



Elundini Local Municipality

Nqanqarhu | Ugie | Tlokoeng

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2022



ABBREVIATIONS:

AIDS:	Acquired Immune Deficiency Syndrome
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
PLW:	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:	Ethic 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:	Intergovernmental 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 Acquisition of Land 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

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1. CHAPTER ONE

1.1 MAYOR'S FOREWORD AND EXECUTIVE SUMMARY



This is the first annual report under the new administration which was ushered into power after the local government elections which were held on 01 November 2021. This 2021-2022 annual report gives account of municipal service delivery performance; governance matters and compliance matters. As the Council we managed to achieve some service delivery milestones even though our performance was not enough due to a lot of challenges that we faced as we commenced our term of office. We always work under pressure to eliminate infrastructure backlog; accelerate service delivery and maintain the infrastructure that we build so that it does not wear out before its life span. We therefore cannot afford as this Council to be sluggish at any given point in time. This Council developed a new vision for the municipality and we said we aspire to be pioneers of sustainable rural development. Pioneering which is under-pinned by innovation and creativity; do things differently to get different results and deliver sustainable services. The onus is therefore on us to live up to this vision that we crafted for ourselves.

We achieved 50% of our targets on our institutional performance and this is a significant decrease from previous year's performance of 64.2% which was also not the best performance for us as the Council. We achieved 64.2% for Basic Service Delivery key performance area and we also need to improve our performance on this area because critical service delivery is carried out by this function. The main challenges which compromised our performance were around delays in the implementation of some of the projects due to bad weather conditions which affected us in quarter three; delays in supply chain management processes as a result of the moratorium by National Treasury to stop procurement processes; partial achievement of other projects which was regarded as non-achievement because they were not 100% complete at the end of the financial year. The instability in the administration due to the end of contracts of some directors and the municipal manager left a huge gap and the municipality ailing. This indeed threw a spanner in the works. We also fell from grace with regards to audit outcomes as we moved from clean audit to unqualified audit opinion. King Solomon says in one of his writings in the Book of Proverbs "a just man falls seven times but he rises up again". So even though the falling is not a nice experience but the most important thing is that whenever you must be able to rise up again, pick up the pieces and soldier on. All these challenges that faced as we start our term need to be looked at critically and come up with workable solutions to improve and go back to our glorious spot. This will require unity, single-mindedness to all of us who are involved – the political and administrative arm. We need to pay attention and focus on building a harmonious team because it is true what they say "united we stand, divided we fall".

We are proud though in spite of these challenges to report that we electrified 540 households; constructed 10 kms of link lines and upgraded 7 electrical networks. We constructed 10.15 kms of access roads; constructed 05 public amenities; maintained 174.9 kms of access roads and 100% of stormwater drainage; collected refuse to commercial and residential properties on a weekly basis and 13 open spaces were beautified. We provided 5 914 households with free basic services. All council committees were established and inducted including ward committees. We also reviewed ward-based plans to renew development mandate for ward councillors and communities. We supported 12 new SMEs in construction as part of local contractor support program. We supported 10 youth-owned enterprises and 05 women-owned enterprises working with other public bodies. We created 463 job opportunities through CWP & EPWP programs. We also implemented 02 projects for people with disability and continued with our HIV/AIDS coordination. We formalised 09 cemeteries and provided 12 trader facilities for SMEs.

Lastly, on behalf of the Council I would like to extend warmest gratitude to all the role-players in community development and service delivery such as our communities; stakeholders; ratepayers; our counterparts - government departments, municipalities and entities; our administration led by the Municipal Manager for working so hard to ensure the Council achieves its vision, mission and targets. We are eternally grateful to all those

who without fail, always bring their A game and contribute to the development and growth of the municipality through your inputs, engagements and execution.



Cllr MPSS Leteba

Mayor

30 March 2023

1.2 MUNICIPAL MANAGER'S OVERVIEW



During the 2021/2022 financial year, the performance of the municipality suffered setbacks due to plethora of challenges that were experienced. The institutional performance decreased from 64.2% in 2020-2021 to 50%. At a departmental level Budget and Treasury Office achieved 58.8%. Corporate Services achieved 50%; Infrastructure Planning and Development achieved 55,5%; Community Services achieved 77.77%; the Office of the Municipal Manager achieved 81% and Economic Planning & Development achieved 90% of the departmental performance.

As alluded above, there are many challenges that were faced for the year under review which contributed to the decline of municipal performance. These challenges included bad weather conditions especially in the third quarter of the year which affected mainly infrastructure projects; delays in procurement processes due to National Treasury moratorium; poor performance of some contractors; difficulties experienced to re-register indigents households. These challenges inherently affected infrastructure spending which dropped to 92%. The new Council also required a supply chain management policy change for local beneficiation to move from 30% to 50%. This contributed in the delay on the appointment of service providers for new framework contracts. The vacancies on critical positions in top management exacerbated matters and left a huge administrative gap.

As if the financial year was not challenging enough, the municipality slightly regressed in audit outcomes from clean audit which was obtained for two consecutive years, to unqualified audit outcome. The administration commits to correct all the issues that led to this regression so that the clean audit status

is maintained in the next financial years. The municipality also needs to focus on revenue enhancement strategies to address the Auditor-General's concern of decreasing reserves and to ensure the municipality maintains its financial health status.

Notwithstanding all these challenges, we will continue to strive to achieve the vision and mission that was set by the new Council to be a pioneer for sustainable development and to ensure that we deliver quality services to the communities that we serve through good governance and administration. We commit to live and act in accordance our values; ensure that communities are at the centre their development; ensure that we work together as a team and subscribe to high values and morals to maintain the integrity of the municipality; and treat everyone with dignity and courtesy. Lastly, I would like appreciate political and administrative support; every effort that was made by all critical stakeholders to contribute towards the achievement of our performance.



Jack/Thando Mdeni
Municipal Manager
30 March 2023

1.3 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The functions of the Elundini Local Municipality (ELM) are derived from schedules 4B and 5B of the Constitution of the Republic of South Africa, read in conjunction with section 84 of the Local Government: Municipal Structures Act (Act No 117 of 1998). The specific functions performed by the ELM are listed in **appendix B**. The ELM is a Category B municipality located within the Joe Gqabi District in the north-eastern portion of the Eastern Cape Province. 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 ELM is one of the most scenic and attractive areas of the province, with considerable potential lying in its deep, fertile soils and high rainfall. Compared to the other municipalities in the Joe Gqabi District, Elundini has prospects of significant growth and upliftment in the quality of life for its residents due to its relative abundance of natural resources. The urban areas and commercial farming district are the highest employers, where people have found employment in the agriculture, commercial and service sectors.

The urban areas and commercial farming district are the highest employers, where people have found employment in the agriculture, commercial and service sectors. There are very low levels of employment in the rural settlements. This can be partly attributed to the fact that these areas do not have a strong economic base, and partly to the fact that most inhabitants are involved in subsistence-related activities with little surplus being produced for economic profit. Due to the migrant system in operation in South Africa, the impact of recessionary downturns in the economy elsewhere (such as in the mining industry, Gauteng and Cape Town) have had an impact on the Elundini area. There is still a heavy reliance on income from migrant sources. The towns in ELM are Nqanqarhu, Tlokoeng, and Ugie characterized by vast farming areas in the areas surrounding Nqanqarhu and Ugie as well as the Pitseng area in Tlokoeng. The main economic sectors are social services/government (41%), agriculture (28%), and wholesale and retail trade (14%). The majority of ELM's inhabitants reside in rural villages situated in the foothills of Maluti Mountains and Southern Drakensburg Range as well as the rural villages inherited through the demarcation process from the magisterial districts of Tsolo and Qumbu. The R56 runs through Elundini Municipal area linking the three towns with KwaZulu-Natal to the north and

Queenstown to the south. The main Economic Sectors are Social services/government, agriculture, and wholesale and retail trade. The ELM covers an area of 5,064 km² and has 17 Wards and according to the recent Community Survey (CS) of 2016 released by Statistics South Africa (StatsSA), the ELM is the most populous municipality in the Joe Gqabi District Municipality (JGDM) with an estimated population of 144 929 an increase of 6 788 people, amounting to 4.7%, from the Census 2011 figures of 138 141 people. The largest population of ELM is made up of females which constitute 60.9% (88 247) of the total population and males constitute 39.1% (56 682) of the total population.

The ELM is one of the most scenic and attractive areas in the Province with considerable potential lying in its deep, fertile soils and high rainfall. Compared to the other municipalities in the JGDM, ELM has prospects of significant growth and upliftment in the quality of life for its residents, due to its relative abundance of natural resources. The map below depicts the geographical area of ELM:

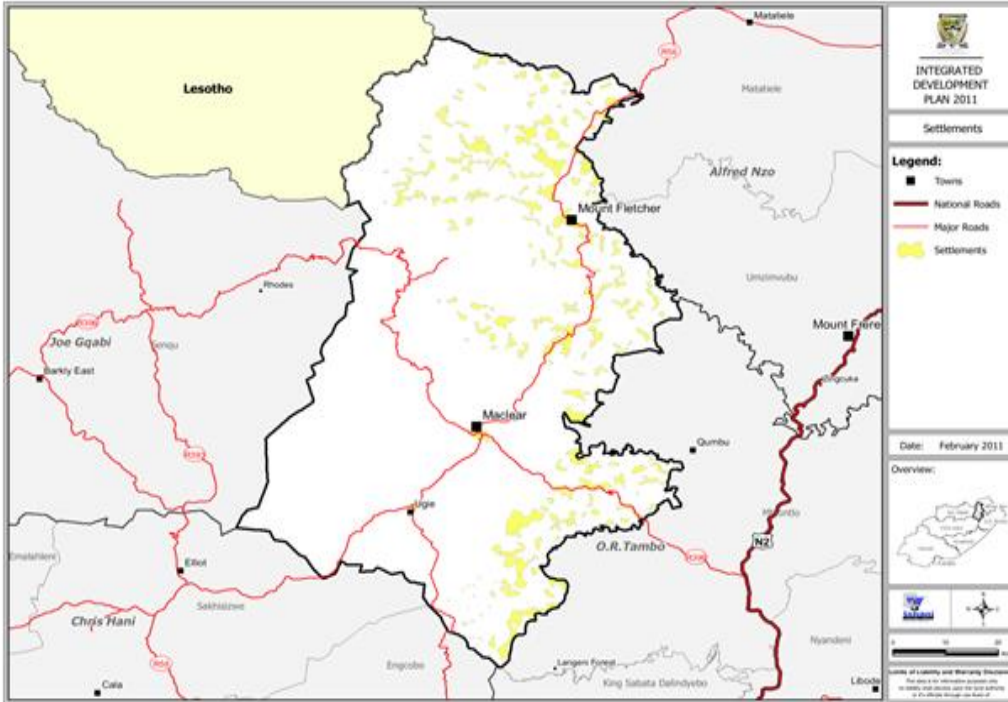


Figure 1: ELM Geographical Area

Source: Elundini IDP 2017/2022

The JGDM total population has increased by 23 144 people from the Census 2011 figures of 349 768 to 372 912 of the CS 2016 figures. This represents a 6.2% increase between 2011 and 2016 from an increase of 2.3% between 2001 and 2011 figures. From the JGDM total population, the ELM has seen a significant increase of 6 790 people representing an increase of 4.7% between 2011 and 2016 as compared to an increase of 0.5% between 2001 and 2016. Although there has been an increase in the number of people, between 2011 and 2016, in both the district and ELM, there is noticeable decrease in the number of households both in the district and ELM. Both municipalities experienced a decrease of 0.2% and 0.5% 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 which were the formal structures in JGDM increased from 60.3% to 69.6% and on ELM increased from 33% to 47.8%.

Table 1: Elundini Population

Municipality	2001	2011	2016	% growth			Number of households			
				1996 - 2001	2001 - 2011	2011 - 2016	2001	2011	2016	% Change
JGDM	341 750	349 768	372 912	8.2%	2.3%	6.2%	84 835	95 294	95 107	-0.2%
Elundini	137 394	138 141	144 929	3.7%	0.5%	4.7%	33 209	35 992	35 804	-0.5%

Source: Census 2001, Census 2011 and CS 2016

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

Table 2: Population by Gender

Age category	1996			2001			2011			2016		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
00 – 04	8 907	8 900	17 807	7 577	7 364	14 941	8 188	7 949	16 137	8 761	8 489	17 250
05 – 09	11 047	10 798	21 845	10 130	9 926	20 057	8 164	7 829	15 993	9 052	9 304	18 356
10 – 14	11 229	11 168	22 398	11 391	11 337	22 727	8 860	7 866	16 726	9 976	8 702	18 678
15 – 19	8 251	8 901	17 152	9 763	9 274	19 037	9 013	8 166	17 180	10 528	9 617	20 145
20 – 24	4 331	5 431	9 763	4 688	4 975	9 663	6 441	5 746	12 187	7 762	7 035	14 797
25 – 29	2 352	3 676	6 028	2 721	3 791	6 512	4 397	4 302	8 699	6 523	5 965	12 488
30 – 34	1 938	3 739	5 677	2 213	3 364	5 577	3 189	3 453	6 641	4 982	5 300	10 282
35 – 39	1 933	3 458	5 391	2 060	3 543	5 603	2 743	3 512	6 256	2 306	2 557	4 863
40 – 44	1 665	2 839	4 504	2 129	3 606	5 736	2 210	3 387	5 597	1 959	2 549	4 508
45 – 49	1 435	2 468	3 904	1 955	3 022	4 977	2 074	3 508	5 582	1 604	2 214	3 818
50 – 54	1 278	2 141	3 419	1 730	2 594	4 324	2 120	3 587	5 707	1 502	2 492	3 994
55 – 59	1 325	2 035	3 361	1 486	2 167	3 653	2 095	3 189	5 285	1 388	2 532	3 920
60 – 64	1 334	2 873	4 206	1 475	2 560	4 034	1 938	2 804	4 742	1 429	2 273	3 702
65-69	1 227	2 222	3 449	1 559	2 579	4 137	1 382	2 032	3 414	943	2 105	3 048
70 – 74	814	1 231	2 046	1 019	1 905	2 924	1 156	1 911	3 067	603	1 570	2 173
75 – 79	730	1 191	1 921	565	963	1 528	765	1 666	2 431	360	921	1 281

80 – 84	241	505	747	439	930	1 369	453	1 044	1 497	163	713	876
85+	184	333	517	191	403	594	294	706	1 000	108	644	752
Total	60 222	73 911	134 133	63 091	74 303	137 393	65 482	72 657	138 141	69 949	74 982	144 931

Source: Census 1996, Census 2001, Census 2011 and CS 2016

Although there has been an overall increase of 4.7% in the total population in ELM, there has been a decrease of 3.2% of the female population and an increase of 6.8% of the male population between 2011 and 2016. The female population in ELM makes 51.7% of the total population and males constitute 48.3% of the total population. In terms of the demographic distribution of the ELM population, a younger population, between the ages of 15 and 19, comprises the largest population followed by 10 and 14, 05 and 09 and 00 and 04 respectively. The table below depicts the socio-economic status, as per Community Satisfaction Survey of ELM during the year under review:

Table 3: Socio-economic status

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
Year -2	21%	24%	40.2%	52%	20%	8.4%
Year -1	21%	24%	40.2%	52%	20%	8.4%

1.4. SERVICE DELIVERY OVERVIEW

A total of 18 indicators were set for institutional SDBIP. 09 out of 18 indicators were achieved whilst 04 were not achieved and 05 were partially achieved. This accounts for 50% of performance achievement which is a significant decrease from previous year's performance of 64.2%. Basic Service Delivery had 14 indicators and achieved nine (9), those that were partially achieved were four (4) and four indicators were not achieved. Municipal Transformation had one (1) indicator was partially achieved, Local Economic Development had also one (1) indicator which was achieved; whilst Good governance achieved one (1) indicator that was planned.

With regards to departmental performance, the Office of the Municipal Manager had a total of 16 indicators. A total of 13 indicators were achieved whilst 03 indicators were not achieved. This accounts

for 81% compared to 85,7% that was achieved in the previous financial year which shows a slight regression in performance. Community Services had a total of 09 indicators. A total of 07 indicators was achieved whilst 02 indicators were not achieved. This accounts for 77.7% of the departmental performance and has also regressed compared to 100% that was achieved previously. Infrastructure Planning and Development had a total 18 indicators. A total of 10 indicators was successfully and 09 indicators were not achieved. This accounts for 55,5% of departmental performance. The performance has drastically gone down compared with 91,6 % that was achieved in 2020/21. Planning and Economic Development had a total 10 indicators. A total of 09 indicators was successfully and only one indicator was not achieved. This accounts for 90% of departmental performance and has improved compared with the previous financial year of 76%. Corporate Services had a total of 10 indicators and successfully achieved 05 out of 10 indicators. This accounts for 50% performance for the department and shows a slight regression compared to 66.7% of the previous financial year. Budget and Treasury Office had a total of 17 indicators. A total of 10 indicators were successfully achieved and 07 was not achieved. This accounts for 58.8% of departmental performance and a drastic regression compared to 77.7% of the year 2020/21.

1.5. FINANCIAL HEALTH OVERVIEW

The municipality continued to support indigent households with basic services. There was improvement in the number of days taken to pay creditors. The Demand Management Plan was efficiently implemented. Verification of assets was successfully conducted for the year under review.

1.6. 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 at 30 June 2022, the ELM’s reviewed Organogram reflected a total number of 345 positions with 292 positions filled, with 24 unfunded positions and 28 vacant funded positions. This equal to 09% vacancy rate as compared to the 13% vacancy rate in the last financial year. The comparison is based on the vacant funded positions against the filled positions per the table below. The position of Municipal Manager, Director for Corporate services and Director for Community services positions were rendered vacant due to Contract expiry. The table below depicts the employee 2021/2022 status quo per department:

Table 4: Vacancies and Filled Positions

Department	Total budgeted	Filled Posts	Vacant and Funded	Vacant & Not Funded	Vacancy %
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	posts		Posts		
Office of the MM	33	28	5	0	15%
Corporate Services	48	47	1	1	2%
Budget & Treasury Office	42	36	6	3	14%
Community Services	129	113	16	15	12%
Spatial Planning & Local Economic Dev.	10	10	0	1	0
Infrastructure Planning & Dev.	59	58	1	4	2%
TOTAL	321	292	29	24	9%

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 5: 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 6: 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 Themba Tsoaeli	Budget and Treasury
Hon Cllr Thozama May	Community Services



Cllr M P S S Leteba
Mayor;
Chairperson of Executive Committee
Chairperson of Strategic Governance
Committee



Cllr Bandile Nicholas Nqodi
Chief Whip & Chairperson of
Corporate Services Portfolio



Cllr Simphiwe Mdoda
Chairperson of
Infrastructure Planning &
Development



Cllr Mthobeli Siphambila
Chairperson of Planning &
Economic Development



Cllr Thozama Victoria May
Chairperson of Community
Services



Cllr Patrick Themba Tsoaeli
Chairperson of Budget &
Treasury

The Council has 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 with the exception of the Audit Committee were inducted in May 2022. The induction was incorporated into the induction of all councillors. Work Programs and standard agenda for Section 79 Committees were developed in compliance with the By-Law Relating to Standing Rules and Orders of the Council. During the year under review, these section 79 committees have had varying

levels of functionality, with the most active committees being the Audit Committee, Municipal Public Accounts Committee.

Table 7: 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



**Cllr V V Hokwana
Speaker of the Council &
Chairperson of Rules Committee**



**Cllr Z Mampintsha
Chairperson : MPAC**



**Cllr C L Marrand
Chairperson : Women Caucus**



**Cllr M Telile
Chairperson : Member's
Interest & Ethics Committee**



**Cllr M Thokozwayo
Chairperson : Mandate
Committee**

2.1.2. Audit Committee

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

2.1.3. 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 8: Administrative Departments : July 2021 – February 2022

NAME	OCCUPATION	DEPARTMENT
1. Mr. Khaya Gashi	Municipal Manager (July – December 2021)	Office of the Municipal Manager
2. Mrs Nonkuselo Sokutu	Senior Manager: Strategic Support	
3. Mrs. Sisekho Sako	Director	Infrastructure Planning & Development
4. Mr. Jack Thando Mdeni	CFO	Budget & Treasury
5. Mr. Sandile Matubatuba	Director (July 2021-February 2022)	Corporate Services
6. Mr. Luther Kokose	Director (July – September 2021)	Community Services
7. Mrs Ntomboxolo Eddie	Director	Planning and Economic Development



**Khaya Gashi
Municipal Manager**



**Jack T Mdeni
CFO**



**Ntomboxolo C. Eddie
Director: Planning &
Economic
Development**



**Sandile R
Matubatuba
Director: Corporate
Services**



**Sisekho Sako
Director:
Infrastructure
Planning &
Development**



**Luther T Kokose
Director:
Community
Services**



**Nonkuselo Sokutu
Senior Manager:
Strategic Support
Services**

Table 9: Administrative Departments: March 2022 – June 2022

	NAME	OCCUPATION	DEPARTMENT
8.	Mrs. Ntomboxolo C. Eddie	Acting Municipal Manager	Office of the Municipal Manager
9.		Acting Director	Corporate Services
10.		Acting Director	Community Services
11.		Acting Director	Infrastructure Planning & Development
12.		Director	Planning & Economic Development
13.	Mrs. Sisekho Sako	Director	Infrastructure Planning & Development
14.	Mr. Jack Thando Mdeni	CFO	Budget & Treasury



2.1.4. 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 but Q 2 IDP & Budget Representative Forum that was convened to sit on 9th December 2021 did not sit due councillor induction workshop. 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.

2.1.5. 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.

2.1.6. Public Meetings

2.1.6.1. Ward Committee Meetings

All ward committees were established in all wards in March and April 2022. Induction for the newly elected ward committees was successfully convened on 14 June 2022 in Nqanqarhu Town Hall and 15 June 2022 in Tlokoeng Town Hall. The workshop covered roles and responsibilities of ward committee

members as well as the code of conduct which was later signed by ward committee members during the induction workshop. All ward committees are expected to be fully functional from the first quarter of 2022/23 financial year. The induction workshop was conducted in partnership with Provincial COGTA. The Department workshopped newly elected ward committee members on roles and responsibilities of ward committees. The municipality workshopped the members of ward committees on Petition Management By-Laws and Code of Conduct. All members who attended the workshop were sworn in by the Speaker and signed the code of conduct.

2.1.6.2. Ward-Based Planning Stakeholder Meetings

Ward-based which were developed in the previous term were reviewed during the year under review.

Ward-based planning is a form of participatory planning designed to promote community action and to link to the 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. Ward-based planning should lead to improved livelihood of the community and serve as a community voice and help to inform municipality and government plans and services. Ward-based plans also play a meaningful role in:

- focussing and uniting the ward towards a shared vision and development goals
- assisting Councillors and ward committees to fulfil their tasks
- generating mutual understanding between stakeholders
- Identifying and collaborating on solutions to community needs and priorities

In 2017/2018 financial year the municipality developed ward-based plans which were approved by the Council in June 2018. These plans needed to be reviewed to renew the mandate of the new ward councillors and ward committees in terms of ward priorities and plans. The newly elected ward committee members and other community stakeholders such as Community Development Workers; Traditional Leaders; government departments; etc. participated in the review of these plans.

2.1.6.3. Community Based Meetings

The ELM demarcated 17 wards into 201 villages for village and township-based engagements. These village and township-based meetings were convened to promote focused and targeted participation within each ward. This intimate community engagement approach was initiated by ELM after observing that the conventional approach of convening ward quarterly meetings created a social distance between Council and communities. This conventional approach indirectly advantaged and unwittingly promoted participation of communities in close proximity to the central venues of ward committee meetings. The

contemporary approach not only assisted ELM in closing the social gap, it also assisted in creating 164 work opportunities under the EPWP programme to the unemployed young people as Community Participation Liaison Workers (CPLWs) who act as administrative support to community meetings and also act in the dissemination of information from Council and government departments as they are able to reach communities in their respective villages. However, the contract ended in 2020 financial year for CPLWs and the appointment of other CPLWS couldn't be done in the current financial and has been prioritised for 2022.

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

Table 10 : 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	22/09/2021, Town Hall, Nqanqarhu	10	17	10	03	01	05
IDP / Budget Rep Forum & Local Communicators Forum – Q2	09/12/2021, Town Hall, Nqanqarhu	The meeting was cancelled due to councillor induction programme					
IDP / Budget Rep Forum & Local Communicators Forum – Q3	27/01/2022, Town Hall, Nqanqarhu	25	11	20	13	00	15
IDP / Budget Rep Forum & Local Communicators Forum – Q4	26/04/2022, Town Hall, Nqanqarhu	28	07	16	18	00	03
IDP/Budget Outreach – Ward 1	12/05/2022, Ncembu Paypoint	06	02	00	128	00	01
IDP/Budget Outreach – Ward 2	12/05/2022, Ntokozweni Comm. Hall	03	04	03	96	00	01
IDP/Budget Outreach – Ward 3	16/05/2022, Sonwabile Comm. Hall	04	05	00	64	00	01
IDP/Budget Outreach – Ward 4	26/05/2022 Mission	02	02	00	65	00	01
IDP/Budget Outreach – Ward 5	12/05/2022, St John’s Church Hall, Hopedale	02	04	02	71	00	00

IDP/Budget Outreach – Ward 6	19/05/2021, Ntywenka JSS	07	04	00	56	00	01
IDP/Budget Outreach – Ward 7	19/05/2022, Skansini	02	02	00	105	02	01
IDP/Budget Outreach – Ward 8	12/05/2022, Umfanta Paypoint	04	01	00	67	00	01
IDP/Budget Outreach – Ward 9	11/05/2022, Tlokoeng T/Hall	17	07	00	30	00	00
IDP/Budget Outreach – Ward 10	11/05/2022, Amahlubi Tribal Authority	07	03	00	00	00	00
IDP/Budget Outreach – Ward 11	11/05/2022, Dengwane JSS	03	03	00	73	00	00
IDP/Budget Outreach – Ward 12	11/05/2022, Kinira Poort	03	02	00	41	02	01
IDP/Budget Outreach – Ward 13	11/05/2022, Mhoabatsane Community Hall	02	04	00	96	00	01
IDP/Budget Outreach – Ward 14	11/05/2022, Vuvu JSS	04	02	00	59	00	01
IDP/Budget Outreach – Ward 15	13/05/2022, Liphofung	02	05	00	00	00	00
IDP/Budget Outreach – Ward 16	12/05/2022, Hlankomo	02	01	02	86	00	01
IDP/Budget Outreach – Ward 17	13/05/2022, Gqaqhala JSS	03	02	03	53	00	01

Ward 10 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 10 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 11 Committee (Q 1)	02/09/2021	01	01	00	07	00	00
Ward 11 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 11 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 11 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 12 Committee (Q 1)	01/09/2021	02	01	00	10	00	01
Ward 12 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 12 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 12 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 13 Committee (Q 1)	20/09/2021	02	01	00	09	00	01
Ward 13 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 13 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 13 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 14 Committee (Q 1)	01/09/2021	01	01	00	10	00	01
Ward 14 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 14 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 14 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 15 Committee (Q 1)	03/09/2021	02	01	00	08	00	00

Ward 15 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 15 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 15 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 16 Committee (Q 1)	02/09/2021	02	01	00	10	00	01
Ward 16 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 16 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 16 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 17 Committee (Q 1)	20/09/2021	02	01	00	10	00	01
Ward 17 Committee (Q 2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 17 Committee (Q 3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ward 17 Committee (Q 4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Local Aids Council (Q 1)	21 September 2021; Nqanqarhu Town Hall	15	01	03	34	00	01
Local Aids Council (Q 2)	30 November 2021; Nqanqarhu Town Hall	18	01	02	36	00	01
Local Aids Council (Q 3)	23 March 2022; Nqanqarhu Town Hall	12	01	02	35	00	00
Local Aids Council (Q 4)	27 June 2022; Nqanqarhu Town Hall	14	02	02	34	01	00
World Aids Day Commemoration	Did not take place due to Covid 19 restrictions						

2.1.7. IDP Participation and Alignment

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

Table 11: IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does ELM have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 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

2.2. CORPORATE GOVERNANCE

The scope of corporate governance in the context of this report is legal services; risk management and procurement services. Other governance issues are already dealt with in the components above.

2.2.1. By-Laws

There were four (4) by-laws developed or reviewed for the year under-review but were awaiting other processes such as public participation; presentation to the Council, etc. The table below illustrates development and review of by-laws.

Table 12: 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	04	NO	N/A	NO	N/A

2.2.2. Legal Services

Legal Services has one employee with the required legal skills, knowledge to execute her/his mandate in the best interest of the Municipality. Municipality appoints legal representatives that are experts in different fields of law.

2.2.2.1. Cases

For the financial year 2021/22 the Municipality had a total number of 11 legal matters and 1 out of those matters were finalised in favour of the Municipality. The table below depicts the number of cases the municipality had for the year under review.

Table 13: Cases

	Parties	Case Number	Municipal Attorney	Particulars of the matter	Claim Amount	Status/ Progress
1	Lexis Nexis // Elundini Local Municipality		Internally handled	A letter of demand was received from Lexis Nexis attorneys Claiming an amount of R177 642.09 for alleged non-payment of subscription fees.	R177 642.09	The Claimant attorneys were requested to provide the Municipality with particulars of the claim and we have not received any response from them.
2	King price// Elundini Local Municipality		Internally handled	The Municipality received a notice in terms of section 3 of Act 40. They are demanding R16 594.13 for damages caused to Ms Ncwabane's vehicle, Ford EcoSport with registration number JHC154EC. It is alleged that the damage was caused as a result of a pothole in Tsekong Street, Tlokoeng.	R16 594.13	Further particulars for incident report were requested and there was no response received.
3	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	They were furnished with the form for formal request in terms of PAIA manual. Copies for the requested were made 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.
4	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	Rule 30 notice was done and filled at the High Court for the plaintiff to uplifting the bar however there have been no response from the plaintiff. The plaintiff uplifted Notice of Bar. Plea will be served and filed

5	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	Pleadings have closed in the matter however the respondents have filed an application in court for the transferral of the matter to Mthatha high court. They are not prosecuting their application and the attorney proceeded to apply for an opposed motion date. We await the registrar of court to give us a notice of set down.
6	ZILWA CONTRACTORS // ELUNDINI LOCAL MUNICIPALITY		Mgxaji Incorporated	A legal matter was instituted by Zilwa Contractors claiming an amount of R1 250.000.00 for alleged Unlawful termination of a contract by the Municipality. (Tlokoeng Craft Centre).	R1 250.000.00	A Special plea for lack of jurisdiction was filed. The attorneys applied for the trial date, matter is awaiting trial but due to COVID 19, the Registrar of the high court will start allocating trail dates in August 2020 A request was sent several times to the attorney to furnish the Municipality with the progress report for this matter but the attorney was not co-operating.
7	Counterpoint TRADING // Elundini Local Municipality		Mgxaji Incorporated	The Municipality terminated the contract of Counterpoint trade as a result of non-performance in March 2014. The Municipality thereafter received summons for their attorneys claiming loss of profit as a result of the termination	R1 250 000.00	The matter is still pending in court as it has been postponed various times. A request was sent to the attorney several times to furnish the Municipality with the progress report for this matter but the attorney was not co-operating.
8	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. The bill of costs in this matter were prepared, received and have been forwarded to the correspondent attorney in Grahamstown in order to have same served upon the plaintiff's attorneys.

						Once the plaintiff's attorneys are in receipt of same, they then have 20 days in order to have their notice of intention to oppose taxation filed. Should they not file their notice of intention to oppose taxation, the attorneys will then apply for a date of taxation in order for this matter to be taxed.
9	MASHATA AND 31 OTHERS // ELM	2400/2011	Fikile Ntayiya and associates	Interdict for land invasion in Tlokoeng.	none	The matter is Awaiting trial date. A request was sent several times to the attorney to furnish the Municipality with the progress report for this matter but the attorney was not co-operating.
10	ELUNDINI LOCAL MUNICIPALITY// MARAWU	N/A	Magqabi Seth Zitha Attorneys	<p>The Municipality identified a Building Regulations contravention in Erf 466 Ugie for the Building which have not been constructed in compliance with the legislation.</p> <p>Correspondence has been issued dating back to 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.</p> <p>The owner was advised to stop with the</p>	None	A notice was served in December 2020, 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 an application for a demolition order for erf 466 Ugie. A report was drafted for exco and the Council to recommend and take

				<p>works and proceed with the necessary application process. The owner did not respond to this request.</p> <p>Following further inspection in the area, it transpired that the works had only been temporarily 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 registered Professional Engineer and that the as built drawings and certificates of approval be submitted so that she could be provided with a building permit.</p> <p>But still there was no response.</p>		a decision on this matter.
9	Wikus van Rensburg Attorneys//Elundini 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	Attorney entered a notice of intention to defend the matter and they have requested that the bill be taxed however there was no response. The plea has been drafted. Plea has been served and filed. No replication or application for trial date has been received to date.

11	ELUNDINI LOCAL MUNICIPALITY COMMUNITY TRUST	N/A	Clark Laing Inc	Investigation into current status of the trust and revival of the business established in terms of the new trust to be established	None	<p>A memorandum was prepared by the attorneys and sent to the Municipality stipulating the process that will be followed and also requesting further information. The request was forwarded to economic development department; we are awaiting receipt of the requested information for submission to the attorneys. The requested information was sent to the attorneys and there are other documents requested which are still outstanding.</p> <p>A memorandum was received from the attorneys stipulating the process to followed and there are other documents they required.</p> <p>There were Comments sent to the attorneys on the outstanding issues on 09 March 2021, they are n the process of considering the comments to advise on way forward.</p>
12	BASSIE TRAVEL // ELUNDINI LOCAL MUNICIPALITY	RC204/2020	Gwabeni Inc	The Municipality received summons from the plaintiff claiming an amount of R268 271.71 for alleged non-payment of services rendered by the plaintiff.	R268 271.71	The Municipality is defending the matter on the basis that the Municipality is denying liability. Notice of intention to defend the matter was filled and served. A plea and a counter claim was also filed and served which has not been replied to. The attorneys of record for the plaintiff have withdrawn from the matter and the municipal attorneys have no knowledge of who are the new attorneys as they have not contacted them. Should they not continue to appoint attorneys of record, the matter

						will be placed on the roll to the matter to be dismissed with costs.
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13	Velaphi Makafani// Rabo and Elundini Local Municipality	182/2019	Clark Laing Inc	The municipality received summons from the plaintiff's attorneys claiming an amount of R305 307.90 as a result of an accident between the plaintiff's vehicle and the Municipal vehicle. The summons were referred to the Municipal insurer and there was a claim that was lodged which was repudiated by the insurer as a result of contradictions picked up by the insurer with regard to the issue of the employee who was driving at the time of the incident.	R305 307.90	The Municipality is defending the matter on the basis of the amount claimed, a notice of intention to defend the matter was filed and served. Judgment has been handed down and Notice of Intention to tax Bill of Costs has been served to the attorneys' offices, they shall peruse same and prepare objections, if necessary, subject to instructions from the Municipality.
14	ELUNDINI LOCAL MUNICIPALITY// VARIOUS MUNICIPAL LAND INVADORS	570/2020	Gwabeni Inc	The Municipality identified numerous Municipal land invasions in Nqanqarhu and Tlokoeng. An attorney was appointed to lodge an application for eviction order.	None	Consultation and inspection <i>in loco</i> were done. Court papers for the application were drafted and signed for service and filling. The municipality obtained an order in terms of part A in

						December 2020 in which various respondents in the ERF 882, 3468, 804 are interdicted from demarcating land by any means and further are interdicted from erecting any building or structures already commenced with. We are seized with Part B of the application but this application is complex as it may require the municipality to provide alternative land. We furnished the attorneys with the document which will extract paragraphs that will deal with aspects of alternative land to enable us to enrol Part B accordingly.
15	ELUNDINI LOCAL MUNICIPALITY// Nqanqarhu TAXI ASSOCIATIN		Gwabeni inc	Nqanqarhu Taxi Association have unlawfully disrupted operations of the Municipality by blocking access to the Municipal offices several time. All these occasions they would come with different demands to the Municipality. On the last occasion which was on the 18th of January 2021 the Municipality took a decision to appoint attorney for an interdict	None	Attorney was appointed to lodge interdict application against Nqanqarhu Taxi Association. application has been issued and the sheriff will soon attend to send the application upon respondents.
16	ELUNDINI LOCAL MUNICIPALITY//KOKOSE	N/A	Clark Laing Inc	Recovery of monies erroneously paid to the Pension Fund after Mr Kokose	R174 357.20	Advocate's memorandum and recommendations have been received. Municipality has

				instructed the Municipality to hold off on making payments to the pension fund		been provided with a draft of an acknowledgment of debt. Further information requested, the Physical address for Mr Kokose
17	ELUNDINI LOCAL MUNICIPALITY//PILI	N/A	Clark Laing Inc	Recovery of monies paid for Mr Pili's studies due to his failure to write exams.	R121 043.91	A draft acknowledgement of debt was received, requested information by attorneys was provided and we are awaiting the final document of the acknowledgement of debt so that Councillor can sign it
18	SAMWU OBO NKANI // ELUNDINI LOCAL MUNICIPALITY	ECD022019	Gray Moodliar	Miss Nkani was employed by the Municipality and dismissed for misconduct, she then lodged a dispute with the bargaining council. The arbitration ruled on her favour then the Municipality applied to the Labour Court to review and set aside the arbitration award which reinstated Ms Nkani with backpay.	R77 211.24	The Municipality applied to the Labour Court to review and set aside the arbitration award which reinstated Ms Nkani with backpay. SAWMU has given notice on behalf of Ms Nkani of its intention to oppose the application. The written record was uplifted from the Labour Court and have had the arbitration proceedings transcribed. The attorney is presently preparing the Municipality's supplementary affidavit in terms of Rule 7A(8).

2.2.3. Risk Management

Risk management is one of the management's core responsibilities and is an integral part of municipality's internal processes. It is a systematic process to identify, evaluate and address risk proactively on an on-going basis. It is one of the major business processes to ensure reasonable assurance that the municipality will successfully achieve its objectives. Risk management is a valuable management tool which increases a municipality's prospects of success through minimizing negative outcomes and optimizing opportunities. Municipalities are required to implement and maintain effective, efficient and transparent systems of risk management and internal control in accordance with MFMA. Risk management function was partially functional for the year under review. Risk assessment was conducted and policies were reviewed. Risk Management Committee sat for other quarters and in other quarters risk management activities were attended during extended management meetings.

2.2.3.1. Risk Management Committee

Elundini Local Municipality established a Risk Management Committee (RIMCO) in terms of the Local Government: Municipal Finance Management Act 56 of 2003. The RIMCO is guided Committee Charter in conjunction with Revised Local Government: Risk Management Framework 2018 from the National Treasury Department. RIMCO's aim is to assist the Accounting Officer, Management and Council to ensure that policies, internal controls and procedures are in place that will create an appropriate culture and system, which include processes for risk management planning, identification, analysis, monitoring and control in a consistent manner. ELM RIMCO is responsible for monitoring all risks on a quarterly basis to ensure that control systems are in place.

Risk Management Committee sat in quarter to consider quarter 1 and did not sit in Quarter 3 to consider quarter 2 reports but Quarter 2 report was tabled at the Extended Management Committee meeting which was held on 22 April 2022. Quarter 3 Risk Management Report was tabled at the extended Management Committee which was held on 20 June 2022.

2.2.3.2. Risk Assessment

Risk assessment is a systematic process to quantify or qualify the level of risk associated with a specific threat or event, to enrich the value of risk information available to the municipality. Risk assessment will help the municipality to prioritize the most important risks and provide evidence-based information and analysis to make informed decisions on how to treat particular risks and how to select between options. The municipality will follow the five-step process to conduct risk assessment.

Elundini Local Municipality procured the services of Rakoma to conduct the annual risk assessment to develop strategic and operational risk register based on strategic objectives as identified in the revised IDP for 2022/23 financial year and operational plans. Risk assessment workshop was held on 06-08 May 2022 and the workshop managed to complete the strategic risk register. Operational risk registers are being finalised as some departments/sections were not represented during the session. The process to review risk management and related policies which were developed in 2020 is also underway.

2.2.3.3. Risk Register Implementation

Strategic and operational risk registers were developed for 2021-2022 financial year and implementation is monitored on a quarterly basis. The municipality also procured an automated risk management module where all progress report is captured. System generated reports could not be developed due to the closure of system by Munsoft. Notwithstanding this hiccup, all departments updated their risk registers for the quarter under review.

2.2.3.4. Strategic Risk Register Report

Strategic Risk Register has a total of eleven (11) risks. Four (4) of the risks were regarded as not achieved due to non-reporting and one of the responses was not relevant to the risk. One (01) risk was partially achieved, whilst a total of six (06) risks were successfully implemented. The table below shows the overall performance with regards to all strategic risks that were not achieved, partially achieved and achieved.

2.2.3.5. Operational Risk Register Report

The Office of the Municipal Manager and Budget and Treasury Office implemented 100% of their operational risks. Corporate Services implemented 75% of their operational risks that were applicable for the quarter under review. Community Services; Planning & Economic Development and Infrastructure Planning & Development implemented 66.6% of their risks that were applicable for the quarter under review. The table below shows the overall performance for each department with regards to all operational risks that were not applicable, not achieved, partially achieved and achieved.

2.2.3.6. Emerging Risks

There were no new emerging risks identified except for the Audit Committee resolution which required a written presentation of documented internal control procedures taken by Management/Council to give effect to key management vacant positions (Accounting Officer, Director Corporate Services, Director Community Services) as well as IP&D Director on leave should be submitted to Committee members.

2.2.3.7. Risk Management Implementation Plan

Risk Management Implementation Plan had a total of twenty (20) activities. A total of seventeen (17) out of twenty (20) activities was successfully implemented. Three (03) activities were not achieved.

2.2.3.7.1. Anti-Corruption and Fraud

As part of its endeavours in minimizing fraud and corruption occurrences within the institution, ELM conducted an anti-corruption and fraud awareness workshop during the month of November 2018 focusing on high risk areas in the municipality like cashiers, traffic officers, human resources personnel and SCM practitioners. There was no fraud related case that was reported on the Deloitte Anonymous Hotline. The municipality's anonymous tips off facility to register such unethical conduct is as follows: -

- Anonymous hotline: 0800 117 844
- Free fax: 0800 007 788
- SMS: 32840
- Email: elundinitipsoff.com
- Free post: Free post KZN138, Umhlanga Rocks, 4320

2.2.3.7.2. Anti-Fraud & Corruption Implementation Plan

Anti-Fraud & Corruption Plan had a total of twenty (20) activities. A total of twelve (12) out of twenty (20) activities was successfully implemented. Eight (08) activities were not achieved. The table below shows the detailed anti-fraud & corruption implementation plan.

Table 14: anti-fraud & corruption implementation plan

Key Area of Focus	Output	Activities	Person Responsible	
Risk Context (Policy Development)	Review risk management policies	1. Conduct desktop review of policies	Senior Manager: Strategic Support Services	Achieved
		2. Solicit inputs for policy review		
		3. Develop draft policies		
		4. Present draft policies to RIMCO, Audit Committee & Council		
	5. Develop risk management standard operating procedures	Manager: IDP/PMS & Risk Management	Not achieved	
Risk Assessment	Conduct annual risk assessment	6. Organize risk assessment workshop	Risk Management Officer	Achieved
		7. Facilitate identification of emerging risks for strategic and operational risk registers	Risk Management Officer	Achieved
Municipal Risk Management Governance	Promote risk culture, monitoring and compliance	8. Conduct quarterly reviews of strategic and operational risk registers	Risk Management Officer	Achieved
		9. Monitor and report risk management implementation (policies) and	Risk Management Officer	Not achieved

		performance on a quarterly basis.		
		10. Facilitate review of risk appetite statement	Risk Management Officer	Not achieved
		11. Convene Risk Management Committee meetings	RIMCO Chairperson	Achieved
		12. Develop Risk Management Committee performance indicators	RIMCO Chairperson	Not achieved
		13. Conduct risk management assurance	Internal Audit	Achieved
	Risk Appetite Statement Communication	14. Communicate risk appetite statement internally (employees & councilors) and externally (communities, service providers & stakeholders)	Risk Management Officer	Not achieved
		15. Develop risk appetite messages for posters, social media, outdoor digital screens	Risk Management Officer	Not achieved

Municipal Risk Management Resourcing	Build risk management capacity	16. Conduct skills audit and assessment annually.	Manager: IDP/PMS & Risk Management	Achieved
		17. Conduct, document and share risk management employee evaluations.	Manager: IDP/PMS & Risk Management	Not achieved
		18. Conduct risk management workshops for all employees and councilors	Risk Management Officer	Not achieved
		19. Provide sufficient budget for risk management function to effectively and efficiently perform its responsibilities.	Senior Manager: Strategic Support Services	Achieved
		20. Acquire risk management automated system	Senior Manager: Strategic Support Services	Achieved

2.2.4. Ethics Management

2.2.4.1. Ethics & Integrity Management Plan

Elundini Local Municipality developed Ethics and Integrity Management Strategy in 2017-2018 financial year. Subsequent to the development of the strategy, an implementation plan was developed with activities and responsibilities allocated to municipal departments. Even though the Ethics & Integrity Management Implementation plan was successfully implemented, there are sixteen (16) activities which require reporting on an ongoing basis. These activities are carried over to each financial year for

continuous monitoring. A total of fourteen (14) out of sixteen (16) activities was successfully implemented. Two (02) activities were not achieved. The table below shows implementation of these activities for the quarter review.

- invitation of communities to ward committee meetings;
- All council and committee meetings should open with an ELM values statement;
- Include ethics themes in Corporate Services' quarterly information sharing sessions; annual commitment to ethical values by every employee;
- Include reference to our values statement in recruitment adverts; Include the values and code of conduct in appointment letters; Include a significant ethics component in induction processes;
- Annual workshops for councillors on Code of Conduct for Councillors;
- Train or conduct awareness for all SCM staff on ethics, fraud and corruption; Launch good conduct acknowledgment initiative;
- Actively encourage employees to register with recognised professional bodies;
- Assess ethics risks and fraud and corruption risks as part of the annual risk assessment going forward;
- Conduct due diligence on potential service providers
- Implement an 'Ethics pledge' for service providers
- Include ethical obligations in information sessions to service providers
- Publish all bid awards on the municipality's website
- Explore the possibility of 'open tender processes'
- Include standard "conflict of interest" statement or paragraph in the letters of appointment and contracts.
- Provide additional oversight through unscheduled audits for high risk areas
- Improve the awareness of the whistle-blowing facilities









2.2.5. Communication

2.2.5.1. Social Media

Social media communication was adopted as one of the main pillars of communication strategy 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 audience of the municipality. Below is performance overview of these social media platforms. The table below depicts social media activity for the year under review.

Table 15: Municipal Social Media Platforms & Activities

	July - September	October - December	January - March	April - June
Facebook	The Facebook page had  5315 page likes  5583 people following the page. 22 posts were published on the page.	The Facebook page had  5678 page likes and  5982 people following the page. There were 34 service delivery posts published.	The Facebook page had  6161 page likes and  6511 people following the page. There were 21 posts published.	The Facebook page had  6519 page likes.  6935 people following the page an increase of 424. There were 24 service delivery posts published during the third quarter.
Twitter	The page currently has 27 followers with an increase of 10 new followers compared to the previous quarter of the last financial year. Five tweets were published on the page.	The page currently has 28 followers with an increase of 01 new follower during the first quarter. Five tweets were published.	The page currently has 28 followers with an increase of 03 new followers during the first quarter. Five tweets were published on the page during this quarter.	The page currently has 29 followers with an increase of 01 new follower during the first quarter. No tweets were published on the page during this quarter.
Instagram	The account has 116 followers with an increase of 35 people who followed this month. 5 posts were published during the period under review.	The account had 157 followers with an increase of 41 people from the first quarter.	The account had 186 followers with an increase of 29 people who followed the last quarter.	The account had 213 followers with an increase of 27 people who followed on this quarter.
YouTube	The channel has 07 subscribers. No videos were published.	The channel remains with 07 subscribers. There were no videos uploaded during the quarter under review.	The channel has 07 subscribers. One video was uploaded during the quarter under review.	The channel has 07 subscribers. There were no videos uploaded during the quarter under review.

2.2.5.2. 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 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 last publication is The Back of The Horizon which

communicates service delivery twice during the term of each Council. For the year under review all these publications were successfully implemented.

2.2.5.3. Media Plan

A media plan was developed targeting engagements with radio stations and newspapers to further communicate service delivery with the new Council's term. The media plan's key elements were interviews led by the Mayor and EXCO. The content that was communicated was the Mayor's 100 Days in Office achievements. Umhlobo Wenene and community media were used as the main media of communication.

2.2.5.4. Local Communicator's Forum

Local Communicator's Forum was functional for the year under review. It was held together with the IDP/Budget Representative Forum on a quarterly basis.

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

Table 16: Website Content Upload

Municipal Website: Content and Currency of Material		
Documents published on ELM's / Entity's Website	Yes / No	Publishing Date
Draft IDP and Budget 2022 – 2023	Yes	05 April 2022
ELM Final IDP 2022– 2023	Yes	13 June 2022
ELM Final (Annual)Budget 2021 – 2022 to 2022-2023	Yes	15 April 2022
ELM Institutional SDBIP 2021/22	Yes	10 August 2021
Final Annual Report for Year Ended 30 June 2021	Yes	03 May 2022
Adjustment Budget February 2021/22	Yes	04 March 2022
Oversight Report on the Annual Report for the year ended 30 June 2021	Yes	05 April 2022
IDP and Budget Process Plan 2023 – 2024	Yes	23 June 2022

2.2.6. CUSTOMER SERVICE

2.2.6.1. *Public Satisfaction on Municipal Services*

ELM had four community satisfaction surveys which gauged satisfaction levels on various services that were offered by the municipality.

Women in Agriculture Survey

The survey was successfully conducted focussing on women in agriculture who received support from Special Programs Unit. See attached survey outcomes report.

- 84% of the recipients is very satisfied, 16% is satisfied were satisfied. Resources that were delivered by the service provider were in a good condition according to their specifications.
- 66% is satisfied, 25% is very satisfied and 08 were not satisfied. The community were very supportive to their household gardening, as much as had experienced problems to use their own pocket to pay salaries for the employees.
- 75% is satisfied, 08% is very satisfied and 17% not satisfied. The recipients are very happy with the visit of the municipality, because they highlight their problems e.g fencing is very crucial and also request for storage facilities for their verges.
- 50% is not satisfied, 33% is satisfied and 16.6% is very satisfied. The recipients were not happy, because service providers when deliver the equipment there's no manual. This was because it would be expensive for them to take someone to fix them. Women gardening also request that before the delivery of material by service provider monitoring must done by officials. They say most of them have improved their family's economic conditions and are very grateful to the Municipality.

Recommendations

- It is also recommended that a feedback of the survey should be shared with the participants involved so that they can see that they are taken care of and to show transparency on the survey.
- It is further recommended that the municipality should address the issue of prolonged projects so that they do not block or delay other coming projects as budgeted for.

2.2.6.2. *Customer Walk-in Services*

Elundini Local Municipality acquired Integrated Management Information System (IMIS) in 2018-2019. IMIS has 10 Modules for the municipality which include 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 on turnaround time in resolving the reported, solved and unsolved cases/complaints. The system was effective from the July 2019 after the installation of IMIS system to the computers of customer Care Consultants.

Table 17: Walk-in Customer Care Cases

Months	Number of Cases	Resolved	Unresolved
July	60	All cases were resolved	
August	55		
Sept	92		
October	63		
November	31		
December	21		
January	26		
February	53		
March	33		
April	42		
May	50		
June	45		
Total Number of Cases	571	All cases were resolved.	

2.2.6.3. *Presidential Hotline*

The Presidential Hotline is to provide citizens with a way to lodge complaints and queries where they felt they had not received the attention they deserved from other complaints mechanisms. The second objective was to use the Hotline to elevate the importance of complaints management in government as a whole, to ensure a steady improvement in the resolution of the 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 18 : Number of Presidential Hotline Cases

Month	Number of Cases	Resolved/Not resolved
July		
August		
September	13	

October		
November		
December		
January		
February		
March		
April		
May	14	
June		
Total number of cases	27	Cases were not resolved due to system problems OTP.

2.2.6.4. ***Fraud and Corruption Anonymous Hotline***

Fraud anonymous hotline system is recognised as the most common detective tool for fraud and corruption. It assures anonymity of the reporter. The system has been a pioneer in the field of whistleblowing since 1999 and has built operating processes, systems and standards to ensure the protection of reporter identify and the integrity of the tip-off made. The purpose of this report is to show the number of calls made to the system.

Table 19 : Number of Fraud Anonymous Hotline Calls

Month	Number of Calls	Fraud Anonymous hotline calls
July	05	05 Wrong Call
August	-	-
September	-	-
October	02	02 Wrong call
November	01	1 Wrong call
December	04	04 Wrong Call
January	01	01 Wrong Call
February	02	2 Wrong Call
March	-	-
April	02	02 Wrong Call
May	-	-
June	05	04 Wrong Call 01 dropped call
Total number of Calls	22	

2.2.7. Supply Chain Management

The 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 has been adopted by the council on the 24 June 2021 under resolution CON/90/20 Report on Supply Chain Management Policy. The SCM Policy integrates with the Transport and Catering policy, Standard for Infrastructure Procurement and delivery Management (SIPDM Policy), 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.

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 off SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance

2.2.7.1. Establishment Off SCM Section

The unit has been established to implement Supply Chain Management Policy as per regulation 7 (1) of Supply Chain Management Regulation. The unit 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 SCMU was amended and approved during the 2018/19 financial year and a review has been conducted in order to address the current shortcomings in the section. The challenges include

- Late submission of specifications and underperformed market analysis which resulted to delays in the procurement processes and re advertisement of projects.
- Market analysis is done on adhoc basis, yet there should be a dedicated official to assist the bid specifications committee with this activity. Another contributor to this is the late submission of the specifications.

2.2.7.2. Demand & Acquisition Management

The municipality's system of acquisition management must ensure:

- 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.
- A process flow of the demand plan was developed; each department populated Demand Management Plan, which was subsequently signed off by each department.
- To support the process, schedules for convening the committee meetings were developed and circulated to all SCM users. Challenges that brought non-compliance to the Demand Plan were late submissions of specification that resulted to late advertisement / implementation. Most projects are advertised due to non-adherence of bidders to the required specifications and functionality.

Demand management plan was approved on the 17 July 2021 (Capital and Operational)

- Overall targets set - 21
- Achieved Targets - 21
- Not achieved - 14
- Cancelled = 3

Reason for not achieving targets are as follows: -

- Re- advertisements due to non-responsive bidders
- Non-submission of specifications on time

Goods and service 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), SIPDM and we are continuously improving the documents in order to improve access and ease of use. The municipality in place 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.

2.2.7.3. Competitive Bidding For Contracts Valued More Than R200,000

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) has 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.
- A number of 32 Bids was awarded in 2021-2022
- Contract Management & Vendor Performance
- 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.

2.2.7.4. 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 R4 239 016,01. The table below depicts expenditure incurred through deviation.

Table 20: Deviation Expenditure

Municipal Manager	R 214 759,57
Budget and Treasury	R 963 910,96
Infrastructure Planning	R2 721 207,52
Corporate Services	R265 900,46
Community Services	R 204 683,89
Strategic Planning	R 20 564,30
	R4 391 026,70

This table depicts Section 36 (a) (i-v) and amounts incurred.

Table 21: Section 36 Compliance

Section 36 (1)(a)(i)	R 55496,56
Section 36 (1)(a)(ii)	R 20564,3
Section 36 (1)(a)(iii)	
Section 36 (1)(a)(iv)	
Section 36 (1)(a)(v)	R 4 303 345,84
Section 36 (1) (b)	R 11 620,00
	R4 391 026,70

(2020-2021: R4 239 016,01). (2021-2022: R4 391 026,70) Deviations were increased by R152 010.69 during 2021-2022 Financial Year. The bulk of the deviations may be addressed via competitive bidding processes, proper planning and this office are continuing to assist user departments with the sourcing of specifications in order to attempt to reduce the occurrence or re-occurrence of some deviations. A multi-year plan for operational activities can assist in the reduction of deviations, in essence, apart from having Demand Management Plan, SCM will attempt to develop a plan for all other items budgeted for each and every financial year regardless of the value.

Table 22: Irregular Expenditure Comparison Between 2021 & 2022 Financial Year

Irregular expenditure consists of the following:		2022	2021
Opening Balance		0	1 988 897
Irregular expenditure incurred		1 126 076,90	12 688 105
Written off by Council		(1 007 519,00)	(14 641 344)
To be recovered		0,00	(35 658)
Closing Balance (Irregular expenditure awaiting council consideration)		118 558	0
Details of irregular expenditure incurred		2022	2021

N

SCM Processes not followed		118 557,90	-
Deviations not in line with SCM Regulation 36		0	-
Incorrect calculations of Preferential Points during evaluation		0	-
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC		1 007 519,00	13 132 682
Making use of non compliant service providers		0	-
Policy not followed when appointing an employee : Ms S Batyi		0	527 284
Variation order not in line with SCM Policy		0	-
Overpayment of exit benefit to Senior Manager		0	-
Excess payment on approved total remuneration package of senior managers		-	35 658
Councillor acted without authority in contract entered with supplier			
TOTAL		1 126 076,90	13 695 624

2.2.7.5. Compliance with MFMA AND SCM POLICY

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

Table 23: Companies with Relatives in the Municipality

Director	Relationship to the person of the state	Declaration of Interest	Total Amount
Noluthando Thuli	Family to Ms Ntombizanele Thuli		
Letitia Zoliswa Nodikana	Mother of Vuyokazi Nodikana		R0
Siphesihle Sahlulo	Daughter of Bulelwa Sahlulo (Registry Clerk)		R0
Malungisa Dlokweni	Spouse of Zizopho Mbana (Clerk-Expenditure)		R0
Nomasiza Winnie Chaka	Fundisiwe Chaka (Child)		R 9 000,00
Thabathani Chaka	Fundisiwe Chaka (Brother)		R0
Babalo Mphlo	Nomtha Nkani (Spouse)		R0
Bongiwe Cynthia Pula	Sibling of Nombulelo Pula (Cleaner/ Parks and amenities)		R0

Nosipho Dumeko	Spouse of Sango Dumeko (Relations Practitioner)	Interest in other related company changing lives collect a can Multi-Purpose where LC Nxelana (cleaner) and Klass (Special Programme Coordinator) and Director	R191,510,93
Ron Watermeyer	Benjamin Watermeyer – Son		R0
Kumkani Electricals	Spouse of Pelloza Mpeqeka (Eskom)		R0
Munsoft	Spouse of Mary Renani (Department of Justice)		R4 764 035
Ndikho Mahlubandile Malic Ntaba		Interest in other related company Elundini group 20 where SJT Magadla (Councilor) is a director	R0
Babalo Mpohlo	Nomtha Nkani (Spouse)		
Sonwabile Bikitsi	Yolisa Majali (Spouse)		R0
Sandile Business	Spouse of Zikhona Mxinwa Nyandeni (Local Municipality)		R0
Sydwell Maqula	Spouse of N.J Majula (Department of Human Settlements)		R157 879
Ziphelele Nqabeni	Ziphelele Nqabeni (ECDC Administration)		R0
Mawande Gobeni	Sivs Arch		R0
TOTAL			R 5 122 424,86

2.2.7.6. SMME Development

There is an approved Infrastructure Procurement Strategy/ Subcontracting Plan wherein 50% of budget will be allocated to local SMMEs and allocation of 30% to the subcontractors who are Local SMMEs. All appointments both Local SMMEs and subcontractors shall be done in line with state regulations. The plan

- addresses the imperative to develop SMME contractors and Cooperatives within the civil, electrical and construction discipline as well as materials supply, who are residents and/or operate within the area of Elundini Local Municipality.
- Provide local individuals with the opportunity to gain skills in various artisan skills
- Provide an opportunity to students to gain the necessary practical experience required for the completion of their studies
- Benefit economically and have the opportunity to grow and stabilize their business
- Gain the necessary experience that will allow them to move to the next grade within the CIDB system.
- Gain the experience to enable them to be able to compete in the supply of goods and services to other sectors of society, i.e. the private sector and households

3. SERVICE DELIVERY PERFORMANCE

3.1. Basic Service Delivery

There are three directorates that contribute to Basic Services Key Performance Area and these are Budget & Treasury; Community Services and Infrastructure Planning & Development. Community Services had a total of 09 indicators. A total of 07 indicators was achieved whilst 02 indicators were not achieved. This accounts for 77.7% of the departmental performance and has also regressed compared to 100% that was achieved previously. Infrastructure Planning and Development had a total 18 indicators. A total of 10 indicators was successfully implemented and 09 indicators were not achieved. This accounts for 55,5% of departmental performance. Budget and Treasury Office had one indicator which contributed to basic services and it was not achieved. The following sums up basic service delivery achievements: -

- electrified 540 households;
- constructed 10 kms of link lines and
- upgraded 7 electrical networks.
- constructed 10.15 kms of access roads;
- constructed 05 public amenities;
- maintained 174.9 kms of access roads and 100% of stormwater drainage;
- collected refuse to commercial and residential properties on a weekly basis.

3.1.1 Electricity

3.1.1.1 Rural Electrification

As alluded above a total of 500 households in electrification programme were connected. An additional 10km of linkline was constructed. The table below is a testament to the improvement of electrification backlog reduction in ELM:

Table 24: Household Electrification

WARD	Number of villages	Total households	Electrified	Not electrified	% not electrified	Electrified 21/22 ELM
1	12	2 823	2 635	188	7%	
2	7	3 275	3 275	0	0%	
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	2499	3	0%	172
9	6	2 354	2 354	0	0%	
10	15	3 962	3 162	800	20%	
11	16	3 065	3 054	11	0%	98
12	12	4 430	4 420	10	0%	
13	10	2 773	2456	317	11%	230
14	15	2 708	2700	8	0%	
15	10	8 071	7520	551	7%	
16	25	3 960	3800	160	4%	
17	16	2 866	2 689	177	6%	
TOTAL	247	58 564	54161	4403	8%	500

In addition to the above, 10 km of linkline has been constructed in Nkobongo and the completion of the outstanding 2km of the Bakoena line has been completed. The municipality is currently awaiting the energising of Koebong, Tabase and Nkobongo villages.

3.1.1.2 Municipal Network

The following electricity projects were implemented to ensure the optimal performance of the electricity network:

Ward Number	Township	Project Name	Number of Connections	Capacity
3	Sithole	Transformer Upgrade	1	50kVA
17	Greenfields		1	200kVA
3	Porte Street	Porte Ring Feed	1	220m× MV squirrel Overhead line 130m× 120mm ² XLPE MV cable
3	Caltex & Power Save	Transformer Upgrade	2	1MVA type B Mini-sub
3	TV Park	High Mast Light Installation	1	8×144 Omnistar Max LED 451W Floodlights
3	Sithole		1	8× 144 Omnistar Max LED 451W Floodlights
9	Tlokoeng Streets	Streetlights Installation	78	30×48LED / 108W LED Streetlight Luminaire 48×16LED / 53W LED Streetlight luminaire
3	Station streets	Streetlights Installation	35	16 LED/27W OPTIC Streetlight luminaire

As can be seen on the table below, the electricity section had 18 posts during the year under review. 15 positions were filled, 2 vacant positions were funded and 1 position was unfunded and vacant.

Table 25: Electricity Services Employment

Employees: Electricity Services					
TASK Grades	2021	2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 to 3	3	3	2		
4 to 6	5	5	4		
7 to 9	2	2	1		
10 to 12	6	7	7		
13 to 15	-	-	-		
16 to 18	1	1	1		
19 to 20	-		-		
Total	17	18	15		

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

Table 26: Electricity Capital Expenditure

Capital Expenditure 2021/22: Electricity Services					
R' 000					
Capital Projects	2021/22				
	Budget	Adjustment	Actual Expenditure	Variance from original budget	Total Project Value
		Budget			
Total	27 899 147.60	27 899 147.60	23 635 733.30	4 263 414.32	27 899 147.60
Koebung Households	8 296 200.00	8 296 200.00	R 7 913 910.66	382 289.34	7 913 910.66
Nkobongo Link Line	2 526 296.00	2 526 296.00	2 378 856.66	147 439.34	2 378 856.66
Nkobongo Households	6 195 590.00	6 195 590.00	5 002 352.79	1 193 237.21	5 002 352.79
Tabase 11	2 721 913,00	2 721 913,00	2 742 413.66	20 500.66	2 742 413.66
Bakoena	780 417.92	780 417.92	780 417.92	0.00	780 417.92
Street Lights in Station Street	750 902. 70	750 902.70	715 079.28	35 823,42	715 079.28
Streetlights in Tlokoeng	399 098.00	399 098.00	305 506.15	93 591,85	305 506.28
Highmast Installation	2 563 730.00	2 563 730.00	1 272 370.34	1 291 359.66	1 272 370.34
Network upgrades	3 665 000.00	3 665 000.00	2 524 825.82	1 140 174.18	2 524 825.82

3.1.2 Waste Management

The municipality continues to enhance the functioning of the waste management division through restructuring and review of its current structure. In terms of the latter inputs have been made to include personnel to resource the landfill site management and operation function.

3.1.2.1. Kerbside Refuse collection and Street sweeping

The refuse collection schedule has not been revised as no new areas have been included and is therefore unchanged. Refuse collection from households and commercial businesses within Elundini is conducted in terms of this unchanged collection schedule, although the number of serviced points and or households/facilities including businesses has remained the same the real number is higher than this reported figure. This accounts for the informal settlements in each of the 3 towns which also receive the weekly collection but have not been quantified in number as yet. Street sweeping activities are not rendered to the satisfaction of the division due to hinderances that emanate from the presence of vehicles and commuters in urban areas as well as the structuring of certain retail shops. The municipality needs to invest/pilot shifts, where street sweeping activities may/will occur from 5AM – 8AM (morning) and 6PM -8PM (afternoon) during summer and the winter season would be quite difficult to achieve this but 6AM – 8AM (morning) and 6PM – 8PM (afternoon). These shifts might assist the municipality in achieving this activity as there would be a reduced number of moving vehicles, parked vehicles as well pedestrians commuting in urban areas. Street cleaning is done on a daily basis and includes litter picking and gutter cleaning.

3.1.2.2. Clearing of Illegal Dumps

This activity has in the past years been undertaken on demand and in response to public complaints. The year under consideration saw resourcing of this activity through among other purchase of a TLB machine as well as development of a continuous program as a proactive step. This program of clearing illegal dumps is done on a rotational basis between the three towns of the municipality on a weekly to monthly basis. Coupled to the clearing and management of illegal dumping sites, there's maintenance and beautification of public open spaces that have a potential to become illegal dumping hotspots.

3.1.2.3. Environmental Education and Awareness raising

There's an annual education and awareness plan that is developed, detailing areas to be targeted for awareness activities and this is coupled with the cleaning of illegal dumping sites. All households and

especially ones in the vicinity of the illegal dumping sites are visited on a door to door basis to try and discourage owners from this indiscriminate practise whose mitigation comes at a high cost to the municipality. This door to door campaign was kick started with engagements of all councillors to orientate & educate them in order to assist with their constituents (communities) with broader understanding of environmental management issues. There are pamphlets and educational material that are developed and 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.

3.1.2.4. Recycling Initiatives

The Ugie Materials Recovery Facility (MRF) has been completely repaired but still awaiting electrification by Eskom. The municipality continues to pressure the entity to finally energise the structure to allow for its use by the relevant recycling cooperatives in the municipality. There is currently a total of about 6 registered recycling cooperatives which are doing recycling on smaller scale than is expected. The completion 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 ELM has six recycling cooperatives in its database, where it provides support to the cooperatives. The ELM injected financial assistance to one of the recyclers where, they received funding for payment of rent, procurement of recycling tools etc for 2017/18 FY. However, at the end of FY the supported recycler had no profits / surplus generated from the funding as well as selling recycled materials to various recycling companies, the business digressed and was co-dependant to the municipality. The ELM Council then took a resolution from 2018/19 onwards to not inject any financial assistance towards recycling initiatives hence the non-financial support they currently receive on all issues pertaining to recycling.

3.1.2.5. Landfill sites Operations

The existing public private partnership contract is still enduring but due to come to its end in 2023. By this time, it is important that the municipality must have developed sufficient capacity to own, manage and operate the landfills. This ranges from appointing the required personnel as well as provision of landfill equipment such that we are able to take over and avoid being locked up in a possibility of extension amid unpreparedness and or lacking capacity. This process links up with the reengineering of

the department's institutional arrangements to purpose and gear the municipality for the eventual take over.

3.1.2.6. Achievement in Waste Management Program

The servicing of indigent communities by providing the basic level of refuse collection to these communities has been done and will continue as this is a national requirement and legal obligation. It became tempting however to add to the tally of GMC Winnings. In this regard the municipality has completed its application to take part in the National arbour City awards. The municipality continues to bask in the glory of its previous awards i.e. the GMC completion placements in 2018 at District level, entered the Provincial leg and won 2nd runner up and a prize money of 200 000. The prize money has been used for minor renovations of the Ugie Material to be presented later this year.

The Materials Recovery Facility in Ugie (MRF) is now at final stages awaiting electrification by Eskom. On the refuse collection side, efforts and resources have been increased through purchase of an additional 19 cubic meter refuse compactor truck. This is also aimed at expanding the fleet configuration of the function to prevent collection disruptions and down times which impact on service delivery. Collection Services to more than 7 057 households and 212 Businesses/institutional customers as per collection schedules. This is an understated number which excludes informal settlements in the three towns whose number has not as yet been ascertained.

Daily Street Cleaning and Skip Bin Removal Services for various customers with addition of wheelie bins to be purchased and rented by willing commercial customers at a fee that will be determined with the assistance of the revenue unit. Wheelie bins have already been procured and prioritised for schools recycling initiative which has been boosted by additional resources from the district environmental affairs department. This year also saw the purchase of around 60 trolley bins which will be reserved for business use and rental. This is important for compliance with the IWMP as well as waste management bylaws.

Three (3) LVDS were purchased for three Waste and Environment Supervisors to enable supervision and monitoring of staff. An additional LDV has been purchased for Superintendent Waste and Environment. A TLB machine/plant has been acquired to support cleaning initiatives and activities. Linking of the refuse fleet to the municipal vehicle tracking system for control and monitoring purposes. The ELM procured a brand-new 3-ton compactor Truck for refuse collection services in 2021/22 FY, which has assisted the municipality greatly in servicing its communities in an effective and efficient manner. This

achievement has impacted greatly in reducing the backlog in terms of the ageing fleet dedicated to refuse collection services and this addition will trigger employment opportunities for truck drivers.

Ongoing monitoring of the execution of the PPP contract with Interwaste; plans however are afoot to execute take over readiness programs which includes introducing existing staff to landfill operations up till the exit of the private contractor. Employment of beneficiaries by the Department of Environment, Forestry and Fisheries (DEFF) formerly known as DEA, for assisting the municipality with education and awareness campaigns on environmental management as well clearing & management of illegal dumping areas; this program came to an end in December 2021 but will leave a legacy which the municipality must take forward. Cleaning of identified illegal dumping areas on a quarterly basis through partnership with the district municipal health services. Developed annual awareness campaign plan for education and awareness campaigns in the form of events and door-door, there's partnerships with schools on these campaigns as well assisting some schools prepare for the Enviro awards organized by DEDEAT annually.

Assistance of recyclers within the municipality through trainings and development of business proposals for sourcing of funding. Beautification of open spaces and parks within the municipality for eradication of illegal dumping of waste as well for awareness purposes.

On the beautification side this year saw the approval of a R5 million Botanical Gardens project which was filed for the IPIP funding. Although the funder has confirmed the implementation period for this project as being the new financial year, 2021/22, it however remains a key achievement in this area as it will enhance the beauty and aesthetics of the town in which it is to be developed. The employment of around 418 unemployed local youth through the EPWP project of the municipality with an additional 1223 others employed through the CWP program for 2021/22 FY and leg of the National EPWP implementation plan is a welcome achievement which targets poverty relief among our societies.

3.1.2.7. By-law Enforcement / ENatis / Traffic services

The municipality has resourced its law enforcement wing by recruiting four 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 electricity meter tempering, land invasion, illegal street trading, impoundment of stray animals as well as violations of fire bylaws and illegal dumping.

3.1.2.8. Parks, Amenities and Open Spaces

Even though there are no major landscaping initiatives undertaken during the year by the municipality the introduction of a sustained open spaces beautification program has seen a marked difference within towns. These initiatives are spread across all three towns. The operation of rural community halls has been improved through a management model that allows communities to elect local committees chaired by either the ward councillor or area Chief. The model has been canvassed with the affected rural communities and was positively received for implementation in the next financial year.

The municipality’s indirect contribution to greening and landscaping of spaces is done through honouring Arbor Week which is an annual event every September through which donated trees are distributed to local schools the remainder of such trees being planted around sport fields and parks.

3.1.3 Housing

Section 26 of the Constitution of South Africa says that “everyone has the right to have access to adequate housing”. In this regard the “State must take reasonable legislative and other measures within its available resources to achieve the progressive realization of this right.” Thus the Constitution creates obligations for government to take all reasonable actions to ensure that all its people have the opportunity to acquire a home. Schedule 4 of our Constitution stipulates what functions each sphere of government is responsible for. It states that housing is a function of our National and Provincial Governments. Although the finance for housing development is provided by National Government, through Provincial Government, through the process of co-operative governance our municipality has become involve in the roll-out of housing projects. The housing unit of the municipaity consists of only one official who is a link between ELM and the Department of Human Settlement in the Province. Housing projects for 2021/2022 financial year are reported as follows:-

Table 27: Housing projects 2021/2022

Project	Beneficiaries	Completed Units	Remarks
Emergency Housing	20	20	Houses Completed
Sinxako	486	Finished house 321	Delays because there was no contractor on site Contractor is back on site moving slowly.
Kuebong	290	267 houses finished and handed to beneficiaries.	267 houses finished and department of Human Settlement is busy with application of variation order for

			outstanding 23 beneficiaries.
Disaster	120 applications for disaster and 60 submitted to Department of Human settlement for Temporal shelters	No Temporal shelters received	No temporal shelters received there are delays.
Military Veterans	48 military veterans submitted only 17	Council resolution approved	N/A
Upgrading of Human Settlement (Kutlonong Ward 15)	N/A	Kutlonong was a chosen as one of areas for upgrading of Human Settlement. HDA (Housing development agency was appointed as principal agency for upgrading by Department of Human Settlement and also appoint AES consultants. Project implementation plan has been completed, and interim layout has been concluded	Contractor is on site but moving slowly.
Mqokolweni 305	305	House plan has been chosen by beneficiaries	Consultant is on site
Mbindlana	300	Consultant was introduced to Councillor and Chief	Consultant is on site
Title Deeds	Title deed application submitted to Department of Human Settlement	N/A	Waiting for Department for appointing conveyancer

3.1.4 Road Transport

3.1.4.1 Roads

ELM, during the year under review, managed to achieve the construction and upgrading of roads as highlighted in the section 1.2 above. As at the end of 30 June 2022, staff complement in the Building & Civil Works Unit, comprised of the following personnel:

- 1 x Manager: Buildings and Civil Works;
- 1 x Administration, Database & Contacts Officer;
- 2 x Roads Technicians (one for urban maintenance and the other for rural maintenance);
- 1 x Building Control Officer;
- 2 x Foremen (one for urban maintenance and the other for rural maintenance);
- 1 x Foreman (Storm Water Maintenance);
- 1 x Plant mechanic;
- 2 x Artisan Aids (plant mechanics);
- 12 x Plant Operators;
- 2 x vacant post for Operators and;
- 5 x General workers.

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

Plant: -

- 1 Grader, TLB, 2 ADT, Excavator, Agrico, 8000 LTs Water Tanker located under rural roads
- 1 Grader, Roller, TLB, located in urban roads

Vehicles: -

- 3 x LDV;
- 1 x Mahindra Bolero and;
- 2 x Toyota Avanza

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

Table 28 : Gravel Road Infrastructure

Kilometres						
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded to tar	Gravel roads graded/maintained	Surfaced Road
2014/15	921km	27km	6km	-	305 km	-
2015/16	525km	50, 2km	11km	-	167, 8 km	-

2016/17	525km	29.46km	-	2.1km	-	5448m ²
2017/18	525km	29.46km	10.514 km	-	39.8 km	4712 m ²
2018/19	525km	-	14.7 km	-	202.55 km	2626m ²
2019/2020	525km	12.2km	23.25 km	3.7km	205.01 km	6953m ²
2020/2021	525km	34.7km	6.8km	2.9km	179.6 km	5009m ²
2021/22	525km	10.15km	0km	0km	174.88km	1.088km

Quarter	Months	RESHAPING-ROAD BED PREPARATION						PATCH GRAVELLING						DRY BLADDING						
		Access Road No	Area	Ward	Target	km Achieved	Cummulative Total	Access Road No	Area	Ward	Target	km Achieved	Cummulative Total	Access Road No	Area	Ward	Target	km Achieved	Accumulative total	
Q1	July 2021 to September 2021	AC60 472	Phutini	14	8	8	8	AC60 472	Phutini	14	0,5	0,5	0,5							
		AC60 650	Mfanta to Mthinzeni -Corana	8	8,54	8,54	16,54													
		AC60 654	Sigodini	8	2,2	2,2	18,74													
		AC60 705	Mombeni	8	2,6	2,6	21,34													
		AC60 440	Moroka	8	4,8	4,8	26,14													
		AC60 443		8	3	3	29,14													
		AC60 448	Phezulu-Nkobongo	8	9,63	9,63	38,77													
		Unna med	Nkobongo-Calucalu	8	7,5	7,5	46,27													
		AC62 708		8	3,8	3,8	50,07													
		AC60 463	Chive Chase	16	2,4	2,4	52,47													
		AC30 367	Sihomhoni	16	7,1	7,1	59,57													
		AC63 651	Nkumandeni	14	1,3	1,3	60,87													
		AC60 47	Phuthuni	14	8,1	8,1	68,97													
		Unna med	Moreneng	16	0,9	0,9	69,87													
							69,87													
							69,87													
		Accumulative Total					69,87	Accumulative total					0,5	Accumulative Total					0	
Quarter		Access Road No	Area	Ward	Target	km Achieved	Cummulative Total	Access Road No	Area	Ward	Target	km Achieved	Cummulative Total	Access - road	Area	Ward	Target	km Achieved	Accumulative total	

							152,41	459	Hlankomo								
							152,41	Unna med	Access Road to Hlankomo Primary school	16		0,21	13,36				9,11
							152,41						13,36				9,11
							152,41						13,36				9,11
							152,41						13,36				9,11
							152,41						13,36				9,11
							152,41						13,36				9,11

Annual Target(km)- Accumulative	150
Quartely Target	40
km Achieved	174,9

Annual Achievement(km)- Accumulative	17 4,9
Quartely Target	16, 4
km Achieved	17 4,9

3.1.4.2 Progress reports on road capital projects:

Implemented Project Name	Construction Status	Comment
Upgrading & Rehabilitation of Nqanqarhu Roads (Cluster 1 Roads phase 2)	100%	Layerworks, surfacing and stormwater drainage are complete A total of 1,859km has been surfaced
Tlokoeng Streets and Stormwater (Nkululekweni)	100%	Construction was completed satisfactorily. A total of 4.5km of gravel access road
Castle Rocks Access Road and Bridge	60%	Contractor was appointed on 16 September 2021. 1,9km wearing course is complete with pipe culverts installed. Bridge works are underway. Project delayed by inclement weather and the completion date has been revised to 28 October 2022. The project will be part of the municipality's rollover application for the 2021/22 financial year
Construction of Refele Sports Field	85%	Contractor was appointed on 27 October 2021. Project delayed by inclement weather and hard rock excavations. The completion date has been revised to 30 September 2022. The project will be part of the municipality's rollover application for the 2021/22 financial year
Phumolong ECDC	100%	Project is complete and currently under defects liability period as of 3 November 2021 till 03 November 2022.
Lower Tsitsana ECDC	100%	Completion achieved on 01 March 2022. Defects liability period will end on 01 September 2022.
Lower Sithana Access Road	100%	Final completion was on 28 April 2022 and the project is now out of the defects liability period.
Skote Community Hall Phase 2 (Ablution Blocks and Fence)	100%	Completion certified on 26 January 2021. Defects liability period will end on 26 July 2022.

3.1.4.3 Implementation of the Subcontracting Strategy

The 2021/22 saw the fruitful implementation of the municipal subcontracting strategy, which has led to a great success on municipal projects. The municipality's Construction Procurement Strategy is designed such that local SMMEs from Elundini Municipality can be able to participate in infrastructure projects as subcontractors as per the adopted subcontracting strategy. 10 local SMMEs have benefited during project implementation. See SMME package details for the projects below.

Table 29: SMME Packages

Project Name	Local Contractor /SMME Name	Scope of Work	Total Amount Awarded	Expenditure to date	Progress Status
Phomolong ECDC	Mado Construction	Construction of Ablution Block	R480 336.45	R 380 000	Complete. Savings due to materials purchased for SMME.
Lower Tsitsana ECDC	Martha and Maria Trading	Construction of Ablution Block	R 269 104.02	R 269 104.02	Complete
Skote CH phase 2	Ntsibhosavi Trading	Ablution Block	R 332 564.50	R 332 564.50	Complete
Skote CH phase 2	Zuks Development	Fencing	R 263 913.50	R 263 915.50	complete
Nkululekweni Access Road	Premax Civils	<ul style="list-style-type: none"> • Stone pitching • headwalls, drains • signage. 	R 377 166.66	R273 601.9	Complete
	Thembisie Trading		R 342 916.66	R312 327.6	
Nqanqarhu streets cluster 1	Maholosine Trading	<ul style="list-style-type: none"> • Kerbing • Side walk 	R559 997.11	R400 00.00	<ul style="list-style-type: none"> • Kerbing 100% • Side walk 100% • V-Drains 100% Overall <p>progress 100%</p>
	MQK Civils	<ul style="list-style-type: none"> • Concrete channelling • kerbing 	R557 442.00	R410 00.00	
Castle Rocks Access Road and Bridge	Maluqine Construction	<ul style="list-style-type: none"> • Concrete Slab 	R480 570.49	R0.00	0%
	Mandukhule Trading	<ul style="list-style-type: none"> • Concrete channelling • kerbing 	R376 930.00	R0.00	0%

3.1.4.4 Training

The municipality makes use of local graduates to foster training within municipal programmes. It also sources accredited training as part of the project outcomes to optimise development of skills within the infrastructure sector. During project implementation, the municipality has also seen to the provision of training on projects to alleviate skills shortage within the area.

Table 30: List of Trained Personnel

Project Title	List of trained personnel	Unit standard trained in	Date of Traini	Number of days	NQF Accredita

			ng		tion level
Municipal Infrastructure Grant					
Resurfacing of Nqanqarhu Streets	Nodolwana Ntsika, Makhonjwa Sanele, Jacobs Xoliswa, Dyani Noluthando, Lingani Aphindile, Ntantiso Bhelu Willie, Malusi Portia, Stuurman Kholeka, Moyo Anele, Phopho Nasiphi	First aid skills	24 to 28 November 2021	5	3
Nkululekweni Access Road	Mdunusane Andile, Lekhetha Deneo, Letele Matshidiso, Sphamla Nkosithembile, Kakole Lebohang, Mohare Nthatoleng, Kose Bokamoso, Duba Ntombizodwa, Nkili Tahleho, Kose Teboho, Jam Ayanda, Lethe Kthelo, Ndofoza Aviwe	Build masonry superstructures using solid units & Batch and mix concrete by volume	17 to 21 January 2022	5	3

3.1.4.5 Waste Water (Stormwater drainage)

The municipality completed projects to upgrade stormwater drainage in Sonwabile to Old Location, Sithole and Vincent location during paving of streets.

3.1.5 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 Elundini Local Municipality and Department of Transport guided by a National Road Traffic Act 93/1996. Both these centres are staffed with examiners and related systems and revenue is generated from both units. The services rendered are renewal of driving licences, Professional Driving Permit, learners' licence, practical driving licence code B, and the registration & licencing of motor vehicles. ELM operated learners' licence testing system changed from manual to online testing using tablets. The Vehicle Testing Station (VTS) is under construction in Tlokoeng to cater for services that both DLTCs are unable to render. The old VTS in Nqanqarhu is no longer functional. Currently residents have to travel to other municipalities for this service something that comes with great inconvenience on their part. As part of

enhancing traffic services function two (2) Law Enforcement officers respectively were added as part of ongoing capacitation for the law enforcement unit.

3.2. Planning and Development

The revision of the planning legislation, specifically for Municipalities, started almost few years back with the promulgation of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013. Since then the Regulations for this Act was published. As part of the National Planning Legislation Revision, Elundini Municipality initiated a process of ensuring compliance with the new legislation by amongst other things participating in the District Planning Tribunal; Appeal Authority, and also adopted a wall to wall scheme. The municipality has also adopted and gazetted its Spatial Planning and Land Use Management By-law.

3.2.1. Spatial Development Framework (SDF)

The SDF also functions as a marketing tool to facilitate public and private partnerships in the implementation of projects and to assist to bring about economic and social regeneration of the various towns and settlements. It also: -

- Provides a long-term vision of the spatial development of the municipality
- Aligns the municipality's spatial development goals, strategies and policies with relevant national and provincial spatial principles, strategies and policies;
- Guides the proposals contained in the more detailed local plans which cover a shorter planning time frame and the preparation of Local Spatial Development Plans (LSDF's);
- Helps to spatially coordinate, prioritise and align public investment in the municipality's five-year Integrated Development Plan (IDP);
- Directs private investment by identifying areas that are suitable for urban development, areas where the impacts of development need to be managed, and areas that are not suited for urban development;
- Identifies strategies to prevent indiscriminate loss and degradation of critical biodiversity areas, and to ensure the necessary level of protection for the remaining areas;
- Provides policy guidance to direct decision-making on the nature, form, scale and location of urban development, land use change, infrastructure development, disaster mitigation and environmental resource protection.

The Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) was promulgated on 5 August 2013 and its Regulations to come into effect on 1 July 2015. The objects of the Act are the following:

- Provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic;
- Ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- Provide for development principles and norms and standards;
- Provide for the sustainable and efficient use of land;
- Provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- Redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

Elundini Municipality has adopted, and Gazetted Municipal Planning By-Law (Spatial Planning and Land Use Management Bylaw) in 2016. The Bylaw determines the procedural and administrative aspects of land use planning and management, instead of the Provincial Regulations. One of the implications of the SPLUMA legislation and processes is that a municipality now becomes legally accountable for land development decisions, i.e. an applicant or aggrieved party will no longer litigate the MEC and add the municipality as a respondent. Instead, the municipality will be the first respondent in litigation in this regard. The Municipality has- managed to achieve various milestones in implementing and complying with the provisions of SPLUMA. The following table represents the Municipality's Compliance with SPLUMA:

SPLUMA Requirements	Compliance %	Elundini Status	Comments
Approved & Gazetted Bylaw	100%	By-laws approved & Gazetted in 2016	Complied
Appointed Authorised Official	100%	Council Appointed Authorised Official Director Planning & Economic Development	Complied
Land Use Applications Categorized	100%	Applications categorized according to the SPLUM Regulations.	Complied
Municipal Planning	100%	Elundini LM forms part of the District Municipal	Complied

Tribunal (MPT) Established		Planning Tribunal. The Tribunal has been functioning since December 2020. The Tribunal sits every quarter	
Appeal Authority Established	100%	Council confirmed that the Executive Committee will be the Appeal Authority for Elundini LM as per SPLUMA.	Complied Members of the Appeal Authority and Technical Advisers are to received training.
Integrated Land Use Schemes	100%	Elundini LM appointed Umhlaba Consulting for the project. Public Participation process commenced in 2018. The ILUS was APPROVED & ADOPTED BY COUNCIL IN MARCH AND CAME INTO EFFECT ON THE 20 JUNE 2022.	Completed
SPLUMA Compliant SDF	100%	The review of the SDF has been completed already. The current SDF is to be reviewed in December 2024.	Complied The Municipality funded this project from internal funding.
Town Planning Personnel Capacity	100%	2 Professional Planners 1 Candidate Planner	Complied The Section is currently understaffed. Only 3 permanent staff members. Manager Town Planning Position is also filled.
GIS System	100%	Currently the Municipality is using IMIS as its GIS System.	Complied

3.2.2. Integrated Land Use Scheme

In terms of Section 24 of the Spatial Planning and Land Use Management Act (Act 16 of 2013) all municipalities are required to adopt and approve a single Land Use Scheme for its entire area within five (5) years from the commencement of the Act. The Elundini Integrated Land Use Scheme after intensive public participation was approved and adopted by full Council on the 31st of March 2022 and was thereafter gazetted in the Provincial gazette. The commencement of the new scheme was the 20th of June 2022.

3.2.3. Policy Formulation

There has been an increasing need for policy formulation in the town planning department, however due to capacity issues within the section it has been a challenge to ensure that policy formulation is prioritized as there needs to be proper SPLUMA compliant systems in place. The following policies are policies that the section have been drafted and have gone through public participation and submitted to Council for adoption:

- Land Policy on Prevention of Land Invasions
- Development Charges Policy
- The Erection of Backyard Accommodation Structures Policy
- Policy for Guiding the Processing of Land Development and Land Use Applications in Communal Areas
- House Shop Policy

3.2.4. Systems

Systems deal with the establishment of planning processes and procedures, these have been effectively instituted through strategies such as creating posters/ brochures with frequently asked town planning questions; established procedures for land use application submissions. The Municipality has outsourced this function to TGIS and the system used is IMIS. The aim of the system is to have less paper and ensure that everything is done on the system. The Municipality has no GIS personnel to assist internally.

3.2.5. Comment On The Performance Of Physical Planning Overall

With the implementation of the new legislation and population growth came new challenges. The planning department has accepted the challenges and is creating an organised planning environment with documents, strategies, policies and ensuring to motivate the need of fully-fledged personnel component to promote effective planning, which will ensure that the targets set in the IDP can be reached. The development of the Spatial Development Framework and the new Zoning Scheme is crucial instruments used by planners to ensure vibrant growing towns which can ensure every citizen can reach his or her full potential. The service rendered to the community is of a high standard with development to stimulate the local economy and create job opportunities.

3.3. COMMUNITY & SOCIAL SERVICES

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

Libraries are a function of the Department of Sport, Recreation, Art and Culture and ELM runs 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 R750 000. This also catered for the incorporation of three (3) modular libraries located in rural wards which ideally should also be incorporated into the agreement as they fall within the jurisdiction of ELM. All three towns operate library facilities through seconded professional librarians assisted by staff appointed by ELM. Some of the challenges regarding libraries include:

- Reliable access to internet services (in some libraries)
- Space constraints (no discussion rooms, offices etc.)
- Lack of dedicated maintenance plans
- Adequate funding
- Outdated Memorandum of Agreement

Infrastructure development for provision of community halls particularly in rural wards has been accelerated since the previous financial year. What has been learnt historically has been proper management and maintenance of the Halls. As of the end of the financial year a participatory model which involves using communities to look after the Halls has been conceptualised which shall be piloted in two wards. If successful, the model will be rolled out to the rest of the wards which have been provided with community halls. ELM has during the year under review constructed two community halls, namely, Ilisolomzi Community Hall and Tsitsana Community Hall which is still under construction.

The table below depicts the expenditure incurred in constructing the two community halls:

Table 31: Capital Expenditure for Community Halls

Capital Expenditure : 2021/22Community Halls and Sportsfields					
					R
Capital Projects	2021/2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value

Total All	10 449 099.70	10 858 912.10	10 257 587.30	191 512.39	
Construction of Lower Tsitsana ECDC	1 976 783.70	1 976 783.70	1 969 805.78	6 977.92	2 849 586.48
Construction of Phumolong ECDC	1 713 820.59	1 713 820.59	1 692 827.47	20 993,12	2 849 586.48
Completion of Skote Community Hall phase 2	1 463 511.05	1 873 323.44	1 873 323.44	-409 812.39	1 873 323.44
Construction of Refele Sportsfield	5 294 984.40	5 294 984.40	4 721 630.62	573 353.78	20 779 792.97

3.3.2. Cemeteries and Crematoriums

The state of municipal cemeteries was not a pleasing one for previous years and the year under review especially considering that most used cemeteries are by now almost running out of burial space. Ugie community continued to conduct illegal burials by utilizing a closed cemetery despite a portion of land that was made available in Bhekela Township for use as an alternative. The latter is not a properly planned cemetery with the necessary Geotech studies having been conducted to determine suitability. At the current state in which it is, it can easily be categorized as an informal burial site with no control and regulation of burials as legally required.

The Ugie town cemetery was equally utilized though also not regulated and controlled resulting in no order of burials nor applications received by ELM to conduct burials. Nqanqarhu was in a similar position as the two other towns. Other than the old town cemetery, communities used illegally established burials sites. It was agreed that cemeteries that were almost full should be prioritized and further developed and extended to provide more burial space. It was further agreed that all cemeteries should be properly regulated and controlled in terms of the requirements of the relevant cemetery by-law. Cemetery proper regulation applied in the case of Ugie and Tlokoeng. Some land parcel was identified in Nqanqarhu however this is pending the outcome of investigations into its suitability or otherwise. All the above steps are important for cemetery management system's immediate implementation which was adopted by ELM. ELM must build on going forward and necessitates formalization of all cemeteries over time. ELM does not operate a crematorium.

3.4. ENVIRONMENTAL PROTECTION

3.4.1. Pollution Control

ELM does not have an Air Quality Management Plan and air pollution bylaws in place and will have to consider developing these to primarily comply with the Air Quality Act, of 2004 as well as to ensure regular monitoring and management of air pollution in the area given various sources including P.G Bison factory operations. One of the standing programs is clearing g of illegally dumped waste next to or near rivers, streams, ditches and wetlands. Some of the wastes that gets removed includes used baby nappies, discarded household chemicals, lithium batteries, light bulbs etc. In all our formal landfill sites, burning of waste is strictly prohibited in order to prevent possible air pollution by contaminants from burning waste. Another control is 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 windblown dust and therefore air pollution. Air pollution through poorly maintained vehicles is negligent in the municipality as law enforcement offices deal with such on a daily basis.

The only major source of air pollutants 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. This shall be put into operation by the 2020/21 financial year.

3.4.2. Health

In terms of the powers and functions, Environmental Health Services is a function of the JGDM while Primary Health Care services have been provincialized. ELM's responsibilities with regard to Municipal Health Services are in the area of issuing of business licenses to food handling premises as well as registration of general dealers, control of nuisances, overgrown erven, enforcement of related by-laws and National regulations as well as other issues which may affect public health. In all Mayoral Outreach

Programs held by the Mayor in her constituencies, the issue of health facilities always came up as a need because the ones that are available are either not easily accessible because of bad road infrastructure or are not enough to accommodate all community members they are supposed to service.

3.4.3. Clinics

ELM does not run any clinics and the functioning of clinics is the competency of the Department of Health.

3.4.4. Ambulance Services

ELM does not perform any ambulance services and this function is the competency of the Provincial Department of Health.

3.4.5. Health Inspection; Food and Abattoir Licensing and Inspection; etc.

As guided by Schedule 5 Part B of the powers and functions as defined in terms of the Local Government: Municipal Structures Act as amended, ELM is only responsible for issuing licenses to businesses who trade by selling food and to street traders. Health inspection of these businesses is the responsibility of the district municipality. At the current moment ELM does not operate any abattoir and the existing abattoir applied for its operating license from the Department of Rural Development and Agrarian Reform (DRDAR) and Department Health.

3.5. SECURITY AND SAFETY

3.5.1. Police, Traffic and Law Enforcement

ELM does not have municipal police as yet and policing function is still a competency of the SAPS. The form of policing for the prevention of security and safety is rendered through traffic and law enforcement services. Currently the municipality has 14 officers. The Public Safety Unit's structure was amended to provide for two Management Representative Positions which would work hand in hand with traffic officers in their daily duties particularly at the driving learner testing centers (DLTCs). The table below depicts staff complement within the traffic section:

Table 38: Traffic Officers

Employees: Traffic Officers					
TASK Grade	Year 2021	Year 2022			
Police	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Manager – Public Safety	0	1	0	1	0%
Other Police Officers (Law Enforcement)	7	7	7	0	0%
0 – 3					0%
4 – 6	2	-	-	-	0%
7 – 9	-	-	-	0	0%
10 – 12	7	8	7	1	
13 – 15	-	-	-	-	0%
16 – 18	-	-	-	-	0%
19 – 20		-	-	-	0%
Total	16	16	14	2	0%

3.5.2. FIRE

ELM has fire services which 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 for now related to procurements delays in securing proper protective clothing for fire fighters.

3.6. SPORT AND RECREATION

ELM has had challenges when it comes to the provisions of public amenities (particularly sportfields and community halls) largely due to poor performance of contractors who frequently end up abandoning projects. This has been a growing trend over the years which the municipality seeks to address. The table below depicts the expenditure the municipality incurred in constructing sports field during the year under review:

Table 39: Capital Expenditure for Community Halls and Sports fields

Capital Expenditure : 2021/22Community Halls and Sportsfields					
R					
Capital Projects	2021/2022				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	10 449 099.70	10 858 912.10	10 257 587.30	191 512.39	
Construction of Lower Tsitsana ECDC	1 976 783.70	1 976 783.70	1 969 805.78	6 977.92	2 849 586.48
Construction of Phumolong ECDC	1 713 820.59	1 713 820.59	1 692 827.47	20 993,12	2 849 586.48
Completion of Skote Community Hall phase 2	1 463 511.05	1 873 323.44	1 873 323.44	-409 812.39	1 873 323.44
Construction of Refele Sportsfield	5 294 984.40	5 294 984.40	4 721 630.62	573 353.78	20 779 792.97

3.7. SPECIAL PROGRAMS

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& AIDS programs
- Support to women owned businesses/enterprises
- Support to youth owned businesses/enterprises
- Mayoral Horse Racing Event
- MSI program
- PWD Projects implemented

3.7.1. HIV& AIDS programs

In this financial year the municipality budgeted an amount of R963 904 to ensure coordinated response to HIV in Elundini through the Local Aids Council. The municipality supported 17 Home Community Based Care organisations (HCBC's) with an amount of **R12 000** each as stipend 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 abovementioned budget

3.7.1.1. *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 held all is quarterly meetings as planned in this financial year.

3.7.1.2. *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 2021/2022 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

3.7.1.3. Debriefing for Care Givers

Elundini Local Municipality partnered with HCBCs to assist in the fight against HIV/AIDS pandemic. These HCBCs are entrusted with responsibility to, inter alia, conduct HIV/AIDS education and awareness campaigns, PLWHA support groups & counselling, treatment care and support. The work these HCBCs care givers do is emotionally draining and exhausting. The work also exposes them sometimes to traumatic conditions such as nursing bedridden patients, conduct counselling for infected and affected families, individuals and vulnerable children. Hence the municipality saw the need to organise a debriefing session for the caregivers. The sessions were done by a professional clinical psychologist, in November 2021

3.7.2. Support to Women owned businesses

This project has been implemented successfully and the following have been done:

- Engagements have taken place in the previous financial year and in this financial year with beneficiaries, LED, Spatial Planning, JGDM water services and infrastructure planning and development to assist the implementation of the project.
- 5 containers that were made suitable for salon businesses were purchased and delivered, they are placed at a site that was identified and agreed on, which a space next to Nqanqarhu Spar complex.
- The following has been done to refurbish the containers:
 - The containers walls and floors are insulated
 - The electrical cubing is done
 - The plumbing material has been purchased including the backwash chairs with sinks and geysers.
 - Material for electrification of the containers has been purchased

- Salons are to be handed over to the beneficiaries in August 2022 on a Women's Month.

3.7.3. Support to Youth Owned Businesses/Enterprises

The municipality provided an opportunity through grant funding for 100% Youth owned businesses or projects within Elundini Local Municipality. The funding for this year focused on emerging youth enterprises in Agriculture, Construction and Tele-communications/Digital sectors. It was to be capped at R100 000 per enterprise (x2 Agriculture and Telecommunications sectors) and R150 000 for Construction (Plumbing and Carpentry tools). An additional funding of R150 000 was set aside for small requests received from youth individuals in business. Notices to publicize the fund were published on the 23rd February 2022 and closed on the 15th of March 2022 and 7 Applications were received. The screening committee set on the 16 March 2022 to shortlist the applications using guidelines and project verification visit was done on the 22nd March 2022 to check if projects do exist and are operational. Below are businesses that applied for the funding: -

Table 32: Youth Enterprises Supported

Business name	Town	Sector	Status	Ward
Kat kop agric youth coop	Nqanqarhu	Agriculture	Qualify	Ward 07
Samzaiba Coop	Nqanqarhu	Wood work	Need training	Ward 03
Graceland pty ltd	qanqarhu	Education	Sector not valid	Ward 03
Laphumi khwezi coop	Tlokoeng	Agriculture	Verified lack some documents	Ward 11
Mthimbuli farming	Nqanqarhu	Agriculture	Not active	Ward 04
Multi beam youth coop	Ugie	Agriculture	Qualified	Ward 01
Tlokoeng fitness centre	Tlokoeng	Wellness	Lack documentation	Ward 09

After the above selection process, the committee selected 2 qualifying enterprises - **Multibeam Youth Coop and Katkop Youth Coop**

3.7.3.1. Mayoral Horse Racing Event

The municipality has successfully hosted a Mayoral Horse Racing event, which was held in Ugie. This initiative was conceived as one of the strategic interventions towards youth development, through enhancement of youth talent and was launched to ensure that their talent is promoted, profiled and appreciated. One hundred and fifteen (115) young jockeys from three horse racing clubs (Ncembu,

Sisonke and Tlokoeng and other surrounding towns of ELM) became an integral part of this event. They were racing under two races; Umphalo with 8 different hits and Umhambo with 7 different hits, with 1st up to 4th prizes in each hit, these jockeys were young people, wherein each race they win they get 20% of the amount won by their club.

3.7.4. Mayor's Social Investment (MSI)

The municipality designed a program called Mayor's Social Investment which had four main pillars. These pillars are Bursary Support/Assistance; In-service Training Support; Adopt a school; and Bridge of hope.

3.7.4.1. Bursary Support/Assistance

ELM carried on supporting the 04 students from the last financial year. In 2021/22 financial year there was not additional funding allocated to fund new intakes. Payments were fully processed to institutions for the 4 students doing the following qualifications:

Table 33: Bursary Support

No	Qualification	Institution of learning
1.	BA: Environmental Management	UNISA
2.	Bachelor: Accounting	Rhodes University
3.	ND: Plant production	Ekhuruleni Agricultural College
4.	ND: Safety Management	UNISA

3.7.4.2. Adopt a School

The project focuses on improving numeracy and literacy from ELM identified foundation phase schools. The department identified and recommended 10 schools to participate in this program. Tutors were recruited, trained and placed in these schools. In January 2022 the municipality renewed contracts of some tutors, others resigned as they got greener pastures elsewhere, and recruitment was done to replace them. There are currently 15 tutors in the program. Tutors who are still in the program submit their reports and payments are made as per the signed contracts, list of schools that have tutors are as follow: -

1. Solomzi JSS x01
2. Maclear Public School x01
3. Ilingeletu P.S x 03

4. Elunyaweni JSS x 01
5. Fletcherville JSS x 01
6. Chebenca p.school x 01
7. Tlokoeng Village P.S x 03
8. Mohoabatsane JSS x 01
9. Ngxaza JSS X 1
10. Fletcherville JSS X 1

3.7.4.3. 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: -

Family in Ngangaru

Ward councillor requested the Mayor's office to assist the family whose house had burnt down. The Mayor approve the request and handed over a voucher amounting to R10 000, that was split amongst three children, R4000 was to be given to the older child and R3000 each to the other two, for them to buy clothing and other necessities.

Family in Tlokoeng

A request was received from ward councillor about the plight of a destitute family that was to receive an RDP house and requested that the Mayors office to assist with furniture for the house. The Mayor approved the request and gave a directive to purchase furniture capped at an amount of R15000. The following items were purchased and handed over to the family in Tlokoeng on 27th September 2021:

- Double bed
- Blanket and duvet set for the double bed
- 4-burner stove with oven and
- Kitchen cupboard set.

Family in Ugie

Mayor's office received a request from ward councillor, to assist a family, after a truck had damaged their home and killed some of the family members. The Mayor approved the request and gave a

directive that an amount capped at R 10 000 may be used to procure the requested items. The following items were procured and handed over to the family on the 16th November 2021:

- Table with chairs
- Kitchen cupboard
- Electric two burner stove and
- Double bed and bedding.

BaTlokoa Traditional Council

BaTlokoa Traditional Council and the Tlokoeng Pilgrimage Organising committee (TLOCO), requested the Mayor's office for assistance of a donation for their 2022 pilgrimage event, and the Mayor assisted them with a donation of a sheep which costed an amount of R2000. The sheep was delivered on 19th March 2022

3.7.5. People with disabilities

The municipality set aside a budget of R478 000, for the implementation of the following PWD programs:

1.2.5.1. PWD enterprise development fund

The municipality has set aside an amount of R200 000.00 for PWD enterprise development where in two enterprises were to be assisted to develop their business to an amount of R100 000 each enterprise. The call for applications for the funding was closed on the 10 march 2022 wherein 4 application were received and were deliberated on in the committee. Below are the 4 applications received:

1. Surprise Construction and general from ward 3 in Sonwabile township (general trading business)
2. Zizipho Welding from ward 15 in Nkululekweni Location (Welding business)
3. Maseiso Mohlafuno from ward 14 (Agricultural project)
4. Maieane Construction from ward 9 (poultry and Farming)

The selection committee selected **Maieane Construction**, based on the selecting criterion and verification process, this was the only enterprise eligible to receive funding. The enterprise was supported with goods and material as per their proposal to the amount of R87 100.

1.2.5.2. PWD NGO Support

The municipality renewed the service level agreements with two PWD NGOs (Cheshire Home and Siyamthanda) and set aside a budget of R40 000 for each NGO to provide the following services to the community:

Table 34: PWD NGO Support

Deliverables	Activities	Timelines	Report
Act as information center for PWD	Provide support for members of the public regarding PWD issues in the Centre (walk ins). Rights, referrals, information sharing etc.	2021-2022	
Community Education on the awareness road shows and campaigns	Organize 2 village awareness campaigns in the communities in the wards specified above		
Provision of Care and support to the needy PWDs	Material for the needy (e.g. sanitary, toiletries, groceries, medical care) according to the needs		

Additionally, under these service level agreements the municipality supported these two NGOs to employ five care givers (each NGO) under the EPWP program and were paid every month an amount of R1 650.00 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.

3.7.6. EMPLOYEES IN THE SPECIAL PROGRAMS UNIT

The table below depicts the number of employees in the Special Programmes Unit:

Table 37: SPU Employees

Employees: Special Programmes					
	Year 2021	Year 2022			
	Employees No.	Post No.	Employees No.	Vacancies	Vacancies (as a % of

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Job Level				(fulltime equivalent) No.	total posts)
0 – 3	0	0	0	0	
4 – 6	1	1	1	0	
7 – 9				0	
10 – 12	3	3	3	0	
13 – 15	0	0		0	
16 – 18	1	1	1	0	
19 – 20	0	0	0	0	
Total	5	5	5	0	

3.8. LOCAL ECONOMIC DEVELOPMENT

The LED Strategy was reviewed and adopted by Council in 2020. The revised Elundini LM's Local Economic Development Strategy 2019-2024 seeks to set out a strategic path and trajectory for local economic development. The main strategic goal of the Elundini Local Economic Development Strategy is to attain a sustainable economic growth, with a growth rate of 1% which is characterised by increase in output, employment growth and increase in household income in urban and rural areas in the next five years. The municipality in developing the strategy considered the key guiding principles of Local Economic Development set up by National Local Economic Development Framework

3.8.1. SMME Development

3.8.2. Contractor Development Programme

The Municipal Council took a decision to concentrate on the construction sector as one of the main developmental sectors in the industry. 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. 2018/19 ended with 25 contractors graduated from grade 1 to grade 2, with an overall of 220 contractors. The growth of the SMMEs can be associated not only with the municipal programs alone, but also with other government programs implemented in the area. As at the end of the 2021/22 financial year, the number of contractor SMMEs had grown to over 200.

3.8.3. Masonary Development Programme

Although barriers of entry are high for SMMEs for the equipment manufacturing due to high capital requirement, high resources requirement for accessing technology, the Premier's office funded the municipality R1, 9 million to promote the entry in this industry. The role of the municipality with its partner, Elundini Cooperative Development Centre (CDC), was to ensure that the project was implemented in a sustainable way and benefits the local industry. The municipality should partner with the ELCDC and pilot a brick road construction with bricks manufactured from the Tlokoeng brick site.

3.8.4. Co-operative Development Centre and its Governance

The cooperative development centre was established in 2015 in partnership with DEDEAT and ELM to ensure that the following business services are localised:

- Basic Services:
- Assistance with pre-incorporation training to start up co-operatives;
- Basic training of members in co-operative enterprise skills;
- Access to sources of finance;
- Co-operative economy directory

Business planning;

- Enterprise development advice and guidance to new and existing cooperatives;
- Tender Advice and information;
- Co-operative Advice;
- Facilitation of market access;
- Mentoring; and
- Linkages with other co-operatives and SMMEs.

In 2018/19 ELM took a decision to put an interim board in place to lead the repositioning of Elundini CDC after suffering a temporal setback following an institutional arrangement for management that failed to promote accountability and transparency of the institutional. The interim board, with the assistance of the Accounting officer of Elundini and the Council managed to establish a board and to appoint a Centre Manager to ensure good governance based on the principles espoused in the king's code of Good governance. Through this process the following guiding documentation was also put in place:

- Governance framework
- Memorandum of incorporation
- Profile of the board members
- Elundini CDC board Charter
- Institutional structure
- Job Description of the Centre Manager

3.8.5. Agricultural Development

3.8.5.1. 1 Hectare 1 Household

After a consultation session between ELM and the provincial head of Department of Rural Development, which was held on the 19 April 2018, ELM submitted a funding proposal for 1Ha/1Household to the Department of Rural Development in the month of August 2018. Several planning sessions were held with 3 wards affected and the following was achieved:

- Household profiling was done for each affected village;
- Three cooperatives were registered through the assistance of Elundini CDC;
- The benefiting community members are as follows:
 - Ward 14 – 250 household members
 - Ward 07 – 64 household members
 - Ward 13 – 62 household members

The funding allocation of R9 million was set aside by Rural Development for the project and implementation is due in 2019/20 financial year. The project was implemented in partnership with ELM, Elundini Co-operative Development Centre and National Department of Rural Development. The 1 household, 1 Hectare project was implemented by the department 2020/21 in Bethania Ward 14 in Tlokoeng through a Primary Cooperative known as Mamohato Primary Cooperative. Elundini Local Municipality facilitated the registration of the primary cooperation known as Mamohato Primary Cooperative. In all 229 households had agreed to work together on the 229 hectares allocated to them by the Head Chief. All activities were done in the land allocated. The data that was collected indicated that 131 Females and 98 Males were profiled and only 13 were youth. Harvesting was successfully done during the harvesting season in May 2021.

3.8.5.2. Wool Development Programme

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. A total of 10 shearing sheds in Tlokoeng area participated in the programme. As at the end of the financial year, the project was 90 percent complete and the woolgrowers were awaiting final certification. This certification is targeted for September 2022. Thereafter the department intends to implement the programme yearly going forward targeting an average of 10 shearing sheds in a financial year

3.8.6. Tourism Promotion

3.8.6.1. Maclear Tourism Information Centre

Maclear Tourism Information Centre (MTIC) significantly improved its functionality amid renovations and human resource capacity strengthening. MTIC as a result was able to offer services during the week and on Saturdays. Local and international visitors were able to receive tourist information in real time. However, Elundini Local Municipality had not been spared of the effects of the COVID pandemic. Tourism as a sector had been hard hit because the lockdowns meant to contain the spread of the pandemic were accompanied by travel restrictions and the centre had to close for 3 months during the period. Visitors had slowly started to trickle in by the end of the financial year, but the numbers have been greatly reduced. The further relaxation of the travel restrictions is expected to have a direct impact on the recovery of the tourism sector. Tourism as a sector was one of the most affected by the pandemic. Initiatives are under way by tourism stakeholders to resuscitate the sector

3.8.6.2. Tourism Awareness

ELM in partnership with its local Tour Guides conducted tourism awareness which targeted schools and Councillors and visited historic cultural heritage site and museums and rock arts. This tourism awareness was done to promote local tourism. The partnership with the tour guides was also used to map route the Mhlontlo Heritage Route. The new destinations uncovered will be packaged as part of the tourism offering of the Elundini area. The Tourism office in partnership with Tour Guides and Local Tourism Organisation are currently conducting awareness's to all the wards with tourism offerings and attractions. This initiative aims at educating the communities about the resources (attraction sites) that are in their wards and how to preserve them and how they can benefit from them.

Villages that have been visited

1. Zindawo ward 14
2. Kinira poort ward 12
3. Mbizeni ward 8
4. Zwelitsha ward 8
5. Liphofong ward 15
6. Liphakeng ward 15
7. Kwadzingwa ward 10
8. Mangoaloaneng ward 12/13
9. Batlokoa ward 9
10. Thembeni ward 9
11. Mohoabatsane ward 13

Identified Attractions with Potential

2. Rock art paintings
3. Scenery
4. Beautiful rivers
5. Home stays
6. History and story telling

3.8.6.3. Partnership with National Department of Tourism

ELM in 2018/19, accepted partnership with National Department of Tourism which has a mandate to develop and maintain the National Tourism Information and Monitoring System. The two appointed interns were placed at the Municipal Tourism office to collect the local tourism data. The project was discontinued by the National Department of Tourism at the end of the contract for the interns in October of 2020.

3.8.6.4. Craft Centre

The Craft Centre since its establishment was utilised to market the products of local crafters and was able to display its product to be sold by the passing by tourists. ELM appointed two officials at the Craft Centre for operational support. ELM intends to include a Tourism Information Centre within the Craft Centre. A service provider was appointed for an amount of R795 000 to renovate the craft centre and configure the Tourism Office within the craft centre. The TIC within the Craft Centre will be operationalised in the 2021/22 financial year through the appointment of an intern and the placing of tourism marketing material. The department is also targeting to develop a strategy for the craft centre going forward so that its work can be structured going forward. This strategy is to be developed in the 2022/23 financial year.

4. CHAPTER 4 – ORGANIZATIONAL DEVELOPMENT PERFORMANCE

4.1. 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 recognised 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 standrads and practices by reviewing and benchmarking its existing policies, procedures, frameworks and strategies annually in order to align them with current updated standards.
- ELM appointed a suitable qualified servcie provider for a period of 12 months to assist in reviewing and developing the items listed below:

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

- Review disaster recovery plan, operationalize and update to talk to the IT setup;
- Prepare/review procedure manuals and team notes for disaster recovery;
- Supply and install Water and food prohibition signs at the main and disaster recovery site;
- Identify key documents and equipment for recovery plans and move copies to the recovery site;
- Develop IT Physical Access to Server Room Procedure;
- Review IT Risk Register;
- Develop IT Risk Management Procedure;
- Develop Change Control Procedure;
- Develop Backup and Recovery Procedure;
- Develop Patch Management Procedure;
- Develop Firewall Management Procedure;
- Develop Antivirus Management Procedure.

(b) Implementation of Information Security:

- Carry out IT security awareness initiatives and campaigns.
- Support day-to-day administration of various firewalls.
- 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 unauthorised access.
- Ensure that there is anti-virus software across the organisation 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.

Installation of new telephone system and cost containment strategy implementation

- ELM has previously been using a telephone system that was dependent on ordinary telephone lines. The new telephone system that has been deployed is referred to VOIP (**Voice Over Internet Protocol**) system. The system work over ELM's **LAN (Local Area Network)** instead of ordinary telephone lines. The main purpose to deploy this system within ELM's is to save costs when making calls to remote sites (**Ugie and Tlokoeng**) as the system will read the sites as internal extensions instead of a foreign external phone number which bills the municipality.
- The telephone system has been deployed at the main site in Nqanqarhu and is now fully functional.
- Service Provider has been appointed to renew all network cabling and add new networking cables in newly developed offices and areas that were previously connecting via wireless. The main purpose the renewal is to ensure full compliance of the VOIP system as it cannot work through wireless connections.
- In terms of implementing the cost containment strategy, pins with airtime limits have been allocated to users and are being managed monitored by the new Ipecs system which automatically cuts off the user pins should they reach their monthly allocated pins.
- In addition to the abovementioned, the municipality is in the process of cutting allocated phone call pins in half in order to implement the cost containment strategy.

4.2. 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 41: Executive and Council

Employees: The Executive and Council					
Task Grade	Year 2021	Year 2022			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
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	-	-

4.3. 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).

The management of municipal documents from creation through to disposal were done in the FY 2021/22. Activities performed included but not limited to uploading, versioning, archival

disposal and dispatching of both internal and external correspondence. On monthly basis at least data base forms from SCM are uploaded. Correspondence is archived and secured within the electronic repository. Agendas and minutes of council and its committees are archived and secured within the electronic repository.

On quarterly basis the permission rights are viewed by the registry official responsible for the security of documents within the system. 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. There were applications submitted for the disposal through the Provincial Archivist for the FY 2021/2022. There were disposal activities performed during the 2021/2022 F/Y.

4.4. Human Resource Services

Critical to 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.

4.4.1. 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 Disciplinary Procedure Collective Agreement and Main Collective Agreement as extended.

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

- a) Gross negligence and dishonesty (stolen vehicle).
- b) Unauthorized taking of Municipal Property.

4.4.2. Occupational Health & Safety

Elundini Local Municipality is currently in the process of implementing the Occupational Health and Safety strategy that is intended to minimize occupational related risk and incidents, as well as promoting a healthy and safe environment. The implementation of the approved strategy will be in line with the Occupational Health and Safety Act, and related legislations. The municipality established an Occupational Health and Safety Committee which 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.

The Municipality received a Letter of Good Standing which proves that the Workman's Compensation Fund (COID) will assist you in paying for any work-related injuries or harm to employees. Letter of Good standing is still valid with department of labour. Issue date 2022-05-24 and expiry date 2023-04-30.

4.4.3. 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. As at end of the financial year we had two (2) Self-Referral Cases.

4.4.4. Organizational Design and Development

As part of the IDP process, the Municipality reviewed the Organogram to ensure its alignment to the IDP and Constitutional obligations. As at 30 June 2022, the ELM's reviewed Organogram reflected a total number of 345 positions with 293 positions filled, with 24 unfunded positions and 28 vacant funded positions. This equal to 9% vacancy rate as compared to the 13% vacancy rate in the last financial year. The position of Municipal Manager, Director for Corporate services and Director for Community services positions were rendered vacant due to contract expiry.

4.4.5. Training and Development

Elundini Municipality compiles and submits the Workplace Skills Plan (WSP) to LGSETA by 30th April each financial year. The WSP is mainly based on training needs identified in the employee's personal development plans, skills audit results as well as the training needs identified for Councilors and unemployed of Elundini. The section had a budget of R 900 000. 00 and only 75 % that was spent as per the invoices that were submitted and processed by end of the financial year. The other 25 % was due to the late submission of invoices by service providers that provided trainings in the last month of the year.

Below are the other programs that were coordinated in this section:

a) Graduation Ceremony for the Unemployed

Elundini Local Municipality in partnership with the Pioneers Training Provider conducted a Graduation Ceremony for the unemployed youth of Elundini Local Municipality on the 21st of June 2022 at Nqanqarhu Town Hall. 50 Learners were invited to celebrate their achievement of Competence for Building and Construction Learnership NQF Level 3 that was conducted for three weeks with the assistance of Skills Development Unit under Corporate Services Department and Special Programs Unit together with the Office of Municipal Manager. Out of 50 learners 25 participated on the Plumbing learnership and other 25 participated on Tiling Learnership. Due to unforeseen circumstances some of the Learners did not attend the Ceremony. After they were given certificates the Municipality also gave them Vouchers from Build It in order for them to purchase some few things that will assist in fulfilling their goals

b) Rural Career Exhibition 2022

Career Expo refers to guidance on services and activities intended to assist individuals of any age and at any point throughout their lives, to make educational, training and occupational choices and to manage their careers. Such services may be found in schools, universities and colleges, in training institutions, in public employment services, in the workplace, in the voluntary or community sector and in the private sector.

This year's Rural Career Expo was scheduled to be at Joe Gqabi District Municipality and its Local Municipalities as it is in partnership with the Department of Education in order to implement the

Eastern Cape Provincial Skills Development Strategy. The sessions were held in four different places within Elundini jurisdiction

4.4.6. Individual Performance Management

Elundini Local Municipality seeks to manage municipal performance towards the achievement of municipal objectives and comply with legislative imperatives. The municipal objectives shall be clearly outlined in the municipality's IDP as adopted by Council. The Departmental and Individual Key Performance Areas, Deliverables and Standards shall be formulated and aligned with IDP Objectives.

With effect from July 2019, Individual Performance Management has been cascaded down from Senior Management to TASK Grade 9. Uploading of Signed Annual Performance Agreements and Output Plans by Employees from Senior Management, Middle Management up to TASK Grade 9 employees. Employees are required to sign a performance agreement within thirty (30) days of the beginning of a financial year/ assumption of duties.

Due to various challenges experienced within internally (PMS Backlog of 2019/20 and 2020/2021 financial years), the municipality was unable to effectively carryout all performance management activities at the necessary timeframes. This affected employee performance, reporting and interest in the processes. It further affected the development of personal development plans which were to be included in the Workplace Skills Plan of the years following each performance cycle.

In an attempt to improve employee performance and performance management participation in a manner that is efficient and fair, Corporate Services identified employees who had fully reported in each financial year. Performance rewards were then paid to all deserving individuals who had exceeded the performance of their targets and the payment of the performance rewards is governed by the Performance Management System ELM has adopted. The maximum amount of the performance reward paid to the deserving individual is 14% of that person's total package.

4.5. New Employees

As can be depicted by the table below, of the 18 employees employed by the municipality during the year under review, 10 were females and 08 were males. Another factor that needs to be commended is

the fact that of the 18 new employees, 12 were below the ages of 35 years and this augurs well to the survival of Municipality. Furthermore, in an attempt to address employment equity. The Municipality encouraged the application and recruitment of disabled citizens however none were attracted.

Table 35: 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	1				3				4				0	1	3	
Corporate Services	4				1				5				0	5		
Finance	2								2				0	2		
Administration																
Electricity																
Environmental Protection																
Infrastructure Planning	1				1				2				0	1	1	
Office of the Municipal Manager	2				2				4				0	2	2	
Public Safety																
Road Maintenance																
Sport and Recreation																
Waste Management																
Waste Water Management																
Strategic Planning					1				1				0	1		
TOTALS	10				8				18				0	12	6	

4.5.1. New Labor Market Entrants

For the year under review, as depicted by the table below, ELM appointed 1 new labour market entrant, a male who is below 35 years.

Table 36: 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 Services																
Corporate Services																

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

4.5.2. Labour Turnover

The table below depicts that there have been 21 terminations during the year under review, of which 6 were resignations, 6 were cases of deaths, 4 were retirements. Dismissal includes both Contract expiry and outcomes of the Disciplinary processes which made a total of 5 employees.

Table 37: 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	1				6				7				1			3		1		2
Corporate Services					3				3					1				2		
Finance	1				1				2						1					1
Administration (Office of the Municipal Manager)	2				4				6					2				2	2	
Electricity																				
Environmental Protection																				
Planning & Economic Development					1				1				1							
Public Safety																				
Infrastructure Planning					2				2						1					1
Road Transport																				
Sport and Recreation																				
Waste Management																				

Waste Water Management																					
Water and Sanitation																					
TOTALS	4				17					21				2	4	1	3		5	2	4

4.5.3. Employee Totals and Employee Equity

Of the 292 filled positions during the year under review, 149 are female employees which constitute 50.8% of the total workforce. 144 Male employees make 49.2% % of the total workforce for 2021/2022 financial year. Given these figures, Elundini Local Municipality has achieved the 50/50 streak in terms of Employment Equity targets it envisaged to achieve, with 11 Females out of 20 Professionally qualified and experienced specialists and mid-management and 2 out of the 3 filled Senior Management positions. Below is the gender breakdown of staff compliment, including employees living with disabilities, of Elundini Local Municipality per occupational level. The table below shows a snapshot of workforce profile for all employees, including people with disabilities.

Table 38: 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											
Senior management	1				2						3
Professionally qualified and experienced specialists and mid-management	8			1	11						20
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	36	1		1	61			1			100
Semi-skilled and discretionary decision making	43				36						78
Unskilled and defined decision making	53				37	2					92
TOTAL PERMANENT	141	1		2	147	2		1			293
Temporary employees	3				2						5
GRAND TOTAL	144	1		2	149	2		1			298

4.5.4. 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 39: Staff Turnover & Vacancy Rate

Employees					
Description	Year -1	Year 0			
	2020/2021	2021/2022			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-			-
Waste Water (Sanitation)	-	-			-
Electricity	16	18	15	3	
Waste Management	84	97	85	12	
Housing	1	1	1	0	-
Waste Water (Stormwater Drainage)					-
Roads	34	35	34	1	
Transport					-
Planning	2	3	2	1	
Local Economic Development	5	6	5	1	
Planning (Strategic & Regulatory)					-
Community & Social Services	-	-	-	-	-
Environmental Protection					-
Health					-
Safety and Security	28	28	25	3	
Sport and Recreation					-
Corporate Policy Offices and Other	123	157	126	7	
Totals	293	345	293	28	9%

The position of Municipal Manager, Director for Corporate services and Director for Community services positions were rendered vacant due to Contract expiry. The table below depicts the employee 2021/2022 status quo per department:

Table 46: Vacancy Rate

Vacancy Rate: 2022			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	1	100%
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	2	50%
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)	18	2	11%
Mid management: TASK Grade 14-19 (Finance posts)	4	0	0%
Highly skilled supervision: TASK Grade 9-13 (excluding Finance posts)	87	5	5,7%
Highly skilled supervision: TASK Grade 9-13 (Finance posts)	13	1	7,6%
Total	129	11	8,5%

Table 40: Staff Turnover

Turn-over Rate: 2022			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year – 2	24	13	
Year – 1	25	12	
Year – 0	18	21	

4.5.5. Human Resource Plans and Policies

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

Table 48: HR Plans and Policies

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Attraction and Retention	X		22 June 2018
2	Code of Conduct for employees	X		22 June 2018
3	Delegations, Authorisation & Responsibility	X		22 June 2018
4	Disciplinary Code and Procedures	X		22 June 2018
5	Essential Services	X		22 June 2018
6	Employee Assistance / Wellness	X		22 June 2018
7	Employment Equity	X		22 June 2018
8	Exit Management	X		22 June 2018
9	Grievance Procedures	X		22 June 2018
10	HIV/Aids	X		22 June 2018
11	Information Technology			22 June 2018
12	Job Evaluation	X		22 June 2018
13	Leave	X		22 June 2018
14	Occupational Health and Safety	X		22 June 2018
15	Official Housing	X		22 June 2018
16	Official Journeys (S & T)	X		22 June 2018
17	Official transport to attend Funerals	X		22 June 2018
18	Official Working Hours and Overtime	X		22 June 2018
19	Performance Management and Development	X		22 June 2018
20	Recruitment, Selection and Appointments	X		22 June 2018
21	Remuneration Scales and Allowances	X		22 June 2018
22	Relocation	X		22 June 2018
23	Sexual Harassment	X		22 June 2018
24	Skills Development	X		22 June 2018
25	Smoking	X		22 June 2018
26	Other:			22 June 2018

4.5.6. INJURIES, SICKNESS AND SUSPENSIONS

During the year under review, there were no cases of financial misconduct that led to disciplinary action

Table 49: Cases of Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
POSITION	Nature of Alleged Misconduct and Rand value of any loss to ELM	Disciplinary Action taken	Date Finalized
None	None	None	

Table 50: 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
Speaker's Driver	Misuse of municipal vehicle	15 Dec. 2021	Finalised sanction – employee has been transferred to another position where he will not deal with driving.	
Heavy Duty Operator	Unauthorised use of municipal property	21 Jan. 2022	Finalised sanction – Employee will be transferred to another position	

4.5.7. Capacitating the Municipal Workforce

Another ingredient for the survival and productivity of any institution is the development and capacitation of its workforce. The ELM, after reviewing its annual skills development plan, sets aside funding, within its limited resources, for skills development for both councillors and employees. The tables below depicts the type of training initiatives benefited both councillors and employees and the expenditure incurred.

4.5.7.1. Skills Development and Training

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

Table 51: Skills Matrix

SKILLS MATRIX 2021/2022 FINANCIAL YEAR														
Management level	Gender	Employees in post as at 30 June 2022	Number of skilled employees required and actual as at 30 June 2022											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2021	Actual: End of 2022	2021Target	Actual: End of 2021	Actual: End of 2022	2021 Target	Actual: End of 2021	Actual: End of 2022	2022 Target	Actual: End of 2021	Actual: End of 2022
MM and s57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1	0	0	0	0	0	0	1	1	1	0	0	1
Councillors	Female	18	0	0	0	0	18	18	2	2	0	0	18	20
	Male	16	0	0	0	0	20	18	0	0	0	0	20	20
Managers	Female	11	0	0	0	2	3	10	0	0	10	2	3	10
	Male	9	0	0	0	3	3	10	2	0	10	5	3	10
Senior Officials	Female	62	0	0	0	22	27	49	1	1	2	23	28	28
	Male	38	0	0	0	12	17	29	1	1	0	18	18	18
Technicians and associate professionals*	Female	0	0	0	0	0	6	6	0	0	0	0	6	6
	Male	0	0	0	0	0	7	7	0	0	0	0	7	7
Professionals	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making & Unskilled and defined decision making	Female	75	0	0	0	0	46	46	0	0	0	0	46	46
	Male	96	0	0	0	0	57	57	0	0	0	0	57	57
Sub total	Female	167	0	0	0	24	100	129	4	3	12	25	101	102
	Male	160	0	0	0	15	104	121	3	2	11	23	105	121
Total		327	0	0	0	39	204	250	5	5	23	48	206	223
*Registered with professional Associate Body e.g. CA (SA)														T 4.5.1

4.5.7.2. *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 councillors.

4.6. 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 and time bound, thus making them measurable.

Table 41: 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	√	√	√	√	√

4.6.1. Top Layer Service Delivery and Budget Implementation Plan

The organizational performance is evaluated by means of a Municipal Scorecard (Top Layer SDBIP) at organizational level and through the Service Delivery and Budget Implementation Plan (SDBIP) at departmental levels. 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;

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

A total of 18 indicators were set for institutional SDBIP. 09 out of 18 indicators were achieved whilst 04 were not achieved and 05 were partially achieved. This accounts for 50% of performance achievement which is a significant decrease from previous year's performance of 64.2%. Basic Service Delivery had 14 indicators and achieved nine (9) those that were partially achieved were four (4) and indicators that were not achieved were 4. Municipal Transformation had one (1) indicator was partially achieved, Local Economic Development had also one (1) indicator which was achieved, Municipal Transformation also had one (1) and was partially achieved, Municipal Transformation had one (1) indicator and that was not achieved whilst Good governance achieved one (1) indicator that was planned. The table below depicts the details the overall municipality's top layer performance.

Table 42: Top layer performance

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL93	Infrastructure Planning and Development	Number of households in electrification programme connected (Kobong,- 290 Nkobongo -172, Tabase - 98)	560	560	540	O	The planned target was 540 however the adjustment was not done from 560 to 540. The overall target planned was achieved	The targets that are due for adjustment will be adjusted accordingly and final draft will be confirmed with management.
TL94	Infrastructure Planning and Development	Number of km's of Link Line constructed (Nkobongo)	10	10	10	G	Target achieved	Not applicable
TL95	Infrastructure Planning and Development	Number of public lights installed (2 x High Masts Sithole & TV Park, Street lights 20 x Station str &	101	113	115	G2	Two additional lights were installed and the target was achieved ahead of schedule.	Not Applicable

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments	Corrective Measures
			Original Target	Revised Target	Actual	R		
		79 Tlokoeng)						
TL96	Infrastructure Planning and Development	Number of Network upgrades (Porte Phase 2, 5 x Transformer upgrades Nqanqarhu x1 Ugie	7	6	7	G2	The target was over achieved due to emergency repair that was done in Vincent transformer	Not applicable
TL97	Infrastructure Planning and Development	Number of smart meters installed (1600 household smart meter, 4 x Bulk feeder meter Ugie, 4 x Bulk feeder meter Nqanqarhu)	1 608	1 608	0	R	Target not achieved due to delays in securing long term finding for the projects. Council resolution taken on 28 February 2022 through resolution CON/16/22.	Smart meters are budgeted for in the next financial year.
TL98	Infrastructure Planning and Development	KMs of roads constructed (Nqanqarhu/ Nqanqarhu streets 1.85km, Nkululekweni 4.5km, Castle Rocks 1.95km, Sithana AR 4km	12.30	12.30	10.15	O	Target partially achieved Sithana AR was reduced by 200m to 3.8km by the demand by beneficiary community to include an unplanned shorter section during construction stage; Castle Rocks AR and Bridge construction continues and was severely delayed for 3.5 months of summer rainstorms in the second and 3rd quarter.	The variance will be carried over to the next financial year.
TL99	Infrastructure Planning and Development	Number of public amenities constructed (Phumulong ECDC, Skote Phase 2, Lower Tsitsana ECDC, Ugie Toilets, Sewer package plant and VTS)	6	6	5	O	Target partially achieved. 5 projects were achieved except for VTS. Non-completion of the VTS was due to poor contractor performance and subsequently terminated.	VTS will be completed in the next financial year.
TL100	Infrastructure Planning and Development	Number of bridges rehabilitated (2 x Ward 7 Bridges in Sophonia)	1	1	0	R	Target not achieved, Projects delayed due to redirecting of funds to the	Target will be carried over to the next financial year.

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments	Corrective Measures
			Original Target	Revised Target	Actual	R		
							VTS. Request for quotation was issued on 30 May 2022 and price negotiations took place during June. The target is to make award in July and proceed with the project as planned	
TL101	Infrastructure Planning and Development	Number of kms of paved roads rehabilitated (Sonwabile)	5	5	0	R	Target not achieved to delayed appointments for appointments of service provider and contractor between February and March for consultant and May and June 2022.	Target will be carried over to the next financial year.
TL102	Infrastructure Planning and Development	Number of KMs of access roads maintained	150	150	174.9	G2	Target over achieved. We started with blading works and left patch graveling works for the later part of the year after the annual rains to minimize the washing away of materials. There were also special requests for additional work to be performed outside the maintenance schedule.	Not applicable
TL103	Infrastructure Planning and Development	% completed of Stormwater Maintenance (Popcorn Valley, Ilisolomzi).	100.00%	100.00%	100.00 %	G	Target achieved.	Not applicable
TL104	Infrastructure Planning and Development	% of urban roads maintenance completed	100.00%	100.00%	130.14 %	G2	Target over achieved in Q2 due to accelerated works to prevent Stormwater problems with the coming rain season. During rainy season the section experienced additional Stormwater problems	Not applicable

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments	Corrective Measures
			Original Target	Revised Target	Actual	R		
							which required additional jetting of Stormwater lines.	
TL105	Community Services	% of known for household & commercial receiving basic refuse removal services	100%	100%	100%	G	Target achieved	Not applicable
TL106	Budget and Treasury Office	Number of indigent households with access to free basic services	9000	9000	5 914	R	Target not achieved due to the difficulties experienced in re-registering new and old indigent applicants. the certifying of applicant's documents is an inhibiting factor.	Indigent register will be done in time to ensure that required processes are adhered to.
TL107	Corporate Services	% of the municipality's budget for training and development actually spent.	100.00%	100.00%	76%	O	Target not achieved due to late submission of invoices by the appointed service providers	Improve monitoring of service providers to improve submission
TL108	Infrastructure Planning and Development	% expenditure on all infrastructure grants	100%	100%	92%	O	Target was partially achieved due to bad weather in Quarter 3 which affected project implementation and spending.	The municipality will apply for roll-over and carry over affected projects.
TL109	Office of the Municipal Manager	Number of circular 88 reports developed and submitted to the Accounting Officer after the end of each quarter on indicators relevant to	4	4	4	G	Target achieved	Not applicable

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments	Corrective Measures
			Original Target	Revised Target	Actual	R		
		the directorate						
TL110	Spatial Planning and Economic Development	Number of Job opportunities created through LED (Agri & commercial development initiatives)	20	20	36	B	overachieved due to early harvesting	Not applicable

4.6.1.1. Basic Services Key Performance Area

A total of 14 out of 18 indicators in the institutional SDBIP were on Basic Services. Out of the 14 indicators, only 06 indicators were achieved for Basic Services key performance area. This accounted for 42.8% of achievement.

Table 43: Basic Services Key Performance Area

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments
			Original Target	Revised Target	Actual	R	
TL93	Infrastructure Planning and Development	Number of households in electrification programme connected (Kobong,- 290 Nkobongo -172, Tabase -98)	560	560	540	O	The planned target was 540 however the adjustment was not done from 560 to 540. The overall target planned was achieved
TL94	Infrastructure Planning and Development	Number of km's of Link Line constructed (Nkobongo)	10	10	10	G	Target achieved

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments
			Original Target	Revised Target	Actual	R	
TL95	Infrastructure Planning and Development	Number of public lights installed (2 x High Masts Sithole & TV Park, Street lights 20 x Station str & 79 Tlokoeng)	101	113	115	G2	Two additional lights were installed and the target was achieved ahead of schedule.
TL96	Infrastructure Planning and Development	Number of Network upgrades (Porte Phase 2, 5 x Transformer upgrades Nqanqarhux1 Ugie)	7	6	7	G2	The target was over achieved due to emergency repair that was done in Vincent transformer
TL97	Infrastructure Planning and Development	Number of smart meters installed (1600 household smart meter, 4 x Bulk feeder meter Ugie, 4 x Bulk feeder meter Nqanqarhu)	1 608	1 608	0	R	Target not achieved due to delays in securing long term finding for the projects. Council resolution taken on 28 February 2022 through resolution CON/16/22.
TL98	Infrastructure Planning and Development	KMs of roads constructed (Nqanqarhu/ Nqanqarhu streets 1.85km, Nkululekweni 4.5km, Castle Rocks 1.95km, Sithana AR 4km)	12.30	12.30	10.15	O	Target partially achieved Sithana AR was reduced by 200m to 3.8km by the demand by beneficiary community to include an unplanned shorter section during construction stage; Castle Rocks AR and Bridge construction continues and was severely delayed for 3.5 months of summer rainstorms in the second and 3rd quarter.
TL99	Infrastructure Planning and Development	Number of public amenities constructed (Phumulong ECDC, Skote Phase 2, Lower Tsitsana ECDC, Ugie Toilets, Sewer package plant and VTS)	6	6	5	O	Target partially achieved. 5 projects were achieved except for VTS. Non-completion of the VTS was due to poor contractor performance and subsequently terminated.
TL100	Infrastructure Planning and Development	Number of bridges rehabilitated (2 x Ward 7 Bridges in Sophonia)	1	1	0	R	Target not achieved, Projects delayed due to redirecting of funds to the VTS. Request for quotation was issued on 30 May 2022 and price negotiations took place during June. The target is to make award in July and proceed with the project as planned

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments
			Original Target	Revised Target	Actual	R	
TL101	Infrastructure Planning and Development	Number of kms of paved roads rehabilitated (Sonwabile)	5	5	0	R	Target not achieved to delayed appointments for appointments of service provider and contractor between February and March for consultant and May and June 2022.
TL102	Infrastructure Planning and Development	Number of KMs of access roads maintained	150	150	174.9	G2	Target over achieved. We started with blading works and left patch graveling works for the later part of the year after the annual rains to minimize the washing away of materials. There were also special requests for additional work to be performed outside the maintenance schedule.
TL103	Infrastructure Planning and Development	% completed of Stormwater Maintenance (Popcorn Valley, Ilisolomzi).	100.00 %	100.00 %	100.00 %	G	Target achieved.
TL104	Infrastructure Planning and Development	% of urban roads maintenance completed	100.00 %	100.00 %	130.14 %	G2	Target over achieved in Q2 due to accelerated works to prevent Stormwater problems with the coming rain season. During rainy season the section experienced additional Stormwater problems which required additional jetting of Stormwater lines.
TL105	Community Services	% of known for household & commercial receiving basic refuse removal services	100%	100%	100%	G	Target achieved
TL106	Budget and Treasury Office	Number of indigent households with access to free basic services	9000	9000	5 914	R	Target not achieved due to the difficulties experienced in re-registering new and old indigent applicants. the certifying of applicant's documents is an inhibiting factor.

4.6.1.2. Financial Viability and Management Key Performance Area

Financial viability and management key performance area contributed with 02 indicators to the institutional SDBIP. Both indicators were not achieved and this accounted for 0% performance.

Table 44: Financial Viability & Management Key Performance

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments
			Original Target	Revised Target	Actual	R	
TL107	Corporate Services	% of the municipality's budget for training and development actually spent.	100.00%	100%	76%	O	Target not achieved due to late submission of invoices by the appointed service providers
TL108	Infrastructure Planning and Development	% expenditure on all infrastructure grants	100%	100%	92%	O	Target was partially achieved due to bad weather in Quarter 3 which affected project implementation and spending.

4.6.1.3. Good Governance and Public Participation

Good governance and public participation key performance area had 01 indicator and it was 100% achieved.

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2021 to Quarter ending June 2022				Performance Comments
			Original Target	Revised Target	Actual	R	
TL109	Office of the Municipal Manager	Number of circular 88 reports developed and submitted to the Accounting Officer after the end of each quarter on indicators relevant to the directorate	4	4	4	G	Target achieved

4.6.2. Departmental Service Delivery and Budget Implementation Plan

The Departmental Service Delivery and Budget Implementation Plan (the detailed SDBIP) captured the performance of each Department. Unlike the Top Layer SDBIP, which reflects on the strategic performance of the Municipality, the Departmental SDBIP provides a comprehensive picture of the performance per Department/sub-department/branch. It was compiled by the Top Management and Managers for their Departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP.

4.6.2.1. Departmental Performance overview

The Office of the Municipal Manager had a total of 16 indicators. A total of 13 indicators were achieved whilst 03 indicators were not achieved. This accounts for 81% compared to 85,7% that was achieved in the previous financial year which shows a slight regression in performance. Community Services had a total of 09 indicators. A total of 07 indicators was achieved whilst 02 indicators were not achieved. This accounts for 77.7% of the departmental performance and has also regressed compared to 100% that was achieved previously. Infrastructure Planning and Development had a total 18 indicators. A total of 10 indicators was successfully and 09 indicators were not achieved. This accounts for 55,5% of departmental performance. The performance has drastically gone down compared with 91,6 % that was achieved in 2020/21. Planning and Economic Development had a total 10 indicators. A total of 09 indicators was successfully and only one indicator was not achieved. This accounts for 90% of departmental performance and has improved compared with the previous financial year of 76%. Corporate Services had a total of 10 indicators and successfully achieved 05 out of 10 indicators. This accounts for 50% performance for the department and shows a slight regression compared to 66.7% of the previous financial year. Budget and Treasury Office had a total of 17 indicators. A total of 10 indicators were successfully achieved and 07 was not achieved. This accounts for 58.8% of departmental performance and a drastic regression compared to 77.7% of the year 2020/21.

4.6.2.2. Office of the Municipal Manager

The Office of the Municipal Manager had a total of 15 indicators. A total of 13 indicators were achieved whilst 03 indicators were not achieved. This accounts for 87% of the departmental performance.

Table 45: Departmental Analysis of Targets Achieved

Ref	Responsible Department	KPI Name	Overall Performance for July 2021 to June 2022				Performance Comment	
			Original Target	Revised Target	Actual	R		
1.	D394	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of Youth owned Businesses/Cooperatives that are in telecommunications, construction and agriculture sectors supported	3	3	10	B	Target over-achieved due to additional support that was given to 8 individuals who submitted requests outside the Youth Enterprise Development Fund and were supported with saving from the fund.
2.	D395	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of Women owned Businesses/Cooperatives in catering and salon sectors supported	2	2	5	B	Department planned to support 2 women enterprises however 05 enterprises were supported from the saving of the projects.
3.	D396	Office of the Municipal Manager - Strategic Support Services	Turnaround time for conducting annual risk assessment.	90	90	67	B	Target over-achieved due to less days taken against planned days to conduct assessment.
4.	D397	Office of the Municipal Manager - Strategic Support Services	Number of Strategic Planning Sessions conducted.	1	1	1	B	The positive deviation was due to earlier implementation of the project.
5.	D398	Office of the Municipal Manager - IDP, PMS, M&E & Risk Management	% implementation of Institutional PMS Process Plan.	100%	100%	100%	G	Target over achieved, an additional signing of the SDBIP was completed in July instead of June 2021 (September 2021).
6.	D399	Office of the Municipal Manager - IDP, PMS, M&E & Risk Management	% implementation of IDP Process Plan.	100%	100%	85.75%	O	The target was partially achieved due to local government elections that took place in the second quarter which resulted to non-sitting

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								of other planned meetings
7.	D400	Office of the Municipal Manager - Internal Auditor	% of completed internal audit projects of the approved internal audit plan.	100%	100%	86%	O	<p>Target was partially achieved due to three projects that were not completed in the audit plan due to</p> <ul style="list-style-type: none"> • Interim financial statements were not prepared by the auditee. • Audit of infrastructure immovable assets was not tabled to Audit Committee due to late submission of management comments • Municipal governance review could not be done due to election that took place in November 2021.
8.	D402	Office of the Municipal Manager - Public Participation, Communication and Customer Care	Number of inductions conducted after local government elections for new leadership.	3	3	5	B	Target was over-achieved due to additional inductions that were conducted by SALGA in quarter 2 and COGTA in quarter 3.
9.	D403	Office of the Municipal Manager - Strategic Support Services	Number of communications projects implemented	4	4	6	B	The positive deviation was due to additional project that was implemented to profile the new council and its plans.
10.	D406	Office of the Municipal Manager - Strategic Support Services	Number of customer satisfaction surveys conducted.	3	3	4	B	Target was over-achieved due to additional survey that was conducted.
11.	D408	Office of the Municipal Manager - IDP, PMS, M&E & Risk Management	Number of Circular 88 reports developed and submitted	1	1	1	G	Target achieved
12.	D410	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of Mayors Social Investment Projects implemented (bursary, adopt a school and Bridge of hope)	3	3	3	G	Target Achieved

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13.	D411	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of Sport, Arts and Recreation projects implemented (Horse racing event)	1	1	1	G	Target Achieved
14.	D413	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of HIV&AIDS programs implemented (HCB partnership and debriefing sessions)	2	2	2	G	Target Achieved.
15.	D415	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of PWD projects implemented	2	2	2	G	Target Achieved.

4.6.2.3. Community Services

Community Services had a total of 09 indicators. A total of 07 indicators was achieved whilst 02 indicators were not achieved. This accounts for 77.7% of the departmental performance.

Table 46: Community Services Performance

Ref	Responsible Department	KPI Name	Overall Performance for July 2021 to June 2022				Performance Comment
			Original Target	Revised Target	Actual	R	
D401	Community Services - Director: Community Services	Number of landfill management takeover phases implemented	1	1	1	G	Target Achieved
D404	Community Services - Director: Community Services	Number of open spaces beautified (landscaping, planting trees, shrubs, flowers, decoration, swings, rest benches etc.)	5	5	13	B	Target overachieved Beautification and greening initiatives were conducted in various areas where trees were donated and planted, the unit conducted monitoring and inspection of the planted trees. Three clinics, four schools, library and craft centre benefited.

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D407	Community Services - Director: Community Services	Number of phases implemented to improve fire response time in Ugie	1	1	0	R	Even though the department responded to all fire incidences but there was no supporting documentation for claimed achievement and achievement was adjusted to zero instead of 3.
D416	Community Services - Director: Community Services	% Implementation of the approved refuse collection schedule for households	100.00%	100.00%	100%	G	Target achieved
D418	Community Services - Director: Community Services	% Implementation of the approved refuse collection schedule for commercial properties	100.00%	100.00%	100%	G	Target achieved
D419	Community Services - Solid Waste & Environment	Number of bylaws Implemented	8	8	8	G	Target achieved
D421	Community Services - Director: Community Services	% of reported fire incidents responded to	100.00%	100%	100%	G	Target achieved.
D424	Community Services - Director: Community Services	Number of Expanded Public Works Programme (EPWP) job opportunities created	250	250	206	O	Target partially achieved.
D427	Community Services - Director: Community Services	Number of circular 88 reports developed and submitted	4	4	4	G	Target Achieved

4.6.2.4. Infrastructure Planning & Development

Infrastructure Planning and Development had a total 18 indicators. A total of 10 indicators was successfully and 08 indicators were not achieved. This accounts for 55,5% of departmental performance.

Table 47: Infrastructure Planning & Development

	Ref	Responsible Department	KPI Name	Overall Performance for July 2021 to June 2022				Performance Comment
				Original Target	Revised Target	Actual	R	
1.	D405	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of households in electrification programme connected (Koebong 290, Nkobongo172, Tabase 98)	560	560	540	O	The planned target was 540 however the adjustment was not done from 560 to 540. The overall target planned
2.	D409	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of km of Link Line constructed (Nkobongo)	10	10	10	G	Not applicable
3.	D412	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of public lights installed (2 x High Masts Sithole & TV Park, Street lights 20 x Station str & 79 Tlokoeng)	34	113	115	G2	Two additional lights were installed and the target was achieved ahead of schedule.
4.	D414	Director: Infrastructure Planning and Development	Number of Network upgrades (Porte Phase 2, 5 x Transformer upgrades Nqanqarhu, 1 x Ugie)	7	6	7	G2	The target was over achieved due to emergency repair that was done in Vincent transformer
5.	D417	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	% of defects maintained in electricity network	100%	100%	105%	G2	Target over achieved due to unplanned defects which resulted in substation maintenance due to transformer which was constantly failing. There were 21 planned defects corrections but a total of 22 was done due to the unplanned substation maintenance.
	D420	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of smart meters installed (1600 household smart meter, 4 x Bulk feeder meter Ugie, 4 x Bulk feeder meter Nqanqarhu)	1 608	1 608	0	R	Target not achieved due to delays in securing long term finding for the projects. Council resolution taken on 28 February 2022 through resolution CON/16/22.

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6.	D423	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	KMs of roads constructed (Nqanqarhu/ Nqanqarhu streets 1,85km, Nkululekweni 4,5km, Castle Rocks 1,95km, Sithana AR 4km)	12.30	12.30	10.15	O	Target not achieved Sithana AR was reduced by 200m to 3.8km by the demand by beneficiary community to include an unplanned shorter section during construction stage; Castle Rocks AR and Bridge construction continues and was severely delayed for 3.5 months of summer rainstorms in the second and 3rd quarter.
7.	D426	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of public amenities constructed (Phumulong ECDC, Skote Phase 2, Lower Tsitsana ECDC, VTS, Ugie Toilets, Sewer Package Plant	6	6	5	O	Target not achieved. 5 projects were achieved except for VTS. Non-completion of the VTS was due to poor contractor performance and subsequently terminated.
8.	D429	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of bridges rehabilitated (2 x Ward 7 Bridges in Sophonia)	2	2	0	R	Target not achieved, Projects delayed due to redirecting of funds to the VTS. Request for quotation was issued on 30 May 2022 and price negotiations took place during June. The target is to make award in July and proceed with the project as planned
9.	D431	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of kms of paved roads rehabilitated (Sonwabile)	5	5	0	R	Target not achieved to delayed appointments for appointments of service provider and contractor between February and March for consultant and May and June 2022.
10	D433	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of KMs of access roads maintained	150	150	174.88	G2	Target over achieved. We started with blading works and left patch graveling works for the later part of the year after the annual rains to minimize the washing away of materials. There were also special requests for additional work to be performed outside the maintenance schedule.
11.	D435	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	% completed of Stormwater Maintenance (Popcorn Valley, Ilisolomzi).	100.00%	100.00%	100.00%	G	Target achieved.

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12	D436	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	% of urban roads maintenance completed	100.00%	100.00%	130.40%	B	Target over achieved in Q2 due to accelerated works to prevent Stormwater problems with the coming rain season. During rainy season the section experienced additional Stormwater problems which required additional jetting of Stormwater lines.
13	D439	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of infrastructure projects implemented on behalf of internal departments (2 BTO fencing, 1 X Building renovation)	3	3	1	R	Target not achieved.
14	D441	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of work opportunities created through EPWP	250	250	267	G2	Target over achieved due to accelerated works programs in electricity section that led to contractors employing more labour than expected.
15	D443	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of newly appointed SMMEs (1 x rural electrification, 1 x network upgrades, 1 highmast lights, 1 x streetlights, 3 x Nqanqarhu streets, 2 x Skote, 1 X Tsitsana ECDC)	10	10	12	G2	Target over achieved due to SMME contracted in Phumulong and an additional SMME for rural electrification.
16	D445	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	% expenditure on all infrastructure grants	100%	100%	92%	O	Target was partially achieved due to bad weather in Quarter 3 which affected project implementation and spending.
17	D447	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Percentage reduction in electricity distribution losses	27.87%	27.87%	25%	O	Target not achieved, losses increased by 5% instead of decreasing. In December losses were sitting at 29% and only decreased by 1 % in June 2022.
18	D449	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of circular 88 reports developed and submitted	4	4	4	G	Target achieved

4.6.2.5. Planning and Economic Development

Planning and Economic Development had a total 10 indicators. A total of 09 indicators was successfully and only one indicator was not achieved. This accounted for 90% performance.

Table 48: Planning & Economic Development

Ref	Responsible Department	KPI Name	Overall Performance for July 2021 to June 2022				Performance Comment
			Original Target	Revised Target	Actual	R	
D464	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	% of small business development Properties put into the market	100.00%	100.00%	100.00%	G	Target achieved. All business development sites which were valued, verified and approved by Council were put into the market
D465	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	% of residential properties put into the market	100.00%	100.00%	100.00%	G	All residential sites which were valued, verified and approved by the Council were put into the market.
D466	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of Cemeteries formalised	2	2	9	B	Target was over-achieved. Due to COVID 19, DEDEAT exempted activities in the formalisation process, in that way, enabling the municipality to prioritise more cemeteries.
D467	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of job opportunities created through LED (Agri & commercial Development) initiatives	35	35	55	B	Target was over-achieved. Esixhotyeni Forestry project had an early harvest with 20 additional jobs from the 16 existing jobs.
D468	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of partnership agreements concluded for LED initiatives	1	1	2	B	Target achieved. Two projects partnerships were successfully concluded in this financial year (Furniture Manufacturing & Masonry Project).

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D470	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of shearing sheds certified for international wool standards	5	5	0	R	Target not achieved. The new Standard is called the Responsible Communal Wool Cape Wool Standard. Development of the communal wool Standard commenced in 2021, up to date they have had 6 revisions. Each revision refined the requirements to fit the communal set up without degrading the requirements so that it will still be acceptable to the international market. Currently, they have loaded the 10 Elundini shearing sheds on the system and final auditing have commenced. (June 2022)
D471	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of municipal contractors trained in business development through municipal interventions	5	5	13	B	More contractors responded fairly well. Areas of focus to strengthen the local responsiveness of contractors were: understanding of the bill of quantities and pricing and calculations. Budget availability also meant accommodating more contractors for the training.
D472	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of Trader Facilities Provided	6	6	12	B	The number had to be aligned to the number of stalls to be relocated from the main road to the taxi rank.
D473	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of property development agreements developed / reviewed	2	2	2	G	Target achieved. 2 agreements achieved (Middle Income housing agreement is reviewed and Ugie Industrial Hub has been developed) (June 2022)
D474	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of circular 88 reports developed and submitted	1	1	1	G	Target achieved.

4.6.2.6. Corporate Services

Corporate Services had a total of 10 indicators and successfully achieved 05 out of 10 indicators. This accounts for 50% performance for the department.

Table 49: Corporate Services Performance

Ref	Responsible Department	KPI Name	Overall Performance for July 2021 to June 2022				Performance Comment
			Original Target	Revised Target	Actual	R	
D422	Corporate Services - Human Resources	% of the municipality's budget for training and development actually spent.	100.00%	100.00%	76%	O	Target not achieved due to late submission of invoices by the appointed service providers
D425	Corporate Services – ICT	% Connectivity uptime to access online municipal services	95.00%	95.00%	93.35%	O	Target partially achieved due to poor and absence of network connection during Eskom load-shedding.
D428	Corporate Services – ICT	Number of times disaster recovery Sites functionality is monitored.	4	4	3	O	Target not achieved. No responsible department to maintain generator. No budget allocated to maintain the generator. Old equipment used to maintain availability of electricity during load shedding.
D430	Corporate Services - ICT	% of remote backups on financial & HR systems daily conducted.	90.00%	90.00%	88.39%	O	Target not achieved no responsible department to maintain generator. No Budget allocation to maintain generator. Old equipment to maintain availability of electricity during load shedding.
D432	Corporate Services - Human Resources	Number of COVID 19 interventions implemented.	4	4	5	G2	Target over achieved due to more interventions that were explored in Q3.
D434	Corporate Services - Administration & Support	Turnaround time for EXCO & Council resolution to be circulated to all departments	7	7	4.88	B	Target overachieved, resolutions were circulated within 3.7 days.
D437	Corporate Services - Human Resources	Number of engagements with labor in order to maintain labor peace.	12	12	16	B	Target over-achieved due to accelerated works program as the team worked faster in quarter 3.

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D438	Corporate Services - Human Resources	Number of organizational structures reviewed and approved	1	1	0	R	Draft Organizational structure is in place, but could not be finalised due to late appointment of the accounting officer and directors. The indicator will be carried over to the next financial year.
D440	Corporate Services - Administration & Support	Number of Electronic Document & Records Management System implemented.	1	1	1	G	Target Achieved.
D442	Corporate Services - Administration & Support	Number of circular 88 reports developed and submitted	4	4	4	G	Target Achieved.

4.6.2.7. Budget & Treasury

Budget and Treasury Office had a total of 17 indicators. A total of 10 indicators was successfully achieved and 07 was not achieved. This accounted for 58.8% of performance.

Table 50: Budget & Treasury Performance

Ref	Responsible Department	KPI Name	Overall Performance for July 2021 to June 2022				Performance Comment
			Original Target	Revised Target	Actual	R	
D444	Budget and Treasury Office - Chief Financial Officer	Number of indigent households with access to free basic services	9000	9000	5 914	R	Target not achieved due to the difficulties experienced in re-registering new and old indigent applicants. the certifying of applicant's documents is an inhibiting factor.
D446	Budget and Treasury Office - Chief Financial Officer	Number of buildings constructed to avail additional office space	1	1	0	R	Target not Achieved due to inclement weather.

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D448	Budget and Treasury Office - Chief Financial Officer	Number of properties fenced to enhance security (Main Offices and Nqanqarhu Pound	2	2	2	G	Target achieved
D450	Budget and Treasury Office - Chief Financial Officer	Number of activities conducted to secure long-term loan	4	4	4	G	Target achieved
D451	Budget and Treasury Office - Chief Financial Officer	Average number of days taken to pay creditors	30	30	9	B	Target was over-achieved due to early payment of creditors.
D452	Budget and Treasury Office - Supply Chain Management	% of contracts for capital projects monitored against a set criterion	100%	100%	100%	G	Target achieved
D453	Budget and Treasury Office - Financial Statement	Net debtors' days	100	100	322 days	R	
D454	Budget and Treasury Office - Fleet & Asset Management	% of maintenance work done on identified buildings	100.00%	100.00%	100%	G	Target Achieved.
D455	Budget and Treasury Office - Fleet & Asset Management	Number of vehicle exception reports generated with flagged areas for consequence	4	4	1	R	Target not achieved due to new vehicle tracking company not producing the required reports.
D456	Budget and Treasury Office - Financial Statement	Current Ratio	1.501.1:	1.501.1:	1.575.1:	G2	Target overachieved due to sound financial controls in place.
D457	Budget and Treasury Office - Income & Expenditure	Collection Rate	95.00%	95.00%	105%	O	Target partially achieved.
D458	Budget and Treasury Office - Financial Statement	Cost coverage ratio	1	1	3	B	Target overachieved due to sound financial controls in place.
D459	Budget and Treasury Office -	Percentage spent on budget allocated to	100%	100%	84%	O	Target partially achieved

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	Fleet & Asset Management	planned building maintenance					
D460	Budget and Treasury Office - Fleet & Asset Management	Number of physical asset verifications conducted	4	4	4	G	Target achieved.
D461	Budget and Treasury Office - Chief Financial Officer	% of external and Internal Audit findings as per audit action plans implemented	100%	100%	88%	O	Target achieved
D462	Budget and Treasury Office - Supply Chain Management	Average number of days taken to process a bid from specification to adjudication	65	65	24.75	B	Target over-achieved due to efficiencies in the bid committees sitting for the meetings.
D463	Budget and Treasury Office - Chief Financial Officer	Number of circular 88 reports developed and submitted	4	4	4	G	Target partially achieved due to non-reporting of the department for quarter 4.

Conclusion

The performance of the municipality has since dropped compared to the previous year's performance due to a number of things as some departments operated with no head of departments due to expiry of contracts of Municipal Manager, Director Corporate Services and Director Community Services.

Some issues that had an effect in achieving planned targets include the following:

- delays in the implementation of some of the projects due to bad weather conditions which affected the municipality in quarter three;
- delays in appointment of service providers as a result of the moratorium by National Treasury to put on halt procurement processes;
- policy change for beneficiation of local contractors to move from 30% to 50%. Reduction of kms at Sithana to accommodate the community demand to include an unplanned shorter section during construction stage
- Poor service provider performance which resulted to contract termination.
- delays in the implementation of some of the projects due to bad weather conditions which affected us in quarter three;
- delays in appointment of service providers as a result of the moratorium by National Treasury to put on halt procurement processes;
- policy change for beneficiation of local contractors to move from 30% to 50%. Reduction of kms at Sithana to accommodate the community demand to include an unplanned shorter section during construction stage
- Poor service provider performance which resulted to contract termination.
- Issues of adjustment that were not performed on indicators that were due to be adjusted
- The budgetary constraints

5. CHAPTER FIVE – FINANCIAL PERFORMANCE

5.1. 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.

5.1.1. Budget Planning, Monitoring and Reporting

5.1.1.1. Municipal Budgets and Reports

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 projects to another and from one section to another. 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.

5.1.2. Income and Expenditure

5.1.2.1. Free Basic Services and Indigent Support

The ELM annually reviews its Indigent Management Policy whose basic principles are captured by indicating that the policy ensures that poor households are not denied their constitutional right of access to services. The ELM implements an indigent management policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction. For the year under review ELM managed to provide free basic services to 5 914 qualifying beneficiaries.

The indigent management policy is an integral part of the Elundini's Tariff Policy that is developed and implemented in a transparent manner to ensure the sustainability of local public services to all of its citizens at an affordable cost. Critically as part of ELM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the municipal area (5 000 new applications over the MTREF), to this effect the service delivery

targets have been amended to reflect this target; indigent support funding envelope has significantly increased to R 44.1 Million over the 2021/2022-2022/2023 – 2023/2024 MTREF. The table below indicates the number of households with access to free basic services:

Table 52: Free Basic Services

Free Basic Services to Low Income Households						
Number of households						
	Total	Income threshold is an income of not less than two state pensions per month				
		Free Basic Electricity			Free Basic Refuse	
		Total	Access	%	Access	%
2018		14 343	10 428		3 915	
2019		14 204	10 837		4 030	
2020		5 118	4 965		153	
2021		4 789	4 156		133	
2022		5 914	5 177		137	

5.1.2.2. Statement of Financial Performance

Financial Summary						
						R' 000
Description	Year -1		Current: Year 0		Year 0 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Financial Performance						
Property rates		31 309 000,00	31 309 000,00	31 509 000,00	%	%
Service charges		43 436 000,00	37 617 000,00	37 632 000,00	%	%
Investment revenue		4 707 000,00	4 707 000,00	4 821 000,00	%	%
Transfers recognised – operational		193 330 000,00	221 343 000,00	200 993 000,00	%	%
Other own revenue		41 959 000,00	39 960 000,00	27 238 000,00	%	%
Total Revenue (excluding capital transfers and contributions)	–	314 741 000,00	334 936 000,00	302 193 000,00	%	%
Employee costs		120 570	111 751 000,00	97 394 000,00	%	%
Remuneration of councillors		13 193	13 193 000,00	12 609 000,00	%	%
Depreciation & asset impairment		33 000	43 403 000,00	30 547 000,00	%	%
Finance charges		209	209 000,00	407 000,00	%	%
Materials and bulk purchases		24 759	25 016 000,00	25 264 000,00	%	%
Transfers and grants					%	%
Other expenditure		161 156 000,00	152 494 000,00	109 654 000,00	%	%

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Total Expenditure	–	352 887 000,00	346 066 000,00	275 875 000,00	%	%
Surplus/(Deficit)	–	-38 146 000,00	-11 130 000,00	26 318 000,00	%	%
Transfers recognised – capital		51 288 000,00	51 288 000,00	52 688 000,00	%	%
Contributions recognised - capital & contributed assets					%	%
Surplus/(Deficit) after capital transfers & contributions	–	13 142 000,00	40 158 000,00	79 006 000,00	%	%
Share of surplus/ (deficit) of associate					%	%
Surplus/(Deficit) for the year	–	13 142 000,00	40 158 000,00	79 006 000,00	%	%
Capital expenditure & funds sources						
Capital expenditure	–	-	-	-	%	%
Transfers recognised – capital	–	51 288 000,00	51 288 000,00	41 469 000,00	%	%
Public contributions & donations					%	%
Borrowing					%	%
Internally generated funds		37 496 000,00	51 636 000,00	16 416 000,00	%	%
Total sources of capital funds	–	88 784 000,00	102 924 000,00	57 885 000,00	%	%
Financial position						
Total current assets	–	115 404 077,00	238 850 707,00	-	%	%
Total non-current assets	–	561 001 835,00	564 738 404,00	-	%	%
Total current liabilities	–	65 103 537,00	66 011 273,00	-	%	%
Total noncurrent liabilities	–	19 151 035,00	19 151 035,00	-	%	%
Community wealth/Equity	–	-	-	-	%	%
Cash flows						
Net cash from (used) operating	–	-	-	-	%	%
Net cash from (used) investing	–	-	-	-	%	%
Net cash from (used) financing	–	-	-	-	%	%
Cash/cash equivalents at the year end	–	-	-	-	%	%
Cash backing/surplus reconciliation						
Cash and investments available	–	-	-	-	%	%

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Application of cash and investments	-	-	-	-	%	%
Balance - surplus (shortfall)	-	-	-	-	%	%
Asset management						
Asset register summary (WDV)	-	-	-	-	%	%
Depreciation & asset impairment	-	-	-	-	%	%
Renewal of Existing Assets	-	-	-	-	%	%
Repairs and Maintenance	-	-	-	-	%	%
Free services						
Cost of Free Basic Services provided	-	-	-	-	%	%
Revenue cost of free services provided	-	-	-	-	%	%
Households below minimum service level						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%

Grant Performance						
Description	R' 000					
	Year -1	Year 0		Year 0 Variance		
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	154 211 000,00	193 990 000,00	193 990 000,00	193 990 000,00		
Equitable share	152 511 000,00	192 290 000,00	192 290 000,00	192 290 000,00		
Municipal Systems Improvement						
Department of Water Affairs	-			-		
Levy replacement	-			-		
Financial Management grant	1 700 000,00	1 700 000,00	1 700 000,00	1 700 000,00		
Provincial Government:	750 000,00	750 000,00	750 000,00	750 000,00		
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	750 000,00	750 000,00	750 000,00	750 000,00		
Financial Management grant						
District Municipality:	-	-	-	-		

<i>[insert description]</i>				
Other grant providers:	-	-	-	-
<i>[insert description]</i>				
Total Operating Transfers and Grants	154 961 000,00	194 740 000,00	194 740 000,00	194 740 000,00
<i>Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.</i>				<i>T 5.2.1</i>
<i>Full list of provincial and national grants available from published gazettes.</i>				

Repair and Maintenance Expenditure: Year 0				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	15 771 000,00	10 336 000,00	4 556 000,00	71%

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	88 784 000,00	102 598 428,00	70 117 727,00	21,0%	31,7%
Operating Expenditure	289 528 788,00	345 414 328,00	289 528 788,00	0,0%	16,2%
Total expenditure	-	-	-		
Water and sanitation					
Electricity					
Housing					
Roads, Pavements, Bridges and storm water	163 325 103,00	219 771 961,00	219 771 961,00	-34,6%	0,0%
Other	138 358 621,00	134 809 794,00	132 759 926,00	4,0%	1,5%
External Loans					
Internal contributions					
Grants and subsidies	255 696 000,00	255 696 000,00	-	100,0%	
Other	-	-			
	138 358 621,00	140 809 794,00	140 822 773,00	-1,8%	0,0%
External Loans					
Grants and subsidies					
Investments Redeemed					
Statutory Receipts (including VAT)					

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Other Receipts					
	1 182 000 000,00	1 188 805 830,00	1 191 766 793,00	-0,8%	-0,2%
Salaries, wages and allowances	120 570 000,00	111 751 000,00	74 612 406,00	38,1%	33,2%
Cash and creditor payments					
Capital payments					
Investments made					
External loans repaid					
Statutory Payments (including VAT)					
Other payments					
	1 114 944 022,00	1 198 460 573,00	1 183 248 208,00	-6,1%	1,3%
	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	163 789 453,00	164 116 782,00	164 239 578,00	-0,3%	-0,1%
Service charges	603 836 900,00	604 452 756,00	604 453 785,00	-0,1%	0,0%
Other own revenue	214 342 679,00	215 327 659,00	215 432 173,00	-0,5%	0,0%
	981 969 032,00	983 897 197,00	984 125 536,00	-0,2%	0,0%
Employee related costs	302 500 000,00	300 390 487,00	300 567 342,00	0,6%	-0,1%
Provision for working capital	-	-	-		
Repairs and maintenance	51 289 054,00	52 451 275,00	52 485 347,00	-2,3%	-0,1%
Bulk purchases	290 608 422,00	293 268 753,00	293 199 456,00	-0,9%	0,0%
Other expenditure	337 571 556,00	339 658 943,00	340 342 653,00	-0,8%	-0,2%
	981 969 032,00	985 769 458,00	986 594 798,00	-0,5%	-0,1%
Service charges: Electricity	314 325 689,00	322 453 738,00	323 563 549,00	-2,9%	-0,3%
Grants & subsidies: Electricity	7 088 489,00	11 134 267,00	12 453 965,00	-75,7%	-11,9%
Other revenue: Electricity	21 846 491,00	22 347 891,00	22 398 054,86	-2,5%	-0,2%
	343 260 669,00	355 935 896,00	358 415 568,86	-4,4%	-0,7%
Employee related costs: Electricity	13 256 748,00	12 956 409,00	12 765 432,00	3,7%	1,5%
Provision for working capital: Electricity	-	-	-		
Repairs and maintenance: Electricity	16 543 298,00	19 423 438,00	19 352 310,00	-17,0%	0,4%
Bulk purchases: Electricity	178 976 501,00	184 317 863,00	184 298 704,00	-3,0%	0,0%
Other expenditure: Electricity	33 546 809,00	49 542 968,00	50 875 324,00	-51,7%	-2,7%
	242 323 356,00	266 240 678,00	267 291 770,00	-10,3%	-0,4%

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Service charges: Water	137 689 643,00	139 085 643,00	140 347 210,00	-1,9%	-0,9%
Grants & subsidies: Water	27 453 255,00	25 500 250,00	25 500 250,00	7,1%	0,0%
Other revenue: Water	11 567 489,00	13 875 632,00	13 995 321,00	-21,0%	-0,9%
	176 710 387,00	178 461 525,00	179 842 781,00	-1,8%	-0,8%
Employee related costs: Water	13 452 549,00	14 012 349,00	13 998 372,00	-4,1%	0,1%
Provision for working capital: Water	-	-	-		
Repairs and maintenance: Water	8 546 289,00	9 357 128,00	9 421 863,00	-10,2%	-0,7%
Bulk purchases: Water	85 765 454,00	88 356 120,00	88 547 219,00	-3,2%	-0,2%
Other expenditure: Water	48 634 526,00	44 746 511,00	44 653 219,00	8,2%	0,2%
	156 398 818,00	156 472 108,00	156 620 673,00	-0,1%	-0,1%

5.1.3. Supply Chain Management

The 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 has been adopted by the council on the 24 June 2021 under resolution CON/136/21 Report on Supply Chain Management Policy. The SCM Policy integrates with the Transport and Catering policy, Standard for Infrastructure Procurement and delivery Management (SIPDM Policy), 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)

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 off SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance

5.1.3.1. Establishment Of SCM Section

The unit has been established to implement Supply Chain Management Policy as per regulation 7 (1) of Supply Chain Management Regulation. The unit 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 SCMU was amended and approved during the 2018/19 financial year and a review has been conducted in order to address the current shortcomings in the section.

5.1.3.2. Challenges

- Late submission of specifications and underperformed market analysis which resulted to delays in the procurement processes and re advertisement of projects.

- Market analysis is done on adhoc basis, yet there should be a dedicated official to assist the bid specifications committee with this activity. Another contributor to this is the late submission of the specifications.

5.1.3.3. Demand & Acquisition Management

The municipality's system of acquisition management must ensure:

- 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.
- A process flow of the demand plan was developed; each department populated Demand Management Plan, which was subsequently signed off by each department.
- To support the process, schedules for convening the committee meetings were developed and circulated to all SCM users. Challenges that brought non-compliance to the Demand Plan were late submissions of specification that resulted to late advertisement / implementation. Most projects are advertised due to non-adherence of bidders to the required specifications and functionality.

Demand management plan was approved on the 17 July 2021 (Capital and Operational)

- Overall targets set - 21
- Achieved Targets - 21
- Not achieved - 14
- Cancelled = 3

Reason for not achieving targets are as follows:-

- Re- advertisements due to non-responsive bidders
- Non-submission of specifications on time

Goods and service 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), SIPDM and we are continuously improving the documents in order to improve access and ease of use. The municipality in place 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.

5.1.3.4. Competitive Bidding For Contracts Valued More Than R200,000

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) has 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.
- A number of 32 Bids was awarded in 2021-2022
- Contract Management & Vendor Performance
- 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.

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 R4 239 016,01. The table below depicts expenditure incurred through deviation.

Table 51: Deviation Expenditure

Municipal Manager	R 214 759,57
Budget and Treasury	R 963 910,96
Infrastructure Planning	R2 721 207,52
Corporate Services	R265 900,46
Community Services	R 204 683,89
Strategic Planning	R 20 564,30
	R4 391 026,70

This table depicts Section 36 (a) (i-v) and amounts incurred.

Table 52: Section 36 Compliance

Section 36 (1)(a)(i)	R 55496,56
Section 36 (1)(a)(ii)	R 20564,3
Section 36 (1)(a)(iii)	
Section 36 (1)(a)(iv)	
Section 36 (1)(a)(v)	R 4 303 345,84
Section 36 (1) (b)	R 11 620,00
	R4 391 026,70

(2020-2021: R4 239 016,01). (2021-2022: R4 391 026,70) Deviations were increased by R152 010.69 during 2020-2022 Financial Year. The bulk of the deviations may be addressed via competitive bidding processes, proper planning and this office are continuing to assist user departments with the sourcing of specifications in order to attempt to reduce the occurrence or re-occurrence of some deviations. A multi-year plan for operational activities can assist in the reduction of deviations, in essence, apart from having Demand Management Plan, SCM will attempt to develop a plan for all other items budgeted for each and every financial year regardless of the value.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Table 53: Irregular Expenditure Comparison Between 2021 & 2022 Financial Year

Irregular expenditure consists of the following:				2022	2021
Opening Balance				0	1 988 897
Irregular expenditure incurred				1 126 076,90	12 688 105
Written off by Council				(1 007 519,00)	(14 641 344)
To be recovered				0,00	(35 658)
Closing Balance (Irregular expenditure awaiting council consideration)				118 558	0
Details of irregular expenditure incurred				2022	2021

N

SCM Processes not followed				118 557,90	-
Deviations not in line with SCM Regulation 36				0	-
Incorrect calculations of Preferential Points during evaluation				0	-
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC				1 007 519,00	13 132 682
Making use of non compliant service providers				0	-
Policy not followed when appointing an employee : Ms S Batyi				0	527 284
Variation order not in line with SCM Policy				0	-
Overpayment of exit benefit to Senior Manager				0	-
Excess payment on approved total remuneration package of senior managers				-	35 658
Councillor acted without authority in contract entered with supplier					
TOTAL				1 126 076,90	13 695 624

5.1.3.5. Compliance with MFMA AND SCM POLICY

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

Table 54: Companies with Relatives in the Municipality

Director	Relationship to the person of the state	Declaration of Interest	Total Amount
Noluthando Thuli	Family to Ms Ntombizanele Thuli		
Letitia Zoliswa Nodikana	Mother of Vuyokazi Nodikana		R0
Siphehile Sahlulo	Daughter of Bulelwa Sahlulo (Registry Clerk)		R0
Malungisa Dlokweni	Spouse of Zizipho Mbana (Clerk-Expenditure)		R0
Nomasiza Winnie Chaka	Fundisiwe Chaka (Child)		R 9 000,00
Thabathani Chaka	Fundisiwe Chaka (Brother)		R0
Babalo Mphohlo	Nomtha Nkani (Spouse)		R0
Bongiwe Cynthia Pula	Sibling of Nombulelo Pula (Cleaner/ Parks and amenities)		R0
Nosipho Dumeko	Spouse of Sango Dumeko (Relations Practitioner)	Interest in other related company changing lives collect a can Multi-Purpose where LC Nxelana (cleaner) and Klass (Special Programme Coordinator) and Director	R191,510,93

Ron Watermeyer	Benjamin Watermeyer – Son		R0
Kumkani Electricals	Spouse of Pelloza Mpeqeka (Eskom)		R00
Munsoft	Spouse of Mary Renani (Department of Justice)		R4 764 035
Ndikho Mahlubandile Malic Ntaba		Interest in other related company Elundini group 20 where SJT Magadla (Councilor) is a director	R0
Babalo Mpohlo	Nomtha Nkani (Spouse)		
Sonwabile Bikitsi	Yolisa Majali (Spouse)		R0
Sandile Business	Spouse of Zikhona Mxinwa Nyandeni Local Municipality)		R0
Sydwell Maqula	Spose of N.J Majula (Department of Human Settlements)		R157 879
Ziphelele Nqabeni	Ziphelele Nqabeni (ECDC Administration)		R0
Mawande Gobeni	Sivs Arch		R0
			R 5 122 424,86

5.1.3.6. SMME Development

- There is an approved Infrastructure Procurement Strategy/ Subcontracting Plan wherein 50 % of budget will be allocated to local SMMEs and allocation of 30% to the subcontractors who are Local SMMEs. All appointments both Local SMMEs and subcontractors shall be done in line with state regulations.
- The plan addresses the imperative to develop SMME contractors and Cooperatives within the civil, electrical and construction discipline as well as materials supply, who are residents and/or operate within the area of Elundini Local Municipality.
- Provide local individuals with the opportunity to gain skills in various artisan skills
- Provide an opportunity to students to gain the necessary practical experience required for the completion of their studies
- Benefit economically and have the opportunity to grow and stabilize their business
- Gain the necessary experience that will allow them to move to the next grade within the CIDB system
- Gain the experience to enable them to be able to compete in the supply of goods and services to other sectors of society, i.e. the private sector and households

Conclusion

Elundini Municipality has been implementing the Supply Chain Management Regulations through the Supply Chain Management Policy. Any shortcomings or inadequacies in the implementation of the Supply Chain Management Policy are constantly addressed. Demand Management will be a focus area and progress will also be reported regularly. Projects and procurement are being planned with cognisance of the requirements of the Supply Chain Management legislative framework to ensure that the process of the municipality are fair, equitable, transparent, competitive and cost-effective and comply with the prescripts of the Municipal Finance Management Act in order to give effect to Section 217 of the Constitution

6. CHAPTER SIX : Auditor General Audit Findings

6.1.1. Audit Report 2021



ELUNDINI LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2021



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Elundini Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 4 of 2020 (Dora).

Basis for opinion

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

Emphasis of matters

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

Irregular expenditure

7. As disclosed in note 43.3 to the financial statements, irregular expenditure of R12,7 million (2020: R31 million) was because a proper tender process had not been followed and SCM regulations were not complied with.

Material impairments

8. As disclosed in notes 3 and 49 to the financial statements, impairments of R34,6 million (2020: R32,7 million) relating to receivables from exchange transactions and R18,1 million (2020: R15,4 million) relating to statutory receivables were incurred .

Restatement of corresponding figures

9. As disclosed in note 39 to the financial statements, the corresponding figures for 30 June 2020 have been restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2021.

Other matters

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

Unaudited disclosure notes

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

Unaudited supplementary information

12. The supplementary information set out on pages... to ... do not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

13. 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.
14. 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 accounting officer either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. 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 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.

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

Report on the audit of the annual performance report

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2021:

Objectives	Pages in the annual performance report
KPA 1 – Basic service delivery and infrastructure	x – x

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objective.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under or overachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raised material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
26. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report on that fact.

Internal control deficiencies

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

Auditor - General

East London

15 December 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

6.1.2. Audit Report 2022

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Elundini Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African 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 9 of 2021 (Dora).

Bases for opinion

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

Emphasis of matters

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

Irregular Expenditure

7. Included in note 42 to the financial statements is irregular expenditure amounting to R1 million (2021: R12,1 million) which was incurred due to non-compliance with regulation 29.

Material impairments

8. As disclosed in note 45 and 3 to the financial statements, impairments of R19,2 million (2021: R18,1 million) relating to statutory receivables and R30,7 million (2021: R34,6 million) relating to receivables from exchange transactions were incurred as a result of irrecoverable debtors.

Restatement of corresponding figures

9. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2021 have been restated as a result of errors identified in the financial statements of the municipality at, and for the year ended, 30 June 2022.

Other matter paragraphs

10. The following other matter paragraphs will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities and the auditor's report:.

Unaudited disclosure notes

11. The supplementary information set out on pages ...to ... does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Unaudited supplementary information

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

Responsibilities of the accounting officer for the financial statements

13. 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.
14. 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 accounting officer either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

17. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2022:

Objectives	Pages in the annual performance report
KPA 1 – Basic service delivery and Infrastructure	x – x

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected objective.

Other matters

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

Achievement of planned targets

23. Refer to the annual performance report on pages xxx to xxx for information on the achievement of planned targets for the year.

Adjustment of material misstatements

24. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of basic service delivery and infrastructure development. As management subsequently corrected the misstatements, I did not raised material findings on the reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

26. The material finding on compliance with a specific matter in key legislation is as follows:

Annual financial statements

27. 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 non-current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected and, resulting in the financial statements receiving an unqualified audit opinion.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.

29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report on that fact.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matter reported below is limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.
33. Leadership did not effectively monitor and review financial reporting and did not implement the recommendations of the Internal Audit and Audit Committee resulting in the material misstatements on the annual financial statements in the current financial year which had to be adjusted in order to achieve the unqualified audit opinion.

Auditor-General

East London
1 December 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

6.1.3. AUDIT ACTION PLAN

ELUNDINI MUNICIPALITY
AUDIT ACTION PLAN FOR THE YEAR ENDED - 30 JUNE 2022

#	Reference	Component	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Progress from last report date
1	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	1. The Accounting policies are not numbered in sequence.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding, the numbering will be corrected and submitted with the adjusted AFS	AFS adjusted, finding resolved.	> Interim AFS not conducted > Moving from excel AFS to Caseware and lack of an alternative plan >Inadequate review of compiled AFS due to time constraints. >New AFS consultants.	Manager Budget and Reporting	31/03/2023	This finding was resolved on the adjusted AFS the sequence numbering has been corrected. To ensure that the numbering is done correctly on the interim AFS so that this does not become an issue on the final AFS.	None
2	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	2. The note number is not included on the statement of financial performance for the line item Loss on disposal of non-current asset, however note 32 refers to this item.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding, corrections will be made on the adjusted AFS	AFS adjusted, finding resolved.	> Interim AFS not conducted > Moving from excel AFS to Caseware >Inadequate review of compiled AFS due to time constraints. >New AFS consultants. > Lack of capacity to develop AFS within the institution	Manager Budget and Reporting	31-03-2023	To ensure that cross referencing of the face of the AFS with the notes is done correctly on the interim AFS so that this does not become an issue on the final AFS.	1. General Reviewed and corrections identified for the period July 2022 to December 2022
3	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	3. AOPO listings that agree to the submitted APR achievements were not submitted	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding information has been submitted to your office	The AOPO listings were subsequently submitted therefore the finding is resolved	>Limitation in the consultants. > Lack of capacity to develop AFS within the institution	Senior Manager Strategic Support	31/08/2023	Management will ensure that AOPO listing agrees with APR submitted.	None
4	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	4. The intangible assets register was not submitted with the financial statements	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We do not agree with the finding Intangible assets is in the movable's assets refer column L asset class of movables asset register.	Management comments noted, the finding resolved.	> Lack of capacity to develop AFS within the institution	Manager Assets	04/09/2023	Propose a meeting with AG immediately after AFS submission where the auditee will outline the components of the AFS.	
5	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	5.The unauthorised expenditure note for capital expenditure does not have comparative figures.	The findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding the note will be corrected and comparative figures from last year will be included on the adjusted AFS refer to extract note no. 47. There is no unauthorised expenditure incurred during the year, as unauthorised expenditure is defined as the total amount per vote (not separating operating and capital expenditure).	AFS adjusted, finding resolved.	> Lack of capacity to develop AFS within the institution	Manager Budget and Reporting	31-Mar-23	When compiling the interim financial statement, an exercise will be conducting to compare comparatives against the audited AFS.	None
6	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	6(a)The amounts per the annual financial statements do not agree to the amounts per the supporting schedules on contingent liabilities as per attached table on the detailed findings -Contingent Liabilities	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	6(a)Contingent liabilities: We agree with the finding it was an error that it was included on the AFS for 2022, therefore it will be corrected in the adjusted AFS.	AFS adjusted, finding resolved.	>Poor planning	Legal Officer	31/03/2023	Draft AFS will be submitted with accompanying documents for accuracy and completeness (confirmations from attorneys).	
7	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	6(b)The amounts per the annual financial statements do not agree to the amounts per the supporting schedules on property plant & equipment as per attached table on the detailed findings -Assets (PPE)	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	6(b)PPE-We agree with the finding that the register does not agree with the GL, however the difference is not R28m see attached spreadsheets and table below. We further went to the entire population to address the differences to agree the GL and PPE note. Find the attached updated Registers and Updated Note.	AFS adjusted, finding resolved.	>Poor planning	Assets Manager	31-03-2023	1. Review Asset Register totals and General Ledger	1. General Reviewed and corrections identified for the period July 2022 to December 2022
8	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	7.The amounts per the current AFS corresponding figures do not agree to the prior year audited AFS amounts	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	The management disagree with all findings except for trade payables.	Management comments noted, the finding resolved.	> Lack of review of AFS	Chief Financial Officer	31/03/2023	A detailed note for prior period errors and reclassification on the interim AFS.	
9	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	8.The following disclosure notes are not included on the financial statements as required by GRAP: >Events after reporting date. >In-Kind donations. >Private Public Partnership (PPP). >Impact of COVID-19 and Financial Sustainability. >Principal-agent Arrangement. >Non-living resources. >Segment reporting.	The above findings are caused by lack of proper review of financial statements and annual performance report.	2. An adequate review must be performed by the internal audit unit as well as the Audit Committee before Financial statements and Annual Report is submitted to the auditors.	The management agrees with all findings except for Events after reporting date.	AFS adjusted, finding resolved.	> Inadequate controls when migrating to Casewaare	Chief Financial Officer	31/03/2023	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	
10	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	9. The following appear on the face of the current year AFS but there are no notes even though they are material; Bulk purchases, Sale of goods/inventory and Accumulated surplus.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding we will correct it and include on the adjusted AFS	AFS adjusted, finding resolved	> Inadequate controls when migrating to Casewaare	Chief Financial Officer	31/03/2023	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	
11	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	10.The reported indicators are not consistent with planned indicator as reflected.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding information requested has been submitted to your office.	The correct SDBIP was submitted, therefore finding resolved.	> Inadequate review of information captured from SDBIP to action assist.	Senior Manager Strategic Support	31/07/2023	Thorough review of the information captured on action assist to ensure accuracy and completeness.	

#	Reference	Component	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Progress from last report date
12	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	11. The amount per the statement of financial performance does not agree to the amount per note 30 for the items below: Contracted Services	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding the information will be corrected on the adjusted AFS office	AFS adjusted, finding resolved.	> Lack of a coordinated Caseware migration strategy	Chief Financial Officer	31/03/2023	When compiling the interim financial statement, an exercise will be conducting to compare the face of the financials to the notes.	
13	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	12. The description per the statement of financial performance does not agree to the description per note 32 for the items below: Loss on disposal . Description per the statement of financial performance and as per note.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding we will correct the description on the adjusted AFS	AFS adjusted, finding resolved.	> Lack of a coordinated Caseware migration strategy	Chief Financial Officer	31/03/2023	When compiling the interim financial statement, an exercise will be conducting to compare the face of the financials to the notes.	
14	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	13. The bank accounts below reflect the same account number but different amounts: Standard Bank (Revenue Account); Standard Bank (EPWP)	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding EPWP account number error happened when entering the account numbers and will be corrected on the adjusted AFS see the attached bank statements	AFS adjusted, finding resolved.	> Lack of a coordinated Caseware migration strategy	Chief Financial Officer	31/03/2023	When compiling the interim financial statement, an exercise will be conducting to compare the face of the financials to the notes.	
15	Coaf 1	High level review of AFS	Annual Financial Statement and Annual Performance Report High Level Review	14. There is a difference between the disclosed amount on the GL and the amount on the financial statements; FNB - Petty Cash	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management should ensure financial statements are submitted with all corresponding schedules and listings.	We agree with the finding petty cash will be corrected on the adjusted AFS	AFS adjusted, finding resolved.	> Lack of a coordinated Caseware migration strategy	Manager Income and Expenditure	31/03/2023	To ensure that during completion of interim financial statements the reconciliation are formed.	
16	Coaf 3	General IT controls	ICT Charter not reviewed for 2021/22	The ICT steering committee charter was not reviewed for 2021/22. The finding was raised in the prior year.	This is caused by lack of review controls over policies on a periodical basis	Management should ensure that ICT Charter and Framework are reviewed and approved on a periodical basis to ensure that any changes to legislations or standards are taken into account.	Management agrees with the finding though the review processes of the ICT Charter and Framework was done and finalized in the year 2020/21 but was adopted by Council in September 2022 as it was the only ordinary council meeting that it could be tabled on.	Management agrees with the finding, therefore the finding remains and will be reported in the management report.	> The challenge of high staff turnover in the position of ICT Manager in previous years.	Director - Corporate Services	15/12/2022	The review process of municipal council calendar to ensure that the policies and charters are reviewed in each financial year.	The charter has since been reviewed and adopted by Council on the 30th of September 2022
17	Coaf 3	Movable assets	Assets: Disposed assets not removed from the fixed assets register and Asset count not done for investment property	1. The following asset was disposed off during the year under review but still appears on the 2021/22 fixed asset register at its carrying amount as the municipality's asset. 2. During the walkthrough done on the investment property business process, it was identified that no asset count was done for investment properties.	1. The cause of the finding is lack of controls over the asset register to ensure that disposed assets are removed from existing assets in the asset register. 2. This finding is caused by lack of oversight by management in ensuring that the assets policy is implemented.	Management should ensure that they remove disposed assets from the existing assets fixed assets register and also ensure that asset count is done as per the policy for all municipal assets.	1. Asset 5394 Toyota Fortuner 2.4 GD We are in agreement with the finding. The vehicle was erroneously omitted from Disposals in the Asset Register whilst other assets disposed were removed in the Asset Register. The carrying value of the error is R260 808.98. Management will ensure that disposed assets are removed in the assets register. 2. Investment properties Count 2.1 Investment Property physical count was not conducted in the 2021/2022	Management agrees with the finding, therefore the finding remains and will be taken to statement of owners and unders, the extrapolated mistatement is R713 173.	> Inadequate review of the disposal list and assets disposed in the asset register.	Manager Assets	31/03/2023	Disposal of Assets on occurrence and reviewal and comparison of disposal list and asset disposal register.	
18	Coaf 4	Provisions	Provisions: Disclosure note for provisions does not comply with GRAP 19 requirements	The following disclosure note does not comply with GRAP 19 requirements as it does not reflect the increase and decrease in estimate and the unwinding of discounted interest as follows.	The cause of the finding is lack of oversight by management in ensuring that all disclosure are as per the required standard.	Management must ensure that the AFS are disclosed as per the required standards	Management agrees with the finding; the breakdown of the provisions did not agree to the amount on the face of the annual financial statements. The note has been updated and an extract of the updated note provided to the auditors.	Inspected the AFS and confirmed that the adjustment was done appropriately	> Lack of capacity to develop AFS within the institution	Chief Financial Officer	14/08/2023	Landfill Site valuations will be performed timeously to enable enough time for the AFS preparation and reviews. Draft AFS will be submitted for review together with the accompanying registers and supporting documents.	
19	Coaf 5	Expenditure	Expenditure: Differences between the general ledger and the annual financial statements submitted for audit	1. The expenditure amount per the prior year audited financial statements does not agree to the comparative amount disclosed in the current year AFS. 2. It was further noted that the amounts as per the general ledger does not correspond to the amount as per Annual Financial Statements.	The cause of the above findings is a lack of thorough reviews of the AFS	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP).	As per COAF 1, we agree that the prior year had errors on organizational expenses and research and advisory. We have thus corrected these and attached here is the AFS extract to show the correction.	Finding 1: Adjusted the AFS. Refer to note 32. 2. The adjustment will not have an impact on the audit opinion and therefore not accepted and is included in the overs and unders.	> Lack of rigorous review on the AFS.	Chief Financial Officer	31/03/2023	An exercise will be conducted to agree the comparatives with the prior year audited AFS, in instances of prior period error a detailed note will be prepared to provide details of the components restated. Monthly reconciliations are being prepared to identify misallocations. Comparison between the interim financial statements and the reconciliations will be done to identify mismappings.	
20	Coaf 6	Expenditure	Payments were not made within 30 days as per the norm.	Payments were not made within 30 days as per the norm.	The cause of the above finding is a lack of proper controls around receiving and payment of invoices.	Management should ensure that there are proper controls around receiving of invoices. There must be an invoice receipt register in place in order to ensure that invoices are tracked and are paid to the suppliers timeously.	Refer to Detailed no.20 Findings Coaf 6	1. Management agrees with the finding, therefore the finding remains and will be reported in the management report. 2. and 3. Management comments noted, the invoices were assessed the finding is resolved	All invoices are paid by the Municipality within 30 days on receipt by the Finance department. The invoice in question was never submitted to the Municipality and it was agreed with the Service Provider (AG SA) that a credit note will be issued for interest charged.	Income and Expenditure Manager	Ongoing	Invoices received will be processed timeously. Towards year end a memo will be issued advising HOD's to follow up on outstanding invoices. Service providers will also be asked to issue statements so as to identify unrecorded liabilities	

#	Reference	Component	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Progress from last report date
21	Coaf 8	Revenue from Exchange transactions	Differences between amounts per the AFS and amounts per the supporting schedules	The amounts per the financial statements submitted for audit do not agree to the amount per the supporting schedules for the line items below: see detailed findings	The above findings are caused by lack of proper review of the annual financial statements (AFS)	Management should prepare the AFS in time and properly review them before submitting for audit	Amounts on AFS not agreeing to supporting schedules InterestWe agree with the finding; the variance was due to interest misposted to an expenditure account. The issue has been addressed and the AFS and notes updated. Other income We agree with the finding, the variance was due valuation fees for R 302 000 incorrectly mapped to revenue instead of contracted services, there was also an adjustment for pound fees of R 2 592.30 incorrectly mapped as other income: the AFS have been updated and the extracts of the notes submitted to the auditors. Notes not agreeing to the face of the AFS We agree with the finding, the variance was due valuation fees for R 302 000 incorrectly mapped to revenue instead of contracted services, the AFS have been updated and the extracts of the notes submitted to the auditors.	Management agrees with the finding, the finding remains and will be reported in the management report. The adjustment will not have an impact on the audit opinion and therefore not accepted.	> Lack of implementation of identified control deficiencies during AFS review	Chief Financial Officer	31/03/2023	Monthly reconciliations will be done between the billing report and the General Ledger and the reconciling items resolved timeously	
22	Coaf 9	Exchange revenue and Non - exchange interest revenue	Exchange revenue - Non - exchange interest revenue incorrectly classified	There is no split between interest charged on exchange and non-exchange receivables in note 20 of the financial statements. Therefore interest charged on property rates (non - exchange) receivables has been incorrectly disclosed under exchange revenue on the annual financial statements.	The cause of the above finding is due to management not separating interest revenue from exchange transactions and interest revenue from non - exchange transactions, as per their respective significant categories, on the annual financial statements.	Management should disclose the above interest revenue as a separate line item on the annual financial statements based on its significant category, being revenue from non - exchange transactions.	Management agrees with the finding and have updated the AFS and attached extracts from the updated AFS.	Inspected the adjusted afs, the adjustment was done correctly , finding resolved	> Poor planning	Income and Expenditure Manager	31/03/2023	Monthly reconciliations will be done between the billing report and the General Ledger and post the adjustment journals to split the two.	
23	Coaf 10	Predetermined objectives	ApPO: The recorded target on the listing does not add up to the reported target on the APR.	During the audit it was noted that the APR listing submitted for audit purposes does not agree with reported achievement per the Annual Performance Report (APR).	Lack of proper oversight of the Annual Performance Report (APR) and recorded supporting information.	Management should ensure that the supporting documents provided agree to the reported information on the Annual Performance Report.	1. Correction will be made on the listing to reflect 35 streetlights that were over achieved in Station street, 78 streetlights in Mt Fletcher, 1 highmast light in Sithole and 1 highmast light in TV park 2. Adjustment will be made on the APR and reflect the completion of Vincent network upgrade	Management comments noted, APR has been adjusted, there will be emphasis of matter , paragraph on material adjustment to the APR.	APR figures not updated with actual achievement verified by Internal Auditors and agreed with Management.	Senior Manager Strategic Support	31/08/2023	Action assist will be updated with the audited figures.	A correct document with corresponding information was submitted to AG
24	Coaf 11	Receivables	Receivables from Exchange: Presentation and disclosure: Omission	The disclosure note for receivables from exchange transactions (note 3) on the annual financial statements (AFS) submitted for audit does not disclose the breakdown (ageing) for interest from overdue debtors. It was omitted on the note.	The cause of the above findings is a lack of thorough reviews of the AFS	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP). Management should prepare the financial statements that are accurate, supported and comply with GRAP.	Management agrees with the finding and have updated the AFS	Finding resolved , the AFS were adjusted , refer to note 3 of the AFS	> Poor planning	Manager Income and Expenditure	31/08/2023	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	
25	Coaf 12	Receivables	Receivables from non - exchange: Differences between the GL and the AFS	The amounts per the financial statements do not agree to the amounts per the general ledger for the receivables from non - exchange	The cause of the above finding is due to lack of management proper reviews before Annual Financial Statements (AFS) submission.	Management should prepare the AFS in time and properly review them before submitting for audit	The variance was due to CaseWare journals incorrectly processed. The AFS have been updated and an extract note attached	Inspected the adjusted AFS - Finding is resolved.	> Poor planning	Income and Expenditure Manager	31/03/2023	All material amounts of the interim financial statements to be reconciled.	
26	Coaf 12	Receivables	Receivables from non - exchange: Presentation and Disclosure: Differences identified.	During the audit of the receivables from non-exchange note disclosure 4, the following findings were noted: 1. Impairment reconciliation note does not agree to the main note disclosure; 2. Difference between age analysis and the amount recorded in the note per AFS 3. The following line has been incorrectly included in note 4:	The cause of the above finding is due to lack of management oversight on the preparation and review of annual financial statements (AFS).	Management should ensure that AFS is properly reviewed before submission for auditing	Impairment reconciliation note does not agree to the main note disclosure; Management accept the finding and have updated the note and attached an extract of the updated AFS.	Inspected the adjusted AFS and confirmed that the AFS were appropriately adjusted	> Poor planning	Income and Expenditure Manager	31/08/2023	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	
27	Coaf 14	Statutory Receivables	Statutory Receivables: Incorrect disclosure	1. The amounts relating to current year statutory receivables are not included in the statutory receivables note (note 43) of the financial statements submitted for audit. 2. Note 43 has a narration that reads, "Refer to note 24 for property rates levied for the year and basis for interest and rate used on outstanding balances" however note 24 of the financial statements submitted for audit refers to revenue from fines, penalties and forfeits and not property rates levied for the year. Furthermore the note does not specify which note to refer to for Traffic fines issued for the year	The cause of the above findings is a lack of thorough reviews of the financial statements submitted for audit.	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP). Management should prepare the financial statements that are accurate, supported and comply with GRAP.	Management agrees with the finding, the statutory note has been updated	Management agrees with the finding, the statutory note has been updated	> Poor planning	Manager Income and Expenditure	31/03/2023	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	None

#	Reference	Component	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Progress from last report date
28	Coaf 16	Taxes	VAT Receivable: General Ledger and AFS differences	The following differences were identified on the value added tax (VAT) amount disclosed in the annual financial statements (AFS) 1. Differences between the general ledger and the AFS 2. Differences between the financial position amount and note 5 of the AFS.	The above finding is due to lack of proper management reviews of AFS	Management should ensure that AFS are reviewed before they are submitted for audit	1) The difference between the GL and AFS of 193 236 is due to one vole which has an item description of consumer deposits electricity which last year was mapped as VAT and has thus been mapped under VAT in the current year. See attachment. 2. The difference between the note and the AFS was caused by the posting of Caseware journals which touched the debtors and AFS. These were done in error and now have been corrected. Please find attached the AFS extracts, adjustment.	Finding 1 - Finding stands it will be reported under statement of unders and overs- R193 236.00 Finding 2 - resolved, the AFS were adjusted, refer to note number 5 of the AFS	The difference identified was due to mapping issues.	Manager Income and Expenditure	31/03/2023	Monthly reconciliations are being prepared to identify misallocations. Comparison between the interim financial statements and the reconciliations will be done to identify mismappings.	
29	Coaf 17	Payables	Payables: Inconsistencies between Retention Register and Auditor's Recalculations	Contrary to the above, whilst auditing payables from exchange transactions-Retentions it was noted that the amounts as per auditor's recalculations does not agree to the amounts disclosed in the retention register as shown below (see table on detailed findings).	The cause of the above finding is a lack of management reviews in the supporting schedules and AFS.	The Chief Financial Officer and those charged with governance should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements together with supporting schedules.	Management is not in agreement with the finding. Retentions, by their nature are cumulative in line with the cumulative amounts on the progress certificate. So AG has calculated the difference based on amounts that were compounded as they were already cumulative.	Managements comment noted, the calculation was reperfomed and remaining projected mistatement is R349 which is trivial. There is however a difference of R325 062 (R13 171 783 - R12 846 711) between the retentions schedule and the amount per the afs. The two remaining mistatements will be taken to the summary of uncorrected mistatements	The variances were due to errors on retentions computations	Assets Manager	31 -03-2023	Retentions computation to be performed monthly and to be reviewed.	
30	Coaf 19	Cash flow statements	Cash flow statement: Differences between audited amounts and recorded amounts in the AFS	Differences between audited amounts and recorded amounts in the AFS. Table with differences on receipts payments and note reconciliation is attached on the detailed findings.	The cause of the above finding is due to lack of management proper reviews of AFS before submission for audit.	Management should ensure that cash flows only include cash items and that proper reviews are performed before submission of AFS for audit.	Management acknowledges the errors pointed out and are agreeable to adjusting. However, as you are aware, there are adjustments that have happened on sections such as debtors, revenue, and assets which adjustments would require a complete recalculation of the Cashflow Statement. We, as a result, are requesting that this COAF be kept open until the finalisation of all adjustments to enable us to do a final recalculation of the Cashflow Statement.	Management response noted. The adjustments has been tested and the remaining difference of R1 498 143.27 has been identified. Therefore, the adjustment is accepted and it will lead to a material adjustments compliance paragraph	>Inadequate time frame to complete and conduct proper review of AFS.	Income and Expenditure Manager	31-May-23	All AFS components must be prepared and finalised on time to give preparer enough time to prepare the cashflow and also enough time for reviews.	Journals processed on Property rates revenue that was not posting to the Cash flow statement
31	Coaf 20	Material Losses	Material Losses-26,21%. The material losses of 26.2% disclosed in the current period is above the 7% - 10% acceptable threshold.	Material Losses-26,21%. The material losses of 26.2% disclosed in the current period is above the 7% - 10% acceptable threshold.	The material losses of 26.2% disclosed in the current period is above the 7% - 10% acceptable threshold.	Management should ensure that there are controls in place to monitor and minimise the material losses.	Management agrees with the finding	Management comment noted , finding stands	Old metering system within customer,s premisses. The old system is easy to temper and by-pass hence the losses	Director - Infrastructure & Planning		A new smart metering project is underway to replace the old system and beteer manage the losses	The smart meter have been purchased and to be delivered in march 2023.
32	Coaf 21	Statement of Comparison of Budget and Actual Amounts	Budget vs Actual statement: Explanation not provided for material variances and some not reasonable (for explanations provided)	Budget vs Actual statement: Explanation not provided for material variances and some not reasonable (for explanations provided)	The cause of the above finding is due to lack of management proper reviews of annual financial statements (AFS).	Management should ensure that it provides appropriate explanations for all material variances	2. Management disagrees with the finding, the contract is included in the register. The zero before the 3 on the contract number specified above is omitted which could be the reason why it was not found on the commitments register.	AFS Adjusted	> Poor planning	BTO Manager		All expenditures must be monitored against the budget before approval. All material variances will have a detailed explanation.	None
33	Coaf 22	Commitments	Capital Commitments: Terminated Contract included in the total commitment amount at year end	1. The contract below was terminated on 18 October 2021, however there is a commitment amount relating to it disclosed in the 2022 financial statements. The municipality had no obligation towards this project at year end and therefore it should not be disclosed as a commitment. Construction of New Public toilets in Mount Fletcher 2. The contract below is still in progress per the contract register, however not commitment amount is included for it on the commitments register- Conversion of Stores to Municipal Offices	This is caused by lack on management oversight on the controls around maintenance of the Commitment register.	Management should ensure that commitments register is properly updated to ensure that all terminated and new contract are properly recorded.	1. We are in agreement with the finding on Construction of New Public toilets in Mount Fletcher. The contract has been terminated in the updated Commitment Register and there is no obligation on this project. 2. Management disagrees with the finding, the contract is included in the register. The zero before the 3 on the contract number specified above is omitted which could be the reason why it was not found on the commitments register.	Management comments noted, the AFS were adjusted for the the first finding and therefore correctly adjusted and the second one is resolved.	> Lack of review of AFS	Assets Manager	31-03-2023	Updating of the Commitments Register monthly and also monthly reviews. Completeness check between the Contract register and the Commitments Register	1. Capital Commitments Updated.
34	Coaf 23	Financial instruments and financial risk management	Financial Instruments and financial risk management: Differences between the note and the face of the AFS	The amount for revenue earned from the department of transport is incorrectly disclosed on the principal agent arrangement note	The cause of the above finding is due to lack of management oversight on the preparation and review of annual financial statements (AFS)	Management should ensure that AFS is properly reviewed before submission for auditing	Management acknowledges the error and has duly adjusted the AFS. Please find attached the AFS extracts.	AFS Adjusted	> Poor planning	Income and Expenditure Manager	31/08/2023	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	

#	Reference	Component	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Progress from last report date
35	Coaf 25	Immovable assets	PPE Note 8 Narrations During the testing of Property, plant and equipment presentation and disclosure it was noted that the following items which were disclosed as slow moving items and their carrying amounts and reason for slow moving not disclosed: -CCTV Access -Guard house control The cause of the above finding is the lack of management oversight the impact of the above finding is that the disclosure is incomplete.	During the testing of Property, plant and equipment presentation and disclosure it was noted that the following items which were disclosed as slow moving items and their carrying amounts and reason for slow moving not disclosed -CCTV Access -Guard house control The cause of the above finding is the lack of management oversight the impact of the above finding is that the disclosure is incomplete.	Financial and performance management	Management should ensure that they prepare regular, accurate and complete financial and performance reports that are supported by reliable information.	To adjust Afs	AFS were updated under note 8, finding resolved	> Poor planning	Assets Manager	31-03-2022	Preparation of the interim financial statement that are compliant with GRAP and treasury regulations.	1. Disclosures items identified.
36	Coaf 26	Related parties	Related Parties: Incorrect disclosure	Note 44 of the Annual Financial Statements incorrectly states that related parties for remuneration are disclosed in note 22 and 23 whereas they are disclosed in note 25 and 26.	The cause of the above findings is a lack of thorough reviews of the financial statements submitted for audit.	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP). Management should prepare the financial statements that are accurate, supported and comply with GRAP	Management agrees with the finding, the AFS have been updated	Management comments noted, finding adjusted under note number 46	> Lack of review of AFS	SCM Manager	30-Mar-23	To ensure referencing between the notes is done correctly on the interim AFS so that this does not become an issue on the final AFS.	Preparation of AFS is set to sit on the 9 February 2022
37	Coaf 27	Procurement and Contract Management	Interest state: The supplier did not declare that person who is a director is in the service of the state	In testing compliance to legislation on the identified awards to persons in service of other state institutions, the following supplier did not declare that director is in the service of the state.	The supplier did not declare the interest - i.e. fraudulent declaration Impact: □ Non-compliance with section 112(1j) of the MFMA and SCM reg 4 Possible fraud	Management should: Ensure that the follow up is made on suppliers who did not disclose their true status/connections and report those suppliers to National Treasury as non-compliance or as restricted suppliers, as required by SCM regulations;	Management agrees with the finding. The bidder did not disclose that he is serving in the organ of state in the MBD Forms. National Treasury designed systems for organ of state to use when procuring services e.g CSD and the Municipality continuously verifies bidders whether they are not in the organ of state on DPSA, so internal controls were utilised, however CSD which is a web-based system also failed to identify that the bidder is employed in the organ of state. This clearly misrepresentation of facts by the appointed bidder, MFMA Circular 62 also state that Municipalities and municipal entities may not have access to all HR databases across government and entities to verify upfront whether a prospective bidder is in the service of the state as defined in the SCM Regulations. It is therefore understood that municipalities and municipal entities will not be able to verify this information but will rely on the content and disclosures made by bidders. In light of the above I dispute the citation that there is non-compliance with SCM Regulation 4. Over and above utilizing MBD Forms as instructed in MFMA Circular 62, the municipality has internal controls in place however the system itself failed us and provided with incorrect information that the bidder is not in the HR database across	Management comments noted, finding resolved, if the matter is reported again next year it will result to non-compliance and irregular expenditure.	Under utilisation of the vetting system, that has been procured for the purposes of screening employees and service providers.	SCM Manager	30-Mar-23	Apart from utilising CSD and DPSA, depending on availability of budget Management is planning to utilize services of the appointed service provider (IMEI) to verify all the suppliers including Councillors and municipal employees.	Collated data of employees and service provider from cash book. data from cash book will be done quarterly after approval of the budget to ensure that the task is implemented
38	Coaf 27	Procurement and Contract Management	Procurement and contract management: Points incorrectly calculated	In testing compliance to legislation on PPR 2017 a difference in points calculation was identified on bid ELM-3/015/2021-2022 (Framework contract for the construction of Ungaped Roads within Elundini) on the below suppliers which resulted supplier with the lower points (Abantsundu 1 Building and Civil Construction) being awarded the bid (see table on detailed findings)	Lack of proper review of points calculation and lack of oversight over compliance with laws and regulations.	Management should ensure that points calculations are properly reviewed in order to ensure that a correct supplier is awarded the bid.	Management agrees with the finding	Management response has been acknowledge. However, the award has been suspended pending the court case as a result of he the bidders who lodged an appeal for the disqualification of their bids. Thus if the ward is unsuspended by the court any non-compliances identified on the award will be suspended pending the court case. Therefore the non compliance as a result of points calculation will be carried forward to the next financial period if the court unuspend the award.	Lack of oversight on process followed when calculating points from BEC and the BAC. There was reliance on SCM practitioners due diligence on calculation of points was not conducted.	SCM Manager	30-Mar-23	BEC Chairperson and the BAC to verify the calculation of points before submission of resolutions to the Accounting Officer.	Both BEC and BAC Chairperson were notified on the 13 January 2022.
39	Coaf 29	Expenditure	Expenditure: Bulk purchases overstated	The bulk purchases amount per the financial statements does not agree to the amount per the invoices as shown below (see detailed findings).	The cause of the above findings is a lack of thorough reviews of the AFS	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP). Management should prepare the financial statements that are accurate, supported and comply with GRAP.	Management agrees with the finding. Expenditure of R 1 374 425 relates to electricity expenditure for the municipality which had been misposted to bulk purchases. This will however not be adjusted for in the AFS	The finding stands, the R1 374 425 will be taken to statement of unders and overs.	The difference identified was due to mapping issues.	Income and Expenditure Manager	31/03/2023	Monthly reconciliations are being prepared to identify misallocations. Comparison between the interim financial statements and the reconciliations will be done to identify mismappings.	
40	Coaf 31	Principal Agent Arrangements	Principal Agent Arrangements: Amount for commission earned from the department of transport disclosed in the financial statements is incorrect	The amount for revenue earned from the department of transport is incorrectly disclosed on the principal agent arrangement note as follows	The cause of the above findings is a lack of thorough reviews of the AFS	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP).	Management agrees with the finding	Finding stands, the R174 396.29 will be transferred to statement of unders and overs	> Poor planning	Income and Expenditure Manager	31/03/2023	Preparation of monthly reconciliations for accuracy and completeness.	

#	Reference	Component	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Progress from last report date
41	Coaf 33	Planning	Planning: Policies not reviewed	Through inspection of the municipality's policies, no evidence of review and or approved by the council was noted for the below listed policies.	This is due to lack of oversight by the management and those charged with governance	Ensure that policies are being reviewed and approved by council timeously	No management response received as yet	This will be reported as an internal control deficiency		Director - Corporate Services		The review process of municipal council calendar to ensure that the policies are reviewed in each financial year	The policies has since been reviewed and adopted by Council on the 2nd of December 2022
42	Coaf 33	Planning	Planning: Policies not reviewed	Through inspection of the municipality's policies, no evidence of review and or approved by the council was noted for the below listed policies. Credit control and Indigent Policy	This is due to lack of oversight by the management and those charged with governance	Ensure that policies are being reviewed and approved by council timeously	No management response received as yet	This will be reported as an internal control deficiency	The policies were available but unfortunately the CoAF was issued on the day of issuing of the audit report, there was no sufficient time to submit the evidence requested.	Income and Expenditure Manager	31/12/2022	The policies were readily as they have been reviewed and approved by the Council.	The mentioned policies were reviewed and submitted to Council and the Council approved them on 24/06/2021 with Council Resolution number 177/21. Unfortunately they were omitted when populating the Council minutes extract.
43	Coaf 34	Segment Reporting	Segment Reporting: Incorrect disclosure	On the disclosure note for segment reporting on the annual financial statements (AFS) submitted for audit. Governance and Administration does not meet the definition of a reportable segment. Therefore, it should not be classified as a separate reportable segment	The cause of finding is a lack of proper review of the financial statements to ensure that they have been prepared per the GRAP framework.	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP).	Management agrees with the finding and will adjust the AFS	AFS Adjusted	> Poor planning	BTO Manager	31-Mar-23	Preparation of the interim financial statements that are compliant with GRAP and treasury regulations.	None
44	Coaf 34	Capitalised restoration costs	Capitalised restoration costs: Incomplete disclosure	The capitalised restoration costs were disclosed separately from property plant and equipment in the prior period. In the current period they are disclosed as part of property plant and equipment. There is however no narration in the financial statements to draw the users attention to the change in classification.	The cause of finding is a lack of proper review of the financial statements to ensure that they have been prepared per the GRAP framework.	Management should ensure that the financial statements submitted are thoroughly reviewed to ensure that they comply with the GRAP framework.	No management response submitted.	AFS adjusted appropriately	> Poor planning	Assets Manager	31-03-2023	A detailed note will be prepared to provide details of the components restated when there is prior period error note and reclassification.	
45	Coaf 35	Budget vs Actual	Budget vs Actual: Non-disclosure	The Statement of Comparison of Budget and Actual Amounts on the annual financial statements (AFS) submitted for audit does not disclose the comparison of the financial position and cash flow. They were omitted from the statement.	The cause of the above findings is a lack of thorough reviews of the financial statements submitted for audit.	Management should ensure that proper and adequate controls are implemented during the preparation of the annual financial statements and also ensure that the AFS are fairly presented and information is properly disclosed in terms of the applicable financial reporting framework (GRAP).	Management agrees with the finding, the AFS have been updated and an extract of the updated note provided to the auditors.	AFS Adjusted	> Poor planning	BTO Manager	31-Mar-23	Preparation of the annual financial statement that are compliant with GRAP and treasury regulations.	None
46	Coaf 36	Capitalised restoration costs	Provisions: Incorrect disclosure	The reconciliation of provision on note 15 of the financial statements submitted for audit does not agree with the supporting note as follows(see table detailed findings)	The cause of the finding is a lack of oversight by management in ensuring that all disclosure is as per the required standard.	Management should ensure that the disclosures on the financial statements are done as per the required standards.	No response as yet	Management adjusted the afs , disclosed the current provision separately	> Poor planning	Income and Expenditure Manager	14/08/2023	Preparation of the annual financial statement that are compliant with GRAP and treasury regulations.	
47	Coaf 37	Capitalised restoration costs	Capitalised restoration costs were disclosed separately from property plant and equipment in the prior period. In the current period they are disclosed as part of property plant and equipment. There is however no narration in the financial statements to draw the users attention to the change in classification.	The capitalised restoration costs were disclosed separately from property plant and equipment in the prior period. In the current period they are disclosed as part of property plant and equipment. There is however no narration in the financial statements to draw the users attention to the change in classification.	The cause of finding is a lack of proper review of the financial statements to ensure that they have been prepared per the GRAP framework.	Management should ensure that the financial statements submitted are thoroughly reviewed to ensure that they comply with the GRAP framework.	Management agrees with the finding and the AFS have been subsequently adjusted to reflect that	Management adjusted the AFS (refer to note 47), finding resolved	> Poor planning	Assets Manager	14/08/2023	A detailed note will be prepared to provide details of the components restated when there is prior period error note and reclassification.	
48	Coaf 38	Unspent Conditional Grants and Receipts	Unspent Conditional Grants and Receipts: Presentation and disclosure not as per the specimen	The note (note 13) to the annual financial statements disclosing the balance of unspent conditional grants and receipts does not show the reconciliation for the unspent conditional grants. The narration refers to note 13 for reconciliation, however note 13 does not have the reconciliation. The narration for the note is also inconsistent with the previous year's AFS.	Lack of proper review of AFS prior to submission. The impact of the finding is that the disclosure is incomplete and misleading to the users of the financial statements.	Management should prepare the financial statements that are accurate, supported and comply with GRAP.	Management conceded there was an error on our note for unspent grants. The note erroneously refers to note 13 instead of note 23. Note 23 has the reconciliations of the users of the unspent grants as per GRAP requirement.	Management comments noted , finding resolved , the AFS were adjusted , refer to note 23	> Poor planning	BTO Manager	31-Mar-23	Preparation of interim financial statements and correct referencing will be done between the face and the notes.	None

APPENDICIES

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

The Council had 10 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	08	0	
Victoria Vangiwe Hokwana	FT	African National Congress	10	0	
Bandile Nicholas Nqodi	PT	African National Congress	10	0	
Thozama Victoria May	PT	African National Congress	09		
Simphiwe Mdoda	PT	African National Congress	08		
Mthobeli Siphamla	PT	African National Congress	10		
Themba Tsoaeli	PT	Economic Freedom Fighters	07		
Moleboheng Telile	PT	African National Congress	08		
Zandisile Mampintsha	PT	African National Congress	10		
Mabaca Victor Thokozwayo	PT	WARD 1	10		
Phumza Cawe	PT	WARD 2	09		
Nomalungisa Ngcuka	PT	WARD 3	10		
Kgotsofaditse Abednigo Mgijima	PT	WARD 4	08		
Themhani Mfono	PT	WARD 5	07		
Nokhanyo Tyumbu	PT	WARD 6	08		

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Tukiso Lephaila	PT	WARD 7	06		
Mpoleng Agnes Mdleleni	PT	WARD 8	10		
Nolwazi Mditshane	PT	WARD 9	10		
Sbusiso Sibanda	PT	WARD 10	10		
Amanda Ncusana	PT	WARD 11	09		
Lipuo Constance Marrand	PT	WARD 12	09		
Lennox Siphwiwo Ndumndum	PT	WARD 13	09		
Akhona Siphambo	PT	WARD 14	10		
Lebohang Christopher Booka	PT	WARD 15	08		
Asithandile Mzekelo Masiso	PT	WARD 16	09		
Ntlokoma Dan Jubilee Mfono	PT	WARD 17	08		
Fundiswa Sonti-Maqanda	PT	African National Congress	08		
Veronica Norman	PT	African National Congress	10		
Lonwabo Magqashela	PT	African National Congress	07		
Lulamo Pili		Democratic Alliance	03		
Lunga Botomani	PT	ATM	10		
Rethabile Moleleki	PT	SARKO	09		
Patuoel Lephafa	PT	Economic Freedom Fighters	06		
Akhona Witness Masondo	PT	United Democratic Movement	09		

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

Third Tier Structure	
Directorate	Director/Manager (State title and name)
Infrastructure Planning and Development	Sisekho Sako
Corporate Services	Sandile Matubatuba (employment contract expired end February 2022)
Local Economic Development	Ntomboxolo Eddie
Budget and Treasury	Jack Mdeni
Community Services	Luther Kokose (employment contract expired end September 2022)
Strategic Support - Office of the Municipal Manager	Nonkuselo Sokutu

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		

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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 – Recommendations of The Municipal Audit Committee

The ELM's Audit Committee has, during the year under review, from 01 July 2022 to 30 June 2022 held four (4) meetings as per its schedule. Below were the items discussed and their resolutions:

DATE OF MEETING	RESOLUTION NO.	RESOLUTION
29 June 2021	AC/59/2021	Meeting between Councillors and Tlokoeng communities be arranged after the election to discuss issues around debt collection in Tlokoeng and seek their inputs on how these issues should be resolved.
	AC/60/2021	CFO to advise on the proper accounting treatment on the overspending indicated by Director IP&D on infrastructure grants.
	AC/61/2021	Internal audit to complete the outstanding projects as soon as possible for the next audit committee meeting.
	AC/62/2021	Internal audit to prepare the three-year and the annual internal audit plan for submission on the 1 st audit committee meeting.
	AC/63/2021	Risk Management Unit to incorporate the emerging risks identified by audit committee members into the risk registers to be presented to RIMCO and internal audit to assess those risks in developing the internal audit plan.
	AC/64/2021	Internal audit to make an indication of the findings raised by quality control that were also picked up by internal audit in order to track where management ignores quality assurance issues and also do a follow-up on changes that need to be made before the APR is finalized.
	AC/65/2021	MM to document all incidents and transactions that occurred while the CFO position was vacant and the compensating controls that were implemented.

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DATE OF MEETING	RESOLUTION NO.	RESOLUTION
	AC/66/2021	Director IP&D to develop the action plans to address the control deficiencies identified in the Revenue and Protection report.

DATE OF MEETING	RESOLUTION NO.	RESOLUTION
23 August 2021	AC/01/2022	Director IP&D to have the action plans report approved by the responsible committee on the control deficiencies identified on the report from South African Revenue Protection and table in the next audit committee meeting.
	AC/02/2022	Internal Audit manager to provide feedback of the responses of the reviews that were sent back to Altimax and how they were resolved, as well indicate whether there are any issues of concern. Internal Audit to review the final AFS and any outstanding scope that was not covered by Altimax.
	AC/03/2022	Management to complete the final set of AFS and CFO to send responses to Altimax through internal audit.
	AC/04/2021	Audit Committee to satisfy themselves on the final set of AFS, thereafter get back to management so that they can be submitted on the 30 th or 31 st August 2021.
	AC/05/2022	CFO to consider listing the assets and liabilities in the order of liquidity on the reviewed AFS.
	AC/06/2022	Mrs Sokutu to engage with Mr Sikhosana on the template he recommended to management in terms of s46 of the MSA. Mrs Sokutu to include a report on s46(1)(a) in the Annual Performance Report.
	AC/07/2022	Internal audit to exclude the risk register from the Internal audit plan and submit it as a separate document to the audit committee.

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DATE OF MEETING	RESOLUTION NO.	RESOLUTION
	AC/08/2022	<p>Internal audit to include the following into the actual operational plan:</p> <ul style="list-style-type: none"> - A column with all the quarters and indicate projects to be done per quarter. - A column which will show who will be responsible for a specific project (inhouse or Rakoma) - Hours and cost allocated to Rakoma as well as the total cost.

DATE OF MEETING	RESOLUTION NO.	RESOLUTION
15 October 2021	AC/17/2022	Director IP&D to split the financial years in the SARPA report to show the smart meters targeted for each year up to the end of the three-year period.
	AC/18/2022	AG to circulate the audit strategy and also recalculate the audit fees to see where the municipality can save.
	AC/19/2022	Ms. Godlwana to liaise with Mr. Magongo on how to structure the report on on risk, ethics and fraud management. Mr. Magongo to further liaise with the Chairperson on the matter.

DATE OF MEETING	RESOLUTION NO.	RESOLUTION
26 November 2022	AC/23/2021	The Committee applauded the members of various political parties on being inaugurated as councillors of ELM. The Committee has however raised concerns since approximately 70% of council were new members, Committee emphasised the importance of

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DATE OF MEETING	RESOLUTION NO.	RESOLUTION
		educating (through induction) councillors on municipality mandate, municipal control processes, financial processes and all relevant information.
	AC/24/2021	Payroll and Fleet management reports referred to management to provide comments and Accounting Officer to facilitate this process.
	AC/25/2021	Management should submit a draft SDBIP to internal audit in quarter 4 in order to perform a usefulness review before the final approval of SDBIP by Council.
	AC/26/2021	There should be a process where audit action owners report to the Accounting Officer on the implementation of audit action plans and the Internal audit to provide assurance on the implemented audit action plans.
	AC/27/2021	Management to prepare a report on the possible emerging risks with controls around the newly appointed council members and the to be tabled in the next audit committee meeting.
	AC/28/2021	The municipality to should develop a standard template for reporting either in power point, word with the municipal logo to avoid individual designs.

DATE OF MEETING	RESOLUTION NO.	RESOLUTION
24 June 2022	AC/51/2022	Management to provide a detailed plan with timeframes to the special AC meeting on the process of ensuring that the 2019/20 and 2020/21 individual performance assessments are finalised as well as payment of performance bonuses to the deserving staff.
	AC/52/2022	Management to also ensure that the performance assessment process complies with the 2006 regulations for managing performance assessments, and that bonuses are paid only when 133% is achieved and upon council approval. AC member responsible for performance information to be part of the process.

DATE OF MEETING	RESOLUTION NO.	RESOLUTION
	AC/53/2022	Acting MM to follow-up on why there is a regression on PMS reporting and take measures to ensure that something is done to improve the quality of PMS reporting.
	AC/54/2022	Mr. Twala to update the litigations report and include the financial implications to be presented in the next AC meeting.
	AC/55/2022	The Accounting Officer report to be added as a standing item of the agenda moving forward.
	AC/56/2022	Ms. Mduzulwana to present the updated Demand Management Plan Report in the special AC meeting.

Appendix F: Long Term Contracts and Public Private Partnerships

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO (2013-2022)

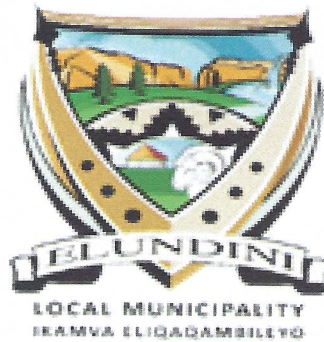
R' 000

Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2013/2014	Value 2014-2023
Elundini Waste Management Sites	Interwaste Environmental Solutions	01/07/2013	30/06/2022	Community Services Manager	R 2, 4m	R 2.4 m - R 7.2 m

Appendix G: 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
11,13, 8	Electrification of households Kobong,- 290 Nkobongo -172, Tabase -98)	July 2020	June 2022	16 415 000
3, 8,15	Road Construction: Nqanqarhu/ Nqanqarhu streets 1.85km, Nkululekweni 4.5km, Castle Rocks 1.95km, Sithana AR 4km	July 2020	June 2022	25 603 531.85
3	Roads rehabilitated (Sonwabile	July 2020	June 2022	R 8 400 000
2, 3, 4, 7,8, 9, 15, 16, 17)	Access roads maintenance	July 2020	June 2022	R 5 200 000
2, 3, 17	1600 household smart meter, 4 x Bulk feeder meter Ugie, 4 x Bulk feeder meter Nqanqarhu	July 2020	June 2022	R 12 757 942

**APPENDIX H - OVERSIGHT REPORT ON
THE ANNUAL REPORT OF THE ELUNDINI
MUNICIPALITY FOR THE YEAR ENDED 30
JUNE 2022**



**OVERSIGHT REPORT ON THE ANNUAL REPORT
OF THE ELUNDINI MUNICIPALITY FOR THE YEAR
ENDED 30 JUNE 2022**

1. PREAMBLE

The Elundini Municipality's Municipal Public Accounts Committee (MPAC) has been established in terms of the municipality's Standing Rules and Orders, which also provide the terms of reference for the committee. The primary functions of MPAC have been articulated in the Standing Rules and Orders as follows: -

- a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;
- b) In order to assist with the conclusion of matters that have not been finalized, information pertaining to past recommendations made on the annual report must also be reviewed. This relates to quarterly in-year reports, mid-year and annual reports;
- c) To examine financial statements and audit reports of the municipality, and in doing so, the committee must consider improvements from the previous statements and reports and must evaluate the extent to which the Audit Committee's and Auditor General's recommendations have been implemented;
- d) To provide good governance, transparency and accountability on the use of municipal resources;
- e) To recommend and undertake an investigation, after reviewing any investigation report already undertaken by the municipality or Audit Committee; and
- f) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The terms of reference further direct that the MPAC shall have permanent referral of documents as they become available relating to:-

- I. In-year reports of the municipality and municipal entities
- II. Annual financial statements of the municipality and municipal entities;
- III. Audit opinion, other reports and recommendations from the Audit Committee;
- IV. Information relating to compliance in terms of sections 128 and 133 of the MFMA;
- V. Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;
- VI. Any other audit report from the municipality or its entity; and
- VII. Performance information of the municipality and municipal entities.

At its meeting held in the Nqanqarhu Town Hall on 30 November 2021, the municipal council appointed the following councilors to serve in the Municipal Public Accounts Committee:

- (i) Councilor M Mampintsha (Chairperson)
- (ii) Councilor K A Mgijima
- (iii) Councilor L B Magqashela
- (iv) Councilor N Tyumbu
- (v) Councilor M Mdleleni

In order to minimize the potential for conflict of interest, Council has divested all members of MPAC of any further responsibilities in the committees of Council.

2. INTRODUCTION

The Mayor of the Elundini Municipality has, in terms of section 127(2) of the Municipal Financial Management Act 56 Of 2003 (MFMA), read with section 58 of the same Act, tabled before a Special Meeting of the Council held on the 27 January 2023, an annual report of the Elundini Municipality for the year ended 30 June 2022.

The annual report was prepared in terms of section 121 of the MFMA and section 46 of the Municipal System Act No 32 Of 2000 (MSA).

Section 129 of the MFMA requires the Council of a municipality to consider the annual report and by no later than two months from the date on which the annual report was tabled in the Council in terms of section 127, to adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council: -

- I. Has approved the annual report with or without reservations;
- II. Has rejected the annual report; or
- III. Has referred the annual report back for revision of those components that can be revised.

Following the tabling of the annual report for the year ended 30 June 2022, the MPAC had developed a schedule of meetings for its intense consideration and the development of an oversight report. The meetings were sat as follows: -

Date of Meeting	Members in attendance	Major focus	Special Invitees
14/03/2023	<ul style="list-style-type: none">• Cllr M Mampintsha• Cllr M Mdleleni• Cllr L B Magqashela• Cllr Tyumbu	<ul style="list-style-type: none">• Audited annual financial statements• Audit report	Elundini Audit Committee chairperson, Mrs Ntombentsha Mnconywa CA(SA)
15/03/2023	<ul style="list-style-type: none">• Cllr M Mampintsha• Cllr N Tyumbu	<ul style="list-style-type: none">• Annual report• Performance	

	<ul style="list-style-type: none"> • Cllr M Mdleleni • Cllr L B Magqashela 	report	
17/03/2023	<ul style="list-style-type: none"> • Cllr M Mampintsha • Cllr N Tyumbu • Cllr M Mdleleni • Cllr L B Magqashela 	<ul style="list-style-type: none"> • Performance report 	

Additional to the special invitees, and as a standard practice, presentations were invited from management, particularly to give technical guidance on some of the matters as they appear in the annual report, as well as to account for those areas as the MPAC deemed it necessary.

A. Components of the annual report

Section 121 (3) of the MFMA prescribes that the annual report of the Elundini Municipality must include the following:-

- Annual Financial Statements of the municipality as submitted to the Auditor General for audit in terms of section 126 (1);
- The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- The Annual Performance Report of the municipality prepared by the municipality in terms of sections 46 of the MSA;
- The Auditor General's audit report in terms of section 45 (b) of the MSA;
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges;
- An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17(3)(b) (of the MFMA) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year;
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraph (b) and (d);

- Any explanations that may be necessary to clarify issues in connection with the financial statements;
- Any information as determined by the municipality;
- Any recommendations of the municipality's audit committee; and
- Any other information as may be prescribed.

The committee found that the Annual report for the year ended 30 June 2022 has been prepared in accordance with Section 121(3) of the MFMA.

B. Analysis of the annual report for the year ended 30 June 2022

2.1. OVERALL INSTITUTIONAL PERFORMANCE

The report indicate that the Institution has regressed in its level of achievement as recorded in the previous year report. There were 18 indicators and only 9 indicators were achieved which translates to 50% overall achievement this year as against 64% achievement last year.

Out of the 18 overall indicators, 14 indicators were for basic services and only 6 were achieved. This means the institution only managed to achieve 42.8% in basic services. This is not a good picture for a government that desires to provide a better life for all.

2.2. ANALYSIS OF THE AFS AND AUDIT REPORT

The committee invited the chairperson of the municipality's Audit Committee, Ms Ntombentsha Mnconywa, CA (SA), so that she provides an independent, technical assistance to the committee. In prefacing her presentation, she intimated that the annual financial statements ought to be viewed against the backdrop of the municipality's core mandate, which is the delivery of services to communities. The analysis should therefore entail a critical and analytical review of important account balances and certain classes of transactions. This should also include evaluating the

financial health of the municipality, Risks identified in the analysis as well as compliance issues.

Cash and cash equivalents have decreased from R136 million last year to R112 Million this year. The management explanation to this is that the decrease is caused by substantially decrease in grant funding.

Creditor's payments have also increased from R109 Million to R143 Million. Current assets receivables increased from R6 Million last year to R11 Million this year which is an indication that there is an improvement in the collection of debtors by the municipality. The employee related costs have increased from R106 Million last year to R115 Million this year. The municipality is not generating enough money to pay for its running costs. This will create serious challenges in the future. Drastic measures must be taken to reduce expenditure.

2.3. AUDIT OPINION

The municipality has regressed in terms of audit opinion as we received unqualified opinion with findings as against clean audit received last year. The regression is due to material adjustments done to Annual Financial Statements (AFS) during audit. AFS were submitted without proper review by both internal audit and audit committee due to time constraints experienced with the service provider. Management has explained that the service level agreement (SLA) with the service provider has been tightened to avoid this in future.

Debt impairment still remains a challenge for the municipality as large percentages of total debtors have to be impaired. This is due to non-payment for services rendered to the communities. Councillors as community representatives, should encourage a culture of paying for services at community level.

Council should strengthen its oversight function to ensure that it receives value for money when implementing projects.

2.4. UNAUTHORIZED EXPENDITURE

The committee considered the report for unauthorized expenditure of RR86 325.00. This amount relates to the convening of the strategic planning session last year where the actual cost exceeded the budget by R86 325.00. This is mainly due to different interpretation of budget by the municipal officials and Auditor General.

Having considered the annual report of the Elundini Local Municipality for the year ended 30 June 2022, and having considered all responses that have been presented as against the questions raised, advices received, and specific recommendations made and having considered Unauthorized expenditure of R86 325.00, the MPAC makes the following overall recommendations: -

3. RECOMMENDATIONS

The Municipal Public Accounts Committee therefore **RECOMMENDS** that Council **RESOLVES** as follows: -

- a) That Council, having fully considered the Annual Report for the financial year ended on 30 June 2022, **APPROVES** the annual report; and
- b) Council **APPROVES** the Annual report for the year ended 30 June 2022 without reservations.
- c) Council **MANDATES** the municipal manager to develop a strategy for the reduction of expenditure in the day-to-day running of the municipality (cost containment measures) and submit to the Executive Committee by 30 April 2023.
- d) Council **MANDATES** the municipal manager to provide budget for oversight function so as to enable MPAC to acquire expert services when discharging its mandate.
- e) Council **CONSIDER** the R86 325.00 unauthorized expenditure as **IRRECOVERABLE** and approve its **WRITE-OFF**.

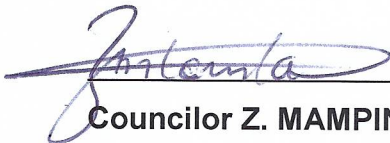
4. CONCLUSION

On behalf of the MPAC, I take this opportunity to thank the leadership of the municipality, and the council at large for the support given to the Committee to enable it to discharge its responsibilities.

I am particularly grateful to my colleagues in MPAC as well as Mrs Ntombentsha Mnconywa, chairperson of the Audit Committee for their resilience as they continue to assist the municipal council to provide accountable governance to the community of Elundini.

Lastly, I thank the management for their assistance when required by the committee to do so

Thank you.



Councilor Z. MAMPINTSHA

Chairman: Municipal Public Accounts Committee

APPENDIX I – MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS

Name	Surname	ID Number (type in all 13 digits, with no spaces)	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	1. Higher Education Qualification (New NQF Levels)	2. All Relevant Work-Related Experience (select from scroll button)	3. Performance Agreements and FM & SCM levels (select from scroll button)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
Khayaletu	Gashi	6708086032085	Accounting Officer	before 3 Feb 2017	NQF Level 9 - Master's Degree or higher	7 years and more	Performance Agreements signed, FM & SCM levels completed	18 Unit Standard submitted as recommended	18	0
Jack Thando	Mdeni	7311085489080	Chief Financial Officer	on/after 26 Oct 2018	NQF Level 8 – Post Graduate Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Sandile	Matubatuba	6604095381086	Senior Manager (MSA S56)	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Ntomboxolo	Eddie	7009240654081	Senior Manager (MSA S56)	before 3 Feb 2017	NQF Level 9 - Master's Degree or higher	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Luther	Kokose	6512256970086	Senior Manager (MSA S56)	before 3 Feb 2017	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Siseko	Sako	8910180913081	Senior Manager (MSA S56)	between 3 Feb 2017 and 2 Aug 2018	NQF Level 7 - Bachelor Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Name	Surname	ID Number (type in all 13 digits, with no spaces)	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	1. Higher Education Qualification (New NQF Levels)	2. All Relevant Work-Related Experience (select from scroll button)	3. Performance Agreements and FM & SCM levels (select from scroll button)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
Hlubikazi	Mduzulwana	8103230409082	SCM Manager	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Funeka	Mbaliswana	7409160456089	Middle Manager: Finance	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Bukelwa	Dlodlo	7712300759085	Middle Manager: Finance	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Thuthula	Sahlulo	7601140333087	SCM Head	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

Clrs Full Names	Shares & Other Fin Interests	Membership Of Cc	Interest In Trusts	Directorship & Partnership	Other Financial Interests	Remuneration Outside Municipality	Independent Contractor Outside Municipality	Subsidies Grants & Sponsorship	Gifts, Gratuities & Hospitality	Interests In Immoveable Property	Interests In Contracts With Organ Of The State	Loans & Other Obligations Owed To Any Person Or Entity	Related Parties Employed In Or Elected To The State Organ	Signed By Commission Of Oaths? Y/N
Tokozwayo, Mabaca Victor	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	Y
Booka, Lebohang Christopher	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	Y
Tyumbu, Nokanyo	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	Y
Moleleki, Rethabile	N/A	N/A	N/A	Director Cleaning & Hygien Serv / Catering	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y
Cawe, Pumza	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	Y
Norman, Veronica	N/A	N/A	N/A	Smalo Trading Enterprise	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y
Botoman, Lunga	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	Y
Ngcuka, Nomalungisa	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	Y
Magqashela, Lonwabo	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	Y
Mgijima, Abednigo Kgotsofaditse	N/A	NA	Lower Tsitsana Comm. Trust	N/A	Border Alliance Taxi Assoc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Y
Lephaila, Tukiso	Elundini Security	-	-	-	-	-	-	-	-	-	-	-	-	N
Masondo, Akhona	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	Y
Mditshane, Nolwazi	MTN Shares	N/A	N/A	N/A	Property Investment	N/A	N/A	N/A	Performance Bonus (Daughter)	Tlokoeng & Ngqeleni (owned by son)	N/A	N/A	N/A	Y

APPENDIX K: KEY PERFORMANCE 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

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	345 positions (Paragraph 1.6)	292 positions (Paragraph 1.6)	91%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	Municipal Man. – 100% CFO - 0% Other S57 - 50% Table (46)	3 Strategic positions filled (Table 46)	50%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development	1 (Table 51)	1 (Table 51)		

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	training course within the FY				
4	Percentage of Managers in Technical Services with a professional qualification	Table 51 & Table 37			
5	Level of PMS effectiveness in the DM – (DM to report)	Section 57 Managers, all Managers and other staff members up to Task Grade 09 sign their performance agreements at the beginning of each financial year within the prescribed period. Quarterly, midyear and annual performance assessments are done based on the output plans contained in the managers' performance agreements that are linked to ELM's SDBIP. Performance rewards are then paid to all deserving individuals who had exceeded the performance of their targets and the payment of the performance rewards is governed by the Performance Management System ELM has adopted. The maximum amount of the performance reward paid to the deserving individual is 14% of that person's total package.			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	223 employees Table 51	206 employees (Table 51)		
8	Percentage of councillors who attended a skill development training within the current 5-year term	Table 51	20 councillors		

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
9	Percentage of staff complement with disability	0 (Paragraph 5.4.1)	The Municipality encouraged the application and recruitment of disabled citizens however none were attracted.		
10	Percentage of female employees	149 (Paragraph 5.4.4)	Elundini Local Municipality has achieved the 50/50 streak in terms of Employment Equity targets it envisaged to achieve, with 11 Females out of 20 Professionally qualified and experienced specialists and mid-management and 2 out of the 3 filled Senior Management positions.	50,8%	
11	Percentage of employees that are aged 35 or younger	(Paragraph 5.4..1) As can be depicted by the table below, of the 18 employees employed by the municipality during the year under review, 10 were			

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
		<p>females and 08 were males.</p> <p>Another factor that needs to be commended is the fact that of the 18 new employees, 12 were below the ages of 35 years and this augurs well to the survival of Municipality. Furthermore, in an attempt to address employment equity. The Municipality encouraged the application and recruitment of disabled citizens however none were attracted.</p>			
12	Adoption and implementation of a HRD including Workplace Skills Plan	Paragraph 5.4.6, Table 48			

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in Electricity services

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	58 564 (Table 23)	4403 (Table 23)	Table 23 & 25	58 564 (Table 23)	Table 23
2	Percentage of indigent households with access to basic electricity services	(Paragraph 15.1.2) For the year under review ELM managed to provide free basic services to 5 914 qualifying beneficiaries.	Table 52			
3	Percentage of indigent households with access to free alternative energy sources	Paragraph 15.1.2.1 As part of ELM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the municipal area				

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customers	Estimated backlogs (actual	Target set for the f. year under review	Kms achieved during the FY	Percentage of achievement during
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ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

		expected to benefit	numbers)	(Actual KMs)		the year
1	Percentage of households without access to gravel or graded roads	Table 27				
2	Percentage of road infrastructure requiring upgrade	Table 27				
3	Percentage of planned new road infrastructure actually constructed			12.30 Planned	10.15 Actual	
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	3.1.4.2		150km	174, 9km	100

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

			numbers)			
1	Percentage of households with access to refuse removal services	Paragraph 3.1.2.1				
		<p>Refuse collection from households and commercial businesses within Elundini is conducted in terms of this unchanged collection schedule, although the number of serviced points and or households/facilities including businesses has remained the same the real number is higher than this reported figure. This accounts for the informal settlements in each of the 3 towns which also receive the weekly collection but have not been quantified in number as yet. Street sweeping activities are not rendered to the satisfaction of the division due to hinderances that emanate form the presence of vehicles and commuters in urban areas as well as the structuring of certain retail shops. The municipality needs to invest/pilot shifts, where street sweeping activities may/will occur from 5AM – 8AM (morning) and 6PM -8PM (afternoon) during summer and the winter season would be quite difficult to achieve this but 6AM – 8AM (morning) and 6PM – 8PM (afternoon). These shifts might assist the municipality in achieving this activity as there would be a reduced number of moving vehicles, parked vehicles as well pedestrians commuting in urban areas. Street cleaning is done on a daily basis and includes litter picking and gutter cleaning.</p>				
2	Existence of waste management plan	Paragraph 3.1.2.6				
		<p>Daily Street Cleaning and Skip Bin Removal Services for various customers with addition of wheelie bins to be purchased and rented by willing commercial customers at a fee that will be determined with the assistance of the revenue unit. Wheelie bins have already been procured and prioritised for schools recycling initiative which has been boosted by additional resources form the district environmental affairs department. This year also saw the purchase of around 60 trolley bins which will be reserved for business use and rental. This is important for compliance with the IWMP as well as waste management bylaws.</p>				

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

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

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	<p>Paragraph 3.1.2.1 & 3.1.2.6</p> <p>Although the number of serviced points and or households/facilities including businesses has remained the same the real number is higher than this reported figure. This accounts for the informal settlements in each of the 3 towns which also receive the weekly collection but have not been quantified in number as yet</p> <p>Collection Services to more than 7 057 households and 212 Businesses/institutional customers as per collection schedules. This is an understated number which excludes informal settlements in the three towns whose number has not as yet been ascertained.</p>				
2	Percentage of informal settlements that have been provided with basic services					
3	Existence of an effective indigent policy	<p>Paragraph 15.1.2.1</p> <p>The ELM annually reviews its Indigent Management Policy whose basic principles are captured by indicating that the policy ensures that poor households are not denied their constitutional right of access to services. The ELM implements an indigent management policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all residents within the area of jurisdiction. For the year under review ELM managed to provide free basic services to 5 914 qualifying beneficiaries.</p>				
4	Existence of an approved SDF	Paragraph 3.2				

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

5	Existence of Land Use Management System (LUMS)	Elundini Municipality initiated a process of ensuring compliance with the new legislation by amongst other things participating in the District Planning Tribunal; Appeal Authority, and also adopted a wall to wall scheme. The municipality has also adopted and gazetted its Spatial Planning and Land Use Management By-law.
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CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Appendix C		
2	Percentage of LED Budget spent on LED related activities.			
3	Existence of LED strategy	<p>Chapter 4</p> <p>The LED Strategy was reviewed and adopted by Council in 2020. The revised Elundini LM's Local Economic Development Strategy 2019-2024 seeks to set out a strategic path and trajectory for local economic development. The main strategic goal of the Elundini Local Economic Development Strategy is to attain a sustainable economic growth,</p>		
4	Number of LED stakeholder forum meetings held	<p>At the moment the LED Forum for Elundini Local Municipality is not functional. However the LED Strategy does recommend the establishment of such a forum to monitor the implementation of LED programmes and projects. The municipality however does have functional sectoral forums like the Contractors Forum, the Agricultural Forum, the Local Tourism Organisation, the Informal Taders Forum, and the Business Chamber. These forums provide an opportunity for the various economic sectors to engage with the municipality on pertinent issues relating to the specific sector. The Joe Gqabi District</p>		

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		Municipality is in the process of resuscitating the District Support Team, which is a forum of LED Practitioners from the district that meets quarterly or when the need arises to discuss and monitor the implementation of LED Projects and Programmes across the District. Amongst the support to be provided to the municipalities will be the establishment of LED Forums for the Local Municipalities across the District.		
5	Plans to stimulate second economy			
6	Percentage of SMME that have benefited from a SMME support program	<p>Paragraph 2.2.7.6</p> <p>There is an approved Infrastructure Procurement Strategy/ Subcontracting Plan wherein 50% of budget will be allocated to local SMMEs and allocation of 30% to the subcontractors who are Local SMMEs</p>		
7	Number of job opportunities created through EPWP	<p>Paragraph 3.1.2.6</p> <p>The employment of around 418 unemployed local youth through the EPWP project of the municipality with an additional 1223 others employed through the CWP program for 2021/22 FY and leg of the National EPWP implementation plan is a welcome achievement which targets poverty relief among our societies.</p>		
8	Number of job opportunities created through PPP			

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

	Indicator name			
1	Status of the audit outcome	Paragraph 1.2 The municipality slightly regressed in audit outcomes from clean audit which was obtained for two consecutive years, to unqualified audit outcome.		
2	Submission of AFS after the end of financial year	The Annual Financial Statements for 2021/22 financial year were submitted to the office of the Auditor General on 31 August 2022.		
		Target set for Capital Budget (R000)	Achievement level during the year R(000)Amount spent against capital budget (R000)	Percentage spent on capital budget during the year vs the actual revenue
3	Percentage of expenditure of capital budget	R119 833 000	R60 288 000	50%
		Operational budget R000 for the year under review	Amount spent on employee related costs & councillor remuneration (expenditure on salaries budget) against operational budget	Achievement percentage during the year

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

4	Percentage of salary budget as of the total operational budget	R116 193 000	R113 148 000	97%
		Target set for the year (own revenue) R (000)	Achievement level Trade creditors during the year R (000)	Achievement percentage during the year
5	Total municipal trade creditors	No target set	R268 834 465	99%
		Target set (actual total budget) in the year under review	Achievement level (own revenue) in the year under review	Achievement percentage during the year
6	Total municipal own revenue as a percentage of the total actual budget	R167 568 000	R86 583 000	52%
		Indicate previous financial year' s municipal debtors	Indicate municipal debtors for the year under review	Achievement percentage (reduction rate)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

7	Rate of municipal consumer debtors' reduction	R58 594 986	R62 889 833	7%
		Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement percentage
8	Percentage of MIG budget appropriately spent	R41 031 000	R36 421 785	89%
9	Municipalities with functional Audit Committee	Appendix E The ELM's Audit Committee has, during the year under review, from 01 July 2022 to 30 June 2022 held four (4) meetings as per its schedule		

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

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees established	Paragraph 2.1.6.1 All ward committees were established in all wards in March and April 2022. Induction for the newly elected ward committees was successfully convened on 14 June 2022 in Nqanqarhu Town Hall and 15 June 2022 in Tlokoeng Town Hall. The workshop covered roles and responsibilities of		
2	% of ward committees that are functional			

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			ward committee members as well as the code of conduct which was later signed by ward committee members during the induction workshop. All ward committees are expected to be fully functional from the first quarter of 2022/23 financial year. The induction workshop was conducted in partnership with Provincial COGTA. The Department workshopped newly elected ward committee members on roles and responsibilities of ward committees. The municipality workshopped the members of ward committees on Petition Management By-Laws and Code of Conduct. All members who attended the workshop were sworn in by the Speaker and signed the code of conduct.	
3	Existence of an effective system to monitor CDWs	Paragraph 2.1.6.2	The newly elected ward committee members and other community stakeholders such as Community Development Workers; Traditional Leaders; government departments; etc. participated in the review of ward based of ward-based plans.	
4	Existence of an IGR strategy	Paragraph 2.1.4	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	

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		<p>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 but Q 2 IDP & Budget Representative Forum that was convened to sit on 9th December 2021 did not sit due councillor induction workshop. 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.</p>		
5	Effective of IGR structural meetings	Table 10		
6	Existence of an effective communication strategy	<p>Paragraph 2.2.5.1</p> <p>Social media communication was adopted as one of the main pillars of communication strategy 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</p>		
7	Number of mayoral imbizos conducted	Table 10		

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
8	Existence of a fraud prevention mechanism	<p>Paragraph 2.2.3.7.1</p> <p>As part of its endeavours in minimizing fraud and corruption occurrences within the institution, ELM conducted an anti-corruption and fraud awareness workshop during the month of November 2018 focusing on high risk areas in the municipality like cashiers, traffic officers, human resources personnel and SCM practitioners.</p>		

APPENDIX L : ANNUAL FINANCIAL STATEMENTS



ELUNDINI LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2022

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

General Information

Legal form of entity	South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 108 of 1998)
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	M P S Leteba S Mdoda- Portfolio head: Infrastructure Development T V May - Portfolio head: Community Services P Tsoaeli-Portfolio head: Financial Services B N Nqodi- Portfolio head: Corporate Services M Siphamla- Portfolio head: Planning and Economic Development V V Hokwana- Speaker
Councillors	Cllr M.V. Tokozwayo - Ward 1 (ANC) Cllr P. Cawe - Ward 2 (ANC) Cllr N. Ngcuka - Ward 3 (ANC) Cllr K.A. Mjijima - Ward 4 (ANC) Cllr Mfono - Ward 5 (ANC) Cllr N. Tyumbu - Ward 6 (ANC) Cllr Lephaila - Ward 7 (ANC) Cllr M.A Mdleleni - Ward 8 (ANC) Cllr N. Mditshane - Ward 9 (ANC) Cllr Sibanda - Ward 10 (ANC) Cllr 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 Siphamla - PR (ANC) Cllr Mampintsha - PR (ANC) Cllr Norman - PR (ANC) Cllr B.N. Nqodi - PR (ANC) Cllr F.M. Maqanda- Sonti PR (ANC) Cllr P. Lephafa - PR (ANC) Cllr L.B. Magqashela - PR (ANC) Cllr M. Telile - PR (ANC) Cllr L. Pili - PR (DA) Cllr Botoman - PR (ATM) Cllr Moleleki - PR (SARKO) Cllr Masondo - PR (UDM) Cllr T. Lephaila - PR (EFF)
Grading of local authority	3
Accounting Officer	K Gashi (Untill 31 December 2021)

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

General Information

Chief Finance Officer (CFO)	J T Mdeni
Registered office	No 1 Sellar Street Maclear 5480
Business address	No 1 Sellar Street Maclear 5480
Bankers	First National Bank Standard Bank
Auditors	Auditor General South Africa (AGSA)
Attorneys	Mgxaji Attorneys Clark Laing Inc Magqabi Seth Zitha Attorneys Gray Moodliar Attorneys Gwabeni Inc Fikile Ntayiya & Associates Joubert Galpin & Searle Inc
Other Directors	Director: Corporate Services -S Matubatuba (until 28 Feb 2022) Director: Infrastructure Planning and Development - S Sako Director: Planning and Economic Development - N C Eddie Director: Community Service - L Kokose (Until 30 September 2021)
Section 79 Chairpersons	Members Interest and Ethics Committee - M Telile Rules and Ethics Committee - V V Hokwana MPAC Committee - Z Mampintsha Mandate Committe - M V Tokozwayo Strategic Governance - M P S Leteba
Audit Committee	Chairperson - NL Mnconywa Member- Y Madolo Member- M Sikhosana Member- R Vuzane

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Index

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

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CRR	Capital Replacement Reserve
GRAP	Generally Recognised Accounting Practice
ANC	African National Congress
EFF	Economic Freedom Fighters
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
VAT	Value Added Tax
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
IT	Information Technology
INEP	Intergrated National Electrification Programme

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting officer's Responsibilities and Approval

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

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

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

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

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

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

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

Although the accounting office is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's Audit Committee.

The annual financial statements set out on pages 6 to 82, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



Accounting Officer
J T Mdeni

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting officer's Report

The accounting officer's submits his report for the year ended 30 June 2022.

1. Review of activities

Main business and operations

Net deficit of the municipality was R 20,218,406 (2021: surplus R 64,342,468).

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

1) The following senior management appointments were made:

- > J T Mdeni-- Accounting Officer from 1 July 2022.
- > L Gomana- Director of community services 1 July 2022
- > N Fololo- Director Corporate Services from 18 July 2022

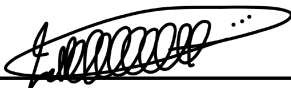
2) After submission of the Annual Financial Statements, the municipality's sewer plant was destroyed by fire. The carrying value of the plant was R9 955 312 .This incident happened in September 2022

4. Corporate governance

General

The accounting officer are 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 6 to 80, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:



Accounting Officer
J T Mdeni

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	11,878,041	6,461,791
Receivables from non-exchange transactions	4	14,848,996	9,619,254
VAT receivable	5	8,928,339	10,045,402
Cash and cash equivalents	6	77,313,337	110,529,209
		112,968,713	136,655,656
Non-Current Assets			
Investment property	7	44,628,368	45,107,468
Property, plant and equipment	8	523,537,130	523,188,108
Intangible assets	9	1,050	2,100
		568,166,548	568,297,676
Total Assets		681,135,261	704,953,332
Liabilities			
Current Liabilities			
Finance lease obligation	10	147,486	269,728
Payables from exchange transactions	11	41,902,982	54,011,274
Employee benefit obligation	12	14,798,380	12,128,424
Unspent conditional grants and receipts	13	5,521,260	615,393
Consumer Deposits	14	400,350	400,350
Provisions	15	8,581,713	-
		71,352,171	67,425,169
Non-Current Liabilities			
Finance lease obligation	10	-	147,486
Employee benefit obligation	12	6,937,000	6,860,000
Provisions	15	25,156,243	32,612,435
		32,093,243	39,619,921
Total Liabilities		103,445,414	107,045,090
Net Assets		577,689,847	597,908,242
Accumulated surplus	48	577,689,843	597,908,249
Total Net Assets		577,689,843	597,908,249

* See Note 47

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	37,291,989	35,227,879
Rental of facilities and equipment	17	1,748,103	1,652,580
Licences and permits	18	3,515,418	3,955,293
Other income	19	2,848,416	1,329,250
Interest received	20	7,001,839	6,861,039
Actuarial gains	21	293,754	243,806
Insurance refunds		936,655	513,090
Total revenue from exchange transactions		53,636,174	49,782,937
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	26,053,891	23,767,154
Electricity availability charges		8,176,582	7,146,359
Transfer revenue			
Government grants & subsidies	23	228,065,133	267,739,150
Fines, penalties and forfeits	24	913,292	2,243,378
Interest received	25	1,834,716	1,379,919
Total revenue from non-exchange transactions		265,043,614	302,275,960
Total revenue		318,679,788	352,058,897
Expenditure			
Employee related costs	26	(115,673,182)	(106,999,595)
Remuneration of councillors	27	(12,679,148)	(12,601,224)
Depreciation and amortisation	28	(54,863,839)	(29,816,975)
Finance costs	29	(3,482,313)	(1,208,397)
Debt Impairment	30	(11,673,416)	(15,193,003)
Bulk purchases	31	(29,040,780)	(24,593,488)
Contracted services	32	(67,262,319)	(59,401,458)
Transfers and subsidies		(6,348,702)	(4,045,812)
Sale of goods/inventory	33	(1,045,986)	(774,190)
Loss on disposal of non-monetary asset	34	(1,081,432)	(411,987)
General expenses	35	(35,747,077)	(32,670,300)
Total expenditure		(338,898,194)	(287,716,429)
(Deficit) surplus for the year		(20,218,406)	64,342,468

* See Note 47

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2020	533,565,781	533,565,781
Changes in net assets		
Surplus for the year	64,342,468	64,342,468
Total changes	64,342,468	64,342,468
Restated* Balance at 01 July 2021	597,908,249	597,908,249
Changes in net assets		
Surplus for the year	(20,218,406)	(20,218,406)
Total changes	(20,218,406)	(20,218,406)
Balance at 30 June 2022	577,689,843	577,689,843

Note(s)

* See Note 47

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
Cash flows from operating activities			
Receipts			
Service charges		33,488,935	35,585,179
Other revenue		9,908,284	9,693,591
Property rates		19,449,874	23,310,722
Interest income		4,786,371	4,820,920
Government grants		232,971,000	267,508,250
		300,604,464	340,918,662
Payments			
Employees		(113,314,472)	(106,580,959)
Suppliers		(143,719,362)	(109,440,800)
Finance charges		(69,178)	(115,465)
Transfers and grants		(6,348,702)	(4,045,812)
Remuneration of councillors		(12,679,148)	(12,601,224)
		(276,130,862)	(232,784,260)
Net cash flows from operating activities	36	24,473,602	108,134,402
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(57,440,273)	(83,034,354)
Proceeds from sale of property, plant and equipment	8	20,527	463,607
Net cash flows from investing activities		(57,419,746)	(82,570,747)
Cash flows from financing activities			
Finance lease payments		(269,728)	(288,280)
Net increase/(decrease) in cash and cash equivalents		(33,215,872)	25,275,375
Cash and cash equivalents at the beginning of the year		110,529,209	85,253,839
Cash and cash equivalents at the end of the year	6	77,313,337	110,529,214

* See Note 47

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges-Electricity	40,676,000	-	40,676,000	30,821,228	(9,854,772)	51.1
Service charges- Solid Waste	3,585,313	-	3,585,313	6,470,761	2,885,448	51.2
Rental of facilities and equipment	2,142,000	-	2,142,000	1,748,103	(393,897)	51.3
Agency services	565,000	-	565,000	-	(565,000)	
Licences and permits	2,408,914	-	2,408,914	3,515,418	1,106,504	51.4
Other Income	60,790,000	17,420,286	78,210,286	2,848,416	(75,361,870)	51.5
Interest received	6,650,000	-	6,650,000	7,001,839	351,839	
Gains on disposal of assets	468,000	-	468,000	-	(468,000)	51.6
Total revenue from exchange transactions	117,285,227	17,420,286	134,705,513	52,405,765	(82,299,748)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	32,530,000	-	32,530,000	26,053,891	(6,476,109)	51.7
Transfer revenue						
Government grants & subsidies	174,002,000	(750,000)	173,252,000	228,065,133	54,813,133	51.8
Fines, Penalties and Forfeits	332,800	-	332,800	913,292	580,492	51.9
Availability charges	-	-	-	8,176,583	8,176,583	
Interest received	-	-	-	1,834,716	1,834,716	51.10
Total revenue from non-exchange transactions	206,864,800	(750,000)	206,114,800	265,043,615	58,928,815	
Total revenue	324,150,027	16,670,286	340,820,313	317,449,380	(23,370,933)	
Expenditure						
Employee costs	(114,967,000)	(1,226,000)	(116,193,000)	(115,673,182)	519,818	51.11
Remuneration of councillors	(13,602,000)	-	(13,602,000)	(12,679,148)	922,852	51.12
Depreciation and amortisation	(49,443,000)	-	(49,443,000)	(54,863,839)	(5,420,839)	51.13
Finance costs	(234,000)	(25,000)	(259,000)	(3,482,313)	(3,223,313)	51.14
Debt Impairment	(6,004,000)	(896,000)	(6,900,000)	(11,673,416)	(4,773,416)	51.15
Bulk purchases	(26,588,000)	(3,008,000)	(29,596,000)	(29,040,780)	555,220	
Contracted Services	(58,703,000)	(8,671,500)	(67,374,500)	(67,262,319)	112,181	
Transfers and Subsidies	-	-	-	(6,348,702)	(6,348,702)	51.16
Other Materials	(1,862,000)	160,000	(1,702,000)	(1,045,986)	656,014	51.17
General Expenses	(64,944,000)	9,193,500	(55,750,500)	(35,757,046)	19,993,454	51.18
Total expenditure	(336,347,000)	(4,473,000)	(340,820,000)	(337,826,731)	2,993,269	
Operating deficit	12,197,000	-	12,197,000	(20,377,351)	(32,574,351)	
Actuarial gains/losses	-	-	-	293,754	293,754	
Insurance refunds	-	-	-	936,655	936,655	
Loss on disposal of non-monetary assets	-	-	-	(1,081,432)	(1,081,432)	
	-	-	-	148,977	148,977	
Deficit before taxation	12,197,000	(12,197,000)	-	(20,228,374)	(20,228,374)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	12,197,000	(12,197,000)		- (20,228,374)	(20,228,374)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Cash	118,306,000	(633,000)	117,673,000	8,743,051	(108,929,949)	
Call investments deposit	164,277,000	-	164,277,000	68,570,286	(95,706,714)	
Consumer debtors	78,144,000	6,585,000	84,729,000	-	(84,729,000)	
Other debtors	11,343,000	-	11,343,000	35,655,376	24,312,376	
Inventory	-	24,000	24,000	-	(24,000)	
	372,070,000	5,976,000	378,046,000	112,968,713	(265,077,287)	
Non-Current Assets						
Investment property	42,007,000	-	42,007,000	44,628,368	2,621,368	
Property, plant and equipment	586,510,000	6,090,000	592,600,000	523,537,130	(69,062,870)	
Intangible assets	7,000	515,000	522,000	1,050	(520,950)	
	628,524,000	6,605,000	635,129,000	568,166,548	(66,962,452)	
Total Assets	1,000,594,000	12,581,000	1,013,175,000	681,135,261	(332,039,739)	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	-	147,486	147,486	
Payables from exchange transactions	59,998,000	384,000	60,382,000	41,902,982	(18,479,018)	
Employee benefit obligation	-	-	-	14,798,380	14,798,380	
Unspent conditional grants and receipts	-	-	-	5,521,260	5,521,260	
Consumer Deposits	377,000	-	377,000	400,350	23,350	
Provisions	5,277,000	-	5,277,000	8,581,713	3,304,713	
	65,652,000	384,000	66,036,000	71,352,171	5,316,171	
Non-Current Liabilities						
Employee benefit obligation	-	-	-	6,937,000	6,937,000	
Borrowings	30,000,000	-	30,000,000	-	(30,000,000)	
Provisions	19,151,000	-	19,151,000	25,156,243	6,005,243	
	49,151,000	-	49,151,000	32,093,243	(17,057,757)	
Total Liabilities	114,803,000	384,000	115,187,000	103,445,414	(11,741,586)	
Net Assets	885,791,000	12,197,000	897,988,000	577,689,847	(320,298,153)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Reserve	59,154,000	-	59,154,000	-	(59,154,000)	
Accumulated surplus	826,637,000	12,197,000	838,834,000	577,689,847	(261,144,153)	
Total Net Assets	885,791,000	12,197,000	897,988,000	577,689,847	(320,298,153)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	32,530,000	(2,277,000)	30,253,000	19,449,874	(10,803,126)	
Service charges	50,725,000	(9,563,000)	41,162,000	33,488,935	(7,673,065)	
Other revenue	61,882,000	21,777,000	83,659,000	9,908,284	(73,750,716)	
Transfer and Subsidies- Operational	174,002,000	(750,000)	173,252,000	232,971,000	59,719,000	
Transfer and Subsidies- Capital	58,719,000	-	58,719,000	-	(58,719,000)	
Interest	4,891,000	-	4,891,000	4,786,371	(104,629)	
	382,749,000	9,187,000	391,936,000	300,604,464	(91,331,536)	
Payments						
Suppliers and employees	(280,667,000)	(3,552,000)	(284,219,000)	(276,061,684)	8,157,316	
Finance charges	(234,000)	(25,000)	(259,000)	(69,178)	189,822	
	(280,901,000)	(3,577,000)	(284,478,000)	(276,130,862)	8,347,138	
Net cash flows from operating activities	101,848,000	5,610,000	107,458,000	24,473,602	(82,984,398)	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	468,000	-	468,000	20,527	(447,473)	
Purchases of capital assets	(113,588,000)	(6,245,000)	(119,833,000)	(57,440,284)	62,392,716	
Net cash flows from investing activities	(113,120,000)	(6,245,000)	(119,365,000)	(57,419,757)	61,945,243	
Cash flows from financing activities						
Finance lease repayments	-	-	-	(269,728)	(269,728)	
Net increase/(decrease) in cash and cash equivalents	(11,272,000)	(635,000)	(11,907,000)	(33,215,883)	(21,308,883)	
Cash and cash equivalents at the beginning of the year	-	-	-	110,529,209	110,529,209	
Cash and cash equivalents at the end of the year	(11,272,000)	(635,000)	(11,907,000)	77,313,326	89,220,326	
Reconciliation						

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

Figures in Rand	Note(s)	2022	2021
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1. Presentation of Annual Financial Statements

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

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

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.

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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.5 Budget information (continued)

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 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 on 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:

	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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.6 Investment property (continued)

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

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 Depreciation

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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:

	Years
Buildings	20-100
Infrastructure	5-120
Leased Assets	3-7
Other Assets	3-15

1.7.4 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.

1.7.5 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.

1.8 Employee benefits

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.

Short-term employee benefits

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.8 Employee benefits (continued)

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.

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.

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.

4) 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:

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.8 Employee benefits (continued)

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.

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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.8 Employee benefits (continued)

1.9 Leases

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

Finance leases - Municipality as lessor

The municipality recognises lease payments under a finance lease as assets(receivable) in the Statement of Financial Position. The asset receivable is calculated as the sum of all minimum lease payments to be received , plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced in the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

Finance leases -Municipality as 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 lessor

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between straight line revenue and the actual payments received will give rise to an asset or liability.

Operating leases -Municipality as 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.

1.10 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.

1.10.1 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. 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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.10 Financial instruments (continued)

1.10.2 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.

b) **Financial Instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are also subject to impairment review.

c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

- i) derivatives;
- ii) combined instruments that are designed at fair value;
- iii) Instruments held for trading
- iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
- v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost

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.

1.10.3 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.

1.10.3.1 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.

1.10.3.2 Financial Assets Measured At Cost

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

1.10.4 Derecognition of Financial instruments

1.10.4.1 Financial Assets

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1.10 Financial instruments (continued)

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.

1.10.4.2 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.

1.10.5 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.

1.11 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.

1.12 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.

1.13 Payables and annuity loans

Payables are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.14 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.

1.15 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.

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1.15 Conditional Government grants and public contributions (continued)

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.

1.16 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.

1.17 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.

1.18 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.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure is accounted for 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.

1.20 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.

1.21 Capital Commitments

Capital commitments disclosed in the financial statements represent the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

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1.22 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.

1.23 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 arms length and not on normal commercial terms, are disclosed.

1.24 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

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1.24 Accounting by principals and agents (continued)

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent 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 it is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

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.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

1.25 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.

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1.26 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.

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.

1.27 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 amounts recognised in the financial statements.

Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining useful lives of the assets of the assets.

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

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

GRAP implementation date for the Municipality is 1 July 2009 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2009 to the current year's reported date. Where the economic useful life of an item of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

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.

Impairment of Non- Monetary Assets

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1.27 Significant judgements and sources of estimation uncertainty (continued)

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 will only be performed if there is an indication of an impairment.

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 site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by statistics South Africa.

Financial Instruments and Statutory Receivables

The Municipality analyses the terms 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.

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.

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.

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.

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.

Componetisation of Infrastructure Assets

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1.27 Significant judgements and sources of estimation uncertainty (continued)

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.

Recognition and Derecognition of Land

In order for land to meet the definition of an asset, the Municipality must be able to prove that controls 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 substance 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.

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.

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.

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 Statutory receivables

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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

1.28.1 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.

1.28.2 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.

1.28.3 Impairment And Uncollectability Of Statutory Receivables

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1.28 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.

1.28.4 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.

1.29 Impairment of 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.

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

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

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

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

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

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

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

Useful life is either:

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

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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 losses. The present obligation under 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
- > 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.

1.31 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which is consideration received or receivable.

1.31.1 Service Charges

Service Charges are levied in terms of approved tariffs.

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1.31 Revenue from exchange transactions (continued)

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 equipemnt 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 Tarrifs

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 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied

- a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- c) The amount of revenue can be measured reliably.
- d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.31.7 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.

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1.32 Revenue from non-exchange transactions

Revenue from 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 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 disclose the nature and type of services in-kind received during the reporting period.

1.32.8 Contributed Assets

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.32 Revenue from non-exchange transactions (continued)

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.

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.

1.34 Service concession arrangements: Entity as grantor

Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
 - the operator constructs, develops, or acquires from a third party; or
 - is an existing asset of the operator; or
- is provided by the grantor which:
 - is an existing asset of the grantor; or
 - is an upgrade to an existing asset of the grantor.

Recognition of asset and liability

The Municipality recognises an asset provided by the operator and an upgrade to an existing asset of the entity, as a service concession asset if the entity controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and if the entity controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the asset at the end of the term of the arrangement. This applies to an asset used in a service concession arrangement for its entire economic life (a "whole-of-life" asset).

After initial recognition or reclassification, service concession assets are clearly identified from other assets within the same asset category, and are clearly identified from owned and/or leased assets.

Where the Municipality recognises a service concession asset, and the asset is not an existing asset of the Municipality (grantor), the Municipality (grantor) also recognises a liability.

The Municipality does not recognise a liability when an existing asset of the Municipality is reclassified as a service concession asset, except in circumstances where additional consideration is provided by the operator.

Measurement of asset and liability

The Municipality initially measures the service concession asset as follows:

- >Where the asset is not an existing asset of the Municipality, the asset is measured at its fair value.
- >Where the asset is an existing asset of the Municipality and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The Municipality initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the Municipality.

Financial liability model

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.34 Service concession arrangements: Entity as grantor (continued)

Where the Municipality has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, the entity accounts for the liability as a financial liability.

The Municipality allocates the payments to the operator and accounts for them according to their substance as a reduction in the liability recognised, a finance charge, and charges for services provided by the operator.

The finance charge and charges for services provided by the operator in a service concession arrangement are accounted for as expenses.

Where the asset and service components of a service concession arrangement are separately identifiable, the service components of payments from the entity to the operator are allocated by reference to the relative fair values of the service concession asset and the services.

Where the asset and service components are not separately identifiable, the service component of payments from the entity to the operator is determined using estimation techniques.

Grant of a right to the operator model

Where the Municipality does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the Municipality accounts for the liability as the unearned portion of the revenue arising from the exchange of assets between the Municipality and the operator.

The Municipality recognises revenue and reduces the liability according to the substance of the service concession arrangement.

Dividing the arrangement

If the Municipality pays for the construction, development, acquisition, or upgrade of a service concession asset partly by incurring a financial liability and partly by the grant of a right to the operator, it accounts separately for each part of the total liability.

Other liabilities, contingent liabilities and contingent assets

The Municipality accounts for other liabilities, contingent liabilities, and contingent assets arising from a service concession arrangement in accordance with the policy on Provisions, Contingent liabilities and contingent assets and Financial instruments.

Other revenues

The Municipality accounts for revenues from a service concession arrangement, other than those relating to the grant of a right to the operator model, in accordance with the Standard of GRAP on Revenue from exchange transactions.

1.35 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.

1.36 Heritage assets

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

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1.36 Heritage assets (continued)

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

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

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

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

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

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

1.37 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 of 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.

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2022 or later periods:

Guideline: Guideline on Accounting for Landfill Site

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

GRAP 25 (as revised 2021) Employee Benefits

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

iGRAP 7 (as revised 2021) Limit on defined benefit asset, minimum funding requirement and interaction

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

Guideline: Guideline on the Application of Materiality to Financial Statements.

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

GRAP 104 (amended): Financial Instruments

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

iGRAP 21: The Effect of Past Decisions on Materiality

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

GRAP 1 (amended): Presentation of Financial Statements

The standard will be effective on 01 April 2023 and will unlikely have a material impact.

3. Receivables from exchange transactions

Housing debtors	530,408	2,353,622
Sundry Receivables	860,796	860,797
Electricity	21,056,881	15,574,672
Refuse	7,989,334	10,132,224
VAT Component of outstanding debtors	3,089,714	4,055,285
Interest	10,520,158	8,114,302
Impairment - Electricity	(12,752,342)	(12,375,060)
Impairment - Refuse	(6,475,386)	(9,722,198)
Impairment - VAT Component of outstanding debtors	(3,521,755)	(3,521,755)
Impairment- interest	(8,608,222)	(7,494,145)
Impairment - Housing rentals	(811,545)	(1,515,953)
	11,878,041	6,461,791

Consumer debtors are receivable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of Receivables from exchange transactions on initial recognition is not deemed necessary.

Reconciliation of Allowance for Doubtful Debts

Balance at the beginning of the year	34,629,111	32,656,245
Contributions to provision	8,410,827	12,801,013
Bad debts written off	(12,368,829)	(10,828,147)
	30,671,109	34,629,111

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
3. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	1,722,096	1,620,356
31 -60 days	1,065,395	874,832
61 -90 days	1,093,998	786,491
91 -120 days	927,957	595,486
121 -150 days	892,892	530,345
>150 days	15,354,543	11,167,162
	21,056,881	15,574,672
Refuse		
Current (0 -30 days)	473,638	462,642
31 -60 days	279,014	393,757
61 -90 days	266,287	368,383
91 -120 days	257,123	364,246
121 -150 days	253,319	361,365
>150 days	6,459,954	8,181,829
	7,989,335	10,132,222
House Rentals		
Current (0 -30 days)	134,981	130,676
31 -60 days	85,576	82,071
61 -90 days	73,997	73,869
91 -120 days	72,239	71,143
121 -150 days	73,653	71,215
>150 days	89,962	1,924,650
	530,408	2,353,624
Interest		
Current (0-30 days)	363,426	273,430
31- 60 days	427,526	298,217
61- 90 days	389,706	287,069
91-120 days	373,509	281,638
121-150 days	357,603	268,888
>150 days	8,608,388	6,705,062
	10,520,158	8,114,304
VAT Component of outstanding debtors		
Current (0 -30 days)	329,893	312,436
31 -60 days	202,848	184,580
61 -90 days	205,306	177,611
91 -120 days	179,072	144,228
121 -150 days	167,438	134,113
>150 days	2,005,157	3,102,317
	3,089,714	4,055,285
	-	-
Total receivables from exchange transactions	11,878,041	6,461,791

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
3. Receivables from exchange transactions (continued)		
Trade and other receivables from exchange transactions impaired		
The allowance for impairment of property 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 there payments trends, management is satisfied that no further credit provision is required in excess of the current allowance		
4. Receivables from non-exchange transactions		
Rates	28,846,372	22,554,919
Other receivables- Deposits	581,480	581,480
Other receivables- Office of the Premier Grant unpaid	119,842	119,842
Traffic fines	3,345,514	3,291,914
Other Debtors	740,553	700,113
Other receivables -Joe GqabiDistrict Municipality	456,572	456,572
Impairment - Rates	(15,895,823)	(14,793,672)
Impairment - Traffic fines	(3,345,514)	(3,291,914)
	14,848,996	9,619,254
Reconciliation of Allowance for Doubtful Debts		
Balance at the beginning of the year	18,085,586	15,380,809
Contributions to provision	3,262,591	3,349,666
Bad debts written off	(2,106,840)	(644,889)
	19,241,337	18,085,586
Rates		
31 - 60 days	925,229	1,270,462
61 - 90 days	873,091	1,224,898
91 - 120 days	853,447	1,202,355
121 - 150 days	831,102	1,205,168
> 150 days	24,812,518	17,652,037
	28,295,387	22,554,920
	-	-
Total receivables from non-exchange transactions	14,848,996	9,619,254
Receivables from non-exchange transactions impaired		
The allowance for impairment of property 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 there payments trends, management is satisfied that no further credit provision is required in excess of the current allowance.		
5. VAT receivable		
VAT	8,928,339	10,045,402
VAT Receivable from SARS	2,498,280	3,189,273
VAT in Suspense	3,276,333	3,338,792
VAT on Provision for Debt Impairment	3,153,726	3,517,340
	8,928,339	10,045,405

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. VAT receivable (continued)		
Reconciliation of VAT on Provision for Debt Impairment		
Balance at beginning of the year	3,517,340	2,559,664
Debt Impairment for current year	(363,614)	957,676
	3,153,726	3,517,340

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	77,313,337	110,529,209
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
First National Bank- Acc no 62159933772 (Primary Account)	2,079,569	4,288,248	2,778,502	532,700	4,360,750	2,778,340
First National Bank- Acc no 62312151848 and cash floats	-	9,186	160	22,214	17,780	6,686
First National Bank (Vendor Account no 62857839298)	2,661,428	933,323	-	2,661,428	933,323	-
Standard Bank Acc no 280642407 (Revenue Account)	5,526,955	4,627,843	4,719,645	5,526,709	4,655,915	4,719,399
Wesbank Acc no 13179 (Fuel Account)	422,581	162,860	248,494	422,581	162,860	248,494
Standard Bank Acc no 388497173001 (EPWP)	2,625,686	3,384,209	2,959,533	2,625,687	3,384,209	2,959,533
Standard Bank Acc no 388497165001 (Elundini Voting Station)	1,531	1,518	1,510	1,531	1,518	1,510
Standard Bank Acc no 388493410002 (FMG)	1,694,084	1,742,060	1,769,245	1,694,083	1,742,060	1,769,245
Standard Bank Acc no 388493003001 (Municipal Disaster Grant)	1,501	608,743	598,132	1,501	608,743	598,132
Standard Bank Acc no 388490810001 (NER)	2,386,896	111,138	4,418,151	2,386,896	111,138	4,418,151
FNB Acc no(62189194170) Equitable share	178,492	6,086,746	2,543,688	178,492	6,086,746	2,543,688
FNB Acc no(62189180111)-MIG	6,315,378	9,771,792	8,357,830	6,315,378	9,771,792	8,357,830
FNB Acc no (62284785121) Working capital Reserve	45,793,668	70,400,617	50,009,000	45,793,668	70,400,617	50,009,000
FNB Acc no (62378875226) Mayors Social Investment	558,474	546,158	535,747	558,474	546,158	535,747
FNB Acc no (62557779322) Joe Gqabi	5,982,183	5,783,103	5,611,515	5,982,183	5,783,103	5,611,515
FNB Acc no (62785909650) Energy Efficiency	1,013,008	836,415	181,293	1,013,008	836,415	181,293
FNB Acc no (62852498023) Solidarity Fund	135,724	131,215	67,003	135,724	131,215	67,003
Cash on Hand	-	-	-	1,461,082	994,871	448,272
Total	77,377,158	109,425,174	84,799,448	77,313,339	110,529,213	85,253,838

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

7. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	53,326,710	(8,698,342)	44,628,368	53,326,711	(8,219,243)	45,107,468

Reconciliation of investment property - 2022

	Opening balance	Depreciation	Total
Investment property	45,107,468	(479,100)	44,628,368

Reconciliation of investment property - 2021

	Opening balance	Depreciation	Total
Investment property	45,586,567	(479,099)	45,107,468

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.

An income of R 1 723 423 (R 1 650 860) was generated on there investment properties and was recognised as revenue from rental of facilities. There is no work in progress for investment property. No significant operating expenditure was incurred on the investment property.

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2022			2021		
	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	135,652,121	(37,505,985)	98,146,136	122,166,371	(32,255,256)	89,911,115
Plant and machinery	24,904,108	(20,422,175)	4,481,933	24,750,743	(19,534,756)	5,215,987
Furniture and fixtures	6,911,607	(4,703,080)	2,208,527	6,474,353	(4,317,947)	2,156,406
Motor vehicles	26,992,654	(19,794,452)	7,198,202	26,291,599	(18,318,073)	7,973,526
Lease asset	859,949	(680,682)	179,267	1,062,425	(662,485)	399,940
IT equipment	9,605,062	(5,549,391)	4,055,671	7,657,140	(4,433,534)	3,223,606
Electricity Infrastructure	83,503,168	(23,004,414)	60,498,754	75,383,142	(19,036,703)	56,346,439
Roads Infrastructure	559,064,771	(289,666,819)	269,397,952	530,299,092	(258,767,729)	271,531,363
Capitalised Restoration Cost -PPE	23,982,718	(18,467,430)	5,515,288	25,588,333	(8,112,253)	17,476,080
Security	104,605	(91,389)	13,216	104,605	(80,932)	23,673
Work in Progress	69,447,690	-	69,447,690	66,535,479	-	66,535,479
Total	943,422,947	(419,885,817)	523,537,130	888,707,776	(365,519,668)	523,188,108

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers received	Revaluations	Depreciation	Impairment loss	Total
Land	2,394,494	-	-	-	-	-	-	2,394,494
Buildings	89,911,114	1,267,470	-	12,218,276	-	(5,250,724)	-	98,146,136
Plant and machinery	5,215,986	354,736	(1,070)	-	-	(1,087,719)	-	4,481,933
Furniture and fixtures	2,156,406	561,964	(7,395)	-	-	(502,448)	-	2,208,527
Motor vehicles	7,973,542	1,152,332	(54,606)	-	-	(1,873,066)	-	7,198,202
Lease assets	399,940	-	(21,318)	-	-	(199,355)	-	179,267
IT equipment	3,223,592	1,947,920	-	-	-	(1,115,841)	-	4,055,671
Electricity Infrastructure	56,346,439	-	-	8,120,025	-	(3,967,710)	-	60,498,754
Roads Infrastructure	271,531,363	-	-	28,765,679	-	(30,021,595)	(877,495)	269,397,952
Capitalised Restoration Cost-PPE	17,476,080	-	-	-	(1,605,614)	(10,355,178)	-	5,515,288
Security	23,673	-	-	-	-	(10,457)	-	13,216
Work in Progress	66,535,479	52,156,266	-	(49,103,980)	-	-	(140,075)	69,447,690
	523,188,108	57,440,688	(84,389)	-	(1,605,614)	(54,384,093)	(1,017,570)	523,537,130

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers received	Restatement	Depreciation	Impairment reversal	Total
Land	2,394,494	-	-	-	-	-	-	2,394,494
Buildings	90,475,693	-	-	3,890,412	-	(4,454,990)	-	89,911,115
Plant and machinery	4,998,489	1,624,133	(55,166)	-	-	(1,351,469)	-	5,215,987
Furniture and fixtures	2,144,638	1,022,084	(391,302)	-	-	(619,014)	-	2,156,406
Motor vehicles	6,091,131	3,538,393	(64,734)	-	-	(1,591,264)	-	7,973,526
Office equipment	682,123	-	-	-	-	(282,183)	-	399,940
IT equipment	2,285,309	2,337,547	(305,029)	-	-	(1,094,221)	-	3,223,606
Leasehold improvements	51,061,028	-	-	7,222,954	-	(1,937,543)	-	56,346,439
Infrastructure	207,093,446	-	-	82,247,499	-	(16,825,646)	(983,936)	271,531,363
Capitalised Restoration Cost -PPE	5,842,040	942,790	(134,563)	-	11,994,221	(1,168,408)	-	17,476,080
Security	34,135	-	-	-	-	(10,462)	-	23,673
Work in progress	98,225,576	61,595,570	75,200	(93,360,867)	-	-	-	66,535,479
	471,328,102	71,060,517	(875,594)	(2)	11,994,221	(29,335,200)	(983,936)	523,188,108

Pledged as security

There are leased property plant and equipment assets that are secured as set out in note10 :

Repairs and Maintenance

Expenditure incurred to repair and maintain property, plant and equipment is included under contracted services in the Statement of Financial Performance:

	2022	2021
Maintenance of Buildings and Facilities	13 615 625	9 373 392

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

8. Property, plant and equipment (continued)

Slow moving projects

The Municipality has the below slow moving projects due to budget constraints.

- CCTV Access Control System

The carrying value for the project is R 149 990

-Guard House Access Control Systems

The carrying value for the project is R 107 216

Halted Projects

The Municipality halted the the project for the construction and refurbishment for public toilets facilities in Mount Fletcher. This was due to the community members preventing the appointed service provider from accessing the site

An impairment loss for the total cost project cost has been raised for an amount of R 140 075.

The carrying value of the project is R 0.

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	40,136,226	26,399,253	66,535,479
Additions/capital expenditure	31,801,018	20,355,246	52,156,264
Impairment	-	(140,075)	(140,075)
Transferred to completed items	(36,885,700)	(12,218,279)	(49,103,979)
	35,051,544	34,396,145	69,447,689

Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	90,250,394	7,975,182	98,225,576
Additions/capital expenditure	39,281,085	22,314,485	61,595,570
Disposal	75,200	-	75,200
Transferred to completed items	(89,470,453)	(3,890,412)	(93,360,865)
	40,136,226	26,399,255	66,535,481

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.

ELUNDINI LOCAL MUNICIPALITY

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9. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	385,837	(384,787)	1,050	385,837	(383,737)	2,100

Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, internally generated	2,100	(1,050)	1,050

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, internally generated	9,552	(7,452)	2,100

ELUNDINI LOCAL MUNICIPALITY

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10. Finance lease obligation		
Minimum lease payments due		
- within one year	156,066	327,114
- in second to fifth year inclusive	-	156,066
	156,066	483,180
less: future finance charges	(8,580)	(65,966)
Present value of minimum lease payments	147,486	417,214
Non-current liabilities	-	147,486
Current liabilities	147,486	269,728
	147,486	417,214

Capital lease liabilities at amortised cost is calculated at 19.68% interest rate, with the maturity date of 31 December 2022 .

11. Payables from exchange transactions

Trade payables	8,775,771	5,991,646
Unknown receipts	2,673,246	2,620,868
Accruals	11,007,158	29,727,897
Retentions	13,190,779	14,249,380
Deposits received	381,464	253,808
Payments received in advance	2,721,015	420,215
Sundry creditors	1,571,495	424,085
Advance licence fees	1,582,054	323,375
	41,902,982	54,011,274

ELUNDINI LOCAL MUNICIPALITY

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12. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Non-Current Employee Benefits	(6,937,000)	(6,860,000)
Current Employee Benefits	(14,798,380)	(12,128,424)
	(21,735,380)	(18,988,424)

The fair value of plan assets includes:

Accrued Bonus		
Opening Balance	2,755,288	2,625,316
Contribution during the year	6,711,776	6,176,799
Payments made	(6,471,305)	(6,046,827)
	2,995,759	2,755,288

Performance Bonus		
Opening Balance	558,535	2,970,583
Contributions during the year	537,942	(2,375,071)
Payments made	(276,417)	(36,977)
	820,060	558,535

Staff leave		
Opening Balance	7,932,602	7,126,967
Contributions during the year	2,185,775	1,521,335
Payments made	(726,816)	(715,700)
	9,391,561	7,932,602

Post Retirement Medical Benefits		
Opening Balance	1,572,000	1,453,000
Payments made	(268,970)	(131,160)
Finance charges	139,000	128,000
Actuarial Loss/(Gain)	118,970	122,160
Subtotal	1,561,000	1,572,000
Less current portion	(144,000)	(138,000)
	1,417,000	1,434,000

The amounts recognised in the Statement of Financial Position are as follows

Finance charges	139,000	128,000
Actuarial gain	118,970	122,160
	257,970	250,160

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up of as follows:

Continuation Members

4 4

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes

- >Bonitas
- >LA Health

Key Assumptions used are as follows.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

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Figures in Rand	2022	2021
12. Employee benefit obligations (continued)		
1) Interests Rates		
Discount Rate %	11	9
Health Care Cost Inflation rate %	8	6
Net Effective Discount Rate %	3	3
	-	-

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 on 1 July 2022

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 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
30 June 2017	1,492,858	1,492,858
	-	-

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
30 June 2022	(12,000)
30 June 2021	20,000
30 June 2020	70,000
30 June 2019	46,000
30 June 2018	(37,000)
30 June 2017	72,000
	-

Sensitivity Analysis on the Accrued Liability.

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
12. Employee benefit obligations (continued)		
Assumption	Total Liability (R)	% Change
Liability	1,572,000	-
Health care inflation rate (+1%)	1,722,000	-
Health care inflationrate (-1%)	1,442,000	-
Discount rate (+1%)	1,447,000	-
Discount rate (-1%)	1,719,000	-
Post-employment mortality (+1 year)	1,513,000	-
Post-employment mortality (-1 year)	1,632,000	-
	-	-

Sensitivity Analysis on the Interest Costs

Assumption	Interest (R)	%Change
Estimated interest for 2021/22	139,000	-
Health care inflation rate (+1%)	153,000	10
Health care inflation rate (-1%)	127,000	(9)
Discount rate (+1%)	142,000	2
Discount rate (-1%)	137,000	(1)
Post-employment mortality (+ year)	134,000	(4)
Post-employment mortality (-1)	145,000	4
	-	-

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Figures in Rand	2022	2021
12. Employee benefit obligations (continued)		
Long Service Awards		
The movement in Long Service Awards are reconciled as follows		
Opening Balance	6,170,000	5,475,000
Current-service cost	911,000	940,000
Expenditure for the year	(244,276)	(264,034)
Finance Charges	543,000	385,000
Actuarial loss	(412,724)	(365,966)
Subtotal	6,967,000	6,170,000
Less Current Portion	(1,447,000)	(744,000)
	5,520,000	5,426,000

The following members are eligible for long service bonuses

In- service members	286	286
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The Long Service Bonus plans are defined benefit plans. Long service awards were calculated for 296 employees (2019- 283 employees), but they are not all eligible for payment in the same year.

Key assumptions used are as follows:

Interest Rates

Discount Rate	11	9
General Salary Inflation (Long term)	7	6
Net Effective Discount Rate applied to salary- related Long Service Bonuses	3	3
	-	-

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 on 1 July 2022

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 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
30 June 2017	3,415,935
	-

Experience adjustments were calculated as follows:

30 June 2021	-	Liabilities(Gain)/Loss (43,000)
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ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
12. Employee benefit obligations (continued)		
30 June 2020	-	343,393
30 June 2019	-	348,115
30 June 2018	-	293,874
30 June 2017	-	319,878
	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

	Total Liability	% Change
Liability	6,967,000	-
General earnings inflation rate (+1%)	7,371,000	6
General earnings inflation rate (-1%)	6,601,000	(5)
Discount Rate (+1%)	6,591,000	(5)
Discount Rate (-1%)	7,389,000	6
Average retirement age (+ 2 years)	7,428,000	7
Average retirement age (-2 years)	6,631,000	(5)
Withdrawal rates (*2)	5,487,000	(21)
Withdrawal rates (*0.5)	7,999,000	15
	-	-

Sensitivity Analysis on the future Current- service and Interest Costs

Assumption	Current Service Cost	Interest Cost	Total Cost	%Change
Future Cost for 2021/22	911,000	543,000	1,454,000	-
General earnings inflation rate (+1%)	978,000	578,000	1,556,000	7
General earnings inflation rate (-1%)	850,000	511,000	1,361,000	(6)
Discount rate (+1%)	856,000	565,000	1,421,000	(2)
Discount rate (-1%)	972,000	518,000	1,490,000	2
Average retirement age (-2 years)	950,000	582,000	1,532,000	(5)
Average retirement age (+2 years)	873,000	515,000	1,388,000	(5)
Withdrawal rates (*2)	654,000	414,000	1,068,000	(27)
Withdrawal rates (0.5)	1,098,000	634,000	1,732,000	19
	-	-	-	-

The amounts recognised in the Statement of Financial Performance are as follows

Current Service Cost	911,000	940,000
Interest cost	543,000	385,000
Actuarial gain	(412,724)	(365,966)
	1,041,276	959,034

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Figures in Rand 2022 2021

12. Employee benefit obligations (continued)

Retirement Funds

The consolidated Retirement Fund (former Cape Retirement Fund) is a multi-employer plans. This means that there are multiple local authorities that participate in this fund. In terms of GRAP 25, these multi-employer plans are described as benefits plans. GRAP 25 also state that when sufficient information is not available to use defined benefit accounting for a multi employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the funds' assets from the fund administrator. The fund administrator confirmed that assets of the funds are not split per participating employer. Therefore, the municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrators. The fund administrators claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Consolidated Retirement Fund is defined as a defined benefit plan, it will be accounted for as defined contribution.

Defined Contributions Funds

The Municipality contributes to the following defined benefit plans:

Consolidated Retirement Fund (former Cape Retirement Fund)	7,269,305	6,451,517
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The contribution rate payable is 9% by members and 18% by council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in sound financial position with a funding level of 100.5% (30 June 2019 - 100.3%)

Defined contribution funds

The municipality contributes 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 basis of current service costs.

Contributions paid recognised in the statement of Financial Performance:

SALA Pension	1,232,395	1,230,400
SAMWU National	4,325,389	4,390,844
National Municipal Workers Fund	521,670	581,608
Discovery Investment	34,606	33,294
	6,114,060	6,236,146

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

INEP	931,376	-
Voter Education Grant	1,360	1,360
Municipal Infrastructure Grant	4,061,086	-
Libraries grants	488,327	574,922
DEDEA Grant	39,111	39,111
	5,521,260	615,393

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Notes to the Annual Financial Statements

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13. Unspent conditional grants and receipts (continued)		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
See note 23 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
14. Consumer Deposits		
Consumer Deposits		
Electricity	302,659	302,659
Housing Rental	97,691	97,691
	400,350	400,350

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amount.

ELUNDINI LOCAL MUNICIPALITY

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15. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Change in estimate	Utilised during the year	Unwinding of discounted interest	Total
Landfill sites	32,612,435	(1,605,614)	(8,581,713)	2,731,135	25,156,243

Reconciliation of provisions - 2021

	Opening Balance	Increase in estimate	Decrease in estimate	Unwinding of discounted interest	Restatement	Total
Landfill Sites	19,230,056	942,790	(134,563)	579,930	11,994,222	32,612,435

The Municipality is required by relevant Environmental Legislation 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 who was used to perform a valuation of the estimated annual cost of closure and rehabilitation (recurring costs) for the following landfill sites.

The Municipality had to restate the landfill provision following errors emanating from previous periods. The correction was applied to the opening balance, not applied retrospectively as per GRAP 3 requirements as it was impracticable to determine the period-specific effects or the cumulative effect of the error.

Mount Fletcher	12,941,941	12,473,914
Maclear- old	4,360,203	4,250,579
Ugie -old	4,221,490	4,115,334
Maclear- new	1,772,806	1,708,695
Ugie- new	10,441,516	10,063,913
	33,737,956	32,612,435

Location	Estimated Decommission Date	Future Cost of Rehabilitation
Mount Fletcher	2,033	21,234,697
Maclear old	2,022	5,604,111
Ugie -old	2,022	5,425,799
Maclear- new	2,070	11,052,245
Ugie- new	2,032	16,600,368
	-	59,917,220

ELUNDINI LOCAL MUNICIPALITY

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2022

2021

15. Provisions (continued)

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 average of the CPI for the last quarter amounted to 6.6085%.

There are currently five landfill sites in Elundini which service Mount Fletcher, Maclear and Ugie, they are named after the town which they service.

Mt Fletcher Landfill Site

Total area of the landfill	35 022 m2
Is the site licenced	Yes
Expected remaining useful life	11 years
Waste type allowed	General Landfill
Size class	Communal
Climatic water balance	B-

Maclear old Landfill Site

Total area of the landfill	10 000 m2
Is the site licenced	No
Expected remaining useful life	0 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B+

Ugie Old Landfill Site

Total area of the landfill	11 353 m2
Is the site licenced	No
Expected remaining useful life	0 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B-

Maclear new Landfill Site

Total area of the landfill	80 900 m2
Is the site licenced	Yes
Expected remaining useful life	48 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B+

Ugie new Landfill Site

Total area of the landfill	65 821 m2
Is the site licenced	Yes
Expected remaining useful life	10 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B-

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Figures in Rand	2022	2021
16. Service charges		
Sale of electricity	31,358,683	29,623,126
Refuse removal	6,470,762	6,157,912
Refuse rebate	(537,455)	(274,161)
Electricity Rebate	-	(278,998)
	37,291,990	35,227,879
17. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	1,723,423	1,650,860
Rental of equipment	24,680	1,720
	1,748,103	1,652,580
18. Licences and permits (exchange)		
Driving licences	493,192	690,715
Learner driving licences	670,411	769,049
Public driving permits	170,958	251,520
Registrations	2,180,857	2,244,009
	3,515,418	3,955,293
19. Other income		
Building plan and inspection fees	135,260	152,562
Tender documents sale	212,205	230,068
Cemetery fees	49,865	38,143
Commission received	2,781	155,885
Skills Development Levy Refund	222,699	112,816
Sundry income	2,225,606	639,776
	2,848,416	1,329,250
20. Investment revenue		
Interest revenue		
Interest on bank balances	4,786,371	4,820,920
Interest charged on trade and other receivables	2,215,468	2,040,119
	7,001,839	6,861,039
21. Actuarial gains		
Post Retirement Medical Benefits	(118,970)	(122,160)
Long Service Awards	412,724	365,966
	293,754	243,806
22. Property rates		
Rates received		
Rateables Land and Buildings	26,481,600	31,391,881
Less: Rebates	(427,709)	(7,624,727)
	26,053,891	23,767,154

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Figures in Rand	2022	2021
23. Government grants and subsidies		
Operating grants		
Equitable share	166,231,000	192,290,400
Energy Efficient & Demand Side Management	1,000,000	4,500,000
Expanded Public Works- EPWP	2,569,000	3,333,000
Municipal Finance Management Grant	1,650,000	1,700,000
Municipal Infrastructure Grant	2,051,550	1,935,000
Intergrated National Electrification Programme- INEP	18,808,624	15,739,000
Libraries grant	836,595	750,000
	193,146,769	220,247,400
Capital grants		
Premiers Office Grant	-	11,062,250
Municipal Infrastructure Grant	34,918,364	36,293,000
Libraries Grant Capital	-	136,500
	34,918,364	47,491,750
	228,065,133	267,739,150
Intergrated National Electrification Programme (INEP)		
Current-year receipts	19,740,000	15,739,000
Conditions met - transferred to revenue	(18,808,624)	(15,739,000)
	931,376	-
Conditions still to be met - remain liabilities (see note 13).		
The National Electrification Grant is used for electrical connections in previously disadvantaged areas..		
Expanded Public Works Program (EPWP)		
Balance unspent at beginning of year	-	94,400
Current-year receipts	2,569,000	3,238,600
Conditions met - transferred to revenue	(2,569,000)	(3,333,000)
	-	-
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.		
Municipal Finance Management Grant		
Current-year receipts	1,650,000	1,700,000
Conditions met - transferred to revenue	(1,650,000)	(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).		
Voter Station Grant		
Balance unspent at beginning of year	1,360	1,360
This grant is used for maintenance of roads to voting stations.		
Energy Efficient & Demand Side Management		

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
23. Government grants and subsidies (continued)		
Current-year receipts	1,000,000	4,500,000
Conditions met - transferred to revenue	(1,000,000)	(4,500,000)
	-	-

The grant is used for maintaining electrical infrastructure assets and street lights.

Municipal Infrastructure Grant

Current-year receipts	41,031,000	38,228,000
Transferred to Revenue- Operating	(2,051,550)	(1,935,000)
Transferred to Revenue- Capital	(34,918,364)	(36,293,000)
	4,061,086	-

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.

Libraries Grant

Balance unspent at beginning of year	574,922	711,422
Current-year receipts	750,000	750,000
Conditions met - transferred to revenue	(750,000)	(750,000)
Transferred to Revenue- Capital	(86,595)	(136,500)
	488,327	574,922

The library grant is used to pay salaries for libraries staff.

24. Fines, Penalties and Forfeits

Illegal Connections Fines	162,678	20,727
Municipal Traffic Fines	73,700	370,800
Pound Fees	55,031	82,579
Retentions Forfeits	-	1,233,292
Unclaimed Money Forfeits	621,883	535,980
	913,292	2,243,378

25. Interest from non-exchange receivables

Interest - Property Rates	1,834,716	1,379,919
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ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
26. Employee related costs		
Basic salaries and wages	77,173,870	74,612,404
Bonus	7,184,239	6,176,800
Medical aid contributions	5,274,825	5,109,332
UIF Contributions	600,567	535,426
Staff leave	2,185,775	1,521,335
Pension contributions	13,565,255	12,662,007
Other short term costs	993,016	160,711
Overtime payments	4,129,614	3,179,855
Long-service awards	911,000	940,000
Acting allowances	832,818	484,822
Workmens Compensation Fund	623,896	588,725
Motor vehicle allowance	878,101	1,405,181
Housing allowances	130,327	95,839
Cellphone allowance	105,722	321,567
Scarcity allowance	197,325	269,813
Standby allowance	785,085	1,274,776
Bargain council	36,268	36,073
Performance bonus	65,479	(2,375,071)
	115,673,182	106,999,595
Remuneration of municipal manager (K Gashi)		
Annual Remuneration	469,984	1,035,868
Car Allowance	90,000	183,397
Performance Bonuses	85,278	36,977
Contributions to UIF, Medical and Pension Funds	71,878	142,810
Leave payout	121,638	-
	838,778	1,399,052
Remuneration of chief finance officer- J Mdeni		
Annual Remuneration	805,119	759,249
Car Allowance	121,000	110,000
Performance Bonuses	100,935	-
Contributions to UIF, Medical and Pension Funds	1,948	1,516
	1,029,002	870,765
Director Coporate Services- SR Matubatuba		
Annual Remuneration	603,593	940,000
Car Allowance	124,800	187,200
Performance Bonuses	76,392	-
Contributions to UIF, Medical and Pension Funds	1,594	1,813
Leave payout	99,871	-
	906,250	1,129,013
Director InfrastructurePlanning and Development S Sako		
Annual Remuneration	694,701	834,463
Car Allowance	162,378	177,140
Performance Bonuses	70,090	-
Contributions to UIF, Medical and Pension Funds	1,948	91,378
	929,117	1,102,981
Director Strategic Planning and Economic Development- NC Eddie		

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26. Employee related costs (continued)		
Annual Remuneration	912,915	892,964
Car Allowance	171,600	187,200
Performance Bonuses	10,403	-
Contributions to UIF, Medical and Pension Funds	1,948	1,813
	1,096,866	1,081,977

Director Community Services-L Kokose

Annual Remuneration	208,504	911,610
Car Allowance	45,000	180,000
Performance Bonuses	91,138	-
Contributions to UIF, Medical and Pension Funds	708	1,813
Leave payout	95,767	-
	441,117	1,093,423

27. Remuneration of Councillors

Executive Mayor	871,674	905,259
Speaker	734,075	733,088
Councillors	9,179,183	8,940,353
Chief Whip	416,747	404,593
Executive Committee	1,477,469	1,617,931
	12,679,148	12,601,224

2022	Basic salary	Cellphone allowance	Total
Executive Mayor	627,924	243,750	871,674
Speaker	692,675	41,400	734,075
Councillors	6,302,912	2,876,271	9,179,183
Chief Whip	288,575	128,172	416,747
Executive Committee	1,043,814	433,655	1,477,469
Subtotal	8,955,900	3,723,248	12,679,148
	8,955,900	3,723,248	12,679,148

2021	Basic Salary	Cellphone Allowances	Total
Executive Mayor	864,459	40,800	905,259
Speaker	692,288	40,800	733,088
Councillors	7,838,753	1,101,600	8,940,353
Chief Whip	363,793	40,800	404,593
Executive Committee	1,454,731	163,200	1,617,931
Subtotal	11,214,024	1,387,200	12,601,224
	11,214,024	1,387,200	12,601,224

The Mayor and Speaker are full-time. They are provided with secretarial support, office and a municipal motor vehicle.

28. Depreciation and amortisation

Property, plant and equipment	54,863,839	29,816,975
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Figures in Rand	2022	2021
29. Finance charges		
Employee benefits	682,000	513,000
Finance leases	69,178	113,746
Interest on overdue accounts	-	1,720
Landfill site provision	2,731,135	579,931
	3,482,313	1,208,397
30. Debt impairment		
Debt impairment	11,673,416	15,193,003
31. Bulk purchases		
Electricity	29,040,780	24,593,488
32. Contracted Services		
Accounting and Auditing	3,861,804	2,409,776
Audit Committee	78,870	281,965
Catering Services	775,820	295,782
Dumping sites	3,900,614	3,139,533
Electrical	19,172,994	19,754,836
Internal Auditors	352,345	603,013
Drivers Licence Cards	181,700	178,461
Legal Services	758,564	1,029,921
Maintenance of Buildings and Facilities	13,615,625	9,373,392
Organisational	2,192,741	3,779,339
Personnel and Labour	7,317,410	7,598,315
Professional Staff	3,176,863	1,818,850
Project Management	514,719	516,386
Research and advisory	1,854,389	1,676,977
Security Services	7,098,416	5,256,397
Valuer and Assessors	-	60,030
Other Contracted Services	1,557,243	1,628,484
Disconnection of electricity	796,252	-
	67,206,369	59,401,457
33. Sale of goods/ inventory		
Inventory consumed		
Inventory consumed	1,045,986	774,150
34. Loss on disposal of non-monetary assets		
Cash received	-	329,047
Carrying value of assets disposed	(1,081,432)	(741,034)
	(1,081,432)	(411,987)

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35. General expenses		
Advertising publicity and marketing	1,650,979	1,330,334
Bank charges	636,731	592,991
Commission paid	1,233,626	805,999
Computer expenses	5,815,030	4,292,536
Fines	50,000	-
Learnership and internship	203,762	179,514
Insurance	2,164,974	1,714,160
Lease Rentals	607,099	795,285
Fuel and oil	4,411,374	3,481,027
Printing and stationery	1,423,083	2,200,838
Protective clothing	1,274,174	883,314
Skills Development levy	1,029,090	831,356
Professional bodies, membership and subscription	1,419,938	1,204,707
Telephone and fax	1,971,383	1,752,303
Training	962,380	1,492,215
Travel and subsistence	5,364,372	2,105,390
External audit fees	3,511,177	3,218,461
Ward committees and other stipends	1,097,551	2,276,706
Motor vehicle licences	407,886	419,418
Electricity	-	2,368,532
Other sundries and consumables	512,468	725,214
	35,747,077	32,670,300
36. Cash generated from operations		
(Deficit) surplus	(20,218,406)	64,342,468
Adjustments for:		
Depreciation and amortisation	54,863,839	29,816,975
Loss/ (Gain) on disposal of non current assets	1,081,432	411,987
Actuarial gains	(293,754)	(243,806)
Debt impairment	11,673,416	15,193,003
Movement in employee benefits obligation -Longterm	2,963,710	(976,636)
Movements in employee benefit obligation-Short term	77,000	558,000
Landfill provisions	2,731,136	13,382,379
Changes in working capital:		
Receivables from exchange transactions	(14,195,104)	(8,844,979)
Other receivables from non-exchange transactions	(8,492,333)	(1,836,351)
Payables from exchange transactions	(12,108,293)	(1,093,731)
VAT	1,485,092	(2,359,808)
Unspent conditional grants and receipts	4,905,867	(230,900)
Consumer Deposits	-	15,801
	24,473,602	108,134,402
37. Financial instruments disclosure		
Categories of financial instruments		
2022		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	11,878,041	11,878,041
Cash and cash equivalents	77,313,337	77,313,337
	89,191,378	89,191,378

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37. Financial instruments disclosure (continued)		
Financial liabilities		
	At amortised cost	Total
Finance lease - current portion	147,486	147,486
Trade and other payables from exchange transactions	41,902,982	41,902,982
	42,050,468	42,050,468
2021		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	6,461,789	6,461,789
Cash and cash equivalents	110,529,214	110,529,214
	116,991,003	116,991,003
Financial liabilities		
	At amortised cost	Total
Finance lease current portion	269,728	269,728
Trade and other payables from exchange transactions	54,011,274	54,011,274
Finance leases	147,486	147,486
	54,428,488	54,428,488
38. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Approved and contracted for -Infrastructure.	17,554,869	21,855,635
Total capital commitments		
Already contracted for but not provided for	17,554,869	21,855,635
This expenditure will be financed from :-		
Own revenue	3,945,794	4,619,893
Municipal Infrastructure grant	6,718,042	7,631,641
Office of the Premier Grant	6,891,033	9,584,101
	17,554,869	21,835,635

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39. Contingencies		
Council have the following contingent liabilities.		
Contingent liabilities		
Zilwa Contractors are claiming an amount of R1 250.000.00 for alleged unlawful termination of their contract by the Municipality. (Mt Fletcher Craft Centre).	1,250,000	-
A contractor failed to fulfil its contractual obligations and therefore the Municipality, after following due process, terminated the contract in March 2014. A Summons was received on 23 September 2014 claiming for loss of profit of the said termination amounting to R1,250,000. The matter is still pending before the Mthatha High Court as it has been postponed on various occasions.	1,250,000	1,250,000
A claim for damages resulting from an alleged unlawful arrest, the Municipality is defending the matter as the Municipal officials were not involved in the arrest.	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	-
Summons have been served on the Municipality in relation to injuries suffered by the plaintiff who fell into a ditch in a municipal road that was being constructed by the municipality. The Municipality is defending the matter.	3,035,000	3,035,000
Summons were served to the Municipality in relation to non payment of services rendered to the Municipality by the attorneys and the municipality requested that the bill of costs be taxed as the Municipality was of the view that the bill was excessive. The attorneys failed to tax the bill and issued summons for non payment.	103,371	103,371
Summons were served to the Municipality in relation to non payment of services alleged to be rendered to the Municipality by the travelling agent. The Municipality is defending the matter.	268,268	268,268
An employee of the Municipality was dismissed pursuant to a disciplinary hearing. The employee approached the Bargaining Council and the Commissioner reinstated the employee. The Municipality has approached the labour court in Gqeberha seeking to set aside the determination made by the Commissioner. The matter is pending before the labour court. Should the Municipality be unsuccessful in its bid, an amount of R381 903 will be payable to the employee.	691,025	381,903
A company was contracted to do road repairs in Mclear , but failed to do work to the satisfaction of the Municipality. The municipality rightfully retained a certain portion percentage of the retention to an estimate of R950 000. The plaintiff is suing the Municipality for retention fees. The Municipality has defended the action. The Municipality is now awaiting for its attorneys to give a reponse to the claim. (Plea)	-	950,000
Total estimated Contingent liabilities	7,597,664	5,988,542

40. Risk management

Financial risk management

The municipality is potentially exposed to the following risks

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40. Risk management (continued)

Liquidity risk

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.

30 June 2022	Within 1 Year	Two to Five Years	After Five years	Total
Finance leases	156,066	-	-	156,066
Payables from exchange transactions	41,912,951	-	-	41,912,951
	42,069,017	-	-	42,069,017

30 June 2021	Within 1 Year	Two to five years	After five years	Total
Finance leases	327,114	156,066	-	483,180
Payables from exchange transactions	54,011,274	-	-	54,011,274
	54,338,388	156,066	-	54,494,454

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40. 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	2022	2021
Cash and Cash Equivalents	77,313,337	110,529,209
Receivable from exchange transactions	11,878,041	6,461,788

Cash and Cash Equivalent

Deposits of the municipality is 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 were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables

Receivables comprise of a large number of user, 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 payables 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	385,352	685,567
2 months past due	110,373	573,390
3 months past due	316,913	346,624
4 months past due	195,338	265,350
5 months past due	20,870	288,180
6-12 months past due	968,682	919,676
More than 1 year past due	-	821,588
	1,997,528	3,900,375

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

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40. Risk management (continued)

Market risk

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	77,313,336	110,529,214
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Although the non-current provision is not defined as a financial instrument, the potential effect of changes in interest rates used to discount this balance over time, is included for the benefit of the user of the financial statement.

Potential effect of changes in interest rates on surplus and deficit for the year/period

0.5% (2021 -0.5%) increase	386,567	552,646
0.5% (2021 -0.5%) decrease	(386,567)	(552,646)

	-	-
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Foreign exchange risk

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

The financial instruments of the municipality is not directly exposed to any currency risk

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.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

41. Fruitless and wasteful expenditure

Opening balance as previously reported	102,578	102,578
Opening balance as restated	102,578	102,578
Add: Expenditure identified - current	-	7,000
Less: Amounts recoverable - current	-	(7,000)
Closing balance	102,578	102,578

Fruitless and wasteful expenditure amounts exclude VAT.

Details of Fruitless and wasteful expenditure

Lost water tank	-	7,000
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Figures in Rand	2022	2021
42. Irregular expenditure		
Opening balance as previously reported	-	1,988,897
Opening balance as restated	-	1,988,897
Add: Irregular Expenditure - current	1,126,075	12,688,105
Less: Amount written off by council	(1,007,519)	(14,641,344)
Less: Amount to be recovered	-	(35,658)
Closing balance	118,556	-

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42. Irregular expenditure (continued)

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings	
SCM processes not followed	118,558	-
Breach of Regulation 29, where there was less than 4 Senior Managers sitting in the BAC	1,007,519	12,125,163
Policy not followed when appointing an employee	-	527,284
Excess payment on approved total remuneration package of senior managers	-	35,658
	1,126,077	12,688,105

The irregular expenditure reported is VAT inclusive

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,378,396	1,177,589
Refund and discount received	-	(577,350)
Amount paid - current year	(1,378,396)	(600,239)
	-	-

Audit fees

Opening balance	-	4,597
Current year subscription / fee	3,518,666	3,701,230
Amount paid - current year	(3,518,666)	(3,699,376)
	-	6,451

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43. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE, SDL and UIF

Opening balance	1,543,246	1,537,246
Payments due to SARS	19,934,216	18,760,567
Amount paid - current year	(19,934,216)	(18,753,901)
	1,543,246	1,543,912

Pension and Medical Aid Deductions

Opening balance	(6,485)	(5,729)
Current year subscription / fee	13,844,474	28,294,218
Amount paid - current year	(13,844,474)	(28,294,973)
	(6,485)	(6,484)

VAT

VAT receivable	8,928,339	10,045,402
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VAT output payables and VAT input receivables are shown in note .

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 2022:

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
T Mfono	5,226	59,421	64,647
30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
LS Ndumndum	-	468	468

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44. 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:

Section 36 (1) (a) (1)	55,497	2,921
Section 36(1) (a) (ii)	20,564	-
Section 36(1) (a) (v)	4,303,346	4,119,202
Section 36(1) (b)	11,620	-
	4,391,027	4,122,123

Municipal Manager Office	214,760	203,205
Budget and Treasury Office	963,911	1,194,000
Infrastructure Planning and Development	2,721,208	1,563,127
Corporate Services	265,900	481,108
Community Services	204,684	533,395
Strategic Planning and Development	20,564	147,288
	4,391,027	4,122,123

45. Statutory receivables

In accordance with the principle of GRAP108, Statutory Receivables of the municipality are classified as follows.

Property Rates	12,950,549	7,761,248
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The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act 2004 (Act 6 of 2004) Refer to note 22 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic fines are issued in terms of the Criminal procedure Act, 1997. Refer to note 24 for Traffic fines issued for the year. No interest is levied on outstanding traffic fines.

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	15,895,823	14,793,672
Traffic fines	3,345,514	3,291,914
	19,241,337	18,085,586

Statutory receivables that are past due that have not been impaired

Property rates	12,950,549	7,735,923
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46. Related parties

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 26 and 27.

Relationship to the person of the state.

Director	Relationship to the person of the state	Amount
Noluthando Thuli	Family to Ms Ntombozanele	R 0
Letitia Zoliswa Nodikana	Mother of Vuyokazi Nodikana	R 0
Siphesihle Sahlulo	Daughter of Bulelwa Sahlulo (Registry Clerk)	R 0
Malungisa Dlokwani	Spouse of Zizipho Mbana (Clerk-Expenditure)	R 0
Nomasiza Winnie Chaka	Fundisiwe Chaka (Child)	R 9 000
Thabathani Chaka	Thabathani Chaka	R 0
Babalo Mpohlo	Nomtha Nkani (Spouse)	R 0
Bongiwe Cynthia Pula	Sibling of Nombulelo Pula (Cleaner/Parks and amenities)	R 0
Nosipho Dumeko	Spouse of Sango Dumeko (Ralations Practitioner) - Interest in other related company changing lives collect a can Multi Purpose where LC Nxelana (cleaner) and Klass (Special Programme Coordinator) and Director	R 191 510.93
Ron Watermeyer	Benjamin Watermeyer - Son	R 0
Kumkani Electricals	Spouse of Pelloza Mpeqeka (Eskom)	R 0
Munsoft	Spouse of Mary Renani (Department of Justice	R 4 764 035
Ndikho Mahlubandile Malic Ntaba	Interst in other related compay Elundini group 20 where SJT Magadla (Councillor) is a director	R 0
Babalo Mpohlo	Nomtha Nkani (Spouse)	R 0
Sonwabile Bikitsi	Yolisa Majali (Spouse)	R 0
Sanile Business	Spouse of Zikhona Mxinwa Nyandeni Local Municipality)	R 0
Sydwell Maqula	Spouse of N.J Majula (Department of Human Settlements)	R 157 879
Ziphelele Nqabeni	Ziphelele Nqabeni (ECDC Administration)	R 0
Mawande Gobeni	Sivs Arch	R 0

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47. 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:

A review of the municipality's payables revealed that accruals had been overstated by R1.8 million. The landfill site and the provision for rehabilitation were understated by 11.9 million. The municipality also decided to reclassify capitalised restoration cost to PPE as opposed to it being a stand alone item.

Statement of financial position

2021

	Note	As previously reported	Correction of error	Re-classification	Restated
Property Plant and Equipment		505,712,025	11,994,222	5,481,858	523,188,105
Capitalisation Restoration Cost -(PPE)		5,481,858	-	(5,481,858)	-
Payables from exchange transactions		(55,823,633)	1,812,360	-	(54,011,273)
Non-Current Provision		(20,618,213)	(11,994,222)	-	(32,612,435)
		434,752,037	1,812,360	-	436,564,397

Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
Interest received- Exchange Transactions		8,240,958	(1,379,919)	6,861,039
Interest received- Non-exchange Transactions		-	1,379,919	1,379,919
Service Charges		42,374,238	(7,146,359)	35,227,879
Availability Charges		-	7,146,359	7,146,359
General expenditure		34,398,299	(1,728,000)	32,670,299
Contracted services		59,485,818	(84,000)	59,401,818
Surplus for the year		144,499,313	(1,812,000)	142,687,313

To comply with the requirements of GRAP, the municipality reclassified interest received on non-exchange debtors to non-exchange revenue. Equally, the municipality also reclassified the availability charges from exchange transactions to non-exchange transactions as shown above.

It was also discovered that general expenditure had been overstated by R1.7 million and these were fully corrected.

Cash flow statement

2021

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Property rates		21,751,696	1,559,026	23,310,722
Other revenue		10,751,462	(1,057,871)	9,693,591
VAT		47,894,953	(47,894,953)	-
Suppliers		(256,265,447)	146,824,647	(109,440,800)
		(175,867,336)	99,430,849	(76,436,487)
Cash flow from investing activities				
Purchase of Property plant and equipment		70,117,727	12,936,627	83,054,354

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
48. Accumulated surplus		
Accumulated surplus		
Closing balance	577,689,843	597,908,249

49. Events after the reporting date

After submission of the Annual Financial Statements, the municipality's sewer plant was destroyed by fire. The carrying value of the plant was R 9 955 312. The incident happened in September 2022.

50. In-kind donations and assistance

No in-kind donations and assistance were received by the Municipality during the year.

51. Budget differences

Material differences between budget and actual amounts

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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2021

51. Budget differences (continued)

1. Service Charges- Electricity

The actual is less than the budget due to power outages experienced in the current financial period and consumers opted to use other sources of energy.

2. Service Charges-Solid Waste

The budget is net of indigent relief and the billing is not netted.

3. Rental of facilities and equipment.

The budget is more due to tenants who moved out and not replaced.

4. Licences and permits

Actual was more than the budget due to the fact that the Municipality has the only licencing station within the region, Mt Fletcher, Elliot and Qumbu were not operating and also affected by network outages.

5. Other income

Included in the budget for other income there is an amount for capital grants of R58 719 000.00. Other income is under collected by R16 645 462.00 after reducing the budget with the amount of R58 719 000.00 being capital grants budget.

6. Gains on disposal of assets

There was no gain on disposal but the municipality incurred a loss.

7. Property rates

The budget was more than the actual due to the fact that the budget does not include the rebates.

8. Government grants & subsidies

Included in the actuals is an amount of R53m spent on capital grants whereas in the budget it is not included. The amount of R58 719 000 being the budget for capital grants is linked to other income.

9. Fines, Penalties and Forfeits

Fines, Penalties and Forfeits, the budget may have been understated, it will be corrected in the next budget cycle

10. Interest - Transfer revenue

Interest on investment, the interest is over collected due to investments that were kept and withdrawn after year end for the purpose of generating revenue and also interest rates that were higher than previous financial year. Interest on receivables is collected more than what was anticipated due to increased debt book and slow payment trends from customers and also the budget was undersated and it will be corrected in the next budget cycle.

11. Employee cost

The budget was more than the actual due to vacant positions not filled.

12. Remuneration of councillors

The budget was incorrectly overbudgeted for.

13. Depreciation and amortisation

The budget was understated. The actual is based on calculations from the asset register.

14. Finance cost

Interest on landfill site provision restated which was not anticipated.

15. Debt impairment

Debt impairment was more than the budget due to low collection

16. Transfer and grants

The budget of R5 819 547.00 for Transfers & subsidies is included on other income budget. It will be corrected in the next budget. It is under budgeted by R529 155.00.

17. Other expenditure

Savings on projects.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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51. Budget differences (continued)

18. General expenses

General expenditure is under spent due to savings on implemented projects and also due to projects that are not fully implemented during the year and over budgeting for some projects as we are budgeting on estimates

Statement of Financial Position

19. Current Assets

The variance was due to reduced bank balance at year end as the payables were settled more than what was budgeted for.

20. Non-current Assets

The budget was more than the actual due to some capital projects that were not implemented.

21. Current liabilities

The actual was lower than the actual the fact that the payables were settled before year end which reduced payables at year end less than the budget.

22. Non-current liabilities

The budget was less than the actual due a 30 million loan that was not implemented in the current as year as budgeted.

Cash Flow Statement

23. Net Cashflow from Operating Activities

The actual was more than the budgeted due to collections from property rates, service charges and other revenue significantly lower than the budgeted.

24. Net Cashflow from Investing Activities

The variance was due to capital projects not implemented as budgeted for.

Interest on investment, the interest is over collected due to investments that were kept and withdrawn after year

Interest on investment, the interest is over collected due to investments that were kept and withdrawn after year

52. 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 following transactions were undertaken by the as part of principle-agent arrangement.

Revenue collected from third parties on behalf of the department	10,560,320	10,995,072
Commission earned on vehicle registrations as per note 18	2,180,857	2,244,009
Collections payable to the Department at year-end	1,582,054	313,055

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53. Non- Living Resources

Other than land, the Municipality identified an aquifer as the only non-living resource of which the water is being extracted with the use of a 150 meter borehole.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2022

Notes to the Annual Financial Statements

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54. Private Public Partnerships (PPP)

Council entered into a Private Public Partnership with Interwaste (Pvt) Ltd ("Operator ") on 13 May 2013.

In terms of the PPP the operator will be responsible for the maintenance and operation of the landfill sites in the Ulgie and Maclear, as well as Mt Fletcher from 2015/16. The municipality is still responsible for the collection of refuse at the consumers' premises.

The duration of the contract is 10 years and future estimated payments (including VAT) are set out below:

Year	Amount Payable
2022/23	6 679 164

In terms of the PPP, the operator is required to provide their own movable assets in order to fulfil their function. The PPP does make provision for the transfer of the movable assets to the Municipality at the end of the contract. The operator is not required to build any new assets, but only to maintain the current assets belonging to the Municipality.

The performance of the Private Company is reviewed on an annual basis. The contract may be terminated based on performance. There is also no renewal clause after the 10 years.

During the year under review, there were no changes to the service concession arrangement, nor were that any contract breaches identified.

55. Impact of Covid-19 and Financial Sustainability

Elundini Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect of the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from lockdown levels.

Cost incurred in the fight against the COVID-19 pandemic	1,068,529	8,168,842
The above mentioned- expenditure was funded as follow		
Municipal Disaster Relief Grant	-	8,168,842
Equitable Share	1,068,529	-
	1,068,529	8,168,842

56. Unauthorised expenditure

Opening balance as previously reported	-	20,370,364
Opening balance as restated	-	20,370,364
Add: Expenditure identified - current	86,325	-
Less: Unauthorised expenditure written off by Council	-	(20,370,364)
Closing balance	86,325	-

Unauthorised expenditure relates to expenditure in excess of the approved budget. No disciplinary steps or criminal proceedings were instituted as a result of the unauthorised expenditure incurred. Variance analysis will be performed and submitted to Council to condoned

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021	
56. Unauthorised expenditure (continued)			
Unauthorised expenditure - Operating	2022 (Actual)	2022(Final Budget)	2022 (Unauthorised)
Vote 1- Executive and Council	42,583,543	49,669,560	-
Vote 2- Budget and Treasury	56,176,719	65,619,510	-
Vote 3- Corporate adim	38,778,069	41,206,304	-
Vote 4- Community services	46,615,132	54,677,640	-
Vote 5 Strategic Planning and Development	15,241,684	15,573,394	-
Vote 6- Infrastructure Planning and Development	71,475,049	114,073,732	-
	270,870,196	340,820,140	-
Unauthorised Capital Expenditure			
Vote 1-Executive and Council	1,340,109	2,234,812	-
Vote 2- Budget and Treasury	7,544,007	42,242,173	-
Vote 3 Corporate Admin	1,180,299	2,630,000	-
Vote 4- Community services	801,919	2,674,922	-
Vote 5-Strategic Planning Development	1,726,325	1,640,000	(86,325)
Vote 6- Infrastructure Planning and Development	58,634,586	68,411,144	-
	71,227,245	119,833,051	(86,325)
Unauthorised Expenditure - Operating	2021 (Actual)	2021 (Final Budget)	2021 (Unauthorised)
Vote 1-Executive and Council	43,891,545	55,862,195	-
Vote 2- Budget and Treasury	45,955,392	64,095,952	-
Vote 3 Corporate Admin	32,613,633	39,409,390	-
Vote 4- Community services	47,451,195	52,339,380	-
Vote 5-Strategic Planning Development	13,147,201	16,533,878	-
Vote 6- Infrastructure Planning and Development	106,469,823	117,173,533	-
	289,528,789	345,414,328	-
Unauthorised Expenditure - Capital	2021 (Actual)	2021 (Final Budget)	2021 (Unauthorised)
Vote 1-Executive and Council	2,487,810	2,673,458	-
Vote 2- Budget and Treasury	4,166,201	8,045,088	-
Vote 3 Corporate Admin	2,631,162	7,679,005	-
Vote 4- Community services	2,945,634	4,551,426	-
Vote 5-Strategic Planning Development	731,641	1,600,004	-
Vote 6- Infrastructure Planning and Development	57,155,280	78,049,447	-
	70,117,728	102,598,428	-

Unauthorised expenditure amounts exclude VAT.

57. Segment information

General information

ELUNDINI LOCAL MUNICIPALITY

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57. 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.

The Municipality has several departments/functional areas and accordingly the segments were aggregated for reporting purposes as follows

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

- 1 Community Services
- 2 Electricity
- 3 Public Safety
- 4 Planning and Development

- 5 Roads
- 6 Refuse Removal

Goods and/or services

- Halls, cemeteries, parks, tourism, and library services
- Electricity services
- Traffic control and animal pounds
- Town planning, building control and project management unit
- Construction and maintenance of roads and storm water
- Refuse removal

Reporting on segment 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 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.

The Municipality had no changes to the structure of its internal or organisation in a manner that caused the composition of its reportable segments to change from prior year.

Other

Other relates to a reconciliation between the segments and the Annual Financial Statements

Information about the surplus/ (deficit) and capital expenditure are disclosed below:

ELUNDINI LOCAL MUNICIPALITY

Note 57 - SEGMENT REPORTING (Cont...)

	Other	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse Removal	Total
2022								
REVENUE								
REVENUE FROM EXCHANGE TRANSACTIONS	12,144,943	50,083	33,029,042	1,412,541	(166,740)	-	5,933,307	52,403,176
Service Charges	-	-	31,358,684	-	-	-	5,933,307	37,291,991
Rental of Facilities and Equipment	77,744	-	1,670,359	-	-	-	-	1,748,103
Investment Revenue	7,001,839	-	-	-	-	-	-	7,001,839
Licences and Permits	2,102,877	-	-	1,412,541	-	-	-	3,515,418
Other Income	2,962,482	50,083	-	-	(166,740)	-	-	2,845,825
REVENUE FROM NON-EXCHANGE TRANSACTIONS	200,248,522	836,595	28,147,884	73,700	12,696,721	24,273,193	-	266,276,615
Property Rates	26,053,891	-	-	-	-	-	-	26,053,891
Government Grants and subsidies	170,450,000	836,595	19,808,624	-	12,696,721	24,273,193	-	228,065,134
Actuarial Gains	293,754	0	-	-	-	-	-	293,754
Interest Received- Rates	1,834,716	-	-	-	-	-	-	1,834,716
Fines, Penalties and Forfeits	679,506	-	162,678	73,700	-	-	-	915,883
Electricity Availability Charges	-	-	8,176,582	-	-	-	-	8,176,582
Insurance Refunds	936,655	-	-	-	-	-	-	936,655
TOTAL REVENUE	212,393,464	886,678	61,176,927	1,486,241	12,529,982	24,273,193	5,933,307	318,679,791
EXPENDITURE								
Employee Related Costs	61,569,828	8,472,620	6,786,092	10,910,320	7,306,608	7,695,290	12,932,428	115,673,186
Remuneration of Councillors	12,679,148	-	-	-	-	-	-	12,679,148
Debt Impairment	8,058,656	-	377,282	53,600	-	-	3,183,878	11,673,416
Depreciation and Amortisation	20,872,047	-	3,967,710	-	-	30,024,083	-	54,863,839
Impairment Loss	-	-	-	-	-	-	-	-
Finance Cost	751,178	-	-	-	-	-	2,731,135	3,482,313
Bulk Purchases	-	-	27,666,355.00	-	-	-	-	27,666,355
Sale of goods/Inventory	778,415	6,300	259,504	-	-	1,767	-	1,045,986
Contracted Services	28,475,313	185,278	22,611,492	381,088	1,276,268	9,215,853	5,117,023	67,262,314
Transfers and Subsidies	-	-	6,348,702.00	-	-	-	-	6,348,702
General Expenses	30,268,161	310,255	462,954	543,195	407,479	3,460,315	1,669,142	37,121,502
Actuarial Losses	-	-	-	-	-	-	-	-
Loss on disposal Non-Monetary Assets	1,081,432.00	-	-	-	-	-	-	1,081,432
TOTAL EXPENDITURE	164,534,177	8,974,453	68,480,093	11,888,203	8,990,355	50,397,308	25,633,605	338,898,194
SURPLUS FOR THE YEAR	47,859,287	(8,087,775)	(7,303,166)	(10,401,962)	3,539,627	(26,124,115)	(19,700,298)	(20,218,403)
CAPITAL EXPENDITURE	14,886,944	198,445	5,582,281	-	1,726,325	34,529,815	516,879	57,440,688

ELUNDINI LOCAL MUNICIPALITY

Note 57 - SEGMENT REPORTING (Cont...)

	Other	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse Removal	Total
2021								
REVENUE								
REVENUE FROM EXCHANGE TRANSACTIONS	9,421,789	85,693	30,954,709	3,907,457	152,562	-	5,883,751	49,539,133
Service Charges	-	-	29,344,129	-	-	-	5,883,751	35,227,880
Rental of Facilities and Equipment	(5,159)	47,159	1,610,580	-	-	-	-	1,652,580
Investment Revenue	6,861,039	-	-	-	-	-	-	6,861,039
Licences and Permits	47,837	-	-	3,907,457	-	-	-	3,955,294
Insurance refunds	513,090	-	-	-	-	-	-	513,090
Other Income	1,138,154	38,534	-	-	152,562	-	-	1,329,250
REVENUE FROM NON-EXCHANGE TRANSACTIONS	223,699,301	886,500	27,406,086	370,800	1,935,000	47,355,250	-	302,519,766
Property Rates	23,767,154	-	-	-	-	-	-	23,767,154
Government Grants and subsidies	197,323,400	886,500	20,239,000	-	1,935,000	47,355,250	-	267,739,150
Actuarial Gains	243,806	-	-	-	-	-	-	243,806
Interest Received- Rates	1,379,919	-	-	-	-	-	-	1,379,919
Availability Charges- Electricity	-	-	7,146,359	-	-	-	-	7,146,359
Fines, Penalties and Forfeits	1,851,851	-	20,727	370,800	-	-	-	2,243,378
TOTAL REVENUE	233,121,090	972,193	58,360,795	4,278,257	2,087,562	47,355,250	5,883,751	352,058,899
EXPENDITURE								
Employee Related Costs	55,930,181	7,254,869	6,652,014	9,437,355	5,595,042	9,688,804	12,441,330	106,999,595
Remuneration of Councillors	12,601,224	-	-	-	-	-	-	12,601,224
Debt Impairment	6,372,440	-	4,223,891	348,250	-	-	4,248,422	15,193,003
Depreciation and Amortisation	5,430,388	-	1,937,543	-	-	22,449,044	-	29,816,975
Impairment Loss	-	-	-	-	-	-	-	-
Finance Cost	628,465	-	-	-	-	-	579,931	1,208,396
Bulk Purchases	-	-	24,593,488	-	-	-	-	24,593,488
Sale of goods/Inventory	512,844	-	261,346	-	-	-	-	774,190
Contracted Services	27,000,915	333,081	20,924,005	372,955	1,311,469	4,971,146	4,487,887	59,401,458
Transfers and Subsidies	1,096,441	-	2,949,372	-	-	-	-	4,045,813
General Expenses	26,751,636.00	323,466.00	560,253.00	389,821.00	657,448.00	3,128,639.00	859,037.00	32,670,300.00
Actuarial Losses	-	-	-	-	-	-	-	-
Loss on disposal Non-Monetary Assets	411,987	-	-	-	-	-	-	411,987
TOTAL EXPENDITURE	136,736,521	7,911,416	62,101,912	10,548,381	7,563,959	40,237,633	22,616,607	287,716,429
SURPLUS FOR THE YEAR	96,384,569	(6,939,223)	(3,741,117)	(6,270,124)	(5,476,397)	7,117,617	(16,732,856)	64,342,470
CAPITAL EXPENDITURE	10,228,204.28	136,500.00	5,931,047.12	-	-	51,016,069.35	2,805,906.50	70,117,727.25

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
58. Material losses		
Electricity distribution losses		
Units purchased (kwh)	19,626,501	20,456,910
Units sold (Kwh)	14,482,063	15,792,890
Units lost during distribution (kwh)	5,144,438	4,664,019
Percentage lost during distribution	26%	23%
Average Cost per Kwh unit (excl VAT)	1.59	0.90
Rand Value of Loss	8,179,515	4,388,582
	-	-

The root causes of these losses are technical and administrative in nature. Technical losses are distribution network electrical losses inherent in the physical delivery of electric energy. It includes conductor losses, transformer core losses, and potential/current coils in metering equipment. Administrative losses include distribution network losses that account for electric energy used by the distribution utility in the proper operation of the distribution network

Figures in Rand	Note(s)	2022	2021
		-	-

APPENDIX K 2 – REVENUE PROTECTION PERFORMANCE BY SOURCE

Appendix K 2 : Revenue Collection Performance by Source

Revenue Collection Performance by Source						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	28,962	21,352	28,822	26,482	124%	92%
Property rates - penalties & collection charges					150%	131%
Service Charges - electricity revenue	28,972	26,424	30,260	39,576		
Service Charges - water revenue						
Service Charges - sanitation revenue				14	26%	26%
Service Charges - refuse revenue	706	3,585	3,585	936		
Service Charges - other					81%	81%
Rentals of facilities and equipment	1,351	2,142	2,142	1,739	98%	98%
Interest earned - external investments	3,971	4,891	4,891	4,786	314%	314%
Interest earned - outstanding debtors	4,749	1,759	1,759	5,520		
Dividends received					105%	105%
Fines	114	333	333	348	59%	59%
Licences and permits	2,381	2,409	2,409	1,411	0%	0%
Agency services	-	565	565	-	100%	100%
Transfers recognised - operational	201,047	174,002	174,002	173,294	9%	9%
Other revenue	15,664	60,791	60,791	5,771	0%	0%
Gains on disposal of PPE	-	468	468	-		
Environmental Protection						
Total Revenue (excluding capital transfers and contributions)	287,918	298,721	310,027	259,877	-14.95%	-19.30%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.

APPENDIX L – CONDITIONAL GRANTS

Appendix L : Conditional Grants: excluding MIG

Conditional Grants: excluding MIG						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Other Specify:						
Municipal Infrastructure grant	38,979	38,979	34,928,000	4,051	4,051	Roll over was approved
INEP	19,740	19,740	18,809,000	931	931	Funds returned to Treasury
FMG	1,650,000	1,650,000	1,650,000	-	-	
EPWP	2,569,000	2,569,000	2,569,000	-	-	
Total						

* 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 M 1 – 2 - CAPITAL

APPENDIX M 1-2 : CAPITAL

R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	58	71		52	-	-	-
Infrastructure: Road transport - Total	58	71		52	-	-	-
<i>Roads, Pavements & Bridges</i>	58,049	70,948	68,411	52,430			
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community - Total	13	42		8	-	-	-
<i>Parks & gardens</i>	2,946	850	2,675	642			
<i>Sportsfields & stadia</i>							
<i>Swimming pools</i>							
<i>Community halls</i>							
<i>Libraries</i>							
<i>Recreational facilities</i>							
<i>Fire, safety & emergency</i>							
<i>Security and policing</i>							
<i>Buses</i>							
<i>Clinics</i>							
<i>Museums & Art Galleries</i>							
<i>Cemeteries</i>							
<i>Social rental housing</i>							
<i>Other</i>	10,347	41,430	48,747	7,216			

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Capital Expenditure - New Assets Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Heritage assets - Total	-	-		-	-	-	-
Buildings							
Other							
Investment properties - Total	-	-		-	-	-	-
Housing development							
Other							
-							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
<i>List sub-class</i>							
Biological assets	-	-		-	-	-	-
<i>List sub-class</i>							
Intangibles	-	-		-	-	-	-
Computers - software & programming							
Other (<i>list sub-class</i>)							
Total Capital Expenditure on new assets	71	113		60	-	-	-

Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)							T M.1

Capital Expenditure - Upgrade/Renewal Programme*							
							R '000
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	-	-		-	-	-	-
Infrastructure: Road transport -Total	-	-		-	-	-	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>							
Infrastructure: Electricity - Total	-	-		-	-	-	-
<i>Generation</i>							
<i>Transmission & Reticulation</i>							
<i>Street Lighting</i>							
Infrastructure: Water - Total	-	-		-	-	-	-
<i>Dams & Reservoirs</i>							
<i>Water purification</i>							
<i>Reticulation</i>							
Infrastructure: Sanitation - Total	-	-		-	-	-	-
<i>Reticulation</i>							
<i>Sewerage purification</i>							
Infrastructure: Other - Total	-	-		-	-	-	-
<i>Waste Management</i>							
<i>Transportation</i>							
<i>Gas</i>							
<i>Other</i>							
Community	-	-		-	-	-	-
Parks & gardens							
Sportsfields & stadia							
Swimming pools							
Community halls							
Libraries							
Recreational facilities							
Fire, safety & emergency							
Security and policing							

Buses							
Clinics							
Museums & Art Galleries							
Cemeteries							
Social rental housing							
Other							
Heritage assets	-	-		-	-	-	-
Buildings							
Other							

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Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 0			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Investment properties	-	-		-	-	-	-
Housing development							
Other							
Other assets	-	-		-	-	-	-
General vehicles							
Specialised vehicles							
Plant & equipment							
Computers - hardware/equipment							
Furniture and other office equipment							
Abattoirs							
Markets							
Civic Land and Buildings							
Other Buildings							
Other Land							
Surplus Assets - (Investment or Inventory)							
Other							
Agricultural assets	-	-		-	-	-	-
List sub-class							
Biological assets	-	-		-	-	-	-
List sub-class							
Intangibles	-	-		-	-	-	-
Computers - software & programming							

Other (<i>list sub-class</i>)							
Total Capital Expenditure on renewal of existing assets	-	-		-	-	-	-
Specialised vehicles	-	-		-	-	-	-
Refuse							
Fire							
Conservancy							
Ambulances							
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

APPENDIX N – CAPITAL PROGRAMME BY PROJECT

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) %
Other					
Mount Fletcher Streets	3628	3628	2941	-23%	-23%
Phumolog Primary School	1713	1713	1473	-16%	-16%
Skote Community Hall	1463	1463	1167	-25%	-25%
Upgrading of Maclear Streets	15516	15516	13652	-14%	-14%
Refel Sports Field	4394	4394	3751	-17%	-17%
Lower Tsisana Community Centre	2849	2849	1712	-66%	-66%
Castle Rocks	8332	8332	4515	-85%	-85%
Sitana Access Road	1080	1080	671	-61%	-61%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
Nkobongo Pitoli	4576	4576	43339	89%	89%
Nkobong Linkline	3370	3370	2068	-63%	-63%
Koebung	8696	8696	6052	-44%	-44%
Tabase 11	3097	3097	2384	-30%	-30%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%

"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
					<i>T N</i>

APPENDIX Q – SERVICE BACKLOG

APPENDIX Q :SERVICE BACKLOG WHERE ANOTHER SPHERE OF GOVERNMENT IS A SERVICE PROVIDER

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
Clinics:	No clinic in Ward 08, 10, 11, 15	Communities travel long distances to nearby wards or wait for mobile clinics
Housing:	80% of people from Elundini have no shelter, others are affected by disaster	Most of these houses were affected by disaster (winds and heavy rains)
Licencing and Testing Centre:	Ugie Town does not have licencing and testing centre	Communities travel to Nqanqarhu and Tlokoeng to get the service
Reseviors		
Schools (Primary and High):		
Sports Fields:		
T Q		