a debtor - ZKS	(56 185)	430 749	(374 564)

Raising government debt

Adjustment details	Accumulated Surplus	Provision for impairment	Impairment expense
Impairment of government debt 2023	16 391 388	(16 391 388)	-
Impairment of government debt 2024	-	(7 651 371)	7 651 371
	16 391 388	**(24 042 759)**	**7 651 371**

Adjustments to correct VAT accounts.

Adjustment details	Accumulated Surplus	Output tax accrual	Input tax accrual
VAT adjustments	824 647	(2 534 800)	1 710 153

Figures in Rand	2025	2024

53. **Prior-year adjustments (continued)**

Reclassifications

During the current financial year, the Municipality changed certain general ledger account classifications in the annual financial statements in order to achieve a more accurate presentation in the annual financial statements. The reclassification affected Agency services amounting to R1 975 315 which were previously reported under Licences and Permits on the Statement of Financial Performance and is being reported separately.The annual financial statement line items affected by these reclassifications were Licences and Permits (Note 22) and Agency services (Note 21).The Municipality also changed the naming of Registrations to Agency services. Hiring charges amounting to R 736 263 were reclassified from other sundries and consumables and reported separately under operating expenses (Note 39). Municipal Disaster Recovery Grant amounting to R952 782 was reclassified from operating grants to capital grants (Note 27). Business licenses amounting to R36 369 were reclassified form driving licences to being reported separately (Note 22).Bank charges amounting to R277 604 were reclassified from lease rentals and reported under bank charges (Note 39). Air conditioners amounting to R618 712) were reclassified from bulildings to furniture and office equipment (Note 9).As a result of these reclassifications, the prior years were restated retrospectively in terms of GRAP 3 – Changes in Accounting Policies, Accounting Estimates and Errors. . These reclassifications did not affect the deficit previously reported in the prior year. Reclassifications as reported in this set of financial statements relate to moving of account codes from one financial statement area to another as well as moving from a sub class of a financial statement area to another.

	Re-classification
Hiring charges	(736 263)
Other sundries and consumables	736 263
Municipal disaster recovery grant -operational	(952 782)
Municipal disaster recovery grant -capital	952 782
Business licences	36 369
Driving licences	(36 369)
Bank charges	(277 604)
Lease rentals	277 604
Furniture and office equipment	618 712
Buildings	(618 712)
	-

Accounting policies

The Municipality identified errors relating to accuracy and clarity of disclosed accounting policies. The accounting policies relating to construction contracts (refer to accounting policy 1.36), impairment of non-cash generating assets (refer to accounting policy 1.37, accumulated surplus (refer to accounting policy 1.39), effective interest rate (refer to accounting policy 1.40, prepayments (refer to accounting policy 1.38) and long service awards (refer to accounting policy 1.28 and accounting policy 1.9) were omitted, while accounting policies relating to impairment of cash generating assets, sale of goods, housing development and revaluation reserve were removed because they were no longer applicable to the Municipality. Some accounting policies, while they were included in the previous years annual financial statements, they had some important information missing. This has now been added. Further, the Municipality corrected some clerical mistakes and also made some changes to the wording of some accounting policies. These errors do not constitute changes in accounting policies but rather clarifications to better reflect the existing policies of the Municipality in the annual financial statements.

The affected are as follows:

- Presentation of Annual Financial Statements -(Accounting policy 1).
- Intangible assets - (Accounting policy 1.8).
- Impairment of Non Monetary Assets (Accounting policy 1.28.2).
- Recognition and Derecognition of Land (Accounting policy 1.28.10).
- Services in kind (Accounting policy 1.32.7).

Notes to the Annual Financial Statements

53. Prior-year adjustments (continued)

- Cash and cash equivalents (Accounting policy 1.12).
- Commitments (Accounting policy 1.22).
- Provisions (Accounting policy 1.30).
- Financial instruments - Subsequent measurement (Accounting policy 1.11.2).

Disclosures

The Municipality identified completeness and accuracy disclosure errors on annual financial statements and corrected them retrospectively as required by GRAP3:

Financial instruments disclosures (Note 44)

Non-financial instruments were removed from the disclosures and the effect of financial instruments on the Statement of Financial Performance was added as reflected on Note 44.

Risk management (Note 47)

Liquidity risk

Liquidity risk disclosure note was added retrospectively as reflected on Note 47.

Credit risk

Cash and cash Equivalent

The Municipality corrected some clerical mistakes and also made some changes to the wording as reflected on Note 47.

Receivables

The Municipality removed non relevant disclosures as reflected on Note 47.

Market risk

Other price risk

The Municipality removed non relevant disclosures as reflected on Note 47.

Government grants and subsidies (Note 27)

The Municipality added a disclosure note retrospectively splitting between conditional and unconditional grants as reflected on Note 27 .

Unspent conditional grants and receipts(Note 14)

The Municipality added a disclosure note retrospectively reconciling the unspent conditional and receipts balances as reflected on Note 14.

Property rates (Note 25)

The Municipality corrected some clerical mistakes and also made some changes to the wording as reflected on Note 25.The valuation is now performed every five years instead of every fours years which was previously disclosed.

Remuneration of key management personnel (Note 31)

53. Prior-year adjustments (continued)

The Municipality retrospectively recalculated annual remuneration for Senior Management excluding expense recoveries as required by GRAP 20 paragraph 20 as reflected in Note 31.

Statutory receivables (Note 51)

The Municipality retrospectively corrected VAT statutory receivable to comply with ASB fact sheet and also added omitted disclosures as reflected in Note 51.

Impact of COVID 19 and financial stability note

The note was removed from annual financial statements as its no longer relevant to the Municipality.

Segment information (Note 59)

The Municipality adjusted the amounts and re-worded "other" to non-reportable segments and moved them to a separate section as reflected on Note 59.

Provisions (Note 15)

The Municipality updated the prior year CPI used for determining future value current costs from 6.1716% to 5.1704% as reflected on Note 15.

Receivables from exchange (Note 3)

The Municipality updated the receivables from exchange reconciliation for allowance of doubtful debts as reflected in Note 3.

Receivables from non-exchange (Note 4)

The Municipality updated the receivables from exchange reconciliation for allowance of doubtful debts as reflected in Note 4.

Additional disclosure in terms of Municipal Finance Management Act (Note 61)

The Municipality updated the note for Councillors who had accounts outstanding for more than 90 days at 30 June 2025 as reflected in Note 61.

Lease Liability (Note 11)

The lease payment terms changed in the prior year to include an annual escalation of 6% as reflected in Note 11.

Construction contracts (Note 19)

The Municipality adjusted the note and the VAT portion that was erroneously included in construction contracts as reflected in Note 19.

Private Public Partnerships (PPP) (Note 62)

The Municipality ommitted the disclosure below in the prior year:

The Municipality entered into a Private Public Partnership with Ndibano Consortium (PTY) LTD on 19 October 2023.

In terms of the Private Public Partnership the Ndibano Consortium (PTY) LTD will be responsible for the development of the Ugie Agro-Hub by designing, buliding, financing, operating and transfer of the Agro-Hub. Improvements developed shall remain in the ownership of Elundini local Municipality.

The duration of the contract is 30 years and there we no actual payments in the 23/24 financial year.

Unauthorised expenditure (Note 58)

53. Prior-year adjustments (continued)

The Municipality made additional disclosures to the wording as reflected on Note 58.

Segment information (Note 59)

The Municipality ammended the segment information to align with GRAP 18 paragraph 19 (c) as reflected in Note (59).

Financial instruments disclosures -Financial liabilities	**As previously reported**	**Correction of error**	**Restated**
Trade and other payables from exchange transactions	50 146 244	(8 879 710)	41 266 534
Consumer deposits	402 450	-	402 450
Loans and borrowings	24 241 006	-	24 241 006
Finance lease obligation	1 576 622	-	1 576 622
	76 366 322	**(8 879 710)**	**67 486 612**

Financial instruments in Statement of financial performance	**As previously reported**	**Correction of error**	**Restated**
Interest earned - trade and other receivables (calculated using effective interest method) for financial instruments at amortised cost	-	4 933 999	4 933 999
Interest earned - investment (calculated using effective interest method) for financial instruments at amortised cost	-	6 267 229	6 267 229
Finance costs from financial instruments at amortised cost	-	(2 329 163)	(2 329 163)
Bad debts written off	-	(3 693 883)	(3 693 883)
Debt Impairment	-	(28 281 335)	(28 281 335)
	-	**(23 103 153)**	**(23 103 153)**

Liquidity risk	**As previously reported**	**Correction of error**	**Restated**
Cash and cash equivalents (Cash at bank)	-	8 885 301	8 885 301

Government grants and subsidies	**As previously reported**	**Correction of error**	**Restated**
Conditional grants received	-	60 181 170	60 181 170
Unconditional grants received	-	190 445 000	190 445 000
	-	**250 626 170**	**250 626 170**

Unspent conditional grants and receipts	**As previously reported**	**Correction of error**	**Restated**
Balance at the beginning of the year	-	40 471	40 471
Additions during the year	-	72 117 000	72 117 000
Income recognition during the year	-	(60 181 170)	(60 181 170)
	-	**11 976 301**	**11 976 301**

Statutory receivables	**As previously reported**	**Correction of error**	**Restated**
Property rates	40 194 507	-	40 194 507
Interest on property rates	-	4 236 060	4 236 060
Traffic fines	3 807 914	-	3 807 914
VAT Control	5 749 522	(5 741 035)	8 487
	49 751 943	**(1 504 975)**	**48 246 968**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

53. Prior-year adjustments (continued)

Statutory receivables that are past due at the reporting date, and have been impaired	As previously reported	Correction of error	Restated
Property Rates	22 992 501	17 133 047	40 125 548
Traffic Fines	3 807 914	-	3 807 914
Interest on property rates	-	4 061 384	4 061 384
	26 800 415	**21 194 431**	**47 994 846**

Statutory receivables that are past due that have not been impaired	As previously reported	Correction of error	Restated
Property Rates	17 177 003	(17 108 044)	68 959
Interest on property rates	-	174 676	174 676
	17 177 003	**(16 933 368)**	**243 635**

Receivables from exchange	As previously reported	Correction of error	Restated
Balance at the beginning of the year	42 838 240	(767 737)	42 070 503
Contributions to provision	20 430 288	(2 516 929)	17 913 359
Bad debts written off	(2 960 191)	320 400	(2 639 791)
	60 308 337	**(2 964 266)**	**57 344 071**

Receivables from non-exchange	As previously reported	Correction of error	Restated
Balance at the beginning of the year	22 266 409	17 159 125	39 425 534
Contributions to provision	6 348 300	9 087 700	15 436 000
Bad debts written off	(1 814 294)	760 203	(1 054 091)
	26 800 415	**27 007 028**	**53 807 443**

Lease liability	As previously reported	Correction of error	Restated
- within one year	821 800	41 090	862 890
- in second to fifth year inclusive	958 766	109 793	1 068 559
Subtotal	1 780 566	150 883	1 931 449
less: future finance charges	(203 944)	(21 075)	(225 019)
	1 576 622	**129 808**	**1 706 430**

Construction contracts	As previously reported	Correction of error	Restated
Opening balance	-	-	-
Amounts received for the year	-	13 442 609	13 442 609
Amount of revenue arising from such agreement in the period	-	(13 442 609)	(13 442 609)
Amounts received in advance at year end	**-**	**-**	**-**

Construction contracts	2025	2024
Aggregate amount of costs	1 028 035	771 738
Retentions on Contruction contracts in progress	-	267 693
Amounts received in advance at year end	-	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

54. Accumulated surplus

Accumulated surplus

Accumulated surplus		
Closing balance	531 505 428	550 869 031

55. Events after the reporting date

Post year end minutes of the Council meeting dated 31st July 2025, presented two non-adjusting events:
(i) Councillor Thembani Mfono, who was the Ward 5 Councillor had resigned with immediate effect from the 25th of July 2025.
(ii) A director in charge of Infrastructure, Planning and Development was placed on suspension on 30 September 2024. The disciplinary process was finalised on 16 July 2025 and found him guilty and recommended dismissal.

56. Principals- Agent Arrangements

The Municipality acts as an agent for the Department of Transport and manages the issuing of vehicle licences for a commission.

The Municipality does not incur any expenses on behalf of the principal.

The Municipality does not hold any resources on behalf of the principal that is recognised in the financial statements of the Municipality.

The following transactions were undertaken by the Municipality as part of principal-agent arrangement:

Revenue collected from third parties on behalf of the department	10 511 064	10 037 897

Income from Agency Services		
Commission earned on vehicle registrations	2 045 390	1 975 315

Liabilities		
Revenue due to the principal and not paid over at year end included in Payables from Exchange transactions	2 999 381	2 045 611

The Municipality (Principal) entered into an agreement with Contour Technology (Pty) Ltd (Agent) to provide the hosting, vending, data management and supplementary support services to the Municipality. Contour Technology (Pty) Ltd distributes the prepaid electricity (by way of vendors) to third parties and pays the revenue received over to the Municipality. The company does not use any of the Municipality's resources.

This contract will terminate after 90 days written notice and written acknowledgement of such notice by the other party.

Termination or cancellation of this contract will not affect any rights or duties arising under it with respect to Proprietary information or payment of charges.

Fees paid to Contour Technology (Pty) Ltd	840 132	691 740

Revenue due to the principal and not paid at year end included in Sundry Receivables.	80 925	118 307

57. Non-living resources

Other than land, in terms of GRAP 110, Elundini Local Municipality identified within its jurisdiction an aquifer in its natural state and is mandated in terms of National Water Act 36 of 1998 and Water Services Act 108 of 1997 to undertake measures that ensure that quality of water is maintained and such undertaking will not result in a change in the water's natural state. The municipality drilled 150 meters borehole actively extracting water for community use in its natural state which it controls and maintains as a service delivery objective.

58. Unauthorised expenditure

Unauthorised expenditure relates to expenditure in excess of the approved budget. No unauthorised expenditure has been reported in the current financial year 2025.

Unauthorised expenditure -Operational	June 2025 (Actual)	2025 (Final Budget)	2025 (Unauthorised)
Vote 1- Executive and Council	56 075 756	62 163 415	-
Vote 2- Budget and Treasury	103 374 892	103 458 736	-
Vote 3- Corporate admin	35 234 517	41 964 458	-
Vote 4- Community services	58 790 450	77 263 000	-
Vote 5 Strategic Planning and Development	17 293 939	24 643 000	-
Vote 6- Infrastructure Planning and Development	137 002 086	139 157 265	-
	407 771 640	**448 649 874**	**-**

Unauthorised expenditure - Capital	June 2025 (Actual)	2025 (Final Budget)	2025 (Unauthorised)
Vote 1- Executive and Council	37 658	100 000	-
Vote 2- Budget and Treasury	2 578 006	2 900 000	-
Vote 3- Corporate admin	-	200 000	-
Vote 4- Community services	1 177 323	3 228 000	-
Vote 5 Strategic Planning and Development	63 800	1 110 000	-
Vote 6- Infrastructure Planning and Development	50 295 189	78 506 000	-
	54 151 976	**86 044 000**	**-**

Unauthorised expenditure	**June 2024 (Actual)**	**2024 (Final Budget)**	**2024 (Unauthorised)**
Vote 1- Executive and Council	52 836 901	62 099 254	-
Vote 2- Budget and Treasury	46 669 966	85 261 581	-
Vote 3- Corporate admin	47 607 037	60 679 932	-
Vote 4- Community services	53 768 126	67 577 956	-
Vote 5 Strategic Planning and Development	14 652 530	24 683 940	-
Vote 6- Infrastructure Planning and Development	152 894 267	247 618 512	-
	368 428 827	**547 921 175**	**-**

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes: overspending of the total amount appropriated in the municipality's approved budget; overspending of the total amount appropriated for a vote in the approved budget expenditure from a vote unrelated to the department or functional area covered by the vote; expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation otherwise than in accordance with any conditions of the allocation; or a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act.

The Municipality did not incur any unauthorised expenditure in the current year.

59. Segment information

General information

Notes to the Annual Financial Statements

59. Segment information (continued)

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. 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.

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	Halls, cemeteries, parks, tourism and library services.
Electricity	Electricity services.
Public safety	Traffic control and animal pounds.
Planning and development	Town planning, building control and project management unit.
Roads	Construction and maintenance of roads and stormwater.
Refuse removal	Refuse removal services.

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

Geographic segment reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered to be 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 geographical area.

Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies. Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page. The Municipality had no changes in the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Other non-reportable segments

These are other units of the Municipality which supply of overall governance and administrative services to the segments below. In terms of GRAP18 these are non-reportable segments.

59. Segment information (continued)

Segment surplus or deficit, assets and liabilities

June- 2025

	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse removal	Total reportable segments	Non reportable segments	Total
Revenue									
Revenue from exchange transactions	-	-	-	-	-	-	-	-	-
Service charges	-	37 034 950	-	-	-	6 781 385	43 816 335	-	43 816 335
Construction contracts	-	7 820 870	-	-	-	-	7 820 870	-	7 820 870
Rental of facilities and equipment	46 423	2 133 686	-	-	-	-	2 180 109	3 348	2 183 457
Interest on Investments	-	-	-	-	-	-	-	4 379 571	4 379 571
Interest on Debtors	-	-	-	-	-	-	-	6 289 889	6 289 889
Licences and permits	-	-	1 338 531	-	-	-	1 338 531	96 134	1 434 665
Agency services	-	-	2 045 390	-	-	-	2 045 390	-	2 045 390
Other income	26 257	-	264 255	-	-	-	290 512	714 813	1 005 325
Revenue from non - exchange transactions	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	28 799 937	28 799 937
Government grants and subsidies	6 252 295	-	-	2 558 249	54 134 969	-	62 945 513	202 368 000	265 313 513
Electricity Availability Charges	-	9 920 658	-	-	-	-	9 920 658	-	9 920 658
Fine , penalties and forfeits	-	32 623	385 900	-	-	-	418 523	1 307 182	1 725 705
Interest Received- Rates	-	-	-	-	-	-	-	5 280 621	5 280 621
Services in Kind	-	-	-	-	1 753 800	-	1 753 800	-	1 753 800
Actuarial gain	-	-	-	-	-	-	-	998 199	998 199
Donations	300 534	-	-	-	-	-	-	-	300 534
Fair value	-	-	-	-	-	-	-	583 195	583 195
Total segment revenue	**6 625 509**	**56 942 787**	**4 034 076**	**2 558 249**	**55 888 769**	**6 781 385**	**132 530 241**	**250 820 889**	**383 651 664**
Entity's revenue									**383 651 664**

Notes to the Annual Financial Statements

Figures in Rand

59. Segment information (continued)

	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse removal	Total reportable segments	Non reportable segments	Total
Expenditure									
Employee related costs	13 695 854	8 650 409	14 135 976	13 865 134	13 452 020	13 361 296	77 160 689	67 707 576	144 868 265
Remuneration of councillors	-	-	-	-	-	-	-	14 435 731	14 435 731
Debt impairment	-	2 652 896	-	-	-	1 619 087	4 271 983	22 248 171	26 520 154
Depreciation and amortisation	-	6 764 830	-	-	23 909 242	-	30 674 072	11 145 716	41 819 788
Impairment loss	-	-	-	-	-	-	-	3 059 768	3 059 768
Finance cost	-	-	-	-	-	-	-	7 476 557	7 476 557
Bulk purchases	-	37 411 630	-	-	-	-	37 411 630	-	37 411 630
Sale of goods	200	-	-	-	40 847	-	41 047	239 870	280 917
Contracted services	7 697 199	10 933 059	539 416	2 376 134	16 335 995	1 013 870	38 895 673	31 388 177	70 283 850
Transfers and subsidies	-	6 020 428	-	-	-	-	6 020 428	-	6 020 428
General expenses	894 614	3 577 982	1 552 962	1 052 671	5 149 857	3 750 274	15 978 360	34 834 505	50 812 865
Loss on disposal of non-monetary assets	-	-	-	-	-	-	-	25 309	25 309
Total segment expenditure	**22 287 867**	**76 011 234**	**16 228 354**	**17 293 939**	**58 887 961**	**19 744 527**	**210 453 882**	**192 561 380**	**403 015 262**
Total municipality's surplus (deficit) for the period	**(15 662 358)**	**(19 068 447)**	**(12 194 278)**	**(14 735 690)**	**(2 999 192)**	**(12 963 142)**	**(77 923 641)**	**58 259 509**	**(19 363 598)**
Unallocated assets									692 921 708
Total assets as per Statement of financial Position									**692 921 708**
Unallocated liabilities									161 416 272
Total liabilities as per Statement of financial Position									**161 416 272**

Notes to the Annual Financial Statements

Figures in Rand

59. Segment information (continued)

June 2024

	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse removal	Total reportable segments	Non reportable segments	Total
Revenue									
Revenue from exchange transactions	-	-	-	-	-	-	-	-	-
Service charges	-	32 450 672	-	-	-	6 433 387	38 884 059	-	38 884 059
Construction contracts	-	13 442 609	-	-	-	-	13 442 609	-	13 442 609
Rental of facilities and equipment	60 587	2 005 974	-	-	221 782	-	2 288 343	798	2 289 141
Interest on Investments	-	-	-	-	-	-	-	6 267 229	6 267 229
Interest on Debtors	-	-	-	-	-	-	-	4 933 999	4 933 999
Licences and permits	-	-	1 594 682	-	-	-	1 594 682	36 369	1 631 051
Agency services	-	-	1 975 315	-	-	-	1 975 315	-	1 975 315
Other income	42 614	-	130 149	-	-	-	172 763	1 795 025	1 967 788
Revenue from non - exchange transactions	-	-	-	-	-	-	-	-	-
Property rates	-	-	-	-	-	-	-	27 326 318	27 326 318
Government grants and subsidies	7 096 586	-	-	2 702 250	48 680 532	1 802	58 481 170	192 145 000	250 626 170
Electricity Availability Charges	-	9 982 142	-	-	-	-	9 982 142	-	9 982 142
Fine , penalties and forfeits	-	-	236 100	-	92 205	-	328 305	1 312 412	1 640 717
Interest Received- Rates	-	-	-	-	-	-	-	4 272 367	4 272 367
Total segment revenue	**7 199 787**	**57 881 397**	**3 936 246**	**2 702 250**	**48 994 519**	**6 435 189**	**127 149 388**	**238 089 517**	**365 238 905**
Entity's revenue									**365 238 905**

Notes to the Annual Financial Statements

Figures in Rand

59. Segment information (continued)

	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse removal	Total reportable segments	Non reportable segments	Total
Expenditure									
Employee related costs	13 068 271	7 283 498	12 783 276	12 680 614	12 545 329	12 769 844	71 130 832	64 068 970	135 199 802
Remuneration of councillors	-	-	-	-	-	-	-	13 417 830	13 417 830
Debt impairment	-	-	-	-	-	-	-	31 975 218	31 975 218
Depreciation and amortisation	-	3 833 037	-	-	19 127 500	1 682 295	24 642 832	13 071 086	37 713 918
Impairment loss	4 359 145	-	-	-	13 878 276	-	18 237 421	13 488	18 250 909
Finance cost	-	-	-	-	-	-	-	6 687 692	6 687 692
Bulk purchases	-	32 028 659	-	-	-	-	32 028 659	-	32 028 659
Sale of goods	524	226 414	-	4 500	-	-	231 438	419 935	651 373
Contracted services	6 113 391	16 537 158	854 667	5 639 276	6 672 850	2 424 297	38 241 639	21 847 620	60 089 259
Transfers and subsidies	-	4 480 648	-	-	-	-	4 480 648	1 015 000	5 495 648
General expenses	1 118 069	2 486 239	1 324 982	1 599 259	4 607 923	941 361	12 077 833	40 624 334	52 702 167
Loss on disposal of non-monetary assets	-	-	-	-	-	-	-	1 490 989	1 490 989
Actuarial losses	-	-	-	-	-	-	-	1 233 994	1 233 994
Total segment expenditure	**24 659 400**	**66 875 653**	**14 962 925**	**19 923 649**	**56 831 878**	**17 817 797**	**201 071 302**	**195 866 156**	**396 937 458**
Total municipality's surplus (deficit) for the period	**(17 459 613)**	**(8 994 256)**	**(11 026 679)**	**(17 221 399)**	**(7 837 359)**	**(11 382 608)**	**(73 921 914)**	**42 223 361**	**(31 698 553)**
Unallocated assets									704 390 946
Total assets as per Statement of financial Position									**704 390 946**
Unallocated liabilities									153 521 910
Total liabilities as per Statement of financial Position									**153 521 910**

60. Budget differences

Material differences between budget and actual amounts

60. Budget differences (continued)

60.1 A budget provision for sale of goods was made when the budget was prepared however there were no sale of goods realised for the year under review.

60.2 The actual is more than budgeted, the budget is net off indigent relief.

60.3 Revenue realised on INEP grant it is a requirement in terms of MFMA circular 16 that a revenue realised on INEP grant should be construction contract revenue. The budget is sitting under capital grants that is why there is a varience between budget and actuals.

60.4 The actual is less than budgeted, the budget is net off indigent relief.

60.5 The actual is less than the budget due to tenants who moved out and not replaced.

60.6 There were agency fees budgeted, however the actual agency fees collected is disclosed under other revenue streams hence the varience and it will be corrected in the following year.

60.7 Variance due to less revenue collected due to network challenges nationally and locally . Locally Eskom has been a challenge, we will go upto two weeks with no electricity therefore we lost revenue on licences & permits.

60.8Aamount of R706 million that was budgeted for was to counter fund for Depreciation and debt impairment costs, even though they are non cash items they must be funded as per budget circular No.115. The variance of R58 million is under collected due to poor revenue collection and non-implemenattion of revenue enhancement starategy and cost containment measures.

60.9Debt impairment was more than the budget due to low collection.

60.10 .Interest on investment, the interest is under collected due to reduction on grants received, we invest grants received, and also due to accelaration of spoending due to projects that must be completed at year end.

60.11The original budget was reduced due to low collection on property rates during the mid year performance assessment, at year end the was an improvement on collection.

60.12 he budget amount for electricity charges was not split separately, it was included on electricity sales during the budget stage. However it will be corrected in the next budget cycle.

60.13 Donations that were not budgeted for.

60.14 Grants as per Dora allocation are received in full, the difference is the Library grant which is under operating revenue.

60.15 The variance is due to free use of an asset belonging to onother organ of state which was never budgted for.

60.16 The budgeted amount was based on prior year actuals and the applicable increase. There is great improvement in collection this year as compared to the previous year.

60.17 Debt impairment was more than the budget due to low collection.

60.18 A budget provision for gains was made when the budget was prepared however there were less gains realised for the year under review.

60.19 Budgeted Employee related costs includes 14 % of the total package and of the basic salary for performance bonus, which was not paid during the year under review but only paid in the new year and vacant positions that are not filled.

60.20 The budgeted amount for remuneration of Councillors is almost in line with the actuals the variance is imaterial.

60.21 Depreciation cost are over budgeted by R8.5 million. There were a number of disposals which were not anticipated.

60.22 The variance is as a result of impairment loss that was not unticipated.

Figures in Rand	2025	2024

60. Budget differences (continued)

60.23 The variance is due to under budgeted finance costs.

60.24 Debt impairment was more than the budget due to low collection.

60.25 Debt impairment was more than the budget due to low collection.

60.26 The bulk purchases budget was increased due to high demand in winter season however it was not enough to cover the winter demand.

60.27 R12.8 million is due to savings on projects implemented

60.28 The budget for transfers and subsidies is under Indigent relief.

60.29 The variance is due to on consumables.

60.30 R20.2 million is due to savings on projects implemented and also projects that are not fully implemented for the period under review and also over budgeted as we are budgeting on estimates.

60.31 Variance is due to INEP grant that was budgeted under capital transfers, whereas the amount spent was operationalised.

60.32 Fairvalue on assets on the floor not budgeted for.

60.33 The variance is due to actuarial gains/losses that were not budgeted, there was no anticipation that there will be actual gains/losses

60.34 The loss on non-current assets held for sale was not budgeted for as it was never anticipated to be incurred.

60.35 There is no inventory mamagement

60.36 There is a variance due to low collection.

60.37 There is a variance due to over collection.

60.38 There is a variance due to low collection.

60.39 The variance is due to over budgeting of cash and cash equivalents .

60.40 Investment Property was over budgeted for. There is also impairment that reduced Investment property.

60.41 PPE increased due to new asset acquisitions and asset donation from dept of sport.

60.42 Intangible assets increased in amortization.

60.43 The budget for finance lease obligation is included on payables that’s why there is a variance.

60.44 There is a variance due to savings on projects.

60.45 No non-exchange payables were incurred.

60.46 There was no vat payable to Sars even though the budget was provided.

60.47 The budget for employee benefits is included on provisions.

60.48 There are grants that were not fully spent and the municipality didn’t foresee on the budget stage.

60.49 The budget for employee benefits is included on provisions.

60.50 Consumer deposits is almost in line with the budgeted amount

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

60. Budget differences (continued)

60.51 The reedemable amount was over budgeted for .

60.52 There was no budget for finance lease obligation under non-current liabilities.

60.53 There was no budget for employee benefit bligation under non-current liabilities.

60.54 There was no budget for provisions under non-current liabilities

60.55 There was under budget on this item.

60.56 The budgeted net cash flows was less than the actual.

60.57 The variance is due to capital projects not implemented as budgeted for.
60.58 The Municipality didnt receive income from borrowings and internally generated funds.

61. Additional disclosure in terms of Municipal Finance Management Act

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Contributions to organised local government

Current year subscription / fee	1 670 148	1 642 958
Refund and discount received	-	(82 148)
Amount paid - current year	(27 190)	(1 560 810)
	1 642 958	**-**

Audit fees

Opening balance	-	380 142
Current year subscription / fee	5 188 129	6 424 865
Amount paid - current year	(5 188 129)	(6 805 007)
	-	-

PAYE, SDL and UIF

Opening balance	1 451 408	1 424 622
Current year subscription / fee	27 021 402	24 530 062
Amount paid - current year	(27 479 971)	(24 503 276)
	992 839	**1 451 408**

Pension and Medical Aid Deductions

Opening balance	(6 487)	(6 487)
Current year subscription / fee	23 545 262	21 625 566
Amount paid - current year	(23 545 262)	(21 625 566)
	(6 487)	**(6 487)**

VAT

VAT Control	76 721	8 488

VAT output payables and VAT input receivables are shown in note 5.

VAT is payable on the receipt basis. Only once payment has been received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025:

June 2025	Outstanding more than 90 days R	Total
Cllr P. Cawe	487	487
Cllr T. Mfono	2 444	2 444
	2 931	**2 931**

June 2024	Outstanding more than 90 days R	Total
Cllr P. Cawe	1 450	1 450
Cllr T. Mfono	90 851	90 851
Cllr L.S. Ndumndum	677	677
	92 978	**92 978**

61. Additional disclosure in terms of Municipal Finance Management Act (continued)

Relationships to the person of the state not considered to be related parties.

Director	Relationship to the person of the state	Amount	Amount
Nomasiza Winnie Chaka (Imbokodo Women Trading Enterprise)	Fundiswa Chaka (Child)	845	32 179
Ndiafhi Rerani (Munsoft)	Spouse of Mary Renani (Department of Justice)	6 261 302	9 339 341
Oko Mhlwempu (Sivs Arch)	Brother of Mawande Gobeni (Unit Head of Elundini Local Municipality) Spouse of Abongille Mhlwempu (SAPS)	6 008	724 326
Litha Mpeqeka (Bralt Holdings)	Elundini Local Municipality experiencial learner (SCM)	-	209 999
Anele Thembalethu Nodikana (Maclear and Ugie Big Four)	Brother of Vuyokazi Nodikana (Elundini Local Municipality)	-	67 163
Sydwell Maqula (SMS ICT Choice)	Spouse of N.J. Majula (Department of Human Settlements)	541 721	1 941 777
Mbodla Matshutsha Vumi (Amatshutsha Logistics)	Spouse of Nqobile (Chief of staff KZN Office of the Premier)	391 510	767 641
Nosipho Kholutsoana (Lereku Trading)	Spouse of Moeketsi Kholutsoana (Forman of Structures at Elundini Local Municipality)	-	6 000
Zingisa Xolisa Ntokozo Sibanda(Mtshokotsho Investment)	Brother to Elundinin Local Municipality Councilor	180 263	-
Njongo Mabandla(Geemabie Trading)	Spouse to Maleshoane Mabandla (SAPS)	24 000	-
		7 405 649	**13 088 426**

61. Additional disclosure in terms of Municipal Finance Management Act (continued)

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.

62. Private Public Partnerships (PPP)

The Municipality entered into a Private Public Partnership with Ndibano Consortium (PTY) LTD on 19 October 2023.

In terms of the PPP the Ndibano Consortium (PTY) LTD will be responsible for the development of the Ugie Agro-Hub by designing, buliding, financing, operating and transfer of the Agro-Hub. Improvements developed shall remain in the ownership of Elundini local Municipality.

The duration of the contract is 30 years and the actual payments (including VAT) are as follows:

Year	Amount Paid
2024/25	R2 013 730

63. Material losses

	2025	2024
Units purchased (kwh)	18 340 864	17 805 656
Units sold (kwh)	13 977 209	13 178 213
Units lost during distribution	4 363 654	4 627 443
Percentage lost during distribution	24,00 %	26,00 %
Average cost per kwh unit (excl VAT)	R 2,00	R 2,00
Rand value of loss	8 423 234	10 681 757
	45 104 987	**46 293 097**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

64. Going concern

Going concern
We draw attention to the fact that as at 30 June 2025, despite the Municipality having an accumulated surplus of R531,5 million, it incurred a deficit of R19,4 million from a deficit of R31,7 million in 2024, and generated a net cash inflow from operating activities of R31,8 million for the year ended 30 June 2025.

Events and conditions that impact the going concern of the Municipality

Throughout the year under review the Municipality continued to deliver on its mandate to offer services to the community despite the shortcomings in the funding and external and internal factors that negatively impacted the entity's financial performance.

Operating losses: The reported deficit has reduced by 39%, from R31,7 million in the previous year to R19.4 million in the current year. The Municipality is rural and largely reliant on the grants received from government as well as revenue from property rates, electricity sales and refuse for revenue generation. Total revenue increased by 5% from R365.2 million in the previous year to R382.1 million in the current year. However, cash collections from rate payers and consumers remain constricted with debt impairment remaining high at R26.5 million down by 17% from R32 million from the previous year.

The Municipality has been experiencing positive operating cashflows for the past two years, this trend is pro¬jected to exist for the foreseeable future. In the year under review the cash inflow from operations was R31.8 million (2024: R50.0 million). The results represent a R18.1 million deterioration. The cash position as at 30 June 2025 declined to R16.8 million (2024: R49.7 million).

Ability to pay creditors on due dates: Payables increased by 37% from R51.1 million from prior year to R70.3 million in the current year. The Municipality has largely been able to settle all its operating payables within the agreed due dates and is up to date with the payment of all obligations, including SARS, pension funds, medical aids, bargaining Council, SALGA, and audit fees.

Net current liability position: Net current liability position (total current liabilities exceeded total current assets) was R65.8 million, a 124% deterioration from prior year (2024: R36.4 million).
Net Assets: As of the reporting date, the Municipality's assets exceed liabilities by R531.5 million for the year under review.
The above results in adverse key financial ratios. The Current ratio worsened to 0.36 (2024: 0.68). The benchmark is usually 1:2.

Mitigating factors

The risk to the above mitigated by the following main measures in the forecast period: -

- The Municipality has the full financial support from government in terms of Grants to support both operations and capital projects. All of the Municipality's commitments are backed by the approved grants;
- There is continued efforts from various spheres of government to push other organs of state to settle their outstanding debts. This is expected to yield more results in the coming financial year and will improve cash available to the municipality;
- The municipality does have equivalent cash reserves to honour the contingent obligations should they fall due.
- Complementary to the above, internal efficiency measures are being introduced to streamline expenditure without compromising service delivery. Cost containment and performance management will be closely monitored to ensure that limited resources are used effectively.

Conclusion
Based on these factors and assessments, whilst there are inherent uncertainties, the Council has assessed the Municipality's unfavourable liquidity and solvency and is of the opinion that whilst there is material uncertainty, the going concern assumption is appropriate in the preparation of the Municipality's annual financial statements.