



Elundini Local Municipality
Nqanqarhu | Ugie | Tlokoeng

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023



ABBREVIATIONS:

AIDS:	Acquired Immune Deficiency Syndrome
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
CPLW:	Community Participation Liaison Worker
CSS:	Community Satisfaction Survey
CRDP:	Comprehensive Rural Development Programme
CIF:	Capital investment Framework
CMA:	Catchment Management Area
DEDEA:	Department of Economic Development & Environmental Affairs
DoE:	Department of Energy
DEA	Department of Environmental Affairs
DFA:	Development Facilitation Act 67 of 1995
DLGTA:	Department of Local Government and Traditional Affairs
DLTC:	Driving Licence Testing Centre
DM:	District Municipality
DRP:	Disaster Recovery Plan
DWA:	Department of Water Affairs
EC:	Eastern Cape
ECBCP:	Eastern Cape Biodiversity Conservation Plan
ECPSDP:	Eastern Cape Provincial Spatial Development Plan
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ELM:	Elundini Local Municipality
EMF:	Environmental Management Framework
ES:	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:	Inter-governmental Relations
ISRDP:	Integrated Sustainable Rural Development Programme
ISDM:	Integrated Service Delivery Model
ITPs:	Integrated Transport Plans
IPILRA:	Interim Protection of Informal Land Rights Act
IDC:	Industrial Development Corporation
IWMP:	Integrated Waste Management Plan
JGDM:	Joe Gqabi District Municipality
JoGEDA:	Joe Gqabi Economic Development Agency
KPA:	Key Performance Area
KPI:	Key Performance Indicator
LDO:	Land Development Objective
LED:	Local Economic Development
LRAD:	Land Redistribution for Agriculture Development
LM:	Local Municipality
LUM:	Land Use Management

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

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1. CHAPTER ONE: MAYORS FOREWORD AND EXECUTIVE SUMMARY

1.1 Mayor's Foreword



This is the second annual report which I have a privilege to present to the community of Elundini and stakeholders under the new administration which was ushered into power after the local government elections which were held on 01 November 2021. This 2022-2023 annual report gives account of municipal financial performance; municipal service delivery performance; governance and compliance matters.

We are proud as the Council to have managed to make some service delivery progress with regards to infrastructure, economic and social development. In this regard, we connected 327 households with electricity at Khohlong, Elenge, Bhetule and Ulundi. We constructed 14 kms of link line. We installed 03 high mast lights at Tlokoeng and 25 street lights at Nqanqarhu. We upgraded 02 electricity networks and maintained 100% of our existing electricity network. We installed a total of 22 households with smart metres at Bhekela in Ugie. We constructed 7.3 kms of access roads for Nqanqarhu Streets Phase 3 at Pote, Fourie & Mill Streets; Nkangala & Bethula Mrhorwana. We constructed 02 public amenities - Ntokozweni ECDC and Mount Fletcher VTS. We did 2.2 kms of remedial works at Sonwabile. We maintained 150 kms of our access roads; 140% of urban roads and 120% of our stormwater drainage.

Maintenance in Nqanqarhu, Tlokoeng & Ugie included cleaning of sidewalks – channels & pipes; manholes (inlets & outlets); repairing of sagging sidewalks and weeding; potholes patching and slurry seals; Areas that benefitted from this maintenance were Nqanqarhu Town, KwaZakhele; Clearview; Hulley, Murray, Willow & Malherbe Streets; Greenfields; Sithole, Vincent & Zakhele Townships. Areas that benefitted from this maintenance in Tlokoeng were Tlokoeng Town; Ilisolomzi Township; HillGate Road. In Ugie it was Old Location; Ntokozweni; Ugie Town; Takalani; Robben Township; Ugie Park; Bhekela; Mandela Park. We supported a total of six (06) contractors. Three of these contractors were appointed for electricity projects and another three were appointed for roads projects. We conducted a total of 26 waste management awareness campaigns; 14 fire safety awareness and two (02) road safety awareness in Tlokoeng and Ugie. We cleared illegal waste dumping sites in all three towns. We beautified a total of seven (07) open spaces at in all three towns; We impounded 100% of stray animals; We conducted a total of 25 road blocks to improve road safety. We reviewed Eight (08) by-laws relating to Street Trading By-Law; Liquor Regulatory By-Law; Fire Safety By-law; Gathering By-Law; Cemetery & Crematorium By-Law; Waste Management By-Law; Keeping of Animals By-Law; Pound Management By-Law. These by-laws are now awaiting public participation process before they are approved by the Council.

We are also proud as the Council to have made some strides with regards to focus groups development. In this regard the Council funded emerging youth enterprises in Agriculture; Fitness & Wellness. We supported 04 students with bursary through the Mayor’s Social Investment program. The fields of study for these students are environmental management; plant production; accounting and safety management. We further supported 03 women-owned enterprises in sewing; confectionary and agriculture. We partnered with Black Hawk foundation in Ward 11 (Mbambangwe village) to provide health services, wellness programs, career exhibition, handing over of school shoes, gardening tools and sanitary towels. We handed over full school uniform Back packs, shirts, school shoes, tunics, jerseys; trousers to Ngxaza JSS (Ward 5) Sophonia SSS (Ward 7) and Tinana JSS (Ward 11). Additional to school uniform Ngxaza JSS also received gardening tools. We partnered with Azavike trading and handed over 2000 sanitary packs; 300 sets of toiletries to Popopo JSS, Sitaka JSS in ward 12 and Jamangile SSS in ward 6. We supported financially two NGOs that provide services to people with disabilities in the municipal jurisdiction - Cheshire Home and Siyamthanda. We created a total of 653 work opportunities through EPWP. These work opportunities were created mainly through infrastructure and community services projects. We trained a total of 50 SMME's and Cooperatives in construction and its value chain. We supported a total of 10 individual shearing sheds through certification. We packaged a total of 04


strategic land parcels to support social and economic development in the two towns, i.e Nqanqarhu and Tlokoeng. We also put all the sites that were approved by the Council into market for the above-mentioned towns including Ugie town. These sites included residential sites; business sites and church sites.

Service delivery implementation was not without challenges nor was it smooth-sailing. We had a fair share of challenges which we need to take into consideration during the mid-year review of performance. We could not meet the target of installing smart metres to 1800 households due to the late delivery of smart metres for installation. We could not achieve the set target for access road construction of 7.98kms, Cressnock street could not be constructed due to the limited budget. Castle Rock's bridge could not be done due to heavy rainfalls that damaged the foundation of the bridge and this led to the contractor suffering losses on the project and later abandoned the site. Tlokoeng public toilets were not constructed due to insufficient funds for the project. Two bridges at Sophonia Ward 7 could not be rehabilitated and Tsitsa bridge could not be repaired due to heavy rains. We could not develop Ugie AgroHub Master plan. The vacancies of strategic positions including Chief Finance Officer; Director: Planning & Economic Development; Manager PMU and Manager Legal Services; departure of Director: Corporate Services has further exacerbated poor performance.

We need to strengthen our oversight role as the Council during and after project implementation. In this regard, we appreciate the work that was done by MPAC, where in Quarter 2 they visited projects that we implemented and consulted with communities on the service we delivered to them. This initiative will add value going forward on strengthening of Council oversight.

In conclusion, on behalf of the Council I would like to extend my warmest gratitude to our communities; stakeholders; ratepayers; our counterparts, i.e. government departments, sister municipalities and development entities; our administration led by the Municipal Manager for working so hard towards ensuring that the Council achieves its vision, mission and targets. We appreciate the work of Auditor-General which serves as a mirror for the council to see and reflect on what needs to be done to improve our beloved municipality. May we therefore be of the same mind and in full accord. May we do nothing from selfish ambition but in humility, count our communities more significantly than ourselves.

May we not look only to our own interests, but also to the interests of the people that we serve. May we become the example of servant leadership and provide direction when it is needed most. May God Bless Africa; bless our country and bless our municipality – her sons and daughters.



ClIr MPSS Leteba
Mayor
28 March 2024

1.2 Executive Summary



The annual report is prepared in terms of section 121(1) of the Municipal Finance Management Act (32 of 2003) which requires that every municipality and every municipal entity must for each financial year prepare an annual report in accordance with Chapter 12 of the same act. The annual report of a municipality must include- the annual financial statements of the municipality, and in addition, if section 122(2) applies, the consolidated annual financial statements, 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 section 46 of the Municipal Systems Act.

With regards to the municipal performance, the municipality has significantly improved its performance during 2022-23 financial with 73% of achieved targets, compared to 50% that was achieved during 2021/2022 financial year. Basic Service Delivery key performance area which includes construction of roads, electrification, bridges, sports field, ECDC/ Community Halls, waste removal, indigent support etc achieved 69% of its indicators. Local Economic Development achieved 50% of its indicators. Municipal Transformation and organisational development achieved 100%, Financial Viability and Management achieved 100% with Good Governance and Public Participation achieving 100% of indicators.

We are pleased to announce that the municipality maintained the Unqualified Audit Opinion in 2022/23 however, a lot of work will need to be done to ensure that the municipality attains the Clean Audit Opinion in coming 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. There should be improved controls in terms of the audit of performance information to address the concerns raised by the Auditor General.

- Notwithstanding the improved performance the municipality was faced with a plethora of challenges – including the operation without the senior management more especially the position of the Chief Financial Officer which is one of the critical positions that the municipality needs to fill, and the Director Local Economic Development for the duration of the year. This was also exacerbated by the resignation of Director Corporate Services in April 2023.
- The challenges that affected the performance for the municipality related to: Heavy rainfall that damaged most of the work done more especially the construction and repairs of municipal bridges
- The vacancies on critical positions in top management and middle exacerbated matters and left a huge administrative gap.

Furthermore, the municipality 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

28/03/2024

Date

1.3 MUNICIPAL 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. 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 map below depicts the geographical area of ELM:

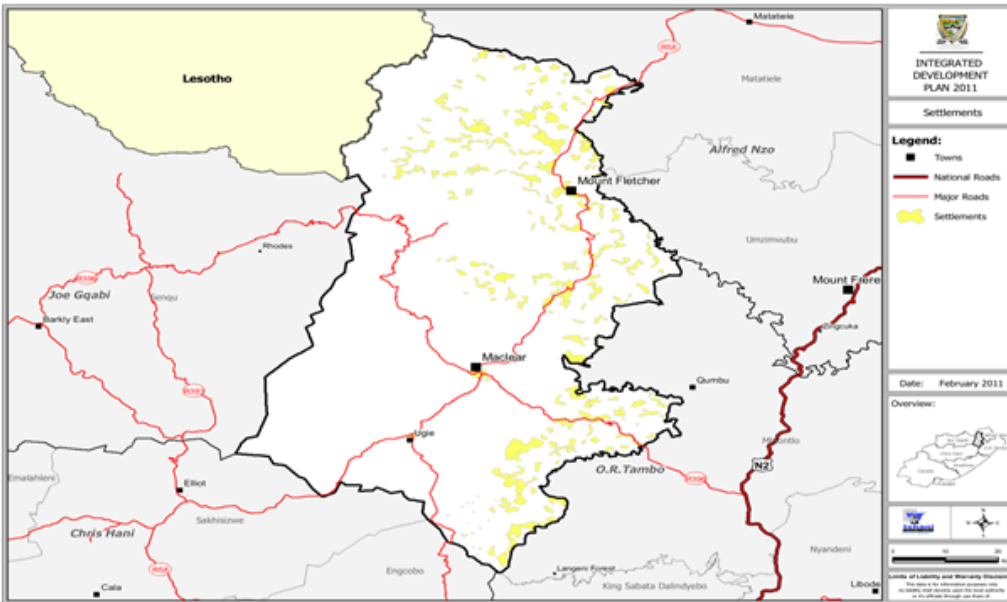


Figure 1: ELM

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%.

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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

The municipality performed fairly well compared to the previous financial year. We had a total of 22 indicators and a total of 16 indicators was achieved, which accounts for 73% of the overall performance. This is a significant improvement from previous year's performance of 50%. In spite of the improved performance the municipality was faced with a plethora of challenges - the municipality operated without the senior management more especially the position of the Chief Financial Officer and the Director Local Economic Development. This was exacerbated by the resignation of Director Corporate Services in April 2023. The challenges that affected the performance for the municipality related to:

- Heavy rainfall that damaged most of the work done more especially the construction and repairs of municipal bridges
- The vacancies of strategic position including, Manager PMU and Manager Legal Services
- Insufficient budget and poor planning

The culture of reporting needs to be prioritised and the sitting of meetings to ensure that challenges are attended

1.5. FINANCIAL HEALTH OVERVIEW

Management has prepared the annual financial statements 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.

The Municipality continues to strive to have good financial health as it has fully committed itself in 100% implementation of cost containment measures. Yearly, efforts are made to improve fiscal control. Overall, it is noted that there has been a substantial improvement in the billing of consumers and an increase in revenue collection. Compliance reporting occurs as required and a positive cash flow is observed.

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.

The municipality's financial state was not as good as it is supposed to be and based on the audited financial statements it had a bad financial ratio as it did not meet the national treasury norms in some ratios. The municipal cash flows have decreased by R33,069 million which is 57% decrease as compared to the prior year and the cash coverage ratio was 1 month.

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 part of the IDP process, the Municipality reviewed the Organogram to ensure its alignment to the IDP and Constitutional obligations. As at 30 June 2023, the ELM's reviewed Organogram reflected a total number of 345 positions with 305 (88%) funded positions and 278 filled (81%). This makes a total of 40 (12%) unfunded posts on the organogram. The municipal vacancy rate for 2022/23 financial year is 8.9%, a percentage lower than 9% vacancy rate of 2021/22 financial year. The Municipal Manager and some Directors reporting directly to the Municipal Manager are filled except for the positions of Chief Financial Officer and Director: Corporate Services were rendered vacant due to resignation in April 2023.

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 4: 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 5: Executive Committee Members

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



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

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

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

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

All Section 79 Committees were generally functional but differed from one committee to another. Municipal Public Accounts Committee; Women Caucus and Members Interests and Ethics Committee were more functional and managed to sit on a Quarterly basis. Rules and Mandate Committees sat once in Quarter 2 and Quarter 3 respectively. Women Caucus sat in Quarter 1,2 and 4 whilst Municipal Public Accounts Committee and Members Interests and Ethics Committee managed to sit in all quarters.

Table 6: Section 79 Committee meeting sitting

Committee	Quarter 1	Quarter 2	Quarter 3	Quarter 4
MPAC	22 August 2022	09 November 2022 18 November 2022	14 March 2023 15 March 2023 17 March 2023 27 March 2023	02 June 2023
RULES COMMITTEE	-	09 November 2022	-	-
MANDATE COMMITTEE	-	-	31 March 2023	-
MEMBER'S INTERESTS AND ETHICS	13 September 2022	10 November 2022	02 March 2023	27 June 2023
WOMEN CAUCUS	09 November 2022	17 November 2022	-	28 June 2023

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



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

NAME	OCCUPATION	DEPARTMENT
1. Mr. Jack Thando Mdeni	Municipal Manager	Office of the Municipal Manager
2. Mrs Nonkuselo Sokutu	Senior Manager: Strategic Support Services	
3. Mr Siqalo Mrengqwa	Director	Infrastructure Planning & Development
4. Mrs Funeka Mbaliswana	Acting CFO (July 2022 to January 2023)	Budget & Treasury
Ms Bukelwa Dlodlo	Acting CFO - current	

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5.	Mrs Ncumisa Khanyisa Fololo	Director (July 2022 – March 2023)	Corporate Services
	Ms Pumza Dumalisile	Acting Director - current	
6.	Mrs. Lungiswa Gomana-Kutwana	Director	Community Services
7.	Mrs Ntomboxolo Eddie	Director	Planning and Economic Development
	Mr Dakalo Muthelo	Acting Director – October 2022 to May 2023	



JACK THANDO MDENI
MUNICIPAL MANAGER



NTOMBOXOLO C. EDDIE
DIRECTOR: PLANNING & ECONOMIC DEVELOPMENT



LUNGISWA GOMANA-KUTWANA
DIRECTOR: COMMUNITY SERVICES



SIGALO MRENGOWA
DIRECTOR: INFRASTRUCTURE PLANNING & DEVELOPMENT



PUMZA DUMALISILE
ACTING DIRECTOR: CORPORATE SERVICES



BUKELWA DLODLO
ACTING CHIEF FINANCE OFFICER



NCUMISA FOLOLO
DIRECTOR: CORPORATE SERVICES
JULY 2022 - MARCH 2023



NONKUSELO SOKUTU
SENIOR MANAGER: STRATEGIC SUPPORT SERVICES



FUNEKA MBALISWANA
ACTING CHIEF FINANCE OFFICER
JULY 2022 - JANUARY 2023



DAKALO MUTHELO
ACTING DIRECTOR:
PLANNING & ECONOMIC DEVELOPMENT
OCTOBER 2022 - MAY 2023

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. 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

The ELM successfully established ward committees in 17 wards since the beginning of the current term of Council to promote public participation in the affairs of ELM. Ward committee meetings for the quarter under review were held in all 17 wards. Issues that were raised during ward committee meetings will be packaged and will be sent to relevant public bodies i.e. government departments,

state-owned enterprises and district municipality for their attention. The intention is to ensure that issues raised by communities are attended to, through an efficient information management and feedback system. All ward committee members were paid their monthly stipends for April, May and June 2023 (Both manual payments and payroll).

2.1.6.2 Ward-Based Planning Stakeholder Meetings

Ward-based were reviewed and adopted with the IDP 2022-23 financial year and will be effective up until the end of the term of the current administration which is 2022-2027. 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.

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

2.1.6.3 Public Participation Events

ELM supported other public participation events that were hosted within Elundini area of jurisdiction by the municipality and other public bodies such as Independent Electoral Commission; Eastern Cape Provincial Legislature; Joe Gqabi District Municipality; Joe Gqabi Development Agency; etc. The table below shows other public participation events that were supported. These events included Mayor's Conversation with Business Sector; Initiation Forum; Voter registration; Taking Legislature to the People; Public Hearings; HIV/AIDS Awareness Campaign; District Moral Movement; IDP Representative Forum; Petition Management Community Engagements; Revival of Transport Forum. Below is the table showing events that were supported to promote public participation for the year under review.

	Event Name	Date
Quarter 1	IDP Rep Forum & LCF	06-09-2022
	Mayors Conversation with business sector	22-09-2022
	Initiation Forum	16-09-2022
	Public Hearing	23-08-2022
	District Moral Movement Month Closure	27-07-2022
Quarter 2	Meeting with Elundini petitioners	14 October 2022
	Stakeholder update	04 October 2022
	IDP Rep Forum & LCF	08 November 2022
	Legislature presentation	17 November 2022
	Public Education & Mobilization	24 November 2022
	Public Education & Mobilization	23 November 2022
Quarter 3	Taking legislature to the people	31 January 2023
	Taking legislature to the people	01 February 2023
	HIV/AIDS awareness campaign	13 February 2023
	Revival of Elundini Transport Forum	02 March 2023
	Community meeting with JoGeda	07 March 2023
	IDP Rep Forum & LCF	28 March 2023
Quarter 4	IDP/ Budget, Draft petition by-law presentation	20 April 2023
	IDP/ Budget, Draft petition by-law presentation (ward 14, 11, 13, 12, 10 & 9)	19 April 2023
	IDP/ Budget, Draft petition by-law presentation (Ward 7, 16, 5, 6, 3, 8, 2)	20 April 2023
	IDP/ Budget, Draft petition by-law presentation (Ward 17, 15 & 4)	21 April 2023
	Petition response meeting	04 April 2023
	Voter registration	15 May 2023
	Voter registration	16 May 2023
	JGDM IDP outreach	09 May 2023
	JGDM IDP outreach	10 May 2023
	JGDM IDP outreach	11 May 2023
	IDP Rep Forum & LCF	23 May 2023
	HIV/AIDS awareness campaign	08 June 2023

2.1.6.4 Community Based Meetings

The municipality has so far recruited 198 CPLWs whose contract of employment is coming to an end on 31 July 2023 to assist the ward councillors in coordinating village meetings. Part of the responsibilities of CPLWs is information dissemination. CPLWs assisted in distribution of BlueSnow Newsletter. Community meetings were held in various villages during the quarter under review, not all villages meetings were convened. There were 17 Village meetings that took place in Quarter 01; a total of 52 Village meetings took place in the second quarter whilst a total of 96 village meetings were held in Q3 and 10 village

meetings were held in Q4. The table shows the number of CPLWs employed per ward and a total of village-based meetings that were held for each ward.

Table 9 : List of CPLWs employed

WARD	VILLAGE	SURNAME	NAME(S)	GENDER
1	Elunyaweni	Matomela	Aluncedo	M
	Nkalweni	Potelwa	Mbekisa	M
	Ncembu/Mission/Ngxoxo	Feni	Thembeke	F
	Montgomery	Dlokova	Mandlakazi	F
	Ethaleni/Edrayini/ Emamfengwini	Meje	Asisipho	F
	Umnga Flats/ Umnga Farms	Mvubu	Siphelo	M
	Nyibiba/ Ntsilithwa	Siganga Kwetana	Nonzwakazi Primrose	F
	Cicirha	Ndika ndika	Yandisa	M
	Trustini	Wayi	Qhama	M
	Luthuthu	Mzingeli	Nosethu	F
2	Bhekela Extension 1	Mayekiso	Buzelwa	F
	Bhekela Extension 3	Mabetha	Busisiwe	F
	Ugie Park	Mohamed Nxangashe	Ncumisa	F
	Land Camp	Nkwezi	Lindokuhle	F
	Ntokozweni	August	Zenande	F
	JK Bhokhwe/Old location			
	Soccer fields	Mnqathe	Zubenathi	M
3	Peter Mokhaba	Tshotsha	Siyasanga	F
	Maclear Town	Sijobo	Nandipha	F
	T V Park/Mission	Mankayi	Zimkhitha	F
	Clearview	Volsaka	Nobuntu	F
	Sithole Park			
	Old Location	Lerabe	Unathi	F
	Sonwabile	Gqibela	Siphumelele	M
	Zakhele	Skoti	Olwethu	F
	Newrest			
	Tuin Block	Damba	Zamile	M
	Polar Park	Bali	Siphosethu	F
	Maxhegweni			
4	Ediphini			
	Mcwangele	Mgoqi	Anelisiwe	F
	Nokhohloko/Lenge/Bhethula			
	Sigoga	Mgedezi	Azola	M

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	Qobeni	Luzipho	Mchumani	F
	Khohlomoriti	Nyangweni	Inga	M
	Elands Heights			
	Komkhulu	Zililo	Anosimo	F
	Farmini	Peti	Aphiwe	F
	Ndingeni	Masangweni	Asisipho	F
	Joel's Hoek			
	Maclear Town/Top Block	Mazibuko	Abongile	F
	Popcorn valley	Mbedlashe	Mvuyisi	M
	Ngqwaneni	Ngxangashe	Zikhona	F
	Sakhuthe	Kraai	Nyameko	M
	Mlamla	Makhalima	Athabongile	M
	Mission	Mnyazana	Sanelisiwe	F
	Tsikarong	Yelani	Dumisa	M
	Namba	Ngxangxa	Zimkhitha	F
	Matuguru	Sejosengoe	Rorisang	M
	Mabalane	Mnisi	Thabo	M
5	Mcwangele	Sem	Yonela	F
	Ntabelanga	Zibaya	Avuyonke	F
	Hopedale / Zwelitsha	Nota	Mandisa	F
	Sidakeni	Mthungelwa	Sincedise	M
	Sithana	Guqaza	Sandiswa	F
	Mpunkone/St Augustine's			
	Lower Ntywenka			
	Mtshezi	Ngqose	Anathi	F
	Ntywenka	Kolweni	Patiswa	F
	Ntushu ntushu			
	Mbonisweni	Luphalule	Sibongile	F
	Mpunkone			
	Khwatsha/Mountain	Ntaba	Thulisile	F
	Lower Ngxaza	Mbinda	Bongie	M
6	Upper Ntywenka			
	Sommerville	Mtyingizane	Yonela	F
	Ngcele Down	Totongwane	Thobeka	F
	Ngcele	Mbana	Siphendulwe	M
	Siqhungqwini	Sokupa	Asavuya	F
	Mqokolweni	Banjwa	Nomso	F
	Ngxotho	Mashalaba	Esethu Anathi	F
	Upper Sinxako	Magawana	Nonzame	F
	Lower Sinxako	Dumse	Nonophela	M
	Ntywenka	Magosa	Emihle	F
	Qurana/ Nywenka Forest	Mbedeni	Fezeka	F
	Ntywenka Plantation			
	Nkolosana	Magazi	Simcelile	M
7	Upper Nxaxa(Mahlathini)	Joja	Asanda	F
	Botsabelo/Phamong/Diphini			
	Rodesia	Banginyama	Indiphile	F

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	Platana/Magwaca	Molefe	Mathuto	F
	Nxaxa Goerge	Mvanyashe	Onako	F
	Elalini/ Etyeni/Sigcwabeni			
	Kat kop	Siphuye	Sikuyo	M
	Golomane	Rantsantsaile	Neo	F
	Hlangalane	Mgaba	Aviwe	F
	Ramlane	Mphomani	Mthabisi	M
	Ngqayi/Botsabelo/Diphini/Pha mong	Nameka	Xolelwa Enellinah	F
	Khohlombeni			
	Ramatee	Mnguni	Andisiwe	F
	Tshikitsha	Poma	Thembisa	F
	Marhome/ Germiston	Mangesana	Yanelisa	F
	Jojweni	Gabavu	Asikhokhele	F
	Lower Khohlopong	Smith	Samkelisiwe	F
	Khohlopong	Motebele	Maphaka Osborn	M
8	Makhatlanyeng	Tyakiwe	Sive	F
	Luzie Poort	Naketsana	Dieketseng	F
	Luzie Drift	Makeng	Dieketso	F
	Moreneng	Tlali	Anthonia	F
	Jojweni	Magwaza	Xoliseka Nkosinathi	M
	Batlokoa	Nyanyatsi	Ncumisa	F
	Nkobongo/Pitoli	Nooi	Buang	M
	Lahlangubo			
	Sekoting			
	Lithoteng	Seqoana	Moosa	F
	Mokgalong			
	Nkamani	Sokhetye	Asonela	F
	Moroka	Mthathelwa	Nokubonga	F
	Umfanta-Mathizeni	Nkhauli	Maikutlo	F
	Pitseng& Pitseng Farms	Maphaka	Nkgupiseng	F
	Sgodini/ Makhandleleni	Funani	Andisa Asandile	F
9	Ephanette Mbeki	Nkungwana	Simamkele	F
	Khalankomo/Showgrounds	Ngubo	Masakhane	M
	Ilisomzi	Magazi	Sicelo	M
	Katlehong	Lesirela	Nthabeleng	F
	Thembeni	Ngqolosi	Aphiwe	F
	Mt Fletcher town	Lehana	Boitelo	F
10	Mahemeng	Tabohane	Retshepile	F
	Madzura	Leteba	Kefuwe	F
	Mpharane	Mhlakaza	Mpolokeng	F

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	Silindini			
	Mjika	Mgutsi	Khumbulani Emmanuel	M
	Siyalwini			
	Nkalweni	Ndaba	Mangwanonke	M
	Mbambangwe	Nodada	Sisipho	F
	Westhoek	Sagcasana	Somikazi	F
	Sikote	Mtshengu	Sithandokuhle	M
	Mathafeni No1	November	Asiphe	M
	Mathafeni No.2	Mlungwana	Boy-Boy Jeremiah	M
	Xaxazana	Dzingwa	Samkelo	M
	Boraki	Mabaleka	Teboho Timothy	M
	Lepita	Lepita	Karabelo	M
	Zingonyameni	Malunga	Ludumo	M
	Mabalane	Selela	Relebohile	F
	Boraki			
	Lepita			
11	Dengwane/Thambekeni	Hlengisa	Andisiwe Rejoice	F
	Tinana/Mjikelweni	Mphunyuka	Asiphe	F
	Ntatyana	Ncatana	Eutricia	F
	Matsoana/ Likonyeleng	Kabai	Phakiso	M
	Mabalane	Ralarala	Asezile Lucky	M
	Lubisini,Khalazembe/Ngoliloe No. 2	Mkolokoto	Nkosibongile	M
	Lubisini			
	Farview/Xaxazana			
	Fletcherville / Portsef	Ramokaelo	Makabelo	F
	Ligcadweni	Sicwebu	Aphelele	M
	Mafusini	Madikwa	Bonginkosi	M
12	Lehlakaneng	Maretele	Imameleng	F
	Polokoe	Mlamleli	Bomikazi	F
	Kinira Poort (Makgaditseng)	Letsela	Tumelo	M
	Ntabayikhonjwa			
	Mangoloaneng	Moletsane	Lerato Keabetsoe	F
	Popopo	Lebelo	Aphiwe	F
	Mahanyaneng	Mvangwana	Nokubonga	F
	Thabatlala	Khalata	Sentebale	F
	Ngoliloe	Mavuso	Nomsimelelo	F
	Moleeko	Mathumbu	Phumeza	F
	Setaka	Motsoela	Tlotlisang	M
	Mabekong	Nogemane	Phumla	F
13	Makoatlane	Ranthoto	Tankiso	F
	Nxotshana	Sepuhle	Mampe	F
	Seqhobong	Matabane	Mpho	M
	Mashata	Motsienyane	Lebohlang	F
	Ntoko	Molotsi	Matlatso Regina	F

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	Mohoabatsane	Mqikela	Dikano	F
	Kuebung	Nkoanyane	Mosonngoa	F
	Phirintsu	Ntaopane	Nobuntu Lucia	F
	Sethathi	Lebenya	Esther Matseliso	F
	Maluti	Mnyaka	Sandile	M
14	Vuvu	Dlaza	Amahle	F
	Makgoaseng	Ntaopane	Christina Nkwalleng	F
	Thabakhubedu	Ntheoseng	Itumeleng	F
	Lehana's Pass	Lehanya	Pilato	M
	Phuting	Siphambo	Nontembeko	F
	Refele	Naketsana	Nthabeleng	F
	Litaung/ Linokong	Mohlafuno	Ntlhosiseng	F
	Ntabelanga			
	Sethabathaba/Zanyeni	Matubatuba	Pheletso	F
	Satube	Ntaopane	Reaboka	F
	Bethania	Ntaopane	Christina Nkwalleng	F
	Nqalweni/Zindawo	Masiza	Nkosivumile	M
15	Nkululekweni	Zibaya	Lindokuhle	M
	Kutloanong	Lentsa	Tumelo	M
	Tsekong	Leeaka	Puseletso	M
	Khalatsu	Sebeka	Mametsi	F
	Makhuleng	Yawa	Thobelani	M
	Polar Park	Goba	Neliswa	F
	Tsekong Ext.	Dubula	Nomfanelo	F
	Lower Thokoana	Makae	Moiloa Phillip	M
	Liphakoeng	Rabohome	Patricia Tankiso	F
	Liphofung	Phori	Bontle	F
16	No 5	Macuphe	Dineo	F
	Ntatyani	Paule	Xolisa	M
	Karadokhwe	Thipha	Musawenkosi	M
	Lubalweni			
	Njaboya	Khau	Nontlahla	F
	Zwelitsha 1			
	Zwelitsha 2	Tyekela	Veronica	F
	Msasangeni	Koloyi	Ncebakazi	F
	Chavy Chase	Motebele	Kekeletso	F
	Nondzaba			
	Sirhabaxeni			
	Qolweni	Rhulumente	Khanyisile	F
	Bhantini	Bambelo	Malibongwe	M
	Taung	Rabula	Sithenkosi	M
	Koloni			

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	Mngcutha	Mtshemla	Sibusiso	M
	Mlube	Rasmeni	Mziwonke	M
	Ndingo	Khumla	Yonela	M
	Mcambalala	Qamata	Nomaxabiso	F
	Sekgutlong	Matwa	Asisipho	M
	Ntabamkhitha& Magedla	Thwasha	Lulama	F
	Nkangala	Mankebe	Zusange	F
	Tsekong	Bonani	Nosicelo	F
	Nondyandya	Madukwa	Xoliswa	F
	Sihom	Madolo	Nomaphelo	F
	Drayini	Ntantiso	Khanyisile	F
	Calucalu	Madolo	Asithandile	M
	Mafusini	Mtsewu	Amanda	F
	Nkalweni	Kosie	Mpokeleng	F
17	Ndoda & Retreat Farms	Booi	Inathi	F
	Maqhinebeni	Kalimashe	Avuyile	M
	Mbidlana	Gosile	Gcobile Robert	M
	Thaleni	Skeyi	Khayakazi	F
	Cingweni	Qinisile	Buhlebenkosi	M
	Mdangwini	Nombewu	Zintle	F
	Ngxothwana	Soyizwapi	Tandazwa	F
	Vincent Park	Adonis	Thandiwe	F
	Greenfields	Qokoyi	Zoleka Rogator	F
	Bhodi& Ugie Town	Qhatsi	Asanda	F
	Takalani	Jokanisi	Khanyisa	M
	Robben	Dayimani	Zizipho	F

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	06/09/2022, Town Hall, Nqanqarhu	23	14	14	12	01	09
IDP / Budget Rep Forum – Q2	08/11/2022, Town Hall, Nqanqarhu	27	13	13	06	00	09
IDP / Budget Rep Forum – Q3	28/03/2023, Town Hall, Nqanqarhu	25	11	16	10	00	11
IDP / Budget Rep Forum & Local Communicators Forum – Q4	23/05/2023, Town Hall, Nqanqarhu	23	23	17	07	01	13
IDP/Budget Outreach – Ward 1	12/05/2023, Ncembu Paypoint	06	02	00	128	00	01
IDP/Budget Outreach – Ward 2	20/04/2023, Ntokozweni Comm. Hall	01	04	03	135	00	01
IDP/Budget Outreach – Ward 3	20/04/2023, Sonwabile Comm. Hall	05	04	01	60	00	01
IDP/Budget Outreach – Ward 4	21/04/2023 Mission	04	05	00	105	01	01
IDP/Budget Outreach – Ward 5	20/04/2023, St John’s Church Hall, Hopedale	03	02	03	64	00	00
IDP/Budget Outreach – Ward 6	20/04/2023, Lower Sinxako	03	04	03	97	00	01
IDP/Budget Outreach – Ward 7	20/04/2023, Botsabelo Comm Hall	02	03	00	156	02	01
IDP/Budget Outreach – Ward 8	20/04/2023, Umfanta Paypoint	03	03	01	65	00	01
IDP/Budget Outreach – Ward 9	19/04/2023, Tlokoeng T/Hall	03	04	00	78	00	00
IDP/Budget Outreach – Ward 10	19/04/2023, Amahlubi Tribal Authority	04	07	05	129	00	01

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IDP/Budget Outreach – Ward 11	19/04/2023, Fletcherville JSS	03	06	00	66	02	00
IDP/Budget Outreach – Ward 12	19/04/2023, Mangoloaneng Paypoint	04	05	00	118	00	01
IDP/Budget Outreach – Ward 13	19/04/2023, Mokoatlane	02	03	01	52	00	01
IDP/Budget Outreach – Ward 14	19/04/2023, Vuvu JSS	04	04	00	143	00	01
IDP/Budget Outreach – Ward 15							
IDP/Budget Outreach – Ward 16	20/04/2023, Kete-Kete	04	04	00	105	00	01
IDP/Budget Outreach – Ward 17	20/04/2023, Kruger Hall	03	05	03	45	00	01
Ward 1 Committee (Q 1)	05/10/2022	01	06	00	09	00	01
Ward 1 Committee (Q 2)	01/12/2022	01	01	00	07	00	01
Ward 1 Committee (Q 3)	16/03/2023	02	01	00	07	00	00
Ward 1 Committee (Q 4)	08/06/2022	01	01	00	09	00	00
Ward 2 Committee (Q 1)	03/10/2022	01	05	00	05	00	00
Ward 2 Committee (Q 2)	09/12/2022	02	01	00	07	00	01
Ward 2 Committee (Q 3)	10/03/2023	02	01	00	08	00	01
Ward 2 Committee (Q 4)	12/05/2023	02	01	00	06	00	01
Ward 3 Committee (Q 1)	27/10/2023	01	06	00	07	00	01
Ward 3 Committee (Q 2)	12/12/2022	01	01	00	07	00	00
Ward 3 Committee (Q 3)	08/02/2023	01	01	00	07	00	01
Ward 3 Committee (Q 4)	08/06/2023	01	01	00	07	00	00
Ward 4 Committee (Q 1)	27/10/2023	01	06	00	09	00	01
Ward 4 Committee (Q 2)	12/12/2022	01	01	00	06	00	01
Ward 4 Committee (Q 3)	16/03/2023	01	01	00	09	00	01
Ward 4 Committee (Q 4)	17/05/2023	01	01	00	09	00	01
Ward 5 Committee (Q 1)	19/09/2022	01	06	00	12	00	00
Ward 5 Committee (Q 2)	09/12/2023	01	01	00	07	00	00
Ward 5 Committee (Q 3)	15/03/2023	01	01	00	09	00	00
Ward 5 Committee (Q 4)	14/06/2023	01	01	00	10	00	00
Ward 6 Committee (Q 1)	06/10/2023	01	07	00	08	00	01
Ward 6 Committee (Q 2)	30/11/2022	01	01	00	09	00	00
Ward 6 Committee (Q 3)	13/03/2023	01	01	00	08	00	00
Ward 6 Committee (Q 4)	13/06/2023	01	01	00	08	00	00

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Ward 7 Committee (Q 1)	27/10/2023	01	06	00	09	00	01
Ward 7 Committee (Q 2)	01/12/2022	01	01	00	06	00	00
Ward 7 Committee (Q 3)	28/03/2023	01	01	00	09	00	01
Ward 7 Committee (Q 4)	14/06/2023	01	01	00	07	00	01
Ward 8 Committee (Q 1)	26/10/2023	01	06	00	09	00	01
Ward 8 Committee (Q 2)	12/12/2022	01	01	00	04	00	00
Ward 8 Committee (Q 3)	16/03/2023	01	01	00	10	00	00
Ward 8 Committee (Q 4)	09/06/2023	01	01	00	08	00	00
Ward 9 Committee (Q 1)	21/09/2023	01	06	00	07	00	00
Ward 9 Committee (Q 2)	29/11/2022	01	01	00	06	00	00
Ward 9 Committee (Q 3)	17/03/2023	01	01	00	06	00	00
Ward 9 Committee (Q 4)	13/06/2023	01	01	01	05	00	00
Ward 10 Committee (Q 1)	27/09/2022	01	07	00	08	00	00
Ward 10 Committee (Q 2)	28/11/2022	01	01	00	07	00	00
Ward 10 Committee (Q 3)	15/03/2023	01	01	00	08	00	00
Ward 10 Committee (Q 4)	22/05/2023	01	01	00	09	00	00
Ward 11 Committee (Q 1)	26/10/2023	01	06	00	08	00	00
Ward 11 Committee (Q 2)	09/12/2023	01	01	00	09	00	00
Ward 11 Committee (Q 3)	13/03/2023	01	01	00	09	00	00
Ward 11 Committee (Q 4)	19/06/2023	01	01	00	08	00	00
Ward 12 Committee (Q 1)	26/10/2023	01	06	00	08	00	01
Ward 12 Committee (Q 2)	01/12/2022	01	01	00	09	00	01
Ward 12 Committee (Q 3)	10/03/2023	01	01	00	08	00	00
Ward 12 Committee (Q 4)	19/06/2023	01	01	00	08	00	01
Ward 13 Committee (Q 1)	26/10/2023	01	06	00	09	00	01
Ward 13 Committee (Q 2)	29/11/2022	01	01	00	06	00	00
Ward 13 Committee (Q 3)	16/03/2023	01	01	00	07	00	01
Ward 13 Committee (Q 4)	07/06/2023	01	01	00	07	00	00
Ward 14 Committee (Q 1)	26/10/2023	01	06	00	09	00	01
Ward 14 Committee (Q 2)	18/11/2022	01	01	00	07	00	00
Ward 14 Committee (Q 3)	13/03/2023	01	01	00	08	00	00
Ward 14 Committee (Q 4)	19/05/2023	01	01	00	10	00	01
Ward 15 Committee (Q 1)	26/10/2023	01	06	00	09	00	01
Ward 15 Committee (Q 2)	22/11/2022	02	01	00	17	00	00
Ward 15 Committee (Q 3)	10/03/2023	01	01	00	08	00	00
Ward 15 Committee (Q 4)	14/06/2023	01	01	00	08	00	00

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Ward 16 Committee (Q 1)	27/10/2023	01	06	00	09	00	01
Ward 16 Committee (Q 2)	28/11/2022	01	01	00	08	00	01
Ward 16 Committee (Q 3)	14/03/2023	01	01	00	10	00	00
Ward 16 Committee (Q 4)	07/06/2023	02	01	00	08	00	00
Ward 17 Committee (Q 1)	27/10/2023	01	06	00	05	00	01
Ward 17 Committee (Q 2)	30/11/2022	01	01	00	07	00	01
Ward 17 Committee (Q 3)	20/03/2023	01	01	00	06	00	01
Ward 17 Committee (Q 4)	08/06/2023	02	01	00	05	00	00
Local Aids Council (Q 1)	10 October 2022 Nqanqarhu Town Hall	3	4	2	44	0	0
Local Aids Council (Q 2)	13 December 2022 Nqanqarhu Town Hall	3	3	2	38	0	0
Local Aids Council (Q 3)	22 March 2023 Nqanqarhu Town Hall	8	2	1	26	1	1
Local Aids Council (Q 4)	27 June 2023 Nqanqarhu Town Hall	6	1	0	28	0	0

2.2 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?	No, ELM only has output indicators
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

2.3 CORPORATE GOVERNANCE

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

2.3.1 Legal Services

Legal services include provision of legal of advice to the municipality; litigation management; vetting of contracts and other legal documents; review and development of municipal by-laws; legal compliance. Legal Services position was vacant for the year under review and legal services were provided through outsourced service which was provided by a panel of attorneys.

2.3.1.1 By-Laws

There were eight (08) by-laws that were reviewed for the year under-review by Community Services. These by-laws were: -

- Street Trading By-Law
- Liquor Regulatory By-Law
- Fire Safety By-law

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- Gathering By-Law
- Cemetery & Crematorium By-Law
- Waste Management By-Law
- Keeping of Animals By-Law
- Pound Management By-Law

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

Table 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	08	No. By-Laws were only submitted to the Council for noting and consideration before public participation. Public participation would take place in the first quarter of the next financial year.	Not applicable	No	Not yet applicable

2.3.1.2 Cases

For the financial year 2022/2023 Nqanqarhu had a total number of 19 legal matters. 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	R16 594.13	Further particulars for incident report were requested and there was no response received.

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				Street, Tlokoeng.		
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	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	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.

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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	The Municipality identified a Building Regulations contravention in Erf 466 Ugie for the Building which have not been constructed in compliance with the legislation. Correspondence has been issued dating back 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	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

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				<p>that the owner had proceeded with construction works without submitting a building plan application.</p> <p>The owner was advised to stop with the 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>		<p>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 a decision on this matter.</p>
11.	Wikus van Rensburg Attorneys//Elundini Local Municipality	62/2019	Clark Laing Inc	<p>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.</p>	R103 370.10	<p>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.</p>

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12.	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>
13.	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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14.	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 insure 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.
15.	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	<p>Consultation and inspection <i>in loco</i> were done. Court papers for the application were drafted and signed for service and filling.</p> <p>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.</p>

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16.	ELUNDINI LOCAL MUNICIPALITY// Nqanqarhu TAXI ASSOCIATION		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.
17.	ELUNDINI LOCAL MUNICIPALITY//KOKOSE	N/A	Clark Laing Inc	Recovery of monies erroneously paid to the Pension Fund after Mr Kokose instructed the Municipality to hold off on making payments to the pension fund	R174 357.20	Advocate's memorandum and recommendations have been received. Municipality has been provided with a draft of an acknowledgment of debt. Further information requested, the Physical address for Mr Kokose
18.	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
19.	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).

2.3.2 Risk Management

The Risk Management function did not perform very well for the year under review due to instabilities that were caused by institutional changes and vacancy of the position that was not filled the whole year. Notwithstanding these challenges, some risk management activities were achieved such as review of risk management and related policies; sitting of Risk Management Committee in Quarter 2; Risk assessment was conducted in May 2023 with the support from Provincial COGTA. Strategic and Operational risk registers for the next financial year were developed.

2.3.3 Anti-Fraud & Corruption

ELM has anti-fraud & corruption anonymous hotline facility which is administered by Deloitte to report fraud and corruption cases anonymously. ELM receives reports on a monthly bases with regards to cases of fraud and corruption. There were no fraud and corruption related cases that were reported through this facility for the year under review. The municipality's anonymous tips off facility to register such unethical conduct is as follows: -

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

2.3.3.1 Fraud & Corruption Cases Reported

Table 14: Fraud & Corruption Cases

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

2.3.3.2 Fraud & Corruption Anonymous Hotline

Fraud anonymous hotline system is recognised as the most common detective tool for fraud and corruption. It assures the 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 identity and the integrity of the tip-off made. This report aims to show the number of calls made to the system.

Table 15: Fraud & Corruption Anonymous Hotline Calls

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

2.3.4 Ethics Management

Elundini Local Municipality developed Ethics and Integrity Management Strategy in 2017-2018 financial year. This strategy was due to be reviewed. The review could not be performed due to vacancy of risk management officer to efficiently coordinate activities associated with the review of the strategy and delays in supply chain processes.

2.3.5 Communication

Communication is one of the key functions of the municipality to ensure that service delivery achievements and challenges are communicated efficiently and effectively to communities.

Communications had five key areas of focus for the year under review, namely: -

- Social Media Content Management
- Website content Management
- Outdoor LED Screens Content Management & Maintenance
- Municipal Publications development
- Local Communicator’s Forum Coordination











2.3.5.1 Social Media

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

Table 16: Municipal Social Media Platforms & Activities

Platform	Quarter 1	Quarter 2	Quarter 3	Quarter4
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Facebook	<p>The Facebook page had  6,372, page likes and now 6637 with an increase of 265 new likes this quarter. The page had reached 6,751  people who follow and now 7088  follow, an increase of 337 this month. There were 63 service delivery contents that were published on Facebook for the quarter under review.</p>	<p>The Facebook page has  7410 followers, with an increase of 95 new followers this quarter. 6.800  likes There were 12 service delivery contents that were published on Facebook for the quarter under review. The page has reached 6123 audiences this quarter.</p>	<p>The Facebook page had  7410 followers and now 8022 an overwhelming increase 612. The page had 6800  who liked the page and has 7218  , with an increase of 156 new followers this month. There were 37 service delivery contents that were published on Facebook for the quarter under review.</p>	<p>The Facebook page has  8285 followers, with an increase of 110 new followers this month.  There were 38 service delivery contents that were published on Facebook for the month under review. The page has reached 8255 audiences this month with 7218 page likes.</p>
Twitter	<p>The platform has 28 Followers with 15 service delivery posts uploaded during this quarter</p>	<p>The platform has 29 with 22 service delivery posts</p>	<p>The page has 36 followers with an increase of 2 followers for this month</p>	<p>The page has 41 followers with no increase for this month. There were 30 service delivery contents uploaded on the page for the month under review. The Page has reached 185 Impressions were reached this month.</p>
Instagram	<p>The account has 238 followers with an increase of 25 new followers this quarter. There were 45 service delivery contents that were published for the month under review.</p>	<p>The account has 265 followers with an increase of 7 new followers this quarter. There were 09 service delivery contents that were published for the quarter under review. The page has reached 159 audiences this quarter.</p>	<p>The account has 294 followers with an increase of 29 new followers this quarter. There were 04 service delivery contents that were published for the month under review.</p>	<p>The account has 324 followers with an increase of 7 new followers this month. There were 36 service delivery contents that were published for the month under review. The page has reached 190 audiences this month.</p>
Youtube	<p>There are 7 subscribers and no posts were uploaded.</p>	<p>One Horse Racing video was premiered for the quarter under review. The post has received 24 views. The post has reached 1300 Impressions. The channel currently has 9 subscribers. The channel 349 overall views</p>	<p>No videos were premiered for the month under review. 369 for overall views.</p>	<p>The channel currently has 9 subscribers. The channel has</p>

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Whatsapp	There were 62 service delivery contents that were published for the quarter under review. These contents were posted on the following groups; Elundini Business Chamber, Elundini Councillors and Mt Fletcher Hawkers and Elundini Mt Fletcher Unit.	There were 25 service delivery contents that were published for the quarter under review. These contents were posted on the following groups; Elundini Business Chamber, Elundini Councillors and Mt Fletcher Hawkers and Elundini Mt Fletcher Unit.	There were 16 service delivery contents that were published for the quarter under review. These contents were posted on the following groups; Elundini Business Chamber, Elundini Councillors, Mt Fletcher Hawkers, Jobseekers and Mabenyeng	There were 54 service delivery contents that were published
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2.3.5.2 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 the introduction of newly recruited employees; new or revised policies; updates on key decisions and events that affect employees and councillors. The publication is published twice in a quarter. The second publication, The BlueSnow is a Quarterly newsletter which communicates service delivery progress and other interesting community development initiatives to communities. The third publication is The Back of The Horizon which communicates service delivery twice during the term of each Council. For the year under review, the municipality implemented two of these publications – The Buzz and The BlueSnow. The Back of the Horizon was not due for implementation.

2.3.5.3 Local Communicator’s Forum

Local Communicators Forum (LCF) is a forum composed of all sector departments, community structures, Councillors and Traditional Leader in Council, CDW’s, Ward Committees, Business sector and other key stakeholders. The Forum was established to close a gap between the government and community by promoting access to information to ensure that information dissemination is broadly achieved by reaching communities at all times. The forum sits quarterly to table progress from all government departments including the municipality. The table below shows the quarterly meetings of LCF.

Table 17: Quarterly Meetings of Local Communicators Forum

Quarter	Date	Venue
Quarter 1	06 th September 2022	Nqanqarhu Town hall.
Quarter 2	08 th November 2022	Nqanqarhu Town hall.
Quarter 3	28 th March 2023	Nqanqarhu Town hall.
Quarter 4	23 rd May 2023	Nqanqarhu Town hall

2.3.5.4 Websites Uploads

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

Table 18: List of Documents loaded in the Municipal Website

Quarter	Documents Uploaded
Quarter 1	20 Tender docs were uploaded 01 addendum were uploaded 33 Request for Quotations 02 Award Register 3 SCM Monthly Reports for April, June and July 05 Tender Opening Registers 05 Vacancies 01 Integrated Development Plan (IDP) 01 SDBIP was uploaded on the website
Quarter 2	09 Tender docs. 07 Quotations docs 04 Award Registers 01 SCM Monthly Reports were 05 Notices 02 Vacancies 01 SCM Monthly Reports
Quarter 3	09 Tender docs. 30 Quotations docs 01 Award Registers 01 SCM Monthly Reports were 06 Notices 01 Vacancies 01 Tender Opening Register 01 SCM Monthly Reports 01 Section 72
Quarter 4	09 Tender 34 Quotations 02 Awarded Tender 11 Tender Opening Registers 5 Notices 01 Section 72 Report 01 Draft of Integrated Development Plan (IDP) and Budget 09 Vacancies 01 SDBIP 01 Annual Report 01 Oversight report 01 Quarterly Report 05 MBD forms 01 Adjustment Budget Report

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

Table 19: Website Content Upload

Municipal Website: Content and Currency of Material		
Documents published on ELM's / Entity's Website	Yes / No	Publishing Date

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Draft IDP and Budget 2023 – 2024	Yes	05 April 2023
ELM Final IDP 2023– 2024	Yes	05 June 2023
ELM Final (Annual)Budget 2023-2024	Yes	11 June 2023
ELM Institutional SDBIP 2023/24	Yes	05 July 2023
Draft Annual Report for the Year ended 30 June 2022	Yes	08 February 2023
Final Annual Report for Year Ended 30 June 2022	Yes	05 April 2023
Adjustment Budget February 2022/23	No	04 March 2023
Adjustment SDBIP 2022/2023	Yes	03 March 2023
Oversight Report on the Annual Report for the year ended 30 June 2022	Yes	05 April 2023
IDP and Budget Process Plan 2023 – 2024	Yes	30 June 2023

2.3.6 CUSTOMER SERVICE

2.3.6.1 Public Satisfaction on Municipal Services

A total of six community satisfaction surveys were conducted for the year under review. The first survey assessed satisfaction level of Community with regard to provision of shelters for Hawkers. The second survey assessed the level of Community with regard to an investigation of service delivery towards HIV/AIDS funding for HCBCs (*Home Care Based Centres*). The third survey assessed satisfaction level of Community with regard to household electrification. The fourth survey assessed the level of Community with regard to the construction of the Liphofung access road and bridge project for 2019/2020. The fifth survey assessed the level of Community with regard to Construction of the Bethula to Mrhorwana Access Road 2021-2022 in Tlokoeng. The last survey assessed satisfaction level of Community with regard to the Construction of Nkalweni Community Hall 2022/2023.

2.3.6.1.1 Provision of Shelters for Hawkers

- 20% of beneficiaries were not satisfied with the process followed during the allocation of shelters, 40% were satisfied and 40% were very satisfied.
- 27% of beneficiaries were satisfied with the shelters improving income as compared with the previous stands and 73% were very satisfied.
- 7% of beneficiaries were not satisfied with the weather conditions affecting users, 60% were satisfied and 33% were very satisfied.
- 13.5% of beneficiaries were not satisfied with the safety of the shelters leaving their equipment inside overnight, 73% were satisfied and 13,5% were very satisfied.
- 6% of beneficiaries were not satisfied with the usage and condition of shelters, 67% were satisfied and 27% were very satisfied.

2.3.6.1.2 HIV/AIDS funding for HCBCs (Home Care Based Centres).

- 67% of beneficiaries were satisfied with the process followed in identifying HCBCs funded and 33% were very satisfied. Beneficiaries stated that almost every ward has HCBCs funded by the municipality. This means that one of the criteria, which is fair representation in all the areas of Elundini, has been met.
- 93% of beneficiaries were very satisfied with the changes in the lives of those who benefited and 7% were satisfied. Through the awareness campaigns created because of the programme, a lot of lives have been changed by interventions and referrals made. Also, the level of stigma on those infected and affected has dropped significantly as a lot of people in communities are well informed about HIV/AIDS.
- 62% of beneficiaries were satisfied with the follow up made on the cases that have been referred to other departments for further assistance ,19% were very satisfied and 19% were not satisfied. Most HCBCs complain about the fact that when they call meetings for all stakeholders, there is non-attendance. Beneficiaries also complained that some cases that were referred to the departments were never attended so they ended up being cold cases. They however, appreciate the assistance and referral letters for medication by Health Department.
- 87% of beneficiaries were satisfied with the growth of your HCBC in terms of the number of recipients since the funding from the Municipality and 7% were very satisfied and 6% were satisfied. Although the stigma associated with HIV/AIDS has been reduced, some community members are still reluctant to come to these HCBCs. Some HCBCs have less than 10 members. Some HCBCs have, however, grown in terms of the community members they assist. This is because these funds have made it possible for them to reach more community members and acquire more resources. Each HCBC has a limit of 10 members to assist per project.
- 100% of beneficiaries were very satisfied with how the Municipality has assisted in HCBC. Beneficiaries stated that although there are still some challenges, most HCBCs would not be functioning as they are if it were not for the funding. They also specified that the funding comes in very useful as the Department of Social Development no longer injects funds into these centres. They also raised, as a suggestion, that bank charges are too much and that the municipality should find other means of transferring the funds.

2.3.6.1.3 Household Electrification

- 65% of beneficiaries were satisfied with the level of induction they received while 31 % were satisfied and 4% were not satisfied.
- 70 % of beneficiaries were very satisfied with the electricity provided as compared to normal paraffin/gas stoves. 21% were just satisfied and 9% were not satisfied at all.
- 75% of beneficiaries were very satisfied with the distance that they travel to purchase electricity 19% were satisfied and 6 % were not satisfied at all.
- 71% of beneficiaries are not satisfied with the frequency of power cuts that were made by load shedding while 23% are very satisfied and the other 6% were satisfied.
- 91% of beneficiaries are very satisfied with the overall standard of service received while 6% are satisfied and 3% are not satisfied at all.

2.3.6.1.4 Investigation of Service Delivery towards the Construction of Liphofung Access Road and Bridge 2019/2020

- 63% of beneficiaries were very satisfied with the work performed for Liphofung access road and bridge while 37 % were satisfied.
- 88% of beneficiaries were satisfied with their involvement in the project and 12 % were very satisfied. Beneficiaries further appreciated the construction of this road, claiming that the road would facilitate easy access to the community for all socio-economic development activities.
- 100% were satisfied with the employment of the community towards the construction of the Access road and the small bridge. Beneficiaries further alluded to the fact that the Construction of this Access road contributed to community skills development.
- 50% of the beneficiaries were not satisfied with the services rendered, 37% were satisfied whilst 13% were very satisfied. Community members stated that the bridge that was done during the construction was not huge enough, the municipality promised to rectify the errors that occurred during the completion of the project.

2.3.6.1.5 An Investigation of Service Delivery for the Construction of Nkalweni Community Hall 2022/2023

- 5% of beneficiaries were not satisfied with the consultation that was done by the Municipality before the construction of the hall, 67% were satisfied and 28% were very satisfied. Beneficiaries also appreciated the effort by the Municipality to consult communities on service delivery issues but the turnout is often poor which results in some of the expectations not being met.

- 27% of beneficiaries were satisfied with the location of the hall and 73% were very satisfied. The reason for the 100% satisfaction of beneficiaries is due to its centrality to the village and its closer to other infrastructure.
- 2% of beneficiaries were not satisfied with the construction of the hall in terms of accessibility by the disabled, 60% were satisfied and 38% were very satisfied. Statistics (Elundini Local Municipality Development Plans) show that 5% of the village's population cannot walk or climb at all. 6% experience difficulty in walking or climbing while 89% can walk and climb well. These statistics had to be taken into consideration while planning the construction of the hall. The fact that it is accessible geographically is one of the reasons 50% are very satisfied.
- 31% of beneficiaries were not satisfied with the jobs created during the construction of the hall, 52% were satisfied and 17% were very satisfied. The participants mentioned that there is quite a satisfactory Human Resource capacity in Nkalweni village. This included brick layers, builders, sewers, mechanics, and carpentry amongst others. Although some skills were used during the process of construction of the hall, more could have been done. The community feels that the construction company already had its own Human Resources for the project and some of the skilled personnel from the village were not used.
- 100% of beneficiaries were very satisfied with the built hall. The community stated that the provision of the hall served a lot of purposes for them. They felt that they were able to receive conveniently other services such as SASSA, through the community hall.

2.3.6.1.6 *An Investigation of Service Delivery for the Construction of Bethula to Mrhorwana Access road 2021-222*

- 50% of beneficiaries were satisfied with the improvement and overall safety of roads and 50% were very satisfied. Beneficiaries claimed to have seen improvement on the upgraded roads
- 50% of beneficiaries were very satisfied with the upgrade of the road and 50% were satisfied. The community of Bethula can travel using buses and taxis.
- 50% of beneficiaries were satisfied with the changes created in the lives of the community and 50% were very satisfied. The project has at the time of construction brought change into the lives of many community members. Locals were employed, trained and equipped with several skills.

2.3.6.2 *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 20: Customer Walk/In Reported Cases

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total No. of Cases
Number of Cases	60	55	92	63	31	21	26	53	33	42	50	45	571
Resolved Cases	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unresolved Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

2.3.6.3 *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 21 : Number of Presidential Hotline Cases

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Number of Cases
Number of Cases	0	0	13	0	0	0	0	0	0	0	14	0	27
Resolved Cases	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	0
Unresolved Cases	N/A	N/A	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14	N/A	27 Cases were not resolved due to system problems OTP.

2.4 Supply Chain Management

Local Government: Municipal Finance Management Act requires the municipality must have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'. Elundini SCM Policy has been adopted in line with Municipal Finance Management Act, Section 111 & 112, Supply chain management policy. It is important to note that in terms of the Municipal Finance Management Regulation 3, our reviewed policy was adopted by the council on the 29 June 2022 under resolution CONA/152/22. The SCM Policy integrates with the Transport and Catering policy, Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM), Contract Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging enterprises. The role of the Council of a Municipality in maintaining oversight on implementation of its supply chain management policy is included in this policy and the Accounting Officer pursuant to Regulation 6 of the MFMA, prepares and submit a draft a supply chain management report complying with regulation 2 (a) & (3) to the council of the municipality for noting and adoption. The purpose of this report is to provide an overview of the SCM process in terms of Council's Supply Chain Management Policy (as amended), Section 9.3.1 of said Policy states that the Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council. SCM is guided by the following legislative framework: -

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

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

2.4.1 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.

2.4.1.1 Challenges

- Sitting of the Bid Evaluation Committee and Bid Adjudication Committee is the major challenge especially the BAC in the last quarter.
- Understanding, revision of the SCM Policy and the implementation of the New PPPFA 2022
- Poorly crafted specifications.
- Even though there are set dates for submission of specifications, there are few departments which did not submit the specifications and the ultimate challenge relates to the entrenched lack of accountability leading to substandard service delivery.
- It is important to note that the user departments are not only responsible for allocation of resources but cooperation is part of their roles and responsibilities too, so there is lack of cooperation from End user departments.
- Lack of integrated planning. If were to institutionalize the drafting of DMP and submission of specification, some of challenges could have been avoided.
- MIG Challenges.
 - ✓ The Municipality has appointed panel for the Framework Contracts for the Unpaved Roads for a period of three years (3) however this bid was challenged. The municipality appointed a legal firm from the panel of attorneys to deal with the matter in terms of SCM Regulation 50 (Resolution of Disputes, objections, complaints and queries. The resolutions and recommendations were submitted to the municipality that the municipality may need to apply for judicial review. Judicial review process is still underway.
- INEP Challenge
 - ✓ A Design Consultant/Engineer was appointed on 27 June 2022 and failed to produce designs for three (3) months after which we terminated him and procured another one from the panel. The replacement Consultant concluded and submitted designs end of October 2022 for approval.

- ✓ We then were able to appoint contractors from a panel of contractors on the 16 November 2022 in the middle of Quarter 2 which summarised 5 months delays we suffered on the INEP project
- ✓ All construction activities were completed by 30 June 2023 and we did not have a roll-over of funds

2.4.1.2 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 21 July 2022 (Capital and Operational)

- Overall targets set - **60**
- Achieved Targets - 25
- Not achieved - 33
- Cancelled = 2

Reason for not achieving targets are as follows: -

- Re- advertisements due to non-responsive bidders
- Non-submission of specifications on time
- Sitting of the bid committees

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 intended 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.

2.4.1.3 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 11 Bids was awarded in 2022-2023
- 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 **15 370 694,80**. The table below depicts expenditure incurred through deviation.

Table 22: Deviation Expenditure

	2023
Municipal Manager	1 595 941,53
Budget and Treasury	1 493 410,69
Infrastructure Planning	8 416 877,38
Corporate Services	3 183 564,96
Community Services	625 750,29
Strategic Planning	55 149,95
	15 370 694,80

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

Table 23: Section 36 Compliance

	2023
Section 36 (1)(a)(i)	23 800,00
Section 36 (1)(a)(ii)	
Section 36 (1)(a)(iii)	
Section 36 (1)(a)(iv)	
Section 36 (1)(a)(v)	15 042 315,72
Section 36 (1) (b)	304 579,08
	15 370 694,80

(2021-2022: 3 805 376). (2022-2023: 15 370 694,80) Deviations were increased by R11 565 318 during 2020-2022 Financial Year. The increase in number of deviations is caused by the appointment of infrastructure projects through deviation process, wherein the municipality was compelled to utilize funding on MIG however due to judicial review process it was impractical to follow SCM processes, same applies with the electricity vending services. 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 24: Irregular Expenditure Comparison Between 2022 & 2023 Financial Year

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Irregular expenditure consists of the following:				2023	2022
Opening Balance				118 558	0
Irregular expenditure incurred				-	1 126 076,90
Written off by Council				118 558	(1 007 519,00)
To be recovered				-	0,00
Closing Balance (Irregular expenditure awaiting council consideration)				0	118 558
Details of irregular expenditure incurred				2023	2022
SCM Processes not followed				0	118 557,90
Deviations not in line with SCM Regulation 36				0	0
Incorrect calculations of Preferential Points during evaluation				0	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC				0	1 007 519,00
Making use of non compliant service providers				0	0
Policy not followed when appointing an employee : Ms S Batyi				0	0
Variation order not in line with SCM Policy				0	0
Overpayment of exit benefit to Senior Manager				0	0
Excess payment on approved total remuneration package of senior managers				0	-
Councillor acted without authority in contract entered with supplier				0	0
TOTAL				0	1 126 076,90
Number of incidents				2023	2022
SCM Processes not followed				0	1
Deviations not in line with SCM Regulation 36				0	0
Incorrect calculations of Preferential Points during evaluation				0	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC				0	0
Making use of non compliant service providers				0	0
Variation Order not meeting SCM Policy requirements				0	0
Policy not followed when appointing an employee : Ms S Batyi				0	0
Overpayment of exit benefit to Senior Manager				0	0
Excess payment on approved total remuneration package of senior managers				0	0
Councillor acted without authority in contract entered with supplier				0	0
Total				0	1

2.4.1.4 Compliance with MFMA AND SCM POLICY

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

3. SERVICE DELIVERY PERFORMANCE

3.1. Basic Service Delivery

Basic Services had a total of 34 indicators including indicators that were in the top and lower layer of the SDBIP. A total of 27 indicators were achieved which accounted for 79.4%. The following sums up basic service delivery achievements for the year under review: -

- Constructed 14 kms of link line and connected 327 households with electricity at Khohlong, Elenge, Bhetule and Ulundi.
- Installed 03 high mast lights at Tlokoeng and 25 street lights at Nqanqarhu
- Upgraded 02 electricity networks and maintained 100% of our existing electricity network
- Installed a total of 22 households with smart meters at Bhekela in Ugie.
- Constructed 7.3kms of access roads for Nqanqarhu Streets Phase 3 at Pote, Fourie & Mill Streets; Nkangala & Bethula Mrhorwana.
- Constructed 02 public amenities - Ntokozweni ECDC and Mount Fletcher VTS.
- Completed 2.2 kms of remedial works at Sonwabile
- Maintained 150 kms of our access roads; 140% of urban roads and 120% of our stormwater drainage. Maintenance in Nqanqarhu, Tlokoeng & Ugie included cleaning of sidewalks – channels & pipes; manholes (inlets & outlets); repairing of sagging sidewalks and weeding; potholes patching and slurry seals. Areas that benefitted from this maintenance were Nqanqarhu Town, KwaZakhele; Clearview; Hulley, Murray, Willow & Malherbe Streets; Greenfields; Sithole, Vincent & Zakhele Townships. Areas that benefitted from this maintenance in Tlokoeng were Tlokoeng Town; Ilisolomzi Township; HillGate Road. In Ugie it was Old Location; Ntokozweni; Ugie Town; Takalani; Robben Township; Ugie Park; Bhekela; Mandela Park;
- Supported a total of 6 819 indigent households with free basic services – electricity; gel provision and refuse collection
- Collected refuse from a total of 59 areas in Tlokoeng; Nqanqarhu and Ugie

3.1.1 Road Transport

3.1.1.1 Roads

ELM, during the year under review, managed to achieve the construction and upgrading of roads. As at the end of 30 June 2023, staff complement in the Building & Civil Works Unit, comprised of the following personnel:

Table 25: Staff Compliment in Building and Civil Works Unit

Position	Number of employees	Filled	Vacant
Director Planning and Infrastructure Development	1	Filled	N/A
Manager Building and Civil Works	1	N/A	Vacant – due to retirement of an incumbent
Administration, Database and Contracts officer	1	Filled	N/A
Roads technician (Urban Roads and Rural maintenance)	2	Filled	N/A
Building Control officer	1	Filled but moved to Planning and Development	N/A
Foremen (Urban Roads maintenance, Rural Maintenance and storm water maintenance)	3	Filled	N/A
Plant Mechanic	1	Filled	N/A
Artisan Aids (Plant mechanic)	2	Filled	N/A
Plant Operators	12	Filled	2 vacant posts for operators
General Workers	5	Filled	N/A

Access Roads

The table below reflects the roads constructed by the municipality in kilometres from 2017/18 financial year to 2022/23.

Table 26 : Road Infrastructure

Financial Year	Kilometres					
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded to tar	Gravel roads graded/maintained	Surfaced Road
2017/18	525km	29.46km	10.514 km	-	39.8 km	4712 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
2021/2022	525km	10.15km	0km	0km	174.88km	1.088km
2022/2023	525km	7.98km	7.3km	0km	152km	0,5m

Reports on Road Capital Projects:

Table 27: Road Capital Projects

Implemented Project Name	Construction Status	Comment
Upgrading & Rehabilitation of Nqanqarhu Roads (Cluster 1 Roads) - Phase 3	100%	Phase 3 was 100% complete at 0,5km. Budget constraints due to rise in prices of building material whose rate were much lower in the previous 3 years resulted in reduction of scope from 1,184km down to 0.5km

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Construction of Refele Sport Field Phase 2	72%	Phase 2 is a multi year project schedule to be completed in 1 st Quarter of 2023/24 Financial Year. The 2022/23 FY portion was completed satisfactorily
Construction of Chevy-Chase - Nkangala Access Road	100%	Completed satisfactorily
Surfacing of Ugie Park Streets & Stormwater	100%	Only the planning stage was executed 100% in the 2022/23 FY as was planned
Surfacing of Greenfields Streets & Stormwater	100%	Only the planning stage, including design works were executed 100% in the 2022/23 FY as was planned, actual surfacing will be done in 2023/2024.
Construction of Bhethula to Mrhorwana Access Road	100%	Completed satisfactorily
Ntokozweni / Kuyasa Preschool	100%	Completed satisfactorily
Castle Rocks and Bridge	82%	First contractor abandoned site in October 2022 and was replaced in April 2023 and project physical project would roll-over into the following year though the budget and roll-over amount were spent 100% in the 2022/23 Financial Year with a approved Variation Order amount for additional funding needed to complete the project

3.1.1.2 Implementation of the Subcontracting Strategy

The municipality's Construction Procurement Strategy is designed to benefit local SMMEs from Elundini Municipality to participate in infrastructure projects as subcontractors as per the adopted subcontracting strategy. A total number of 10 local SMMEs benefited during project implementation. See SMME package details for the projects below.

Table 28: Infrastructure Projects

Project Name	Local Contractor /SMME Name	Scope of Work	Award Date	Completion Date	Total Amount Awarded	Expenditure to date	Progress Status
Refele Sports Field	1. Hustlers in Action	• Palisade Fence	08 August 2022	28 October 2022	R373 750.00	R373 750.00	100%
	2.Ntsibosavi Trading Enterprise	Palisade Fence	10 August 2022	28 October 2022	R517 500.00	R517 500.00	
Castle Rocks Access Road and Bridge	3.Maluqine Construction	• Culvert headwalls, stone pitching & signs	12 May 2022	TBA	R480 570.49	R141 909.75	<ul style="list-style-type: none"> • 65% progress affected by stopping of main contractor • Waiting for new contractor to be appointed for the scope of works for SMME to also continue
	4.Mandukhule Trading	• Concrete Slab	12 May 2022	TBA	R376 930.00	R50 580.00	<ul style="list-style-type: none"> • 40% of progress was affected by stopping of the main contractor • Waiting for a new contractor to be appointed for the scope of works for SMME to also continue
Construction of Chevy Chase Nkangala Access Road	5.Zuks Development Construction	• 2km road and stormwater	17 Jan 2023	R 1 793 856.42	R 1 793 856.42	R 1 793 856.42	<ul style="list-style-type: none"> • Roadbed 100% • Tipping of Gravel Wearing course 60% • Stormwater Culverts 0% (MOS)
	6.Khutshwa Trading (PTY) LTD	• 2km road and stormwater	17 Jan 2023	R 1 793 856.42	R 1 793 856.42	R 1 793 856.42	<ul style="list-style-type: none"> • Roadbed 100% • Tipping of Gravel Wearing course 60% • Stormwater Culverts 0% (MOS)
Installation of Street Light	7.Guzumane (PTY) Ltd	• Installation of streets lights in Nqanqarhu Town	26 August 2022	TBA	R 599 937.12	R735 000.89	Performance is good and has completed the works
200kva distribution Transformer upgrade at Vincent	8. Manjuza Trading Enterprise	• 200kva distribution Transformer upgrade at Vincent	14 February 2023	30 March 2023	R391 424.75	R391 424.75	Work has started
Rural Electrification	9. Phook Powe Project	• Ward 4 Ulundi and Bhethula Village	26 May 2023	30 June 2023	R342 117.51	R342 117.51	Work is complete
Rural Electrification	10. Zuks Development	• Ward 4 Elenge Village	25 May 2023	30 June 2023	R 1 277 596.02	R 1 277 596.02	Work is complete
Mt Fletcher Public Toilet	Mado Contractors PTY Ltd	• Ward 09	12 June 2023	TBA	R1 184 559.47	Project not started yet	Site hand-over

3.1.1.3 Rural Roads Maintenance

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 kilometers of gravel roads maintained, constructed, and upgraded to a surfaced standard:

Table 29: Gravel Roads Maintained, Constructed & Upgraded

RESHAPING-ROAD BED PREPARATION								PATCH GRAVELLING/REGRAVELLING							
RESHAPING-ROAD BED PREPARATION								PATCH GRAVELLING/REGRAVELLING							
Quarter	Months	Access Road No	Area	Ward	Target	km Achieved	Cumulative Total			Months	Area	Ward	Target	km Achieved	Cumulative Total
Q1	Sep-22		Land Camp	2	2	2	2			Aug-22	Land Camp	2	2	2	2
	Jul-22		Ugie Park & Takalani	2& 17	5	5	8			Jul-22	Tsekong - Lehana	15		0	3
	Aug-22		Rueben	17	2	2	9			Jul-22	Ugie Park & Takalani	2& 17	5	5	7
	Jul-22		Pop Corn Valley	4	2	2	12			Aug-22	Rueben	17	2	2	9

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	Jul-22		Bhekela	2	10	10	21			Sep-22	Ugie Park	2	2	2	11
	Jul-22		Tsekong - Lehana	15		2	23								11
	Aug-22	AC30455	Mdeni	1	6	6	29								11
	Aug-22		Umnga Flats	1	4	4	33								11
	Aug-22		Umnga Road	2	0	0	33								11
	Sep-22		Ugie Park & Takalani	2 &17	3	3	36								11
							36								11
		Total					36			Total	11				
Quarter	Months	Access Road No	Area	Ward	Target	km Achieved	Cummulative Total			Months	Area	Ward	Target	km Achieved	Cummulative Total
	Oct-22		Hill Street	3		0	36								
Q2	Nov-22	Unnamed	Nkalweni to Gqaghala	1	7		36			Nov-22	Nkalweni-Elalini	1	2	2	13
	Nov-22	AC30416	Josefu	1	2	2	37			Dec-22	Josefu		2	2	14
	Nov-22	AC30418	Josefu2	1	1	1	38								
	Nov-22	Unnamed	Luthuthu	1	1		38			Dec-22	Ncembu	1	2	2	16
	Nov-22	Unnamed		1	1		38			Dec-22	Mt Fletcher Special School	11		1	17
	Nov-22			1	2		38								17

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	Nov-22		Emaplotini	1	3		38							17	
		AC30454		1	2	2	40							17	
		AC30453		1	3	3	43							17	
		1142967	Nkalweni-Lalini	1	2	2	45							17	
							45							17	
	Dec-22	Unnamed	Mt Fletcher Special School	11		1	46							17	
	Dec-22	DR08083	Upper Tsitsana	4		0	46							17	
							46							17	
		Total					46			Total					17
Quarter	Months	Access Road No	Area	Ward	Target	km Achieved	Cummulative Total			Months	Area	Ward	Target	km Achieved	Cumulative Total
							46,3			Feb-23	Katlehong-Mt Fletcher	9		0,6	17,9
Q3	Jan-23	AC62702	R56-Mpharane village	9		4,2	50,5				Appy sreet-Maclear	3		0,5	18,4
	Jan-23		Clearview-Maclear	3		1,8	52,3			Mar-23	Queen Noti-Jamangile	6	2	1,8	20,2
	Jan-23		Maclear town	3& 4		2,2	54,5				St Augustines	5		1,8	22,0

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	Jan-23		Katlehong	9		0,4	54,9				Access Road to Komkhulu-Mabheleni	6		0,5	22,5	
	Jan-23		Green Fields	3		2,5	57,4				Entrance to JG Sewer Plant	2		0,5	23,0	
	Feb-23		Maclear Methodist School	3		0,4	57,8								23,0	
		1143007	Kumbhonxa	1	1	0,97	58,8									
			Lututu	1		0,9	59,7									
			Ncembu	1		1,7	61,4									
	Mar-23		Phalisa Access Road	1	3	2,8	64,2								23,0	
			Emaplotini	1	3	0,0	64,2								23,0	
			Nkalweni to Gqaqhala	1	7	7,32	71,5								23,0	
			Nkalweni to Gqaqhala	1	2	2,1	73,6								23,0	
Total						27,29	73,6			Total					5,65	22,95
Quarter	Months	Access Road No	Area	Ward	Target	km Achieved	Cummulative Total		Period	access ad no	Area	Ward	Target	km Achieved	Cummulative Total	
Q4	Apr-23	AC62702	R56-Mpharane	10	Special Request	2,1	75,7		Apr-23	AC62703	Mpharane	10	Special request	1,4	24,4	

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Apr-23	AC6070 1	R56- Ntlombe	10	Special Request	2,7	78,4		May- 23	Unnamed	Mt Fletcher- Behind Boxer Build	9	Special request	0,9	25,3
Apr-23	AC6367 4	Tsolobeng JSS	10	Special Request	1,0	79,4		May- 23	Unnamed	Queen Noti Clinic	6	1,5	1,5	26,8
Apr-23	Unname d	Mt Fletcher- Behind Boxer Build	9	Special Request	0,5	79,9		Jun- 23	Various Streets	Clear view	3	3	2,6	29,4
Apr-23	AC6270 3	Mpharane	10	Special Request	1,6	81,5		Jun- 23		Gravel Road next to Maclear High	3	0,3	0,5	29,9
Jun-23		Mambulwini	6	5	4,7	86,2		Jun- 23	Unnamed Street	Petere Mkhaba	3	0,2	0,2	30,1
Jun-23		Siqhungqwi ni-Block B	6	2	2,3	88,5								30,1
Jun-23		Qurana	6	5	5,0	93,5								
Jun-23		Nkolosane	6	7	5,0	98,5								
Total					24,9	98		Total					7,1	30,1
ANNUAL-TOTAL						150,54								

3.1.1.4 Stormwater

Table 30: Completed Stormwater Repairs

Financial Year 2022-23 - % COMPLETED OF STORMWATER REPAIRS & MAINTENANCE - QUARTER 4					
Quarter	Months	Activity	Stormwater (m)	All Quarters	%
1	July to September 2022	Tlokoeng	600	613	
		Ugie	600	773	
		Nqanqarhu	400	514	
TOTAL			6300	1900	30%
2	October to December 2022	Tlokoeng	600	670	
		Ugie	500	609	
		Nqanqarhu	500	557	
TOTAL			6300	3736	59%
3	January to March 2023	Tlokoeng	600	786	
		Ugie	500	1084	
		Nqanqarhu	500	414	
TOTAL			6300	6020	96%
4	April to June 2023	Tlokoeng	500	511	
		Ugie	500	502	
		Nqanqarhu	500	533	
TOTAL			6300	7 566	120%
ANNUAL TOTAL TO DATE			6300	7566	120%

3.1.1.5 Urban maintenance Report

Table 31: Urban Maintenance

Financial Year 2022-23 - Summary Urban Maintenance Report - Quarterly Report													-	-
Quarter	Months	Activity	Stormwater (m)	All Quarters	%	Stormwater (No)	All Quarters	%	Road Reserve Maintenance(m ²)	All Quarters	%	Surfaced road maintenance (m ²)	All Quarters	%
1	July to September 2022	Tlokoeng	600	613	102%	15	17	113%	1500	2981	199%	300	63	21%
		Ugie	600	773	129%	10	28	280%	900	1050	117%	300	0,0	0%
		Nqanqarhu	400	514	129%	15	33	220%	1000	1122	112%	300	119	40%
TOTAL			1600	1900	119%	40	78	195%	3400	5153	152%	900	182	20%
2	October to December 2022	Tlokoeng	600	670	112%	10	25	250%	500	699	140%	100	0	0%
		Ugie	500	609	122%	10	26	260%	1400	1616	115%	200	0	0%
		Nqanqarhu	500	557	111%	12	23	192%	1700	1899	112%	200	0	0%
TOTAL			1600	1836	115%	32	74	231%	3600	4214	117%	500	0	0%
3	January to March 2023	Tlokoeng	600	786	131%	10	18	180%	500	1949	390%	0	147	0%
		Ugie	500	1084	217%	6	12	200%	1400	1174	84%	100	262	131%
		Nqanqarhu	500	414	83%	7	10	143%	1700	703	41%	100	133	53%
TOTAL			1600	2284	143%	23	40	174%	3600	3826	106%	200	542	271%
4	April to June 2023	Tlokoeng	500	511	102%	7	7	100%	1000	1013	101%	250	288	115%
		Ugie	500	502	100%	10	13	130%	500	507	101%	350	891	255%
		Nqanqarhu	500	533	107%	5	5	100%	500	522	104%	400	1010	253%
TOTAL			1500	1546	103%	22	25	114%	2000	2042	102%	1000	2189	219%
ANNUAL TOTAL TO DATE			6300	7566	120%	117	217	185%	10600	15235	144%	2600	2913	112%

3.1.2 Electricity

3.1.2.1 Rural Electrification

The municipality was granted the distribution license by NERSA as a result some areas of Elundini Municipality are provided by the municipality in terms of electricity. The municipality has experienced a loss over the years however, the project of installing the smart meters is one of the strategies that intend to curb such losses. During 2022/23 financial year, the municipality connected a total number of 327 households to electricity in Elenge with 36 households connected, Ulundi 45 households, Khohlong 131 households and bhethula with 115 households connected to electricity. The municipality is now close to reaching the universal access in terms of electrification. The challenges experienced in electrification are infills that always come after the area has been finalised. In addition to the above, 14 km of linkline was constructed in Khohlong.

Table 32: Household Electrification

WARD	Number of villages	Total households	Electrified	Not electrified	% not electrified	Electrified 2022/23 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%	327
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%	827

3.1.2.2 Municipal Network

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

Table 33: Electricity Capital Expenditure

Capital Expenditure 2022/2023: Electricity Services					
R' 000					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total	R14 400 000.00		R14 400 000.00	0	R14 400 000.00
Khohlong 36	R4 800 000.00		R1 080 000.00	0	
Elenge 131	R4 500 000.00		R3 704 109.04	0	
Bhethule 115	R3 300 000.00		R2 850 512.42	0	
Ulundi 45	R1 800 000.00		R1 387 376.03	0	
Batlokoa Link line	R2 312 527.90		R2 312 527.90	0	
25 xStreet Lights	R3,417,732	Ward 3	R2,119,884.62	0	R2,119,884.62
3x Highmast Installation		Ward 9			
Perform Geotech Studies for the Proposed High Mast Lights in Various Townships at Tlokoeng Town		Ward 9	R71,801.40		R71,801.40
Network upgrades					
Municipal upgrade	R1,982,760.56	Ward 4	R1,688,976.55	0	R1,688,976.55
Standby Generator and distribution board upgrade	R1,107,388.72	Ward 4	R964,019.59	0	R964,019.59
Refurbishment of 350kVA, upgrade of 500kVA minisub and 200kVA pole mounted distribution transformer	R3,665,004.00	Ward 3	R1,570,700.41	0	R1,570,700.41
Refurbishment of 22kV stand-alone RMU and installation of 500kVA		Ward 17	R2,110,229.18		R2,110,229.18

The table below depicts the number of filled and vacant positions in the Electrification Unit which reflects 22,7% vacancy rate in the electrification programme.

Table 34: Electricity Services Employment

Employees: Electricity Services					
TASK Grades	Employees	2022/2023			
		Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)

	No.	No.	No.	No.	%
0 to 3	3	3	2	1	5.5%
4 to 6	5	5	3	2	11.76%
7 to 9	2	2	1	1	5.5%
10 to 12	6	7	7		
13 to 15	-	-	-		
16 to 18	1	1	1		
19 to 20	-		-		
Total	17	18	14	4	22.76%

3.1.3 Waste Management

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

3.1.3.1 Kerbside Refuse collection and Street sweeping

The ELM renders refuse collection services in all its urban areas as well peri-urban areas as per the approved refuse collection schedule that is reviewed each financial year. The aim of the review is to cater for additional areas that either new or have been formalised to be eligible to receive such services. This financial year, there are no additional areas eligible to receive the service.

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

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

Clearing of Illegal Dumping sites

Illegal dumping of waste by communities is rife in the ELM, even communities where refuse collection services are rendered and where education and awareness campaigns are conducted. The main issue is the paradigm shift as well as inadequate waste receptacles, in that, communities do not provide waste bins/refuse bags for their generated waste. The ELM resorted to develop an annual awareness campaign incorporating Quarterly programs for clearing of illegal dumping, which costs the municipality a lot of resources. The municipality receives great help from the EPWP program in terms of additional numbers of staff in order to service the CBD, households as well as illegal dumping sites. For the 2022/23 FY 222 illegal dumping sites were cleared.

3.1.3.2 Environmental Education and Awareness raising

There's an annual education and awareness plan that is developed each financial year, detailing areas to be targeted for awareness activities and this is coupled with the cleaning of illegal dumping sites. All areas of the ELM where refuse collection services are rendered are targeted Quarterly for the campaigns, where the aim is to educate communities as well as business on their role regarding proper waste management in their premises. The municipality also works with schools as well as Echo schools in terms of education and awareness, 19 campaigns were conducted for the 2022/23 FY.

The unit strives to source / develop pamphlets and educational material are disseminated to the various stakeholders, there's also the use of the LED screen managed by the Communications unit, where environmental messages are flighted for educational purposes.

3.1.3.3 Recycling Initiatives

The Ugie Materials Recovery Facility (MRF) has been repaired but still awaiting electrification by Eskom. The municipality is still struggling to receive support from the in order to energise the structure to allow for its use by the relevant recycling cooperatives or independent person/s in the municipality. There is currently a total of about 4 registered recycling cooperatives which are doing recycling on smaller scale as well as various waste pickers who are not yet registered. 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 for 2022/23 FY has provided support to its recyclers as well as waste pickers by partnering with PETCO to provide training/workshop so that recyclers are kept abreast of the changes in terms technologies, systems, legislative requirements as well various platforms for sourcing of funding. The

ELM also continues to engage and urge informal waste pickers to be formalised so that funding opportunities are accessible as well as any other support the municipality deems fit for their benefit.

3.1.3.4 Landfill sites Operations

The public private partnership contract with an external party for the operation and management of the ELM's landfill sites came to an end in 2023. The municipality will manage the sites internally, however, that will be feasible if the municipality procures landfill site operation plant as well as equipment in order to meet the stipulated legislative requirements. Currently, the municipality only has a TLB which cannot undertake landfill operations and management as per prescribed plant. The numerous attempts to procure interim services have not been realised since the lapsing of the PPP, this has caused the municipality to digress even further with regards to this function. The department has developed a specification for sourcing/hiring of landfill equipment and a competent engineer for a period of one years, that process is still on-going and has not been finalized via SCM processes.

3.1.3.5 Achievement in Waste Management Program

The ELM has received a refuse compactor truck that was requested from an initiative by DFFE at a value of R2 551 881.81, the 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.

Employment of 136 beneficiaries by the Department of Environment, Forestry and Fisheries (DEFF), through the flood mopping program, for assisting the municipality with refuse collection, clearing & management of illegal dumping areas, greening and beautification as well as the management of parks and open spaces. This program is one of many by the department in aiding municipalities achieve clean and green towns as well create job opportunities for the ELM's beneficiaries. The department also applied for a program to host graduate interns in the field of environmental management, the South African Biodiversity Institute (SANBI) approved the application. A total of eight (8) graduate interns have been placed in the municipality for on the job training for a period of two (2) years. The internship will assist the graduates with experience that will aid them with better chances of employment. The employment of around 628 unemployed local youth through the EPWP project of the municipality with an additional 1200 others employed through the CWP program for 2022/23 FY and leg of the National EPWP implementation plan is a welcome achievement which targets poverty relief among our societies.

Assistance of recyclers within the municipality through trainings and development of business proposals for sourcing of funding.

3.1.3.6 Parks, Amenities and Open Spaces

3.1.3.6.1 Parks and open spaces

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. Beautification of parks and open spaces within the municipality is conducted on a Quarterly basis for the eradication of illegal dumping of waste as well for promoting greening. There's no set budget towards the development / maintenance of parks as such, this limits the department's ability to achieve the desired end-state of having compliant parks for recreational purposes.

3.1.3.6.2 Community halls

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

3.1.3.6.3 Sports fields

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

3.1.3.6.4 Cemeteries

The ELM's cemeteries require fencing in order to manage access control as well curb vandalism. The gravesites in all three towns are close to full capacity, a request of suitable land for the development of new compliant cemeteries has been submitted to the planning department. The allocation of land, sourcing of budget as well as the construction of new cemeteries needs to be prioritised by the municipality.

3.1.3.6.5 Pounds

The municipality does not have animal pounds, only holding cells that are non-compliant. The institution needs to set aside budget for the development of a compliant pound with all the required infrastructure as

per the Animal Act. This has to be coupled with the prioritization of the appointment of a Pound Master who will be responsible for the operation, maintenance and management of animal pounds in order to comply with relevant legislation.

3.1.3.7 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.

3.1.3.8 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.

3.1.4 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.

Housing delivery within the Municipal jurisdiction is currently the competency of the Eastern Cape Department of Human Settlements. Elundini Local Municipality is not accredited to undertake this function and as such the Municipality does not implement housing projects. The Municipality however

plays a facilitation and support role in the housing delivery process by ensuring that township applications are fast tracked, and housing stakeholder forum meetings are well coordinated. Furthermore, the Municipality ensures that partnerships which will contribute to the delivery of houses for various income groups are formed with the private and public sector. Such partnerships assist the Municipality in dealing with the housing backlog. Land invasion threats continue to affect the municipal housing planning and budgeting process and mitigating interventions are continuously employed to reduce the likelihood and impact of the risk. The housing unit of the municipality consists of only one official who is a link between ELM and the Department of Human Settlement in the Province. Housing projects for 2022/2023 financial year are reported as follows:-

Table 35: Housing projects 2022/2023

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
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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 ELM 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. Construction of the Vehicle Testing Station (VTS) in Tlokoeng is in progress, full completion is anticipated around October 2023 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 Development Planning plays a critical role in ensuring that the municipal vision to be realized. The strategic objectives of this unit cannot be isolated from the municipal vision and mission. In order to achieve the Vision, there must be planned projects each and every financial year. The spatial plans must be implemented while taking into cognisance provincial and national plans. The Department is consisting of Local Economic Development Division, Town Planning, Building, Survey, Properties, Valuation, Local Economic Development (LED) and Housing sections. The Department plays a pivotal role in terms of developing plans, policies and strategies aimed attracting developments, investors, and job creation, and it is also the main driver to the success of the Municipality vision.

The key strategic objective of the Directorate relates to the timeous, efficient and effective consideration and approval of land use applications that are responsive to and reflective of community needs and development trend. This is being done through the implementation of planning tools and processes that guide the land use application life cycle, from submission to approval. Planning tools such as the Elundini Land Use Scheme, 2023 (As Amended) and the Elundini Spatial Planning and Land Use Management By-Law are being used to evaluate land use applications in an efficient and coherent manner.

ELM amended their Land Use Planning By-Law; implemented the new by-law from 25 March 2023. And adopted the 2019-2024 Spatial Development Framework in terms of above By-Law in May 2019. All land use applications whereby no objections have been received within the public participation are finalised by the authorised employee within 90 days. All other land use applications with comments/objections be dealt with by the Municipal Planning Tribunal. Since January 2020 all new building plan applications are processed electronically. Many challenges have been dealt with and progress has been made. The Town Planning Division assists the Building Control Division to such an extent that all town planning matters be clarified before building plans officially be submitted electronically. Our new Supplementary Valuation Roll has been implemented on 1 July 2022.

The spatial vision of the Elundini Integrated Development Plan (IDP) is depicted in the Elundini Spatial Development Framework (SDF), articulated by Development Drivers. The SDF is supported by well-informed land use policies including the Elundini Spatial Planning and Land Use Management By-law and Elundini Land Use Management Scheme 2022 (As Amended). The land use polices streamline land use management and spatial development processes to drive innovation and efficiency in the response to the changes in socio-economic conditions. The majority urban development presents the opportunity to be developed as a modern development corridor supporting existing communities in Elundini and strengthening the links to Mthatha in the South and Matatiele and Kokstad in the North. Planning policies and development guidelines are enforced through Land Use Management and Building Control responsible for approving land use rights and building plans respectively

The key strategic objective of the section relates to the timeous, efficient and effective consideration and approval of land use applications that are responsive to and reflective of community needs and development trend. This is being done through the implementation of planning tools and processes that guide the land use application life cycle, from submission to approval. Planning tools such as the Elundini

Land Use Scheme, 2023 (As Amended) and the Elundini Spatial Planning and Land Use Management By-Law are being used to evaluate land use applications in an efficient and coherent manner.

3.2.1. AUTHORIZED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL AUTHORITY

3.2.1.1 AUTHORIZED OFFICIAL

In compliance with the Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) and the Municipality Spatial Planning, Land Development and Land Use Management By- Law, 2016, and during the current financial year the authorized official has considered 13 during 2022/2023 as compared to 4 applications during 2021/2022 financial year.

3.2.1.2 MUNICIPAL PLANNING TRIBUNAL

During the 2022/2023 financial year the Municipal Planning Tribunal considered 03 land development and land use applications compared to 02 land development and land use applications considered during the 2021/2022 financial year.

3.2.1.3 APPEAL AUTHORITY

There were no applications considered by the Appeal Authority during 2022/2023 financial year.

3.2.2 LAND ALIENATION AND REVENUE COLLECTION

The alienation of properties plays a significant role in terms of bringing development to the Municipality. During the year under review we manage to sell sites in Ugie, Nqanqarhu and Tlokoeng. As part of the revenue collection, the Development and Planning Department is also responsible for the management of the Municipal valuation roll. The valuation roll was successful implemented on the 1st July 2022 and Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) was adhered with during the process. The Department will continue with the monitoring of supplementary valuation roll.

3.2.3 DEMARCATION OF RESIDENTIAL SITES

In order to achieve advance spatial planning and promote community well-being and environmental welfare, the municipality is also demarcating residential sites in communal land and Municipal owned land. This is also aimed at proper implementation of SPLUMA, Spatial Development Framework, Land Use Scheme and By-Law.

3.3 COMMUNITY & SOCIAL SERVICES SPECIAL PROGRAMS

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. The Department of Sports Recreation Arts and Culture runs and operates the modular libraries with their staff members. All three towns operate library facilities through seconded professional librarians assisted by staff appointed by ELM.

Some of the challenges regarding libraries include:

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

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 2 X ECDC's i.e. Lower Tsitsana and Refele Sportfield.

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

Table 36: Capital Expenditure for Community Halls

Project name	Budget	Expenditure Including Retention withheld	Retention withheld	Retention paid
Refele Sportsfield	13 999 524,56	10 114 001.62	1 001 568.92	0.00
Lower Tsitsana	1 976 783,70	1 768 377,96	176 837,80	88 418,90
Ntokozweni ECDC	4 121 978.12	4114 473.13	319 265.07	0.00

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. There is no numbering of graves in all Municipal cemeteries which will lead to the loss of graves. 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 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.

Air pollution samples are continuously taken by Air Pollution Officers from District DEDEAT for testing.

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 disclosure by PG Bison to over and above give assurance to the municipality that the levels of contaminants emanating therefrom are not toxic and significant enough to warrant any cause for concern.

3.5 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.

3.5.1 Clinics

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

3.5.2 Ambulance Services

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

3.5.3 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 and there are Environmental Health services units with Environmental Health Officers deployed in each town. 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 and the abattoir is privately owned.

3.6 SECURITY AND SAFETY

3.6.1 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 37: Traffic Officers

TASK Grade	Year 2022	Year 2023
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Police	Employees	Posts	Employees	Vacancies (fulltime equivalent)	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%

3.6.2 FIRE

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

3.7 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 38: Capital Expenditure for Community Halls and Sports fields

2022/23 Capital Expenditure for construction of Ntokozweni ECDC and Refele Sportsfield Phase 2					
R					
Capital Projects	2022/2023				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Construction of Ntokozweni ECDC	R 4 121 978.12	R 4 121 978.12	R 4 114 473.13	7 504.99	R 4 228 573.68
Construction of Refele Sportsfield phase 2	R 13 999 524.56	R 13 999 524.56	10 114 001.62	3 885 522.94	20 779 792.97

3.8 SPECIAL PROGRAMS UNIT

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

- HIV& AIDS programs
- Support to women owned businesses/enterprises
- Support to youth owned businesses/enterprises
- Mayoral Horse Racing Event
- MSI program
- People with Disabilities

3.8.1 HIV& AIDS programs

In this financial year the municipality budgeted an amount of R1 071 000 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 above-mentioned budget

3.8.1.1 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. They held all their Quarterly meetings as planned in this financial year. **Where is the table showing the sitting of LAC meetings?**

3.8.1.2 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 2022/2023 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

3.8.1.3 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 that work in these HCBCs. The sessions were done by a professional counsellor, in Nqanqarhu in June 2023

3.8.1.4 Care Givers Training

The municipality also organized a 3-day training for the workers in these HCBCs. The nature of the work that they do requires them to be trained from time to time for them perform their duties well. The training was facilitated by a trainer from Department of Health. Each HCBC sent 2 workers to attend the training, the total number of attendees was 34, the training was held at Nqanqaru on the 28th to 30th November 2022. The training mainly focused on transmission of HIV, prevention of HIV, why women get

more infected by HIV than man, how to treat other people who are infected, and reducing risk of HIV, incidence and prevalence on HIV and the HIV treatment.

3.8.2 Support to Women owned businesses

The main objective of this project is to empower women in business by providing financial and technical support to their businesses. The project has been implemented successfully and the following women owned enterprises were supported:

Table 39: Women-Owned Enterprises Supported

NAME OF THE ENTERPRISE	REQUESTS	SUPPORT PROVIDED	AMOUNT
Sincedise Bawo Sewing Primary Co-op (Sewing Business)	Sewing machines Material Skills training Operational space/ structure	2 Industrial sewing machines 2 Industrial overlocking machines 2 work tables Material worth 20 000.00 Training and operational space was not provided due to budget limitations	???
OLIEY Serve Pty Ltd (Confectionary)	Mobile kitchen Gas pizza oven Marketing branding	2 Gas Pizza ovens 1 dough mixer 1 dough sheeter 6 Pizza cutters 3 pizza board 1 gas cylinder	
Utloanang Group Scheme Project Ltd (Agriculture)	Shelter Breeds	Building material for sheep shelter	

3.8.3 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 and Fitness & Wellness sectors

Table 40: Youth Enterprises Supported

YOUTH ENTERPRISE	SUPPORT PROVIDED	AMOUNT
1. Luyolo LwamaGcina Cooperative	<ul style="list-style-type: none"> • Irrigation system • Equipment and tools • Feed for Chicken • Medicine • Shelter for Chicken 	
2. FMGS Multi-Purpose Cooperative	<ul style="list-style-type: none"> • Pig Sty • Different breeds of pigs • Feeding equipment • Vaccination 	
3. Mt Fletcher Fitness Centre	<ul style="list-style-type: none"> • Multi-function machine • Leg press • Spinning bikes 	

	<ul style="list-style-type: none"> • Treadmill • Electricity backup (Generator) 	
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3.8.3.1 Mayoral Horse Racing Event

The municipality has successfully hosted a Mayoral Horse Racing event, which was held in Ugie. This has become an annual event with an intention of:

- Facilitating provision of more opportunities for our jockeys.
- Promoting local economic development and tourism.
- Facilitating social cohesion.

Additionally, 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. The Mayoral horse racing event was held on the 24 September 2022 in Ugie, the following were the highlights of the day;

- 200 horses registered for different hits
- Local artists were provided a platform to perform for the crowds, these included Pop, Gospel artists, Local deejays and traditional dance groups and they were paid for their services.
- Local small businesses were given an opportunity to trade in the event.
- Each racing team was required to utilize young jockeys and that if they win, 10% of the prize will be paid to the jockey
- Overall an amount of R180 000 was deposited into the Elundini Horse racing structures account, to facilitate the payments of the winners after the event.

3.8.4 Mayor's Social Investment (MSI)

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

3.8.4.1 Bursary Support/Assistance

ELM carried on supporting the 04 students from the last financial year, this was their final year of study. For this financial year there was no additional funding allocated to fund new intakes. Payments were fully processed to institutions for the 4 students doing the following qualifications:

Table 41: 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

3.8.4.2 Adopt a School

The project was focusing 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 2023 the municipality renewed contracts of some tutors, there were 15 tutors in the program. They have signed a six months contract that ended in June 2023, this is due to a decision to end the program as it became redundant now that DOE introduced the EAs. Tutors submitted their reports and payments were made as per the signed contracts, list of schools that had tutors are as follow: -

1. Solomzi JSS x0
2. Maclear Public School x01
3. Ilingeletu P.S x 03
4. Elunyaweni JSS x 01
5. Fletcherville JSS x 01
6. Chebenca Primary 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

3.8.4.3 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: -

3.8.4.3.1 Black Hawk Partnership

Black Hawk foundation was founded by a team of medical doctors whom utilise it to give back to their communities. The municipality partnered with Black Hawk foundation in Ward 11 (Mbambangwe village) in October 2022 to provide health services, wellness programs, career exhibition, handing over of school shoes, gardening tools and sanitary towels. Stakeholders that were invited to also provide their services are: - Department of Health, Durban University of Technology, Walter Sisulu University, Department of Justice. Professional medical doctors were also available providing full service and dispensing medicines and prescriptions to the needy for free. A sport tournament followed where kits were handed over to the local winners.

3.8.4.3.2 Handing over of school uniform

Honourable Mayor handed full school uniform i.e.: - Back packs, shirts, school shoes, tunics, jerseys and trousers to the following 3 schools:

- Ngxaza JSS (Ward 5) received 10 packages for girls and 05 packages for boys and 10 sets of gardening tools,
- Sofonia SSS (Ward 7) received 10 packages for boys and
- Tinana JSS (Ward 12) received 05 packages for girls and 5 packages for boys

3.8.4.3.3 Sanitary Towel and Toiletries Drive

The Honourable Mayor received a request from Azavike trading for partnership, the company purchased 2000 sanitary packs and the municipality procured 300 sets of toiletries in which 3 schools benefited: - Popopo JSS, Sitaka JSS in ward 12 and Jamangile SSS in ward 6.

3.8.4.3.4 Donation of Grocery voucher

The Honourable Mayor received a request from the ward councillor from ward 3 about the funeral of one of the employees under the EPWP program at community service department who was shot dead, the office visited for assessment and found that the deceased was the bread winner and there were no means to bury him, Honourable mayor recommended that the office assist the family with grocery voucher amounting to R5000.

3.8.5 People with disabilities

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

3.8.5.1 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 services to people with disabilities in the municipal jurisdiction. Under these service level agreements, the municipality, also supported these two NGOs to employ five care givers (each NGO) under the EPWP program and were paid every month an amount of R1 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.

3.9 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

3.9.1 SMME Development

3.9.2 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. The municipality has continued with the implementation of the Sub Construction Strategy in the 2022/23 financial year. Our infrastructure Directorate appointed a total of 11 SMMEs from the Elundini Municipal Area to implement various projects ranging from road surfacing, paving and fencing and road surfacing. As part of the strategy beneficiary contractors will be assisted by the municipality upgrade their CBID grade upon completion of the works. This will ensure that that local SMMEs are able to graduate and compete for much larger contracts. This component is the cornerstone of the development of local contractors by the municipality and by implication development of the local construction industry as a whole.

3.9.2.1 Training for SMMEs

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

Contractors

- Legislation governing procurement
- Procurement thresholds and governing legislation
- Completing responsive tender documents and returnable documents
- Responding to requirements/conditions and special conditions of tender.
- Understanding of functionality /eligibility
- Local production and content
- BBBEE requirements and sworn affidavits
- Comprehensive interpretation of locality in the SCM regime.
- Procurement to follow when requesting information from an organ of the state.

Caterers

- National Norms and Standards as published by the Department of Health in line with the National Health Act.
- Joe Gqabi District Municipality Food Control Bylaws
- Regulations governing hygiene requirements for food premises
- The transport of food and related matters
- Catering management as part of the food service industry.

The training was held at the Maclear Town Hall on the 29th September 2022 and 26 caterers and 52 Contractors attended respectively.

Capacitation with the supply of inputs and working equipment

One of the measures undertaken by the South African Government to improve the plight of the economically vulnerable was to avail funding for the most affected sectors of the economy. One of these funding mechanisms was from the Eastern Cape Department of Economic Development, Tourism and Environmental Affairs DEDEAT. To access their funding DEDEAT asked the municipality to coordinate and submit applications from informal traders in October of 2020. This was duly done.

Even though the process has taken over two years, in February 2023, Elundini Municipality finally received the good news that the DEDEAT had approved support for 27 formal traders from Elundini. This is out of a total of 42 applications in Joe Gqabi District that have been approved. This translates to 64 percent of total approvals and R810 000 when considering that each approval costs R30 000. The support though is not in the form of money but rather industrial sewing machines and materials for informal traders in the clothing and textiles sector.

To celebrate this achievement, Planning and Economic Development Directorate organised a handover ceremony for the informal traders at the Craft Centre in Mt Fletcher on the 18th April 2023. This event which was presided over by the LED Portfolio Head was attended by the 27 beneficiaries, councillors and staff members. The industrial sewing machines and materials were handed over to the beneficiaries amidst much fanfare and celebrations.

3.9.3 Masonry 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.

As of June 2023, there were 7 employees working on the site. They were contracted for a period of 6 months which expires at the end of August 2023. At a recent site meeting by the relevant stakeholders it was decided that for the project to be fully functional, a total number of 10 employees would be employed as from the 1st September 2023, using EPWP rates. The Elundini CDC would draw up the adverts and these would be distributed to Councillors from Ward 9 and Ward 15 in whose immediate vicinity the project is located.

For the project to be functional it was decided that the following items would have to be sourced through municipal procurement processes or other avenues that can be explored.

- 3 phase generator
- 3 phase extension cord
- 1000 pellets
- Cling wrap
- Hiring of truck and forklift (Deliveries)
- Resurfacing of existing slab
- Construction of new slab
- Flood lights
- PPE (Mask, Aprons, Goggles, gloves)

Marketing Strategy

- Elundini Municipality Infrastructure Department– The municipality's Infrastructure Department began works in the construction/rehabilitation of streets in Tlokeng, Maclear and Ugie. This process is in the final stages of procurement. Upon completion of this process there is already an in-principle agreement between Planning and Economic Development and Infrastructure that the appointed

contractors will be engaged about the possibility of sourcing the necessary masonry material such as kerbs from the project. However, all of this is highly dependent on the readiness of the project to deliver the required masonry material as and when it is required.

- Mt Fletcher Mall Development- The project is expected to produce construction material when this development finally gets underway

Funding Strategy

- The Elundini Cooperative Development Centre has submitted a funding application to the Small Enterprise Funding Agency (SEFA). Such funding is expected to be used for critical capital items such as a truck and a forklift which are vital in the success of the project going forward.

3.9.4 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.

3.9.5 Agricultural Development

3.9.5.1 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

In the 2022/23 financial year the appointed service provider in partnership with the municipality certified the following shearing sheds in the Tloekeng area.

- Tswelopele Shearing Shed
- Zingonyameni Shearing Shed
- Utlloanang Shearing Shed
- Mohoabatsane Shearing Shed
- Castle Rocks Shearing Shed
- Luzie Shearing Shed
- Satube Shearing Shed
- Boiteko Shearing Shed
- Masibambane Shearing Shed
- Koebong shearing sheds.

In line with the objectives of this programme the certified shearing sheds will now receive a premium of 10 percent and above in the market for their wool.

3.9.6 Tourism Promotion

3.9.6.1 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.

The Tourism Information Centre in Maclear has been operational for most of the 2022/23 financial year and is mainly been manned by tourism interns that the department employs on a yearly basis. The centre provides critical information on the profile and number of visitors in the Elundini area. This enables the municipality to target such visitors by marketing to platforms that they normally frequent

3.9.6.2 Tourism Awareness

Tourism Month is an annual celebration held in September to focus on the importance of tourism to the economy of South Africa. It is aimed at encouraging more people to embark on leisure activities and, in so doing, to increase the number of domestic holiday trips and tourism spend in all nine provinces, while contributing to a critical sector of the country's economy. It also encourages South Africans to travel within their own country and to get a better understanding of the affordable and exciting attractions and activities available to them on their own doorsteps. The area of Elundini Municipality does not experience great amounts of leisure tourism from external communities and neither do local people travel within the borders of Elundini.

In 2022/23 the Elundini Municipality focussed on creating awareness about the importance of tourism and its contribution to the economy. It also aimed at increasing awareness amongst the political leaders

about the tourism offerings, activities and the historical assets that are in Elundini wards. As community leaders, they are strategically placed to market attractions within the municipality as they act as liaisons with many different stakeholders who require information about the municipality. The event was held over two days 22nd to the 23rd of September 2022.

The focus was also on preservation of attractions and the environment.

Amongst the attractions that were visited were the following:

- Ngxaxha falls in ward 7
- Vintage cars –ward 12
- Arts and Craft Centre -ward 9
- Mt Fletcher museum-ward 9
- Benderig farm -ward 2
- Tractor museum -ward 2
- Ugie dam – ward 2
- Vaineck route- multiple wards.

In May 2023 the municipality participated in the National Tourism Indaba that is held annually in Durban as part of marketing the municipality. Tourism Indaba is one of the largest tourism marketing events on the African calendar and one of the top three 'must visit' events of its kind on the global calendar. It showcases the widest variety of Southern Africa's best tourism products, and attracts international visitors and media from across the world.

Elundini Municipality through its tourism unit participates in this event through exhibiting its tourism attractions as well as offerings. This year, the municipality exhibited as Elundini Tourism and the exhibition stand was branded with the Elundini tourism brand “The Cradle of Culture”. About 1476 exhibitors from all over Africa attended the tourism Indaba 2022. The municipality was able to distribute over 200 brochures. It is imperative that the municipality continues to target such major events that have a wide audience so as to maximise the impact of its tourism marketing initiatives.

3.9.6.3 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.

As at the end of June 2023, the municipality was in the final processes of appointing a service provider to develop a plan for the craft industry with particular interest in the maximum utilization of the Tlokeong Craft Centre playing a pivotal role in this industry as was initially intended. This strategy will be developed in the 2023/24 financial year and shall be used to develop this industry going forward.

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 note 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.

4.1 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 42: Executive and Council

Employees: The Executive and Council					
Task Grade	Year 2022	Year 2023			
	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 2022/23. 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 2022/2023. There were disposal activities performed during the 2022/2023 F/Y.

4.4. Human Resource Services

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

4.4.1. 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:

Gross negligence and dishonesty (stolen vehicle).

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 which was issued on 24-05-2022 is still valid with department of labour, expiry date is 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 (10) Self-Referral Cases, (6) supervisory / managerial referral cases and (2) rehabilitative 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 2023, the ELM's reviewed Organogram reflected a total number of 345 positions with 305 (88%) funded positions and 278 filled (81%). This makes a total of 40 (12%) unfunded posts on the organogram. The municipal vacancy rate for 2022/23 financial year is 8.9%, a percentage lower than 9% vacancy rate of 2021/22 financial year. The Municipal Manager and some Directors reporting directly to the Municipal Manager are filled except for the positions of Chief Financial Officer and Director: Corporate Services were rendered vacant due to resignation.

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 Councillor's and unemployed youth of Elundini. The Skills Development section had a training budget of R 1 929 996.00 and at the end of the financial year, over 100% of the training budget was successfully spent. As a result, during the 2022/23 financial year, a 104% was spend on all the training and development activities that were included in the WSP for the development of Elundini Capacity. Below are the other programs that were coordinated in this section:

a). Bursary Programme for employees

During the 2022/23 financial year, Elundini Municipality disbursed bursary to eighteen (18) employees across all departments which increased by a number of 10 (employees) compared to 2021/22 financial year. The capacitation of employees through formal qualifications ranged from the following courses:

Post Graduate Diplomas in Public Management

Post Graduate in Risk Management

Post Graduate in Project Management

Advanced Diploma in Financial Management

Advanced Diploma in Occupational Health & Safety

Local Government Law & Administration

Bachelor's Degree in Public Administration

Bachelor of Commerce in Project Management

Bachelor of Commerce in Humana Resource Development

Bachelor of Commerce in Humana Resource Management

Bachelor of Administration in Public Sector Management

Diploma in Public Administration

Diploma in Metropolitan and Traffic Policing

Higher Certificate in Project Management

b). Internship

As part of eradicating youth unemployment, Elundini Local Municipality has internships that targets unemployed youth who have completed tertiary qualifications and those who are in need experiential learning in order to satisfy the requirements of their qualifications. As a result, the Municipality through the Skills Development Section has appointed seven unemployed graduates for internship and two experiential learners for experiential learning.

4.5. 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 are 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 down 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.

Municipality is implementing performance management in line with the municipality's policy on PMS as well as the Local Government: Municipal Staff Regulations of 2021 (Reg. 890), which necessitate a feedback session which is facilitated through formal assessments. The municipality is currently facilitating performance assessments, and later will identify employees who qualify for performance bonuses and shall be rewarded in accordance with the performance management policy.

New Employees

As can be depicted by the table below, the municipality employed 21 employees during the year under review, 7 of them were females and the other 14 were males. Another factor that needs to be commended is the fact that the municipality employed 3 females in senior management positions and 2 males as a senior management. From the new recruits, the municipality prides itself in the employment of 12 youth members below the ages of 35, this guarantees a long standing and guarantees survival of Municipality. Furthermore, in an attempt to address employment equity. The Municipality encouraged the recruitment of disabled citizens however none were attracted, and this resulted in ensuring that the municipality recruits disabled employees through the EPWP initiative.

Table 43: New employees

NEW EMPLOYEE RECRUITS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services	2				8				10					5	5	0
Corporate Services	1								1						1	
Finance	2				2				4					3	1	
Administration																
Electricity																
Environmental Protection																
Infrastructure Planning					2				2				0	1	1	
Office of the Municipal Manager	1				1				2					1	1	
Public Safety																
Road Maintenance																
Sport and Recreation																
Waste Management																
Waste Water Management																
Strategic Planning	1				1				2				0	1	1	
TOTALS	7				14									11	10	

New Labor Market Entrants

For 2022/23 financial year, the municipality employed 4 new employees (first time employment) as depicted by the table below, and all these employees are below the age of 35

Table 44: 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					2									2		
Corporate Services																
Finance	1				1									2		
Administration																
Electricity																
Environmental Protection																
Health																
Infrastructure Planning																
Office of the Municipal Manager																
Public Safety																
Road Transport																
Sport and Recreation																
Waste Management																
TOTALS																

Labour Turnover

The table below depicts that there have been 30 terminations during the year under review, of which 13 were resignations, 1 case of death, 6 were retirements. Dismissal, which includes both Contract expiry and outcomes of the Disciplinary processes made a total of 10 employees.

Table 45: 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	1			8				8	1				2		1	4	1	2		
Corporate Services	1								1				1								
Finance	2				3				4				2	2					1		
Administration (Office of the Municipal Manager)					2				1					1					1		
Electricity																					
Environmental Protection																					
Planning & Economic Development	1								1				1								
Public Safety																					
Infrastructure Planning	3				4			1	6			1	2	2		1	1	1			1
Road Transport																					
Sport and Recreation																					
Waste Management																					
Waste Water Management																					
Water and Sanitation																					
TOTALS	8	1			17			1	21	1		1	6	7	1	5	2	5			1

Employee Totals and Employee Equity

Of the 278 filled positions during the year under review, 138 are female employees, including temporary employees, which constitute 49% of the total workforce. Total Male employees make 51% of the total workforce for 2022/23 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 19 Professionally qualified and experienced specialists and mid-management and 2 out of the 4 filled Senior Management positions. Below is the gender breakdown of staff compliment, including employees living with disabilities, of Elundini Local Municipality per occupational level.

Table 46: Snapshot of workforce profile for all employees, including people with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1										1
Senior management	1				2						3
Professionally qualified and experienced specialists and mid-management	8				11						19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	33	1		1	61			1			97
Semi-skilled and discretionary decision making	48				26						74
Unskilled and defined	46				37	1					84

decision making										
TOTAL PERMANENT	137	1		1	137	1		1		278
Temporary employees	2				1					3
GRAND TOTAL	139	1		2	138	2		1		281

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 47: Staff Turnover & Vacancy Rate

Employees					
Description	Year -1		Year - 2		
	2021/2022		2022/23		
	Employees No.	Approved and funded Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-			-
Waste Water (Sanitation)	-	-			-
Electricity	14	14	11	3	21
Waste Management	85	85	79	6	7
Housing	1	1	1	0	0
Waste Water (Stormwater Drainage)	-	-	-	-	-
Roads	34	35	33	2	5
Project Management Unit	6	6	4	2	33-
Transport	-	-	-	-	-
Planning	5	5	5	0	0

Local Economic Development	5	5	5	0	0
Planning (Strategic & Regulatory)					-
Community & Social Services	-	-	-	-	-
Environmental Protection					-
Health					-
Safety and Security	28	28	26	2	7
Sport and Recreation					-
Corporate Policy Offices and Other	127	126	114	12	9
Totals	305	305	278	27	8.9%

The position of Director for Corporate Services and the Chief Financial Officer were rendered vacant due to resignation. The table below depicts the employee 2022/23 status quo per department:

Table 48: Vacancy Rate

Vacancy Rate: 2023			
Designations	*Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	1	100%
Other S57 Managers (excluding Finance Posts)	4	1	25%
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	3	16%
Mid management: TASK Grade 14-19 (Finance posts)	4	0	0%
Highly skilled supervision: TASK Grade 9-13 (excluding Finance posts)	87	9	10%
Highly skilled supervision: TASK Grade 9-13 (Finance posts)	13	0	0%
Total	129	11	8%

Table 49: Staff Turnover

Turn-over Rate: 2023			
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	

Human Resource Plans and Policies

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

Table 50: HR Plans and Policies

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

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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	X	02 December 2022
7	Employment Equity	X		22 June 2018
8	Exit Management (Terminations)	X	X	02 December 2022
9	Grievance Procedures	X		22 June 2018
10	HIV/Aids	X		22 June 2018
11	Information Technology			22 June 2018
12	Job Evaluation	X	X	02 December 2022
13	Leave	X		22 June 2018
14	Occupational Health and Safety	X	X	02 December 2022
15	Official Housing	X		22 June 2018
16	Official Journeys (S & T)	X	X	02 December 2022
17	Official transport to attend Funerals	X	X	02 December 2022
18	Official Working Hours and Overtime	X	X	02 December 2022
19	Performance Management and Development	X	X	02 December 2022
20	Recruitment, Selection and Appointments	X		22 June 2018
21	Remuneration Scales and Allowances	X		Regulated by SALGA & SALGBC
22	Relocation	X		22 June 2018
23	Sexual Harassment	X	X	02 December 2022

24	Skills Development (Training & Development)	X	X	02 December 2022
25	Smoking	X		22 June 2018
26	Other:			22 June 2018

INJURIES, SICKNESS AND SUSPENSIONS

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

Table 51: 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

SICKNESS			
POSITION	Nature of Injure/ Sickness	Action taken	Date Finalized
EPWP General worker	Epileptic seizure	Taken to hospital	09 June 2023
General Worker	Medical Disability application in progress	On Sick Leave	Appeal stage
General Worker	Medical Disability application in progress	On Sick Leave	Appeal stage

INJURIES			
POSITION	Nature of Injure/ Sickness	Action taken	Date Finalized
Internal Audit	First aid injury	First aid response	17 October 2022
Budget Accountant	First Aid injury	First aid response	17 May 2023
EPWP General worker	Sprained ankle	Taken to hospital	15 May 2023

Table 52: 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.	01 August 2023

Heavy Duty Operator	Unauthorised use of municipal property	21 Jan. 2022	Finalised sanction – Employee will be transferred to another position	09 September 2023
Supervisors	Gross negligence	none	Finalised, the employee was dismissed	03 March 2023
Truck Driver	Unauthorised taking Municipal property (Theft)	None	Finalised, the employee was dismissed	30 November 2023

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 depict the type of training initiatives benefited both councillors and employees and the expenditure incurred.

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 53: Skills Matrix

SKILLS MATRIX 2022/2023 FINANCIAL YEAR														
Management level	Gender	Employees in post as at 30 June 2023	Number of skilled employees required and actual as at 30 June 2023											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
			No.	Actual: End of 2022	Actual: End of 2023	2021Target	Actual: End of 2022	Actual: End of 2023	2021 Target	Actual: End of 2022	Actual: End of 2023	2023 Target	Actual: End of 2022	Actual: End of 2023
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

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 54: 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

4.6.1.1 Annual Performance Report 2022-23

Table 55: Annual Performance Report

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL111	Infrastructure Planning and Development	Number of households in electrification programme connected. (Khohlong 32, Elenge 131, Bhetule 112, Ulundi 45)	480	320	327	G2	Target overachieved. The electrification project was initially 480 and was adjusted to 320 due, to verified number of households as against the number that was planned. Khohlong was initially 32 households and there were 36 households that were connected. Bhetule was 112, and 115 households were connected, therefore 327 resulted to 7 extra households that were not constructed during the planning however were connected and no extra funding was used.	None
TL112	Infrastructure Planning and Development	Number of electricity projects completed (Public lighting -High Mast Installation x 3; Street lights Installation x25; Network upgrade x2)	2	2	2	G	Target achieved.	None
TL113	Infrastructure Planning and Development	% of maintenance completed for electricity network as per the	100%	100%	100%	G	Target achieved	None

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
	Development	maintenance plan						
TL114	Infrastructure Planning and Development	Number of smart meters installed	3 600	1800	22	R	Target not achieved, the progress started very slow due to the late delivery of smart metres for installation. the total of 50 meters was installed at Bhekela, Ugie, Ward 2.	The project will then be rolled over to the next financial year.
TL115	Infrastructure Planning and Development	KMs of roads constructed (Maclear/ Nqanqarhu streets phase 3(1,184km); Nkangala AR(4km); Bhethula Mrhorwana (2.8km), castle rock bridge	10.914	7.98	7.3	O	Target not achieved, Cressnock street could not be done due to the limited budget. Castle Rock's bridge was highly affected by heavy rainfalls that damaged the foundation of the bridge which led to the contractor suffering losses on the project and later abandoned the site. The scope of work had to be revised and due to the damage, it required more funding to continue. The project was re-advertised and the appointment was made in April 2023.	The projects will be rolled over to the next financial year and will be completed in quarter 2
TL116	Infrastructure Planning and Development	Number of public amenities constructed (Ntokozweni ECDC, Mt Fletcher Toilets and VTS	3	3	2	R	Target not achieved, Mount Fletcher public toilets were not constructed due to insufficient funds for the project. Ntokozweni ECDC and Mount Fletcher VTS were completed.	Mount Fletcher toilets have been rolled over and budgeted for 2023/24 financial year
TL117	Infrastructure Planning and Development	Number of bridges rehabilitated (2 x Ward 7 Bridge in Sophonia)	2	2	0	R	The target not achieved, the heavy rainfalls damaged the work that was done and a period of 3 months was lost due to heavy rainfall. The works	Sophonia bridges will be rolled over to 2023/24 and is expected to be

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
							resumed in April 2023.	completed in the second quarter.
TL118	Infrastructure Planning and Development	Number of kms of remedial works at Sonwabile streets	100%	1.95	2,2	G2	Target achieved	None
TL119	Infrastructure Planning and Development	Number of KMs of access roads maintained	150	150	150,5	G2	Target over achieved, after rainfall season, work was recovered by working on weekends especially in quarter 4	None
TL120	Infrastructure Planning and Development	% completed of Stormwater repairs/maintenance	100%	100%	120%	G2	Target overachieved due to high volume of responsive maintenance that resulted into more stormwater maintenance and repairs done weekends were used to do extra work	None
TL121	Infrastructure Planning and Development	% completed of urban roads maintenance	100.00%	100.00%	140%	B	Target over achieved high volume of responsive maintenance required to clear blocked stormwater inlets, outlets and culverts. As the result of that section had to go extra mile and work some weekends to cover more work.	None
TL122	Infrastructure Planning and Development	% of the Municipality's budget for training and development actually spent.	100%	100%	104%	G2	Target overachieved, the training and development policy only allowed 2 employees to benefit from the bursary, after the review of the policy, the criteria changed and allowed more employees to benefit	None

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
							on bursaries which resulted to the overachievement	
TL123	Corporate Services	Number of organizational structures reviewed	1	2	2	G	Target achieved	None
TL124	Spatial Planning and Economic Development	Number of work opportunities created through EPWP	165	459	653	B	More employees were appointed for EPWP projects more than the anticipated number.	None
TL125	Spatial Planning and Economic Development	Number of master plans developed for the Ugie Agro Hub	1	1	0	R	The order for master plan could not be issued to the appointed service provider as it was awaiting its finalisation of long-term agreement by Municipality and National Treasury.	Request for physical meeting with both lawyers and Treasury as their attendance on this matter is very low
TL126	Infrastructure Planning and Development	% expenditure on all infrastructure grants	100%	100%	100%	G	Target achieved.	None
TL127	Budget and Treasury Office	Number of Households receiving free Basic Services	5 000	5 000	5934	G2	Target overachieved due to more indigent registered and receiving the free basic services	None
TL128	Office of the Municipal Manager	Number of Circular 88 reports submitted	4	4	4	G	None	None
TL129	Community Services	Number of areas receiving refuse collection from urban and	100%	39	59	B	Target achieved	Target achieved

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
		commercial properties (Nqanqarhu 12, Tlokoeng 16, Ugie 11)						
TL130	Infrastructure Planning and Development	Number of bridges repaired/maintained (Tsitsa Bridge)	1	1	0	R	Target not achieved, no work was done from December 2022 due to Heavy Rainfall that damaged the bridge more than it was before resulted to more work that needed to be done.	Consultant has been appointed to redesign the bridge as it no longer maintainable.
TL132	Infrastructure Planning and Development	Percentage completion of Refele Sportsfield phase 2	30%	30%	72%	B	Target over achieved, the contractor is on track and have peaceful working relations with the community	None
TL133	Infrastructure Planning and Development	Number of km's of link line constructed (Batlokoa 02)	0	14	14	G	The link line was constructed with the remaining balance after the reduction of the number of households that were connected	None

4.6.2. Performance Per KPA

ELM had a total of 22 indicators; Basic Service Delivery had a total of 16 indicators out of the 22 indicators; Financial Viability had a total of 02 indicators whilst Good Governance had 01 indicator; Local Economic Development had a total of 02 indicators and Municipal Transformation KPA had 1 indicator. Basic Services achieved 69%; Financial Management & Viability KPA achieved 100%; Good Governance & Public Participation KPA achieved 100% whilst Local Economic Development achieved 50% and Municipal Transformation & Organizational Development KPA achieved 100%.

Table 56: Summary of Performance Per KPA

	Elundini Local Municipality	Basic Service Delivery and Infrastructure	Financial Management & Viability	Good Governance & Public Participation	Local Economic Development	Municipal Transformation & Organisational Development
Number of Indicators Per KPA	22	16	2	1	2	1
% of indicators Per KPA	100%	73%	9%	4,5%	9%	4,5%
Actual Performance Achievement Per KPA	16	11	2	1	1	1
% Performance Achievement Per KPA	73%	69%	100%	100%	50%	100%

4.6.2.1 Basic Services Key Performance Area

Table 57: Basic Services KPA

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL111	Infrastructure Planning and Development	Number of households in electrification programme connected. (Khohlong 32, Elenge 131, Bhetule 112, Ulundi 45)	480	320	327	G2	Target overachieved. The electrification project was initially 480 and was adjusted to 320 due, to verified number of households as against the number that was planned. Khohlong was initially 32 households and there were 36 households that were connected. Bhethule was 112, and 115 households were connected, therefore 327 resulted to 7 extra households that	None

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
							were not constructed during the planning however were connected and no extra funding was used.	
TL112	Infrastructure Planning and Development	Number of electricity projects completed (Public lighting -High Mast Installation x 3; Street lights Installation x25; Network upgrade x2)	2	2	2	G	Target achieved.	None
TL113	Infrastructure Planning and Development	% of maintenance completed for electricity network as per the maintenance plan	100%	100%	100%	G	Target achieved	None
TL114	Infrastructure Planning and Development	Number of smart meters installed	3 600	1800	22	R	Target not achieved, the progress started very slow due to the late delivery of smart metres for installation. the total of 50 meters was installed at Bhekela, Ugie, Ward 2.	The project will then be rolled over to the next financial year.
TL115	Infrastructure Planning and Development	KMs of roads constructed (Maclear/ Nqanqarhu streets phase 3(1,184km); Nkangala AR(4km); Bhethula Mrhorwana (2.8km), castle rock bridge	10.914	7.98	7.3	O	Target not achieved, Cressnock street could not be done due to the limited budget. Castle Rock's bridge was highly affected by heavy rainfalls that damaged the foundation of the bridge which led to the contractor suffering losses on the project and later abandoned the site. The scope of work had to be revised and due to the damage, it required more funding to continue. The project was re-advertised and the appointment was made in April 2023.	The projects will be rolled over to the next financial year and will be completed in quarter 2

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL116	Infrastructure Planning and Development	Number of public amenities constructed (Ntokozweni ECDC, Mt Fletcher Toilets and VTS)	3	3	2	R	Target not achieved, Mount Fletcher public toilets were not constructed due to insufficient funds for the project. Ntokozweni ECDC and Mount Fletcher VTS were completed.	Mount Fletcher toilets have been rolled over and budgeted 2023/24 financial year
TL117	Infrastructure Planning and Development	Number of bridges rehabilitated (2 x Ward 7 Bridge in Sophonia)	2	2	0	R	The target not achieved, the heavy rainfalls damaged the work that was done and a period of 3 months was lost due to heavy rainfall. The works resumed in April 2023.	Sophonia bridges will be rolled over to 2023/24 and is expected to be completed in the second quarter.
TL118	Infrastructure Planning and Development	Number of kms of remedial works at Sonwabile streets	100%	1.95	2,2	G2	Target achieved	None
TL119	Infrastructure Planning and Development	Number of KMs of access roads maintained	150	150	150,5	G2	Target over achieved, after rainfall season, work was recovered by working on weekends especially in quarter 4	None
TL120	Infrastructure Planning and Development	% completed of Stormwater repairs/ maintenance	100%	100%	120%	G2	Target overachieved due to high volume of responsive maintenance that resulted into more stormwater maintenance and repairs done weekends were used to do extra work	None
TL121	Infrastructure Planning and Development	% completed of urban roads maintenance	100.00%	100.00%	140%	B	Target over achieved high volume of responsive maintenance required to clear blocked stormwater inlets, outlets and culverts. As the result of that	None

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Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
							section had to go extra mile and work some weekends to cover more work.	
TL127	Budget and Treasury Office	Number of Households receiving free Basic Services	5 000	5 000	5934	G2	Target overachieved due to more indigent registered and receiving the free basic services	None
TL129	Community Services	Number of areas receiving refuse collection from urban and commercial properties (Nqanqarhu 12, Tlokoeng 16, Ugie 11)	100%	39	59	B	Target achieved	Target achieved
TL130	Infrastructure Planning and Development	Number of bridges repaired/maintained (Tsitsa Bridge)	1	1	0	R	Target not achieved, no work was done from December 2022 due to Heavy Rainfall that damaged the bridge more than it was before resulted to more work that needed to be done.	Consultant has been appointed to redesign the bridge as it no longer maintainable.
TL132	Infrastructure Planning and Development	Percentage completion of Refele Sportsfield phase 2	30%	30%	72%	B	Target over achieved, the contractor is on track and have peaceful working relations with the community	None
TL133	Infrastructure Planning and Development	Number of km's of link line constructed (Batlokoa 02)	0	14	14	G	The link line was constructed with the remaining balance after the reduction of the number of households that were connected	None

4.6.2.2 Municipal Transformation and Organisational Development

Table 58: Municipal Transformation & Organisational Development

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL123	Corporate Services	Number of organizational structures reviewed	1	2	2	G	Target achieved	None

4.6.2.3 Good Governance & Public Participation

Table 59: Good Governance KPA

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL128	Office of the Municipal Manager	Number of Circular 88 reports submitted	4	4	4	G	None	None

4.6.2.4 Financial Viability & Management

Table 60: Financial Viability & Management

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL122	Infrastructure Planning and Development	% of the Municipality's budget for training and development actually spent.	100%	100%	104%	G2	Target overachieved, the training and development policy only allowed 2 employees to benefit from the bursary, after the review of the policy, the criteria changed and allowed more employees to benefit on bursaries which resulted to the overachievement	None
TL126	Infrastructure Planning and Development	% expenditure on all infrastructure grants	100%	100%	100%	G	Target achieved	None

4.6.2.5 Local Economic Development

Table 61: Local Economic Development KPA

Ref	Responsible Directorate	KPI Name	Overall Performance for Quarter ending September 2022 to Quarter ending June 2023				Performance Comment	Corrective Measures
			Original Target	Revised Target	Actual	R		
TL124	Spatial Planning and Economic Development	Number of work opportunities created through EPWP	165	459	653	B	More employees were appointed for EPWP projects more than the anticipated number.	None
TL125	Spatial Planning and Economic Development	Number of master plans developed for the Ugie Agro Hub	1	1	0	R	The order for master plan could not be issued to the appointed service provider as it was awaiting its finalisation of long-term agreement by Municipality and National Treasury.	Request for physical meeting with both lawyers and Treasury as their attendance on this matter is very low

4.6.3. Lower Layer/Departmental SDBIP

The lower layer of the SDBIP was audited by internal audit only and was not audited by Auditor-General. Some of the indicators though in the lower are also in the top layer which was subjected to both internal and external audit especially basic services indicators and targets for Infrastructure Planning & Development. The Department of Infrastructure Planning and Development had a total of 19 indicators and achieved 13 indicators which translated to 68% of performance. Community Services had a total of 16 indicators and achieved 16 indicators which translated to 100%. Planning & Economic Development had a total of 13 indicators, achieved 08 indicators and 4 which includes 1 indicator that was not reported, the total achievement amounts to 69%. Corporate Services had a total of 11 indicators and achieved 08 indicators, 3 indicators were not achieved translating to 73% of performance. Office of The Municipal Manager had a total of 19 indicators and achieved 14 indicators which translated to 74% of performance. Budget and Treasury Office had 14 indicators, 10 indicators were achieved with 3 indicators partially achieved and 1 indicator not achieved. The total achievement amounts to 71%.

Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
D475	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of households in electrification program connected (Khohlong 32, Elenge 131, Bhethule 112, Ulundi 45)	480	320	327	G2	Target overachieved. The electrification project was initially 480 and was adjusted to 320 to cater for the construction of 14km link line which was supposed to have been constructed by Eskom. The number was also adjusted due to verified number of households as against the number that was planned. Khohlong was initially 32 units and there were 36 units that were	Contractor submitted the request for time extension stating delays experienced during construction.

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
							connected and 14km link line was constructed. Bhehule was 112, and 115 units were connected, therefore 327 resulted to 7 extra units that were not constructed during the planning however were connected and no extra funding was used.	
D476	Infrastructure Planning and Development – Electricity	Number of electricity projects completed (Public lighting (High Mast Installation x 3; Street lights Installation x25) Network upgrade x2)	2	2	2	G	Target Achieved	None
D477	Infrastructure Planning and Development – Electricity	% of maintenance completed in electricity network	100.00 %	100.00%	100.00 %	G	Target achieved	None
D478	Infrastructure Planning and Development - Project Management Unit	Number of smart meters installed	3600	1 800	50	R	Target not achieved Progress started very slow due to the late delivery of materials to conduct the installation. The total of 50 meters has been installed in Bhekela	Long led material delayed the actual implementation of the project.
D479	Infrastructure Planning and Development - Project Management Unit	Number of KMs of roads constructed (Maclear/ Nqanqarhu streets (1,184km); Nkangala AR(4km); Bhehula Mrhorwana (2.8km); Castle rock bridge	10,914	7.98	7.3	O	Target not achieved, Cressnock street could not be done due to the limited budget. Castle Rock's bridge was highly affected by heavy rainfalls that damaged the	The projects will be rolled over to the next financial year and will be completed in quarter 2

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
							foundation of the bridge which led to the contractor suffering losses on the project and later abandoned the site. The scope of work had to be revised and due to the damage, it required more funding to continue. The project was re-advertised and the appointment was made in April 2023.	
D480	Infrastructure Planning and Development - Project Management Unit	Number of public amenities constructed (Ntokozweni ECDC, Mt Fletcher Toilets and VTS)	3	3	2	R	Target not achieved. Ntokozweni ECDC practically complete. Construction of Mt Fletcher public toilets has not commenced, preliminary designs are sitting at 100% and detailed designs are sitting at 60%. Mount Fletcher VTS has been practically completed. The challenges are further explained below.	The Contractor had to revise the work program to cover lost time for Ntokozweni ECDC. The Client communicated to the Contractor for Mount Fletcher VTS about the intent to terminate the contract with penalties being instituted from the day since the water connection was made available for the Contractor to continue the work.
D481	Infrastructure Planning and Development - Project Management Unit	Number of bridges rehabilitated (2 x Ward 7 Bridge in Sophonia)	2	2	0	R	The target not achieved, the heavy rainfalls damaged the work that was done and a period	Sophonia bridges will be rolled over to 2023/24 and is expected to be completed

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023						
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures	
								of 3 months was lost due to heavy rainfall. The works resumed in April 2023.	in the second quarter.
D482	Infrastructure Planning and Development - Project Management Unit	Number of kms of remedial works at Sonwabile Streets	100%	1.95	1.95	G		Target achieved	None
D483	Infrastructure Planning and Development - Building & Civil Works	Number of KMs of access roads maintained	150	150	152%	G2		Target over achieved, after rainfall season, work was recovered by working on weekends especially in quarter 4	None
D484	Infrastructure Planning and Development - Building & Civil Works	% completed of Stormwater repairs/ maintenance	100.00 %	100.00%	120%	G2		Target overachieved due to high volume of responsive maintenance that resulted into more stormwater maintenance and repairs done weekends were used to do extra work	None
D485	Infrastructure Planning and Development - Building & Civil Works	% completed of urban roads maintenance	100.00 %	100.00%	140%	B		Target over achieved high volume of responsive maintenance required to clear blocked stormwater inlets, outlets and culverts. As the result of that section had to go extra mile and work some weekends to cover more work.	More work has been done on quarter 4 to recover lost time
D486	Infrastructure Planning and	Number of bridges repaired/ maintained (100%	1	0	R		Target not achieved, no work was done	Consultant has been appointed

Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023						
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures	
	Development - Building & Civil Works	Tsitsa Bridge)						from December 2022 due to Heavy Rainfall that damaged the bridge more than it was before resulted to more work that needed to be done.	to redesign the bridge as it no longer maintainable.
D487	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of work opportunities created	165	165	235	B	More employees were appointed for EPWP projects more than the anticipated number.	None	
D488	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of newly appointed SMMEs 2 x Nqanqarhu streets, 1 x Ntokozweni ECDC, 2X Nkangala AR, 2 Bhethula Mrhorwana AR and 4 from Electricity Section	11	11	6	R	Target not achieved, SMMEs were not appointed into the 12 months planned subcontracting programme as a result were not appointed to partake in construction programmes due to delays in transformation of subcontracting strategy by SCM and LED that resulted in delayed start of MIG programme. All SMMEs	None	
D489	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	% expenditure on all infrastructure grants	100.00 %	100.00%	100,2%	G2	Target over achieved due to re-directing of funds from under or poor performing projects to performing projects such as Refele sports field which is a multi-year project.	Improve on planning	

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
D491	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of circular 88 reports submitted	4	4	4	G	Target achieved	None
D623	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	% completion of phase 2 of the municipal building	20.00%	20.00%	38.00%	B	Target over achieved	Appointment of a contractor, site hand over, site establishment took place on the 10th of March 2023 and that gave the contractor a good chance to commence with the Project activities in time.
D629	Infrastructure Planning and Development - Project Management Unit	Percentage completion of Refele Sportsfield phase	30.00%	30.00%	72%	B	Target over achieved	The client communicated directly with Eskom to try and assist in getting the power connection quotation and Eskom did send one of their technicians to site, however quote still pending.
D630	Infrastructure Planning and Development - Director: Infrastructure Planning and Development	Number of km's of link line constructed (Batlokoa 02)	14	14	14	G	Target achieved	None
D492	Community Services - Director: Community	Number of assessment conducted for insourcing landfill sites	1	1	1	G	Target achieved	None

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
	Services							
D493	Community Services - Director: Community Services	Number of IWMPs reviewed	1	1	0	R	Delays in the appointment of the service provider the project only commenced in May 2023 for the assessment to be complete it needs to take a period of 3 months	The project will proceed to the next financial year
D497	Community Services - Solid Waste & Environment	Number of community awareness on waste management	20	20	26	B	More campaigns were held during this quarter	None
D498	Community Services - Solid Waste & Environment	Number of illegal dumping sites cleared	0	38	86	B	Targets over achieved due to reoccurring spots that have been previously cleaned	More campaigns to be held on waste management to communities
D499	Community Services - Solid Waste & Environment	Number of areas receiving refuse collection for urban and commercial properties (Nqanqarhu 12, Tlokoeng 16, Ugie 11)	100%	39	39	G	Target achieved	None
D500	Community Services - Solid Waste & Environment	Number of existing open spaces beautified	3	7	8	G2	Target overachieved due to the growth of grass	None
D501	Community Services - Solid Waste & Environment	Percentage impounding of stray livestock	100.00 %	100.00%	100.00 %	G	Target achieved	None
D502	Community Services - Director: Community Services	Number of functional libraries managed through the SLA with department of Sports, recreation, Arts and Culture	6	3	3	G	Target achieved	None
D503	Community Services -	Number of road safety awareness campaigns	12	2	2	G	Target achieved	None

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
	Protection Services	conducted during Easter and festive seasons						
D504	Community Services - Protection Services	Number of road blocks conducted	20	20	23	G2	Target overachieved, more campaigns were held this quarter	None
D505	Community Services - Director: Community Services	Number of bylaws reviewed	8	8	8	G	Target achieved	None
D506	Community Services - Protection Services	Number of fire safety awareness campaigns conducted	4	4	14	B	Target over achieved	None
D507	Community Services - Poverty Alleviation	Number of Expanded Public Works Programme (EPWP) job opportunities created	418	294	418	B	More employees were appointed for EPWP projects more than the anticipated number.	None
D508	Community Services - Director: Community Services	Number of Circular 88 reports submitted	4	4	4	G	Target achieved	None
D621	Community Services - Director: Community Services	Revenue generated from vehicle's registration and licensing	R5,1 M	0	R12,994,946.62	B	Target over achieved	None
D622	Community Services - Director: Community Services	Percentage of fire incidents responded to	100.00 %	100.00%	100.00 %	G	Target achieved	None
D509	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of contractor SMME's benefitted through sub contracting	10	10	06	R	The department has facilitated sub construction within the institution and also collaborated with other government institutions in order to benefit the local SMMEs.	Institutional reports from external stakeholders should be required timeously in order to avoid delays towards the end of the

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
								financial year.
D510	Spatial Planning and Economic Development - Spatial Planning	Number of SMME's and Cooperatives trained (construction and its value chain)	10	10	50	B	The latter training included tendering on learning outcomes in order to improve quality of training conducted which in turn attracted higher attendance	None
D511	Spatial Planning and Economic Development - Local Economic Development & Property Management	Number of property development plans developed	1	1	0	R	Target not achieved, by the time the specification for the property development plan was completed, the new procurement legislation was introduced and the process of its advertisement was delayed.	The target is part of the SDBIP OF 2023/2024.
D512	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Percentage of submitted business licenses issued	100%	100.00%	100.00 %	G	Target achieved, all licence applications received by the department were processed and business licences were issued.	None
D513	Spatial Planning and Economic Development - Local Economic Development & Property Management	Number of individual shearing sheds supported through certification	10	10	10	G	Target achieved	None
D514	Spatial Planning and Economic Development - Local Economic Development & Property Management	Number of farmers supported through RAIFI beef program	3	3	0	R	RAFI Beef requested to partner with the municipality for Beef Feedlot. The intended purpose was to draw suitable land parcel from PG Bison as the	The target will be completely removed, as it will not be part of the next financial year as well.

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023						
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures	
								municipality does not have one. PG Bison could not confirm any piece of land and the budget was shifted to another project. The target was supposed to be removed in February 2023 during the adjustment.	
D515	Spatial Planning and Economic Development - Local Economic Development & Property Management	Number of tourism initiatives supported	2	2	2	G	Target achieved.	None	
D516	Spatial Planning and Economic Development - Local Economic Development & Property Management	Number of concluded partnership agreements monitored	3	4	5	G2	The additional partnership agreement was for the termination of partnership for the Mount Fletcher mall	None	
D517	Spatial Planning and Economic Development - Local Economic Development & Property Management	Number of Master plans developed for Ugie agro Hub	1	1	0	R	The order for master plan could not be issued to the appointed service provider as it was awaiting its finalisation of long-term agreement by Municipality and National Treasury.	Request for physical meeting with both lawyers and Treasury as their attendance on this matter is very low	
D518	Spatial Planning and Economic Development - Spatial Planning	Number of strategic land parcels packaged to support social and economic development	2	2	4	B	4 Strategic land parcels were packaged for social and economic development.	None	
D519	Spatial Planning and Economic Development -	Percentage of sites put into market (approved by the council for	100%	100.00%	100%	G	All approved sites by the Council were put to the market.	Monitor the progress on the sites sold.	

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
	Spatial Planning	selling)						
D520	Spatial Planning and Economic Development - Director: Spatial Planning & Land Management	Number of circular 88 reports submitted	4	4	4	G	Report attached	None
D624	Spatial Planning and Economic Development - Spatial Planning	Number of cemetery master plans developed	1	1	0	R		
D521	Corporate Services - Director: Corporate Services	Percentage functionality of local labour forum and its sub committees	4	100%	100%	G	Target achieved	None
D522	Corporate Services - Director: Corporate Services	Number of legislative compliance reports submitted to relevant public bodies	1	2	2	G	Target Achieved	None
D524	Corporate Services - Director: Corporate Services	% of municipality's budget for training and development actually spent	100.00 %	100.00%	104.00 %	G2	Target overachieved, the training and development policy only allowed 2 employees to benefit from the bursary, after the review of the policy, the criteria changed and allowed more employees to benefit on bursaries which resulted to the overachievement	None
D525	Corporate Services - Director: Corporate Services	Number of organizational structures reviewed	1	2	2	G	Target achieved	None
D526	Corporate Services - Director: Corporate Services	Number of OHS and wellness strategies reviewed	1	2	2	G	Target achieved	None
D528	Corporate Services	Number of HR policies	10	10	12	G2	Target over	None

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
	- Director: Corporate Services	reviewed					Achieved, more policies were reviewed and adopted in December 2022	
D529	Corporate Services - Director: Corporate Services	Number of security master plans developed	100%	1	0	R	Target not achieved, initially the security master plan was going to be outsourced however, the municipality opted for the services of the done by National Government Security Agency, the miscommunication between the municipality and the agency delayed the development of the master plan	To be achieved / implemented in the 2023/24 Financial year
D575	Corporate Services - Director: Corporate Services	Number of document management systems reviewed (File plan, records management policy & registry procedure manual)	3	3	1	R	Target not achieved, the records management policy was tabled to the standing committee and was turned back for corrections, the registry procedure manual	The policy and registry manual is still going for public participation and will be tabled to council in the 1 st quarter of 2023/24 financial year
D576	Corporate Services - Director: Corporate Services	Percentage functionality of council and its committees	7 days	100.00%	100.00 %	G	Target achieved	None
D579	Corporate Services - Director: Corporate Services	Number of ICT projects implemented	100%	7	4	R	Target partially achieved Out of Seven ICT projects planned only four were achieved, two were partially achieved and one was not	Installation of power backup for other municipal sites such as Ugie and Mt Fletcher, Installation of network

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
							achieved. Total achievement in the form of percentage is 80, 33 %.	boosters
D586	Corporate Services - Director: Corporate Services	Number of Circular 88 reports submitted	4	4	4	G	Target achieved	None
D587	Office of the Municipal Manager - Municipal Manager	Number of risk registers developed	2	2	2	G	Target achieved	None
D588	Office of the Municipal Manager - Municipal Manager	Number of ethics & integrity management strategies reviewed.	1	1	0	R	Target not achieved due to the delays from SCM in procurement of services for the review of the strategy, also the vacancy of the risk management officer position affected the process	The target will be carried over to 2023/24 financial year
D589	Office of the Municipal Manager - Municipal Manager	% of completed internal audit projects of the approved internal audit plan.	100.00 %	100.00%	91%	O	Not achieved due to the following audits that were not conducted: 1. Review Occupational Health and Safety 2. Review of Risk Management 3. Quality Assurance Review Therefore, implemented internal audit projects in Q4 63% (5/8)	The following audits moved to 2023/24 IAP 1. Review Occupational Health and Safety 2. Review of Risk Management 3. Quality Assurance Review
D590	Office of the Municipal Manager - Municipal Manager	Number of institutional strategic plans developed.	2	2	2	G	Target achieved	None

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
D591	Office of the Municipal Manager - Municipal Manager	Number of IDP Process Plans developed	1	1	1	G	Target achieved	None
D592	Office of the Municipal Manager - Municipal Manager	Percentage of institutional IDP Process plans implemented	100%	100.00%	110%	G2	The Special Budget Steering committee meeting was held in February together with the preparatory meeting for councillors before the actual IDP rep forum was held in March 2023	The IGR will be strengthened at a District Municipality level
D593	Office of the Municipal Manager - Municipal Manager	Percentage of institutional PMS process plans implemented	100.00 %	100.00%	103%	G2	The PMS committee meeting was held to improve reporting for both individual and institutional performance management system	None
D594	Office of the Municipal Manager - Municipal Manager	Number of deliverables implemented towards ward-based plan implementation	3	3	4	B	More activities were implemented in preparation for the second phase of the ward-based plans	None
D595	Office of the Municipal Manager - Municipal Manager	Number of ward committee plans developed	1	1	2	B	Target achieved	None
D596	Office of the Municipal Manager - Municipal Manager	Number of Section 79 Committee Plans developed.	5	5	5	G	Target achieved	None
D597	Office of the Municipal Manager - Municipal Manager	Number of by-laws reviewed	10	10	0	R	Target not reported due to the vacancy of the Legal Services Manager	The appointment of the incumbent will change the situation

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
D598	Office of the Municipal Manager - Municipal Manager	Number of Public Participation projects implemented	4	4	5	G2	Target overachieved due to petition management project that was implemented	None
D599	Office of the Municipal Manager - Municipal Manager	Number of communications projects implemented	3	5	7	B	Target overachieved s due to additional projects that were implemented	None
D600	Office of the Municipal Manager - Municipal Manager	Number of customer satisfaction surveys conducted.	3	3	6	B	Positive deviation due to more surveys done.	None
D601	Office of the Municipal Manager - Municipal Manager	Number of MSI projects implemented.	3	3	3	G	Target achieved	None
D602	Office of the Municipal Manager - Municipal Manager	Number of HIV/AIDS projects implemented	3	3	4	B	Target overachieved, there was a debriefing session on HCBC that was held for 2 days on the 21-22 June 2023	None
D618	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of Youth development projects implemented	4	4	4	G	Target Achieved	None
D619	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of women empowerment projects implemented	5	5	4	O	Target partially achieved, new business registrations was not achieved	Target to be implemented in 2023/24 financial year
D620	Office of the Municipal Manager - Special Program & HIV/AIDS	Number of PWD projects implemented	3	3	0	R	Target not achieved. This is due to delays in the procurement process	The project will roll over to the next financial year

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
D603	Budget and Treasury Office - Income & Expenditure	Number of Households receiving free basic services	5 000	5 000	5933	B	Target overachieved due to more indigent registered and receiving the free basic services	None
D605	Budget and Treasury Office - Chief Financial Officer	Municipality's ability to payback its short-term liabilities with its short-term assets (Current Ratio)	1.501.1:	1.501.1:	1.231.1:	O	Target partially achieved	None
D606	Budget and Treasury Office - Financial Statement	Number of months for the municipality's ability to meet monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue (Cost coverage ratio)	3	3	1	G	As per SDBIP the annual target is 1 to 3 months,	None
D607	Budget and Treasury Office - Chief Financial Officer	Budgeted Capital vs Total Expenditure ratio	20%	20%	22%	B	Target achieved	None
D608	Budget and Treasury Office - Income & Expenditure	Average Number of days taken to pay Creditors	30	30	10	B	Target over achieved	None
D609	Budget and Treasury Office - Income & Expenditure	Average Number of days taken to receive payment from debtors	150	150	617	R	Target not achieved, there is reluctance in payment of municipal service by debtors	a drastic improvement in the collection of debtors is in place and an appointment of a debt facility through a transversal contract.
D610	Budget and Treasury Office - Income & Expenditure	Percentage collection on billed revenue	95.00%	95.00%	111.00 %	G2	Target over achieved	None

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Ref	Responsible Department	KPI Name	01 July 2022- 30 June 2023					
			Original Target	Revised Target	Actual	R	Performance Comment	Corrective Measures
D611	Budget and Treasury Office - Income & Expenditure	Number of policies developed to manage debt amnesty	1	1	1	G	Target achieved	None
D612	Budget and Treasury Office - Fleet & Asset Management	Number of Asset Verification Conducted	4	4	3	O	The target was supposed to be adjusted by the mid term to 2, however it was not adjusted. The asset variation for movable assets is conducted twice a year	Targets will be corrected in 2023/24 SDBIP
D613	Budget and Treasury Office - Fleet & Asset Management	Number of reconciliations of asset register to General Ledger	100%	12	12	G	Target achieved	None
D614	Budget and Treasury Office - Fleet & Asset Management	Number of vehicle exception reports generated with flagged areas for consequence	4	4	3	O	Target achieved	None
D615	Budget and Treasury Office - Supply Chain Management	Percentage of contracts for capital projects monitored against a set criterion	100%	100%	100%	G	Target achieved	None
D616	Budget and Treasury Office - Supply Chain Management	Number of days taken to process a bid from date of submission of specifications by end user department	65	65	6	O	Target achieved	None
D617	Budget and Treasury Office - Chief Financial Officer	Number of Circular 88 reports submitted	4	4	2	O	Target partially achieved (Not reported for in Q3 & Q4)	None

4.7. Comparison of Performance for Previous Against the Current Year

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

Table62: Comparison of the Previous & Current Year Performance

Ref	Responsible Directorate	KPI Name	Target 2021/22	Actual achievement 2021/2022	Target 2022/23	Actual achievement 2022/23
TL111	Infrastructure Planning and Development	Number of households in electrification programme connected. (Khohlong 32, Elenge 131, Bhetule 112, Ulundi 45)	560	540	320	327
TL112	Infrastructure Planning and Development	Number of electricity projects completed (Public lighting -High Mast Installation x 3; Street lights Installation x25; Network upgrade x2)	10	10	2	2
TL113	Infrastructure Planning and Development	% of maintenance completed for electricity network as per the maintenance plan	100%	115%	100%	114%
TL114	Infrastructure Planning and Development	Number of smart meters installed	1608	0	1800	50
TL115	Infrastructure Planning and Development	KMs of roads constructed (Maclear/Nqanqarhu streets phase 3(1,184km); Nkangala AR(4km); Bhethula Mrhorwana (2.8km), castle rock bridge	12,3	10.15	7.98	7.3
TL116	Infrastructure Planning and Development	Number of public amenities constructed (Ntokozweni ECDC, Mt Fletcher Toilets and VTS	6	5	3	2
TL117	Infrastructure Planning and Development	Number of bridges rehabilitated (2 x Ward 7 Bridge in Sophonia)	0,5 x2	0	2	0

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Ref	Responsible Directorate	KPI Name	Target 2021/22	Actual achievement 2021/2022	Target 2022/23	Actual achievement 2022/23
TL118	Infrastructure Planning and Development	Number of kms of remedial works at Sonwabile streets	5KM	0	1,95	1.95
TL119	Infrastructure Planning and Development	Number of KMs of access roads maintained	150 KM	174.9KM	150	150,5
TL120	Infrastructure Planning and Development	% completed of Stormwater repairs/maintenance	100%	100%	100%	114%
TL121	Infrastructure Planning and Development	% completed of urban roads maintenance	100%	130.14%	100%	140%
TL122	Infrastructure Planning and Development	% of the Municipality's budget for training and development actually spent.	100%	76%	100%	104%
TL123	Corporate Services	Number of organizational structures reviewed	1	0	2	2
TL124	Spatial Planning and Economic Development	Number of work opportunities created through EPWP	535	528	459	653
TL125	Spatial Planning and Economic Development	Number of master plans developed for the Ugie Agro Hub	1	0	1	0
TL126	Infrastructure Planning and Development	% expenditure on all infrastructure grants	100%	92%	100%	100%
TL127	Budget and Treasury Office	Number of Households receiving free basic services	9000	5914	5000	6814
TL128	Office of the Municipal Manager	Number of Circular 88 reports submitted	4	4	4	4
TL129	Community Services	Number of areas receiving refuse collection from urban and commercial properties (Nqanqarhu 12, Tlokoeng 16, Ugie 11)	100%	100%	39	39
TL130	Infrastructure Planning and Development	Number of bridges repaired/maintained (Tsitsa Bridge)	N/A	N/A	1	0
TL132	Infrastructure Planning and Development	Percentage completion of Refele Sportsfield phase 2	N/A	N/A	30%	72%
TL133	Infrastructure Planning and Development	Number of km's of link line constructed (Batlokoa 02)	10km	10km	14km	14km

4.8. Conclusion

The municipality performed fairly well compared to the previous financial year. We had a total of 22 indicators and a total of 16 indicators was achieved, which accounts for 73% of the overall performance. This is a significant improvement from previous year's performance of 50%. In spite of the improved performance the municipality was faced with a plethora of challenges - the municipality operated without the senior management more especially the position of the Chief Financial Officer and the Director Local Economic Development. This was exacerbated by the resignation of Director Corporate Services in April 2023. The challenges that affected the performance for the municipality related to:

- Heavy rainfall that damaged most of the work done more especially the construction and repairs of municipal bridges
- The vacancies of strategic position including, Manager PMU and Manager Legal Services
- Insufficient budget and poor planning

The culture of reporting needs to be prioritised and the sitting of meetings to ensure that challenges are attended

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 project 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 5 933 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 63: 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	Guideline relation to the household income threshold is an income of not less than two state pensions per month			
			Free Basic Electricity		Free Basic Refuse	
		Total	Access	%	Access	%
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	
2023		5 933	5 049		884	

Table 64: 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		34 092 000	34 092 000	27 908 000	0,8%	0,8 %
Service charges		48 338 000	44 338 000	37 616 000	0,7%	0,8%
Investment revenue		5 125 000	5 125 000	4 170 000	0,8%	0,8%
Transfers recognised – operational		187 532 000	188 020 000	118 145 000	0,6%	0,6%
Other own revenue		157 520 000	137 606 000	152 331 000	0,9%	1,1%
Total Revenue (excluding capital transfers and contributions)		432 607 000	409 181 000	340 170 000	0,7%	0,8%
Employee costs		138 278 000	138 605 000	125 430 000	0,9%	0,9%
Remuneration of councillors		14 255 000	14 255 000	12 891 000	0,9%	0,9%
Depreciation & asset impairment		51 816 000	51 816 000	36 788 000	0,7%	0,7%
Finance charges		61 000	61 000	3 480 000	0,5%	0,5%
Materials and bulk purchases		33 949 000	33 151 000	28 747 000	0,8%	0,8%
Transfers and grants						
Other expenditure		159 504 000	149 435 000	134 621 000	0,8%	0,9%
Total Expenditure		397 863 000	387 323 000	341 960 000	0,8%	0,8%
Surplus/(Deficit)	–	34 744 000	21 858 000	-1 790 000	0,5%	0,8%
Transfers recognised – capital		56 366 000	56 927 000	53 635 000	0,9%	0,9%
Contributions recognised - capital & contributed assets						
Surplus/(Deficit) after capital		91 110 000	78 785 000	51 845 000	0,5%	0,6%

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transfers & contributions	–					
Share of surplus/ (deficit) of associate						
Surplus/(Deficit) for the year	–	91 110 000	78 785 000	51 845 000	0,5%	0,6%
Capital expenditure & funds sources						
Capital expenditure	–	91 109 000	149 577 000	69 003 000	0,7%	0,4%
Transfers recognised – capital	–	56 366 000	56 927 000	53 635 000	0,9%	0,9%
Public contributions & donations						
Borrowing			30 000 000	-454 000		0,2%
Internally generated funds		34 743 000	62 650 000	9 479 000	0,2%	0,1%
Total sources of capital funds	–	91 109 000	149 577 000	69 003 000	0,6%	0,7%
Financial position						
Total current assets	–	422 838 000	306 437 000	-	%	%
Total non-current assets	–	673 313 000	731 781 000	-	%	%
Total current liabilities	–	59 067 000	51 255 000	-	%	%
Total noncurrent liabilities	–	49 151 000	29 151 000	-	%	%
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	–	-	-	-	%	%

Application of cash and investments	–	-	-	-	%	%
Balance - surplus (shortfall)	–	-	-	-	%	%
Asset management						
Asset register summary (WDV)	–	-	-	-	%	%

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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 the minimum service level						
Water:	-	-	-	-	%	%
Sanitation/sewerage:	-	-	-	-	%	%
Energy:	-	-	-	-	%	%
Refuse:	-	-	-	-	%	%

Grant Performance						
R' 000						
Description	Year -1	Year 0	Adjustments Budget	Actual	Year 0 Variance	
	Actual	Budget			Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	195 690 000	290 848 000	290 848 000	263 904 000	0,9%	0,9%
Equitable share	193 990 000	289 198 000	289 198 000	262 237 000	0,9%	0,9%
Municipal Systems Improvement						
Department of Water Affairs	-					
Levy replacement	-					
Financial Management grant	1 700 000	1 650 000	1 650 000	1 667 000	1,01%	1,01%
Provincial Government:	750 000,00	750 000,00	1 238 000	923 000	1,2%	0,7%
Health subsidy						
Housing						
Ambulance subsidy						
Sports and Recreation	750 000	750 000	1 238 000	923 000	1,2%	0,7%
Financial Management grant						
District Municipality:	-	-	-	-		
[insert description]						
Other grant providers:						
Expanded Public Works Program		2 539 000	2 539 000	3 825 000	1,5%	1,5%
Municipal Infrastructure Grant		2 209 000	2 209 000	2 229 000	1,00%	1,00%
Total Operating Transfers and Grants		7 148 000	7 636 000	8 644 000	1,2%	1,1%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						

Repair and Maintenance Expenditure: Year 0**R' 000**

	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	20 001 000	20 001 000	11 490 000	0,5%

R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	91 109 000	149 577 000	69 003 000	0,7%	0,4%
Operating Expenditure					
Total expenditure	-	-	-		
Water and sanitation					
Electricity	14 400 000	14 400 000	13 673 000	0,9%	0,9%
Housing					
Roads, Pavements, Bridges and storm water	41 966 000	42 527 000	53 613 000	1,2%	1,2%
Other	56 366 000	56 927 000	53 635 550	0,9%	0,9%
External Loans					
Internal contributions					
Grants and subsidies	-	-	-		
Other	56 366 000	56 927 000	53 635 000	0,9%	0,9%
External Loans					
Grants and subsidies					
Investments Redeemed					
Statutory Receipts (including VAT)					
Other Receipts					
Salaries, wages and allowances	152 533 000	152 860 000	138 322 000	0,9%	0,9%
Cash and creditor payments					
Capital payments					
Investments made					
External loans repaid					
Statutory Payments (including VAT)					
Other payments					

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	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Property rates	34 092 000	34 092 000	27 908 000	0,8%	0,9%
Service charges	48 338 000	44 338 000	37 616 000	0,7%	0,7%
Other own revenue	350 177 000	330 751 000	274 646 000	0,7%	0,8%
	432 607 000	409 181 000	340 170 000	0,7%	0,8%
Employee related costs	152 533 000	152 860 000	138 321 000	0,9%	0,9%
Provision for working capital					
Repairs and maintenance	20 001 000	20 001 000	11 490 000	0,5%	0,5%
Bulk purchases	30 937 000	30 937 000	27 312 000	0,8%	0,8%
Other expenditure	194 392 000	183 252 000	164 837 000	0,8%	0,8%
	397 863 000	387 323 000	341 960 000	0,8%	0,8%
Service charges: Electricity	40 580 000	40 580 000	36 465 000	0,8%	0,8%
Grants & subsidies: Electricity	14 400 000	14 400 000	13 673 000	0,9%	0,9%
Other revenue: Electricity	21 744 000	21 744 000	16 121 000	0,7%	0,7%
	76 724 000	76 724 000	66 259 000	0,8%	0,8%
Employee related costs: Electricity	8 261 000	8 261 000	7 425 000	0,8%	0,8%
Provision for working capital: Electricity					
Repairs and maintenance: Electricity	3 346 000	3 346 000	2 333 000	0,6%	0,6%
Bulk purchases: Electricity	30 937 000	30 937 000	27 312 000	0,8%	0,8%
Other expenditure: Electricity	12 234 000	12 234 000	25 583 000	-2,0%	-2,0%
	54 778 000	54 778 000	62 653 000	-1,1%	-1,1%
Service charges: Water					
Grants & subsidies: Water					
Other revenue: Water					
Employee related costs: Water					
Provision for working capital: Water					
Repairs and maintenance: Water					
Bulk purchases: Water					
Other expenditure: Water					

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 29 June 2022 under resolution CONA/152/22. The SCM Policy integrates with the Transport and Catering policy, Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM), Contract Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging enterprises.

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

- The Constitution of the Republic of South Africa (No. 108 of 1996), Section 217
- Local Government: Municipal Finance Management Act (No. 56 of 2003) (MFMA)
- Municipal Systems Act (Act 32 of 2000), Section 21A (MSA)

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.

5.2 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
- 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 in December 2022 and a review has been conducted in order to address the current shortcomings in the section.

5.2.1 Challenges

- Sitting of the Bid Evaluation Committee and Bid Adjudication Committee is the major challenge especially the BAC in the last quarter.
- Understanding, revision of the SCM Policy and the implementation of the New PPPFA 2022
- Poorly crafted specifications.
- Even though there are set dates for submission of specifications, there are few departments which did not submit the specifications and the ultimate challenge relates to the entrenched lack of accountability leading to substandard service delivery. It is important to note that the

user departments are not only responsible for allocation of resources but cooperation is part of their roles and responsibilities too. So, there is lack of cooperation from End user departments.

- Lack of integrated planning. If were to institutionalize the drafting of DMP and submission of specification, some of challenges could have been avoided.

5.2.1.1 MIG Challenges.

The Municipality has appointed panel for the Framework Contracts for the Unpaved Roads for a period of three years (3) however this bid was challenged. The municipality appointed a legal firm from the panel of attorneys to deal with the matter in terms of SCM Regulation 50 (Resolution of Disputes, objections, complaints and queries. The resolutions and recommendations were submitted to the municipality that the municipality may need to apply for judicial review. Judicial review process is still underway.

5.2.1.2 INEP Challenge

- A Design Consultant/Engineer was appointed on 27 June 2022 and failed to produce designs for three (3) months after which we terminated him and procured another one from the panel. The replacement Consultant concluded and submitted designs end of October 2022 for approval.
- We then were able to appoint contractors from a panel of contractors on the 16 November 2022 in the middle of Quarter 2 which summarised 5 months delays we suffered on the INEP project
- All construction activities were completed by 30 June 2023 and we did not have a roll-over of funds

5.2.2 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 21 July 2022 (Capital and Operational)

- Overall targets set - 60
- Achieved Targets - 25
- Not achieved - 33
- Cancelled = 2

Reason for not achieving targets are as follows:-

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

5.2.3 Sitting of the Bid Committees

Goods and services are procured following authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of the Council. The bid documentation that is utilized follows the guidelines issued by the National and Provincial Treasury, the general conditions of the contract, and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000), SIPDM and we are continuously improving the documents to improve access and ease of use.

The municipality in place had designed a procedure manual which is intended 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.

5.2.4 Competitive Bidding for Contracts Valued More Than R200,000

The competitive bidding process and bid committee structures are functioning. The composition, mandate, roles, and functions of the SCM Committees (Bid Specification Committee, Bid Evaluation Committee, and Bid Adjudication Committee) have also been reviewed and officials serving on these committees are formally appointed by the Municipal Manager and are therefore required to complete declaration of interests forms that are signed by the Commissioner of Oath. Training of all SCM Bid committee members and other role players is done annually. A total number of 11 Bids was awarded in 2022-2023.

Contract Management & Vendor Performance

Contract management systems are in place and full functionalization of Contract Management as a tool for tracking projects could map the municipality to its success. A template for assessing service providers and contractors in their performance was formulated & utilized. This assists 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.

5.2.5 SCM Regulation 36 - Deviations

Section 36 of the 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 R15 370 694.80. The table below depicts expenditure incurred through deviation.

Table 65: Deviation Expenditure

	2023
Municipal Manager	1 595 941,53
Budget and Treasury	1 493 410,69
Infrastructure Planning	8 416 877,38
Corporate Services	3 183 564,96
Community Services	625 750,29
Strategic Planning	55 149,95
	15 370 694,80

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

Table 66: Section 36 Compliance

	2023
Section 36 (1)(a)(i)	23 800,00
Section 36 (1)(a)(ii)	
Section 36 (1)(a)(iii)	
Section 36 (1)(a)(iv)	

Section 36 (1)(a)(v)	15 042 315,72
Section 36 (1) (b)	304 579,08
	15 370 694,80

(2021-2022: 3 805 376). (2022-2023: 15 370 694,80) Deviations were increased by R11 565 318 during the 2020-2022 Financial Year. The increase in the number of deviations is caused by the appointment of infrastructure projects through the deviation process, wherein the municipality was compelled to utilize funding on MIG however due to the judicial review process it was impractical to follow SCM processes, same applies to the electricity vending services. The bulk of the deviations may be addressed via competitive bidding processes and proper planning, and this office is continuing to assist user departments with the sourcing of specifications 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 a Demand Management Plan, SCM will attempt to develop a plan for all other items budgeted for every financial year regardless of the value.

Table 67: Irregular Expenditure Comparison Between 2022 & 2023 Financial Year

5.3.5.2. Compliance with MFMA AND SCM POLICY

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

Table 68: Companies with Relatives in the Municipality

Company Name	Director	Relationship to the person of the state	Persons in the organ of state in the past 12 months	DECLARATION OF INTEREST	Total Amount
Isiphile 2013 Trading Enterprise	Noluthando Thuli	Family to Ms Ntombizanele Thuli			R 271 775,00
Thozama and AB Trading Enterprise	Letitia Zoliswa Nodikana	Mother of Vuyokazi Nodikana			R 0,00
K201248808/Siphesihle Trading	Siphesihle Sahlulo	Daughter of Bulelwa Sahlulo (Registry Clerk)			R 0,00
					R 0,00
Mfana 83 Trading	Malungisa Dlokweni	Spouse of Zizipho Mbana (Clerk-Expenditure)			R 60 092,00
Imbokodo Women Trading Enterprise	Nomasiza Winnie Chaka	Fundisiwe Chaka (Child)			R 65 035,20
Aloe Gem	Thabathani Chaka	Fundisiwe Chaka (Brother)			R 0,00
Lonaphiko Trading	Babalo Mpohlo	Nomtha Nkani (Spouse)			R 0,00
ITY Trading	Bongiwe Cynthia Pula	Sibling of Nombulelo Pula (Cleaner/ Parks and amenities)			R 0,00

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Kolata Trading	Nosipho Dumeko	Spouse of Sango Dumeko (Ratations 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
Infrastructure Options	Ron Watermeyer	Benjamin Watermeyer - Son			R 0,00
Kumkani Electricals	Nkosilizwe Mpeqeka	Spouse of Pelloza Mpeqeka (Eskom)			R 0,00
Munsoft	Ndiafhi Rerani	Spouse of Mary Renani (Department of Justice)			R 7 402 416,95
Bhungane Mthimkhulu	Ndikho Mahlubandile Malic Ntaba			Interest in other related compay Elundini group 20 where SJT Magadla (Councllor) is a director	R 0,00
Sbhekuza Development and Projects	Babalo Mpohlo	Husband to Nomtha Nkani who is an oofficial of ELM (Spouse)			R 0,00
Biks Busines	Sonwabile Bikitsi	Yolisa Majali (Spouse)			R 0,00
SMS ICT Choice	Sydwell Maqula	Spose of N.J Majula (Department of Human Settlements)			R 1 421 104,35

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Hlelukhanye	Ziphelele Nqabeni	Ziphelele Nqabeni (ECDC Administration)			R 0,00
Sivs Arch	Oko Mhlwempu	Reletive to Mawande Gobeni who is an official of ELM			R 659 414,16
Bralt Holdings	Litha Mpeqeka		ELM Experiencial learner SCM in the past 12 Months		R 120 000,00
Amatshutsha Logistics	Mbodla Matshutsha Vumile	Spouse to Nqobile (Chief of Staff KZN Office of the Primier			R 199 920,00
Maclear and Ugie Big Four	Anele Thembaletu Nodikana	Brother of Vuyokazi Nodikana who is an Official at Elundini Local Municipality			R 52 905,00
Timzo and Ntuthu Manufacturing and Cleaning Services	Nontuthuzelo Nkalitshana		Councilor at Elundini Local Municipality in past 12 months		R 3 143,99
Gabi Engineers	Mcoseleli Humphrey Mthimkhulu		Mahikeng Local Municipality, Manager: Electrical but resigned on the 31 July 2021		R 0,00
R 10 447 317,58					

5.3.5.3. 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

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 is fair, equitable, transparent, competitive and cost-effective and comply with the prescripts of the Municipal Finance Management Act to give effect to Section 217 of the Constitution

AUDIT REPORT

CHAPTER SIX : Auditor General Audit Findings

6.1. Audit Report 2023



ELUNDINI LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on 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 appropriation statement, statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2023 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 5 of 2022 (Dora).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairments

8. As disclosed in notes 3 and 4 to the financial statements, impairments of R42,8 million (2022: R30,7 million) relating to receivables from exchange and R22,3 million (2022: R19,2 million) relating to receivables from non-exchange transactions were incurred as a result of irrecoverable debtors.

Other matters

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

Unaudited disclosure note

10. 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.
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.

Responsibilities of the accounting officer for the financial statements

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

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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery	XX	The development priority is key to the core function of the municipality and service delivery within the municipality

18. I evaluated the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets/measures taken to improve performance.
20. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion or conclusion.

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

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

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

Report on compliance with legislation

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

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

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

28. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Annual financial statements and annual report

29. 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, non-current liabilities, appropriation statement and cash flow statements identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

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

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the material finding on compliance with legislation included in this report.
35. Leadership did not adequately discharge its oversight responsibilities with regard to the implementation and monitoring of internal controls to ensure sound financial and performance management and compliance with laws and regulations. The audit action plan was not effectively monitored and implemented to ensure that the annual financial statements and annual performance report initially submitted for audit purposes are free from material misstatements.

36. Although reviews of the financial statements and annual performance report were performed, material misstatements in the financial statements and in the annual performance report were identified, indicating that the review processes were not adequate.

Auditor General

East London

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.2. 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

6.3. AUDIT ACTION PLAN

ELUNDINI MUNICIPALITY
AUDIT ACTION PLAN FOR THE YEAR ENDED - 30 JUNE 2023

#	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
1	Coaf 1	Planning	Policies not reviewed	The following policies have been identified to be in draft and were not reviewed during the 2022/23 financial year	This is caused by lack of review controls over policies on a periodical basis as management deems that the 2018 policies are still applicable.	Management should ensure that all municipal policies are reviewed and approved on a periodically basis to ensure that any changes to legislations or standards are taken into account.	Management disagrees with the finding relating to HR policies, item no 1 to 13 on the list of policies above. Corporate Service reviewed 31 HR policies and out of the 31 policies, only 12 HR policies	Management subsequently submitted the council resolution for the HR policies and the 2022/23 Risk policies. The finding is therefore resolved.	Non-submission of council resolutions and listing of all policies.	Director - Corporate Services	2024/03/31 On going	The policies will be annually reviewed going forward, council resolutions and listing to be attached
2	Coaf 2a	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	1. 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.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management is in agreement with the finding. AOPO listings were submitted progressively and are all submitted. It has not been a practise in the past to submit these with the AOPO, we will incorporate this	Management submitted the APR listings, therefore the finding is resolved	Lack of submission and review of the supporting documents which support the APR.	Senior Manager Strategic Support	2024/03/31 On going	To conduct quarterly and annually reviews of the documentation that supports the APR.
3	Coaf 2b	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	2. The amounts per the current Annual Financial Statements corresponding figures do not agree to the prior year audited AFS amounts for the line item below:	The above findings are caused by lack of proper review of financial statements and annual performance report.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management is not in agreement with the manner in which the finding is structured, however, management agrees that the prior year adjustment note was not updated to balance to balance to the PPE note. The note will be updated during the adjustment of AFS.	Management notes that an adjustment will be made in the financial statements. The proposed adjusted note was not submitted with the response. The finding remains and will be assess when the adjusted AFS have been submitted for audit purposes.	Late submission and lack of review of supporting information relating to prior year adjustments to allow adequate review processes to ensure credible financial statements.	Chief Financial Officer	2024/03/31 On going	Adherence to accruals cut-off date. Constant communication between all participants involved in the AFS preparation. During interim FS a starting point will be to agree comparatives to prior year AFS. Constant monitoring of adjustments made in the GL prior to submission of draft AFS..
4	Coaf 2c	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	3. The amounts per the Fixed Assets Register as at 30 June 2023 do not agree with the amounts per the AFS as at 30 June 2023	The above findings are caused by lack of proper review of financial statements and annual performance report.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management is in disagreement with the finding. Please see extract of the differences between FAR/Calculations and AFS.	Management comments noted, the remaining misstatement is R31 665 and will be accumulated with other misstatements.	Late submission and lack of review for supporting of information relating to FAR to allow proper reconciliation and adequate review processes to ensure credible financial statements.	Chief Financial Officer	2024/03/31 On going	Adherence to cut-off dates for submission of supporting documentation relating to FAR allow proper reconciliation and adequate review processes to ensure credible financial statements
5	Coaf 2d	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	4. The amounts per the current Annual Financial Statements 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.	The above findings are caused by lack of proper review of financial statements and annual performance report.	Management agrees with the finding. The prior period error note will be modified during the adjustment stage of the AFS.	Management agrees with the finding notes that an adjustment will be made in the financial statements. The proposed adjusted note was not submitted with the response. The finding remains and will be assess when the adjusted AFS have been submitted for audit purposes.	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	2024/03/31 On going	Adherence to accruals cut-off date. During interim FS a starting point will be to agree comparatives to prior year AFS. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
6	Coaf 3a	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	The casting errors below were identified on the following items on the financial statements: 1. Cash flow statement	The above findings are caused by lack of proper review of financial statements and annual performance report.	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.	1. We agree with the finding. We are in the process of correcting the Cash Flow Statement and will ensure that we have a Cash Flow Statement that casts.	Management response has been noted, the adjusted annual financial statements have been received, further audit work has been performed on the statement of cash flows and statement of net assets, there were no misstatements identified therefore the finding is resolved.	Incorrect configuration of Caseware formulas and lack of reviews of Annual Financial Statements.	Chief Financial Officer	2024/03/31 On going	Caseware formulas have been reconfigured and advanced Caseware training was also attended. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
7	Coaf 3b	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	The casting errors below were identified on the following items on the financial statements: 2. Statement of changes in net assets	The above findings are caused by lack of proper review of financial statements and annual performance report.	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.	1. We agree with the finding. The casting error was due to a unit as well as the Audit Committee before Financial statements and Annual Report is submitted to the auditors.	Management response has been noted, the adjusted annual financial statements have been received, further audit work has been performed on the statement of cash flows and statement of net assets, there were no misstatements identified therefore the finding is resolved.	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	2024/03/31 On going	Caseware formulas have been reconfigured and advanced Caseware training was also attended. AFS reviews by QC, and all levels of reviews in line with the AFS plan.

#	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
8	Coaf 4a	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	1. On the reconciliation of Property Plant and Equipment (PPE) under note 8 of the AFS, a positive balance of R1 764 062 has been included as "Transfer to Capital Assets" under Motor Vehicle.	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	1. We agree with the finding and we have moved the amount of R 1 764 062 stated to "Additions" from "Transfer to Capital Assets" on Caseware set of financial statements.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Inadequate implementation of GRAP due to incorrect classification of donated asset. Lack of proper review of the PPE note to ensure correct classification of transport assets.	Manager SCM & Assets	2024/03/31 On going	Regular training will be provided to those responsible for accounting and reporting to enable them to correctly interpret and apply current and updated accounting standards. During Interim FS and going forward AFS will be balanced to supporting documentation and proper reviews done to ensure any variances are identified and corrected.
9	Coaf 4b	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	2. On the reconciliation of PPE under note 8 of the AFS, a negative balance of R5 716 861 has been included as a revaluation under "Capitalised Restoration Cost – Landfill Sites" while the Property, Plant & Equipment of the municipality is measured using the cost model.	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	2. We agree with the finding and we have changed the heading stating "revaluation" to "change in decommissioning of assets" of R 5 716 861 on Caseware set of financial statements.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Inadequate implementation of GRAP. Incorrect classification of Landfill sites assets on the PPE Note from "Revaluation to change is the decommission of assets". Lack of proper review of the PPE note to ensure correct classification of Landfill sites assets	Manager SCM & Assets	2024/03/31 On going	Regular training will be provided to those responsible for accounting and reporting to enable them to correctly interpret and apply current and updated accounting standards. During Interim FS and going forward AFS will be balanced to supporting documentation and proper reviews done to ensure any misclassifications are identified and corrected.
10	Coaf 4c	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	3. On the disclosure of receivables from exchange in note 3 of the AFS, it was noted that an impairment of R811 545 has been disclosed under housing rentals while the gross receivable under housing rentals is R530 408 (which is less than Impairment).	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	3. We agree with the finding and a reconciliation has been done and corrective journals have been proposed.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Inadequate implementation of GRAP, a incorrect classification of the impairment from receivables Lack of proper review of the Debtors note to ensure correct disclosure and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On-going	Regular training will be provided to those responsible for accounting and reporting to enable them to correctly interpret and apply current and updated accounting standards. During Interim FS and going forward the Debtors note will be reviewed to ensure correct disclosure on the Financial Statements.
11	Coaf 4d	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	4. In the Statement of Changes in Net Assets, the following was noted: *The restated balance at 01 July 2022 has been included before the adjustments is made *The adjustment is R14 341 276 is different from what is being disclosed on the Prior-year adjustments Note (R15 473 169)	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	4. We agree with the finding and have made changes to Statement of Changes in Net Assets on Caseware set of financial statements.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	2024/03/31 On going	Adherence to accruals cut-off date. During interim FS a starting point will be to agree comparatives to prior year AFS. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
12	Coaf 4e	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	5. Spelling errors have been identified on the annual financial statements, for an example refer to note 8 of the AFS, "Infrastructure instead of Infrastructure"	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process. No spell check was performed due to time constraint	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	5. We agree with the finding and have done spell check of the financial statements to detect any other issues.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	31-Mar-24	AFS will be exported from Caseware to word to perform a spell check review. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
13	Coaf 4f	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	6. On the accounting policy disclosure, on page 27 of the annual financial statements the sub-numbering on 1.11 financial instruments is wrong.	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	6. We agree with the finding and financial statements have been updated to correct the numbering in the accounting policies.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	31-Mar-24	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
14	Coaf 4g	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	7. On accounting officer's responsibilities and approval, the following statement is included stating the page numbers that are not understandable: "The annual financial statements set out on page 6 - 79s 6 to 81."	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	7. We agree with the finding and this have been corrected on caseware to reflect pages 6 – 80.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	2024/03/31 On-going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.

#	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
15	Coaf 4h	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	8.Under employee benefit obligations in Note 12 of the AFS, the following statements have been included with no numbers next to the percentages which is not understandable: -“The defined benefit plan, to which -% (2022: -%) belong, consists of the (specify Pension Fund)” - “The actuarial valuation determined that the	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the Audit Committee when they were performing the review of the AFS.	8. We agree with the finding and we are currently working on Note 12 in the financial statements.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	31-Mar-24	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
16	Coaf 4i	Annual Financial Statement and Annual Performance Report High Level Review	Annual Financial Statement and Annual Performance Report High Level Review	9. On the face of the AFS, the Provisions as at 30 June 2023 shows an amount of R31 868 879 while the Reconciliation on note 14 of the AFS show an amount of R22 911 204.	The above findings are caused by lack of adequate review of financial statements and lack of implementation of the recommendations by different role players in the review process.	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. Management must implement the recommendations provided by the internal audit and the	9. We agree with the finding and the amount on the face of the AFS is correct. The disclosure note was updated on Caseware set of financial statements to reflect the same figure as on the face of the AFS of R31 868 879.	Management adjusted the AFS. The adjustments were audited and assessed to be correct	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Manager Assets	31-Mar-24	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
17	Coaf 5	Adjusted	AOPO- Overall presentation in APR	Issue 1 - When reviewing the annual performance report it was noted that the key performance indicators are not reported under key performance areas rather management has reported all indicators for different programmes in one table for Top layer, management did not specify which indicators fall under basic service delivery, financial management and viability, good governance & public participation, local economic development and municipal transformation & organisational development. -The manner in which management has reported	Interpretation differences.	Issue 1 and 2 The APR must be amended to be in line with the performance reporting framework.	The management agrees with the finding, the APR will be adjusted - The bottom layer of the SDBIP will be removed	Management response has been noted, the adjusted annual performance report has been received, a further review of the adjusted APR has been performed and the auditors now accept the adjusted APR, the finding has been resolved.	Missalignment between APR layers and lack of review by Assurance providers.	Senior Manager Strategic Support	Complete	APR will be prepared and supported by accurate supporting information quarterly and annually and will follow all review processes.
18	Coaf 5	AOPO	AOPO- Overall presentation in APR	Issue 2 - While auditing the annual performance report it was noted that the municipality incorrectly included the lower layer indicators which are not required to be published as MFMA Circular no. 13.	Interpretation matter.	Issue 1 and 2 The APR must be amended to be in line with the performance reporting framework.	The APR will be arranged according to the KPA	Management response has been noted, the adjusted annual performance report has been received, a further review of the adjusted APR has been performed and the auditors now accept the adjusted APR, the finding has been resolved.	Non-adherence to MFMA Circular no 13. Missalignment between APR layers and lack of review by Assurance providers.	Senior Manager Strategic Support	2024/03/31 On going	APR will be prepared and supported by accurate supporting information quarterly and annually and will follow all review processes.
19	Coaf 6	Vat Receivable	Vat Receivable	The comparative figure for Value Added Tax (VAT) receivables in the annual financial statements as disclosed in note 5 amounts to R8 139 678 whereas the restated figure for VAT receivable as per note 46 prior period error amounts to R8 507 707, therefore there is a factual misstatement of R368 029.	This is due to lack of management oversight and adequate review to ensure that the Annual Financial Statements are free from errors.	Management should ensure that the comparative figure for VAT receivables in the current year annual financial statements agrees to the restated figures in the prior period error note and is adjusted for accurately.	Management agrees with the finding. The finding is because of prior period note 46 which was not updated. Note 46 has since been updated.	Management response has been noted, adjusted financial statements have been received and further audit work has been performed, there were no misstatements identified therefore the finding has been resolved.	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Manager Income and Expenditure	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
20	Coaf 7	Contingent liabilities: Resolved	Contingent Liabilities: Non submission	The information below requested through the RFI 41 has not been submitted for audit purposes:	The cause of the finding is due to lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request Vacancy in legal office	Management should ensure that there is proper record keeping of the supporting documentation to ensure that it is readily available and accessible upon request.	Management is in agreement with the finding. Please find the attached completed legal representation letters as requested.	The outstanding information was submitted, therefore the finding is resolved.	Non - availability of supporting documentation(records management) to support the litigations register and lack of personnel to update litigations register.	Legal Officer	2024/03/31 On going	To develop a records management system for legal department in line with the IMIS. To develop a credible litigation register. To consider placement of an intern to assist with the unit.
21	Coaf 8	Vat receivable	Vat Receivable	The VAT suspense amount as per the debtors listing submitted for audit does not agree to the amount as per the annual financial statements, refer to the table below;	This is due to lack of management oversight and adequate review to ensure that the Annual Financial Statements are free from errors.	Management should ensure that the amount as per the annual financial statements agree to the supporting debtors schedules submitted for audit.	Management agrees with the finding. The difference of R 1 157 893.30 is caused by an increase in VAT on impairment provision of R 1 55 794 which was not processed and R 2 099.68 consumer deposits which was incorrectly mapped to VAT. A journal to correct the	Management response has been received, the adjusted annual financial statements have been received, further audit has been performed therefore no misstatements have been identified therefore the findings have been resolved.	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Manager Income and Expenditure	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.

#	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
22	Coaf 9	Internal control	Employee Related Costs general ledger and AFS differences	The amounts per the annual financial statements (AFS) submitted for audit do not agree to the amount per the supporting schedules for the line items below:	This is due to lack of management oversight and adequate review to ensure that the Annual Financial Statements are free from errors.	Management should ensure that the amount as per the annual financial statements agree to the supporting schedules submitted for audit.	We do not agree that the amount as per the G.L. does not agree with the amount as per the AFS relating to the following vote: Expenditure: Employee Related Cost: Municipal Staff: Post-retirement Benefit However, the amount cannot be allocated to an income vote as it is in the AFS, due to MsCOA only having expense votes for Post-retirement Benefit Obligations. The Actuarial gains is an expense vote and for AFS	Finding 1, Management comments noted, the finding is resolved. Finding 2, Management comments noted however this reveals an internal control issue regarding budgeting. The item should have been budgeted where it belongs. The finding therefore remains.Finding 3, Management comments noted, the finding is resolved.	The cause for this is that there are financial line items but with no budget hence the particular votes have been used. There are weaknesses in the financial system being used.	Manager Budget and Reporting	2024/03/31 On going	To ensure that the system is configured in ensuring that it rejects zero budgeted transactions.
23	Coaf 10	AOPO	AOPO Lead schedule	The listings submitted for audit do not agree to the reported achievement as per the APR, we have identified differences for the following indicators;	This is caused by a lack of management oversight and reviews to ensure that the reported achievement on the APR is accurate.	Management should report accurate achievements on the annual performance report and have schedules/ registers that support the reported achievement.	However, the amount cannot be allocated to an income vote as it is in the AFS, due to MsCOA only having expense votes for Post-retirement Benefit Obligations. The Actuarial gains is an expense vote and for AFS purposes we then map it to income to comply with GRAP 25. In terms of GRAP 25.74 the net amount of Current Services, Interest Costs and Actuarial Gains shall be recognised in Surplus/In terms of GRAP 25.74 the net amount of Current Services, Interest Costs and Actuarial Gains shall be recognised in Surplus/ Deficit for the year.	Management response has been noted, we accept the proposed adjustments to the annual performance report, further audit work has been performed and no misstatement has been identified therefore the finding is now resolved.	Lack of submission and review of the supporting documents which support the reported actual achievement on the APR.	Director - IPD	2024/03/31 On going	APR will be prepared and supported by accurate supporting information quarterly and annually and will follow all review processes.
24	Coaf 11	SCM -Resolved	SCM: Supplier in service of 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:	Lack of proper controls around declaration in the municipality.	Management should ensure that monitoring controls relating to declaration of interest by suppliers are developed and implemented. Management should further ensure that a register of suppliers that have in the past failed to submit declaration or submitted false declaration is maintained and ensure that no further awards are made to these suppliers.	Management is in agreement with the finding. The service provider although provided prescribed document to declare its employ in the organ of state, they falsified information. LENSKILLS (PTY) LTD was appointed through seven (7) days' notice. In term of section 44 of ELM supply chain policy and national treasury regulation state that, it is prohibited to appoint a person who is employed in the service of the state. The documentation such as MDB 4 that was presented by the service provider did not indicate that the director of the company is employed in the service of the state. Central Data Base (CSD) that was attached and the one that was printed at the time of evaluation did not indicate that	Management comments noted, the finding is resolved, if the matter is reported again next year it will result to non-compliance and irregular expenditure.	False declaration by the service providers.	Manager SCM & Assets	2024/03/31 On going	Update the declaration forms and will also write to that company and inform of non-disclosure.
25	Coaf 12	Internal control Receivables	Receivables - Internal control deficiency	When performing the analytical procedures it was identified that receivables from exchange transactions and debt impairment have increased significantly (refer to the table below) and it was indicated that this is due to management not implementing debt collection mechanism, therefore this indicates that management has not implemented the municipality's debt collection policy.	This is caused by lack of management oversight, controls were not implemented due to shortage of staff in electricity section.	Management should implement the debt collection mechanisms to recover debt from consumers.	1) Management is not in agreement with the finding to the extent that "This is caused by lack of management oversight, controls were not implemented due to the shortage of staff in electricity section 2) As the municipality we have assessed the capacity gap in revenue management and determined a need to capacitate the BTO department at middle management level. This culminated in the review of the organogram by inclusion of the position of senior accountant : Revenue	Management response has been noted however the finding remains and will be reported on the management report and audit report.	This is due to old debts and irrecoverable debt that the municipality needs to deal with	Manager Income and Expenditure	2024/03/31 On going	Data cleansing and implement debt and credit policy

#	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
26	Coaf 13	Revenue from non-exchange	Revenue from non-exchange: Incomplete disclosure	The disclosure in note 22 for property rates in the annual financial statements (AFS) submitted for audit purposes is not in line with the requirements of the specimen AFS and GRAP 23. The note does not include the basis on which the fair value of non-exchange revenue has been determined (for major classes). It also does not include a description of when the municipality last updated its valuation roll and whether interim valuations were performed and when. It also does not include the basic rate levied for the different	This is due to lack of management oversight and adequate review to ensure that the annual financial statements are free from errors. The impact of the finding is noncompliance with GRAP 24.	Management should ensure that the AFS are presented in line with the specimen AFS and the requirements of GRAP.	We agree with the finding raised and have amended the disclosure note for Property Rates to be in line with the Specimen AFS. Please see extracts of the amended Disclosure note and the extract before amendments were made.	Management agreed to the finding and submitted adjusted AFS, assessed the adjusted AFS and noted that the adjustment was done appropriately.	An older version of Caseware was used which did not have latest Note on Property rates. Inadequate implementation of GRAP. Lack of review of the AFS and non-adherence to the AFS plan.	Manager Income and Expenditure	2024/03/31 On going	Caseware has been updated to the latest version which has notes that are GRAP Compliant. To ensure that the latest version of Caseware is used in the preparation of the AFS. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
27	Coaf 14	Accuracy of APR	AOPQ=Accuracy of APR .Number of smart meters Installed	The list of beneficiaries' management submitted for audit appears to be inaccurate, upon verification it was identified that the meter numbers recorded on the beneficiary list do not agree to what is on the ground and on the meter work forms; refer to the table below. Issue 2 Upon inspection of the meter work forms it was noted that the following were confirmed	This is due to lack of management oversight and proper reviews on the APR listings were not done.	Issue 1 Management should prepare an APR listing that is accurate and supported the meter work forms. Issue 2 Management should report in the current year only achievement that relates to the current period 2022/23, any work performed after year end should be reported in the following financial period 2023/24.	1. We agree with the finding that the error occurred when the information was captured and the correct information was subsequently sent to AG. Refer to email dated 12 October 2023 from Ms T.Godlwana) Issue 2. We agree with the finding as there was an error in reporting of 50 installed meters instead of the 22 meters with the proof of evidence to have been installed by 30 June 2023. The	1. Management response has been noted, an adjusted annual performance report has been submitted, further audit work has been performed and the finding has been resolved.	Lack of submission and review of the supporting documents which support the reported actual achievement on the APR.	Director - IPD	2024/03/31 On going	APR will be prepared and supported by accurate supporting information quarterly and annually and will follow all review processes.
28	Coaf 15	Review of AFS	Budget vs Actual	Upon review of the annual financial statements it was noted that the statement of comparison of budget and actual amounts is not accompanied by explanations for the material differences.	This is due to lack of management oversight to ensure that all relevant information is disclosed in the annual financial statements.	Management should disclose on the annual financial statements all information that is relevant to the users of financial statements and should also prepare the annual financial statements in terms of the relevant reporting framework; GRAP standards.	We agree with the finding and the reasons for variances between budgets and actuals have been added to the financial statements and cross referenced from Financial Statements to Note 58.	Management agreed to the finding and submitted adjusted AFS, assessed the adjusted AFS and noted that the adjustment was done appropriately.	Inadequate implementation of GRAP. Lack of review of the AFS and non-adherence to the AFS plan.	Manager Budget and Reporting	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
29	Coaf 16	Contingent liabilities	Non submission	The legal confirmations for the contingent liabilities below have not been submitted for audit purposes. Emails were sent to the relevant legal representatives and no response was received.	The cause of the finding is due to lack of proper recording keeping of supporting documentation to ensure that it is readily available and accessible upon request.	Management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	The management is in disagreement with the finding as both requisition form has been dated, please see the attached vouchers. There's even a "paid" date stamp on the vouchers. The 'payment approval form' is for IP&D internal control and on both	No official management response received, however some of the confirmations were subsequently submitted. The remaining misstatement is a limitation of R200 000 for the confirmation below that was not submitted.	Lack of personnel in the legal office and lack of understand by the lawyers on the process of contingent liabilities, resulting in non-submission	Legal Officer	2024/03/31 On going	Data cleansing of the litigation register and ensure accurate and complete register. Obtain legal confirmation through the use of the legal officer.
30	Coaf 17	Cash and Cash equivalents	Incomplete disclosure	The disclosure in note 6 for Cash and Cash equivalents in the annual financial statements (AFS) submitted for audit purposes is not in line with the requirements of the specimen AFS and GRAP 2. The note does not include the narrations and the disclosure of differences between the cash book and bank statement for each account and the reasons for differences. The note also does not include the disclosure together with a commentary by management, of the amount of significant cash and cash equivalent balances held by	This is due to lack of management oversight and adequate review to ensure that the annual financial statements are free from errors.	Management should ensure that the AFS are presented in line with the specimen AFS and the requirements of GRAP.	We do not agree with the audit finding raised. GRAP 2 does not require reasons for differences between Cash Book and Bank Statements hence no disclosure has been made. The recommended disclosure in Specimen AFS is best practice but not a requirement in terms of GRAP and also not inline with industry norms (i.e. how other municipalities disclose cash and cash equivalents). Paragraph 49 and 50 applies to Cash and cash equivalents that are not available for use by the municipality. Therefore these paragraphs are not applicable. Paragraph 51 is additional information that may	Management comments noted, the finding is resolved.	The recommended disclosure in Specimen AFS is best practice but not a requirement in terms of GRAP and also not inline with industry norms (i.e. how other municipalities disclose cash and cash equivalents)	Chief Financial Officer	2024/03/31 On going	We started implementing AG's recommendation which is best practise, from the audit adjustments going forward.

#	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
31	Coaf 18a	Employee Benefits Obligation	Disclosure note not in line with GRAP	During the audit of employee benefits the disclosure note 12 did not have a breakdown of items that are included in the total amount of employee benefits as presented on the face of the statement of financial position. Furthermore, there was no disclosure of the type of benefit plan, no reconciliation	The cause of the finding is lack of adequate review of AFS by management.	Management should ensure that the annual financial statements are properly reviewed and in line with the applicable GRAP prior submitting the financials for audit	We agree with the finding. The disclosure was subsequently updated to reflect short term, post retirement and other employee benefits with reconciliations between the Opening Balance and Closing Balance. See attached extracts of the disclosure that was submitted and the amended disclosure.	Management agreed to the finding and submitted adjusted AFS, assessed the adjusted AFS and noted that the adjustment was done appropriately.	Distorted employee benefit obligation note due to inadequate implementation of GRAP. Lack of review of the AFS and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
32	Coaf 19	Physical Verification (PPE)	Bottling Plant	During the Audit of the Elundini Local Municipality for the financial year ended 30 June 2023, we have identified the following Issues: 1. Old Bottling Plant - This has been reflected on the financial records as a "Refurbishment of an old bottling plant", however on physical verification we could not find the bottling plant reflected on the Fixed Asset Register however, we have found the Traffic Department (we were expecting to find a Refurbished Bottling Plant).	The above findings are caused by lack of adequate review of Fixed Asset register.	The municipality must ensure that the description on the fixed asset register is changed and it describes the exact asset that the municipality has.	Management is in agreement with the finding. The asset will be renamed Nqanqarhu Traffic Offices in the asset register. The updated asset register will be shared with the auditors.	The management response has been noted and reviewed by the auditors, therefore the conclusion is as follows: Finding is resolved, however a further review will be performed on the updated fixed asset register once is made available.	Physically verification of all existing assets and updating of the registers was not properly conducted. Inadequate implementation of GRAP. Lack of review of the AFS and non-adherence to the AFS plan.	Manager SCM & Assets	2024/03/31 On going	To ensure complete verification of all existing assets and updating of the FAR. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
33	Coaf 20	Contingent liabilities	Non submission	The legal confirmations for the contingent liabilities below have not been submitted for audit purposes.	The cause of the finding is due to lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request.	No official management response received, however some of the confirmations were subsequently submitted. The remaining misstatement is a limitation of R200 000 for the confirmation below that was not submitted.	No official management response received, however some of the confirmations were subsequently submitted.	No official management response received, however some of the confirmations were subsequently submitted. The remaining misstatement is a limitation of R200 000 for the confirmation below that was not submitted.	Lack of personnel in the legal office and lack of understand by the lawyers on the process of contingent liabilities, resulting in non-submission	Legal Officer	2024/03/31 On going	Data cleansing of the litigation register and ensure accurate and complete register. Obtain glegal confirmation through the use of the leagl officer.
34	Coaf 21	Changes in Net Asset	Misstatements identified	During the audit of statement of changes in Net Asset, the following issues were noted	The cause of the finding is due to lack of adequate review of the annual financial statement by the management.	Management response has been noted, the adjusted annual financial statements have been received and further audit work has been performed on the statement of changes in net assets, the finding has been resolved.	1. The management agrees with the finding. 2. The casting error have been resolved. Please refer to updated workings and extract of statement of changes in net assets	Management response has been noted, the adjusted annual financial statements have been received and further audit work has been performed on the statement of changes in net assets, the finding has been resolved.	Non adherence to the Annual Financial Statements plan, as there was lack of review of the AFS	Chief Financial Officer	2024/03/31 On going	Advanced Caseware training was also attended to avoid casting error from the system recurring. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
35	Coaf 22	PPE	Non-Submission & Accounting Policy	During the Audit of the Elundini Local Municipality for the financial year ended 30 June 2023, we have identified the following Issues:	This is due to the following: Lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request. Non-compliance with the accounting policy	The management should ensure that there is proper record keeping of supporting documentation to ensure that it is readily available and accessible upon request.	1. Non-submission of RFI 60 (R 2 826 700): These containers were depreciated from the date of invoice as they were available for use from that date, and were not transferred from WIP as one item on a particular completion date. Invoices are attached in the invoices folder. <input type="checkbox"/> Transfer from WIP to Machinery & Equipment (R2 624 129): The completion certificate and the agreement stating the recognition date have been	The management response has been noted and reviewed by the auditors, therefore the conclusion is as follows: 1. No submission of RFI 60 - After careful review of the information provided by management, we are satisfied with the finding therefore the finding is resolved. Useful life of some buildings to not agree with the Accounting policy.	Lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request. Lack of review of the AFS and Non-compliance with the accounting policy.	Manager SCM & Assets	2024/03/31 On going	Maintain a proper record keeping management system and ensure that all requested information is readily available and submitted within stipulated time frames. Ensure that the FAR is reviewed and updated on a monthly basis for alignment with current policies.
36	Coaf 23	Landfill Site cannot be physically verified	Landfill Site cannot be physically verified	During the Audit of the Elundini Local Municipality for the financial year ended 30 June 2023, we have identified the following Issue:	The above finding is caused by lack of proper review of fixed asset register and reconciliation of existing assets to the financial records of the municipality.	If the municipality cannot prove the existence of the Landfill Site, it must be removed from the Fixed Asset Register and rather a Land be recognized if it belongs to the municipality.	We disagree with the finding. The landfill site does exist as the municipality have a license for the New Maclear Landfill Site and this therefor proves the rights and obligations for operation of the landfill Site belongs to the municipality. The landfill site is only not in	The management response has been noted and reviewed by the auditors, therefore the conclusion is as follows:	Physically verification of the landfill site was not properly conducted. Inadequate implementation of GRAP. Lack of review of the AFS and non-adherence to the AFS plan.	Director Community Services	2024/03/31 On going	Physical verification of the landfill site to be done by June and also supported by the expert (environmental)
37	Coaf 24	AOPO	Refele Sportsfield	When performing audit work on the reported indicator; Percentage completion of Refele Sportsfield phase 2, it was identified that the reported achievement on the annual performance report did not agree with Auditors recalculations per inspection of supporting documents and has been understated by 9%	This is due to lack of management oversight to ensure that the reported achievement on the annual performance report is accurate agrees to the progress reports and payment certificates.	Management should report accurate achievements on the annual performance report and have progress reports in place that support the reported achievement.	Management is in agreement with the finding. The APR will be adjusted to 72%. Indicator Target Actual Percentage completion of Refele Sportsfield phase 2 30%72% The Pay Cert No.6 of R905k completed the 60% we reported to AG. It turns out that the R905k was not paid	Management response has been noted, an adjusted annual performance report has been submitted, further audit work has been done and the finding has been resolved.	Lack of submission and review of the supporting documents which support the reported actual achievement on the APR.	Senior Manager Strategic Support	2024/03/31 On going	APR will be prepared and supported by accurate supporting information quarterly and annually and will follow all review processes.

#	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
38	Coaf 25a	Provisions	Misstatement between the report and AFS	During the audit of provision, the amount disclosed per the annual financial statement is not the same as the amount expert report, for the below landfill sites:	The cause of the finding is due to management disclosing an amount that is different from the report.	An adequate review must be performed by management before financial statements and annual report is submitted to the auditors.	Additional rows have been added on the Statement of Changes in Net Assets to show the balances as per prior year signed financial statements (R 597 908 249)	Management agreed to the finding and submitted adjusted AFS, assessed the adjusted AFS and noted that the adjustment was done appropriately.	Lack of proper review of the Provisions note to ensure correct disclosure and non-adherence to the AFS plan.	Manager Assets	2024/03/31 On going	To ensure that during Interim FS preparations and going forward, the Provisions note will be reviewed by QC and all other levels of review for correct disclosure on the Financial Statements.
39	Coaf 25b	Provisions	Misstatement between the report and AFS	2. The amount disclosed in note 14 for the comparatives does not agree with the amount presented on the AFS	The cause of the finding is due to management disclosing an amount that is different from the report.	An adequate review must be performed by management before financial statements and annual report is submitted to the auditors.	1. Management agrees with the finding. Note 14 reconciliation between Opening and Closing Balance will be amended after adjusting journals have been processed. 2. Management disagrees with the finding. No split between Current and Non-Current Portion is required as the whole Provision is a non-current liability	Management agreed to the finding and submitted adjusted AFS, assessed the adjusted AFS and noted that the adjustment was done appropriately.	Lack of proper review of the Provisions note to ensure correct disclosure and non-adherence to the AFS plan.	Manager Assets	2024/03/31 On going	To ensure that during Interim FS preparations and going forward, the Provisions note will be reviewed by QC and all other levels of review for correct disclosure on the Financial Statements.
40	Coaf 26	Commitments	Incorrect disclosed amounts	1. During the audit of commitments, the following issues were identified: The disclosed amount of the below projects were misstatements	The cause of the finding is lack of adequate review of the Annual Financial Statements (AFS) by management.	Management should ensure proper review is done before submission of the AFS.	Management agrees with the finding, the AFS have been updated.	Management adjusted the financial statements, the adjustment was assessed and noted to be appropriate	Lack of proper review of Commitments to ensure correct amounts are disclosed and non-adherence to the AFS plan.	Manager Assets	2024/03/31 On going	To ensure that during Interim FS preparations and going forward, Commitments will be reviewed by QC and all other levels of review for correct disclosure on the Financial Statements.
41	Coaf 26	Commitments	Incorrect disclosed amounts	2. The expenditure for the below project was above the contract amount:	The cause of the finding is lack of adequate review of the Annual Financial Statements (AFS) by management.	Management should ensure proper review is done before submission of the AFS.	Management agrees with the finding, the AFS have been updated.	Management adjusted the financial statements, the adjustment was assessed and noted to be appropriate	Lack of review of the supporting documents supporting the AFS. Lack of implementation of implementation of the contract management.	Director - IPD	2024/03/31 On going	Reconcile payment certificates and the contract register as well as retention registers.
42	Coaf 27a	Cash Flow Statement Differences	Cash Flow Statement Differences	During the audit of the Statement of Cash Flows of Elundini Local Municipality for the year ended 30 June 2023, we have identified the following:	The above findings are caused by lack of proper review of financial statements and annual performance report.	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.	We agree with the finding. Movements in working capital have been updated as per the updated workings attached and the extract of the adjusted financial statements.	Management has provided us with the Adjusted AFS and we have further audited the adjusted statement of cash flows with no exceptions noted except for differences which are clearly trivial. The following Differences will be included in Summary Of Uncorrected Misstatements: 1. Net cash flow from operating activities = R407 2. Net cash flow from investing activities = R1 621 3. Net cash flow from financing activities = R8 741	Inadequate implementation of GRAP. Lack of proper review of the Cash Flow to ensure correct disclosure and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	Adherence to AFS plan, accruals and journal processing cut-off period. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
43	Coaf 27b	Cash Flow Statement Differences	Cash Flow Statement Differences	1. Under note 38 of the Annual Financial Statement, a non-cash adjustment of Actuarial Loss of R 1 047 668 had been made on the Deficit for the year and also a non-cash adjustment of the same amount named Actuarial Gain had been made, however on the statement of financial performance we are only having Actuarial Loss of R1 047 668	The above findings are caused by lack of proper review of financial statements and annual performance report.	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.	We agree with the finding. The amount for actuarial gains are only included once now and the positive amount have been removed.	Management has provided us with the Adjusted AFS and we have further audited the adjusted statement of cash flows with no exceptions noted except for differences which are clearly trivial. The following Differences will be included in Summary Of Uncorrected Misstatements: 1. Net cash flow from operating activities = R407 2. Net cash flow from investing activities = R1 621 3. Net cash flow from financing activities = R8 741	Inadequate implementation of GRAP. Lack of proper review of the Cash Flow to ensure correct disclosure and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	Adherence to AFS plan, accruals and journal processing cut-off period. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
44	Coaf 27c	Cash Flow Statement Differences	Cash Flow Statement Differences	1. Other Cash Flow differences noted	The above findings are caused by lack of proper review of financial statements and annual performance report.	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.	1) Service charges have been updated to reflect an amount of R 28 188 553. 2) Finance charges have been changed to the amount of R 8 580 3) The purchase of property, plant and equipment have been updated to reflect R 63 674 091 4) The repayment of finance lease amount has been	Management has provided us with the Adjusted AFS and we have further audited the adjusted statement of cash flows with no exceptions noted except for differences which are clearly trivial. The following Differences will be included in Summary Of Uncorrected Misstatements: 1. Net cash flow from operating activities = R407	Inadequate implementation of GRAP. Lack of proper review of the Cash Flow to ensure correct disclosure and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	Adherence to AFS plan, accruals and journal processing cut-off period. AFS reviews by QC, and all levels of reviews in line with the AFS plan.

#	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
45	Coaf 27d	Cash Flow Statement Differences	Cash Flow Statement Differences	Movement in Working Capital and adjustments named as Other: Under note 38 of the Annual Financial Statements, there is a "Movement in Other" of R20331183, therefore we are limited to determine what is included in "Movement in Other" On the calculation of Cash paid to Suppliers, there is an adjustment named "Other", therefore we cannot determine what is included in "Other" On the calculation of	The above findings are caused by lack of proper review of financial statements and annual performance report.	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.	4. We agree with the finding. Note 30 have been updated and no longer has a line item named "Movement in other". Refer to extract of updated financial statements Refer to updated workings for calculation of "Cash paid to Suppliers"	Management has provided us with the Adjusted AFS and we have further audited the adjusted statement of cash flows with no exceptions noted except for differences which are clearly trivial. The following Differences will be included in Summary Of Uncorrected Misstatements: 1. Net cash flow from operating activities =R407 2. Net cash flow from investing activities = R1 621 3. Net cash flow from financing activities = R8 741	Inadequate implementation of GRAP. Lack of proper review of the Cash Flow to ensure correct disclosure and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	Adherence to AFS plan, accruals and journal processing cut-off period. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
46	Coaf 28	Ugie Landfill Site	Non-compliance in terms of the MFMA and other licence legislation	Ugie Waste Landfill Site was seriously affected by vandalism & theft – some operational / mechanical maintenance and repair needs. No back-up generator for power outages / load shedding needs. Non-compliance to the licence and or Minimum Requirements for Waste	Lack of proper controls around declaration in the municipality.	Implement adequate and effective environment management controls	Management agrees with the finding		Lack of monitoring and safeguarding of the municipality property.	Director Community Services	2024/03/31 On going	Appoint environmental expert for the valuation of the landfill sites and ensure compliance thereof
47	Coaf 29	Receivables from Exchange and Non Exchange	Presentation and disclosure inaccurate	The ageing disclosed on both note 3 and note 4 of the annual financial statements (AFS) is inaccurate as there is a difference between the age analysis submitted with the AFS and the amount recorded in the note per AFS as follows Refer to Coaf 29	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.	1. Management disagrees with the finding as the amounts per Note 3 & 4 can be agreed to supporting documents (Age analysis PLUS Debtors reconciliation). There is a difference between the AFS/ GL and Age Analysis. However, this difference can be supported by valid supporting	Management comments noted, however through discussions with management and review of the subsequently submitted documents the differences were not resolved. Therefore the finding remains and will be accumulated in the summary of uncorrected misstatements.	Legacy imbalances between the GL and sub-module (Ageing). Lack of review of AFS	Chief Financial Officer	2024/03/31 On-going	Munsoft was engaged for proper investigation and recommendation. Monthly reconciliations are being performed.
48	Coaf 29	Receivables from Exchange and Non Exchange	Presentation and disclosure inaccurate	2. The amounts for bad debts written of per note 3 and note 4 of the AFS is not the amount approved by council Refer below for the difference noted.	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 disagrees with the finding (Exchange)The amount of R 3 033 076.47 is part of the total write offs amounting to R 3 584 452, of which R 2 933 706 relates to exchange transactions and R 650 746 relates to non-exchange transactions. Management disagrees with the finding (Non-	Management comments noted, however through discussions with management and review of the subsequently submitted documents the differences were not resolved. Therefore the finding remains and will be accumulated in the summary of uncorrected misstatements.	Management did not agree with the finding council resolutions to support bad debt written off were provided.	Manager Income and Expenditure	2023/11/30	The council resolution and a listings for bad debt written off is being included in the audit file as supporting documents.
49	Coaf 30a	Employee Benefit Obligation	Misstatement on performance bonus	During the audit of performance bonus, the below misstatements were identified	The cause of the finding is due to use of 2020/21 PM rating results instead of 2021/22 results as per accounting policy.	Management is agreement with this finding. At the time of determining the provision, most recent information was not readily available. We have taken the latest performance assessments for 2022 and recalculated the entire	Management agrees with the finding. An adjusting journal will be processed to correct the above difference identified. Refer to worksheet "issue 1" for proposed journal entries.	The management response is noted, the adjusted AFS were received and further audit work has been performed and no misstatements identified therefore the finding has been resolved.	Non-availability of recent PM rating results to perform correct calculations therefore non-adherence to the AFS plan.	Director corporate services	2024/03/31 On going	To ensure that latest PM rating results are available and being used for Performance Bonus calculations during AFS preparations.
50	Coaf 30b	Employee Benefit Obligation	Staff Leave accrual: misstatement identified	During the audit of staff leave accrual, the below misstatements were identified	The cause of the finding is due to lack of adequate review of the annual financial statement by the management.	Management should ensure that the schedules submitted for audit are reviewed properly.	Management disagrees with the finding. The annual leave balance report shows the leave taken in the leave cycle of each employee, not the financial year cycle. This leave consists	Based on the discussions and reperforming the calculation the finding is resolved. The remaining projected misstatement is R48 707 and will be accumulated in the	Management did not agree with the finding as incorrect calculations were performed by the auditor.	Manager Income and Expenditure	2024/03/31 On going	No remedial action as the calculations were correct.
51	Coaf 30c	Employee Benefit Obligation	Difference between GL and AFS	During the audit of staff leave accrual, the below misstatements were identified	The cause of the finding is due to lack of adequate review of the annual financial statement by the management.	Management should ensure that annual financial statements are properly reviewed and accurate prior submitting the financials for audit	Management agrees with the finding. An adjusting journal will be processed to correct the above difference identified. Refer to worksheet "issue 1" of the file named "Annexure to COAF 30.xlsx" for proposed journal entries. Please also the	Management agreed to the finding and submitted adjusted AFS, assessed the adjusted AFS and noted that the adjustment was done appropriately	Lack of review of the AFS and non-adherence to the AFS plan.	Manager Income and Expenditure	2024/03/31 On going	To ensure reconciliation of the AFS and G.L. to the actuarial reports are being done and reviewed by QC and all other levels of review for correct disclosure on the Financial Statements.

#	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
52	Coaf 31	Appropriation statement	Incorrect amounts for budgets	During the audit of appropriation statement, the following issue was noted:1. The budgeted amounts disclosed in the appropriation statement are inaccurate and the statement was incorrectly casted.	The cause of the finding is due to lack of adequate review of the annual financial statement by the management.	An adequate review must be performed by the management before financial statements and annual report is submitted to the auditors.	Management agrees with the finding that the budgeted amounts are inaccurate.The revenue figures have been updated to reflect a total of R 428 538 000. Refer to attached extract of Appropriation Statement and the Approved budget (as per Table B4) that was used as supporting document.The expenditure figures have been updated to reflect a total of R 387 324 000. Refer to attached extract of Appropriation	Management response was not received. However, management submitted the adjusted Annual Financial Statements. By inspection of the adjusted annual financial statements it can be confirmed that the annual financial statements have been adjusted appropriately. Therefore, the finding is resolved.	Incorrect configuration of Caseware formulas and lack of reviews of Annual Financial Statements.	Chief Financial Officer	2024/03/31 On going	Caseware formulas have been reconfigured and advanced Caseware training was also attended. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
53	Coaf 32	Use of consultants	Material findings identified	During the audit of the 2022/2023 Annual financial statements the following material findings were identified on consultant's area	The cause of the finding is due to lack of adequate review of the annual financial statement by the management.	Management should consider appointing finance staff that will prepare the Annual financial statement for the municipality.	Management agrees with the finding	Management agrees to the finding therefore the finding remains and will be reported in the management report	Lack of monitoring and non-implementation of contractor performance	Municipal Manager	2024/03/31 On going	Performance monitoring of the consultants and report to the Council
54	Coaf 33	Private Public Partnerships	Presentation and disclosure inaccurate	The amount for private public partnerships (PPP) disclosed in note 54 of the annual financial statements (AFS) submitted for audit purposes is inaccurate as follows:	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 are properly reviewed before submission for auditing.	Management is in agreement with the finding. The PPP note disclosure will be updated. Please see attached the extract of amended disclosure and GL Extract of transactions.	Management comments noted, the finding is resolved. The afs were adjusted from R6 679 164 to R 3 907 779.	Lack of review of the AFS and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
55	Coaf 34	Cash and Cash equivalents	Cash and Cash equivalents	The balance recorded in the cash book balance does not agree to the balance as per bank statement.	This is due to lack of management oversight and adequate review to ensure that the annual financial statements are free from errors.	Management should ensure that amounts per the financial statements agree to the relevant supporting documents.	We however disagree with the amount of the difference raised above. It is supposed to be R 871 639 (R 6 967 083,03 – R 6 095 444,02) instead of 841 639,01. Refer to the attached reconciliation between	1. Finding resolved through discussions with management. 2. Finding remains, a limitation of R 1 477 190 will be taken to statement of overs and unders.	The variances are arising from legacy balances.	Manager Budget and Reporting	2024/03/31 On going	Munsoft was engaged for proper investigation and recommendation. Monthly reconciliations are being performed.
56	Coaf 35	Financial Instrument and Risk Management	Financial Instrument and Risk Management	The amounts per note 39 and the face of the financial statements do not agree for the line items below:	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 are properly reviewed before submission for auditing.	Management agrees with the finding.Please see attached extracts of Statement of Financial Position and Risk Management Disclosure.	The adjusted AFS were assessed and the note was correctly adjusted.	Lack of review of the AFS and non-adherence to the AFS plan.	Chief Financial Officer	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
57	Coaf 36	Statement of comparison of budget vs actual	Statement of comparison of budget vs actual	The amounts disclosed in the statement of budget vs actual for the 2022/23 actual figures do not agree to the amounts presented in the face of the statement of performance, statement of financial position and statement of cash flows, refer to the attached Annexure (Tabs "A, B & C")	This is due to lack of management oversight to ensure that the financial statements are free errors.	Management should disclose in the statement comparison of budget vs actual amounts that are accurate and free from error as presented in the face of the financial statements.	Management agrees with the finding. The Statement of budget vs Actuals have been updated to agree with the current actual figures on Statement of financial position, statement of financial performance and statement of cash flows.Refer to extracts attached for evidence of changes made.Please note that the figures on these financial	Management response was not received. However, management submitted the adjusted Annual Financial Statements. By inspection of the adjusted annual financial statements it can be confirmed that the annual financial statements have been adjusted appropriately. Therefore, the finding is resolved.	Incorrect configuration of Caseware formulas and lack of reviews of Annual Financial Statements.	Chief Financial Officer	2024/03/31 On going	Caseware formulas have been reconfigured and advanced Caseware training was also attended. AFS reviews by QC, and all levels of reviews in line with the AFS plan.
58	Coaf 37a	Material Losses Misstatements	Material Losses Misstatements	1. The units sold per the 2023 distribution losses register submitted for audit do not agree to the units sold per the meter readings report as per below:	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.	Management is not in agreement with the finding.The units sold per the 2023 distribution losses register submitted for audit do not agree to the units sold per the meter readings report. Units sold and used per register concatenates meter readings, prepaid units sold per Contour system and prepaid units sold	Management submitted the outstanding meter readings. Reperformed the calculation, the remaining misstatement is a factual amount of R 72 287.51 which is below the trivial threshold and will be taken to the summary of uncorrected misstatements.	Lack of review of the AFS and non-adherence to the AFS plan.	Director - IPD	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.
59	Coaf 37b	Material Losses Misstatements	Material Losses Misstatements	2. The units purchased per the 2023 distribution losses register submitted for audit does not agree to the units purchased per the Eskom statements as per below:	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.	The cause of the finding is because prepaid units were omitted in the auditors' calculation. The units purchased per the 2023 distribution losses register submitted for audit does not agree to the units purchased per the Eskom	Management submitted the outstanding meter readings. Reperformed the calculation, the remaining misstatement is a factual amount of R 72 287.51 which is below the trivial threshold and will be taken to the summary of uncorrected misstatements.	Lack of review of the AFS and non-adherence to the AFS plan.	Director - IPD	2024/03/31 On going	AFS reviews by QC, and all levels of reviews in line with the AFS plan.

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

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

COUNCIL MEMBERS	FULL TIME/ PART-TIME	WARD/ ORGANISATION	No of Council meetings attended	No of apologies for non-attendance	% Council meetings attendance
Mamello Leteba	FT	African National Congress	09	00	100%
Victoria Vangiwe Hokwana	FT	African National Congress	09	00	100%
Bandile Nicholas Nqodi	PT	African National Congress	08	01	89%
Thozama Victoria May	PT	African National Congress	07	02	78%
Simphiwe Mdoda	PT	African National Congress	08	01	89%
Mthobeli Siphamla	PT	African National Congress	09	00	100%
Patuoë Lephafa	PT	Economic Freedom Fighters	09	00	100%
Moleboheng Telile	PT	African National Congress	09	00	100%
Zandisile Mampintsha	PT	African National Congress	09	00	100%
Mabaca Victor Thokozwayo	PT	Ward 1	08	01	89%
Phumza Cawe	PT	Ward 2	09	00	100%
Nomalungisa Ngcuka	PT	Ward 3	09	00	100%
Kgotsofaditse Abednigo Mgiijima	PT	Ward 4	08	01	89%
Themhani Mfono	PT	Ward 5	06	03	67%
Nokhanyo Tyumbu	PT	Ward 6	08	01	89%
Tukiso Lephaila	PT	Ward 7	07	02	78%
Mpoleng Agnes Mdleleni	PT	Ward 8	08	01	89%
Nolwazi Mditshane	PT	Ward 9	09	00	100%
Sbusiso Sibanda	PT	Ward 10	08	01	89%
Amanda Ncusana	PT	Ward 11	09	00	100%
Lipuo Constance Marrant	PT	Ward 12	09	00	100%
Lennox Sipiwo Ndumndum	PT	Ward 13	07	02	78%
Akhona Siphambo	PT	Ward 14	09	00	100%
Lebohang Christopher Booka	PT	Ward 15	09	00	100%

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Asithandile Mzekelo Masiso	PT	Ward 16	07	02	78%
Ntlokoma Dan Jubilee	PT	Ward 17	05	04	56%
Mfono					
Fundiswa Sonti-Maqanda	PT	African National Congress	07	02	78%
Veronica Norman	PT	African National Congress	09	00	100%
Lonwabo Magqashela	PT	African National Congress	07	02	78%
Anele P. Mayisha	PT	Democratic Alliance	09	00	100%
Lunga Botomani	PT	ATM	08	01	89%
Rethabile Moleleki	PT	SARKO	08	01	89%
Themba Tsoaeli	PT	Economic Freedom Fighters	08	01	89%
Akhona Witness Masondo	PT	United Democratic Movement	07	02	78%
Chief Siyamthanda	PT	Traditional Council	03	06	33%
Mabandla					
Chief Thozama Zibi	PT	Traditional Council	05	04	56%

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	Mr. Siqalo Mrengqwa
Corporate Services	Ms Ncumisa Fololo (left the position in March 2023)
Local Economic Development	Ms Ntomboxolo Eddie
Budget and Treasury	Ms B. Dlodlo (Acting)
Community Services	Ms Lungiswa Gomana
Strategic Support - Office of the Municipal Manager	Ms 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		

to the public		
Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
ADDITIONAL AGENCY FUNCTIONS PERFORMED		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	X

Appendix E – Functionality of Ward Committees

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of Quarterly public ward meetings held during year
1	Cllr. Tokozwayo	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Zukiswa Tofile				
	Nonkonzo Mavis Mdludlu				
	Flenny Zandisile Mateyisi				
	Nomakho Dyani				
	Neliswa Maguga				
	Noaphiwe Sophaqa				
	Siphokazi Mqhamkana				
	Nomthandazo Stella Mzondi				
	Thandumzi Mongameli Sonti				
	Mzimasi Matolo				
2	Cllr. P Cawe	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Busisiwe Spayidile				
	Thundezwa Pika				
	Eunice Mimi Falitenjwa				
	Eric Fetana				
	Zukile Mbizweni				
	Gcobisa Dastile				
	Lungiswa Dayimani				
	Sinazo Jikwe				
	Bonginkosi Elgin Nogavu				
3	Cllr. N. Ngcuka	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Ntomboxolo Nowethu Dywili				
	Maboyisi Mbulali				
	Andisiwe Bhoto				
	Bongiwe Cynthia Pula				
	Faith Fiona Hamann				
	Ncebakazi Sithole				
	Mxolisi Gift Tsibanto				
	Thando Mjika				

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	Beatrice Noxolo Saka				
4	Cllr. K. A. Mgijima	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Qaurterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Qaurterly village meetings were held
	Thembelani Nkohla				
	Nopumlani Victoria Dibela				
	Ntombokwenzani Mfundisi				
	Nozipho Mdletye				
	Nodabephi Kapa				
	Ntombizanele Sonkwenye				
	Christina Thozama Mbungu				
	Aubrey Tefo Lequoa				
	Shireen Bantom				
5	Cllr. T. Mfono		Committee meets Qaurterly . 4 Quarterly meetings were held	Only Qaurterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Qaurterly village meetings were held
	Nozuko Titshala				
	Siyabonga Mhlandleni				
	Luyanda Kerel Nhose				
	Nomvelwano Nozuko Dlokwana				
	Zikhona Ngayi				
	Odwa Owen Mdlana				
	Anele Nziweni				
	Tandiswa Msutwana				
	Ngeziwe Ntombonina Mbana				
	Siyabonga Nyiba				
6	Cllr. N. Tyumbu	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Qaurterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Qaurterly village meetings were held
	Sithembile Nunu				
	Mbuyiselo Makhonjwa				
	Simphiwe Dlomo				
	Notozamide Mdzanga				
	Xolile Muizen Slwanyana				
	Valencia Nombuso Mno-Nyiba				
	Ntombethemba Mbuzeli				
	Nosibusiso Gibeni				
	Kalipa Joy Gana				
7	Cllr. Lephaila	Yes	Committee meets Qaurterly . 4 Quarterly	Only Qaurterly reports are produced and	Qaurterly village meetings were held
	Thembikhaya Khwaza				
	Kabelo Andries Machaea				

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	Octavia Gcwabe		meetings were held	submitted to both office of the speaker and Strategic Governance Committee	
	Bongiwe Sanezwa Sicwebu				
	Malejoetso Tsolo				
	Christopher Matsoso				
	Katleho Maja				
	Nosamkele Dyunkwana				
	Vuyisa Manyosi				
8	Cllr. Mdleleni	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Lefedisa Mpeke				
	Ntitseng Anastacia Mohlafuno				
	Moipone Thelma Ralarala				
	Nombuso Malahlisa				
	Mantankiso Khoase				
	Mamolebadi Tedile				
	Nikelwa Gcotyelwa-Lekhetha				
	Mhlangabezi Sibizo				
	Bonga Landule				
9	Cllr. N. Mditshane	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Molebeledi Manganeng				
	Lusanda Alex Ngxongxela				
	Priscilla Nteboheng Lebeta				
	Tiisetso Vincent Khonyane				
	Luvuyo Mabuya				
	Zwelandile Khwezi				
	Ntombedinga Jojo-Delihlazo				
	Vuyokazi Ndzunga				
	Athenkosi Mkaka				
	Ophola Olota				
10	Cllr. S. Sibanda	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic	Quarterly village meetings were held
	Bulelwa Dlaba				
	Mbulelo Admiral Mdletye				
	Mpendulo Mpofana Ngele				
	Yondela Dondolo				

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	Cyprian Ntlahla Ndaba			Governance Committee	
	Andiswa Mafumana				
	Ralekane Motjotji				
	George Bunene Mfuphi				
	Samuel Keletso Heise				
	Lwandile Mfuneko Dube				
11	Cllr. A. Ncusana	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Bukiwe Mpeta				
	Andiswa Magalela				
	Kholeka Ntyinkala				
	Ncomeka Magidi-Gidi				
	Mcgregor Ntyikala				
	Mantho Rametsi				
	Mamello Peteince Qhali				
	Nothobelumzi Lisimi				
	Bithatelo Poni				
12	Cllr. Marrand	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Xoliswa Petronella Lesebane				
	Solomzi Geqeza				
	Nthabeleng Julia Molefe-Lekena				
	Nothemobile Jonga				
	Thulani Benjamin Mhlonyane				
	Nkgothatseng Elizabeth Erasmus				
	Sechaba Mokhutshoane				
	Khojane Lebeko				
	Lebohang Semaru				
	Libuseng Matsa				
13	Cllr. L. S. Ndumndum	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Dieketseng Victoria Moshoeshe				
	Mamosuwe Boleke				
	Tasi Innocentia Makhetha				
	Lerato Adelina Lebenya				
	Dineo Mokhutsoane				
	Nokhawunti Cynthia Mbungendlu				
	Nokwanda Nzdunga				

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	Patuwe Mpheme				
	Takatso Khahleli				
	Nkululeko Rodwell Nkothe				
14	Cllr. A. Siphambo	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Qaurterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Qaurterly village meetings were held
	Mpatliseng Lephafa				
	Mkhuseli Lekhatha				
	Molokelang Temperance Lehapa				
	Malehlohonolo Khiba				
	Ntswakeleng Manamathela				
	Mabokang Gladys Mabula				
	Ntombomzi Matubatuba				
	Emihle Mazwi				
	Ntombethemba Christina Dlaza				
15	Cllr. L. C. Booka				
	Neo Tinny Sam				
	Ongezwa Mhlana				
	Zukiswa Cicilia Menyelwa				
	Leboya Piet Sebeka				
	Matumelo Patience Motema				
	Thabiso Mpeke				
	Albertina Ntebaleng Mamba				
	Mampe Telile				
16	Cllr. A. Masiso	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Qaurterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Qaurterly village meetings were held
	Nompumelelo Macuphe				
	Noluthando Mavis Menemene				
	Mamarena Priscilla Mpeta				
	Collen Tuurman				
	Andiswa Mathole				
	Nonceba Sicangca				
	Zingiwe Mavis Mtembu				
	Yoliswa Bhukhwana				

	Abednigo Kholebona Mhambi				
	Sandile Mangali				
17	Cllr. N. D. J. Mfono	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee	Quarterly village meetings were held
	Azola Mzanywa				
	Busisiwe Masizana				
	Sandiswa Dyani				
	Monica Phelekwa Ngqubeka				
	Zoleka Nyangweni				
	Unathi Willen				
	Tembelani Sondzandza				
	Fungiswa Budaza				
	Bulelwa Faith Sigwela				
	Tandeka Sylvia Fihlani				

Appendix G - Recommendations of The Municipal Audit Committee

The ELM's Audit Committee has, during the period under review held eight (8) meetings as per its schedule.

1. 24 November 2022 -ordinary audit committee meeting
2. 20 January 2023 – special audit committee meeting
3. 16 February 2023 - In-committee
4. 17 February 2023 – ordinary audit committee meeting
5. 26 April 2023 – ordinary audit committee meeting
6. 30 June 2023 – ordinary audit committee meeting

Below were the items discussed and their resolutions:

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
24 November	AC/41/2023	The in-committee meetings with Management, AGSA and Internal Audit to be scheduled separately when the next AC meeting is	Mr Magongo – Internal Audit	Yes

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Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
2022		announced in order to review the AC meeting's agenda items based on the strategy of the municipality as well as findings that have been recurring for the municipality.	Manager	
	AC/42/2023	SCM Manager to expand more on the challenges that the municipality is faced with on the DMP report and to also include numbers on the actual amounts of contracts and actual expenditure spent on projects as part of the summary.	Miss. H. Mduzulwana – Manager SCM	Yes
20 January 2022	AC/43/2023	Management to complete the Corrective Audit Action Plans report incorporating the issues and suggestions made by the AC members AND present in the next special Audit Committee meeting.	Mrs. F. Mbaliswana – Acting CFO	Yes
	AC/44/2023	Mr. Magongo to consider the appointment of co-sourced internal audit services through a quotations process for the projects that will be due before the appointment of a service provider.	Mr. B. Magongo – Internal Audit Manager	Yes
17 February 2023	AC/45/2023	Agenda to include an item on the achievements obtained by municipal officials over a period of time.	Mr. B. Magongo – Internal Audit Manager	Yes
	AC/46/2023	Special Audit Committee meeting held on the 17 th of February 2023 to be changed into an ordinary meeting.	Mr. B. Magongo – Internal Audit Manager	Yes
	AC/47/2023	Interim AFS that will incorporate the correction of previous year uncorrected misstatement to be submitted to IA by the 17 th of March 2023	Mr. J. Mdeni – Accounting Officer Ms. B. Dlodlo –	Yes

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Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
			Acting CFO	
	AC/48/2023	Internal audit unit to develop a resolution register and table it to all AC meetings so as to keep track of all resolutions.	Mr. B. Magongo – Internal Audit Manager	
	AC/49/2023	<p>Review of Interim Financials was sent back for revision and resubmitted to the next AC meeting and the scope should include the following:</p> <ul style="list-style-type: none"> • understanding of the objective and scope to be covered by this review as recommended by AC • Significant matter raised by the AG which management committed to adjust to ensure that the IFS has correct opening balances • Detailed process followed by Management in correcting the prior year uncorrected misstatements 	Mr. B. Magongo – Internal Audit Manager working with Management and both Consultants.	Yes
	AC/50/2023	Risk Management unit to submit a risk management, Fraud and Ethics and risk related policies.	Mrs. N Sokutu – Strategic Support Services Manager	Yes
	AC/51/2023	Mr. Magongo to meet with Director IP&D after the meeting and indicate what is expected by the AC members from the reported requested	Mr. B. Magongo – Internal Audit Manager	Yes.
	AC/52/2023	AO to engage with the SCM Manager on the proposal of institutionalisation of the Demand Management Plan and that a report on the procurement plan be tabled on the next AC meeting with all projects completed from the beginning of the financial year.	Mr. J. Mdeni – Accounting Officer Ms. H. Mdzulwana – SCM and Assets Manager	Yes
	AC/53/2023	AO to ensure that there are public notices of the Hotline details and report on Hotline cases	Mr. J. Mdeni –	Yes

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Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
		in all AC meeting going forward.	Accounting Officer	
	AC/54/2023	Internal Audit to follow up on the process to ensure the archiving and backup process of documents is implemented	Mr. B. Magongo – Internal Audit Manager	Yes
30 June 2023	AC/55/2024	Accounting Officer and Management needs to reconsider skills audit within the municipality and a potential for a succession strategy because most employees within the municipality have been loyal, therefore management needs to be intentional to ensure that these people are able to grow within their positions as this will also motivate employees	Mr. J. Mdeni – Accounting Officer	Yes
	AC/56/2024	Mr. Magongo to look at the possibility of conducting a review on Infrastructure Capital Projects and Grant Management for the period from April to June 2023	Mr. B. Magongo – Internal Audit Manager	The audit could not be completed within first quarter of 2023/24 financial year due to required information was requested by AGSA. Audit scheduled to 16 February 2024.
	AC/57/2024	Mr. Mrenqwa to review the SARPA report to include an updated action plan with new dates for the next AC meeting. Mr. Mrenqwa to present a breakdown on MIG spending on the Grants spending report	Mr. S. Mrenqwa – Director IP&D	Yes
	AC/58/2024	There need to be a process in place where the municipality is unable to fill positions within 6 months	Miss. P. Dumalisile – Acting Corporate Service Director	Yes
	AC/59/2024	Committee recommended that people that are appointed in Acting positions need to be made aware of what they are expected to do and there should be upskilling intervention	Miss. P. Dumalisile – Acting Corporate Service Director	Yes

Date of meeting	Resolution No.	Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
		conducted		
	AC/60/2024	Committee recommended that performance management system should go hand in hand with performance bonuses as this personally affect the employee's performance and working environment	Miss. P. Dumalisile – Acting Corporate Service Director	Yes
	AC/61/2024	Committee recommended that Management should resolve the outstanding items on uncorrected misstatements prior to the review of opening balances by AG and that should be presented before finalisation of the AFS on the meeting that will be held in August 2023	Miss. B. Dlodlo – Acting CFO	Yes
	AC/62/2024	Committee recommended to Management to be proactive and be firm on the service provider that prepares AFS material adjustments that were not prevented last financial year.	Miss. B. Dlodlo – Acting CFO	Yes

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	30/04/2023	Community Services Manager	R 2, 4m	R 2.4 m - R 7.2 m	

Appendix F1: Capital Project

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O)				
R' 000				
No.	Project Name and detail	Start Date	End Date	Total Value
4	Construction of Bethule to Mrhorwana	31 Jan 2023	30 June 2023	6, 319, 813.68
18	Construction of Nkangala Chevy chase Access road	17 Jan 2023	20 June 2023	5, 150, 866.94
3	Construction of Nqanqarhu Cluster 1 phase 3	15 November 2022	30 June 2023	30, 411, 740.33
14	Construction of Refele sport field	09 Feb 2023	27 October 2023	17, 866, 563. 21

**APPENDIX H - OVERSIGHT REPORT ON
THE ANNUAL REPORT OF THE ELUNDINI
MUNICIPALITY FOR THE YEAR ENDED 30
JUNE 2023**

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 2024**, an annual report of the Elundini Municipality for the year ended 30 June 2023.

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 2023, 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
13/03/2024	<ul style="list-style-type: none">• Cllr M Mampintsha• Cllr M Mdleleni• Cllr L B Magqashela• Cllr Tyumbu• Cllr Mgijima	<ul style="list-style-type: none">• Annual report• Performance report	
19/03/2024	<ul style="list-style-type: none">• Cllr M Mampintsha• Cllr M Mdleleni• Cllr L B Magqashela	<ul style="list-style-type: none">• Audited annual financial statements	Elundini Audit Committee chairperson, Mrs Ntombentsha

	<ul style="list-style-type: none"> • Cllr Mgijima 	<ul style="list-style-type: none"> • Audit report 	Mnconywa CA(SA)
25/03/2024	<ul style="list-style-type: none"> • Cllr M Mampintsha • Cllr N Tyumbu • Cllr L B Maggashela 	<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 2023 has been prepared in accordance with Section 121(3) of the MFMA.

B. Analysis of the annual report for the year ended 30 June 2023

2.1. OVERALL INSTITUTIONAL PERFORMANCE

The report indicate that the Institution has improved in its level of achievement as recorded in the previous year report with performance achievement of 73% as against 50% achievement last year. ELM had a total of 22 indicators; Basic Service Delivery had a total of 16 indicators out of the 22 indicators; Financial Viability had a total of 02 indicators whilst Good Governance had 01 indicator; Local Economic Development had a total of 02 indicators and Municipal Transformation KPA had 1 indicator. Basic Services achieved 69%; Financial Management & Viability KPA achieved 100%; Good Governance & Public Participation KPA achieved 100% whilst Local Economic Development achieved 50% and Municipal Transformation & Organizational Development KPA achieved 100%.

2.2. ANALYSIS OF PERFORMANCE REPORT

Targets are developed without taking into account the external factors that could affect performance. Some targets are set even though the responsible person or department has no control on the pre-requirements for achieving the target.

Some performance information is not providing simple detail for the external users as it does not give a clear and understandable picture of what really happened.

For instance, Indicator D509- Number of contractor SMMEs benefited through sub-contracting was not achieved. The explanation for the non-achievement in the Annual Report is so vague for a person in street.

After MPAC requested further explanation, it only transpired that the target is dependent on package orders issued. During the year under review the package orders allowed for 6 SMMEs as against the 10 targeted.

Indicator D514- Number of farmers supported through RAFI beef program. The target is 3 which could not be achieved because the prerequisite is land. The target was set without first acquiring suitable land for the project. This is proof that the municipality sometimes sets itself unrealistic targets.

D579- Number of ICT projects implemented could not be achieved. The provision of fiber for connectivity is a costly project. The municipality budgeted a mere R1, 5 million to implement this project which was so unrealistic.

D624- Number of cemetery master plans developed. This target could not be achieved due to no budget available.

The observation by the committee is that targets set and reflecting in the SDBIP do not relate to available budget. Some targets are not achieved and the explanation for non-achievement is insufficient budget. It remains to be explained why unbudgeted projects are not removed during the adjustment period.

2.3. PROJECT VERIFICATION

The committee took a round and verified the projects as stated in the annual report.

The committee visited Electrification project in Lundini villages and Mrowana access road. The community accepted the electrification project but expressed challenges in purchasing electricity tokens as some metres are registered under

wrong beneficiaries. The mrorwana access road is in good conditions and accepted by the community.

Refele sport field was also progressing well. Works had advanced from the 40% recorded in the annual report.

Nkangala access road is not accepted by the community. The quality of gravel used is rejected by the community as they claim that it is not what they suggested. The contractor ignored the community and went on with the project despite their calls. The road width is narrow and two cars can not pass each other. The storm water drainage system is very poor. On rainy days water form small dams on the road reducing the road surface. The community claim that the Project Steering Committee views were not taken into account.

Ugie ECD, Ugie Public toilets and Smart meter projects were also visited. The community of Ugie had complaints of not being able to purchase electricity for the new smart metres. The ECD was complete and ready for handover. Ugie public toilets are complete but stand unused.

2.4. 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 and she joined virtually. 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.

Receivables from non-exchange transactions (refuse, electricity, rent) amounts to R13 976 984.00 which is an increase from R12 million for last year. This is an increase of non-payment of services by municipal customers. Impairment of debtors remains high which is an indication of the municipality's inability recover debts. The total electricity debt by customers is R22 million and out of that, R16,8 million is impaired which means the municipality is not sure it will ever realize it. Refuse debtor amount to 9 million and out of that 8 million is impaired meaning we only sure to get R1 million from refuse. This, in essence, means that we are providing both services at a loss. House rentals remain a challenge and it is inconceivable how the municipality is failing to collect rentals from the houses it owes mostly that some of the houses are occupied by municipal employees.

In Tlokoeng the municipality has a challenge as electricity is offered by Eskom and the municipality can not switch off electricity to force the payment of other debts.

Receivables from non-exchange services(rates) are at R35 million and impairment is R18 million. About R31 million of the debt on rates is owed for over 150 days.

The above indicate that in both electricity and rates, which are the most money makers of the municipality, we are doing so bad.

Cash and cash equivalents which is cash at the bank has decreased from R77 million to R45 million this year. This means for this year we used about R22 million in reserves which puts the municipality at a high risk.

Payables from exchange transactions have increased. The municipality had a lot of unpaid invoices at the end of the financial year. These accruals were R17 which is an increase from R11 million last year. This could be due to lack of funds to pay the invoices or lack of capacity in the finance department to pay submitted invoices on time or this could be attributed to the fact that the municipality had, for a long time, operated without a CFO.

Statement of financial performance indicate that the municipality has a deficit of R12 million which is an increase from the R10 million recorded last year. This is a risk for the municipality as operations have to be financed from reserves.

The statement of comparison of budget and actual amounts depict that for income, some figures are just put for purposes of balancing the budget. Electricity sales have been budgeted at R76 million. This figure was adjusted to R40 million and the actual amount received is R22 million. We need to do something about the sales of electricity. This is where the municipality is spending huge amounts in bulk purchases. The smart meter project need to be reviewed to check if, as a municipality we are reaping and positive rewards from it. The same should be done to our refuse collection as we are providing that service for free at moment because we are not recovering our costs in anyway.

For other income the budget is R73 million but the actual amount realized is a mere R700 000. This shows that the budget amount was just to balance the budget.

For property rates we budgeted R65 million which was later adjusted to R34 million and the actual amount received is R25 million.

During the committee's consideration of the performance report and when requesting explanations from directors it transpired that Community Services submitted By laws for council approval without first taking the By laws for public comments and inputs.

2.5. AUDIT OPINION

The municipality retained the Unqualified Audit Report with findings. This means we should all work hard with dedication to attain clean audit next time

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 2023, **APPROVES** the annual report; and
- b) Council **APPROVES** the Annual report for the year ended 30 June 2023 without reservations.
- c) Council **MANDATES** the municipal manager to ensure that correct information on Indicator D488 for achievement is recorded correctly, indicator D624 information on performance comment and remedial action should be included before the Annual Report is printed
- d) Council **RESCINDS** resolution **CONA/133/23** which approved the following By laws
 1. Street Trading
 2. Cemetery and Crematorium
 3. Indigent Pauper Burial Policy
 4. Pound Management
 5. Keeping of animals
 6. Liquor Trading regulatory
 7. Waste management
 8. Fire safety
 9. Gatherings

10. Traffic Management and Vehicle Impoundment

11. Fine Schedule for Community Services

And only **NOTES** the by laws and policies for community/ stakeholder consultation

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	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)
Jack Thando	Mdeni	Accounting 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
Lungiswa	Gomana Kutwana	Senior Manager (MSA S56)	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
Siqalo	Mrenqwa	Senior Manager (MSA S56)	On/after 26 Oct 2018	NQF Level 7- Bachelor Degree (min 360 credits)	5 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Ntomboxolo	Eddie	Senior Manager (MSA S56)	on/after 26 Oct 2018	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
Hlubikazi	Mduzulwana	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

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Name	Surname	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)
Funeka	Mbaliswana	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	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
Sisa	Mveku	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	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
Kwanele	Sobekwa	SCM Head	Before 3Feb 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

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Clrs Full Names	Shares & Other Fin Interests	Membersh ip 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, Lebohlang 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 Rethabile Cleaning & Chakatsa Farmers	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	Smalo Trading Enterprise	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
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	R2500 (Partner)	N/A	N/A	N/A	N/A	Y
Mgijima, Abednigo Kgotsofaditse	N/A	N/A	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	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
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
Sonti, Fundiswa Millicent	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
Masiso, Mzekelo	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
Ndumndum, Lennox Siphwiwo	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
Siphambo, Akhona	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Capitec	N/A	Y

APPENDIX K1: REVENUE COLLECTION BY VOTE

Revenue Collection Performance by Vote

R' 000

Vote Description <i>[Insert departmental structure etc]</i>	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25	
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget	
		3	4	5	6	7	8	9	10				
R thousands	A	A1	B	C	D	E	F	G	H				
Revenue by Vote	1												
Vote 1 - Executive and Council		148 628	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - BTO		126 441	634 766	-	-	-	-	(316 425)	(316 425)	318 341	302 943	319 065	
Vote 3 - Corporate Services Department		440	-	-	-	-	-	-	-	-	-	-	
Vote 4 - Strategic Development Services		31 162	5 868	-	-	-	-	(2 934)	(2 934)	2 934	764	801	
Vote 5 - Community Services Department		(191)	22 618	-	-	-	-	(11 309)	(11 309)	11 309	10 261	9 069	
Vote 6 - Infrastructure Development		75 378	230 662	-	-	-	-	(118 831)	(118 831)	111 831	153 888	131 176	
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	
Total Revenue by Vote	2	381 859	893 914	-	-	-	-	(449 498)	(449 498)	444 415	467 856	460 112	

APPENDIX K2: REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	65 496	68 183	-	-	-	-	(34 092)	(34 092)	34 092	35 898	37 657
Service charges - electricity revenue	2	76 283	81 161	-	-	-	-	(40 580)	(40 580)	40 580	48 169	50 529
Service charges - water revenue	2	26 344	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	14 707	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	7 755	7 515	-	-	-	-	(3 757)	(3 757)	3 757	3 957	4 150
Rental of facilities and equipment		1 006	4 489	-	-	-	-	(2 244)	(2 244)	2 244	2 363	2 479
Interest earned - external investments		4 979	10 251	-	-	-	-	(5 125)	(5 125)	5 125	5 397	5 661
Interest earned - outstanding debtors		30 075	3 687	-	-	-	-	(1 843)	(1 843)	1 843	1 941	2 036
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		62	719	-	-	-	-	(360)	(360)	360	379	397
Licences and permits		1 099	5 049	-	-	-	-	(2 525)	(2 525)	2 525	2 658	2 789
Agency services		16 955	1 185	-	-	-	-	(592)	(592)	592	624	654
Transfers and subsidies		153 100	376 040	-	-	-	-	(188 020)	(188 020)	188 020	197 177	205 989
Other revenue	2	7 943	144 313	-	-	-	-	(71 198)	(71 198)	73 115	99 090	76 481
Gains		-	70 468	-	-	-	-	(35 234)	(35 234)	35 234	1 101	1 155
Total Revenue (excluding capital transfers and contributions)		405 803	773 059	-	-	-	-	(385 571)	(385 571)	387 488	398 755	389 978

APPENDIX L: 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		0	0	0%	0%	
Public Transport Infrastructure and Systems Grant	0	0	0	0%	0%	
Equitable Share	180384000	180384000	180340000	0%	0%	
Other Specify:						
MIG	44 175 000	44 736 085	44 736 085	0%	0%	
INEP	14 400 000,00	14 400 000	14 400 000	0%	0%	
Financial Management Grant	1 650 000	1 650 000	1 650 000	0%	0%	
EPwP	2 539 000	2 539 000	2 539 000	0%	0%	
Libraries Grant	750 000	750 000	750 000	0%	0%	
Total						

APPENDIX M1-2: CAPITAL EXPENDITURE

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 2022-2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	41 966	41 966		38 583	51 743	45 633	-
Infrastructure: Road transport - Total	41 966	41 966		38 583	51 743	45 633	-
<i>Roads, Pavements & Bridges</i>							
<i>Storm water</i>	41 966 250	41 966 250	38 466 250	38 582 849	51 742 750	45 633 250	
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>							

Appendix N : CAPITAL PROGRAMME BY PROJECT

R' 000					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
Khohlong	4 800 000,00	4 800 000,00	3 488 215,82	-38%	-38%
Ulundi	4 500 000,00	4 500 000,00	5 156 329,89	13%	13%
Bhethula	3 300 000,00	3 300 000,00	3 763 351,23	12%	12%
Ulundi	1 800 000,00	1 800 000,00	2 032 555,87	11%	11%
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					
Construction of Castle Rocks	5 000 000,00	5 300 000,00	3 336 036,74	-59%	-50%
Construction of Bhethula to Mrhorwana	6 509 043,25	5 909 043,25	6 319 813,68	6%	-3%
Construction of Ntokozweni ECDC	4 428 573,68	4 428 573,68	4 289 522,52	-3%	-3%
Construction of Nkangala Chevy Chase Access Road	4 602 191,14	5 202 191,14	5 150 866,94	-1%	11%
Construction of Greenfields Street	3 634 090,55	2 134 090,55	1 265 839,05	-69%	-187%
Construction of Ugie Streets	4 845 624,18	3 745 624,18	2 186 026,20	-71%	-122%

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Construction of Nqanqarhu Cluster 1 phase 3	7 804 120,79	7 804 120,79	7 503 539,11	-4%	-4%
Construction of Refele Sportsfield	8 641 656,41	8 641 656,41	12 592 231,13	31%	31%
	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%

Appendix O : CAPITAL PROJECTS BY WARD

Capital Project	Ward(s) affected	Works completed (Yes/No)	R' 000
Water			
"Project A"			
"Project B"			
Sanitation/Sewerage			
Electricity		Yes	
Khohlong		Yes	
Elenge		Yes	
Bhethula		Yes	
Ulundi			
Housing			

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Refuse removal		
Stormwater		
Construction of Castle Rocks	16	No
Construction of Bhethula to Mrhorwana	4	Yes
Construction of Ntokozweni ECDC	2	Yes
Construction of Nkangala Chevy Chase Access Road	16	Yes
Construction of Greenfields Street	17	No
Construction of Ugie Streets	2	Yes
Construction of Nqanqarhu Cluster 1 phase 3	3	Yes
Construction of Refele Sportsfield	8	No

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 4.4.4)	278 positions (Paragraph 4.4.4)	81%	
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	Municipal Man. – 100% CFO - 0% Other S57 - 75% Paragraph 4.4.4	3 Strategic positions filled Paragraph 4.4.4	75%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development	1 (Table 54)	1 (Table 54)	25%	

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	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	1 (Table 26 and 54)			PMU Manager, Manager electricity, were vacant during the period Manager: building and Civil works left the position on 31 march 2023
5	Level of PMS effectiveness in the DM – (DM to report)	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 down 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.			
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 54)	206 employees (Table 54)	92%	
8	Percentage of councillors who attended a skill development	(Table 54)	20 councillors	58,8%	

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	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 within the current 5-year term				
9	Percentage of staff complement with disability	0 (Table 44,45 &47)			The Municipality encouraged the application and recruitment of disabled citizens however none were attracted.
10	Percentage of female employees	138 (Table 47)	49,6%	49,6%	
11	Percentage of employees that are aged 35 or younger				<p>Table 44</p> <p>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.</p> <p>Another factor that needs to be commended is the fact that of the 18 new employees, 12 were</p>

	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
					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.
12	Adoption and implementation of a HRD including Workplace Skills Plan	Paragraph 4.4.5		104% (Paragraph 4.4.5)	

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in Electricity services

	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 33)	4403 (Table 33)	320 Paragraph 4.6.3	327 Paragraph 4.6.3	102%
2	Percentage of indigent households with access to basic electricity services	5000	Table 52	5000	5933	
3	Percentage of indigent households with access to free alternative energy sources	<p>Paragraph 5.1.2.1</p> <p>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</p>				

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual KMs)	Kms achieved during the FY	Percentage of achievement during 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	Table 56, ref TL115		7.98KM Planned (Table 56)	7.3KM Actual (Table 56)	Table 56, ref TL115
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.					

Annual performance as per key performance indicators in waste management 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 with access to refuse removal services	Paragraph 3.1.3.1 PAGE 88 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				

		<p>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	<p>Paragraph 3.1.3.5</p> <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 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	Paragraph 3.1.2.1 & 3.1.2.6
2	Percentage of informal settlements that have been provided with basic services	<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>
3	Existence of an effective indigent policy	<p>Paragraph 5.1.2.1</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 5 933 qualifying beneficiaries.</p>
4	Existence of an approved SDF	Paragraph 3.2
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.

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	Paragraph 3.2		
2	Percentage of LED Budget spent on LED related activities.			
3	Existence of LED strategy	<p>Paragraph 3.9</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 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.</p>		
5	Plans to stimulate second economy			

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
6	Percentage of SMME that have benefited from a SMME support program	Paragraph 4.6.3 (ref D509 & D510)		
7	Number of job opportunities created through EPWP	Table 62 Paragraph 4.6.2.5		
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	Chapter 6		
2	Submission of AFS after the end of financial year	Appendix L		
		Target set for Capital Budget	Achievement level during the year R(000)Amount spent against capital budget	Percentage spent on capital budget during the year vs the actual

DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

		(R000)	(R000)	revenue
3	Percentage of expenditure of capital budget			
		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
4	Percentage of salary budget as of the total operational budget			
		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			
		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			
		Indicate previous financial year' s municipal debtors	Indicate municipal debtors for the year under review	Achievement percentage (reduction rate)
7	Rate of municipal consumer debtors' reduction			
		Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement percentage
8	Percentage of MIG budget appropriately spent			
9	Municipalities with functional Audit Committee	Appendix G The ELM Audit Committee during the year under review from 01 July 2022 to 30 June 2023 held six (06) meetings as per it's 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 2.1.6.2		
2	% of ward committees that are functional			
3	Existence of an effective system to monitor CDWs	Paragraph 2.1.6.2		
4	Existence of an IGR strategy	<p>Paragraph 2.1.4</p> <p>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</p>		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			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 9 th 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.	
5	Effective of IGR structural meetings		Paragraph 2.1.6.3	
6	Existence of an effective communication strategy		Paragraph 2.3.5.1 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	
7	Number of mayoral imbizos conducted		Paragraph 2.1.6.3	
8	Existence of a fraud prevention mechanism		Paragraph 2.3.6.7.4	

DRAFT ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

APPENDIX L : ANNUAL FINANCIAL STATEMENTS



ELUNDINI LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2023

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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	Cllr M. P. S. Leteba Cllr S. Mdoda - Portfolio head: Infrastructure Development Cllr T. V. May - Portfolio head: Community Services Cllr P. Lephafa - Portfolio head: Financial Services Cllr B. N. Nqodi - Portfolio head: Corporate Services Cllr M. Siphamla - Portfolio head: Planning and Economic Development
Councillors	Cllr V. V. Hokwana - Speaker 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 N.D.J. Mfono - Ward 5 (ANC) Cllr N. Tyumbu - Ward 6 (ANC) Cllr T. Lephaila - Ward 7 (ANC) Cllr M.A Mdleleni - Ward 8 (ANC) Cllr N. Mditshane - Ward 9 (ANC) Cllr Z. Sibanda - Ward 10 (ANC) Cllr G.A. Ncusana - Ward 11 (ANC) Cllr C.L. Marrand - ward 12 (ANC) Cllr L.S. Ndumndum - Ward 13 (ANC) Cllr A. Siphambo - Ward 14 (ANC) Cllr L.C. Booka - Ward 15 (ANC) Cllr M.A Masiso - Ward 16 (ANC) Cllr T. Mfono - Ward 17 (ANC) Cllr M.P.S. Leteba - PR (ANC) Cllr V.V. Hokwana - PR (ANC) Cllr S. Mdoda - PR (ANC) Cllr T.V. May - PR (ANC) Cllr M. Siphamla - PR (ANC) Cllr Z. Mampintsha - PR (ANC) Cllr V. Norman - PR (ANC) Cllr B.N. Nqodi - PR (ANC) Cllr F.M. Maqanda- Sonti PR (ANC) Cllr L.B. Magqashela - PR (ANC) Cllr M. Telile - PR (ANC) Cllr A. Mayisha - PR (DA) Cllr L. Botomani - PR (ATM) Cllr R. Moleleki - PR (SARKO) Cllr A.W. Masondo - PR (UDM) Cllr P. Lephafa - PR (EFF) Cllr P. Tsoaeli - PR (EFF)
Grading of local authority	3

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

General Information

Accounting Officer	J T Mdeni (From 1 July 2022)
Chief Finance Officer (CFO)	Vacant
Registered office	No. 1 Seller Street Maclear 5480
Business address	No. 1 Seller Street Maclear 5480
Bankers	First National Bank Standard Bank
Auditors	Auditor General South Africa (AGSA)
Attorneys	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 -N K Fololo (July 2023 - April 2023) Director: Infrastructure Planning and Development - S Mrengqwa (from 1 March 2023) Director: Planning and Economic Development - N C Eddie (July 2022 - October 2022 and June 2023) Director: Community Service - L. Kutwana-Gomana (From 1 July 2022)
Section 79 Chairpersons	Members Interest Committee - Cllr M. Telile Rules Committee -Cllr V.V. Hokwana Municipal Public Accounts Committee - Cllr Z. Mampintsha Mandate Committe - Cllr M.V. Tokozwayo Strategic Governance - CLLR M.P.S. Leteba Women Caucus - Cllr C.L. Marrand
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 2023

Index

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

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Supplementary Information	95

ANC	African National Congress
ATM	African Transformation Movement
DA	Democcratic Alliance
EFF	Economic Freedom Fighters
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
CFO	Chief Financial Officer
CIGFARO	Chartered Institute off Government Finance Audit and Risk Officers
INEP	Intergrated National Electrification Programme
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SARKO	South African Royal Kingdoms Organisation
UDM	United Democratic Movement
VAT	Value Added Tax

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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.

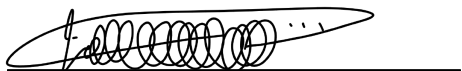
The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal 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 period 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 Officer 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 page 6 - 96, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2023 and were signed on its behalf by:



Accounting Officer
J T Mdeni

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting officer's Report

The accounting officer's submits his report for the period ending 30 June 2023.

1. Review of activities

Main business and operations

Net deficit of the municipality was R 12,856,718 (2022: deficit R 10,520,120).

2. Going concern

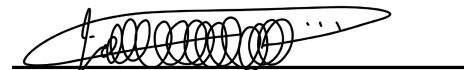
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Corporate governance

General

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

The annual financial statements set out on pages 6 to 95, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:



Accounting Officer
J T Mdeni

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	13,976,984	12,055,592
Receivables from non-exchange transactions	4	19,649,740	14,848,996
VAT receivable	5	8,846,322	8,139,678
Cash and cash equivalents	6	45,752,319	77,313,337
		88,225,365	112,357,603
Non-Current Assets			
Investment property	7	44,149,269	44,628,368
Property, plant and equipment	8	554,763,326	538,578,989
Intangible assets	9	430,266	1,050
		599,342,861	583,208,407
Non-Current Assets		599,342,861	583,208,407
Current Assets		88,225,365	112,357,603
Total Assets		687,568,226	695,566,010
Liabilities			
Current Liabilities			
Finance lease obligation	10	-	147,486
Payables from exchange transactions	11	53,946,159	41,367,810
Employee benefit obligation	12	14,384,826	14,798,380
Unspent conditional grants and receipts	13	40,472	5,521,260
Provisions	14	3,431,137	3,471,822
Consumer Deposits	15	402,450	400,350
		72,205,044	65,707,108
Non-Current Liabilities			
Employee benefit obligation	12	8,397,000	6,937,000
Provisions	14	27,167,123	30,266,134
		35,564,123	37,203,134
Non-Current Liabilities		35,564,123	37,203,134
Current Liabilities		72,205,044	65,707,108
Total Liabilities		107,769,167	102,910,242
Assets		687,568,226	695,566,010
Liabilities		(107,769,167)	(102,910,242)
Net Assets		579,799,059	592,655,768
Accumulated surplus	50	579,799,060	592,655,768
Total Net Assets		579,799,060	592,655,768

* See Note

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance for the period ending 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	16	32,615,693	36,485,079
Rental of facilities and equipment	17	1,757,537	1,748,103
Licences and permits	18	3,743,902	3,515,418
Other income	19	769,005	2,887,133
Interest earned - trade and other receivables	20	3,400,311	2,215,468
Interest earned - investments	20	6,367,152	4,786,371
Actuarial gains	21	1,047,668	293,754
Insurance refunds		138,880	299,860
Total revenue from exchange transactions		49,840,148	52,231,186
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	22	25,782,794	26,053,891
Electricity availability charges		8,731,134	8,176,582
Donations	23	2,551,882	-
Transfer revenue			
Government grants & subsidies	24	244,947,411	228,065,133
Fines, penalties and forfeits	25	2,367,035	913,292
Interest from non exchange receivables	26	3,197,115	1,834,716
Total revenue from non-exchange transactions		287,577,371	265,043,614
Total revenue from exchange transactions		49,840,148	52,231,186
Total revenue from non exchange transactions		287,577,371	265,043,614
Total revenue		337,417,519	317,274,800
Expenditure			
Employee related costs	27	(126,163,378)	(115,603,523)
Remuneration of councillors	28	(13,412,823)	(12,679,148)
Depreciation and amortisation	29	(38,468,459)	(46,556,317)
Finance costs	30	(4,177,402)	(3,482,313)
Debt Impairment	31	(17,438,967)	(12,041,445)
Bulk purchases	32	(27,312,969)	(27,666,355)
Contracted services	33	(56,202,750)	(66,116,119)
Transfers and subsidies	34	(5,531,558)	(6,458,792)
Sale of goods/inventory	35	(1,434,429)	(1,045,986)
Loss on disposal of non-monetary asset	36	(9,904,548)	(376,920)
General expenses	37	(50,226,954)	(35,768,002)
Total expenditure		(350,274,237)	(327,794,920)
Total revenue		337,417,519	317,274,800
Total expenditure		(350,274,237)	(327,794,920)
Operating surplus/deficit		-	-
Deficit before taxation		(12,856,718)	(10,520,120)
Taxation		-	-
Deficit for the year		(12,856,718)	(10,520,120)

* See Note

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	597,908,249	597,908,249
Adjustments		
Correction of errors	7,146,784	7,146,784
Balance at 01 July 2021 as restated*	605,055,033	605,055,033
Surplus for the year	(10,520,120)	(10,520,120)
Total changes	(10,520,120)	(10,520,120)
Opening balance as previously reported	594,534,913	594,534,913
Adjustments		
Correction of Prior Year Work in Progress	(1,879,147)	(1,879,147)
Restated* Balance at 01 July 2022 as restated*	592,655,778	592,655,778
Changes in net assets		
Surplus for the year	(12,856,718)	(12,856,718)
Total changes	(12,856,718)	(12,856,718)
Balance at 30 June 2023	579,799,060	579,799,060

Note(s)

* See Note

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Service charges		27,664,906	36,144,097
Other revenue		7,575,836	9,269,766
Property rates		21,703,872	21,597,154
Interest income		6,367,152	4,786,371
Government grants		239,466,999	232,971,000
		302,778,765	304,768,388
Payments			
Employees		(138,179,087)	(125,923,961)
Suppliers		(128,398,646)	(155,329,657)
Finance charges		(8,580)	(68,657)
		(266,586,313)	(281,322,275)
Total receipts		302,778,765	304,768,388
Total payments		(266,586,313)	(281,322,275)
Net cash flows from operating activities	38	36,192,452	23,446,113
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(67,036,478)	(57,029,052)
Proceeds from sale of property, plant and equipment	8	-	636,795
Purchase of other intangible assets	9	(569,669)	-
Net cash flows from investing activities		(67,606,157)	(56,392,257)
Cash flows from financing activities			
Finance lease payments		(147,325)	(269,728)
Net increase/(decrease) in cash and cash equivalents		(31,561,030)	(33,215,872)
Cash and cash equivalents at the beginning of the year		77,313,337	110,529,209
Cash and cash equivalents at the end of the year	6	45,752,307	77,313,337

* See Note

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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	76,283,000	(35,703,000)	40,580,000	26,627,435	(13,952,565)	58.1
Service charges- Solid Waste	7,755,000	(3,998,000)	3,757,000	5,988,258	2,231,258	58.2
Rental of facilities and equipment	1,006,000	1,238,000	2,244,000	1,757,538	(486,462)	58.3
Interest received - investment income	4,979,000	146,000	5,125,000	6,367,152	1,242,152	58.4
Interest received - trade and other receivables	15,500,644	(14,550,763)	949,881	3,400,311	2,450,430	58.4
Agency services	16,955,000	(16,363,000)	592,000	-	(592,000)	58.5
Licences and permits	1,099,000	1,426,000	2,525,000	3,743,902	1,218,902	58.6
Other Income	7,943,000	65,172,000	73,115,000	769,005	(72,345,995)	58.7
Actuarial gains	-	-	-	1,047,668	1,047,668	58.7
Insurance refunds	-	-	-	138,880	138,880	58.7
Gains	-	35,234,000	35,234,000	-	(35,234,000)	58.7
Total revenue from exchange transactions	131,520,644	32,601,237	164,121,881	49,840,149	(114,281,732)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	65,496,000	(31,404,000)	34,092,000	25,782,794	(8,309,206)	58.9
Donations	-	-	-	2,551,882	2,551,882	58.10
Transfer revenue						
Government grants & subsidies	153,100,000	34,920,000	188,020,000	244,947,411	56,927,411	58.11
Fines, Penalties and Forfeits	62,000	298,000	360,000	2,367,035	2,007,035	58.12
Availability charges	-	-	-	8,731,134	8,731,134	58.1
Interest received - Property rates	14,574,356	(13,681,237)	893,119	3,197,115	2,303,996	58.4
Total revenue from non-exchange transactions	233,232,356	(9,867,237)	223,365,119	287,577,371	64,212,252	
'Total revenue from exchange transactions'	131,520,644	32,601,237	164,121,881	49,840,149	(114,281,732)	
'Total revenue from non-exchange transactions'	233,232,356	(9,867,237)	223,365,119	287,577,371	64,212,252	
Total revenue	364,753,000	22,734,000	387,487,000	337,417,520	(50,069,480)	
Expenditure						
Employee costs	(97,754,000)	(40,851,000)	(138,605,000)	(126,163,378)	12,441,622	58.13
Remuneration of councillors	(10,030,000)	(4,225,000)	(14,255,000)	(13,412,823)	842,177	58.14
Depreciation and amortisation	(38,786,000)	(13,030,000)	(51,816,000)	(38,468,459)	13,347,541	58.15
Finance costs	-	(61,000)	(61,000)	(4,177,402)	(4,116,402)	58.16
Debt Impairment	(52,068,000)	45,748,000	(6,320,000)	(17,438,967)	(11,118,967)	58.17
Bulk purchases	(110,776,000)	79,838,000	(30,938,000)	(27,312,969)	3,625,031	58.18
Contracted Services	(35,490,000)	(41,209,000)	(76,699,000)	(56,202,750)	20,496,250	58.19
Transfers and Subsidies	-	-	-	(5,531,558)	(5,531,558)	58.20
Sale of goods and inventory	(27,255,000)	24,912,000	(2,343,000)	(1,434,429)	908,571	58.21

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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						
Loss on disposal of non-monetary assets	-	-	-	(9,904,548)	(9,904,548)	58.8
General Expenses	(28,023,000)	(38,264,000)	(66,287,000)	(50,226,954)	16,060,046	58.22
Total expenditure	(400,182,000)	12,858,000	(387,324,000)	(350,274,237)	37,049,763	
Operating surplus(deficit)	(35,429,000)	76,644,000	41,215,000	(12,856,717)	(13,019,717)	
Transfers and grants from Capex	48,236,000	8,691,000	56,927,000	-		
Deficit before taxation	12,807,000	85,335,000	98,142,000	(12,856,717)	(13,019,717)	
Surplus before taxation	12,807,000	85,335,000	98,142,000	(12,856,717)	(13,019,717)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	12,807,000	85,335,000	98,142,000	(12,856,717)	(13,019,717)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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	144,890,000	(49,367,000)	95,523,000	19,612,283	(75,910,717)	58.23
Call investments deposit	-	164,277,000	164,277,000	26,140,037	(138,136,963)	58.23
Consumer debtors	76,642,000	22,603,000	99,245,000	30,797,654	(68,447,346)	58.23
Other debtors	241,000	15,786,000	16,027,000	2,829,071	(13,197,929)	58.23
Inventory	1,409,000	(1,532,000)	(123,000)	-	123,000	58.23
VAT receivable	-	-	-	8,846,322	8,846,322	
	223,182,000	151,767,000	374,949,000	88,225,367	(286,723,633)	
Non-Current Assets						
Investment property	108,186,000	(66,179,000)	42,007,000	44,149,269	2,142,269	58.24
Property, plant and equipment	917,293,000	(260,058,000)	657,235,000	554,763,326	(102,471,674)	58.24
Intangible assets	-	-	-	430,266	430,266	58.24
Other non current assets	3,486,000	(3,486,000)	-	-	-	58.24
Investments	741,000	(741,000)	-	-	-	58.24
	1,029,706,000	(330,464,000)	699,242,000	599,342,861	(99,899,139)	
Current Assets	223,182,000	151,767,000	374,949,000	88,225,367	(286,723,633)	58.23
Non-Current Assets	1,029,706,000	(330,464,000)	699,242,000	599,342,861	(99,899,139)	58.24
Total Assets	1,252,888,000	(178,697,000)	1,074,191,000	687,568,228	(386,622,772)	
Liabilities						
Current Liabilities						
Other financial liabilities	418,000	(418,000)	-	-	-	58.25
Payables from exchange transactions	121,249,000	(70,501,000)	50,748,000	53,946,159	3,198,159	58.25
Employee benefit obligation	-	-	-	14,384,826	14,384,826	58.25
Unspent conditional grants and receipts	-	-	-	40,472	40,472	58.25
Provisions	4,713,000	(4,713,000)	-	-	-	58.25
Consumer Deposits	1,695,000	(1,318,000)	377,000	402,450	25,450	58.25
	128,075,000	(76,950,000)	51,125,000	68,773,907	17,648,907	
Non-Current Liabilities						
Employee benefit obligation	292,000	19,708,000	20,000,000	8,397,000	(11,603,000)	58.26
Provisions	54,779,000	(5,628,000)	49,151,000	30,598,260	(18,552,740)	58.26
	55,071,000	14,080,000	69,151,000	38,995,260	(30,155,740)	
Current liabilities	128,075,000	(76,950,000)	51,125,000	68,773,907	17,648,907	
Non-Current liabilities	55,071,000	14,080,000	69,151,000	38,995,260	(30,155,740)	
	-	-	-	-	-	
Total Liabilities	183,146,000	(62,870,000)	120,276,000	107,769,167	(12,506,833)	
Assets	1,252,888,000	(178,697,000)	1,074,191,000	687,568,228	(386,622,772)	
Liabilities	(183,146,000)	62,870,000	(120,276,000)	(107,769,167)	12,506,833	
Net Assets	1,069,742,000	(115,827,000)	953,915,000	579,799,061	(374,115,939)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1,069,742,000	(115,827,000)	953,915,000	579,799,061	(374,115,939)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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	29,473,000	4,665,000	34,138,000	21,703,872	(12,434,128)	58.30
Service charges	100,384,000	(57,983,000)	42,401,000	27,664,906	(14,736,094)	58.30
Other revenue	3,524,000	90,310,000	93,834,000	7,575,836	(86,258,164)	58.30
Transfer and Subsidies- Operational	176,054,000	11,966,000	188,020,000	201,000,750	12,980,750	58.30
Transfer and Subsidies- Capital	48,236,000	8,691,000	56,927,000	38,466,249	(18,460,751)	58.30
Interest	4,979,000	146,000	5,125,000	6,367,152	1,242,152	58.30
	362,650,000	57,795,000	420,445,000	302,778,765	(117,666,235)	
Payments						
Suppliers and employees	(309,808,000)	(29,519,000)	(339,327,000)	(266,577,733)	72,749,267	58.30
Finance charges	-	(61,000)	(61,000)	(8,580)	52,420	58.30
	(309,808,000)	(29,580,000)	(339,388,000)	(266,586,313)	72,801,687	
Total receipts	362,650,000	57,795,000	420,445,000	302,778,765	(117,666,235)	58.30
Total payments	(309,808,000)	(29,580,000)	(339,388,000)	(266,586,313)	72,801,687	58.30
Net cash flows from operating activities	52,842,000	28,215,000	81,057,000	36,192,452	(44,864,548)	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	-	35,234,000	35,234,000	-	(35,234,000)	58.31
Purchases of capital assets	(50,541,000)	(95,967,000)	(146,508,000)	(67,606,157)	78,901,843	58.31
Decrease (increase) non-current investments	741,000	-	741,000	-	(741,000)	58.31
Net cash flows from investing activities	(49,800,000)	(60,733,000)	(110,533,000)	(67,606,157)	42,926,843	
Cash flows from financing activities						
Borrowing long-term financing	-	20,000,000	20,000,000	-	(20,000,000)	58.32
Repayment of borrowings	-	-	-	(147,325)	(147,325)	58.32
Net cash flows from financing activities	-	20,000,000	20,000,000	(147,325)	(20,147,325)	
Net increase/(decrease) in cash and cash equivalents	3,042,000	(12,518,000)	(9,476,000)	(31,561,030)	(22,085,030)	
Cash and cash equivalents at the beginning of the year	142,589,000	127,429,000	270,018,000	77,313,337	(192,704,663)	
Cash and cash equivalents at the end of the year	145,631,000	114,911,000	260,542,000	45,752,307	(214,789,693)	

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2023											
Financial Performance											
Property rates	65,496,000	(31,404,000)	34,092,000	-	-	34,092,000	25,782,794	-	(8,309,206)	76 %	39 %
Service charges	84,038,000	(39,701,000)	44,337,000	-	-	44,337,000	41,346,827	-	(2,990,173)	93 %	49 %
Investment revenue	35,054,000	(28,086,000)	6,968,000	-	-	6,968,000	12,964,578	-	5,996,578	186 %	37 %
Transfers recognised - operational	153,100,000	34,920,000	188,020,000	-	-	188,020,000	244,947,411	-	56,927,411	130 %	160 %
Other own revenue	27,065,000	87,005,000	114,070,000	-	-	114,070,000	12,375,910	-	(101,694,090)	11 %	46 %
Total revenue (excluding capital transfers and contributions)	364,753,000	22,734,000	387,487,000	-	-	387,487,000	337,417,520	-	(50,069,480)	87 %	93 %
Employee costs	(97,754,000)	(40,851,000)	(138,605,000)	-	-	(138,605,000)	(126,163,378)	-	12,441,622	91 %	129 %
Remuneration of councillors	(10,030,000)	(4,225,000)	(14,255,000)	-	-	(14,255,000)	(13,412,823)	-	842,177	94 %	134 %
Debt impairment	(52,068,000)	45,748,000	(6,320,000)	-	-	(6,320,000)	(17,438,967)	-	(11,118,967)	276 %	33 %
Depreciation and asset impairment	(38,786,000)	(13,030,000)	(51,816,000)	-	-	(51,816,000)	(38,468,459)	-	13,347,541	74 %	99 %
Finance charges	-	(61,000)	(61,000)	-	-	(61,000)	(4,177,402)	-	(4,116,402)	6,848 %	DIV/0 %
Materials and bulk purchases	(110,776,000)	79,838,000	(30,938,000)	-	-	(30,938,000)	(27,312,969)	-	3,625,031	88 %	25 %
Transfers and grants	-	-	-	-	-	-	(5,531,558)	-	(5,531,558)	DIV/0 %	DIV/0 %
Other expenditure	(90,768,000)	(54,561,000)	(145,329,000)	-	-	(145,329,000)	(117,768,681)	-	27,560,319	81 %	130 %
Total expenditure	(400,182,000)	12,858,000	(387,324,000)	-	-	(387,324,000)	(350,274,237)	-	37,049,763	90 %	88 %
Total revenue (excluding capital transfers and contributions)	364,753,000	22,734,000	387,487,000	-	-	387,487,000	337,417,520	-	(50,069,480)	87 %	93 %
Total expenditure	(400,182,000)	12,858,000	(387,324,000)	-	-	(387,324,000)	(350,274,237)	-	37,049,763	90 %	88 %
Surplus/(Deficit)	(35,429,000)	76,644,000	41,215,000	-	-	41,215,000	(12,856,717)	-	(13,019,717)	(31)%	36 %

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	48,236,000	8,691,000	56,927,000	-		56,927,000	-		-	- %	- %
Surplus/(Deficit)	(35,429,000)	76,644,000	41,215,000	-	-	41,215,000	(12,856,717)	-	(13,019,717)	(31)%	36 %
Capital transfers and contributions	48,236,000	8,691,000	56,927,000	-	-	56,927,000	-	-	-	- %	- %
Surplus (Deficit) after capital transfers and contributions	12,807,000	85,335,000	98,142,000	-		98,142,000	(12,856,717)		(13,019,717)	- %	- %
Financial Position											
Total Current Assets	223,182,000	151,767,000	374,949,000	-		374,949,000	88,225,365		(286,723,635)	24 %	40 %
Total Non-Current Assets	1,029,706,000	(330,464,000)	699,242,000	-		699,242,000	599,342,861		(99,899,139)	86 %	58 %
Total Current Liabilities	(128,075,000)	76,950,000	(51,125,000)	-		(51,125,000)	(68,773,907)		(17,648,907)	135 %	54 %
Total Non-Current Liabilities	(55,071,000)	(14,080,000)	(69,151,000)	-		(69,151,000)	(38,995,260)		30,155,740	56 %	71 %
Net Assets	1,069,742	115,827,000	953,915,000	-		953,915,000	579,799,059		(374,115,939)	61 %	54,200 %

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from operating activities	52,842,000	28,215,000	81,057,000	-		81,057,000	36,192,452		(44,864,548)	45 %	68 %
Net cash from investing activities	(49,800,000)	(60,733,000)	(110,533,000)	-		(110,533,000)	(67,606,157)		42,926,843	61 %	136 %
Net cash from financing activities	-	20,000,000	20,000,000	-		20,000,000	(147,325)		(20,147,325)	(1)%	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	3,042,000	(12,518,000)	(9,476,000)	-		(9,476,000)	(31,561,030)		(22,085,030)	333 %	(1,038)%
Cash and cash equivalents at the beginning of the year	142,589,000	127,429,000	270,018,000	-		270,018,000	77,313,337		(192,704,663)	29 %	54 %
Net increase / (decrease) in cash and cash equivalents	3,042,000	(12,518,000)	(9,476,000)	-	-	(9,476,000)	(31,561,030)	-	22,085,030	333 %	(1,038)%
Cash and cash equivalents at the beginning of the year	142,589,000	127,429,000	270,018,000	-	-	270,018,000	77,313,337	-	192,704,663	29 %	54 %
Cash and cash equivalents at year end	145,631,000	114,911,000	260,542,000	-		260,542,000	45,752,307		214,789,693	18 %	31 %

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022
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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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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.

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

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

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.

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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Investment property (continued)

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

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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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

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

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

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

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

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

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

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

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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

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

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Accounting Policies

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.9 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

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.

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.

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.9 Employee benefits (continued)

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 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.

1.10 Leases

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

Finance leases -Municipality as lessor

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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Leases (continued)

Operating leases -Municipality as lessor

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight line basis over lease term, unless another systematic basis is more representative of the time pattern of the users benefit. The difference between the straight-lined expenses and actual payments will give rise to liability or asset.

1.11 Financial instruments

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

1.11.1 Initial Recognition

Financial Instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and thus the unamortised portion adjusted over the period of the loan transactions.

1.11.2 Subsequent Measurement

Financial instruments are categorised as follows

- a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- 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.

1.11.3 Impairment And Uncollectability of Financial Assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.11.3.1 Financial Assets Measured At Amortised Cost

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.11 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.11.3.2 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.

1.11.4 Derecognition of Financial instruments

1.11.4.1 Financial Assets

The municipality derecognises financial assets only when the contractual rights to the cashflows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another asset to another entity. Financial assets (receivables) are also derecognised when council approves the write off of financial assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

1.11.4.2 Financial Liabilities

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.11.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on net basis, or to realise the assets and settle the liabilities simultaneously.

1.12 Cash and Cash Equivalents

Cash includes cash on hand, held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

For the purpose of cashflow statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of any bank overdrafts.

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Accounting Policies

1.13 Taxes (Value Added Tax)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable or payable, to the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value added tax (VAT) on the payment basis.

1.14 Payables and annuity loans

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

1.15 Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.16 Conditional Government grants and public contributions

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria of recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations 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 is in the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.17 Revenue

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.18 Borrowing costs

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are paid.

1.19 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the 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.

1.21 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 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.

1.23 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.24 Related parties

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

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

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with the legislation, in instances where they are required to perform such functions..

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or separated by no more than two degrees of natural or legal consanguinity of affinity.

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

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

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.24 Related parties (continued)

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties that are not arm's length and not on normal commercial terms, are disclosed.

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

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

The assessment of whether 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

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.25 Accounting by principals and agents (continued)

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.

1.26 Living and non-living resources

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in living resources.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, are not recognised as assets. The standard only requires disclosure of relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

1.27 Segment information

A segment is an activity of the Municipality:

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

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with the legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial Statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/ department analysis of assets and liabilities associated with each segment/ department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is prepared on per segment.

1.28 Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Application of Directive 1.27.1

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 1.27.2

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 1.27.3

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 1.27.4

Management's judgment is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill sit. 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 1.27.5

The Municipality analyses the terms of and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgment is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

ELUNDINI LOCAL MUNICIPALITY

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Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Financial Assets and Liabilities 1.27.6

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 1.27.7

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 1.27.8

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 1.27.9

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.

Componentisation of Infrastructure Assets 1.27.10

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 1.27.11

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 1.27.12

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.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Impairment of Receivables 1.27.13

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 1.27.14

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.

1.29 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

1.29.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.29.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other changes that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.29.3 Impairment And Uncollectability Of Statutory Receivables

The Municipality assesses at each reporting date whether there is any indicating that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and the timing of the cashflows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted through the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.29.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable are settled, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

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Accounting Policies

1.30 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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Accounting Policies

1.31 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.

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Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.31 Provisions (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.30 .

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.32 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.

1.32.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when the estimates of consumption up to reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

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Accounting Policies

1.32 Revenue from exchange transactions (continued)

1.32.2 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.

1.32.3 Rental Income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.32.4 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.

1.32.5 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.

1.32.6 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.

1.32.7 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.

1.33 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.

1.33.1 Taxation revenue

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.33 Revenue from non-exchange transactions (continued)

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.

1.33.2 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.

1.33.3 Fines

Fine Revenue constitutes both spot fines and summons. All fines issued during the year less any cancellation or reductions are recognised as revenue.

1.33.4 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.

1.33.5 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.

1.33.6 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.

1.33.7 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.

1.33.8 Contributed Assets

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.

1.34 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.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.35 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.

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Accounting Policies

1.35 Service concession arrangements: Entity as grantor (continued)

Financial liability model

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.

1.36 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.

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Accounting Policies

1.37 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.38 Internal reserves

1.39 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.40 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.

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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 2023 or later periods:

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 (revised): Financial Instruments

The standard will be effective on 01 April 2025 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

House Rentals	2,561,346	530,408
Sundry Receivables	666,504	670,320
Electricity	22,937,268	21,056,881
Refuse	9,119,366	6,859,218
VAT Component of outstanding debtors	6,213,788	3,089,714
Interest	15,316,953	10,520,157
Impairment - Electricity	(16,889,434)	(12,752,342)
Impairment - Refuse	(8,158,536)	(5,345,271)
Impairment - VAT Component of outstanding debtors	(4,305,105)	(3,153,726)
Impairment- interest	(12,107,648)	(8,608,222)
Impairment - Housing rentals	(1,377,518)	(811,545)
	13,976,984	12,055,592

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	30,671,109	34,629,111
Contributions to provision	15,160,837	8,410,827
Bad debts written off	(2,993,706)	(12,368,829)
	42,838,240	30,671,109

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
3. Receivables from exchange transactions (continued)		
Electricity		
Current (0 -30 days)	1,357,345	1,722,096
31 -60 days	930,004	1,065,395
61 -90 days	1,421,793	1,093,998
91 -120 days	818,139	927,957
121 -150 days	1,763,698	892,892
>150 days	16,646,290	15,354,543
	22,937,269	21,056,881
Refuse		
Current (0 -30 days)	496,108	473,638
31 -60 days	353,547	279,014
61 -90 days	338,377	266,287
91 -120 days	329,884	257,123
121 -150 days	320,722	253,319
>150 days	7,280,727	5,329,837
	9,119,365	6,859,218
House Rentals		
Current (0 -30 days)	143,336	134,981
31 -60 days	71,173	85,576
61 -90 days	65,056	73,997
91 -120 days	60,626	72,239
121 -150 days	59,437	73,653
>150 days	2,161,718	89,962
	2,561,346	530,408
Interest		
Current (0-30 days)	674,950	363,426
31- 60 days	693,704	427,526
61- 90 days	633,597	389,706
91-120 days	616,370	373,509
121-150 days	557,712	357,603
>150 days	12,140,620	8,608,388
	15,316,953	10,520,158
VAT Component of outstanding debtors		
Current (0 -30 days)	278,041	329,893
31 -60 days	192,848	202,848
61 -90 days	274,656	205,306
91 -120 days	172,930	179,072
121 -150 days	314,070	167,438
>150 days	4,981,244	2,005,157
	6,213,789	3,089,714
	-	-
Total receivables from exchange transactions	13,976,984	12,055,592

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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	35,471,663	28,846,372
Other receivables- Deposits	581,480	581,480
Other receivables- Office of the Premier Grant unpaid	119,842	119,842
Traffic fines	3,615,414	3,345,514
Other Debtors	1,671,177	740,553
Other receivables -Joe GqabiDistrict Municipality	456,572	456,572
Impairment - Rates	(18,650,994)	(15,895,823)
Impairment - Traffic fines	(3,615,414)	(3,345,514)
	19,649,740	14,848,996
Reconciliation of Allowance for Doubtful Debts		
Balance at the beginning of the year	19,241,337	18,085,586
Contributions to provision	3,675,818	3,262,591
Bad debts written off	(650,746)	(2,106,840)
	22,266,409	19,241,337
Rates		
31 - 60 days	1,153,381	925,229
61 - 90 days	1,058,711	873,091
91 - 120 days	1,039,997	853,447
121 - 150 days	1,022,657	831,102
> 150 days	31,196,918	24,812,518
	35,471,664	28,295,387
	-	-
Total receivables from non-exchange transactions	19,649,740	14,848,996
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.		
Property rates	19,409,627	16,473,681
Traffic fines	3,615,414	3,345,514
5. VAT receivable		
VAT	8,846,322	8,139,678
VAT Receivable from SARS	2,701,218	2,498,280
VAT in Suspense	1,839,999	2,487,672
VAT on Provision for Debt Impairment	4,305,105	3,153,726
	8,846,322	8,139,678

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Call Accounts	26,140,036	66,686,624
Current Accounts	18,135,092	9,165,631
Cash on hand	1,477,190	1,461,082
	45,752,318	77,313,337

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value..

Cash and Cash Equivalents are held to support the following commitments

:

Unspent Conditional Grants	40,472	5,521,260
Cash available for working capital requirements	45,711,847	71,792,077
	45,752,319	77,313,337

First Rand Bank Limited issued letters of guarantee in favour of the following

Eskom Holdings Limited	5,216,304	5,216,304
Arbitration award	308,845	308,845

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023			2022		
6. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	2022/2023 (Rs)			2021/2022 (Rs)		
	Cash book	Bank Statement	Difference	Cash book	Bank Statement	Difference
FNB Acc no 62159933772 (Primary Account)	6,915,053	6,967,053	(52,000)	532,700	2,079,569	-
FNB Acc no 62312151848 (Petty Cash)	19,489	-	19,489	22,214	-	22,214
FNB Account no 62857839298 (Vendor)	4,417,869	4,417,869	-	2,661,428	2,661,428	-
Standard Bank Acc no 280642407 (Revenue Account)	6,312,283	6,312,529	(246)	5,526,709	5,526,955	(246)
Wesbank Acc no 13179 (Fuel Account)	470,398	470,398	-	422,581	422,581	-
Standard Bank Acc no 388497173001 (EPWP)	2,628,994	2,628,994	-	2,625,686	2,625,686	-
Standard Bank Acc no 388497165001 (Elundini Voting Station)	1,584	1,584	-	1,531	1,531	-
Standard Bank Acc no 388493410002 (FMG)	1,732,217	1,732,217	-	1,694,084	1,694,084	-
Standard Bank Acc no 388493003001 (Municipal Disaster Grant)	1,552	1,552	-	1,501	1,501	-
Standard Bank Acc no 388490810001 (NER)	1,284,127	1,284,127	-	2,386,896	2,386,896	-
FNB Acc no 62189194170 (Equitable share)	1,286,755	1,286,755	-	178,492	178,492	-
FNB Acc no(62189180111)-MIG	9,296,327	9,296,327	-	6,315,378	6,315,378	-
FNB Acc no 62284785121 (Working capital Reserve)	2,803,073	2,803,073	-	45,793,668	45,793,668	-
FNB Acc no 62378875226 (Mayors Social Investment)	587,161	587,161	-	558,474	558,474	-
FNB Acc no 62557779322 (Joe Gqabi)	6,367,211	6,367,211	-	5,982,183	5,982,183	-
FNB Acc no 62785909650 (Energy Efficiency)	5,553	5,553	-	1,013,008	1,013,008	-
FNB Acc no 62852498023 (Solidarity Fund)	144,473	144,473	-	135,724	135,724	-
Cash on Hand	1,477,190	-	1,477,190	1,461,082	-	1,461,082
FNB Acc no 63043360592 (Smart Meters)	1,010	1,010	-	-	-	-
Total	45,752,319	44,307,886	1,444,433	77,313,339	77,377,158	1,483,050

Reasons for differences

FNB - 62159933772 (Primary Account) - R 52 000 - Reconciling items

FNB Acc no 62312151848 (Petty Cash) - R 19 489 - No bank statement balance

Standard Bank Acc no 280642407 (Revenue Account - R 246 - Reconciling item)

Cash on Hand - R 1 477 190 - Recurring legacy system balance.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

7. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	53,326,710	(9,177,441)	44,149,269	53,326,710	(8,698,342)	44,628,368

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Investment property	44,628,368	(479,099)	44,149,269

Reconciliation of investment property - 2022

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

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 1 754 374 (R 1 723 423 - 2022) 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

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2023			2022		
	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	173,419,062	(42,574,518)	130,844,544	138,478,821	(37,069,568)	101,409,253
Machinery and equipment	28,732,458	(21,821,033)	6,911,425	27,632,842	(20,775,976)	6,856,866
Furniture and office equipment	6,833,813	(4,668,540)	2,165,273	7,114,082	(4,684,526)	2,429,556
Motor vehicles	30,171,207	(21,592,185)	8,579,022	26,185,341	(19,215,691)	6,969,650
Lease asset	156,950	(155,672)	1,278	1,256,903	(1,136,897)	120,006
Computer equipment	12,323,208	(7,100,967)	5,222,241	11,044,461	(5,681,288)	5,363,173
Electricity Infrastructure	92,181,221	(28,300,588)	63,880,633	83,503,168	(23,004,414)	60,498,754
Roads Infrastructure	576,659,535	(311,558,431)	265,101,104	559,064,771	(289,666,819)	269,397,952
Capitalised Restoration Cost - Landfill sites	29,168,145	(14,784,970)	14,383,175	35,260,968	(13,702,188)	21,558,780
Work in Progress	55,280,137	-	55,280,137	61,580,505	-	61,580,505
Total	1,007,320,230	(452,556,904)	554,763,326	953,516,356	(414,937,367)	538,578,989

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Transfer to Capital Assets	Disposals	Transfers received	Changes in Decommissioning Assets	Donations	Depreciation	Impairment loss	Total
Land	2,394,494	-	-	-	-	-	-	-	-	2,394,494
Buildings	101,409,253	-	-	-	34,940,244	-	-	(5,504,953)	-	130,844,544
machinery and equipment	6,856,864	1,495,278	-	(17,159)	-	-	-	(1,423,558)	-	6,911,425
Furniture and office equipment	2,208,450	494,367	-	(13,422)	-	-	-	(524,122)	-	2,165,273
Motor vehicles	6,969,649	1,764,062	-	(43,924)	-	-	2,551,882	(2,662,647)	-	8,579,022
Lease assets	120,362	-	-	-	-	-	-	(119,084)	-	1,278
Computer equipment	5,583,847	1,413,333	-	(12,834)	-	-	-	(1,762,105)	-	5,222,241
Electricity Infrastructure	60,498,754	-	-	-	6,600,483	-	-	(3,218,604)	-	63,880,633
Roads Infrastructure	269,397,952	-	-	-	17,594,764	-	-	(21,175,057)	(716,555)	265,101,104
Capitalised Restoration Cost - Landfill sites	21,558,780	-	-	-	-	(5,716,861)	-	(1,458,744)	-	14,383,175
Work in Progress	61,580,505	62,830,436	(59,135,492)	(9,995,312)	-	-	-	-	-	55,280,137
	538,578,910	67,997,476	(59,135,492)	(10,082,651)	59,135,491	(5,716,861)	2,551,882	(37,848,874)	(716,555)	554,763,326

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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	Transfer to Capital Assets	Disposals	Transfers received	Changes in Decommissioning Assets	Depreciation	Impairment loss	Total
Land	2,394,494	-	-	-	-	-	-	-	2,394,494
Buildings	92,687,602	1,267,470	-	-	12,218,276	-	(4,764,095)	-	101,409,253
Machinery and equipment	5,239,662	354,734	-	(1,070)	2,624,129	-	(1,360,589)	-	6,856,866
Furniture and office equipment	2,156,406	783,051	-	(7,453)	-	-	(502,448)	-	2,429,556
Motor vehicles	7,973,542	1,152,333	-	(351,002)	-	-	(1,805,223)	-	6,969,650
Lease asset	399,450	-	-	(21,184)	-	-	(258,260)	-	120,006
Computer equipment	3,223,592	1,727,247	-	-	1,660,072	-	(1,247,738)	-	5,363,173
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 -Landfill sites	24,930,278	-	-	-	-	(1,229,652)	(2,141,846)	-	21,558,780
Work in progress	63,708,779	51,290,783	(53,278,982)	(140,075)	-	-	-	-	61,580,505
	530,591,607	56,575,618	(53,278,982)	(520,784)	53,388,181	(1,229,652)	(46,069,504)	(877,495)	538,578,989

Pledged as security

There are leased property plant and equipment assets that are secured as set out in note 10 :

Repairs and Maintenance

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

	2023	2022
Maintenance of Buildings and Facilities	11 490 549	13386425

Other information

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

8. Property, plant and equipment (continued)

Slow moving projects

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

- Water and Sanitation

The carrying value for the project is R 4 359 145

Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Land and buildings	Total
Opening balance	30,268,264	31,312,240	61,580,504
Additions/capital expenditure	42,716,932	20,113,504	62,830,436
Impairment	(6,555,222)	(3,440,090)	(9,995,312)
Transferred to completed items	(24,195,248)	(34,940,244)	(59,135,492)
	42,234,726	13,045,410	55,280,136

Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Land and buildings	Total
Opening balance	40,136,226	23,315,347	63,451,573
Additions/capital expenditure	31,801,018	20,355,246	52,156,264
Disposal	(4,783,279)	(140,075)	(4,923,354)
Transferred to completed items	(36,885,700)	(12,218,279)	(49,103,979)
	30,268,265	31,312,239	61,580,504

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

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	955,539	(525,273)	430,266	385,837	(384,787)	1,050

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	1,050	569,699	(140,483)	430,266

Reconciliation of intangible assets - 2022

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

10. Finance lease obligation

Minimum lease payments due

- within one year	-	156,066
	-	156,066
less: future finance charges	-	(8,580)
Present value of minimum lease payments	-	147,486

Capital lease liabilities at amortised cost is calculated at 19.68% interest rate, with the maturity date of 30 June 2023 .

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
11. Payables from exchange transactions		
Trade payables	11,649,262	8,775,771
Unknown receipts	2,727,862	2,673,246
Accruals	17,931,420	11,007,158
Retentions	13,868,353	12,908,976
Deposits received	200,041	381,464
Payments received in advance	4,358,213	2,721,015
Other Creditors	-	(1)
Sundry creditors	1,615,892	1,318,127
Advance licence fees	1,595,116	1,582,054
	53,946,159	41,367,810

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
12. Employee benefit obligations		
The amounts recognised in the statement of financial position are as follows:		
Accrued Bonus	3,093,380	2,995,759
Performance Bonus	1,609,626	820,060
Staff Leave	9,618,820	9,391,561
Post Retirement Medical Benefits	1,501,000	1,561,000
Long Service Awards	6,959,000	6,967,000
	22,781,826	21,735,380
Non-Current Employee Benefits	(8,397,000)	(6,937,000)
Current Employee Benefits	(14,384,826)	(14,798,380)
	(22,781,826)	(21,735,380)
Accrued Bonus		
Opening Balance	2,995,759	2,755,288
Contribution during the year	6,805,918	6,711,776
Payments made	(6,708,297)	(6,471,305)
	3,093,380	2,995,759
Performance Bonus		
Opening Balance	820,060	558,535
Contributions during the year	2,235,820	537,942
Payments made	(1,446,254)	(276,417)
	1,609,626	820,060
Staff leave		
Opening Balance	9,391,561	7,932,602
Contributions during the year	1,459,603	2,185,775
Payments made	(1,232,344)	(726,816)
	9,618,820	9,391,561
Post Retirement Medical Benefits		
Opening Balance	1,561,000	1,572,000
Payments made	(307,634)	(268,970)
Finance charges	164,000	139,000
Actuarial Loss/(Gain)	83,634	118,970
Subtotal	1,501,000	1,561,000
Less current portion	(138,000)	(144,000)
	1,363,000	1,417,000
The amounts recognised in the Statement of Financial Position are as follows		
Finance charges	164,000	139,000
Actuarial (gain) loss	(83,634)	118,970
	80,366	257,970

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

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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12. Employee benefit obligations (continued)

Continuation Members

	4	4
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The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes

- >Bonitas
- >LA Health

Key Assumptions used are as follows.

1) Interest Rates

Discount Rate %	11	11
Health Care Cost Inflation rate %	7	8
Net Effective Discount Rate %	4	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 as at 30 June 2023

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 2023	1,501,000	1,501,000
30 June 2022	1,561,000	1,561,000
30 June 2021	1,572,000	1,572,000
30 June 2020	1,453,000	1,453,000
30 June 2019	1,560,634	1,560,634
30 June 2018	1,376,771	1,376,771
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 2023	(83,634)
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

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

12. Employee benefit obligations (continued)

		-
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Sensitivity Analysis on the Accrued Liability.

Assumption	Total Liability (R)	% Change
Liability	1,501,000	-
Health care inflation rate (+1%)	1,627,000	8
Health care inflationrate (-1%)	1,391,000	(7)
Discount rate (+1%)	1,395,000	(7)
Discount rate (-1%)	1,623,000	8
Post-employment mortality (+1 year)	1,446,000	(4)
Post-employment mortality (-1 year)	1,557,000	4
	-	-

Sensitivity Analysis on the Interest Costs

Assumption	Interest (R)	%Change
Estimated interest for 2022/23	164,000	-
Health care inflation rate (+1%)	180,000	10
Health care inflation rate (-1%)	151,000	(8)
Discount rate (+1%)	165,000	1
Discount rate (-1%)	163,000	(1)
Post-employment mortality (+ year)	158,000	(4)
Post-employment mortality (-1)	171,000	4
	-	-

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
12. Employee benefit obligations (continued)		
Long Service Awards		
The movement in Long Service Awards are reconciled as follows		
Opening Balance	6,967,000	6,170,000
Current-service cost	975,000	911,000
Expenditure for the year	(714,836)	(244,276)
Finance Charges	697,000	543,000
Actuarial loss	(965,164)	(412,724)
Subtotal	6,959,000	6,967,000
Less Current Portion	(883,000)	(1,447,000)
	6,076,000	5,520,000

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long service award is payable after five years of continuous service and every five years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees. These provisions are made to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

The most recent actuarial valuations of plan assets and present value of the defined benefit obligation were carried out as at 30 June 2023 by Mr C Weiss of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At the end of the current year(2023), 283 employees were eligible for Long Service Awards (286 in 2022).

Key assumptions used are as follows:

Interest Rates

Discount Rate %	12	11
General Salary Inflation (Long term) %	7	7
Net Effective Discount Rate applied to salary- related Long Service Bonuses %	4	4
	-	-

The discount rate used is composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Last valuation

The last valuation was performed as at 30 June 2023.

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 2023	6,959,000
30 June 2022	6,967,000
30 June 2021	6,170,000
30 June 2020	5,475,000
30 June 2019	4,749,336
30 June 2018	3,530,348
30 June 2017	3,415,935
	-

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
12. Employee benefit obligations (continued)		
Experience adjustments were calculated as follows:		
		Liabilities(Gain)/Loss
30 June 2023	-	121,000
30 June 2022	-	222,000
30 June 2021	-	(43,000)
30 June 2020	-	343,393
30 June 2019	-	348,115
30 June 2018	-	293,874
30 June 2017	-	319,878
	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

Liability	Total Liability	% Change
Liability	6,959,000	-
General earnings inflation rate (+1%)	7,379,000	6
General earnings inflation rate (-1%)	6,576,000	(6)
Discount Rate (+1%)	6,572,000	(6)
Discount Rate (-1%)	7,390,000	6
Average retirement age (+ 2 years)	7,439,000	7
Average retirement age (-2 years)	6,579,000	(5)
Withdrawal rates (*2)	5,445,000	(22)
Withdrawal rates (*0.5)	7,992,000	15
	-	-

Sensitivity Analysis on the future Current- service and Interest Costs

Assumption	Current Service Cost	Interest Cost	Total Cost	%Change
Future Cost for 2022/23	975,000	697,000	1,672,000	-
General earnings inflation rate (+1%)	1,045,000	742,000	1,787,000	7
General earnings inflation rate (-1%)	912,000	656,000	1,568,000	(6)
Discount rate (+1%)	918,000	714,000	1,632,000	(2)
Discount rate (-1%)	1,039,000	677,000	1,716,000	3
Average retirement age (+2 years)	1,019,000	747,000	1,766,000	6
Average retirement age (-2 years)	933,000	659,000	1,592,000	(5)
Withdrawal rates (X 2)	706,000	532,000	1,238,000	(26)
Withdrawal rates (X 0.5)	1,169,000	811,000	1,980,000	18
	-	-	-	-

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

Current Service Cost	975,000	911,000
Interest cost	697,000	543,000
Actuarial gain	(964,034)	(412,724)
	707,966	1,041,276

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

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)	8,180,348	7,269,305
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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	1,137,799	1,232,395
SAMWU National	4,436,400	4,325,389
National Municipal Workers Fund	522,461	521,670
Discovery Investment	14,419	34,606
	6,111,079	6,114,060

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	1	4,061,086
Libraries grants	-	488,327
DEDEA Grant	39,111	39,111
	40,472	5,521,260

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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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.

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Figures in Rand 2023 2022

14. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Unwinding of discounted interest	Reduction due to re-measurement or settlement without cost to entity	Total
Landfill Sites	33,737,956	3,471,822	(6,611,518)	30,598,260

Reconciliation of provisions - 2022

	Opening Balance	Unwinding of discounted interest	Reduction due to re-measurement or settlement without cost to entity	Total
Landfill Sites	32,612,435	2,731,135	(1,605,614)	33,737,956
Non-current liabilities			27,167,123	30,266,134
Current liabilities			3,431,137	3,471,822
			30,598,260	33,737,956

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	11,655,689	12,941,941
Maclear- old	4,327,210	4,360,224
Ugie -old	4,162,967	4,221,490
Maclear- new	1,126,771	1,772,806
Ugie- new	9,325,644	10,441,516
	30,598,281	33,737,977

Location	Estimated Decommission Date	Future Cost of Rehabilitation
Mount Fletcher	2,033	22,375,735
Maclear old	2,022	6,414,062
Ugie -old	2,022	6,170,612
Maclear- new	2,070	12,340,501
Ugie- new	2,032	17,255,274
	-	64,556,184

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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14. 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 6.1716%.

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	2023	2022
15. Consumer Deposits		
Consumer Deposits		
Electricity	304,598	302,659
Housing Rental	97,852	97,691
	402,450	400,350
The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amount.		
16. Service charges		
Sale of electricity	27,734,764	31,358,683
Electricity Rebate	(1,107,329)	(806,911)
Refuse removal	6,670,322	6,470,762
Refuse rebate	(682,064)	(537,455)
	32,615,693	36,485,079
17. Rental of facilities and equipment		
Facilities and equipment		
Rental of facilities	1,754,374	1,723,423
Rental of equipment	3,163	24,680
	1,757,537	1,748,103
Premises	-	-
Garages and parking	-	-
Facilities and equipment	1,757,537	1,748,103
18. Licences and permits (exchange)		
Driving licences	388,680	494,560
Learner driving licences	742,500	670,411
Public driving permits	233,145	169,590
Registrations	2,379,577	2,180,857
	3,743,902	3,515,418
19. Other income		
Building plan and inspection fees	132,626	135,260
Tender documents sale	142,990	212,205
Cemetery fees	30,934	49,865
Commission received	-	2,781
Skills Development Levy Refund	332,626	242,503
Sundry income	52,530	2,225,606
Proceeds from Pound Auction	77,299	18,913
	769,005	2,887,133

ELUNDINI LOCAL MUNICIPALITY

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Figures in Rand	2023	2022
20. Interest revenue		
Interest earned - trade and other receivables		
Interest earned - trade and other receivables	3,400,311	2,215,468
Interest received - Investments		
Interest on bank balances	6,367,152	4,786,371
Interest earned - trade and other receivables	3,400,311	2,215,468
Interest received - investments	6,367,152	4,786,371
	9,767,463	7,001,839
21. Actuarial gains		
Post Retirement Medical Benefits	83,634	(118,970)
Long Service Awards	964,034	412,724
	1,047,668	293,754

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
22. Property rates		
Rates received		
Public Service Infrastructure & Agriculture	12,158,094	1,537,185
Residential	5,886,656	5,622,111
Industrial, State Owned & Vacant Land	8,869,878	18,573,535
Mutli-Purpose & Other Rates	994,272	748,771
Less: Rebates	(2,126,105)	(427,709)
	25,782,795	26,053,893

Valuations

Agricultural	1,506,079,957	1,501,376,468
Business	333,590,500	332,538,000
Churches	30,843,000	30,645,000
Government	579,164,400	570,036,900
Industrial	210,870,000	210,479,000
Mining	992,000	1,007,000
Municipal Owned Property	280,877,530	279,018,230
Public Open Space	33,027,000	33,027,000
Public Service Infrastructure	2,940,039,229	2,940,039,229
Residential	892,150,355	888,919,855
Vacant Land	43,638,600	42,963,000
	6,851,272,571	6,830,049,682

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act, Interim valuations we performed in June 2022

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by a way of rebate or remission

Rates are levied annually and monthly. Monthly rates are payable by the last day of each month and annual rates are payable before 30 September. Interest is levied at prime rate on outstanding monthly basis

Basic Rate

(c/Rand)

Public Service Infrastructure and Agricultural Land Farming	0.2	0.270
Residential	0.868	0.828
Industrial, State Owned, Mining and Vacant Land	1.736	1.656
Business	1.302	1.242
Agricultural land for other purposes	1.302	1.242
	5	5

23. Donation

The Municipality received a donation of a Waste Compactor Truck during the year from the Department of Forestry, Fisheries and the Environment. The cost of the the Waster Compactor Truck is R 2 551 881.81.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
24. Government grants and subsidies		
Operating grants		
Equitable share	180,384,000	166,231,000
Energy Efficient & Demand Side Management	-	1,000,000
Expanded Public Works- EPWP	2,539,000	2,569,000
Municipal Finance Management Grant	1,650,000	1,650,000
Municipal Infrastructure Grant	2,208,750	2,051,550
Intergrated National Electrification Programme- INEP	14,400,000	18,808,624
Libraries grant	1,238,327	836,595
	202,420,077	193,146,769
Capital grants		
Municipal Infrastructure Grant	42,527,334	34,918,364
Operating Grants	202,420,077	193,146,769
Capital Grants	42,527,334	34,918,364
Total Grants Revenue	244,947,411	228,065,133
Intergrated National Electrification Programme (INEP)		
Balance unspent at beginning of year	931,376	-
Current-year receipts	13,468,624	19,740,000
Conditions met - transferred to revenue	(14,400,000)	(18,808,624)
	-	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..		
Municipal Finance Management Grant		
Current-year receipts	1,650,000	1,650,000
Conditions met - transferred to revenue	(1,650,000)	(1,650,000)
	-	-
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.		
Expanded Public Works Program (EPWP)		
Current-year receipts	2,539,000	2,569,000
Conditions met - transferred to revenue	(2,539,000)	(2,569,000)
	-	-
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		
Current-year receipts	-	1,000,000

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
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24. Government grants and subsidies (continued)

Conditions met - transferred to revenue	-	(1,000,000)
	-	-

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

Municipal Infrastructure Grant

Balance unspent at beginning of year	4,061,086	-
Current-year receipts	40,675,000	41,031,000
Transferred to Revenue- Operating	(2,208,750)	(2,051,550)
Transferred to Revenue- Capital	(42,527,335)	(34,918,364)
	1	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	488,327	574,922
Current-year receipts	750,000	750,000
Conditions met - transferred to revenue	(1,238,327)	(750,000)
Transferred to Revenue- Capital	-	(86,595)
	-	488,327

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

25. Fines, Penalties and Forfeits

Illegal Connections Fines	12,584	162,678
Municipal Traffic Fines	281,500	73,700
Pound Fees	44,052	55,031
Unclaimed Money Forfeits	2,028,899	621,883
	2,367,035	913,292

26. Interest from non-exchange receivables

Interest - Property rates	3,197,115	1,834,716
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ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
27. Employee related costs		
Basic salaries and wages	82,208,820	77,187,906
Bonus	6,805,919	6,711,776
Medical aid contributions	5,746,800	5,274,825
UIF Contributions	600,733	600,567
Other payroll levies	224,874	-
Staff leave	1,459,602	2,185,775
Pension contributions	14,291,425	13,383,362
Other short term costs	-	993,016
Overtime payments	4,395,399	4,129,614
Long-service awards	998,634	911,000
Acting allowances	1,067,991	832,818
Workmens Compensation Fund	694,498	623,896
Motor vehicle allowance	3,786,621	851,530
Housing allowances	141,050	130,327
Post employment benefit	208,348	138,805
Cellphone allowance	191,975	91,686
Scarcity allowance	176,850	197,325
Standby allowance	891,029	785,085
Bargain council	36,988	36,268
Perfomance bonus	2,235,823	537,962
	126,163,379	115,603,543
Municipal manager (J T Mdeni)		
Annual Remuneration	970,603	-
Car Allowance	360,000	-
Performance Bonuses	243,226	-
Contributions to UIF, Medical and Pension Funds	16,004	-
	1,589,833	-
Chief Finance Officer (J T Mdeni)		
Annual Remuneration	-	805,119
Car Allowance	-	121,000
Performance Bonuses	-	100,935
Contributions to UIF, Medical and Pension Funds	-	1,948
	-	1,029,002
Acting Chief Financial Officer - B Mashologu Dlodlo (February 2023 - June 2023)		
Acting Allowance	10,248	-
Acting Financial Officer - F. Mbaliswana (July 2022 - January 2023)		
Acting Allowance	14,122	-
Acting Corporate Services Director - P. Dumalisile (July 2022 and May 2023-June 2023)		
Acting allowance	4,637	-
Director Infrastructure Planning and Development S Sako		
Annual Remuneration	517,928	694,701
Car Allowance	73,808	162,378
Performance Bonuses	132,510	70,090
Contributions to UIF, Medical and Pension Funds	47,357	1,948
Leave Pay	106,343	-

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
27. Employee related costs (continued)		
	877,946	929,117
Director Infrastructure Planning and Development- S Mrengqwa (March 2023 - June 2023)	-	-
Annual remuneration	322,247	-
Car Allowance	73,120	-
Contributions to UIF, Bargaining and skills	4,324	-
	399,691	-
Remuneration of Acting Infrastructure Planning and Development Director - S. Mrengqwa (January 2023 - February 2023)	-	-
Acting allowance	3,695	-
Director Strategic Planning and Economic Development- NC Eddie		
Annual Remuneration	448,720	912,915
Car Allowance	62,400	171,600
Performance Bonuses	52,016	10,403
Contributions to UIF, Medical and Pension Funds	6,398	1,948
Leave Pay	99,871	-
	669,405	1,096,866
Director Community Services- L. Kutwana-Gomana		
Annual Remuneration	938,977	-
Car Allowance	150,000	-
Performance Bonuses	22,768	-
Contributions to UIF, Medical and Pension Funds	25,370	-
	1,137,115	-
Municipal Manager (K Gashi)		
Annual Remuneration	-	469,984
Car Allowance	-	90,000
Annual Bonus	-	85,278
Contributions to UIF, Medical and Pension Funds	-	71,878
Leave payout	-	121,638
	-	838,778
Director Corporate Services - S R Matubatuba		
Annual Remuneration	-	603,593
Car Allowance	-	124,800
Annual Bonus	-	76,392
Contributions to UIF, Medical and Pension Funds	-	1,594
Leave payout	-	99,871
	-	906,250
Director Corporate Services- N K Fololo		
Annual Remuneration	811,690	-
Car Allowance	166,500	-
Contributions to UIF, Medical and Pension Funds	10,537	-
	988,727	-

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022		
27. Employee related costs (continued)				
Director Community Services - L. Kokose		-		
Annual remuneration		208,504		
Car allowance		45,000		
Performance bonuses		91,138		
Leave pay		708		
Contributions to UIF, Bargaining and Skills		95,767		
		-		
		441,117		
Remuneration of acting Strategic Planning and Economic Development Director - D.E Muthetho (November 2022- May 2023)		Column heading		
Acting allowance		43,118		
28. Remuneration of Councillors				
Executive Mayor	974,628	871,674		
Speaker	783,308	734,075		
Councillors	9,521,763	9,179,183		
Chief Whip	433,677	416,747		
Executive Committee	1,699,447	1,477,469		
	13,412,823	12,679,148		
2023	Basic Salary	Travel Allowance	Cellphone Allowance	Total
Executive Mayor	705,157	223,967	45,504	974,628
Speaker	736,304	1,500	45,504	783,308
Councillors	6,396,391	1,898,964	1,226,408	9,521,763
Chief Whip	295,423	92,750	45,504	433,677
Executive Committee	1,245,717	271,714	182,016	1,699,447
	9,378,992	2,488,895	1,544,936	13,412,823
2022	Basic Salary	Cellphone Allowances	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	
	8,955,900	3,723,248	12,679,148	
The Mayor and Speaker are full-time. They are provided with secretarial support, office and a municipal motor vehicle.				
29. Depreciation and amortisation				
Property, plant and equipment		38,468,459	46,556,317	
30. Finance charges				
Employee benefits		697,000	682,000	
Finance leases		8,580	69,178	
Landfill site provision		3,471,822	2,731,135	
		4,177,402	3,482,313	

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31. Debt impairment		
Debt impairment	17,438,967	12,041,445
32. Bulk purchases		
Electricity	27,312,969	27,666,355
33. Contracted Services		
Accounting and Auditing	2,149,278	3,861,804
Audit Committee	702,144	78,870
Catering Services	1,518,655	775,820
Dumping sites	3,544,701	3,900,614
Electrical	13,610,941	19,172,994
Internal Auditors	281,704	352,345
Drivers Licence Cards	162,345	181,700
Legal Services	1,365,468	758,564
Maintenance of Buildings and Facilities	11,490,549	13,386,425
Organisational	3,010,884	2,192,211
Personnel and Labour	5,889,834	7,240,410
Professional Staff	1,867,284	3,176,863
Project Management	-	514,719
Research and advisory	1,186,450	1,014,389
Security Services	7,565,954	7,098,416
Other Contracted Services	1,323,353	1,496,749
Disconnection of electricity	458,861	796,252
Decorations	74,345	116,974
	56,202,750	66,116,119
34. Transfers and Subsidies		
Transfers and Subsidies	5,531,558	6,458,792
Transfers and Subsidies	2023	2022
Indigent Support - Eskom Electricity	4,352,558	3,644,658
Elundini Cooperative Development Centre	1,085,000	917,000
Indigent Support - Other Energy Sources	94,000	1,897,133
	5,531,558	6,458,791
35. Sale of goods/ inventory		
Inventory consumed		
Inventory consumed	1,434,429	1,045,986
36. Loss on disposal of non-monetary assets		
Gain or loss on disposal of non-current assets	(9,904,548)	(376,920)

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Figures in Rand	2023	2022
37. General expenses		
Advertising publicity and marketing	1,055,226	1,650,979
Bank charges	689,082	636,731
Commission paid	1,512,302	1,233,626
Computer expenses	6,795,306	4,434,958
Fines	-	50,000
Learnership and internship	593,392	203,762
Insurance	3,034,763	2,164,974
Lease Rentals	538,154	607,099
Fuel and oil	5,356,068	4,411,374
Printing and stationery	1,999,604	1,423,083
Protective clothing	795,910	1,274,174
Skills Development levy	1,125,551	1,029,090
Professional bodies, membership and subscription	1,510,225	1,419,938
Telephone and fax	1,596,142	1,971,383
Training	1,321,304	962,380
Travel and subsistence	7,210,941	5,390,943
External audit fees	5,568,334	3,511,177
Ward committees and other stipends	4,274,962	1,097,551
Motor vehicle licences	287,836	407,886
Electricity	1,752,348	1,374,425
Employee wellness	37,800	-
Other sundries and consumables	3,171,704	512,469
	50,226,954	35,768,002

38. Cash generated from operations

Deficit	(12,856,718)	(10,520,120)
Adjustments for:		
Depreciation and amortisation	38,468,459	46,556,317
Actuarial gains or loss	(1,047,668)	(293,754)
Loss/ (Gain) on disposal of non current assets	9,904,548	634,126
Donations	(2,551,882)	-
Dividends received	-	3,498,300
Debt impairment	17,438,967	12,041,445
Movement in employee benefits obligation	1,397,114	(2,746,956)
Interest on Landfill sites	3,471,822	2,731,155
Interest on LSA	697,000	682,000
Changes in working capital:		
Receivables from exchange transactions	(17,082,232)	(14,004,626)
Other receivables from non-exchange transactions	(8,476,562)	(11,784,247)
Payables from exchange transactions	11,618,972	(11,303,060)
VAT Receivable	691,044	1,924,165
Unspent conditional grants and receipts	(5,480,412)	4,905,867
	36,192,452	23,446,113

39. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	13,976,984	13,976,984
Cash and cash equivalents	45,752,319	45,752,319

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39. Financial instruments disclosure (continued)		
	59,729,303	59,729,303
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	53,946,159	53,946,159
2022		
Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	12,055,592	12,055,592
Cash and cash equivalents	77,313,337	77,313,337
	89,368,929	89,368,929
Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	41,367,810	41,367,810
40. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Approved and contracted for -Infrastructure.	15,959,855	17,554,869
Total capital commitments		
Already contracted for but not provided for	15,959,855	17,554,869
This expenditure will be financed from :-		
Own revenue	2,183,617	3,945,794
Municipal Infrastructure grant	11,610,885	6,718,042
Office of the Premier Grant	2,165,353	6,891,033
	15,959,855	17,554,869

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41. 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	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	200,000
The plaintiff's claim is for damages resulting from alleged unlawful confiscation of his drivers license by the municipal traffic police.	800,000	800,000
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	691,025
Total estimated Contingent liabilities	7,597,664	7,597,664

42. Risk management

Financial risk management

The municipality is potentially exposed to the following risks

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42. 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 2023	Within 1 Year	Two to Five Years	After Five years	Total
Payables from exchange transactions	53,946,159	-	-	53,946,159

30 June 2022	Within 1 Year	Two to five years	After five years	Total
Finance leases	147,486	-	-	147,486
Payables from exchange transactions	41,367,810	-	-	41,367,810
	41,515,296	-	-	41,515,296

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42. 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	2023	2022
Cash and Cash Equivalents	45,752,319	77,313,337
Receivable from exchange transactions	13,976,984	12,055,592

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	476,233	385,352
2 months past due	1,020,561	110,373
3 months past due	808,749	316,913
4 months past due	824,420	195,338
5 months past due	376,376	20,870
6-12 months past due	682,553	968,682
	4,188,892	1,997,528

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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42. 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	45,752,319	77,313,336
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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	228,762	386,567
0.5% (2021 -0.5%) decrease	(228,762)	(386,567)

	-	-
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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.

43. 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	1,162	-
Closing balance	103,740	102,578

Fruitless and wasteful expenditure amounts exclude VAT.

44. Irregular expenditure

Opening balance as previously reported	118,556	-
Opening balance as restated	118,556	-
Add: Irregular Expenditure - current	-	1,126,075
Less: Amount written off by council	(118,556)	(1,007,519)
Closing balance	-	118,556

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44. 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
	-	1,126,077

The irregular expenditure reported is VAT inclusive

Number of incidents

SCM Processes not followed	-	1
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45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,478,189	1,343,546
Refund and discount received	(51,737)	(67,173)
Amount paid - current year	(1,426,452)	(1,276,373)
	-	-

Audit fees

Current year subscription / fee	5,237,775	3,518,666
Amount paid - current year	(5,568,334)	(3,518,666)
	(330,559)	-

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

PAYE, SDL and UIF

Opening balance	1,543,912	1,543,912
Payments due to SARS	22,039,053	19,935,451
Amount paid - current year	(22,821,451)	(19,935,451)
	761,514	1,543,912

Pension and Medical Aid Deductions

Opening balance	(6,485)	(6,485)
Current year subscription / fee	20,035,492	18,658,192
Amount paid - current year	(20,035,492)	(18,658,192)
	(6,485)	(6,485)

VAT

VAT receivable	8,846,322	8,139,678
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VAT output payables and VAT input receivables are shown in note 5.

VAT is payable on the receipt basis. Only once payment has been received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. .

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr P. Cawe	428	2,873	3,301
Cllr V. V. Hokwana	14,404	-	14,404
Cllr T. Mfono	8,448	71,003	79,451
	23,280	73,876	97,156

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr T. Mfono	5,226	59,421	64,647

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46. 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)	23,800	-
Section 36(1) (a) (v)	15,042,316	3,805,376
Section 36(1) (b)	304,579	-
	15,370,695	3,805,376

Municipal Manager Office	1,595,942	214,760
Budget and Treasury Office	1,493,411	378,216
Infrastructure Planning and Development	8,416,877	2,721,208
Corporate Services	3,183,565	265,900
Community Services	625,750	204,684
Strategic Planning and Development	55,150	20,564
	15,370,695	3,805,332

47. Statutory receivables

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

Property Rates	35,471,663	28,846,372
Traffic fines	3,615,414	3,345,514
VAT	8,846,322	8,139,678

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	18,650,994	15,895,823
Traffic fines	3,615,414	3,345,514
	22,266,408	19,241,337

Statutory receivables that are past due that have not been impaired

Property rates	16,820,669	12,950,549
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Rates - payment percentage of receivables are used to assess whether the receivable is impaired. Refer to note 4 for more detail on the impairment and ageing of the statutory receivable past due not impaired.

Fines - all fines are impaired. Refer to note 4 for more detail on the impairment provision and ageing of the statutory receivable past due not impaired.

VAT - VAT receivable from SARS is not impaired as South African Receiver of Revenue has sufficient funds to pay any outstanding amounts. VAT on output is provision assessed with the debtors impairment provision and included therein. Refer to note 4 for more detail on the impairment provision.

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48. 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 Thuli	R 271 775
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 60 092
Nomasiza Winnie Chaka	Fundisiwe Chaka (Child)	R 65 035.20
Thabathani Chaka	Thabathani Chaka (Brother)	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
Nkosilizwe Mpeqeka	Spouse of Pelloza Mpeqeka (Eskom)	R 0
Ndiafhi Rerani	Spouse of Mary Renani (Department of Justice	R 7 402 416.95
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
Sydwell Maqula	Spouse of N.J Majula (Department of Human Settlements)	R 1 421 104.35
Ziphelele Nqabeni	Ziphelele Nqabeni (ECDC Administration)	R 0
Oko Mhlwempu	Sivs Arch	R 659 414.16
Litha Mpeqeka	Brat Holdings	R 120 000
Mbodla Matshutsha Vumile	Spouse to Nqobile (Chief of staff KZN Office of The Premier	R 199 920

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48. Related parties (continued)			
Anele Thembaletu Nodikana	Brother of Vuyokazi Nodikana who is an official at Elundini Local Municipality	R 52 905	
Nonhuthuzelo Nkalitshana	Timzo and Ntuthu manufacturing and cleaning services	R 3 143.99	
Mcoseleli Humphrey Mthimkhulu	Gabi engineers	R 0	
TOTAL		R 10 447 317.58	

49. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2022

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions		11,878,041	177,551	12,055,592
VAT Receivables		8,928,339	(788,661)	8,139,678
Property, plant and equipment		523,537,130	15,041,859	538,578,989
Payables from exchange transactions		(41,902,982)	535,172	(41,367,810)
Accumulated Surplus		(577,689,843)	(14,965,925)	(592,655,768)
		(75,249,315)	(4)	(75,249,319)

Statement of financial performance

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49. Prior-year adjustments (continued)				
2022				
	Note	As previously reported	Correction of error	Restated
Insurance refunds		(936,655)	636,795	(299,860)
Service charges		(37,291,989)	806,910	(36,485,079)
Other Income		(2,848,416)	(38,717)	(2,887,133)
Depreciation and amortisation		54,863,839	(8,307,522)	46,556,317
Employee related costs		115,673,182	(69,659)	115,603,523
Debt impairment		11,673,416	368,029	12,041,445
Bulk purchases		29,040,780	(1,374,425)	27,666,355
Contracted services		67,262,319	(1,146,200)	66,116,119
Transfers and subsidies		6,348,702	110,090	6,458,792
Loss on disposal of non monetary assets		1,081,432	(704,512)	376,920
General expenditure		35,747,077	20,924	35,768,001
Surplus for the year		280,613,687	(9,698,287)	270,915,400

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49. Prior-year adjustments (continued)

Receivables from exchange transactions

An amount of R 1 130 114 was incorrectly mapped as Refuse impairment instead of Refuse Debtors, an adjustment has been made to rectify.

An impairment reversal of VAT component of debtors was incorrectly posted to VAT receivables. The correction of this resulted in an increase in debtors by R368 028.

There was also a decrease in other debtors by R 190 476. The net effect was an increase in debtors by R 177 551.

VAT Receivables

The reversal of debt impairment for VAT had not been correctly accounted for. The correction resulted in an adjustment of R 788 661 on VAT.

Property, plant and equipment

Motor vehicles was in an accident and had to be derecognized during the year was incorrectly depreciated for the full year and the disposal of R 204 771 was not processed.

The amount that was initially recorded as WIP in 2021 was R 2 159 150 and this was therefor corrected by transferring the full amount to Computer Equipment. This includes a quotation amount of R 1 879 150 PLUS an Invoice amounting to R 280 000. It was however discovered that the same items that was quoted for was expensed again in 2022 financial year, hence a reversal had to be done and the contra account being debited was Accumulated Surplus of R 1 879 147 (R 957 001 + R 423 071 + R 499 075).

The above was done to ensure that the asset was recorded at its actual cost of R 1 660 072 as per the Invoices and not what was quoted for by the supplier. The accumulated depreciation on this asset for previous year was R 131 897.

Leased Assets was incorrectly depreciated in prior years which resulted in a correction of R 59 261.

Brick making machinery project was completed in 2022 financial year and therefor correction was made to capitalize the amount as Machinery at an amount of R 2 374 933.

Container is a project that should have been capitalised in previous years at cost of R 2 826 700.

Depreciation for 2021 financial year amounting to R 50 211 was debited against accumulated surplus and depreciation for 2022 financial year was debited against depreciation and it amounted to R 93 861.

Projects that was disclosed as slow moving amount to R 257 206 in prior year financial year was written off as only research and development of project was performed.

Decommissioning of Landfill Site was understated in 2021 by R 13 254 618

(R 5 800 418 was credited against Depreciation and R 7 454 199 was credited against Accumulated Surplus).

In 2022 financial year Decommissioning of landfill site was understated by R 2 412 912 (This amount was credited against depreciation) .

There was a change in Provision of landfill site in the prior financial year of R 375 963 that relates to Maclear Old and Ugie Old landfill sites. This resulted in a debit adjustment to PPE due to requirements of iGRAP 2 in the case where landfill site decommissioning is fully depreciated an asset is not supposed to be further credited

This was due to a recalculation that was done of the present value of landfill sites.

Payables from exchange transactions

Retention figure for the year was overstated owing to incorrect accounting for some items on repairs and maintenance. This resulted in an adjustment of R281 804. Employee debt repayments amounting to R210 280 had not been processed for the prior year. The journal processed resulted in a decrease in the sundry creditors figure. Medical aid contributions by pensioners had been incorrectly expensed by R43 087.6, and not removed from the medical aid control account after post employment medical aid contributions had been paid.

Service charges

Electricity rebates of R 806 909 were misallocated as transfers and subsidies.

Other Income

Proceeds from disposal of PPE amounting to R 636 795 were incorrectly processed as insurance refunds.

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand	2023	2022
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49. Prior-year adjustments (continued)

An amount of 19 804 for a bursary paid by the municipality was refunded by the employee (skills development refunds).

Employee related costs

Subsistence and travel allowance of R 26 571 was mismapped as motor vehicle allowance. Pensioners' medical aid contributions amounting to R181 893 had been misallocated as pension fund contributions. Pensioners' contributions towards their medical aid amounting to R43 087.6 had been incorrectly expensed.

Depreciation and amortisation

An asset disposed during the year was incorrectly depreciated for the full year, a correction of R 67 843 was done. A correction on prior year depreciation on landfill site amounting to R 11 561 634 was done.

Finance Costs

There was an adjustment of R 1 125 000 to correct the unwinding of the Provision

Debt impairment

Debt impairment reduction for VAT component of debtors was not correctly accounted for. The correction resulted in an adjustment of R368 028.

Bulk purchases

Electricity consumption for the municipality was incorrectly posted to bulk purchases. This has been corrected resulting in an adjustment of R 1 374 425

Contracted services

Retentions were overstated by R 229 200 owing to incorrect accounting to repairs and maintenance. ECDC transfers and subsidies amounting to R 917 000 were misallocated as contracted services.

Transfers and subsidies

ECDC transfers and subsidies amounting to R 917 000 were misallocated as contracted services. Electricity rebates of R 806 909 were misallocated as transfers and subsidies.

Loss on disposal of non monetary assets

Two motor vehicles was disposed off during the year was incorrectly depreciated for the full year and loss on disposal was not correctly processed. This resulted in an adjustment of R 328 550.

There was a change in Provision of landfill site in the prior financial year of R 375 963 that relates to Maclear Old and Ugie Old landfill sites. This resulted in an adjustment to Gains and Loss due to requirements of iGRAP 2 in the case where landfill site decommissioning is fully depreciated.

General expenses

The reallocation of R 1 374 425 from Bulk Purchases to General expenses resulted in general expenses going up by the same amount.

Subsistence and travel allowance of R 26 571 was mismapped as motor vehicle allowance.

Information technology equipment amounting th R1 380 072 had been misallocated as computer expenses.

Unauthorised expenditure

An amount of R 86 325 was incorrectly recorded as unauthorised expenditure. There was no unauthorised expenditure therefore a correction was done to remove the expenditure from the disclosure note 56.

2023

Cash flow statement

ELUNDINI LOCAL MUNICIPALITY

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022		
49. Prior-year adjustments (continued)				
2022				
	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Service Charges		33,488,935	2,655,162	36,144,097
Property Rates		19,449,874	2,147,280	21,597,154
Other receipts		9,908,284	(638,518)	9,269,766
Employee Costs		(113,314,472)	69,659	(113,244,813)
Suppliers		(150,068,064)	(5,261,593)	(155,329,657)
Finance Charges		(69,178)	521	(68,657)
		(200,604,621)	(1,027,489)	(201,632,110)
Cash flow from investing activities				
Proceeds of Property plant and equipment		20,527	616,268	636,795
Purchase of Property, Plant and Equipment		(57,440,273)	411,221	(57,029,052)
		(57,419,746)	1,027,489	(56,392,257)

50. Accumulated surplus

Accumulated surplus

Closing balance	579,799,060	592,655,768
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51. Events after the reporting date

The Municipality has no events after reporting date to report

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 Municipality as part of principal-agent arrangement.

Revenue collected from third parties on behalf of the department	11,613,497	10,560,320
Commission earned on vehicle registrations	2,325,298	2,180,857
Collections payable to the Department at year-end	1,595,116	1,582,054

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.

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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 the actual payments (including VAT) are as follows:

Year	Amount Paid
2022/23	R 3 907 779

The obligations for financial year ending 30 June 2023 includes an Accrual of R 750 430.

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.

A meeting was held on 17th August 2022 and it was noted that there was a breach of Private Public Partnership due to the landfill sites managed by Interwaste not being compliant due to a number of factors. Furthermore, the contract ended in the current financial year and there were no further amendments/variations to the original contract entered.

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
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The above mentioned- expenditure was funded as follow

Equitable Share	-	1,068,529
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56. Unauthorised expenditure

Opening balance as restated	-	-
Add: Expenditure identified - current	-	86,325
Less: Correction of error (no unauthorised expenditure)	-	(86,325)
Closing balance	-	-

Unauthorised expenditure relates to expenditure in excess of the approved budget. In 2022 financial year, an amount of R 86 325 was incorrectly recorded as unauthorised expenditure as there was no unauthorised expenditure. This error has been corrected as prior period correction No unauthorised expenditure has been reported in the current financial year 2023.

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Figures in Rand	2023	2022	
56. Unauthorised expenditure (continued)			
Unauthorised expenditure	2023 (Actual)	2023(Final Budget)	2023 (Unauthorised)
Vote 1- Executive and Council	51,172,938	60,940,770	-
Vote 2- Budget and Treasury	85,702,686	87,369,056	-
Vote 3- Corporate adm	44,445,432	54,804,747	-
Vote 4- Community services	52,426,393	64,327,167	-
Vote 5 Strategic Planning and Development	10,240,288	20,219,431	-
Vote 6- Infrastructure Planning and Development	100,253,400	216,700,982	-
	344,241,137	504,362,153	-

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2022

57. Segment information

Segment surplus or deficit, assets and liabilities

2023

	Other	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse removal	Total
Revenue								
Service charges	-	-	26,627,435	-	-	-	5,988,258	32,615,693
Rental of facilities and equipment	-	1,757,538	-	-	-	-	-	1,757,538
Investment revenue	9,767,463	-	-	-	-	-	-	9,767,463
Licences and permits	-	-	-	3,743,903	-	-	-	3,743,903
Other income	1,791,993	30,934	-	-	132,626	-	-	1,955,553
Property rates	25,719,319	63,475	-	-	-	-	-	25,782,794
Government grants and subsidies	182,034,000	3,777,328	14,400,000	-	-	44,736,085	-	244,947,413
Electricity Availability Charges	-	-	8,731,134	-	-	-	-	8,731,134
Donation	-	-	-	-	-	-	2,551,882	2,551,882
Fine & Penalties	2,072,951	-	12,584	281,500	-	-	-	2,367,035
Interest Received- Rates	3,197,115	-	-	-	-	-	-	3,197,115
Total segment revenue	224,582,841	5,629,275	49,771,153	4,025,403	132,626	44,736,085	8,540,140	337,417,523
Entity's revenue								337,417,523

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Notes to the Annual Financial Statements

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57. Segment information (continued)

Expenditure

Employee related costs	63,069,710	11,053,310	7,418,544	11,724,692	8,573,830	11,423,239	12,900,056	126,163,381
Remuneration of councillors	13,412,823	-	-	-	-	-	-	13,412,823
Debt impairment	17,438,967	-	-	-	-	-	-	17,438,967
Depreciation and amortisation	14,071,381	-	3,218,605	-	-	21,178,471	-	38,468,457
Finance cost	705,580	-	-	-	-	-	3,471,822	4,177,402
Bulk purchases	-	-	27,312,969	-	-	-	-	27,312,969
Sale of goods	829,055	81,352	514,204	-	9,817	-	-	1,434,428
Contracted services	23,060,377	3,962,212	16,414,534	500,510	2,969,099	3,720,326	5,575,690	56,202,748
Transfers and subsidies	1,085,000	-	4,446,558	-	-	-	-	5,531,558
General expenses	39,782,915	896,507	2,445,835	651,579	909,808	4,265,068	1,275,240	50,226,952
Loss on disposal of non-monetary assets	9,904,548	-	-	-	-	-	-	9,904,548
Total segment expenditure	183,360,356	15,993,381	61,771,249	12,876,781	12,462,554	40,587,104	23,222,808	350,274,233
Total segmental surplus/(deficit)								(12,856,710)

ELUNDINI LOCAL MUNICIPALITY

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58. Budget differences

Financial Performance

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. Interest 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 understated and it will be corrected in the next budget cycle.

5. Agency Services

There were agency fees budget however the actual agency fees collected is disclosed under other revenue streams hence the variance

6. 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.

7. Other income

Actual was less than budget amount due to the fact that it includes R 51 million to counter fund depreciation.

8. Gains on disposal of assets

There was no gain on disposal but the municipality incurred a loss.

9. Property rates

The budget was more than the actual due to the fact that the budget does not include the rebates.

10. Donations

There was no donations budgeted for in current year however a vehicle was donated to the municipality.

11. Government grants & subsidies

All grants as per the DORA are received fully, all conditional grants are fully spent. R 188 million is operational grants, the actual includes operational and capital grants.

12. Fines, Penalties and Forfeits

The budget may have been understated, it will be corrected in the next budget cycle

13. Employee cost

The budget was more than the actual due to vacant positions not filled.

14. Remuneration of councillors

The budget was incorrectly overbudgeted for.

15. Depreciation and amortisation

The budget was understated. The actual is based on calculations from the asset register.

16. Finance cost

Interest on landfill site provision restated which was not anticipated.

17. Debt impairment

Debt impairment was more than the budget due to low collection

ELUNDINI LOCAL MUNICIPALITY

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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58. Budget differences (continued)

18. Bulk Purchases

Actual expenditure on Electricity purchases was less by 12%. This could be due to the expectation that inflation might go up and loadshedding.

19. Contracted Services

Savings on projects.

20. Transfers and subsidies

The budget for Transfers & subsidies is included on other income budget. It will be corrected in the next budget.

21. Sale of Inventories

Sale of Inventories is under spent due to savings on sales and also due to the fact that we are budgeting on estimates

22. 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

Financial Position

23. Current Assets

The budgeted receivables is more than the actual amount, because the budgeted figure does not take into account impairment, rebates and write offs that reduces the receivables balance. The budgeted cash was more than the actual due to cash outflow at year end.

24. Non-current Assets

The budget was more than the actual due to the budget not factoring into account movements such as disposals. depreciation and the restatement of landfill sites. There was intangible assets in the current year, this was budgeted as part of the amount for Property, Plant and Equipment.

25. Current liabilities

The actual payables is more that budgeted figure, however the variance is less than 1% and is therefor reasonable.

26. Non-current liabilities

The actual figure for Employee benefits was lower than the budget due to the fact that a portion of the actual Employee benefits being disclosed under Non-current liabilities and the Provisions figure depends on finance costs and changes in the provision due to changes in discount rates.

Cash Flow

27. Net Cashflow from Operating Activities

The actual was more than the budgeted due to collections for property rates, service charges and other revenue significantly lower than the budgeted.

28. Net Cashflow from Investing Activities

The variance was due to capital projects not implemented as budgeted for.

29. Net Cashflow from Financing Activities

The variance is due to the municipality not having any long term borrowings in the current year, but it was however budgeted for

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
59. Material losses		
Electricity distribution losses	-	-
Units purchased (kwh)	17,892,864	19,626,501
Units sold (Kwh)	14,432,200	14,482,063
Units lost during distribution (kwh)	3,460,664	5,144,438
Percentage lost during distribution	19%	26%
Average Cost per Kwh unit (excl VAT)	1.47	1.59
Rand Value of Loss	5,093,375	8,179,515
	-	-

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