INGQUZA HILL
LOCAL MUNICIPALITY

DRAFT IHLM DRAFT ANNUAL REPORT FOR THE 2024/2025 FINANCIAL YEAR

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LIST OF ABBREVIATIONS

PMS	-	Performance management systems
IHLM	-	Ingquza Hill Local Municipality
KPIs	-	Key Performance Indicators
IDP	-	Integrated Development Plan
S56 employees	-	Section 56 employees
SDBIP	-	Service Delivery and Budget Implementation Plan
MFMA	-	Municipal Financial Management Act
MSA	-	Municipal Systems Act
LRA	-	Labour Relations Act
BSC	-	Balanced Scorecard
LED	-	Local Economic Development
SMME	-	Small Medium Enterprise
COGTA	-	Department of Cooperative Governance and Traditional Affairs
DPME	-	Department of Planning, Monitoring and Evaluation
PA	-	Performance Agreement
SALGBC	-	South African Local Government Bargaining Council
CCR	-	Core Competency Requirements
MEC	-	Member of the Executive Council

INTRODUCTION

The Ingquza Hill Municipal Annual Report 2024/25 addresses the performance of the Ingquza Hill Local Municipality in the Eastern Cape, South Africa, under the O.R. Tambo DM, concerning its core legislative obligations. Local government must create a participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the municipal council provides regular and predictable reporting on program performance and the general state of affairs in their locality.

This report reflects the performance of the Ingquza Hill Local Municipality for the period of 01 July 2024 to 30 June 2025. The layout of the annual report is prepared in terms of Section 121(1) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), in terms of which the municipality must prepare for each financial year.

The Annual Report comprises six chapters with the following broad overview:

Chapter 1: An overview of the municipality's overarching strategy, accountability processes, social and demographic profile, and key highlights and challenges regarding finance, institutional transformation, and key basic service delivery.

Chapter 2: Details about the governmental workings of the municipality and addressing the key aspects of good governance.

Chapter 3: Highlights the municipality's performance for the year, with a focus on service delivery and the municipality's predetermined objectives.

Chapter 4: Provides insight into the municipality's human resources and organizational management areas, focusing on organizational structure and legislation.

Chapter 5: An overview of the municipality's financial performance, reflecting on the municipality's financial position, assets, cash flow, and intergovernmental grants received by the municipality.

Chapter 6: Africa. An overview of the audit key findings as per the Auditor-General of South Africa

VISION, MISSION, AND VALUES

Vision

"A developmental and Responsive Municipality"

MISSION

"To promote sustainable development by ensuring service delivery in an equitable manner prioritizing community needs and good governance".

CORE VALUES

- Good ethics
- Fairness
- Integrity
- Accountability
- Efficiency
- Thoughtfulness
- Trustworthiness

CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 COMPONENT A: MAYOR'S FOREWORD

It is my honour to present the Annual Report of the Municipality for the financial year under review. This Annual Report is prepared in compliance with the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Municipal Systems Act, 2000 (Act No. 32 of 2000), and the relevant MFMA Circulars issued by National Treasury. The report provides an account of the Municipality's performance, financial management, and governance outcomes, and serves as an important instrument of transparency and accountability to our communities and stakeholders.

The Municipality's programmes and priorities were aligned to the Medium-Term Strategic Framework (MTSF), with a focus on building a capable, ethical and developmental state, improving access to basic services, strengthening local economic development, and enhancing governance and financial sustainability. In pursuit of these priorities, notable progress was achieved in key service delivery and institutional capacity areas.
I am pleased to report that the Municipal Driving Licence Testing Centre (DLTC) is now fully operational within our municipal space.

This achievement represents a significant milestone in improving access to licensing services, reducing travel costs for residents, and contributing to local economic activity and job creation. In strengthening service delivery capacity, the Municipality invested in the purchase of a fleet and technical plant unit to support core operational functions, including infrastructure maintenance, waste management, and other municipal services. This investment enhances operational efficiency, reduces reliance on external service providers, and supports timely and effective service delivery to our communities.

Furthermore, the Municipality has made significant progress in institutional stability and governance with the filling of all senior management posts. fully capacitated senior management contingent is critical to ensuring effective leadership, compliance with legislative prescripts, sound financial management, and the implementation of Council's strategic objectives. Senior management remains accountable for driving performance, strengthening internal controls, and ensuring that resources are utilised in an economical, efficient, and effective manner.

In line with MFMA Circulars and National Treasury guidelines, the Municipality continued to focus on prudent financial management, revenue enhancement, expenditure control, and improved compliance with supply chain management regulations. Efforts were also directed towards addressing matters raised by the Auditor-General and other oversight bodies through the implementation of corrective action plans aimed at strengthening governance and financial sustainability.

Despite ongoing challenges such as financial constraints, infrastructure backlogs, and increasing service delivery demands, the Municipality remains committed to continuous improvement and responsive governance.

This Annual Report reflects both the progress made and the areas requiring further attention, and it provides a basis for effective oversight by Council and meaningful engagement with our communities.

On behalf of Council, I extend my sincere appreciation to our communities, traditional leadership, business sector, labour, and all stakeholders for their cooperation and support.

I also commend the administration for their dedication and commitment to serving the people of this Municipality.

The Municipality remains resolute in fulfilling its developmental mandate and in building a responsive, accountable, and financially sustainable local government that improves the quality of life for all residents.

CLLR P.N PEPPING

MAYOR

1.1. COMPONENT B: EXECUTIVE SUMMARY MUNICIPAL MANAGER'S FOREWORD

The municipality, as a government institution, operates within the ambits of the legislation. The Municipal Systems Act requires municipalities to develop annual performance reports. Section 46 (1) states that:

"A municipality must prepare for each financial year an annual report consisting of

a) A performance report reflecting

I. the municipality's, and any service provider's performance during that financial year, also in comparison with targets of and with performance in the previous financial year
II. the development and service delivery priorities and the performance targets set by the municipality for the following financial year, and
III. measures that were or are to be taken to improve performance
   a. b) the financial statements for that financial year
   b. c) an audit report on the financial statements and the report on the audit performed
   c. d) Any other reporting requirements in terms of other applicable legislation.

Over and above the requirements of MSA, circular 63 gives clarities as to exact chapters and information that should be contained in the municipal Annual Report.

Ingquza Hill Local Municipality has made numerous improvements in terms of good governance and administration that assists with service delivery and socio-economic development for the local people. The municipality has sought to establish clear alignment and integration between the integrated development plan, the performance management system and enterprise risk management which enables it to move in one direction institutionally and be proactive in terms of dealing with challenges and risks. Nearly all the governance structures have been established and are fully functional. From a performance management point of view, the management is now able to set indicators and targets that are based on the IDP's strategic objectives; implement; evaluate; and report on this continuously throughout the year using the Service Delivery, Budget and Implementation Plan (SDBIP). Through this, the management is now able to identify and determine targets that will not be achieved and make necessary adjustments during the budget adjustment period in the middle of the year, as per the legislation.

The Municipality continued with the provision of grant funding to small medium enterprises as it strives to promote local economic development. Interns from various fields of expertise were also supported through the training programme. The Municipality towards the end of the financial year was in the process of filling the vacant position in the senior manager.

It is also worth mentioning that the municipality has management to obtain the qualified audit opinion, which is stagnant when you compare it with the previous financial year, even though there has been improvements in terms of the paragraphs.

Yours in developmental Local Government.

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V.C MAKEDAMA
MUNICIPAL MANAGER.

1.1 SERVICE DELIVERY OVERVIEW

The administrative component of Ingquza Local Municipality is headed by the Municipal Manager, who has five directors reporting directly to him in terms of Section 56 of the Local Government: Municipal Systems Act, No. 32 of 2000 The following provides an overview of, of the work performed during the 2024/2025 Financial Year: The summaries of the performances reported below, must be read in conjunction with the audited Annual Performance Report, and Annexure to this Report.

DIRECTORATE	SERVICES
Office of the Municipal Manager	The Office of the Municipal Manager includes Communications, Internal Audit, Risk Management, Integrated Development Plan and Organization performance Management Systems and Legal Services sections. During the period under review, the Office of the Municipal Manager: a. Communicated Council activities as well as specific and service delivery related information with the public through the Municipality Newsletter and radio interviews by both the Councilors and the senior administrative personnel. This includes, among other things, information about water outages, electricity outages and Council meeting sessions. b. Provided an independent assurance through the work of the Internal Audit Unit on financial and non-financial reports to vouch on completeness and accuracy of the Municipal reports. All auditing activities assist with the readiness and preparation of the institution's annual external audit as conducted by the Auditor General. c. Developed the IDP, which was tabled by the Mayor to Council and accordingly approved by Council. The IDP, which mapped the strategic direction of the Municipality was informed by the public

DIRECTORATE	SERVICES
	as engaged through the public representative engagement processes. d. Developed the Business Implementation Plan, which was duly approved by the Executive Mayor. e. Identified inherent threats to implementation of the Business Plan through the institution-wide risk management process, guided by the risk management philosophy of the Municipality. f. Convening and reporting of the outcomes of Council and Council Committee meetings;
Corporate Services	The Corporate Services Directorate managed all the administrative processes of the Council, including: a. The capacitation of the Municipality by filling vacant funded positions line with the funded; b. The training and development of Councilors and municipal staff in accordance with the municipality's Work Based Skills Plan; c. The implementation of the Human Resource Plan; d. Monitoring of the sitting of the Local Labor Forums. e. The functioning of the municipal registry services; and f. The provision of ICT infrastructure and services.
Financial Services	The Municipal finances with the Council approved Budget, as was approved at the end of May 2023. All municipal finances were strictly managed in accordance with national regulatory prescriptions and municipal approved policies. The General Recognised Accounting Practices directed the standard recording of municipality transactions as was executed.
Planning and Economic Development	Spatial development within the Municipality boundaries directed all spatial planning and developments for the year under review in accordance with the Council approved Spatial Development Framework. Spatial development was also directed to the integration of communities,

DIRECTORATE	SERVICES
	in terms of both the residential and business development programmes. The Town Planning Department managed all building-related activities and applications in accordance with set Building Relations. The LED Section initiated all local economic development programs and activities within the Municipality. Support for existing and new local businesses was also provided to stimulate the development and expansion of local economy.
Community Services	The Community Services Directorate focused its efforts on the following: a. Promotion of cleanliness and including the maintenance of healthy and safe living and work environment. The cleanliness of the respective towns within the Municipal boundaries by way, weekly refuse removal for both residential and business communities. b. The implementation of the Municipality Disaster Management plan by providing major Fire and Rescue services to prevent any potential form of natural disaster. c. The Traffic and Law Enforcement services include regular traffic control and implementation of traffic rules and By-laws as well as regular regulation of traffic, especially in the CBD of Ingquza in both towns (Lusikisiki-flagstaff) to ensure smoother traffic flow and the prevention and reduce of traffic related accidents. d. The maintenance of the Municipal parks and public open spaces, including the management of noise natural resource pollution. Most of these programs were undertaken in collaboration with National/Provincial governments and institutions like the National Parks Board. e. The local, Libraries, Halls, Cemeteries, Arts and Culture, Youth and Sport Development programs and provided significant support in benefit of our local communities

DIRECTORATE	SERVICES
Infrastructure Services	The Infrastructure Services Directorate was responsible for the roll-out and provision of Basic Services, including Electricity, Water, Sanitation and Roads services. The provision of these different services was conducted in accordance with the different Master Plans as approved by the Council. The exponential growth of our local towns placed tremendous strain on the sustainable provision of services, though most services provided were in accordance with national standards. Whilst the maintenance and improvement of our road infrastructure networks was prioritized during the period under review, more focus is still required in this area to ensure the completion of projects that were in progress by the year end. It is rather unfortunate that the expansion of our towns is not equal the amount of revenue generated for the provision of services. Our dependence on national and provincial grants hampers our intended levels of development amidst the municipality competing with other municipalities across the country. An improved revenue collection could ensure less dependence on national/provincial grants.
Human Settlements Administration	The Local Directorate of Human Settlements acts as coordinator for the implementation of human settlement and other relevant housing projects within Ingquza Hill LM. During the period under review, numerous housing opportunities were provided, albeit the demand outweighs the delivery of these. Available land to support planned development within the Ingquza Hill municipality, with our natural topography also hampering sustainable forms of residential developments.

Good governance is essential for the growth and wellbeing of the Municipality, and in creating a conducive environment for the businesses to thrive. This has been exacerbated by the rolling load shading in the country. Through perseverance, the Municipality has continued to deliver critical services such as electricity, access roads construction and maintenance of the sport field as well as houses to many beneficiaries.

1.2 ORGANISATIONAL DEVELOPMENT OVERVIEW

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000, must have a staff establishment reflecting the organizational design of the Municipality and properly aligned with the IDP. An updated organizational development overview for the Ingquza Hill Local Municipality was conducted in 2023 to align the structure with the IDP and to ensure that the Municipality delivers on its mandate and service delivery goals.

The reviewed Organizational Structure was approved by the Council on 28 May 2025, consisting of 6 Directorates and the Office of the Municipal Manager on the Macro Structure.

1.3 STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1.	consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July – November 2025
2.	implementation and monitoring of approved Budget and IDP commence (In year financial reporting).	
3.	Finalized the 4th quarter Report for previous financial year	
4.	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5.	Municipal entities submit draft annual reports to MM	
6.	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2025
7.	Mayor tables the unaudited Annual Report	
8.	municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
9.	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
10.	Auditor-General audits the Annual Financial Statements, a selected objective included in the Annual Performance Report and performs a consistency review on the Annual Report.	August 2025 – November 2025
11.	Municipalities receive and start to address the Auditor General's comments	January 2026
12.	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	

No	Activity	Timeframe
13.	Audited Annual Report is made public, and representation is invited	
14.	Oversight Committee assesses Annual Report	
15.	Council adopts Oversight report	March 2026
16.	Oversight report is made public	
17.	Oversight report is submitted to relevant provincial councils	
18.	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	June 2026

1.4 COMMENT ON THE ANNUAL REPORT PROCESS BY OVERSIGHT COMMITTEES

1.4.1 MPAC REPORT

CHAPTER 2: GOVERNANCE

2.1 COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Mayor Cllr. P.N Pepping

Speaker Cllr. S.B Vatsha

Whip of the Cllr I: M.I Nkungu

Photos (optional) EXECUTIVE COMMITTEE

Cllr N.P. Pepping	Mayor
Cllr N. Jam-Jam	Portfolio Chairperson for Governance and Public Participation
Cllr N. Mvulana	Portfolio Chairperson for Planning and Economic Development
Cllr.K.Vava	Portfolio Chairperson for Infrastructure and Engineering
Cllr Z. Mhlongo	Portfolio Chairperson Community Services
Cllr: B.N Nkani	Portfolio Chairperson for Financial Viability
Cllr: N. Gagai- Nkungu	Portfolio Chairperson for Corporate Services
Cllr: V. Somani	Portfolio Chairperson for Human Settlement
Cllr Z. Sigcu	Executive Committee Member
Cllr. L Ndziba	Executive Committee Member

EXCO MEMBERS ATTENDANCE TO EXECUTIVE COMMITTEE MEETING 2024- 2025 FY

Name	July 24/25	Aug 24/25	Sept 24/25	Oct 24/25	Nov 24/25	Dec 24/25	Jan 24/25	Feb 24/25	March 24/25	April 24/25	May 24/25	June 24/25
Cllr Mvulane	X		X	X	x	x	X	X X		x	X	X
Cllr Gagai	X	X x	X	X		X	X	X X	X	X	X	X
Cllr Mhlongo	X	X x	X	X	X	X	X		x			X
Cllr Somani	X		x	X		X	X		X	x	X	X
Cllr Pepping	X	X	X	X	X	X	X	x	x	X	X	X
Cllr Jamjam	x	X	X	X	X	X	X	X X	X	X	X	X

Name	July 24/25	Aug 24/25	Sept 24/25	Oct 24/25	Nov 24/25	Dec 24/25	Jan 24/25	Feb 24/25	March 24/25	April 24/25	May 24/25	June 24/25
Cllr Nziba	x		X	X	X	X	X	X X	X	X	X	X
Cllr Sigcu		X	x		x				X	X	X	X
Cllr Nkani	x	X	x		X			X X	x	X	X	x
Cllr K.Vava	x	X	x		x	x	x	x	X	X	X	X

N: B: The red color coding represents the days when the member did not attend the meeting.

2.2 ROLES AND RESPONSIBILITIES OF THE POLITICAL OFFICES

2.2.1 Role of the Mayor

The Mayor is the chair of the highest decision-making committee where recommendations are taken to the council for service delivery as well the good governance. The mayor is also the Council spokesperson and has a significant ceremonial role at events, including citizenship ceremonies. In terms of section 49, 1 of the Municipal Structures Act, the Mayor is assigned the following powers and functions:

a. Presides at the meetings of the Executive committee and
b. Performs the duties, including ceremonial functions, and exercises the powers delegated to the Mayor by the Municipal Council or the Executive Committee.

2.2.2 Roles of the Speaker

The following functions of the Speakers are assigned in terms of Section 37 of the Municipal Structures Act:

a. Presides at meetings of the council;
b. Performs the duties and exercise the powers delegated to the speaker in terms of section 59 of the Municipal Systems Act;
c. Must ensure that the council meets at least quarterly;
d. Must maintain order during meetings;

e. Must ensure compliance in the council and council committees with the Code of conduct set out in Schedule 1 to the Local Government: Municipal System Act 2000; and
f. Must ensure that council meetings are conducted in accordance with the rules and orders if the council.

2.2.3 Roles of The Whip of the Council

The Chief Whip of the Council is responsible for:

a. Liaising with other whips in respect of items to be added to a meeting agenda, debates on motions and what matters should be interrupted to give precedence to others and similar matters;
b. Allocating official seats to Councilors or parties after consultation with opposition whips;
c. In consultation with the Speaker, prepare the Council's calendar of meetings and the approval of any amendments thereto.
d. Assisting the Speaker with the counting of votes and other delegated matters;
e. Ensuring that there is constant liaison between the various whips and that communication channels are kept open amongst themselves and other parties.
f. Contributing to the development of institutional policies, procedures, and strategies, in so far as these relate to the functions of the office of the Whip of the Council;
g. Ensuring that the meetings of the Council and the Committees of the Council do quorate.
h. Promoting and maintaining positive party-to-party relations;
i. Discussing with the Office of the Speaker the order of business of the Council, for example whether a debate on an item should be allowed or whether an item should be debated or put to the vote;
j. Organizing party caucuses for portfolio committees and council meetings, planning their agendas, and making the necessary logistics arrangements for them.
k. From time to time, liaising with the Speaker for the necessary resources to be made available to councilors;
l. Coordinating the constituency work of councilors;
m. Preparing for special debates; and
n. Liaising with the Whip of the Council in Provincial Legislature and keeps all parties informed on new developments.

2.2.4 Role of The Executive Committee

The following functions and powers of the executive committee are delegated in terms of section 44 of the Municipal Structures Act, No 117 of 1998.

a. Sitting of the executive committee meetings to review the performance reports according to the legislative prescripts.
b. Review of monthly, quarterly, and annual reports and recommendations to the Council for adoption. All compliance reports have been reviewed and monitoring the sitting of other committees that report to the Executive committee;
c. Public participation has been promoted by the executive committee through the executive committee though the programme for this financial year was postponed.
d. The consideration of Draft budgets and adoption of such has been led by the Executive Committee and reporting and making recommendation to the council.

2.3 ADMINISTRATIVE GOVERNANCE

Municipal Manager: V.C. Makedama

Chief Financial Officer
Mr. B Fikeni
- Income
- Expenditure
- Budget and Accounting
- Asset Management
- Supply Chain Management

Senior Manager Corporate Service
M. Matubatuba
- Administration and records management
- Human Resources Management
- Information Technology

Senior Manager Technical Services (Acting)
- Civil engineering.
- Public works including main roads and streets.
- Co-ordination of MIG projects.
- Provision of electricity, Street lighting and high mast lighting.

Senior Manager Planning and Economic Dev
Mr. A Mashaba
- Environmental
- Economic Development
- Town Planning and

Senior Manager: Community Services
Ms. Z. Masumpa
- Waste Management
- Security Services and safety

- Building Control
- Public Amunities
- Beach Management

2.4 INTERGOVERNMENTAL RELATIONS

The objective of the Intergovernmental Relations Framework Act is to provide within the principle of co-operative government, set out in Chapter 3 of the Constitution, a framework for the national government. Ingquza Hill Local Municipality 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, the municipality 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. The IGR has been effective this financial year, last financial year terms of reference and a policy were developed. This made it easier for all the structures to sit and ensure a proper reporting channel even though it was done on virtual platform.

2.4.1 National Intergovernmental Structures

Ingquza Hill Municipality is actively participating in various intergovernmental activities in the following National Forums:

a. Municipal Managers National Forum; and
b. SALGA National Assembly.

2.4.2 Provincial Intergovernmental Structures

Ingquza Hill Local Municipality actively participates in various intergovernmental activities within the province. The Municipality delegated Councilors and senior officials to the following forums:

Premier's Coordinating Forum (PCF)	Quarterly	Executive Mayor/Mayor's /Municipal
Manager Salga Working Groups	Quarterly	Councilors/Snr Managers
Municipal Managers Forum	Quarterly	Municipal Manager
LGMTEC	Annual	All Directorates
Provincial Legal Advisors Forum	Quarterly	Manager: Legal Services
Provincial Disaster Management Forum	Quarterly	Head: Disaster Management
Provincial LED Forum	Quarterly	Manager: Economic Development
Provincial Public Participation Forum	Quarterly	Manager: Public Participation
Provincial Communications Forum	Quarterly	Manager: Communications
Provincial ICT Forum	Quarterly	Manager: ICT

2.4.3 District Intergovernmental Structures

Ingquza Hill Local Municipality actively participates in various intergovernmental activities with the district. Councilors and officials attend the following forums:

District Coordinating Forum	Quarterly	Executive Mayor/Municipal Manager District
Communications Forum	Quarterly	Manager: Communications
District LED Forum	Quarterly	Manager: Economic

INGQUZA HILL LOCAL MUNICIPALITY INTERGOVERNMENTAL STRUCURES

Ingquza Hill Local Municipality has the following active IGR Structures that are being attended by Councilors/Senior Officials:

Technical IDP Rep Forums	Quarterly	Management/Sector Departments
IDP Rep Forum	Quarterly	Manager: Communications

Local Communicators Forum	Quarterly	Administration/Cllrs/Ward Committees/Stakeholders
LED Forum	Quarterly	Municipality/Sector departments
Social Cluster Forum	Quarterly	LED Dept/ Sector Departments/ Stakeholders
Electricity Forum	Quarterly	Social Serv/ Sector Depart/ Cllrs/ Stakeholders
Provincial LED Forum	Quarterly	Manager: Economic Development
Provincial Public Participation Forum	Quarterly	Manager: Public Participation
Provincial Communications Forum	Quarterly	Manager: Communications
Provincial ICT Forum	Quarterly	Manager: ICT

2.5 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Ingquza Hill Local Municipality is enjoined by Section 152 of the Constitution of the Republic of South Africa, 1996, to, inter alia: -

a. Provide democratic and accountable government to the local community; and
b. Encourage the involvement of communities and community organizations in the matters of local government.

The Ingquza Hill Municipality has developed policy frameworks, notably the public participation strategy and policy to ensure enhancement of community participation as per chapter 4 of the Municipal Systems Act, and has established ward committees, among others, to give effect to these constitutional imperatives. The ward committees, which have been established and launched in terms of the municipality's By Laws relating to the Standing Rules and Orders of Council, meet quarterly to discuss community development needs as well as receive feedback on the progress being made by the Ingquza Hill Municipality on service delivery.

2.5.1 Ward Committee Meetings

Ward Committees are committees established in terms of Section 73 of Local Government: Municipal Structures Act, Act No. 117 of 1998 as amended, and they are also referred to as

Section 73 Committees. They consist of Ward Councilors as the chairperson, and 10 other members elected by ward residents in a Ward General Meeting taking into cognizance the balance in terms of gender. Ward Committees are a link between the municipal council and communities within a ward. They form part in all cores municipal processes such as IDP & Budget Processes, attend IGR fora.

2.5.2 Stakeholders

The stakeholders in the public participation process refer to people/individuals that have an interest or who will be negatively or positively be affected by a decision, issue, or a project. Stakeholders are individuals or organizations with concern, an inter

est, or an investment in a particular issue/project/resource.

2.5.3 Comment on the Effectiveness of the Public Meetings Held

Meetings were held effectively between the Speaker of the Council and community to ensure that their complaints are attended to and provide responses. Recommendations/ resolutions were made were applicable. The Council established the Public Participation & Petitions committee to attend to all petitions and action them accordingly.

The following are the activities performed by the speaker in 2024/25 financial year.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
Education and awareness campaign on ward delimitation process. This process is mandated by the local Government: Municipal	08 July 2024	20	07	104	Yes	The workshop was successful.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
Structures Act 1998 and conducted every five years to coincide with the Local Government Elections.						
Stakeholders' engagement regarding Mkambati Development, the community of seven villages, the ECPTA and Mkambati Land Trust, forwarded the interest about how to develop Mkambati,	31 July 2024	05	01	321	Yes	The stakeholder's engagement was successful.
Gender Based Violence and Femicide awareness campaign, the main purpose was to educate community members about Gender Based Violence and Femicide, encouraging them to be	18 September 2024	03	06	97	Yes	The awareness was successful.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
actively involved by reporting and condemning such incidents as they occur.						
The engagement of traditional leaders in Nkunzimbini community purpose is crucial for fostering a sense of unity. They are involved in the preservation of cultural heritage and the promotion of social cohesion, which is essential for maintaining social order and identity among various ethic groups.	25 November 2025	01	06	96	Yes	The engagement was successful.
The engagement of ward secretaries with the speaker serves to ensure that the voices of the community are effectively	05 November 2025	03	06	32	Yes	The engagement was successful.

Public Meetings						
Nature and purpose of meeting	Date of events	No. of Participating Municipal Councilors	No. of Participating Municipal Administrators	No. of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
represented and heard in the decision-making process. It is a collaborative effort that aims to enhance the transparency and accountability of local governance.						
Ingquza Hill Traditional Summit, the summit will bring together the understanding between them and the councilor how develop the society without conflict.	09-10 December 2024	28	16	156	Yes	The summit was successful.
Inkciyo End year function serves multiple purposes including empowering young girls, promoting cultural values.	13 December 2024	14	10	356	Yes	The Inkciyo end function was successful.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
Ward 12 Petition they are complaining about the absence of the access road, RDP Houses and the connection of electricity 165 household with out connection	24 February 2025	03	01	114	Yes	The petition still pending
MPAC Public consultations on FY 2023-2024 the oversight committee, is required to conduct public consultations, in developing the oversight report, to allow all relevant stakeholders to submit their contributions on the annual report.	18 March 2025	05	08	175	Yes	The MPAC Public consultation was successful.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
Ward 11 Petiotion the community of Ndzaka village submitted the petition on the 21st February 2025 complaining about the absence of the bridge, access road. They stated that they are unable to cross the river from Ndzaka to Buhlanyanga High School	19 March 2025	02	01	165	Yes	The petition was resolved.
IEC Online voter registration the purpose is to make the voter registration process more convenient and accessible for the communities of Ingquza Hill. By allowing voters to register online, the IEC aims to streamline the registration	29 Mar & 01 April 2025	08	04	241	Yes	The IEC online workshop was successful

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
process, reducing the number of voters who miss out on registration due to various reasons.						
The municipal Demarcation Board Consultation meeting is to engage with communities and stakeholders to ensure that the ward delimitation process is transparent, inclusive, and reflects the needs and preferences of local population.	07 April 2025	42	10	376	Yes	The municipal demarcation board consultation meeting was successful.
Operation's Smile for community Outreach awareness aims to provide life-changing surgeries to children and	25 April 2025	03	03	326	Yes	The operation smile community outreach awareness was successful.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
young adults with cleft conditions. Operation Smile also invests in training and education to equip health care providers and improve the overall care capacity in the communities they serve.						
Ward 29 Petition the community of Mthombolwazi village the community complaining about the absence of clean water.	21 May 2025	04	02	106	Yes	The Petition consultation was not resolved the matter
Ward 07 Petition Nyathi village residents complained about the absence of access to clean water.	22 May 2025	2	3	77	Yes	The Petition consultation was not resolved the matter.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
Ward Committee meetings the office managed to mobilize and attend 12 ward committee meetings in 32 wards, the purpose of ward committee meetings is to facilitate communication between the local government and community.	Jul 2024-Jun 2025	1	2	10	Yes	The ward committee meetings were successful.
Ward meetings the office managed to mobilize and attend 04 ward meetings in 32 wards, the purpose of ward meetings is to facilitate communication between the municipality and the community, ensuring that local	Jul 2024-Jun 2025	1	2	160	Yes	The ward meetings were successful.

Public Meetings						
Nature and purpose of meeting	**Date of events**	**No. of Participating Municipal Councilors**	**No. of Participating Municipal Administrators**	**No. of Community members attending**	**Issue addressed (Yes/No)**	**Dates and manner of feedback given to community**
government decisions align with the interests and needs of community.						
Ward committee replacement, the office managed to facilitate the replacement of ward committee members to the following Wards, 03, 08, 12, 14 and 24	Jul 2024-Jun 2025	03	05	130	Yes	The ward committee replacement were successful.

2.6 COMMUNICATION

Communications is a tool of bringing awareness of government programs, successes, plans and challenges to its stakeholders and community.

2.6.1 Municipal Branding and Marketing Material

South African flags, Municipal flags and PA system were procured for branding and promotional purposes. The following events were branded during 2024/2025 financial year:

- Mayoral Week,
- Back to School campaigns,

- IDP and Budget Roadshows,
- IDP Rep Forums,
- Strategic Planning,
- Ingquza Massacre commemoration,
- Council meetings and
- other stakeholders' engagement meetings including social cohesion events

2.6.2 Media Engagements & Newsletter Production

Communication Unit regularly engages with media – random and prearranged engagements. The following engagements took place: Media engagements during Mandela Month, Women's Day, Heritage and Tourism month, O.R. Tambo Month, IDP and Budget Roadshows, Mayoral Week program and Ingquza Massacre Commemoration. Newsletters were produced five times (four digital editions and one printed). This increase in number was advised by the quantity of content to be covered met by demand.

2.6.3 Update of Website and Facebook page & Radio Slots

Website and Social Media account pages updated regularly, Radio Slots arranged for His Worship the Mayor and delegated persons to outline the following events: Mandela Month, Women's Day, Heritage and Tourism month, O.R. Tambo Month, IDP and Budget Roadshows, Mayoral Week program, Ingquza Massacre Commemoration and Service delivery issues.

2.7 IDP PARTICIPATION AND ALIGNMENT

The Amended of the 2025-2026 Integrated Development Plan (IDP) provides an opportunity to strengthen integrated planning, budgeting, and implementation across all spheres of government and the private sector in a meaningful way in pursuit of sustainable development.

The objectives, as set out in Sections 152 and 153 of the Constitution, aims to create synergy between different municipal planning instruments and National / Provincial policy directives. Ingquza Hill Local Municipal Council remained focused on how best to respond to its constitutional and developmental mandate through its overarching strategic development focus areas.

The Municipal Key Performance Areas (KPA's) and Strategic Objectives directs future development, potential investment, and possible public/private partnership interventions. The Key Performance Areas and Strategic Objectives, guide service delivery as per the Municipality's annual Service Delivery Budget Implementation Plan (SDBIP).

Section 28 (i) of the Municipal Systems Act, No. 32 of 2000 requires that a Municipal Council adopts a schedule of activities to guide the drafting and review of its IDP. The IDP process plan for the 2026/2027 IDP review was unanimously adopted by Council in August 2025.

The development of the IDP is undertaken inclusive of non-statutory specific sector plans, i.e., the Municipal Spatial Development Framework, the Municipal Disaster Plan, the Municipal Economic Development Strategy and lastly the Municipal Financial Plan/Budget for a specific term or financial and outer years. The alignment of the IDP with the Spatial Development Framework (SDF) relates the spatial planning and development foreseen for the financial year in planning. The alignment of the IDP relates to aligning the IDP with the Provincial Growth and Development Strategy, the National Development Plan, and more importantly the Five National Key Performance Areas: Good Governance, Basic Services, Sound Financial Planning, Municipal Transformation and Organizational Development and Spatial and Environmental Development.

Municipal planning is informed by the National KPAs, Provincial Strategic Objectives and other National programs. The six approved strategic objectives of Ingquza Hill Local Municipality are the following:

a. To Improve and maintain current basic service delivery, through specific infrastructural development projects;
b. To create an enabling environment for social development and economic growth;
c. To promote safe and healthy environment through the protection of our natural resources;
d. To grow the revenue base of the municipality;
e. To structure and manage the municipal administration to ensure efficient services delivery; and
f. To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication.

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes

IDP Participation and Alignment Criteria*	Yes/No
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
* Section 26 Municipal Systems Act 2000	T 2.5.1

BYLAWS

By-laws Introduced during Year 2024/2025					
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
No	No	No	No	No	No
Note: See MSA section 13.					*T 2.9.1*

Website

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (Year -1)	No	
The annual report (Year 2023/24) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	No	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	

Satisfaction Surveys Undertaken during: Year -2024/25				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				The survey was not conducted, but the information from the presidential hot line was used to measure the complaints that communities have submitted pertaining to service delivery.
(a) Municipality				
(b) Municipal Service Delivery				
(c) Mayor				
Satisfaction with:				
(a) Refuse Collection				
(b) Road Maintenance				
(c) Electricity Supply				
(d) Water Supply				
(e) Information supplied by municipality to the public				
(f) Opportunities for consultation on municipal affairs				

COMPONENT D: CORPORATE GOVERNANCE.

2.8 RISK MANAGEMENT

Risk management is a systematic approach to setting the best course of action under uncertainty by assessing, understanding, acting on and communicating risk issues and opportunities.

Management of risk is an essential part of corporate governance within the Municipality. The risk management system assists in safeguarding the Council's interests and attempts to ensure the best use of limited municipal resources.

The Municipal Manager is responsible for managing the administration of the Municipality, and for this purpose takes all reasonable steps to ensure the municipality has and maintains effective, transparent systems of risk management and internal control.

The municipality has a functional risk management unit although the staff resourcing can improve to assist in making the unit more effective and more responsive to matters of risk management. The tools utilised for risk management process include the following:

a. Risk Management Framework (*Adapted from Public Sector Risk Management Framework developed by National Treasury.*
b. Risk Management Charter
c. Risk Management Strategy
d. Risk Register

The Municipality also has a Risk Management Committee which is made up of section 56 managers and is chaired by the Municipal Manager who tables the Risk Management Committee Report before the Audit Committee on a quarterly basis. On a monthly basis, monthly risk monitoring meetings are held where risks as documented in the departmental risk registers are reviewed, discussed and action plans updated. Emerging risks are also identified and added to the risk registers throughout the year as and when deemed necessary.

The Municipality has an Audit Committee made up of independent members who are not in the employ of the Municipality. The Committee reports to Council in line with its MFMA mandate set out in section 166.

The Accounting Officer takes the lead in the Risk Management process which includes chairing management meetings on risk management and annual risk assessment sessions. Risk Champions were appointed to oversee the risk management process in their areas of responsibility and channel their feedback to the Risk Management Officer and the Departmental Risk Owner (Section 56 Manager).

Performance of Risk Management

During the 2024/2025 financial year, the Municipality conducted risk assessments, updated the risk register, and implemented mitigation measures. Key strategic risks included the inadequate recovery of historical debts, which showed improvement among businesses but remained a challenge for residents. Land grabbing was reduced from a catastrophic to a medium risk rating due to the implementation of effective control measures. However, several high risks such as fraud and corruption, health hazards, inappropriate wastewater disposal, and climate change remain inadequately controlled. Overall, risk management was partially effective during the period under review, with oversight provided by the Risk Management Committee and the Audit Committee.

2.9 MUNICIPAL FUNCTIONS

Of 39 functions listed in Parts B of schedule 4 and 5 of the Constitution, Ingquza Hill Local has been allocated 23 functions which it is required to deliver on. The following 23 functions are being performed by Ingquza Hill.

Part B of schedule 4	Part of B schedule 5
1. Solid waste 2. Municipal Planning 3. Storm water management 4. Municipal public transport 5. Trading regulations 6. Local Tourism 7. Building regulation 8. Electricity reticulation(agency) 9. Childcare facilities	10. Cemeteries, funeral parlor and crematoria- including DM function. 11. Cleansing 12. Local sport facilities 13. Municipal parks and recreation 14. Municipal roads 15. Public places 16. Refuse removal, refuse dumps and solid waste disposal. 17. Traffic and parking 18. Municipal public works 19. Beaches and amusement 20. Billboards and display advertisements in public places 21. Street trading 22. Control of undertaking that sell liquor to the public. 23. Street lighting

CHAPTER 3: SITUATIONAL ANALYSIS

3.1 Demographic Information

Population Size and Distribution

Population statistics is important when analyzing an economy, as the population growth directly and indirectly impacts employment and unemployment, as well as other economic indicators such as economic growth and per capita income.

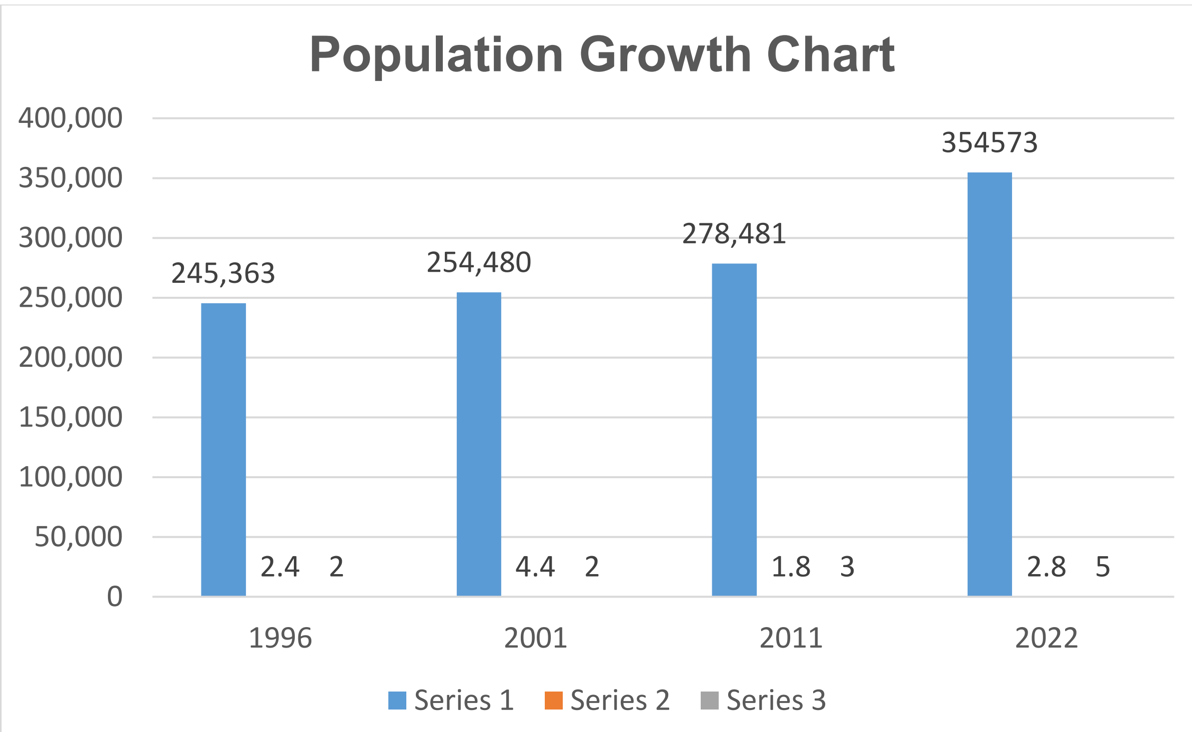
The 2022 census indicates that the Local Municipality is comprised of a total population of 354 573 with 186 743 females (53%) and 167 830 males (47%)

Name	2022	2011
Total population	354 573	278 481
Young children (0-14 years)	38,3%	42,4%
Working age population (15-64 years)	56,3%	52,2%
Elderly (65+ years)	5,4%	5,4%
Dependency ratio	77,5	91,6
Sex ratio	89,9	86,3
No schooling (20+ years)	12,9%	20,8%
Higher education (20+ years)	7,2%	5,2%
Number of households	64 051	56 212
Average household size	5,5	5,0
Formal dwellings	76,6%	40,5%
Flush toilets connected to sewerage	17,9%	3,3%
Weekly refuse disposal service	18,0%	3,2%
Access to piped water in the dwelling	17,6%	3,7%
Electricity for lighting	93,2%	62,8%

DEMOGRAPHIC PROFILE IN TERMS OF RACE.

Race	Total Population	Percentage
Black African	351 736	99.2%
Coloured	1 418,292	0.4%
Indian/ Asians	709,146	0.2%
Whites	354	0.1%
Other	709,146	0.2%

Population Growth Chart



Gender and Age Group

Name	Male	Male (%)	Female	Female (%)
85+	532	0,2%	1 943	0,5%
80-84	659	0,2%	1 784	0,5%
75-79	779	0,2%	2 307	0,7%
70-74	1 549	0,4%	2 774	0,8%
65-69	2 554	0,7%	4 140	1,2%
60-64	3 652	1,0%	5 660	1,6%

55-59	3 732	1,1%	6 317	1,8%
50-54	3 759	1,1%	6 403	1,8%
45-49	5 466	1,5%	7 368	2,1%
40-44	6 609	1,9%	8 660	2,4%
35-39	8 681	2,4%	10 666	3,0%
30-34	10 217	2,9%	11 445	3,2%
25-29	14 640	4,1%	16 003	4,5%
20-24	15 811	4,5%	15 643	4,4%
15-19	20 113	5,7%	18 936	5,3%
10-14	22 713	6,4%	21 766	6,1%
5-9	21 608	6,1%	20 710	5,8%
0-4	24 755	7,0%	24 219	6,8%

3.2. ACCESS SERVICES

3.2.2. Dwelling Type

Name	Frequency	%
Formal dwelling	49 044	76,6%
Traditional dwelling	13 462	21,0%
Informal dwelling	1 136	1,8%
Other	410	0,6%

3.2.3. Access to Piped Water

Name	Frequency	%
Piped (tap) water inside the dwelling	11 275	17,6%
Piped (tap) water inside the yard	2 199	3,4%
Piped (tap) water on community stand	4 601	7,2%
No access to piped water	45 976	71,8%

3.2.4. Main Toilet Facilities

Name	Frequency	%

Flush toilet	11 458	17,9%
Chemical toilet	8 665	13,5%
Pit toilet	36 023	56,2%
Bucket toilet	1 740	2,7%
Other	2 695	4,2%
None	3 470	5,4%

3.2.5. Refuse Disposal

Name	Frequency	%
Removed by local authority at least once a week	11 521	18,0%
Removed by local authority less often	328	0,5%
Communal refuse dump	996	1,6%
Communal container/central collection point	170	0,3%
Own refuse dump	41 653	65,0%
No Rubbish Disposal	8 015	12,5%
Other	1 369	2,1%

3.2.6. Energy for Cooking

Name	Frequency	%
Electricity from mains	34 493	53,9%
Gas	11 520	18,0%
Paraffin	1 583	2,5%
Wood	16 243	25,4%
Coal	39	0,1%
Animal dung	35	0,1%
Solar	15	0,0%
Other	28	0,0%
None	95	0,1%

3.2.7. Energy for lighting

Name	Frequency	%
Electricity from mains	59 677	93,2%
Gas	356	0,6%
Paraffin	625	1,0%
Candles	3 036	4,7%
Solar	224	0,3%
Other	32	0,0%
None	101	0,2%

3.2.8. INCOME AND EXPENDITURE

In a growing economy, among which production factors are increasing, most of the household incomes are spent on purchasing goods and services. Therefore, the measuring of the income and expenditure of households is a major indicator of a number of economic trends. It is also a good marker for growth as well as consumer tendencies.

3.2.8.1. Number of households by income category

The number of households is grouped according to predefined income categories or brackets, where income is calculated as the sum of all household gross disposable income: payments of kind, gifts, homemade goods sold, old age pensions, income from informal sector activities, subsistence income, etc.). Note that income tax is included in the income distribution. Income categories start at R0 - R2,400 per annum and go up to R2,400,000+ per annum. A household is either a group of people who live together and provide themselves jointly with food and/or other essentials for living, or it is a single person living on his/her own. These income brackets do not take into account inflation creep: over time, movement of households "up" the brackets is natural, even if they are not earning any more in real terms.

TABLE 1. Households by income category - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2023 [Number Percentage]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total	Ingquza Hill as % of district municipality	Ingquza Hill as % of province	Ingquza Hill as % of national
0-2400	8	27	114	1,200	29.7%	7.1%	0.68%
2400-6000	105	357	1,560	14,500	29.4%	6.7%	0.72%
6000-12000	774	2,790	12,000	104,000	27.8%	6.4%	0.75%
12000-18000	1,880	6,920	29,500	249,000	27.2%	6.4%	0.76%
18000-30000	7,190	27,300	116,000	911,000	26.3%	6.2%	0.79%
30000-42000	9,870	38,300	167,000	1,280,000	25.8%	5.9%	0.77%
42000-54000	9,630	38,300	168,000	1,280,000	25.1%	5.7%	0.75%
54000-72000	12,300	52,300	243,000	1,850,000	23.5%	5.1%	0.66%
72000-96000	10,600	48,600	241,000	1,960,000	21.9%	4.4%	0.54%
96000-132000	8,580	41,400	218,000	1,920,000	20.7%	3.9%	0.45%
132000-192000	6,920	37,000	208,000	1,990,000	18.7%	3.3%	0.35%
192000-360000	5,970	35,300	230,000	2,470,000	16.9%	2.6%	0.24%
360000-600000	2,390	16,700	131,000	1,590,000	14.3%	1.8%	0.15%
600000-1200000	1,080	9,430	101,000	1,380,000	11.5%	1.1%	0.08%
1200000-2400000	232	2,960	43,600	646,000	7.8%	0.5%	0.04%
2400000+	14	238	8,180	134,000	5.8%	0.2%	0.01%
Total	77,600	358,000	1,920,000	17,800,000	21.7%	4.0%	0.44%

Source: South Africa Regional eXplorer v2571. Data compiled on 13 Dec 2024.© 2024 S&P Global.

It was estimated that in 2023 12.85% of all the households in the Ingquza Hill Local Municipality, were living on R30,000 or less per annum. In comparison with 2013's 31.36%, the number is about half. The 54000-72000 income category has the highest number of households with a total number of 12 300, followed by the 72000-96000 income category with 10 600 households. Only 8.1 households fall within the 0-2400 income category. For the period 2013 to 2023 the number of households earning more than R30,000 per annum has increased from 68.64% to 87.15%.

3.2.9. HIV+ AND AIDS ESTIMATES

HIV and AIDS can have a substantial impact on the growth of a particular population. However, there are many factors affecting the impact of the HIV virus on population progression: adult HIV prevalence rates; the speed at which the virus progresses; age distribution of the virus; the mother-to-child transmission; child treatment; adult treatment; and the percentage by which the virus decreases total fertility. ARV treatment can also prolong the lifespan of people that are HIV+. In the absence of any treatment, people diagnosed with HIV live for approximately 10 years before reaching the final stage of the disease (called AIDS). When patients reach this stage, recovery is highly unlikely. HIV+ and AIDS estimates are defined as follows: The HIV+ estimates are calculated by using the prevalence rates from the HIV/AIDS model built by the Actuarial Society of Southern Africa (ASSA-2008). These rates are used as base rates on a provincial level. S&P Global slightly adjusted the provincial ASSA-2008 data to more accurately reflect the national HIV Prevalence rate per population group as used in the national demographic models. The ASSA model in turn uses prevalence rates from various primary data sets, in particular the HIV/AIDS surveys conducted by the Department of Health and the Antenatal clinic surveys. Their rates are further adjusted for over-reporting and then smoothed.

TABLE 6. Number of HIV+ people - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2023 [Number and percentage]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total	Ingquza Hill as % of district municipality	Ingquza Hill as % of province	Ingquza Hill as % of national
2013	26,500	137,000	664,000	6,080,000	19.3%	4.0%	0.43%
2014	26,900	139,000	673,000	6,210,000	19.3%	4.0%	0.43%
2015	27,300	142,000	685,000	6,350,000	19.3%	4.0%	0.43%
2016	27,800	144,000	695,000	6,490,000	19.3%	4.0%	0.43%
2017	28,300	147,000	708,000	6,650,000	19.3%	4.0%	0.43%
2018	28,800	150,000	722,000	6,820,000	19.3%	4.0%	0.42%
2019	29,400	153,000	735,000	7,000,000	19.2%	4.0%	0.42%
2020	29,800	155,000	748,000	7,170,000	19.2%	4.0%	0.42%
2021	30,200	158,000	760,000	7,340,000	19.2%	4.0%	0.41%
2022	30,600	160,000	774,000	7,520,000	19.1%	4.0%	0.41%
2023	31,200	163,000	791,000	7,730,000	19.1%	3.9%	0.40%

Average Annual growth				
2013-2023	1.65%	1.76%	1.77%	2.42%

Source: South Africa Regional eXplorer v2571. Data compiled on 13 Dec 2024.© 2024 S&P Global.

3.2.9.1. HIV+ and AIDS estimates are defined as follows:

In 2023, 31 200 people in the Ingquza Hill Local Municipality were infected with HIV. This reflects an increase at an average annual rate of 1.65% since 2013, and in 2023 represented 9.41% of the local municipality's total population. The O.R. Tambo District Municipality had an average annual growth rate of 1.76% from 2013 to 2023 in the number of people infected with HIV, which is higher than that of the Ingquza Hill Local Municipality. The number of infections in the Eastern Cape Province increased from 664,000 in 2013 to 791,000 in 2023. When looking at the South Africa as a whole it can be seen that the number of people that are infected increased from 2013 to 2023 with an average annual growth rate of 2.42%.

3.2.10. ECONOMY

The economic state of Ingquza Hill Local Municipality is put in perspective by comparing it on a spatial level with its neighboring locals, O.R. Tambo District Municipality, Eastern Cape Province and South Africa.

The Ingquza Hill Local Municipality does not function in isolation from O.R.Tambo, Eastern Cape Province, South Africa and the world and now, more than ever, it is crucial to have reliable information on its economy for effective planning. Information is needed that will empower the municipality to plan and implement policies that will encourage the social development and economic growth of the people and industries in the municipality respectively.

3.2.10.1. Gross Domestic Product by Region (GDP-R)

Gross Domestic Product (GDP), an important indicator of economic performance, is used to compare economies and economic states.

Gross Domestic Product by Region (GDP-R) represents the value of all goods and services

produced within a region, over a period of one year, plus taxes and minus subsidies.

GDP-R can be measured using either current or constant prices, where the current prices measure the economy in actual Rand, and constant prices measures the economy by removing the effect of inflation, and therefore captures the real growth in volumes, as if prices were fixed in a given base year.

TABLE 7. Gross domestic product (GDP) - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2023 [R billions, Current prices]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total	Ingquza Hill as % of district municipality	Ingquza Hill as % of province	Ingquza Hill as % of national
2013	3.3	30.8	309.6	3,868.6	*10.7%*	*1.06%*	*0.08%*
2014	3.5	33.1	330.8	4,133.9	*10.5%*	*1.05%*	*0.08%*
2015	3.7	35.7	354.1	4,420.8	*10.4%*	*1.05%*	*0.08%*
2016	4.0	38.7	379.0	4,759.6	*10.2%*	*1.04%*	*0.08%*
2017	4.2	41.7	403.4	5,078.2	*10.0%*	*1.04%*	*0.08%*
2018	4.3	44.1	420.9	5,363.2	*9.8%*	*1.03%*	*0.08%*
2019	4.5	46.8	437.2	5,625.2	*9.6%*	*1.03%*	*0.08%*
2020	4.4	46.9	427.0	5,562.8	*9.3%*	*1.02%*	*0.08%*
2021	4.9	53.2	474.8	6,220.2	*9.1%*	*1.02%*	*0.08%*
2022	5.1	57.1	501.1	6,655.5	*8.9%*	*1.01%*	*0.08%*
2023	5.4	62.4	537.4	7,024.0	*8.6%*	*1.00%*	*0.08%*

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

With a GDP of R 5.39 billion in 2023 (up from R 3.28 billion in 2013), the Ingquza Hill Local Municipality contributed 8.65% to the O.R. Tambo District Municipality GDP of R 62.4 billion in 2023 increasing in the share of the O.R. Tambo from 10.66% in 2013. The Ingquza Hill Local Municipality contributes 1.00% to the GDP of Eastern Cape Province and 0.08% the GDP of South Africa which had a total GDP of R 7.02 trillion in 2023 (as measured in nominal or current prices).It's contribution to the national economy stayed similar in importance from 2013 when it contributed 0.08% to South Africa, but it is lower than the peak of 0.08% in 2013.

TABLE 8. Gross domestic product (GDP) - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2023 [Annual percentage change, Constant 2010 prices]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total
2013	-0.9%	0.5%	1.4%	2.5%
2014	0.6%	1.7%	0.8%	1.4%
2015	0.7%	2.0%	0.9%	1.3%
2016	0.5%	2.2%	0.8%	0.7%
2017	-0.4%	1.8%	0.5%	1.2%
2018	0.5%	2.7%	1.1%	1.6%
2019	-0.5%	1.6%	0.1%	0.3%
2020	-7.0%	-3.4%	-6.0%	-6.2%
2021	4.5%	7.2%	5.3%	5.0%
2022	0.6%	3.4%	2.1%	1.9%
2023	0.9%	3.3%	0.8%	0.7%
Average Annual growth 2013-2023	***-0.01*%**	***2.22*%**	***0.60*%**	***0.74*%**

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

In 2023, the Ingquza Hill Local Municipality achieved an annual growth rate of 0.86% which is a very similar GDP growth than the Eastern Cape Province's 0.80%, but is higher than that of South Africa, where the 2023 GDP growth rate was 0.70%. Contrary to the short-term growth rate of 2023, the longer-term average growth rate for Ingquza Hill (-0.01%) is significantly lower than that of South Africa (0.74%). The economic growth in Ingquza Hill peaked in 2021 at 4.46%.

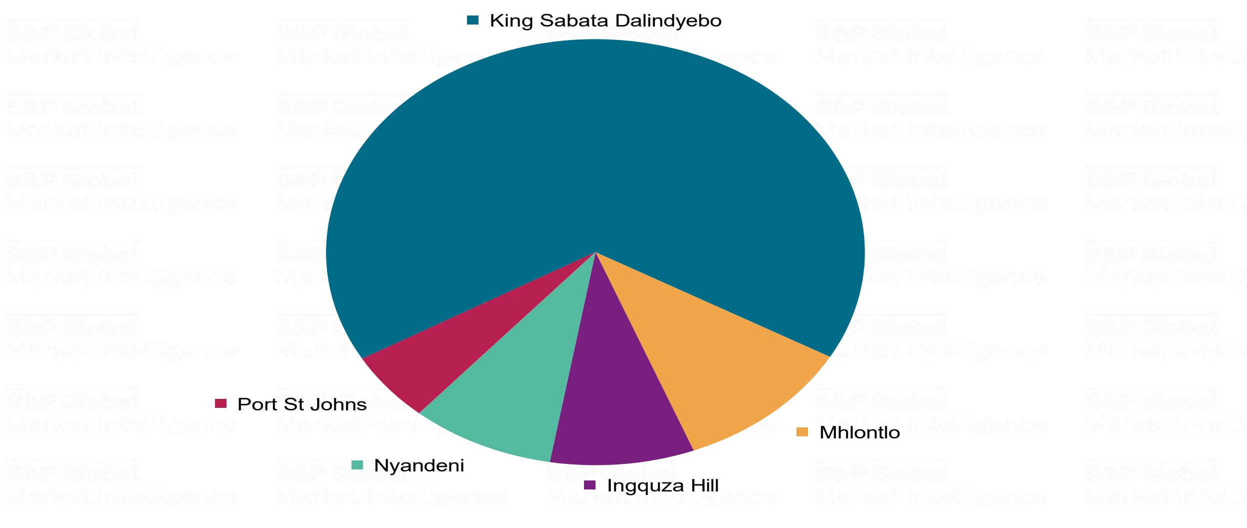


CHART 8. Gross domestic product (GDP) - Ingquza Hill Local Municipality and the rest of O.R.Tambo, 2023 [Percentage]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

The Ingquza Hill Local Municipality had a total GDP of R 5.39 billion and in terms of total contribution towards O.R.Tambo District Municipality the Ingquza Hill Local Municipality ranked third relative to all the regional economies to total O.R. Tambo District Municipality GDP. This ranking in terms of size compared to other regions of Ingquza Hill remained the same since 2013. In terms of its share, it was significantly smaller in 2023 (8.6%) compared to what it was in 2013 (10.7%). For the period 2013 to 2023, the average annual growth rate of 0.0% of Ingquza Hill was the lowest relative to its peers in terms of growth in constant 2010 prices.

TABLE 9. Gross domestic product (GDP) - Regions within O.R.Tambo District Municipality, 2013 to 2023, share and growth

	2023 (Current prices)	Share of district municipality	2013 (Constant prices)	2023 (Constant prices)	Average Annual growth
Ingquza Hill	5.39	*8.65%*	3.64	3.64	***-0.01**%*
Port St Johns	3.31	*5.31%*	2.16	2.28	***0.56**%*
Nyandeni	5.39	*8.64%*	3.37	3.76	***1.10**%*
Mhlontlo	6.79	*10.88%*	4.49	4.69	***0.44**%*
King Sabata Dalindyebo	41.48	*66.51%*	20.62	28.33	***3.23**%*

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

King Sabata Dalindyebo had the highest average annual economic growth, averaging 3.23% between 2013 and 2023, when compared to the rest of the regions within O.R. Tambo District Municipality. The Nyandeni Local Municipality had the second highest average annual growth rate of 1.10%. Ingquza Hill Local Municipality had the lowest average annual growth rate of -0.01% between 2013 and 2023.

Economic Growth Forecast

It is expected that Ingquza Hill Local Municipality will grow at an average annual rate of 1.29% from 2023 to 2028. The average annual growth rate in the GDP of O.R. Tambo District Municipality and Eastern Cape Province is expected to be 3.08% and 1.89% respectively. South Africa is forecasted to grow at an average annual growth rate of 1.95%, which is higher than that of the Ingquza Hill Local Municipality.

Gross Domestic Product (GDP) - Ingquza Hill, O.R. Tambo, Eastern Cape and National Total, 2011-2026 [Average annual growth rate, constant 2010 prices]

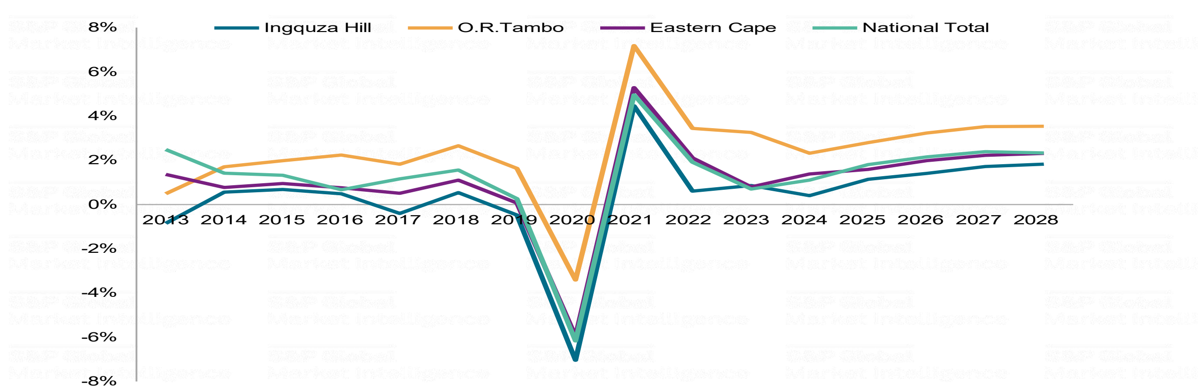


CHART 9. Gross domestic product (GDP) - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2028 [Average annual growth rate, constant 2010 prices]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

In 2028, Ingquza Hill's forecasted GDP will be an estimated R 3.88 billion (constant 2010 prices) or 7.8% of the total GDP of O.R. Tambo District Municipality. The ranking in terms of size of the Ingquza Hill Local Municipality will remain the same between 2023 and 2028, with a contribution to the O.R. Tambo District Municipality GDP of 7.8% in 2028 compared to 8.5% in 2023. At a 1.29% average annual GDP growth rate between 2023 and 2028, Ingquza Hill ranked the lowest compared to the other regional economies.

TABLE 10. Gross domestic product (GDP) - regions within O.R.Tambo District Municipality, 2013 to 2028, share and growth

	2028 (Current prices)	Share of district municipality	2013 (Constant prices)	2028 (Constant prices)	Average Annual growth
Ingquza Hill	7.21	*7.95%*	3.64	3.88	***0.42***%
Port St Johns	4.63	*5.10%*	2.16	2.52	***1.05***%
Nyandeni	7.59	*8.36%*	3.37	4.21	***1.49***%
Mhlontlo	9.33	*10.28%*	4.49	5.09	***0.84***%
King Sabata Dalindyebo	61.98	*68.30%*	20.62	34.00	***3.39***%

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.
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Gross Value Added by Region (GVA-R)

The Ingquza Hill Local Municipality's economy is made up of various industries. The GVA-R variable provides a sector breakdown, where each sector is measured in terms of its value added produced in the local economy.

Gross Value Added (GVA) is a measure of output (total production) of a region in terms of the value that was created within that region. GVA can be broken down into various production. sectors. The summary table below puts the Gross Value Added (GVA) of all the regions in perspective to that of the Ingquza Hill Local Municipality.

TABLE 11. Gross value added (GVA) by broad economic sector - Ingquza Hill Local Municipality, 2023 [R billions, current prices]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total	Ingquza Hill as % of district municipality	Ingquza Hill as % of province	Ingquza Hill as % of national
Agriculture	0.1	0.8	11.6	183.8	*12.6%*	*0.89%*	*0.06%*
Mining	0.0	0.2	1.3	444.2	*9.2%*	*1.13%*	*0.00%*
Manufacturing	0.4	2.6	71.4	910.5	*15.2%*	*0.54%*	*0.04%*
Electricity	0.1	3.4	11.0	219.4	*1.8%*	*0.55%*	*0.03%*
Construction	0.1	1.1	12.3	155.2	*7.7%*	*0.67%*	*0.05%*
Trade	1.2	10.8	79.3	877.7	*10.9%*	*1.47%*	*0.13%*
Transport	0.1	2.0	26.9	495.0	*6.9%*	*0.51%*	*0.03%*
Finance	0.7	10.6	87.6	1,471.8	*6.7%*	*0.81%*	*0.05%*
Community services	2.2	26.2	181.3	1,553.2	*8.4%*	*1.21%*	*0.14%*
Total Industries	**4.9**	**57.6**	**482.8**	**6,310.8**	***8.4%***	***1.01%***	***0.08%***

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.
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In 2023, the community services sector is the largest within Ingquza Hill Local Municipality, accounting for R 2.19 billion or 45.1% of the total GVA in the local municipality's economy. The sector that contributes the second most to the GVA of the Ingquza Hill Local Municipality is the trade sector at 24.0%, followed by the finance sector with 14.7%. The sector that contributes the least to the economy of Ingquza Hill Local Municipality is the mining sector with a contribution of R 14.8 million or 0.30% of the total GVA.

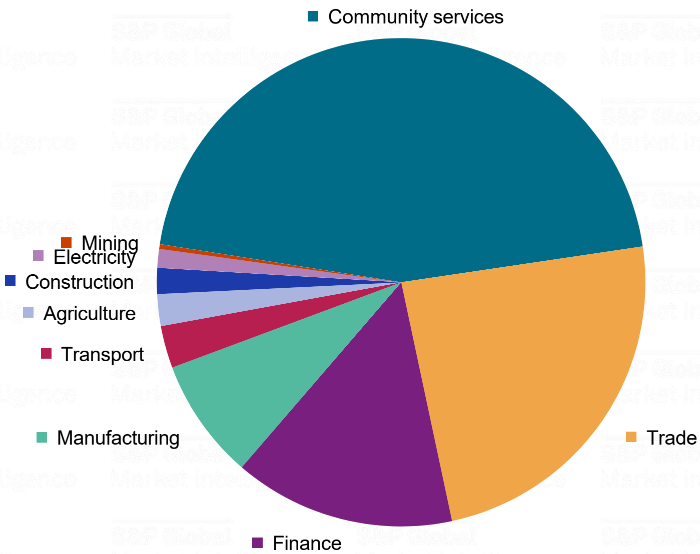


CHART 10. Gross value added (GVA) by broad economic sector - Ingquza Hill Local Municipality, 2023 [percentage composition]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

The community sector, which includes government services, is generally a large contributor towards GVA. When looking at all the regions within the O.R. Tambo District Municipality, it is clear that the King Sabata Dalindyebo contributes the most community services towards its own GVA, with 63.09%, relative to the other regions within O.R. Tambo District Municipality. The King Sabata Dalindyebo contributed R 38.6 billion or 67.05% to the GVA of O.R. Tambo District Municipality. King Sabata Dalindyebo also contributes the most the overall GVA of O.R. Tambo District Municipality.

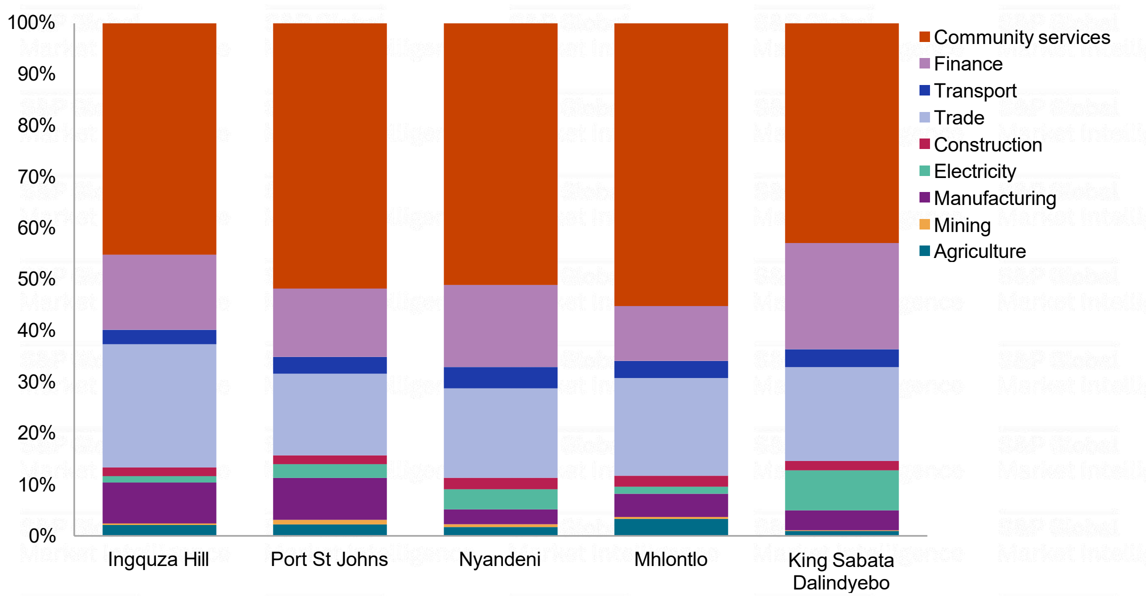
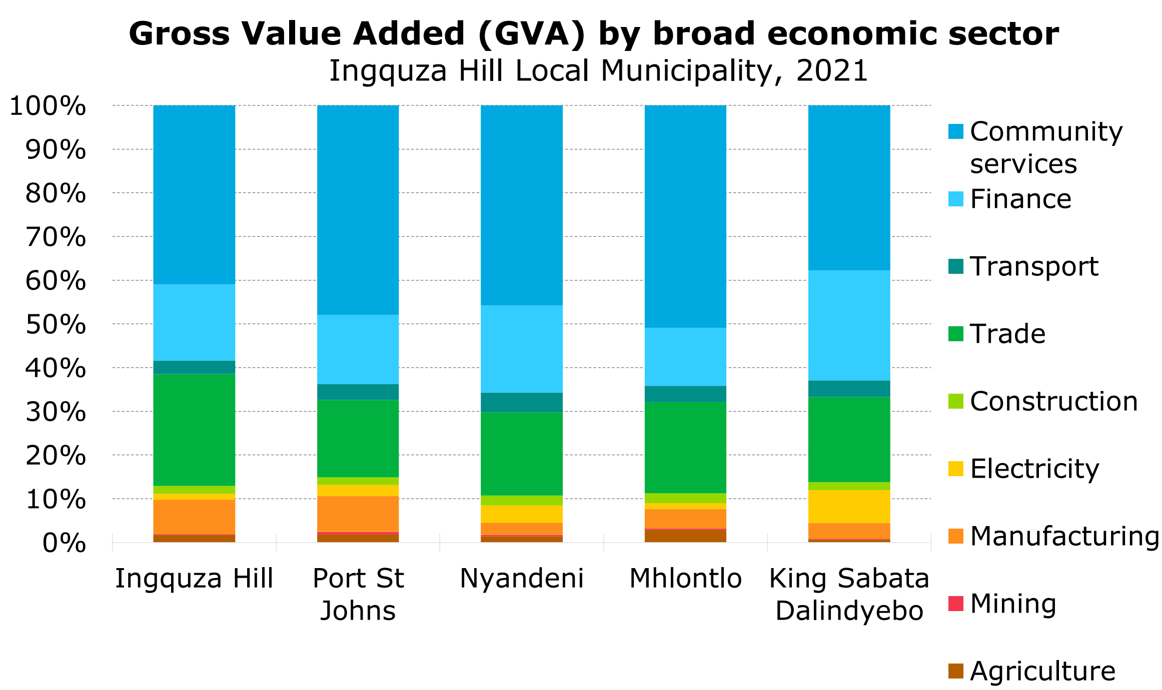


CHART 11. Gross value added (GVA) by broad economic sector - Ingquza Hill, Port St Johns, Nyandeni, Mhlontlo and King Sabata Dalindyebo, 2023 [percentage composition]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

Gross Value Added (GVA) by broad economic sector - Ingquza Hill, Port St Johns, Nyandeni, Mhlontlo and King Sabata Dalindyebo, 2021 [percentage composition]



Source: IHS Markit Regional eXplorer version 2257

3.2.11. LEVEL OF EDUCATION

Education is important to the economic growth in a country and the development of its industries, providing a trained workforce and skilled professionals required.

The education measure represents the highest level of education of an individual, using the 15 years and older age category. (According to the United Nations definition of education, one is an adult when 15 years or older. S&P Global uses this cut-off point to allow for cross-country comparisons. Furthermore, the age of 15 is also the legal age at which children may leave school in South Africa).

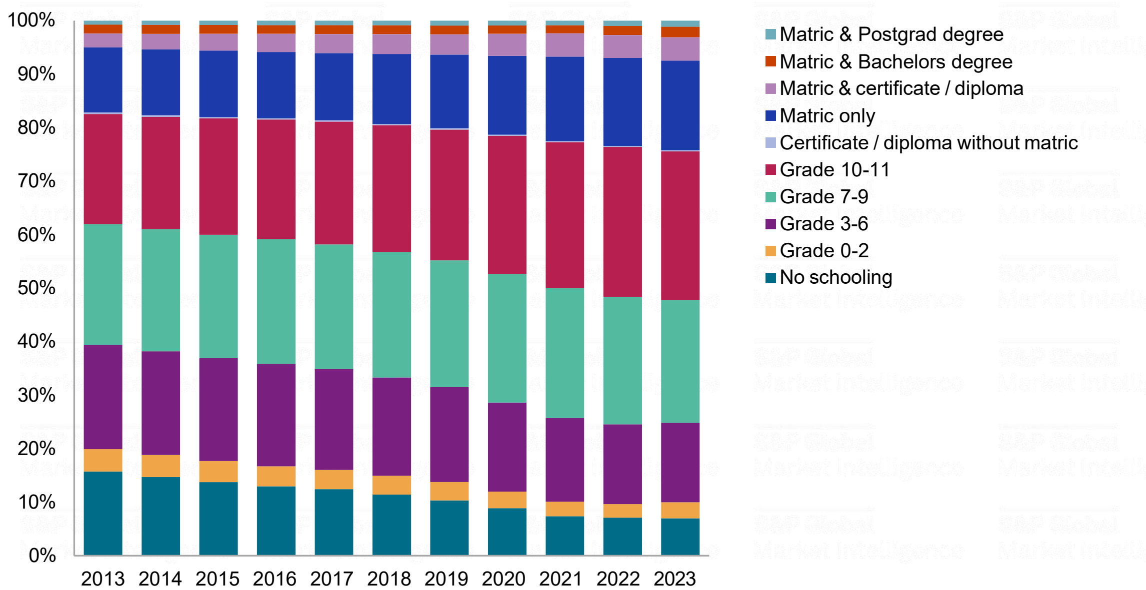


CHART 39. Highest level of education: age 15+ - Ingquza Hill Local Municipality, 2013-2023 [Percentage]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

Within Ingquza Hill Local Municipality, the number of people without any schooling decreased from 2013 to 2023 with an average annual rate of -5.27%, while the number of people within the 'matric only' category increased from 16,600 to 30,000. The number of people with 'matric and a certificate/diploma' increased with an average annual rate of 8.21%, with the number of people with a 'matric and a Bachelor's' degree increasing with an average annual rate of 4.54%. Overall improvement in the level of education is visible with an increase in the number of people with 'matric' or higher education.

TABLE 28. Highest level of education: age 15+ - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2023 [Numbers]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total	Ingquza Hill as % of district municipality	Ingquza Hill as % of province	Ingquza Hill as % of national
No schooling	12,500	55,200	172,000	1,420,000	22.6%	7.3%	0.88%
Grade 0-2	5,390	21,900	97,000	437,000	24.6%	5.6%	1.23%
Grade 3-6	26,600	95,900	423,000	2,480,000	27.7%	6.3%	1.07%
Grade 7-9	41,200	179,000	896,000	5,810,000	23.0%	4.6%	0.71%
Grade 10-11	49,700	218,000	1,140,000	9,990,000	22.8%	4.3%	0.50%
Certificate / diploma without matric	404	2,440	14,400	142,000	16.6%	2.8%	0.28%
Matric only	29,900	162,000	1,060,000	14,000,000	18.5%	2.8%	0.21%
Matric certificate / diploma	7,770	38,400	247,000	2,900,000	20.2%	3.2%	0.27%
Matric Bachelors degree	3,580	22,800	141,000	1,940,000	15.7%	2.5%	0.18%
Matric Postgrad degree	2,030	10,500	69,700	1,120,000	19.3%	2.9%	0.18%

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

The number of people without any schooling in Ingquza Hill Local Municipality accounts for 22.63% of the number of people without schooling in the district municipality, 7.26% of the province and 0.88% of the national. In 2023, the number of people in Ingquza Hill Local Municipality with a matric only was 30,000 which is a share of 18.53% of the district municipality's total number of people that has obtained a matric. The number of people with a matric and a Postgrad degree constitutes 15.69% of the district municipality, 2.54% of the province and 0.18% of the national.

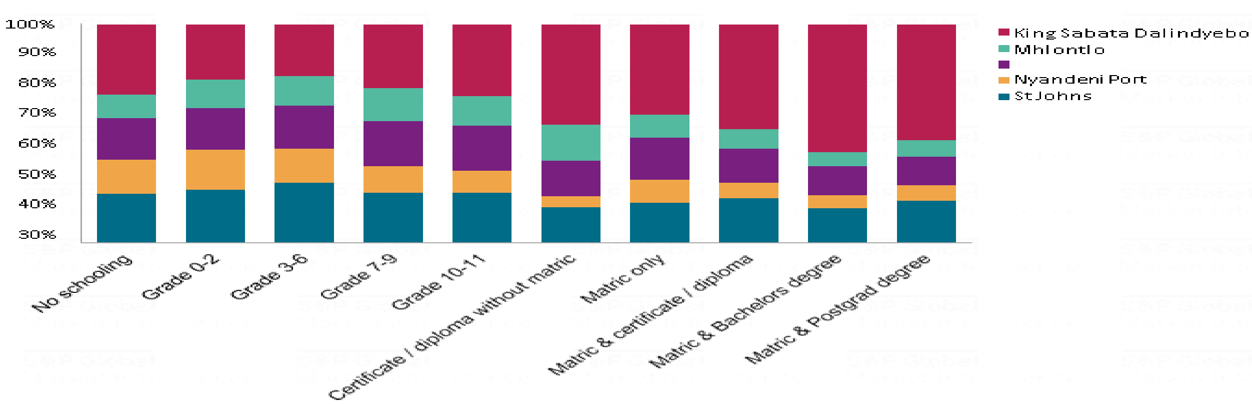


CHART 40. Highest level of education: age 15+, Ingquza Hill, Port St Johns, Nyandeni, Mhlontlo and King Sabata Dalindyebo 2023 [Percentage]

Source: South Africa Regional eXplorer v2571. Data compiled on 13 Dec 2024.

3.2.12 LABOUR

The labour force of a country consists of everyone of working age (above a certain age and below retirement) that are participating as workers, i.e. people who are actively employed or seeking employment. This is also called the economically active population (EAP). People not included are students, retired people, stay-at-home parents, people in prisons or similar institutions, people employed in jobs or professions with unreported income, as well as discouraged workers who cannot find work.

TABLE 14. Working age population in Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013 and 2023 [Number]

Ingquza Hill			O.R.Tambo		Eastern Cape		National Total	
	2013	2023	2013	2023	2013	2023	2013	2023
15-19	29,000	43,000	144,000	202,000	553,000	698,000	4,800,000	5,620,000
20-24	27,700	23,000	150,000	122,000	674,000	516,000	5,540,000	4,750,000
25-29	25,900	21,200	134,000	107,000	676,000	488,000	5,490,000	4,990,000
30-34	18,100	28,300	89,300	135,000	481,000	609,000	4,480,000	5,730,000
35-39	10,900	24,000	57,900	127,000	340,000	622,000	3,660,000	5,500,000
40-44	8,390	13,400	44,800	76,500	286,000	445,000	3,120,000	4,340,000
45-49	7,480	8,560	41,200	47,200	274,000	314,000	2,710,000	3,450,000
50-54	7,520	6,490	40,800	35,800	268,000	263,000	2,320,000	2,880,000
55-59	6,140	5,320	35,100	33,600	237,000	249,000	1,910,000	2,450,000
60-64	5,360	6,150	30,600	33,100	195,000	236,000	1,510,000	2,040,000
Total	147,000	179,000	767,000	920,000	3,980,000	4,440,000	35,500,000	41,800,000

Source: South Africa Regional eXplorer v2571. Data compiled on 13 Dec 2024.

The working age population in Ingquza Hill in 2023 was 179 000, increasing at an average annual rate of 2.04% since 2013. For the same period the working age population for O.R.Tambo District Municipality increased to 1.83% annually, while that of Eastern Cape Province increased at 1.09% annually. South Africa's working age population has increased annually by 1.62% from 35.5 million in 2013 to 41.8 million in 2023.

The graph below combines all the facets of the labour force in the Ingquza Hill Local Municipality into one compact view. The chart is divided into "place of residence" on the left, which is measured from the population side, and "place of work" on the right, which is measured from the business side.

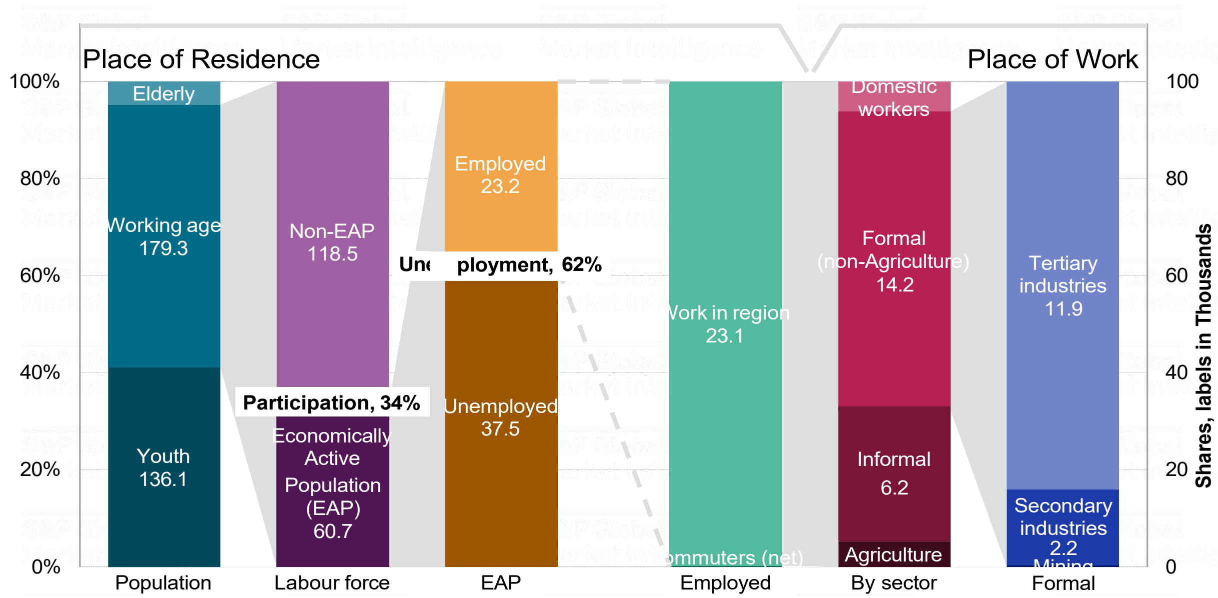


CHART 19. Labour glimpse - Ingquza Hill Local Municipality, 2023

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

Reading the chart from the left-most bar, breaking down the total population of the Ingquza Hill Local Municipality (331 000) into working age and non-working age, the number of people that are of working age is about 179 000. As per definition, those that are of age 0 - 19 (youth) or age 65 and up (pensioners) are part of the non-working age population. Out of the working age group, 33.9% are participating in the labour force, meaning 60 800 residents of the local municipality forms currently part of the economically active population (EAP). Comparing this with the non-economically active population (NEAP) of the local municipality: fulltime students at tertiary institutions, disabled people, and those choosing not to work, sum to 119 000 people. Out of the economically active population, there are 37 600 that are unemployed, or when expressed as a percentage, an unemployment rate of 61.8%. Up to here all the statistics are measured at the place of residence.

On the far right we have formal non-Agriculture jobs in Ingquza Hill, broken down by the primary (mining), secondary and tertiary industries. The majority of formal employment lies in the Tertiary industry, with 12 000 jobs. When including the informal, agricultural and domestic workers, we have a total number of 23 200 jobs in the area. Formal jobs make up 61.6% of all jobs in the Ingquza Hill Local Municipality. The difference between the employment measured at the place of work and the people employed living in the area can be explained by the net commuters that work outside of the local municipality.

3.2.13. Employment and Unemployment

3.2.13.1. Employment

Employment data is a key element in the estimation of unemployment. In addition, trends in employment within different sectors and industries normally indicate significant structural changes in the economy. Employment data is also used in the calculation of productivity, earnings per worker, and other economic indicators.

TABLE 17. Total employment - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2023 [numbers]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total
2013	19,200	143,000	1,210,000	14,700,000
2014	20,800	156,000	1,270,000	15,300,000
2015	22,200	166,000	1,330,000	15,800,000
2016	22,900	173,000	1,350,000	16,100,000
2017	23,200	177,000	1,360,000	16,400,000
2018	23,000	177,000	1,350,000	16,600,000
2019	22,900	177,000	1,340,000	16,600,000
2020	20,700	163,000	1,260,000	15,800,000
2021	19,600	157,000	1,220,000	15,100,000
2022	21,200	170,000	1,280,000	15,700,000
2023	23,200	186,000	1,360,000	16,700,000
Average Annual growth				
2013-2023	***1.89***%	***2.62***%	***1.15***%	***1.31***%

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

In 2023, Ingquza Hill employed 23 200 people which is 12.46% of the total employment in O.R.Tambo District Municipality (186 000), 1.70% of total employment in Eastern Cape Province (1.36 million), and 0.14% of the total employment of 16.7 million in South Africa. Employment within Ingquza Hill increased annually at an average rate of 1.89% from 2013 to 2023.

TABLE 18. Total employment per broad economic sector - Ingquza Hill and the rest of O.R.Tambo, 2023 [Numbers]

	Ingquza Hill	Port St Johns	Nyandeni	Mhlontlo	King Sabata Dalindyebo	Total O.R.Tambo
Agriculture	1,230	756	548	1,750	3,120	7,401
Mining	52	34	44	20	76	225
Manufacturing	825	559	615	1,060	3,240	6,300
Electricity	59	31	74	66	200	431
Construction	2,620	1,620	1,890	2,260	8,740	17,132
Trade	4,950	3,200	4,380	4,300	25,700	42,564
Transport	883	624	1,170	1,320	5,530	9,520
Finance	2,400	1,440	2,870	2,320	14,400	23,405
Community services	8,720	5,700	7,380	7,870	37,800	67,456
Households	1,420	817	1,220	1,320	6,580	11,352
Total	**23,200**	**14,800**	**20,200**	**22,300**	**105,000**	**185,787**

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

Ingquza Hill Local Municipality employs a total number of 23 200 people within its local municipality. The local municipality that employs the highest number of people relative to the other regions within O.R. Tambo District Municipality is King Sabata Dalindyebo local municipality with a total number of 105 000. The local municipality that employs the lowest number of people relative to the other regions within O.R. Tambo District Municipality is Port St Johns local municipality with a total number of 14 800 employed people.

In Ingquza Hill Local Municipality the economic sector that recorded the largest number of employments in 2023 were the community services sector with a total of 8 720 employed people or 37.7% of total employment in the local municipality. The trade sector, with a total of 4 950 (21.4%), employs the second highest number of people relative to the rest of the sectors. The mining sector with 52.1 (0.2%) is the sector that employs the least number of people in Ingquza Hill Local Municipality, followed by the electricity sector with 59.3 (0.3%) people employed.

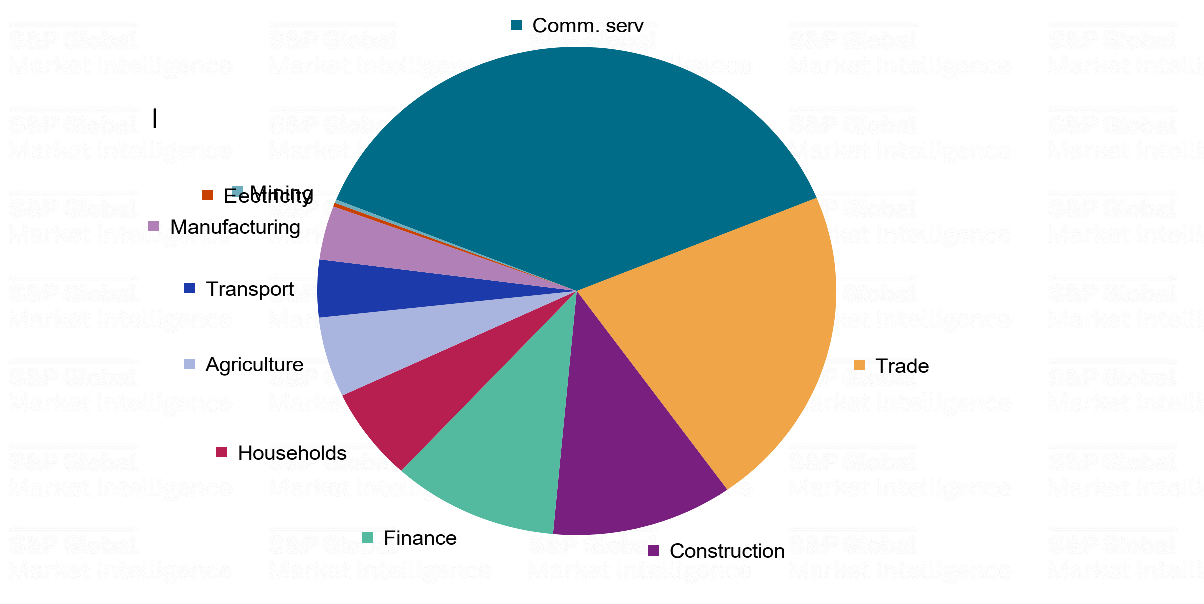


CHART 23. Total employment per broad economic sector - Ingquza Hill Local Municipality, 2023 [percentage]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

3.2.13.2. Unemployment

The unemployed include all people between 15 and 65 who are currently not working, but who are actively looking for work. It therefore excludes people who are not actively seeking work (referred to as discouraged work seekers).

TABLE 20. Unemployment (official definition) - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2023 [Number percentage]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total	Ingquza Hill as % of district municipality	Ingquza Hill as % of province	Ingquza Hill as % of national
2013	16,400	80,300	514,000	4,940,000	*20.4%*	*3.2%*	*0.33%*
2014	17,500	85,800	537,000	5,150,000	*20.4%*	*3.3%*	*0.34%*
2015	18,200	89,400	553,000	5,410,000	*20.4%*	*3.3%*	*0.34%*
2016	20,600	100,000	601,000	5,800,000	*20.6%*	*3.4%*	*0.36%*
2017	24,300	116,000	676,000	6,130,000	*20.9%*	*3.6%*	*0.40%*
2018	27,000	128,000	735,000	6,240,000	*21.1%*	*3.7%*	*0.43%*
2019	31,600	149,000	829,000	6,600,000	*21.2%*	*3.8%*	*0.48%*
2020	34,700	163,000	901,000	6,880,000	*21.3%*	*3.8%*	*0.50%*
2021	39,400	183,000	999,000	7,660,000	*21.5%*	*3.9%*	*0.51%*
2022	39,400	184,000	996,000	8,000,000	*21.5%*	*4.0%*	*0.49%*
2023	37,600	174,000	953,000	8,120,000	*21.5%*	*3.9%*	*0.46%*
Average Annual growth							
2013-2023	***8.66***%	***8.06***%	***6.36***%	***5.11***%			

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

In 2023, there were a total number of 37 600 people unemployed in Ingquza Hill, which is an increase of 21 200 from 16 400 in 2013. The total number of unemployed people within Ingquza Hill constitutes 21.54% of the total number of unemployed people in O.R.Tambo District Municipality. The Ingquza Hill Local Municipality experienced an average annual increase of 8.66% in the number of unemployed people, which is worse than that of the O.R.Tambo District Municipality which had an average annual increase in unemployment of 8.06%.

TABLE 21. Unemployment rate (official definition) - Ingquza Hill, O.R.Tambo, Eastern Cape and National Total, 2013-2023 [Percentage]

	Ingquza Hill	O.R.Tambo	Eastern Cape	National Total
2013	41.8%	35.4%	29.6%	25.2%
2014	41.8%	35.1%	29.5%	25.2%
2015	41.6%	34.6%	29.3%	25.5%
2016	44.2%	36.2%	30.6%	26.4%
2017	48.4%	39.2%	33.0%	27.2%
2018	51.7%	41.6%	35.0%	27.4%
2019	56.1%	45.3%	38.1%	28.4%
2020	61.3%	49.6%	41.5%	30.3%
2021	66.0%	53.4%	44.8%	33.6%
2022	64.7%	51.5%	43.5%	33.7%
2023	61.8%	47.9%	41.0%	32.7%

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

In 2023, the unemployment rate in Ingquza Hill Local Municipality (based on the official definition of unemployment) was 61.79%, which is an increase of 19.9 percentage points. The unemployment rate in Ingquza Hill Local Municipality is higher than that of O.R. Tambo. Comparing to the Eastern Cape Province it can be seen that the unemployment rate for Ingquza Hill Local Municipality was higher than that of Eastern Cape which was 41.04%. The unemployment rate for South Africa was 32.70% in 2023, which is a increase of -7.54 percentage points from 25.15% in 2013.

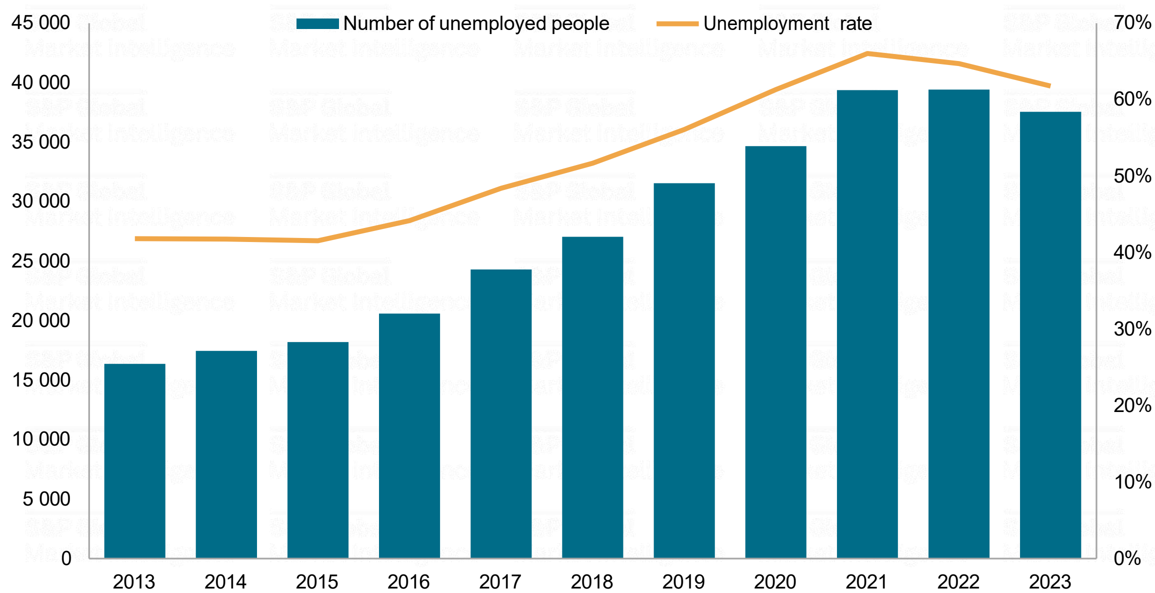


CHART 25. Unemployment and unemployment rate (official definition) - Ingquza Hill Local Municipality, 2013-2023 [number percentage]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

When comparing unemployment rates among regions within O.R. Tambo District Municipality, Ingquza Hill Local Municipality has indicated the highest unemployment rate of 61.8%, which has increased from 41.8% in 2013. It can be seen that the King Sabata Dalindyebo Local Municipality had the lowest unemployment rate of 37.7% in 2023, this increased from 30.5% in 2013.

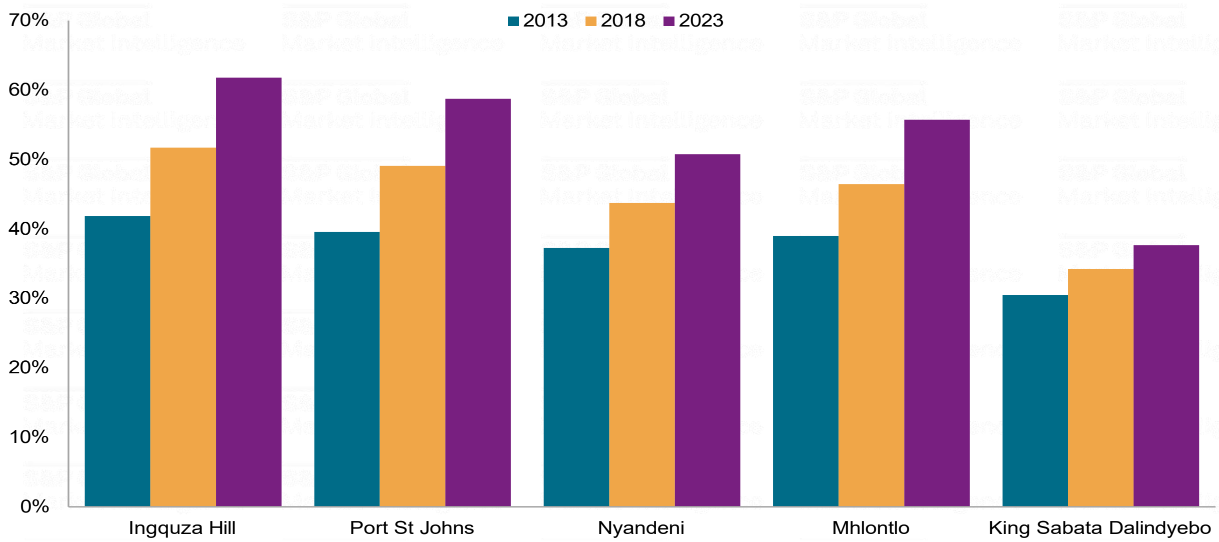


CHART 26. Unemployment rate - Ingquza Hill and the rest of O.R.Tambo, 2013, 2018 and 2023 [percentage]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

Poverty

The upper poverty line is defined by Stats SA as the level of consumption at which individuals are able to purchase both sufficient food and non-food items without sacrificing one for the other. These variable measures the number of individuals living below that particular level of consumption for the given area and is balanced directly to the official upper poverty rate as measured by Stats SA.

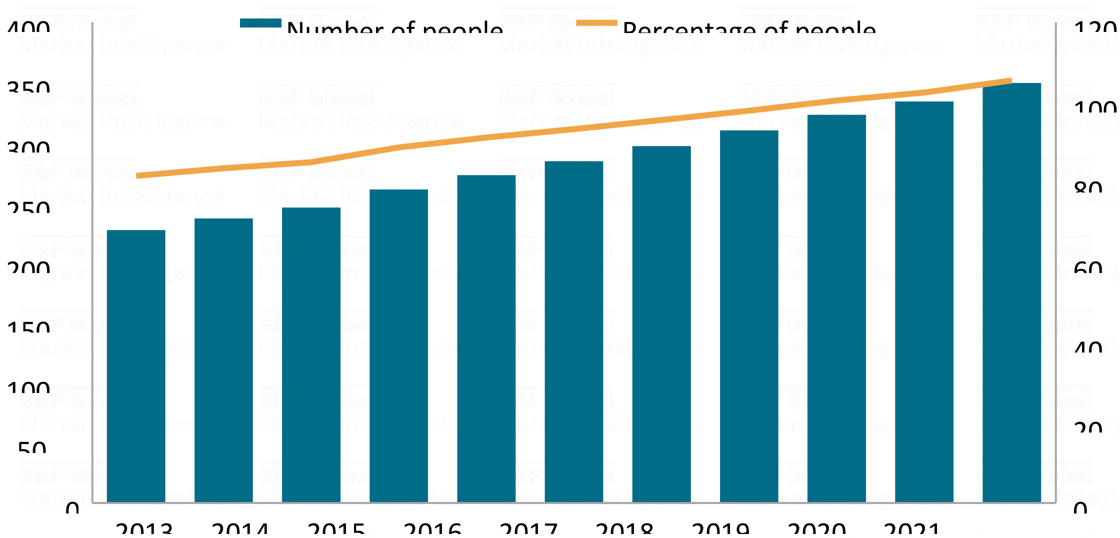


CHART 35. Number and percentage of people living in poverty - Ingquza Hill Local Municipality, 2013-2023 [Number percentage]

Source: South Africa Regional eXplorer v2571. Data compiled on 13 Dec 2024.

In 2023, there were 350 000 people living in poverty, using the upper poverty line definition, across Ingquza Hill Local Municipality - this is 53.90% higher than the 227 000 in 2013. The percentage of people living in poverty has increased from 81.69% in 2013 to 105.49% in 2023, which indicates a increase of -23.8 percentage points.

TABLE 27. Percentage of people living in poverty by population group - Ingquza Hill, 2013-2023 [Percentage]

	African
2013	82.0%
2014	83.8%
2015	85.4%
2016	89.1%
2017	91.5%
2018	93.7%
2019	95.9%
2020	98.3%
2021	100.8%
2022	102.8%
2023	105.8%

Source: South Africa Regional eXplorer v2571. Data compiled on 13 Dec 2024.

In 2023, the population group with the highest percentage of people living in poverty was the African population group with a total of 105.8% people living in poverty, using the upper poverty line definition. The proportion of the African population group, living in poverty, decreased by -23.9 percentage points, as can be seen by the change from 81.95% in 2013 to 105.83% in 2023.

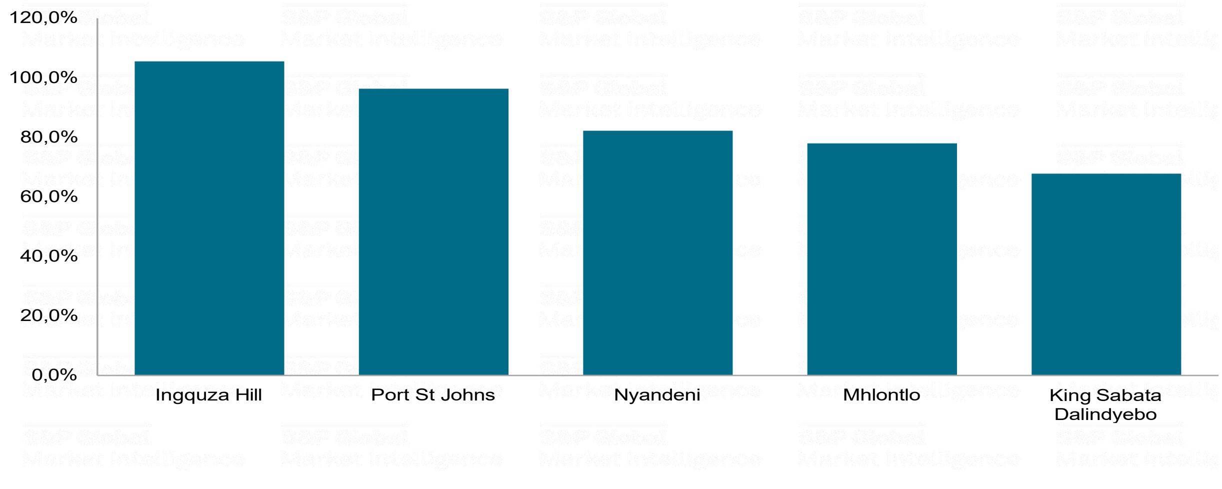


CHART 36. Percentage of people living in poverty - Ingquza Hill and the rest of O.R.Tambo District Municipality,2023 [percentage]

Source: South Africa Regional eXplorer v2571.
Data compiled on 13 Dec 2024.

In terms of the percentage of people living in poverty for each of the regions within the O.R. Tambo District Municipality, Ingquza Hill Local Municipality has the highest percentage of people living in poverty, with a total of 105.5%. The lowest percentage of people living in poverty can be observed in the King Sabata Dalindyebo Local Municipality with a total of 67.8% living in poverty, using the upper poverty line definition.

Overview of the Department of Education.

The district is in the O.R. Tambo District Municipality, covering the area of Ingquza Hill Local Municipality, Nyandeni Local Municipality and Port St John's Local Municipality. The ORTCD, as it is shortened, was established on 1 April 2017, due to the introduction of the Service Delivery Model. Five CMCs, namely: Flagstaff CMC, Libode CMC, Lusikisiki CMC, Ngqeleni CMC and Port St John's CMC lead by Circuit Management Centre Managers. All CMCs are made up of 26 Circuits each with its Circuit Manager.

There are 79 FET schools which include realigned secondary schools and 572 GETs. There are 254 102 learners, predominantly from poverty-stricken families and 7 785 educators. 184 of 608 officials are placed at the District Office, whilst the rest will be spread across the

Circuit Offices and CMC Offices, which are yet be provided with physical infrastructure to operate.

CHAPTER 4:(KPA2) BASIC SERVICE DELIVERY

4.1 BASIC SERVICE DELIVERY OVERVIEW

The Municipality is faced with challenges relating to huge backlogs in infrastructure, high levels of poverty and underdevelopment. The fact that the municipality is poor demands targeted community focused development planning that addresses poverty and builds a firm foundation for the creation of a thriving and sustainable community.

4.1.1 Maintenance of Access Road

A number of 157.4km of access roads were maintained at the end of June 2025, which accumulated from previous financial years, 92.2km of access roads were maintained as per the maintenance plan using internal plant and service providers, whilst 52.2km was through disaster funding and equitable share. The unplanned works were at 13 kms, which took place in various wards in the 2024/2025 financial year, financial year.

4.1.1.1 Disaster Maintenance /Rehabilitation Projects Completed

1. Rehabilitation of 5.5km Mayalweni Access Road in Ward 18 by end September 2024
2. Rehabilitation of 6km Thembeni to KwaZulu Access Road in Ward 30 by end September 2024
3. Rehabilitation of 3.1km Qhamangweni via Mbhadango to Nzaka Access Road in ward 12 by end September 2024
4. Rehabilation of 1.8km Ndazibona Access Road in ward 21 by end September 2024
5. Rehabilation of Mdeni Access in ward 25 by end March 2025
6. Rehabilitation of Bhalasi Access Road in ward 09 by end March 2025
7. Rehabilitation of Ndlangase in ward 01 by March 2025
8. Rehabilitation of 24m Ntlavukazi Bridge in ward 24 by end March 2025
9. Rehabilitation of Nowanga Access Road in ward 08 by end March 2025

4.1.2. Construction of access roads Performance for 2024/2025 Financial Year

Ingquza Hill LM is dedicated towards service delivery in the line of provision of basic access, building of community infrastructure and recreational amenities.

Construction of access roads: 11 access roads were planned with a total number of 30.9km were completed Listed below are the constructed access roads which were completed in 2024/2025 FY.

4.1.2.1. Access Roads Funded by MIG Completed in 2024/2025 FY:

1. Construction of 5km Xhophozo Access Road in Ward 8 by end June 2025
2. Construction of 5km Tumse via Heleni to Hlwama Access Road in Ward 10 by end December 2024
3. Construction of 3,6km of Mtshayazafe to Madlelweni Access Road in ward 20 by end June 2025
4. Construction of 2.3km Bisi Access Road in ward 7 by June 2025
5. Construction of 5km Galatyeni to Mfinca Access road in ward 13 by June 2025
6. Construction of 5km Mgojweni Extention via Mvimvane to Fama Access road in ward 18 by end June 2025
7. Construction of 5km Nqaqhumbe Access road in ward 16 by June 2025.

4.1.2.2. Constructed Bridges in 2024-2025 FY:

1. Construction of 10m bridge in Tumse via Heleni to Hlwama access road in Ward 10 by June 2025
2. Construction of 10m long bridge in Mtshayazafe to Madlelweni access road in ward 20 by June 2025
3. Construction of 12m long Bridge at Bisi access road in ward 7 by June 2025 and
4. Ntlavukazi Bride 24m long in ward 24 which was earmarked for Rehabilitation

4.1.3. Electricity

Ingquza Hill Local Municipality had a total number of 64051, of which 60 018 (94%) households had electricity for lighting and other purposes and a total number of 6 889 (11%) is the backlog of households without electricity. Electrification of 341 households was finalized in 2024/2025 in wards 3 8,20,21, 30 and 31.

4.1.3.1. Electrification Projects Completed In 2024/2025 FY

1. Pre-engineering of installation of electricity infrastructure in 187 h/h in Ward 4,8,20 and 31 by end June 2025

2. Installation of electricity infrastructure in 154 h/h in Ward 8 and 31 at Mkumeni ext phase 2, Zadungeni Ext Phase 2, Mhlanga ext and Cumngce ext villages by end June 2025
3. Installation of electricity infrastructure in 77 h/h in Ward 3 and 20 at Madamini and Mbodleni Villages by end June 2025
4. Installation of electricity infrastructure for 110 type 1 in-fills in ward 03,8,21 and 30 by June 2025.

4.1.3.2. Electrification Projects Not Completed In 2024/2025 FY

1. Installation of electricity infrastructure for 47 h/h at Mhlophekazi, Nozayi and Bhisana in Ward 4 & 5 June 2025
2. Installation of electricity infrastructure in 150 h/h in Ward 17 at KwaDick Village by end June 2025
3. Installation of electricity infrastructure in 133 h/h in Ward 18 at Fama, Vabetsho and Ntongwana villages by end June 2025

4.1.4. Building Unit

The Building Unit is responsible for the construction of new buildings, community facilities and maintenance or renovation of existing municipal buildings, community facilities and sports facilities. There is a two-year panel of contractors in place which starts from a CIDB grading of 3 to a CIDB grading of 8. There are currently 7 running projects, 3 are funded by equitable share and 4 by MIG. There are four projects that are planned for the 2024/2025 financial year, namely, construction of Lusikisiki Municipal Offices, Renovations of Flagstaff Offices, Renovations of Lusikisiki Offices and maintenance of Joe Slovo Sports Field.

4.1.4.1. Completed Project for Building Unit for both maintenance and Construction:

1. Construction of 0.11ha of Multipurpose sports field at Jikindaba village in ward 26 constructed by end June 2025
2. Construction of Mavaleleni Multipurpose Phase 1
3. Construction of 282m2 of New Rest Community Hall in Ward 19 by end December 2024
4. Construction of 282m2 of Bhungeni Community Hall in Ward 31 by end June 2025
5. Renovations of 520m2 Lusikisiki old offices in Ward 15 at Lusikisiki Town by end December 2024

The following projects for both maintenance and construction that could not be completed and have rolled over to 2025/2026 financial year:

1. Construction of 0,23ha Multipurpose sports Field at Mavaleleni village in Ward 02
2. Construction of Flagstaff Town Hall (Phase 2) with floor size 2500m2 in Flagstaff Town ward 6
3. Renovations of New Flagstaff Offices with floor size of 7554m2 in Ward 6 at Flagstaff Town by end June 2025
4. Construction of Zone 5 2ha Sports Field Phase 1 at Malangeni village in Ward 16 by end June 2025
5. Construction of Lusikisiki Town Hall (Phase 2) with floor size 2500m2 in Ward 19 at Lusikisiki Town by end June 2025

4.1.5. Water and sanitation

Ingquza LM is made up of two urban nodes namely Flagstaff and Lusikisiki. According to Starts SA 2016 Community Survey the total population for Ingquza Hill LM is 326 000 with 60,974 households. Most of the population resides in rural areas with about 98.42 % and with only 1.58% resides in the two urban centers mentioned above. Therefore, the greater part of the population is provided with water services at a level of RDP standard within a range of 200m apart.

The sanitation program is one of the highest achievements in the district municipality as we are currently having 18.3% that is unserved at Ingquza Hill Municipality whilst the water and sanitation remains as the highest in terms of the backlog in the municipality of which in terms of demographics 83.4% of population still unserved with water as people are dependent on water streams. The percentage of the population that utilizes flush toilets connected to a sewerage system is only 3,3%. In 2011 there was a usage of 1996 flush toilets and it has since decreased in 2011 to 953. This is attributed by lack of water and a large population draws water from the rivers.

4.1.6. Human Settlement

There is a huge backlog on human settlements as most of the RDP houses are left incomplete by the service providers appointed by the Provincial Department of Human Settlements. There are projects that had been constructed over a period of more than 3 years, but those houses are still left incomplete.

In 2024/25 Financial Year O.R Tambo District Municipality has been given a status to be the implementing agency of the Provincial Department of Human Settlements. This therefore meant that some of the projects were going to the implemented by the district on behalf of Human Settlements. The Municipality is responsible for the coordination and facilitation of beneficiaries in terms of Human Settlements Programs, whilst the province is the Developer and the District Municipality act as an implementing agent.

Ingquza Hill Projections & Actuals (April 2024 to March 2025)

Project	Units Completed	Units Remaining	Affected Wards
1. Ingquza 76	75	1	8, 31, 10 and 27
2. Ingquza 500 (390 units)	354	146	26, 27, 28 and 32
3. Ingquza 500 Destitute	57	443	All wards
4. Ingquza 347	266	81	26
5. Holy Cross 500	355	145	11 and 27
6. Xopozo 500 (350 units)	228	272	8 and 31
7. Ingquza: Port St Johns-192 (111 units)	89	103	All wards in Lusikisiki unit
8. Lubala 91	33	58	12: Lubala Village
9. Ingquza 100	0	100	12: 50 units at Buhlanyanga Village and another 50 units scattered within our area of jurisdiction
Ingquza 158	0	158	All wards

Total number of units	**1 457**	**1 507**	

4.1.6. The Waste Management

The municipality seeks to fulfill Section 24 of the Constitution of the Republic of South Africa, Act No: 108 of 1996, which stipulates that everyone has a right to an environment that is not harmful to their health and wellbeing and to have their environment protected for present and future generations.

Solid waste management activities refer to the importation and exportation of waste, the generation of waste, the undertaking of any activity or process that is likely to result in the generation, the accumulation and storage, the collection and handling of waste, the reduction, re-use, recycling and recovery of waste, the trading in waste, the transportation of waste, the transfer of waste, the treatment of waste and the disposal of waste. National Environmental Management Act No 107 of 1998 (NEMA) and National Environmental Management Waste Act no 59 of 2008, as amended (NEMWA) are the principal legislations governing waste to provide compliance with the Constitution of the Republic. Waste management norms and standards as well as the Integrated Waste Management Plan are also used to guide municipality in terms of solid waste management.

4.1.6.1. Refuse Removal

Ingquza Hill Local Municipality had a total number of 2 770 (4.24%) households which had their refuse removed weekly by the authority, a total of 320 (0.49%) households had their refuse removed less often than weekly by the authority and a total number of 57 600 (88.41%) households which had to remove their refuse personally (own disposal). Most of the households resort to environmentally insensitive and illegal mechanisms for disposing of waste which in turn poses health risks to the community.

The Municipality provides street cleaning services (litter picking, sweeping) daily in both towns of the Municipality, in residential area the service is provided from Monday to Friday. IHLM is providing waste collection along R61 villages through skip bins and collection of them as well as on peri-urban areas. In addition, the municipality provides cleaning services for beaches.

IHLM regularly clear illegal dumping sites that are caused by lack of landfill site insufficient skip bins and little knowledge by community about waste management. To address this issue of illegal dumping the municipality has begun an initiative called Green Wednesday aiming to clear illegal dumping, extend services to more communities. Other means of clearing illegal dumping sites include:

- Placing skip bins in areas of high risk
- Beautification of those areas
- Clearing of illegal dumping site within 24 hours at the expense of an illegal dumper.
- Bylaw implementation

4.1.6.2. Waste Receptacles and Fleet

Ingquza Hill Local Municipality utilizes a black refuse bag system as a primary tool waste collection whereas wheel bins are provided for the residents. The Municipality accepts any number of bags per household or business, so there is no specific limit. The IHLM has 40 skip bins, procuring and 180 street litter bins, procuring another 80 street litter bins. At present the refuse collection fleet consists of four (4) refuse removal compactors, one skip truck, one (1) light utility vehicles (bakkies), one tractor and one new staff transport vehicle. The compactor trucks frequently require repairs which results in strain on the other trucks that are operational.

4.1.6.3. Landfill Sites

The municipality has two landfill sites with different licenses, one in Lusikisiki operating without license and one in Flagstaff with license to operate. Lusikisiki Landfill Site Licence expired in December 2023; the municipality had applied for further extension of which is still waiting for feedback. The landfill sites in the Municipal area do not have weighbridges and therefore the quantities of waste disposed of are not exactly known, although a certain level of record-keeping takes place at the landfill facilities. The municipality is finalizing talks with Hombe Community of Ward 20 about land acquisition for the construction of landfill sites.

4.1.6.4. Municipal By-Laws Pertaining to Waste

Ingquza Hill Local Municipality has a set of by-laws, promulgated on the 17 August 2013, pertaining to solid waste disposal. Although the by-laws are comprehensive, it is recommended that the by-laws should be expanded to include aspects of waste minimization e.g. recycling and other issues as set out in the National Environmental Management: Waste Management Act, 59 0f 2008 as amended to promote integrated waste management. SALGA has drafted good frameworks for all municipalities, IHLM has used these bylaws to review its By-Laws that are to be gazette having gone public participation and approved by the Council.

4.1.6.5. Integrated Waste Management Plan (IWMP)

The municipality has Integrated Waste Management Plan (IWMP) approved by the Municipal Council and endorsed by the Member of Executive Committee for the Department of Economic Development, Environmental Affairs, and Tourism. Ingquza Hill Local Municipality's Integrated Waste Management Plan is valid from 2022 to 2027. This Integrated Waste Management Plan discusses situation analysis that includes a description of the population and development profiles of the IHLM, an assessment of the quantities and types of waste that are generated in the area; a description of the services that are provided, or that are available, for the collection, minimization, re-use, recycling and recovery, treatment and disposal of waste; and the number of persons in the area who are not receiving waste collection services.

The IHLM IWMP provides a framework for the development of an adequate service with guidance on all aspects of the service. The key areas include the development of institutional capacity comprising policy, budget, management, human resources and facilities. Recycling and disposal practices are the other focus areas.

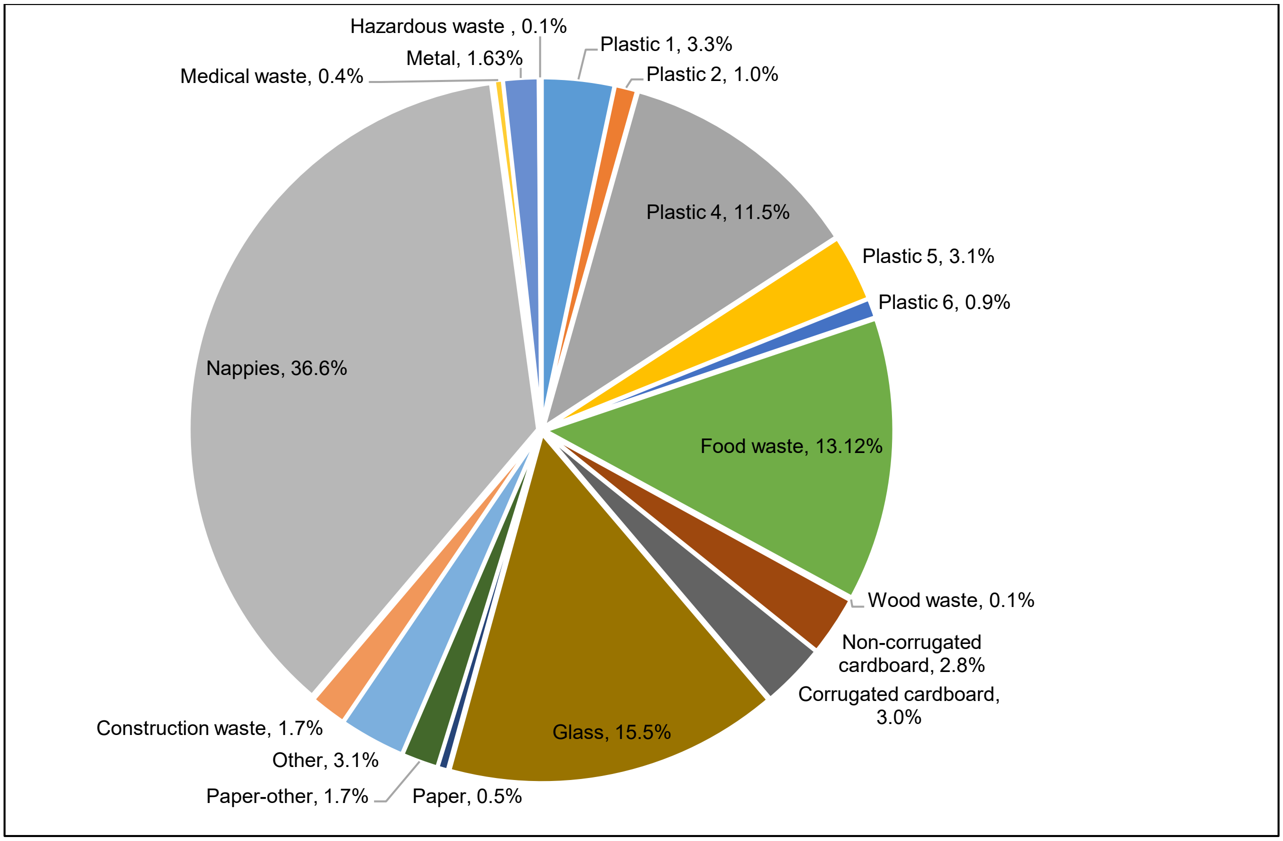
The plan identified among the other goals which the municipality has to achieve in order to improve waste management for IHLM:

- Effective waste information management and reporting
- Improved education and awareness 20% of IWMP has been implemented
- Improved institutional functioning and capacity.
- Provision of efficient and financially viable waste management services
- Increased waste minimization and recycling
- Improved compliance and enforcement
- Improved future infrastructure planning

4.1.6.6. Waste Characterization

The following were noted from the results of the 2020 waste characterisation:

a. 36.6% of the waste stream by mass consisted of nappy waste.
b. 29.4% of the waste stream by mass consists of recyclables such as glass, plastic 1 (PET) & 2 (HDPE), paper, cardboard and metals.
c. 13.2% of the waste stream by mass was organics, the majority (13.1%) of which was food waste.



4.1.6.7. Waste Management Officer

IHLM has designated Waste Management Officer as required by NEMWA No. 59 of 2008, which stipulates that each municipality authorised to carry out waste management services by the Municipal Structures Act, 1998 (Act No. 117 of 1998).

4.1.6.8. Municipal Waste Minimization Initiatives

The programme seeks to implement waste management hierarchy as it is stipulated in the National Environmental Management: Waste Act no 59 of 2008. The Act lists waste management hierarchy as avoidance of waste, minimization, reuse, recycling, treatment and safe disposal. The programme seeks to increase the life span of landfill sites by reducing waste that ends up to the landfill site. Decrease or elimination of environmental pollution through reduction of illegal dumping of waste and burning of waste is the aim of this programme. The programme aims to improve waste reporting to South African Waste Information System. Economically the programme aims to create sustainable employment and provide support to SMME through cooperatives and individual pickers

The municipality working with OR Tambo District Municipality has established two Buy Back Centers programme one in each town. They are put in strategic positions to ensure easy access by waste pickers. Furthermore, the municipality intend to improve the infrastructure of these Buy Back Centers.

Solid Waste Service Delivery Levels			Households	
Description	Year -3 Actual No.	Year -2 Actual No.	Year -1 Actual No.	Year 0 Actual No.
Solid Waste Removal: **(Minimum level)**				
Removed at least once a week	3 934	3 912,00	3 380,00	4,497.04
Minimum Service Level and Above sub-total	-			56 213,00
Minimum Service Level and Above percentage	7,0%	6,9%	6,0%	8,0%
Solid Waste Removal: **(Below minimum level)**				
Removed less frequently than once a week	605,00	588,00	564,00	51 715.96
Using communal refuse dump	846,00	832,00	588,00	2 088.52
Using own refuse dump	50 828,00	50 820	50 767,00	49 467.44
Other rubbish disposal				0
No rubbish disposal				0
Below Minimum Service Level sub-total				51 715.96
Below Minimum Service Level percentage				92%
Total number of households	**56 213**	**56 150,00**	**56 001**	**56 213,00**
			T 3.4.2	

4.7. SPATIAL PLANNING AND ECONOMIC DEVELOPMENT

4.7.1. Overview of Spatial Planning

Planning is committed to increase economic growth through strategic development planning. Focus is on strategic development plans as key elements. These plans therefore comprise of Spatial Development Plan and Precinct plans which focus on the current development standing and set out or propose potential projects or earmark land for certain uses with potential of increasing economic growth within the IHLM. The implementation of these plans has been evident to the developed shopping Centre in Lusikisiki and shopping Centre in Flagstaff, and the on process proposed middle income settlement in both Lusikisiki and Flagstaff.

The service delivery priorities contain implementation of the Spatial Planning and Land Use Management Act 16 0f 2013. The Spatial Development Framework was reviewed and adopted by Council and was gazetted in July 2024. A wall to wall (integrated) Land Use Scheme has been developed and adopted by Council and gazetted in July 2024.

The revalidation of lapsed General Plans for Slovo Township in Flagstaff and Extension 18 in Lusikisiki were conducted and the municipality is busy with the facilitation of registration and transfer of the properties to the rightful beneficiaries.

To further proceed with implementation of the service delivery plans, measures have therefore been set and comprises of good and transparent communication within the department, motivating each other etc. These therefore are looking at improving the performance of the department.

Types of Applications	Category 1 Applications (Require MPT approval)	Category 2 Application (Referred to the Authorized official)	Revalidation of lapsed General Plans
Planning application received	2	9	3
Determination made in year of receipt	1	9	3
Determination made in following year	1	0	0

Types of Applications	Category 1 Applications (Require MPT approval)	Category 2 Application (Referred to the Authorized official)	Revalidation of lapsed General Plans
Applications withdrawn	0	0	0
Applications outstanding at year end	1	0	0

BUILT ENVIROMENT /BUILDING CONTROL

Building Plans Annual Report 2024/2025 Financial Year

Total Number of building plans received	Residential applications received	Business applications received	Institutional applications received	Cell Mast received
24	**6**	**13**	**3**	**2**
Number of building plans Approved	**Residential applications approved**	**Business applications approved**	**Institutional applications approved**	**Cell mast approved**
10	**2**	**7**	**1**	**0**
Number of building plans rejected	**Residential applications rejected**	**Business applications rejected**	**Institutional applications rejected**	**Cell mast rejected**
14	**4**	**6**	**2**	**2**

Socio Economic Status

Overview of Neighborhoods within 'Ingquza Hill Local Municipality'		
Settlement Type	**Households**	**Population**
Towns		
Lusikisiki	1427	4028
Flagstaff	965	2584
Sub-Total	2392	6612
Townships		
Newtown	1427	4028

Nkululekweni	940	2650
Sub-Total	2367	6678
Rural settlements		
Dubana	1275	5999
Siphaqeni	607	2816
Ngobozana	226	1128
Sub-Total	2108	9943
Informal settlements		
Katilumla		
Sub-Total	0	0
Total	6867	23233
		T 1.2.6

Natural Resources	
Major Natural Resource	**Relevance to Community**
Biotic: Forests, animals, Pond land Endemism, Biodiversity	Employment opportunities through forestry development, hunting, heritage development and preservation of biodiversity for tourism development.
Abiotic: Land, water, rivers, estuaries, nature reserves and sea	Occupation and agriculture, human consumption and irrigation and tourism.

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

5. Local Economic Development Projects Performed In 2024/2025 FY

The municipality has an established Local Economic Development (LED) Unit, headed by the Manager: Local Economic Development. The unit is supported by four LED Officer positions responsible for Agricultural Development, Tourism Development, Forestry and Fisheries

Development, and Enterprise Development. The Enterprise Development Officer post has been vacant since January 2025. Furthermore, the Agricultural Development Officer post is currently vacant and is expected to be filled in the near future. During the 2021 financial year, the department, with the assistance of a service provider, developed a Local Economic Development Strategy, which was subsequently approved and adopted by Council in January 2022.

5.1. Agricultural Development

Planned target	Achieved targets and other programs
Provision of inputs for crop producers in Lusikisiki and Flagstaff by end March 2025	1. Mfusi Legacy (Pty)Ltd - ward 04 2. Amajabaqa Project - ward 18 3. Masithembane Project - ward 20 4. Nkazi Trading Enteprise ward 11 5. Katalambani Chicks in ward 27 6. Sizindeni Maize Project – ward 31 7. Lutsika MJ(Pty) Ltd – ward 6 8. Siphezini Grain Primary Co-op – ward 7 9. JB Fama Mangquza Co-op – ward 10 10. 10. Amve Trading – ward 27 **All the above projects were successfully supported with Agricultural production inputs varying from seeds, fertilizers and medicines**
Fencing of 5 Agricultural projects (Wards 2, 8,12, 21 and 32 by end June 2025	1. Ngqungqushe (Ingwe FET) Fencing Project - ward 21(4 hectares) 2. Iziqhamo Orchard and vegetable - ward 02(2 hectares) 3. Lower Siphezini Community project - ward 12(2 hectares) 4. Xhophozo Maize Field - ward 08(2 hectares) 5. Magaya Fencing Project – ward 32 (4 hectares but vandalized when project was at 90% complete) and case was opened at Mthontsasa Police Station).
Provision of rams to farmers with sheep by December 2024	1.Zwelixolile Mbiko - ward 11 2. Momzamo Tshiyaba - ward 06 3. Zwelandile Maboza - ward 10 4. Sibulele Msindo - ward 09

	5. Beatrice Linyana - ward 07 6. Mpendulo Kala - ward 05 7.Bonginkosi Mdolo - ward 30 8. Shadrack Tshona - ward 31, 9. Sebenzile Dlikidla - ward 04, 10. Zandisile Ndlulane - ward 18 11. Nobalindi Mathemba - ward 17 12. Buyisile Clonton Jajula - ward 15
construction of boreholes in ward 20 and 26 by end June 2025	1. Magazi Farm in ward 20 was successfully completed and is operational 2. The ward 26 – Lande was nonresponsive
Installation of 2 irrigation systems in Ward 17 by end June 2025	1. Mamjazi Agricultural Project - ward 17 2. Pulane Agricultural Project - ward 17 Both projects had their irrigation systems done
Provide support to livestock farmers with chickens, piglets, feed, and medication in lusikisiki and Flagstaf by end June 2025	1. Bonganam Trading (Ward 08) 2. Ndarane Vision Construction (Ward 20) 3. Msithweni Agricultural Co-op.(Ward 17) 4. Kwakulo Enterprise (Ward 06) 5. Siyongeza Enterprise (Ward 09)
Cannabis program	The Led Unit together with ECRDA, DRDAR and office of the president went for edu-tour Port Alfred in a cannabis processing plant in April 2024 after a robust discussion in East London about cannabis development programme, and in June 2024 again the same team went to Germiston with the purpose of seeing the value chain cannabis had and this was organized by Sibanye Still Mine that has committed to assist the 4 Local Municipalities of KSD, Nyanden , Ingquza Hill and Mbizana and the team was given a chance to choose a site and ultimately Mbizana Municipality is where the facility will be

	. The municipality held 3 workshops in 2023/24 with the farmers facilitated by ECRDA and the last one with DTIC. The unit assisted in organizing farmers to form cooperatives. This is what led to the formation of Mpondoland Cannabis Belt Association which was launched in May 2025 at PSJ.

5.2. Tourism Development

6.Annual Promotion Tourism and heritage Event	Held successfully in September 2025
7.Participation in tourism trade show	The event was successfully held in May 2025 at Durban ICC as Tourism Indaba
8.Access track	Completed by end of March 2025
9. Tour guides training	20 tour guides were trained from wards 23 and 3
Tourism Trade Shows	Crafters assisted with transport and accommodation to sell their crafts at King Williams town exhibition.

5.3. Forestry and Fisheries

10. Supporting cooperatives with equipment	The Ndengane and Cutwini cooperatives in ward 23 were supported with fishing equipment
11. Support forestry cooperatives with harvesting and firefighting equipment in Lusikisiki and Flagstaff by June 2025	The Hombe in ward 20 and Ntanzi cooperatives in ward 24 were successfully supported with both firefighting and harvesting equipment.q

5.4. SMMEs DEVELOPMENT

12. Capacity buildings for SMMES, cooperatives and informal traders	4 workshops were held in each quarter
13. SMMES supported with grant funding	The project was not implemented in 2024-2025 FY

15.Pop up markets hosted	The department hosted 2 pop up markets at ward 15 and ward 6 for the purpose of exposing the crafters and informal traders to business.
17. Cluster meetings coordination	The department coordinated 4 cluster meetings wherein all departments dealing with economic issues came together to share information.

5.5. **The Municipality has Partnership with The Following Partners**:

- Sappi had 19 forestry plantations that are developing together with Ingquza Hill communities in 2024/25. Forestry development employed up to 413 casual workers through community cooperatives in different wards within the municipality.
- The forestry development is currently expanding to a hectarage of 3518 in different wards of the municipality with the assistance of DFFE and SAPPI.
- The process of expansion since 2022 was frustrated amongst other things by the service provider (Gaju Innovations) that did not perform and was terminated which was also a process. Currently DFFE has taken over and is doing the EIA for all the planned forest development areas.
- Had the municipality managed to finish the EIA, the projection of jobs to be created yearly is 1000 jobs before the end of 2024/25 financial years.

5.5.1. Partnership With Village Africa

The Village Africa has trained 13 Flagstaff Raw Honey members, 11 Mevana beekeepers, 15 Lundanele Honeybees members, 12 Masibambane Neenyosi members, 12 Siwali Raw Honey members, 13 Siphumelele beekeepers members, 10 Siphuthume beekeepers members and 13 Thuluzayo Bees Packers members, 5 Ubabalo Primary coop members, 5 Ndalo coop, 15 Masonwabe Primary Coop members, 18 Libhongo Honeybee coop members and 5 Young Fruit Primary coop members were trained by Mpuma Koloni Bee Spirit. All have contributed to jobs of up to 353 in honey production and other related matters.

5.5.2 **Annual performance as per key performance indicators in LED**

	Indicator name	**Target set for the year**	**Achievement level during the year (absolute figure)**	**Achievement percentage during the year**
1	Existence of LED unit	16	9	56%
2	Percentage of LED Budget spent on LED related activities.	R10 000 000	R7 820 420	78%
3	Existence of LED strategy	There is an existing LED Strategy which is currently being reviewed to ensure that it also incorporates Innovation which is planned to be adopted by council before the end of Financial Year. The LED Forum resuscitation is also aligned to the review of the strategy, and it is planned to convene quarterly. All LED plans are discussed are discussed during LED Stakeholder engagement sessions.		
4	Number of LED stakeholder forum meetings held	4	4	100%
5	Plans to stimulate second economy	4	3	75%
6	Percentage of SMME that have benefited from a SMME support program	37	35	95%
7	Number of job opportunities created through EPWP	451	462	102%
8	Number of job opportunities created through PPP	1000	766	77%

CHAPTER 5: CHAPTER: ORGANIZATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT –KPA 1

5.1 ORGANIZATIONAL DEVELOPMENT OVERVIEW

The municipality has adopted a comprehensive Human Resource Plan, which is reviewed annually in alignment with the adoption of the Integrated Development Plan (IDP) and the Budget. The Human Resource Plan includes, but is not limited to, the following focus areas aimed at addressing the medium- to long-term development plans and challenges of the municipality. The Human Resource Plan is aligned with the following policies, which have been reviewed and formally adopted by the Council:

Human Resources Policies

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Affirmative Action	100%	100%	Adopted
2	Attraction and Retention	100%	100%	Adopted
3	Code of Conduct for employees	100%	100%	Adopted
4	Disciplinary Code and Procedures	100%	100%	Adopted
5	Essential Services	0	0	This is covered in minimum service agreement concluded at LLF level.
6	Employee Assistance / Wellness	100%	100%	Adopted
7	Employment Equity	100%	100%	Adopted
8	Grievance Procedures	100%	100%	Adopted
9	HIV/Aids	100%	100%	Adopted
10	Human Resource and Development	100%	100%	Adopted
11	Information Technology	100%	100%	Adopted
12	Job Evaluation	100%	100%	Adopted
13	Leave	100%	100%	Adopted
14	Occupational Health and Safety	100%	100%	Adopted
15	Official Working Hours and Overtime	100%	100%	Adopted
16	Organisational Rights	100%	100%	Covered in the SALBC main collective agreement
17	Payroll Deductions	100%	100%	Covered in the Basic Conditions of Employment Act
18	Performance Management and Development	100%	100%	Adopted

HR Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
19	Recruitment, Selection and Appointments	100%	100%	Adopted
20	Remuneration Scales and Allowances	100%	100%	Adopted
21	Resettlement	100%	100%	Based on bargaining Council Agreements
22	Sexual Harassment	100%	100%	Adopted
23	Skills Development	100%	100%	Adopted
24	Uniforms and Protective Clothing	100%	100%	Adopted

5.2 ORGANIZATIONAL STRUCTURE REVIEW

The process of reviewing the organizational structure has commenced and is being undertaken concurrently with the review of the Integrated Development Plan (IDP) to ensure alignment with the strategic objectives of the Council. The consultation processes are yet to follow. The reviewed organizational structure has been adopted and submitted to the MEC for Local Government for comments and will thereafter be presented to the Council for final approval before the end of June 2025.

5.3 FILLING OF VACANCIES

The municipality reviewed its Recruitment Policy for the 2024/2025 financial year, which was subsequently approved by the Council. Budgeted posts were prioritized by the Council for the 2024/2025 financial year, notwithstanding delays in the implementation of the recruitment plan. As of June 2025, the vacancy rate stood at 20%, in accordance with the 2024/2025 Council-approved organogram.

The Recruitment Plan was as follows:

a. The Departments identified critical posts and have been considered in the budget process. The details of the posts to be filled were prioritized in the final recruitment schedule after the adoption final budget.
b. The Municipality issued quarterly advertisements for vacant posts (in June, September, January, and March).
c. Priority was given to those posts that are in the core function of the municipality.

d. Posts that become vacant because of natural attrition will immediately be advertised in the next quarterly.

Full-time staff complement per functional area is as follows:

5.3.1. Staff Establishment: as the end June 2025

EMPLOYEES	NUMBER	MALES	FEMALES
Permanent Employees	309	156	153
Contract Employees	24	16	10
Interns on Payroll	04	02	02
MM & S57 Managers	01	01	00
S56 Managers **(permanent**)	04	02	02
Fixed Term contract	64	41	24
Expanded Public Works Programme **(EPWP**)	250	103	147
TOTALS	**656**	**321**	**339**

5.3.2. Vacancy Rate as at June 2025

DEPARTMENT	TOTAL POSTS	FILLED POSTS	VACANT POSTS	VACANCY RATE %
Office of the Municipal Manager	62	49	13	**20%**
Budget and Treasury	46	32	12	**26%**
Corporate Services	43	38	5	**11%**
Technical Services	53	40	13	**25%**
Planning and Development	15	11	4	**26%**
Community Services	196	162	34	**17%**
Overall total	413	322	81	**20%**

5.4. Administrative Structure

The municipality has both administrative and political structures; the administration is led by the Municipal Manager, heading 6 divisions as per the KPA's outlined by SALGA. Ingquza Hill Currently the municipality is operating with 4 Senior Managers, namely Senior Manager for Community Service, Senior Manager Corporate Services, Senior Manager Planning and Local Economic Development and Chief Finance Officer. The Senior Manager for Technical Services are vacant and the recruitment processes are also underway.

The current composition of the management of Ingquza Hill Local Municipality Management is as follows:

Directorate	Position	Period
Political leadership: Her Worship the Mayor – Hon Cllr Prudence Nonkosi Pepping Hon Speaker: Cllr S. B Vatsha and Hon Cllr N. Jam-Jam (Good Governance)		
MM's Office	Municipal Manager	5 years
	Manager: Mayor's Office	Vacant
	Manager: IDP& PMS	5 years
	Manager: Council Support	5 years
	Manager Strategic Communications	Vacant
	Executive Liaison Officer	5 years
	Executive PA to the Mayor	5 years
Political head: Honorable Cllr. N Gagai- Nkungu		
Corporate Services	Senior Manager Corporate Services	Filled (Permanent)
	Manager: Human Resources	5 years
	Manager: Admin & ICT Systems Manager	5 years
Political head: Honorable Cllr. B. J Nkani		
Budget & Treasury	Chief Finance Officer	Filled (Permanent)
	Manager: Financial Planning & Reporting	5 years
	Manager: Supply Chain Management	Vacant
	Manager: Asset Management	5 years
Political Head: Honorable Cllr. Z. Mhlongo		

Community Services	Senior Manager Community Services	Filled (permanent)
	Manager: Public Safety	5 years
	Manager: Waste Management	5 years
Political Head: Hon Cllr. K. Vava		
Engineering & Infrastructure	Senior Manager Technical Services	Vacant
	Manager: PMU	5 years
	Manager: Technical (O&M)	5 years
Political head: Hon Cllr B.N Mvulana and Hon Cllr. V. Somani		
Planning & Development	Senior Manager: Planning & Development	Filled (permanent)
	Manager: Local Economic Development	5 years
	Manager: Planning and Development	3 years

5.1 TRAINING AND DEVELOPMENT

The municipality will, in line with its Training & Development Policy, adopt a Workplace Skills Plan (WSP) for each year. The Human Resource Development Section of the Corporate Services Department has been fully staffed with qualified and skilled personnel to implement the WSP. Study Assistance will also be used to encourage the municipal staff to further their studies with relevant qualifications, especially in areas of scarce skills. The Workplace Skills Plan will focus on the following: -

a. Leadership Development: Developing leadership skills for current and future leaders to drive the municipality's vision and strategy.
b. Technical Skills training: Providing training in areas like engineering, infrastructure maintenance, and IT to ensure the municipality has the necessary skills to deliver services.
c. Financial management and budgeting: Developing financial management and budgeting skills to ensure effective use of resources.
d. Good governance and compliance: ensuring compliance with relevant laws and regulations and promoting good governance practices.
e. Project management and implementation: Developing project management skills to deliver projects effectively and effectively.
f. Community engagement and stakeholder engagement: Building relationships with communities and stakeholders to promote participatory governance.

g. Providing work experience to unemployed graduates through in-service in order to qualify and internship programmes;
h. Proving study bursaries to employees to further their studies and acquire knowledge and skills in order to perform their functions effectively.

The municipality will continue with its track record on building capacity to middle management (i.e. from Officers to Managers) by exposing them in all managerial functions and provide funding on training that enhance the required managerial competencies in local government. This approach has proved to work for the municipality, especially in scarce skills where there is high turnover at managerial level.

Employees: Human Resource Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0 - 3	0	0	1	1	%
4 - 6	6	6	6	3	0%
7 - 9	7	18	7	8	25%
10 - 12	140	156	140	15	53%
13 - 15	55	78	55	15	40%
16 - 18	-	-	-	21	48%
19 - 20	-	-	-	30	40%
Total	208	258	209	93	41%

3.1.1 Turn Over rate.

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate*
Year -2	38	37	95%
Year -1	42	36	85%
Year 0	35	38	109%

3.1.2 Workforce Statistics

Report on IHLM occupational statistics report as at June 2025

Occupational Category	Total number of Females	Total number of Males	Total number	Race	Disability Status
Top Management	0	1	1	A	None
Senior Management	2	2	5	A	None
Middle Management	5	9	14	A	None
Skilled	36	23	59	A	02
Clerical	56	106	162	A	01
Elementary Workers	62	30	92	A	None
Total Number Employees	161	171	333	A	03

3.1.3 Progress Report on the Workforce Skills Plan for 2024/25 FY

Introduction

As per the Skills Development Act 97 of 1998, every employer is required to development its Workplace Skills Plan and submit it to the relevant Sector Education and Training Authority (SETA) every year. The Municipality developed a Workplace Skills Plan for 2024/2025 Financial Year. The duration of the Plan commenced on the 1st of May 2024, and it will end on the 30th of April 2025. The Plan comprises of the different training interventions which include Skills Programmes Learnership Programmes as well as the form for Bursaries/Study assistance.

The following are the training interventions that were implemented for 2024/2025 Financial Year:

Name of Learning Intervention	Type of Learning Intervention	Beneficiaries	Amount	Funder
Firearm Training Programme	Skills Programme	47 Employees	R295 959.800	Municipal Funds
Monitoring and Evaluation Training	Skills Programme	30 Municipal Councillors	R60 030.00	Municipal Funds
Plant Operator	Skills Programme	10 Municipal Employees	R90 000.00	Municipal Funds
Municipal Finance Management Programme	Learnership Programme	8 Municipal Employees	R464 000.0 0	Municipal Funds
Payroll Biannual Workshop	Technical Training	4 Officials from CPS and BTO	R47 586.00	Municipal Funds
Examiner of Motor Vehicles	Skills Progarmme	06 Officials	R54 544.00	Municipal Funds
Practical Labour Law Training	Skills Programme	3 Officials from CPS and MMs	R51 000.00	Municipal Funds
Pavement Engineering Training	Technical Training	2 Technicians	R63 244.25	Municipal Funds
Tour Guide Training	Skills Programme	21 SMMEs	R175000.00	Municipal Funds
AARTO Training	Skills Programme	22 Municipal Employees	R0.00	Municipal Funds
Records Management Training	Skills Programme	18 Municipal Employees	R0.00	SALGA
Human Settlement Capacity Training	Skills Programme	25 Members of the Committee	R0.00	Municipal Funding
Local Labour Forum Training	Skills Programme	21 Members	R0.00	Municipal Funding

Name of Learning Intervention	Type of Learning Intervention	Beneficiaries	Amount	Funder
Biannual Training	Technical Training	8 Officials	R59 184.00	Municipal Funding
Total Amount Spent			**R1 326 548.05**	

1.4.4. External Bursary

The Municipality made a provision of External Bursary every year to assist youth that is financially deserving to further their studies to the respective Universities of their choices.

The table below reflects the leaners who benefited last financial year and this year are continuing.

Name of the Learner	Gender	Qualification	Institution	Ward	Status
Mkhuseli Nyawuza	Male	Bachelor's Degree: Electrical Engineering	Nelson Mandela University	Ward 28	Progress to level 3
S.Skhonza	Male	Diploma in Electrical Engineering	Mangosuthu University of Technology	Ward 25	Third Year Student (7 Modules were registered for 2024 Academic year and all passed with 3 distinctions he is currently doing Practical's at Technical Services for the duration of 12 Months
Mtsotso Asonele	Female	Bachelor of Commerce: Accounting	Nelson Mandela University	Ward 22	Progressed to Level 2

Luntukazi Ntonjane	Female	Bachelor of Civil Engineering	University of Johannesburg	Ward 28	Progressed to Level 2
Banoyolo Mavula	Female	Diploma in Marine Science	Cape Peninsula University of Technology	Ward 14	Progressed to Level 2
Namhla Sikwabu	Female	Bachelor of Tech in Electrical Engineering	Cape Peninsula University of Technology	Ward 08	First Year Student
Ayanda Dlulane	Male	Bachelor of Science in Electrical Engineering	University of Wits	Ward 18	First year Student
Kamva Poswa	Male	BCom in Accounting	Nelson Mandela University	Ward 09	First Year Student
Asive Khuzwayo	Female	BCom in Accounting	Sol Plaatjie	Ward 25	First Year Student

1.4.5. Discretion Grants

The Ingquza Hill Local Municipality applied for discretionary grants funds from SETAs to access funding for skills development and training initiatives, addressing skills gaps and improving services delivery. This led to cost savings, access to expertise and resources, and compliance.

The Municipality is fully committed to sourcing Discretionary Grants funding from varies SETAs and the following tables reflect approved Grants by Construction Education and Training Authority (CETA) and Local Government Sector Education and Training Authority (LGSETA):
Discretionary Grants aim to encourage Municipalities to contribute towards Skills Development Levies and use the money to fund Skills development projects implemented by Municipalities for their workforce and Communities.

The following programmers are approved by the Construction Education and Training Authority (CETA). These are the continuing projects:

Learning Pathway	Qualification/ Trade	Status	Number of Beneficiaries	Cost per Learner	Amount
Apprenticeship	Bricklayer	3rd year	20 (18.2)	R206 290	R4 125 800.00
Apprenticeship	Wall and Floor Tiler	3rd year	22 (18.2)	R206 290	R4 538 380.00
Apprenticeship	Plumbing	Completed	24 (18.2)	R206 290	R4 950 960.00
Total amount				**R618 870.00**	**R13 615 140.00**

The table below reflects LGSETA funded Programmes funded for 2024/25 financial year:

Learning Pathway	Qualification/Trade	Status	Number of Beneficiaries	Cost per Learner	Amount
Learnership	Local Economic Development	Completed	25 (18.2)	R41 600	R1040 000.00
	Leadership Development	In progress	30 (18.1)	R22 000.00	R660 000.00
	Municipal Governance	In progress	30 (18.1) 12 Cllrs and 18 Officials	R22 000.00	R660 000.00
	Municipal Finance Management	Not Yet Started	20 (18.1)	R22 000.00	R440 000.00
Internship	Bachelor's in civil engineering	In Progress	2 (18.2)	R78 000.00	R173 700.00
	Bachelor of Administration	In Progress	3 (18.2)	R78 000.00	R251 550.00
	Diploma in ICT	In Progress	4 (18.2)	R78 000.00	R335 400.00

	Diploma in Human Resource Management	In Progress	4 (18.2)	R78 000.00	R335 400.00
Bursaries	Bachelor of Commerce in Human Resources Management	In Progress	3 (18.1)	R50 000	R150 000.00
	Bachelor of Public Management		1 (18.1)	R50 000	R50 000.00
Total				**R519 600.00**	**R4 096 050.00**

1.4.6. Work Integrated Learning for the Community (In-Services Training)

Initials & Surname(s)	Gender	Department(s)	Section(s)	Funder
Msindo Ayanda	Male	Municipal Managers Office	SPU	Services SETA Through GN Business Enterprise
Cabela Sandiso	Male	Community Services	Public Safety	Services SETA Through GN Business Enterprise
Miranda Mgezengana	Female	Municipal Managers Office	Public Participation	Services SETA
Thokozile Daniso	Female	Corporate Serves	Labour Relations	NSF through GN Business Enterprise
Dutswa Sinalo	Female	Corporate Services	OHS Office	Bank SETA
Sinazo Mahlawe	Female	Corporate Services	Payroll	Ingwe TVET College
Zintle Banisa	Female	Municipal Managers Office	Public Participation	NSFAS

Initials & Surname(s)	Gender	Department(s)	Section(s)	Funder
Ongeziwe Mjokolo	Female	Municipal Managers Office	Public Participation	NSFAS
Nonkonyana Kwezikazi	Female	Corporate Services	Recruitment	NSF through GN Business Enterprise
Precious Lwandisiwe Nzuza	Female	Corporate Sevices	ICT	Bank SETA
Avuyile Nqunqa	Female	Municipal Manger's Office	Communications	NSFAS
Andisiwe Vava	Female	Municipal Manager's Office	Public Participation	Ncelu Trading and Project
Mfincane Siphelele	Male	Technical Services	PMU	NSFAS
Sakhile Vatsha	Male	Municipal Manger's Office	Public Participation	MICSETA
Sinethembaa Qhuba	Male	Municipal Manager's Office	Internal Auditor	FASSET
Asavela Buxoki	Female	Municipal Manager's Office	Internal Auditor	FASSET
Cingo Yongama	Male	Planning and Development	Tourism	NSF

5.5. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

5.5.1. Background

Information Communication Technology (ICT) Governance has been described as the effective and efficient management of ICT resources and processes to facilitate achieving Municipal goals and objectives. Further, an ICT Governance framework is meant to align ICT functions to the m unicipal goals, minimize the risk ICT introduces, and ensure that the is value in the investment made in ICT.

The view that ICT should be governed and managed at all levels within a given organizational structure is supported by internationally accepted good practices and standards. These practices and standards are defined in the King III Code of

Good Governance, ISO 38500 Standard for the Corporate Governance of ICT, and other best practice ICT Process Frameworks which form the basis of this document.

Translated into a municipal operating environment the corporate governance of ICT places a very specific responsibility on the Council and Management within a municipality to ensure that the decision-making process for ICT-related investments and the operational efficiencies of the municipality ICT environments remain transparent and are upheld. This accountability enables the municipality to align the delivery of ICT services with the municipality's Integrated Development Plan (IDP) and strategic goals.

5.5.2. Maintenance of ICT Systems (Software and Hardware)

The Municipality procured Microsoft 365 E3, Telephone systems that has an app (3CX) that installed on employee's gadget and allows users to stay connected and collaborate with colleagues, partners, and customers, regardless of location.

Electronic Document Records Management system to manage digital information, including documents and records, within an organization.also this system has an intranet feature that is currently active

The SDWAN Contract with Telkom has ended and ICT is using the SOPHOS firewall router. Sophos is primarily used for cybersecurity, offering a range of products and services to protect businesses from various cyber threats. These include endpoint protection, firewall solutions, cloud security, and managed services, all designed to detect, prevent, and respond to malware, ransomware, phishing attacks, and other security. A new website was developed, and it is up and running with latest updates

5.5.3. Acquisition of ICT Infrastructure

During the current financial year 2024/2025, there were 65 laptops, 7 printers, 3 SSD dongles, 3 HD dongle, 15 network adapters and 200 laptop lockers that were procured and all were distributed to the relevant users.

5.5.4. Software Licensing

Microsoft office 365, credentials for the license has been updated and the project is managed by Backspace ultimatum, the first phase of migrating to the electronic documents records management is done the municipality is currently on the second phase. The municipality has also began migrating to cloud base backup, the project is ongoing.

5.6. ADJUSTED ORGANISATIONAL PERFORMANCE SCORECARD FOR 2024/2025 FY.

KPA	Total KPI's	Achieved	Not achieved	Outstanding Performance	Significantly Above expectation 101-133%	Fully Effective 100%	Not Fully Effective 70-99%	Unacceptable Performance 0-69%	% Achieved
Technical Services	51	42	9						82%
Corporate Services	18	15	3						83%
Planning and Development	26	18	8						69%
Budget and Treasury	12	9	3						75%
Municipal Managers Officer	23	18	5						78%
Community Services	29	20	9						67%
Total	**159**	**122**	**37**						**77%**

5.6.1. Summary of the Municipal Performance Management

For the past two (3) years, the municipality has maintained the qualified audit opinion as per the AG in terms of performance management information. It is worth knowing and acknowledging that the qualified audit opinion has no issue of internal control deficiencies and lack of proper reviewal for the Portfolio of evidence. Based on the AG's findings the proper audit action has been developed to address the findings raised, not excluding issues of inconsistencies

This section presents the overall performance of the Municipality against its targets as set in the 2024/25 Service Delivery and Budget Implementation plan (SDBIP). As presented in Table 1, the Municipality had 159 targets, the total number of targets achieved was 122 and not achieved were 37; the percentage achieved for the current financial year is 77%.

The non achieved targets some of them were attributed by the poor performance of the contractors, and some of the projects were affected by the delays in the completion of the Supply Chain Management (SCM) process. Noth-wistanding the challenges of targets that were not achieved due to clash of events.
Attached below is the detailed performance of municipality.

5.6.2. ADJUSTED ANNUAL PERFORMANCE REPORT 2024-2025 FINANCIAL YEAR

5.6.2.1. Basic Service Delivery Report

IDP No.	PROJECT	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL REPORT 2023-24		QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		ANNUAL REPORT 2024-25		REASON FOR VARIENCE	REMEDIAL ACTION	POE
				ANNUAL REPORT	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL REPORT	ACTUAL			
Objective: To provide basic service delivery through infrastructural development in an environmentally friendly manner																		
1.1	Construction of 5km Xhophozo Access Road in Ward 8 by end June 2025	1.1.1.1 % completion of 5km Xhopozo Access Road in ward 8 to be constructed by end June 2025	100 %	10 %	15 %	**Stage 3 (40%)** Installation of pipes	58 %	Stage 4 (60%) Tipping of gravel material	90%	Stage 6 (100%) Completion of works	100%	N/A	N/A	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr

1.1	Construction of 5km Tumse via Heleni to Hlwama Access Road in Ward 10 by end December 2024	1.1.1.2. % completion of 5km Tumse via Heleni to Hlwama Access Road in ward 10 to be constructed by end December 2024	100 %	10 %	10 %	**Stage 1 (10%) -** Appointment of contractor and site establishment	65 %	Stage 2 (20%) - Clear and grub Roadbed preparation by		Stage 6 (100%) Completion of works	100%	N/A	N/A	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr
1.1	Construction of 10m bridge in Tumse via Heleni to Hlwama access road in Ward 10 by June 2025	1.1.1.2.1 % completion of 10m Bridge in Tumse via Heleni to Hlwama access road in ward 10 to be constructed by end June 2025	100 %	10 %	10 %	N/A	N/A	N/A	N/A	Stage 6 (100%) Completion of works	100%	N/A	N/A	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy

																		letter from the Cllr
1.1	Construction of 3,6km of Mtshayazafe to Madlelweni Access Road in ward 20 by end June 2025	1.1.1.3 %completion of 3,6km Mtshayazafe to Madlelweni Access Road in ward 20 to be constructed by end June 2025	100 %	10 %	10 %	**Stage 1 (10%) -** Appointment of contractor and site establishment	40 %	Stage 2 (20%) - Clear and grub Roadbed preparation	55%	Stage 4 (60%). Tipping of gravel material	60%	**Stage 6 (100 %)** Completion of works	100 %	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr
1.1	Construction of 10m long bridge in Mtshayazafe to Madlelweni access road in ward 20	1.1.1.3.1 %completion of 10m long bridge in Mtshayazafe to Madlelweni access road in ward 20 to	100 %	10 %	10 %	N/A	N/A	N/A	N/A	Stage 4 (60%)Installation of pre-cast culverts	60%	**Stage 6 (100 %)** Completion of works	100 %	100 %	100 %	None	None	Monthly Reports and Practical Completion

	by June 2025	be constructed by June 2025																Certificate and happy letter from the Cllr
1.1	Construction of 2.3km Bisi Access Road in ward 7 by June 2025	1.1.1.4. % completion of 2.3km Bisi Access Road in ward 7 to be constructed by June 2025	100%	10%	10%	**Stage 1 (10%) -** Appointment of contractor and site establishment	55%	Stage 2 (20%) - Clear and grub Roadbed preparation	60%	Stage 5 (90%) Protection works and installation of road signs	90%	**Stage 6 (100%)** Completion of works	100%	100%	100%	None	None	Monthly Reports and Practical Completion Certificate and happy letter from Cllr

1.1	Construction of 12m long Bridge at Bisi access road in ward 7 by June 2025	1.1.1.4.1. % completion of 12m long Bridge at Bisi access road in ward 7 to be constructed by June 2025	100 %	10 %	10 %	N/A	N/A	N/A	N/A	Stage 4 (60%). Installation of culverts	60%	**Stage 6 (100 %)** Completion of works	100 %	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr
1.1	Construction of 5km Galatyeni to Mfinca Access road in ward 13 by June 2025	1.1.1.5. % completion of 5km Galatyeni to Mfinca Access Road in ward 13 to be constructed by June 2025	100 %	N/A	N/A	**Stage 1 (10%) -** Appointment of contractor and site establishment	10.74 %	Stage 2 (20%) - Clear and grub Roadbed preparation	70%	Stage 5 (80%) Protection works and road signs	100%	**Stage 6 (100 %)** Completion of works	completed in third quarter	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy

																			letter from the Cllr
1.1	Construction of 5km Mgojweni Extention via Mvimvane to Fama Access road in ward 18 by end June 2025	1.1.1.6. % completion of 5km Mgojweni Extention via Mvimvane to Fama Access Road in ward 18 to be constructed by end June 2025	100 %	N/A	N/A	**Stage 1 (10%) -** Appointment of contractor and site establishment	12.4%	Stage 2 (20%) - Clear and grub Roadbed preparation	75%	Stage 5 (80%) Protection works and road signs	100%	**Stage 6 (100%)** Completion of works	completed in third quarter	100 %	100 %	None	None		Monthly Reports and Practical Completion Certificate and happy letter from the Cllr

1.1	Construction of 5km Ngonyameni to Maqanyeni Acess road in ward 11 by June 2025	1.1.1.8.% completion of 5km Ngonyameni Access Road in ward 11 by June 2025	10 %	N/A	N/A	**N/A**	N/A	N/A	N/A	N/A	N/A	Stage (10%) Appointment of contractors and site establishment	10 %	10 %	10 %	None	None	Monthly Progress Reports
1.1	Construction of 24m long bridge in Ngonyameni to Maqanyeni in ward 11 by June 2025	1.1.1.8.1. % completion of 24m long bridge in Ngonyameni to Maqanyeni in ward 11 by June 2025	10 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Stage (10%) Appointment of contractors and site establishment	0%	10 %	0%	The reason for variance in the non-performance of the project is that the progress report for indicator of the bridge was omitted during the reporti	The project manager will monitor the implementation of the project, especially reporting the progress of the bridge indicator in the next financ	Monthly Progress Reports

																ng period.	ial year starting from the first quarter of 2025/2026 financial year..	
1.1	Construction of 5km Nqaqhumbe Access road in ward 16 by June 2025	1.1.1.9. % completion of 5km Nqaqhumbe Access Road in ward 16 to be constructed by end June 2025	100%	N/A	N/A	**Stage 1 (10%) -** Appointment of contractor and site establishment	10%	Stage 2 (20%) - Clear and grub Roadbed preparation	50%	Stage 5 (80%) Protection works and road signs	80%	**Stage 6 (100%)** Completion of works	100%	100%	100%	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr

1.1	Rehabilitation of 5.5km Mayalweni Access Road in Ward 18 by end September 2024	1.1.2.1. % completion for rehabilitation of 5.5km Mayalweni Access Road in ward 18 by end September 2024	100 %	10 %	85 %	**Stage 4 (100 %)** Completion of works	100 %	N/A	N/A	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Monthly report Completion Certificate and Signed Happy Lettersfrom
1.1	Rehabilitation of 6km Thembeni to KwaZulu Access Road in Ward 30 by end September 2024	1.1.2.2..% Completion for rehabilitation of 6km Thembeni to KwaZulu Access Road in ward 30 by end September 2024	100 %	10 %	85 %	**Stage 4 (100 %)** Completion of works	100 %	N/A	N/A	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Monthly report Completion Certificate and Signed Happy Letters from Cllr

1.1	Rehabilitation of 3.1km Qhamangweni via Mbhadango to Nzaka Access Road in ward 12 by end September 2024	1.1.2.3.% Completion for rehabilitation of 3.1km Qhamangweni via Mbhandago to Nzaka Access Road in ward 12 by end September 2024	100%	10%	70%	**Stage 4 (100%)** Completion of works	100%	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	None	None	Monthly report Completion Certificate and Signed Happy Letters from Cllr
1.1	Rehabilitation of 1.8km Ndazibona Access Road in ward 21 by end September 2024	1.1.2.4.% Completion for rehabilitation of 1.8km Ndazibona Access Road in ward 21 by end September 2024	100%	10%	95%	**Stage 4 (100%)** Completion of works	100%	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	None	None	Monthly report Completion Certificate and Signed Happy Letters

																	from Cllr
1.1	Rehabilitation of 24m Ntlavukazi Bridge in ward 24 by end March 2025	1.1.2.5 % Completion for rehabilitation of 24m Ntlavukazi bridge in ward 24 by end March 2025	100 %	10 %	18 %	**Stage 2 (60%)** Copletion of the following: breaking of hard rock, inserting of Dowels and Blinding.	61 %	Stage 4 (100%) Placement of Box Culverts, Construction of wing walls, bell mouth, retaining wall, and completion of works	90%	Stage 6 (100%) Installation and cleaning of pipes completed, construction of headwalls and installation of road signs completed. Project Complete	100%	N/A	N/A	100 %	100 %	None	None	Monthly report Completion Certificate and Signed Happy Letters from Cllr

1.1	Regravelling of 7.3km Nowanga to Phakamani via Mkhumbi Access Road in Ward 8 by end March 2025	1.1.2.6.% Completion of regravelling of 7.3km Nowanga to Phakamani via Mkhumbi Access Road in Ward 8 by end March 2025	100%	N/A	N/A	N/A	N/A	N/A	N/A	Stage 6 (100%) Installation and cleaning of pipes completed, construction of headwalls and installation of road signs completed. Project Complete	100%	N/A	N/A	100%	100%	None	None	Monthly report Completion Certificate and Signed Happy Letters from Cllr
1.1	Regravelling of 5.5km Mdeni Access Road in Ward 25 by March 2025	1.1.2.7.% Completion of regravelling of 5.5km Mdeni Access Road in Ward 25 by end March 2025	100%	N/A	N/A	N/A	N/A	N/A	N/A	Stage 6 (100%) Installation and cleaning of pipes completed,	100%	N/A	N/A	100%	100%	None	None	Monthly report Completion Certificate and

										construction of headwalls and installation of road signs completed. Project Complete								Signed Happy Letters from Cllr
1.1	Regravelling of 4.4km Ndlangase Access Road in Ward 1 by end March 2025	1.1.2.8.% Completion of regravelling of 4.4km Ndlangase Access Road in Ward 1 by end March 2025	100%	N/A	N/A	N/A	N/A	N/A	N/A	Stage 6 (100%) Installation and cleaning of pipes completed, construction of headwalls and installation of road signs completed.	100%	N/A	N/A	100%	100%	None	None	Monthly report Completion Certificate and Signed Happy Letters from Cllr

										Project Complete								
1.1	Regravelling of 5km Bhalasi Access Road in Ward 9 by end March 2025	1.1.2.9.% Completion of regravelling of 5km Bhalasi Access Road in Ward 9 by end March 2025	100%	N/A	N/A	N/A	N/A	N/A	N/A	Project at (100%) Rehabilitation of 1000m2	100%	N/A	N/A	100%	100%	None	None	Monthly report Completion Certificate and Signed Happy Letters from Cllr

1.1	Regravelling of 10km Ndzaka to Mbhadango via Giniswayo Access Road in Ward 11 by June 2025	1.1.2.10. % Completion of regravelling of 10km Ndzaka to Mbhadango via Giniswayo Access Road in Ward 11 by end June 2025	100 %	N/A	N/A	N/A	N/A	N/A	N/A	Stage 1 (10%) - Appointment of contractor and site establishment	0%	**Stage 6 (100 %)** Installation and cleaning of pipes completed, construction of head walls and installation of road signs completed. Project Complete	68 %	100 %	68 %	The project was delayed by heavy rains that occurred in June 2025. The contractor purchased all the materials needed for the project, which was attributed to over-expenditure.	The project experienced delays due to the heavy rainfall in June 2025. The contractor resumes work as soon as the weather conditions have improved. The project completion time to be revised and compl	Monthly report Completion Certificate and Signed Happy Letters from Cllr

																	eted during the first quarter of the 2025/26 financial year. Furthermore, the project manager will continuously monitor the project and ensure that it is completed within the revised completion time.	

1.1	Rehabilitation of 1500m2 Surfaced Roads (Pothole patching) in ward15 and 19 by end March 2025	1.1.3.1 % completion of 1500m2 surfaced road (pothole patching) in Ward 15 and 19 by end March 2025	100%	N/A	N/A	**Project at (33%)** 500m2 rehabilitated	40%	Project at (100%) Rehabilitation of 1000m2	50%	**Project at (100%)** Rehabilitation of 1000m2	78%	N/A	100%	100%	100%	None	None	Monthly Reports
1.1	Rehabilitation of 30m2 Surfaced Roads (Pothole patching) in ward 6 by end March 2025	1.1.3.2 % completion of 30m2 Surfaced Roads (Pothole patching) in ward 6 by end March 2025	100%	N/A	N/A	N/A	N/A	N/A	30%	**Project at (100%)** 30m2 rehabilitated	50%	N/A	100% - Target should have been achieved in Quarter 3	100%	100%	None	None	Monthly Reports
1.1	Surfacing of 4km Flagstaff Internal Streets- Phase 2 in ward 6 at Flagtaff Town by	1.1.4.1. % completion of 4km surfacing of Flagstaff Internal Streets- Phase 2 in ward 6	60%	30%	35%	**Project at (40%)** Layer works of 4km completed	43%	Project at (50%) kerbing of 4km surfaced road completed	50%	Project at (55%) Installation of pipes and laying of G2	55%	**Project at (60%)** laying of pavers	61%	60%	61%	The contractor worked long hours and on weekends. There	None	Monthly Reports

	end June 2025	at Flagstaff Town by end June 2025								Material						was additional funding and there was more work done.		
1.1	Surfacing of 6km Lusikisiki Internal Streets-Phase 3 in ward 15 at Lusikisiki Town by end June 2025	1.1.4.2. % completion of 6km Surfacing of Lusikisiki Internal Streets-Phase 3 in ward 15 at Lusikisiki Town by end June 2025	60 %	30 %	43 %	**Project at (47%)** Layer works of 6km completed	47 %	Project at (50%) kerbing of 6km surfaced road completed	50.3 %	Project at (55%) Installation of pipes and laying of G2 Material	55%	**Project at (60%)** laying of pavers	55 %	60 %	55 %	The Contractor did not perform well on site due to renewal of construction permit from department of labour	The project manager will monitor the contractor through the consultant once the certificate is renewed by the department of labour, and the projec	Monthly Reports

																	t completion time will be extended to accommodate the time lost on site and the targert for project will be completed during the second quarter of the 2025/2026 financial year.	

1.1	Construction of 0,23ha Multipurpose sports Field at Mavalleleni village in Ward 02 by end June 2025	1.1.5.1 % completion of 0,23ha Multipurpose sports field at Mavaleleni village in ward 02 to be constructed by end June 2025	100 %	50 %	57 %	**Project at (70%)** First Floor concrete slab complete	70 %	Project at (80%) Walls for the whole building complete	80%	Project at (90%) Roof completed	80%	**Project at (100 %)** Project completed	80 %	100 %	80 %	The contract was terminated due to non perfomamce	The contractor for the multipurpose sports field was terminated due to non-performance. The project manager and the SCM Unit will facilitate the advertisement and appointment process for a new contractor	Monthly Reports and Practical Completion Certificates and signed happy letter from letter

																	by July 2025. In addition, the project manager will implement strengthened contract management controls and conduct close monitoring of project progress to ensure timely completion	

																	by the second quarter of the 2025/26 financial year.	
1.1	Construction of 0,11ha Multi - purpose Sports Field at Jikindaba village in ward 26 by end June 2025	1.1.5.2 % completion of 0.11ha of Multipurpose sports field at Jikindaba village in ward 26 constructed by end June 2025	100 %	100 %	95 %	**Project at (100 %)** Project completed	95 %	N/A	96%	Project at (100%) Project completed	96%	N/A	100 % - The target should have been achieved in Quarter 3	100 %	100 %	None	None	Monthly reports and practical completion cetificate and signed happy letter from the Cllr

1.1	Construction of Zone 5 2ha Sports Field Phase 1 at Malangeni village in Ward 16 by end June 2025	1.1.5.3. % completion of construction of Zone 5 2ha Sports Field Phase 1 at Malangeni village in Ward 16 by end June 2025	100 %	N/A	N/A	N/A	N/A	N/A	N/A	Project at (10%) - Appointment of contractor and site establishment	0%	**Project at (100 %)** Project completed	30 %	100 %	30 %	The project was delayed by heavy rains that occurred in June 2025. There were cessions for artificial grass and fencing	The project manager will engage with consultants and contractors regarding an extension of the project completion timeframe with no additional costs. To further mitigate delays, the contractor	Monthly reports and practical completion cetificate and signed happy letter from the Cllr

																	will increase staff compliments on site. The project is now expected to be completed in the second quarter of the 2025/2026 financial year.	
1.1	Construction of 282m2 of New Rest Community Hall in Ward 19 by end December 2024	1.1.7.1 % completion of 282m2 New Rest Community Hall in Ward 19 by end December 2024	100 %	10 %	10 %	**Project at (80%)** Foundation complete and const	80 %	Project at (100%) Installation of roof top,doors and windows	100 %	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Monthly Reports and Practical Completion Certi

						ruction of superstructure complete		complete										ficate and happy letter from the Cllr
1.1	Construction of 282m2 of Bhungeni Community Hall in Ward 31 by end June 2025	1.1.7.2 % completion of 282m2 Bhungeni Community Hall in Ward 31 by end June 2025	100%	10%	10%	**Project at 20%** - Appointment of service provider and Site Establishment and foundations.	10%	Project at (40%) Fencing and guard house complete	70%	Project at (80%) Foundation complete and construction of superstructure complete	80%	**Project at (100%)** Installation of roof top, doors and windows complete	100%	100%	100%	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr
1.1	Renovations of New Flagstaff Offices with floor size of 7554m2	1.1.9.1.% completion of Renovations of New Flagstaff Offices	30%	10%	0%	N/A	N/A	Project at (10%) site establishment	0%	Project at (10%) site establishment	0%	**Project at 30%** Waterproofing and	30%	30%	30%	None	None	Monthly progress reports

	in Ward 6 at Flagstaff Town by end June 2025	with floor size 7554m2 in ward 6 at Flagstaff Town by end June 2025										air conditioners and ceilling						
1.1	Renovations of 520m2 Lusikisiki old offices in Ward 15 at Lusikisiki Town by end December 2024	1.1.9.2 % completion of Renovations of 520m2 Lusikisiki old Offices in ward at 15 Lusikisiki Town by end December 2024	100 %	100 %	50 %	**Project at 80%** - Removal and replacement of existing roof and ceiling and wall painting	95 %	Project at (100%) Removal and replacement of existing tiles and installation of boomgate	100 %	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr

1.1	Construction of Lusikisiki Town Hall (Phase 2) with floor size 2500m2 in Ward 19 at Lusikisiki Town by end June 2025	1.1.10.1 % completion of construction of Lusikisiki Town Hall (phase 2) with 2500m2 floor size in Ward 19 at Lusikisiki Town by end June 2025	75 %	30 %	23 %	**Project at (40%)** Fencing completed	23.25 %	Project at (75%) Superstructure completed	28%	Project at (40%) Fencing completed	28%	**Project at (75%)** Superstructure completed	30 %	75 %	30 %	The project was advertised twice due the bidders being non-responsive	The contractor was appointed in May 2025 for the completion of the Lusikisiki town hall. The contractor has resumed work and has been advised to add labour component on site to accelerate the projec	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr

																	t. The project manager responsible will monitor the project closely and ensure that the project is completed as planned. The project is estimated to be completed in December 2025.	

1.1	Construction of Flagstaff Town Hall (Phase 2) with floor size 2500m2 in Flagstaff Town in Ward 06 by end June 2025	1.1.10.2. % completion of construction of 2500m2 Flagstaff Town Hall (Phase 2) at Flagstaff Town in ward 6 by end June 2025	100 %	90 %	90 %	**Project at (100 %)** Paving and landscaping completed	90 %	N/A	90%	N/A	N/A	**Project at (100 %)** Paving , borehole and landscaping completed	94 %	100 %	94 %	Upon the appointment of the new contractor, it was discovered that the constructed sewer line was damaged.The contractor fixed the damged areas of the sewer line and that delayed the construction of the borehole and	The contractor has been granted more time and has also increased the labour force on site. The completion of the town hall will be realised by 15 August 2025	Monthly Reports and Practical Completion Certificate and happy letter from the Cllr

															landscaping		
1.1	Installation of 10 High Mast Lights in Wards 4,9,14,17, 18,19,20, 22,27 and 32 at Ndukundeni, Ngobozana High School, Mayalweni, Robert Ngobozana, Mthathambi, Goso Clinic, Holy Cross Hospital, Kanana, Magwambu and Cwija villages by end June 2025	1.1.11.1. % completion of 10 High mast lights installation in Ward 4,9,14,17, 18,19,20, 22,27 and 32 at Ndukundeni, Ngobozana High School, Mayalweni, Robert Ngobozana, Mthathambi, Goso Clinic, Holy Cross Hospital, Kanana, Magwambu and Cwija villages by end June 2025	100 %	10 %	10 %	**Project at 30%-** Foundations complete	77 %	Project at 50%- 2 highmasts installed	90% - 9 high masts in installed	Project at 100%- 10 highmast lights installed	100%	N/A	N/A	100 %	100 %	None	None	Monthly Report and Completion Certificate

1.1	Removal of 8 existing street lights in Lusikisiki ward 19 by end June 2025	1.1.11.2. Number of street lights removed in Lusikisiki ward 19 by end June 2025	8	N/A	N/A	Site establishment and removal of 8 existing street lights completed	0%	Excavations and pouring of concrete for foundations by 30 December 2024	0%	Site establishment and removal of 8 existing street lights completed	8 existing streetlights removed	N/A	**N/A**	8	8	None	None	Monthly progress reports
1.1	Installation of 5 new Solar street lights in Ward 19 at Lusikisiki town by end June 2025	1.1.11.2.1. Number of 5 new Solar streetlights installed in Ward 19 in Lusikisiki town by end June 2025	5	N/A	N/A	N/A	N/A	N/A	N/A	Installtion of 5 Solar Streetlights	5 new solar street lights installed	N/A	N/A	5	5	None	None	Monthly Reports and Completion certificate
1.1	Maintenance of 200 streetlights in Ward 06,15 and 19 at Flagstaff town ,Lusikisiki town and Arthur Homes by June 2025	1.1.12.1. No. of streetlights maintained in Ward 06,15 and 19 at Flagstaff town ,Lusikisiki town and Arthur	200	N/A	N/A	Maintenance of 50 streetlights completed	0%	Maintenance of 50 Streetlights completed	50 - streetlights installed	Maintenance of 50 Streetlights completed	200 streetlights maintained	Maintenance of 100 Streetlights completed	Project was completed in Q3	200	200	None	None	Monthly Reports and Completion certificate and sign

		Homes by June 2025															ed happy letter from the Cllr
1.1	Installation of electricity infrastructure in 133 h/h in Ward 18 at Fama ,Vabetsho and Ntongwana villages by end June 2025	1.1.13.1. % Completion of Installation of electricity infrastructure in 133 h/h in Ward 18 at Fama, Vabetsho and Ntongwana by end June 2025	100%	10%	0%	**Project at 85%** - Appointment of the contractor and Site Establishment	85%	Project at 100% - Fixing of defects on 133h/h completed	90%	Project at (90%) all transformer zone are completed	Project at (90%) all transformer zone are completed	Project at (100%) Commissioning of Split Meters and Energising	90%	100%	90%	The project was delayed by quality assurance, outage booking from Eskom and illegal connections by the community	Eskom has since done the quality assurance and gave the contractor the outage date. The project will be completed during the first quarter of the 2025/	Monthly Report and Practical Completion Certificate

																	2026 financial year.	
1.1	Pre-engineering of installation of electricity infrastructure in 187 h/h in Ward 4,8,20 and 31, cluster 1,2 and 3 by end June 2025	1.1.13.2. % Completion of pre-engineering of electricity Infrastructure in 187 h/h in ward 4,8,20 and 31, cluster 1,2 and 3 by end June 2025	100%	100%	58%	**Project at 70%** - Pre-engineering for Cluster 1and 2 completed	100%	Project at 90% - Preliminary designs for Cluster 1 and 2 completed	90%	Project at (100%) Commissioning of Split Meters and Energising	100%	N/A	NA	100%	100%	None	None	Monthly Report and Practical Completion Certificate
1.1	Installation of electricity infrastructure in 154 h/h in Ward 8 and 31 at Mkumeni ext phase 2, Zadungeni Ext Phase 2, Mhlanga ext and	1.1.13.3. % Completion of installation of electricity Infrastructure in 154 h/h in Ward 8 and 31 at at Mkumeni ext phase 2,	100%	N/A	N/A	**Project at 10%** - Appointment of the contractor and Site Establishment	0%	Project at 40% - Digging holes and planting poles completed	71%	Project at 80% - Planting, digging and stringing	Project at 90% - Spilt meter has been commissioned and energised.project need the installation of	**Project at 100%** - Installation of transformers andelectric meters completed	100%	100%	100%	None	None	Monthly Report and Practical Completion Certificate

	Cumngce ext villages by end June 2025	Zadungeni Ext Phase 2, Mhlanga ext and Cumngce ext villages by end June 2025									auto-recloser.							
1.1	Installation of electricity infrastructure in 77 h/h in Ward 3 and 20 at Madamini and Mbodleni Villages by end June 2025	1.1.13.4. % Completion of installation of electricity Infrastructure in 77 h/h in Ward 3 and 20 at Madamini and Mbodleni Villages by end June 2025	100 %	N/A	N/A	N/A	N/A	Project at 10% - Appointment of the contractor and Site Establishment	28%	Project at 70% - Digging holes and planting poles completed stringing of Low Voltage(LV) and Medium Voltage (MV) line completed	Project at 81% - project waiting for commissioning of Spilt meters and line upgrade to be energised.	**Project at 100%** - Installation of transformers and electric meters completed	100 %	100 %	100 %	None	None	Monthly Report and Practical Completion Certificate

1.1	Installation of electricity infrastructure in 150 h/h in Ward 17 at KwaDick Village by end June 2025	1.1.13.5. % Completion of installation of electricity Infrastructure in 150 h/h in Ward 17 at KwaDick Village by end June 2025	100 %	N/A	N/A	N/A	N/A	N/A	30%	Project at 70% - Digging holes and planting poles completed stringing of Low Voltage(LV) and Medium Voltage (MV) line completed	Project at 71% - Digging holes and planting poles completed stringing of Low Voltage(LV) and Medium Voltage (MV) line completed	**Project at 100%** - Installation of transformers and electric meters completed	82 %	100 %	82 %	The project was delayed by Eskom on the approval of Single Line Diagrams (SLDs). There were 16 additional houses that the councillor requested be done.	Contractors will be granted extra time to accommodate delays. The project will be completed during the first quarter of the 2025/2026 financial year.	Monthly Report and Practical Completion Certificate
1.1	Designs for Electrification of 856 h/h for 2024/5 and 2025/26 by in ward4,	1.1.13.6 % Completion of Designs for Electrification of 856 h/h for 2024/5	100 %	N/A	N/A	N/A	N/A	N/A	N/A	Project at 90% - Designs for 2024/25 and 2025/26 856 h/h	Project at 90%	**Project at 100% - Final** designs completed 856 h/h	100 %	100 %	100 %	None	None	Final Designs

	5,9,10,14, 16,17,19, 20,24 and 30 end March 2025	and 2025/26 by in ward 5,9,10,16, 17,19,24 and 30 end March 2025																
1.1	Installation of electricity infratructure for 47 h/h at Mhlophekazi, Nozayi and Bhisana in Ward 4 & 5 June 2025	1.1.13.7. % Completion of installation of electricity Infrastructure of 47h/h at Mhlophekazi, Nozayi and Bhisana in ward 4 & 5 by June 2025	50 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	50% Completion of installation of electricity Infrastructure of 47h/h at Mhlophekazi, Nozayi and Bhisana	54 %	50 %	54 %	The contractor started working immediately after appointment will led to the overachievement	None	Monthly Progress Reports
1.1	Installation of electricity infratructure for 110 type 1 in-fills in ward	1.1.13.8. % Completion Installation for Electrification of 110	100 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100 % Completion Installation for Electrification	100 %	100 %	100 %	None	None	Montly Progress Report and Com

	03,8,21 and 30 by June 2025	type 1 in-fills in ward 03, 8, 21, and 30 by June 2025										n of 110 type 1 in-fills in ward 03, 8, 21 and 30 by						pletion certicafe
1.1	Approved Designs for 5km Mtshayelo Access road in ward 27 by end September 2024	1.1.14.2. % Completion of Approved Designs for 5km Mtshayelo Access road in ward 27 by end September 2024	100 %	100 %	10 %	**Project at 100%** - completion of designs	100 %	N/A	N/A	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Approved Final design Report
1.1	Approved Designs for 5km Ngonyameni to Maqanyeni Access road and bridge in ward 11 by end March 2025	1.1.14.3. % Completion of Approved Designs for 5km Ngonyameni to Maqanyeni Access road and bridge in ward 11 by end	100 %	100 %	10 %	N/A	N/A	Project at 50% - Preliminery Design Report Complete	100 %	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Approved Pre-limenery and Final design Report

		March 2025																
1.1	Approved Designs for 5km Sirhetshe to Sibuthe Access road in ward 3 by end September 2024	1.1.11.6. % completion of approved designs for 5km Sirhetshe to Sibuthe Access road in ward 3 by end September 2024	100 %	100 %	10 %	**Project at 100%** - completion of designs	100 %	N/A	N/A	N/A	N/A	N/A	N/A	100 %	100 %	None	None	Approved Final design Report
1.1	Completion of Approved Designs of Zone 5 0,11ha Sports Field at Malangeni village in Ward 16 by end March 2025	1.1.11.7. % Approved Designs Zone 5 0,11ha Sports Field at Malangeni village in Ward 16 by end March 2025	100 %	100 %	0%	N/A	N/A	Project at 100% - Final Design Report Completed	0%	**Project at 100%** -Final Design Report Completed	100%	N/A	N/A	100 %	100 %	None	None	Approved Final design Report

5.6.2.2. Performance for Corporate Services

IDP No.	PROJECT	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL REPORT 2023-24		QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		ANNUAL REPORT 2024-25		REASON FOR VARIENCE	REMEDIAL ACTION	POE
				ANNUAL REPORT	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL REPORT	ACTUAL			
Objective: To promote institutional transformation and organisational development																		
2.1	Availability of ICT System	2.1.1. % availability of IT systems	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	None	None	System Monitoring Report.
2.1	Implementation of the ICT Strategy projects(Cloud based backup, Microsoft License and,Procurement of Laptops, Printers and other	2.1.2. Number of ICT projects completed within deadlines	8	3	3	2	2	2	2	2	2	2	2	8	8	None	None	Delivery Note and signed Report

	ICT peripherals,System Upgrades,Server room Maintenance,Telephone System,Software licensing																	
2.1	Implementation of audit action plan on ICT findings for 2023/2024 FY	2.1.3. % implementation of audit action plans to address ICT findings 2023/2024 FY	100%	100%	100%	25%	25%	50%	50%	75%	75%	100%	100%	100%	100%	None	None	Report of the ICT Steering Committee and Attendance Register and Audit Action Plan

2.6	Provision of records Management services.	2.1.4. Number of bulk filers procured	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1	0	The delivery could not be made due to renovations that are taking place in the institution.	The delivery of the bulk fillers will be delivered after the finalization of the renovation that is taking place in the institution.	Delivery note

2.7	Provision of Admin Support Services and facilities Management (Supply of cleaning material, stationery and office furniture, hygiene equipment).	2.1.5. % of admin support services provided and facility management	100%	N/A	N/A	N/A	N/A	N/A	N/A	100%	100%	100%	100%	100%	100%	None	None	Admin Support support services and signed report
2.2.	Review and development of municipal policies	2.2.1. Number of policies to be developed, reviewed and approved by council.	16	16	16	N/A	N/A	N/A	N/A	N/A	N/A	16	16	16	16	None	None	Attendance register and report for employee consultations, Council Resol

																		utions, policies, and proof of upload onto municipal website
2.2.	Review of organizational structure	2.2.2. Number of times organizational structure is reviewed	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	1. Council Resolution of the adopted Staff Establishment. 2. signed staff establishment structure

2.2.	Reduction of municipal vacancy rate	2.2.3. Percentage reduction of municipal vacancy rate	30%	100%	100%	N/A	N/A	5%	5%	10%	10%	30%	30%	30%	30%	None	None	4 Issued Bulletin and signed report
2.2.	Provision of employee study assistance bursaries.	2.2.4. Number of employees offered Study assistace Bursaries	30 employees	30	30	17	17	N/A	N/A	13	13	N/A	N/A	30 employees	30 employees	None	None	Signed Report, agreements, and copy of the advert
2.2.	Provision of bursaries to deserving external students	2.2.5. Number of deserving external students received bursaries	4 students	3	4	N/A	N/A	N/A	N/A	N/A	N/A	4	4	4	4	None	None	1. Copy of issued advert 2. Proof of Payment 3. Signed

																		bursary agreements
2.2.	Implementation of the Employee Wellness programs	2.2.6. Number of Employee Wellness programs implemented	8 workshops and 2 events	8 workshops and 2 events	8 workshops and 3 events	2 workshop, 1 event	2workshops and 1 event	2 workshop	2 Workshops	2 workshop, 1 event	2 workshops, 1 event	2 workshop	2 Workshops and I event held	8 workshops and 2 events	8 workshops and 3 events	There was an additional wellness event which was held due to necessity.	None	1. Attendance Register 2. Workshop and signed Event Reports
2.2.	Sitting of Occupational Health and Safety Committee meetings	2.2.7. Number of Health and Safety Committee meetings to	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	1. Attendance Register 2. Minutes of the

		be held																meeting
2.2	Submission of the Workplace Skills Plan (WSP) and Annual Training (ATR) Report to LGSETA	2.2.8. Number of the WSP and ATR submitted to LGSETA	1	1	1	NA	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Confirmation letter from LGSTEA confirming submission
2.2	Sitting of the Local Labour Forum	2.2.9. Number of Local Labor Forum meetings to be held	4	4	2	1	1	1	1	1	1	1	1	4	4	None	None	1. Attendance Register 2. signed meeting and signed report

2.5	Signing of performance agreements by Senior and middle managers by 31 July each year	2.2.10. Number of senior and middle managers with performance agreements by 31 July each year	15	18	0	15	5	NA	9	N/A	N/A	NA	N/A	15	14	The target was not met due to the fact that Manager Planning and Development was put on suspension and at that time he had not yet signed a perfo	The project manager will ensure that all performance agreements are signed within the stipulated time in the next financial year of 2025-25 FY.	Signed Performance agreements

																rmance agreement.		
2.5	Sitting of performance assessments for senior and middle managers	2.2.11. Number of performance assessment conducted for senior and middle managers.	2	100%	0%	N/A	N/A	1	0	N/A	N/A	1	1	2	1	The target was not met due to the fact that not all senior managers and middle managers had been assessed in the	The project manager will ensure that all performance assessments are done within the stipulated time and that all managers	Attendance registers and signed report

																second quarter. Hence, the target was not met.	participate.	
	Implementation of Workplace Skills Plan (WSP) for 2024/2025 FY	2.2.12. Number of training interventions implemented as per WSP for 2024/2025 FY	4	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2	3	4	5	Technical Services department requested a training for EPWP employees as per the terms and cond	None	Attendance register and signed report

																itions of the EPWP Grant which was due in April 2025.		
	Conducting Roadshows to all employees	2.2.13. Number of Roadshows to be conducted	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	NA	N/A	1	1	None	None	Attendance register and signed report

5.6.2.3. Performance for Planning and Economic Development

ID NO.	PROJECT	PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL REPORT 2023-24		1st QUARTER		2ND QUARTER		QUARTER 3		QUARTER 4		ANNUAL REPORT 2024-25		REASON FOR VARIENCE	REMEDIAL ACTION	POE
				ANNUAL REPORT	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL REPORT	ACTUAL			
Objective: To promote local economic development																		
3.3	Provision of inputs for crop producers in Lusikisiki and Flagstaff by end March 2025	3.1.1. Number of crop producers to be supported with inputs in Lisikisiki and Flagstaff by end March 2025	10	N/A	N/A	N/A	N/A	10	0	10	0	N/A	10	10	10	None	None	Delivery note. acknowledgement of receipt by recipients and ward councillor and signed closeout report

3.3	Fencing of 5 Agricultural projects (Wards 2, 8,12, 21 and 32 by end June 2025	3.1.2. Number of Agricultural project metres to be fenced (Wards 2, 8,12, 21(Ingwe farm) and and 32 by end June 2025	14hectors	10hectors	4hectors	N/A	4 hectors	4hectors	0	6hectors	2 hectors	4hectors	4hectors	14hectors	10hectors	The Magaya Fencing in ward 32 was not completed due to the land issue that led to the vandalism of the fencing and the community didn't want the contractor to continue	The project manager will engage the community to resolve the land issue impasse and request the contractor to use the insurance amount provision contained in the bill of quantities to rectify the	Completion certificate and signed close out report acknowledgement of receipt by recipients and ward councillor

																based on the unresolved land issue.	vandalized fence.	
3.3	construction of boreholes in ward 20 and 26 by end June 2025	3.1.3. Number of boreholes constructed in ward 20 and 26 by end June 2025	2	2	0	N/A	N/A	2	0	1	1	1	0	2	1	Ward 26 borehole, the bidders were non responsive due to bidders not complying with SCM requirements.	The project manager will ensure that during the adjustment of the sdbip in midterm, this project is included in the sdbip and the budget is provided for	Completion certificate and signed closeout report

															implementation. Upon the approval of the sdbip, budget, the project manager will ensure that this project is advertised for the appointment, monitiring during the construction untill the hand over to the	

																	project beneficiaries	
	Maintanance of the of borehole in Ward 28 by end March 2025	3.1.3.1. Number of boreholes to rehabilitated in ward 28 by end March 2025	1	N/A	N/A	N/A	N/A	N/A	N/A	1	0	N/A	N/A	1	0	After the investigation, the report that was conducted by the contractor revealed that there is no water available for underground extraction to cater for	The project manager will ensure that this project is included during the midterm budget and sdbip adjustments for implementation as an irrigation project as advised by	Completion certificate and signed closeout report

																the borehole and advise on irrigation.	the contractor. The project manager will develop the specification after the adjustment, ensuring that the advert is issued, a contractor is appointed, monitor the project until completion and hand it over to	

																the project beneficiaries.	
3.3	Installation of 2 irrigation systems in Ward 17 by end June 2025	3.1.3.2. Number of irrigation systems to be installed in ward 17 by end June 2025	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2	2	None	None	Completion certificate and signed closeout report
3.3	Provide support to livestock farmers with chickens, piglets, feed, and	3.1.4. Number of farmers supported with chickens,piglets, feed and medication in Lusikisiki and Flagsta	5	6	6	N/A	N/A	N/A	N/A	N/A	N/A	5	5	5	5	None	None	Delivery note. acknowledgement of receipt by beneficiary and ward councillor and signed report

	medication in lusikisiki and Flagstaf by end June 2025	ff by end June 2025																
3.3	Provision of rams to farmers with sheep by December 2024	3.1.5. Number of farmers to be supported with rams by December 2024	12	20	20	N/A	N/A	12	12	N/A	N/A	N/A	N/A	12	12	None	None	Delivery note. acknowledgement of receipt by recipients and ward councillor and closeout report
3.3	Support of farmers to attend Royal shows by end	3.1.6. Number of farmers to be supported to attended royal show	4	2	4	N/A	N/A	N/A	N/A	N/A	N/A	4	0	4	0	The program was cancelled by the organizers	The project manager will ensure that the project of this nature	Attendance register and signed report

	June 2025	by end June 2025														at the last minute	forms part of the departmental sdbip as is amongsts the project that are not within our control and are conducted by the private farming entities	
3.3	Support beekeepers with equipment in ward	3.1.7. Number of beekeepers supported with equipment in	2	N/A	N/A	N/A	N/A	2	0	2	2	N/A	N/A	2	2	None	None	Delivery note. acknowledgement of receipt by recipients and

	09 and 23 by end March 2025	ward 09 and 23 by end March 2025																ward councillor and signed closeout report
3.3	Support fishing cooperatives with cold storage in ward 23(cutwini village) by end June 2025	3.2.1. Number of fishing cooperatives to be supported with cold storage in ward 23(cutwini village) by end June 2025	1	2	2	N/A	N/A	1	0	N/A	N/A	1	0	1	0	The project was advertised and bidders were found to be non responsive in terms of the SCM requirements	The project manager will ensure that during the adjustment of the sdbip in midterm, this project is includ ed in the sdbip and the budget is provided for	Delivery note. acknowledgement of receipt by recipients and ward councillor and signed closeout report

																	implementation. Upon the approval of the sdbip, budget, the project manager will ensure that this project is advertised for the appointment, monitiring during the construction untill the hand over to the	

																	project beneficiaries	
3.3	Support forestry cooperatives with harvesting and firefighting equipment in Lusikisiki and Flagstaff by June 2025	3.2.2. Number forestry cooperatives to be supported with harvesting and firefighting equipdment in Lusikisiki and Flagstaff by end June 2025	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2	2	2	2	None	None	Delivery note. acknowledgement of receipt by recipients and ward councillor and closeout report
3.3	Host 3rd annual tourism promotion event	3.3.1. Number of hosted 3rd annual tourism promotion	1	1	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	None	None	Attendance registers and signed report

	in Lusikisiki by end September 2024	events to be held in Lisikisiki by end September 2024																
3.3	Attend annual tourism trade show to promote local tourist attractions by end June 2025	3.3.2. Number of trade shows to promote local tourist attraction attended by end June 2025	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Attendance registers and report

3.3	Conduct feasibility study and business plan for tourism around Hombe Dam in ward 20 by June 2025	3.3.3. %Completion of feasibility study and business plan for tourism around Hombe Dam in ward 20 by June 2025	100%	N/A	N/A	N/A	N/A	30%	0%	30%	0%	100%	0%	100%	0%	The project was advertised 3 times and bidders were non responsive in terms of SCM requirements	The project manager will ensure that, during the adjustment of the sdbip in midterm, this project is included in the sdbip and the budget is provided for implementation. Upon approval of the sidew	Final feasibility study and business plan

																	alk and budget, the project manager will ensure that this project is advertised for the appointment, monitoring the project until completion in line with the project phases.	
3.3	Construction of the acces	3.3.4. % completion of access	100%	100%	80%	85%	52%	100%	0%	100%	100%	N/A	N/A	100%	100%	None	None	Completion certificate and acknow

	s track to the viewing in ward 23 by end March 2025	track to the viewing deck in ward 23 by end March 2025																ledgement by clr
3.3	Development of costing and designs for livestock trading kraals and cages in Lusikisiki and Flagstaff by end June 2025	3.4.1. % completion of the costing and designs for livestock trading kraals and cages developed in Lusikisiki and Flagstaff by end June 2025	100 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	100 %	100 %	100 %	100 %	None	None	Designs and signed report

3.3	Provide support for Ingquza Hill Local enteprises with tools of trade by end June 2025	3.4.2. Number of local enterprises supported with tools of trade by end June 2025	12	22	9	12	0	N/A	N/A	N/A	N/A	12	0	12	0	The project was not achieved as it was anticipated that the investigation report by the HAWKS would have been finalised	The project will be considered in the next financial year with the hope there will be direction with the said investigation. As it is included in the next financial sdbip	Delivery notes, acknowledgment letters from beneficiaries, and report

3.3	Procurement of business licensing software by end June 2025	3.4.4. Number of business licensing software procured by end June 2025	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1	0	The unit learned that the procurement of software and IT related things must be done by Corporate Services, and Corporate Services had not budgeted for the	Inputs have been submitted in to Corporate Services to include in their budget for the procurement of business licensing software in their is working on consolidating the software with the revenue one	Delivery note and signed closeout report

																procurement of the software in the current FY.	as they are taking over the project. The project manager will ensure that this project is procured and implemented in the next financial year	
	Host pop up markets for local SMMEs	3.5.1 Number of hosted Pop-up markets	2	2	2	N/A	N/A	1	1			1	1	2	2	None	None	Attendance Register and Minutes

3.3	Development of Msikaba coastal Nodal Framework by end June 2025	3.6.1. % completion of developed Msikaba Nodal Framework by end June 2025	100 %	N/A	N/A	N/A	N/A	25 %	25 %	50 %	50 %	100 %	100 %	100 %	100 %	None	None	close out report and completed Msikaba a nodal framework
3.3	Development of Mbotyi coastal Nodal Framework by end June 2025	3.6.2. % completion of developed Mbotyi Coastal Nodal Framework by June 2025	100 %	N/A	N/A	N/A	N/A	25 %	25 %	50 %	50 %	100 %	75 %	100 %	100 %	None	None	close out report and completed Mbotyi coastal nodal framework
3.3	Development of climate change	3.6.3. % completion of developed Climate	100 %	N/A	N/A	N/A	N/A	50 %	50 %	75 %	75 %	100 %	100 %	100 %	100 %	None	None	close out report and Completed Climate

	strategy by end June 2025	strategy by end June 2025																change strategy
3.3	Lay out plan of Author Homes settlement in ward 19 by end June 2025	3.6.4.% completion of layout plan for Author Homes in ward 19 by end June 2025	100 %	N/A	N/A	N/A	N/A	50 %	50 %	75 %	75 %	100 %	75 %	100 %	100 %	None	None	Final Layout Plan and close out report
3.3	Conduct Environmental Impact Assessment (EIA) by end June 2025	3.6.5 % completion of Enviromental Impact Assessment (EIA) by end June 2025	75 %	100 %	45 %	N/A	N/A	N/A	N/A	50 %	50 %	75 %	100 %	75 %	75 %	None	None	Progress Report

3.3	Lay out plan for ext 20 and consolidation ERF 49 with ERF 132 at Lusikisiki by end June 2025	3.7.1. % completion of Layout Plan for Ext 20 with Erf 132 Lusikisiki by end June 2025	100 %	N/A	N/A	N/A	N/A	15 %	15 %	75 %	75 %	100 %	100 %	100 %	100 %	None	None	Final Layout Plan and close out report
3.3	Sub division of ERF93 Flagstaff cemetry by end 2025	3.7.2.% completion of Subdivision of Erf 93 Flagstaff Cemetry by end June 2025	100 %	N/A	N/A	N/A	N/A	30 %	30 %	75 %	75 %	100 %	100 %	100 %	100 %	None	None	Close out report sub division of ERF 93 Flagstaff Cemetery and motivational report

5.6.2.4. Performance score for Financial Viability Management

IDP No.	PROJECT	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL REPORT 2023-24		QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		ANNUAL REPORT 2024-25		REASON FOR VARIENCE	REMEDIAL ACTION	POE
				ANNUAL REPORT	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL REPORT	ACTUAL			
OBJECTIVE: To promote and enhance financial viability																		
4.1.	Preparation and submission of funded annual budget in compliance with budget circular	4.1.1. Number of prepared and adopted funded annual budget in compliance with circulars for 2025/2026 FY	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Signed Council Resolution & A Schedule
4.1.	Preparation and submission of adjustment budget by 28 Februa	4.1.2. Number of submitted adjusted budget adopted by the council	1	1	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	1	1	None	None	Budget Summary and Signed Council Resolution & B Schedule

	ry 2025	by 28 February 2025															
4.1.	Preparation and submission of section 71 financial monthly reports to the Treasury within 10 working days after the end of the month	4.1.3. Number of S71 financial monthly reports submitted to the mayor and Treasury within 10 working days after the end of the month	12	12	12	3	3	3	3	3	3	3	3	12	12	None	None	Signed Quality Certificate and proof of submission
4.1.	Preparation and submission of Section 52 (d) quarterly	4.1.4. Number of S52 (d) quarterly reports submitted to the Council	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	Signed Quality Certificate and proof of submission

	reports submitted to the Mayor and Treasury within 30 days after the end of the quarter	and Treasury within 30 days after the end of the quarter																
4.1.	Preparation and submission of section 72 (mid-term) report submitted to Mayor and Treasury by 25 January 2025	4.1.5. Number of S72 (midt-erm) reports submitted to Mayor and Privincial and National Treasury by 25 January 2025	1	1	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	1	1	None	None	Signed Quality Certificate and proof of submission

4.1.	Preparations and submission of the AFS submitted to Auditor General, National Treasury and Provincial Treasury by 31 August 2024	4.1.6. Number AFS submitted to Auditor General, National Treasury and Provincial Treasury by 31 August 2024	1	1	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	None	None	Acknowledgement letter from AG
4.2.	Payment of creditors within 30 days after receipt and confirmation of invoices monthly	4.2.1 Percentage of valid invoices paid within 30 days after receipt and confirmation of invoices	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	None	None	Creditors Age Analysis

4.3.	Increase for revenue collection from the previous financial year by end June 2025	4.3.1 % increase for revenue collection from the previous financial year by end June 2025	80%	80%	86%	80%	52%	80%	64%	80%	61 %	80 %	77%	80%	77%	The debt collection drive that the municipality embarked upon did not receive sufficient responses to impact on collection rate	Continue with the implementation of revenue collection strategies, including giving a specific focus to commercial property owners	Revenue Collection report
4.3.	Review of Budget and Treasury related Policies by end June 2025	4.3.2. Number of Budget and Treasury related policies reviewed and council by end	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Signed Council Resolution

		June 2025															
4.5.	Confirmation of insurance for all Municipal Assets by end June 2025	4.5.2. Number of confirmations of Insurance for Municipal Assets by end June 2025	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	Confirmation of insurance for all Municipal Assets
4.6.	Implementation of activities in the procurement plan by end June 2025	4.6.1. % implementation of activities in the Procurement Plan by end June 2025	85%	85%	54%	85%	15%	85%	21%	85%	22 %	85 %	32%	85%	32%	There has been a continued challenge of the alignment of the procurement plan to the SDBIP, and crafting of the	Management has developed a new procurement plan for the 2025/26 FY, wherein there is alignment, and targets set are SMART and	Quarterly progress report on Procurement Plan.

																targets in the procurement plan	can be reported on.	
4.7	Unqualified Audit Opinion with matters of emphasis	4.8.1 Achievement of Unqualified Audit Opinion with matter of emphasis	1	1	0	N/A	N/A	1	0	N/A	N/A	N/A	N/A	1	0	The municipality's audit opinion was qualified, not unqualified. Hence, the target was not achieved.	The municipality administration will monitor the implementation of the audit action plan and also start early the process of audit readiness to ensure that the target set is achieved in	Auditor Geral Management letter and AGSA report

																	2024-2025 FY.	

5.6.2.5. Performance for Good Governance and Public Participation

ID P No.	PROJECT	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL REPORT 2023-24		QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		ANNUAL REPORT 2024-25		REASON FOR VARIENCE	REMEDIAL ACTION	POE
				ANNUAL REPORT	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL REPORT	ACTUAL			
Ojective: To promote good governance and public participation																		
5.1	Review of institutional quarterly performance	5.1.1. Number of institutional quarterly reports to be reviewed by Management	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	Attendance register and signed minutes

5.1	Review of institutional monthly performance	5.1.2. Number of institutional monthly perfomance reports to be reviewed by Management	12	12	12	3	3	3	3	3	1	3	3	12	10	The monthly reports for January and February were not discussed by the management due to other critical issues that needed to be discussed by the management.	The project manager to ensure that the municipal calendar is adhered to allow that monthly reports are discussed.	Attendance register and signed minutes
5.1	The tabling of reports	5.1.3. Number of reports	7	7	7	1	1	2	2	3	3	1	1	7	7	None	None	Council attendance

	to the Council	to be tabled to Council															register and signed minutes
5.2	Sitting of IDP meetings	5.2.1. Number of IDP meetings held.	5	9	7	2	1	2	2	2	2	1	1	5	6	This was an additional meeting for the stakeholders which was not planned in the Financial Year.	None	Attendance register and signed minutes
5.2	Departmental strategic planning sessions	5.2.2. Number of Departmental Strategic Planning Sessio	6	6	6	N/A	N/A	6	0	N/A	6	N/A	N/A	6	6	N/A	N/A	Consolidated Strategic Report and Attendance Register

		ns to be held																
5.2	Institutional strategic planning session	5.2.3. Number of Institutional Strategic Planning Sessions to be held	1 strat plan and 1 Exco Lekgotla	1 strat plan and 1 Exco Lekgotla	1 strat plan and 1 Exco Lekgotla	N/A	N/A	N/A	N/A	1 strat plan and 1 Exco Lekgotla	1 strat plan and 1 Exco Lekgotla	N/A	N/A	1 strat plan and 1 Exco Lekgotla	1 strat plan and 1 Exco Lekgotla	N/A	N/A	Attendance Register and signed Report
5.3	Implementation of the Internal Audit Plan	5.3.1.1. % implementation of Internal Audit Plan	100%	100%	79%	25%	15%	50%	43%	75%	43%	100%	100%	100%	100%	None	None	Monthly Internal Audit Activity Report
5.3	Preparation of 2024/25 FY Internal Audit Plan	5.3.1.2. Number of Internal Audit Plans prepared and approved by Audit	1	1	0	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Signed Internal Audit Plan

		and Risk Committee															
5.3	Establishment of Anti-Fraud Hotline	5.3.2.1. Number of Anti-Fraud Hotlines to be established	1	1	0	1	0	N/A	N/A	N/A	N/A	1	0	1	0	The tender was non responsive	The project manager will ensure that the project is re-advertised and do monitoring throughout the implementation of the project.	Fraud Hotline number and appointment letter

5.3	Implementation of the approved risk management plan	5.3.2.2. % Implementation of the approved risk management plan	100 %	100 %	90 %	25 %	20 %	50 %	45 %	75 %	50 %	100 %	90 %	100 %	90 %	The plan was not achieved due to the target of the establishment of a Fraud Hotline, which was not achieved due to the tender being non-responsive.	The project manager will ensure that the project is re-advertised and monitored throughout the implementation of the project.	Signed Risk Management Report
5.4.	Implementation of litigation management	5.4.1. % implementation of litigation	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	None	None	Attendance register instruction letter

	strategy	management strategy																and Report
	Siiting of section 80 committees	5.5.1. Number of section 80 committee meeting held	29	N/A	N/A	9	9	8	8	6	16	6	6	29	39	There were more portfolio committees held due to the important matter that needed to be discussed.	None	Attendance Register & Minutes
	Sitting of Section 79 committees	5.5.2. Number of Section 79 committee meeting held	4	N/A	N/A	1	3	1	4	1	3	1	3	4	13	There were more meetings held by MPAC as Site/project	None	Attendance Register & Minutes

																visits were conducted to identify projects. Other meetings were for Member's Interests and Women's Caucus Committees.		
5.5.	Sitting of Council Meetings	5.5.3. Number of Council committee meeting held	12	47	50	2	5	3	4	3	3	4	4	12	16	There were more Council meetings as some of the Items were	None	Attendance register and muntes

														urgent.		
	Sitting of Audit Committee Meetings	5.5.4. Number of Audit Committee Meetings held	10	N/A	N/A	6	4	1	3	2	2	1	4	10	13	The audit committee meeting had more meetings held to fast-track the implementation of the approved internal audit plan.	None	Attendance register and minutes
5.6.	Language Awareness Programmes	5.6.1. Number of Language Awareness programmes	2	N/A	N/A	1	0	N/A	N/A	N/A	N/A	1	1	2	1	The language awareness session which was due to	The project Manager will ensure that in the next financi	Attendance register and signed report

		to be held														be held in the first quarter was not held due to the fact that the program of the annual tourism event was impacted.	al year, the date for the implementation of the program will be held separately not linked to the other program.	
5.6	Sitting of Local Communicators forum	5.6.2. Number of Local Communicators Forums held	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	Meetings & Attendace minutes

5.6	Annual review of Communication Strategy.	5.6.3. Number of Communication Strategies revied and adopted by council	1	1	1	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Copy of reviewed Communication Strategy and signed council resolution
5.6.	Sitting of IGR Meetings	5.6.4. Number of IGR Forums held	4	4	4	1	0	1	1	1	1	1	1	4	3	The target which was set was for the four (4) meetings. Unfortunately, the meeting for the first quarter was not	The project manager will ensure that meetings of the IGR are included in the municipal calendar of 2025-	Meetings & Attendance register

																convened due to many programs that were taking place within the municipality.	2026 FY.	
	IDP and Budget Roashows	5.7.1. Number of IDP and Budget Roadshows held	1	1	1	N/A	N/A	N/A	N/A	1	0	N/A	1	1	1	None	None	Attendance registers and community Inputs
5.7.	Mayoral Campaigns - Public consultation through EXCO Outreach	5.7.2. Number of Public consultations through EXCO Outreach.	1 EXCO Outreach	1	0	N/A	N/A	1 EXCO Outreach	0	N/A	1 EXCO Outreach	N/A	N/A	1 EXCO Outreach	1 EXCO Outreach	None	None	Attendace and signed Reports

5.7.	Public Participation Activites	5.7.3.% implementation of public participation activities	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	None	None	Attendance Register and signed Reports
5.8	Sectoral events to promote socal cohesion	5.8.1. Number of sectoral events to promote social cohesion	10	N/A	N/A	3	3	3	3	2	2	2	2	10	10	None	None	Attendance Register and signed Report

5.6.2.6. Performance Score for Social Services

IDP No.	PROJECT	KEY PERFORMANCE INDICATOR	ANNUAL TARGET	ANNUAL REPORT 2023-24		QUARTER 1		QUARTER 2		QUARTER 3		QUARTER 4		ANNUAL REPORT 2024-25		REASON FOR VARIENCE	REMEDIAL ACTION	POE
				ANNUAL REPORT	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	TARGET	ACTUAL	ANNUAL REPORT	ACTUAL			
6.1	Issuing of Traffic Fines.	6.1.1. Number of traffic fines issued	1600	1600	2,015	400	440	400	664	400	500	400	1014	1600	2618	Increased number of Road users who do not obey National Road Traffic Act.	Increase target for the upcoming FY	Traffic Fines Registers
6.2	Vehicle Registration & Licensing	6.2.1. Number of motor vehicles licensed	9500	9500	15,241	2250	4297	2700	4137	2300	4572	2250	3139	9500	16145	High tunrup volume of people in need for vehicle licencensing.	None	RD 329 Reports

6.2	Examination of Learners licence	6.2.2. Number of learners licences examined	1500	3100	3063	375	728	375	574	375	821	375	580	1500	2703	High turnup volume of people needed to do leaners licenses due to the closure of schools.	None	RD 329 Reports
6.3	Implementation of road safety programs	6.3.1. Number of road safey programs implemented	2	N/A	N/A	N/A	N/A	1	1	1	0	N/A	1	2	2	None	None	Signed Report and Attendance register
6.2	Development of community safety plan	6.3.2. Number of community safety plans developed	1	N/A	N/A	1	0	N/A	1	N/A	N/A	N/A	N/A	1	1	None	None	signed close out report and final completed safety plan
6.3	Gazetting of Integrated Waste Manag	6.3.3. Number of times Integrated Waste	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1	0	Submitted to government printers for	Continuous follow up until the	Signed Report on gazetted by-law

	ement by-laws	Management by-laws gazetted.														publication and waiting for a response and gazetting.	gazzet is out.	
6.3	Review of Cemetery Management by-law.	6.3.4. Number of Cemetry By-Laws reviewed.	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1	0	Areas of review have been identified but could not proceed due to advice from the OR Tambo legal team who are responsible for reviewing the bylaws.	The project will be finalised in the next finacial year	Signed Report on reviewed by-law.

6.4	Support Community Police Forums (CPF) through CPF equipment.	6.4.1. Number of times CPF equipment is procured and distributed to CPFs	1	1	2	N/A	N/A	N/A	N/A	1	0	N/A	N/A	1	0	The CPF material was delivered towards the end of June 2025, and it was distributed during the Month of July 2025.	The project Manager will ensure that procurement process as to meet all the requirement of the POE's as stipulated in the SDBIP	Distribution register and delivery note and signed report
6.4	Crime prevention awareness campaigns	6.4.2. Number of crime prevention awareness campaigns conducted	4	4	6	1	1	1	1	1	1	1	1	4	4	None	None	Attendance registers and signed report
6.5	Provision of equipment and identifiable clothin	6.5.1. Number of equipment and identifiable	1	1	1	N/A	N/A	1	1	N/A	N/A	N/A	N/A	1	1	None	None	Distribution register and delivery note and

	g for 26 lifeguards and 12 coastal patrollers	clothing for 26 lifeguard and 12 coastal patrollers.																signed report
6.6	Celebration in LIASA events	6.6.1. Number of LIASA events celebrated	3	3	4	1	1	N/A	N/A	1	1	1	1	3	3	None	None	Attendance registers and signed report
6.6	Promotion of literacy through book launches	6.6.2. Number of book launches to be held	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	N/A	N/A	1	1	None	None	Signed Report and Attendance register
6.7	Waste Management Awareness Campaigns	6.7.1. Number of waste management Awareness campaigns conducted	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	Attendance registers and signed report
6.7	Employment of EPWP casuals	6.7.2. Number of times EPWP casual	2	2	2	1	1	N/A	N/A	1	1	N/A	N/A	2	2	None	None	Employment contracts

		employed																
6.7	Reporting waste generated in the municipality to SAWIS	6.7.3. Number of times waste generated is reported to SAWIS	4	4	4	1	1	1	1	1	1	1	1	4	4	None	None	SAWIS submission screen
6.7	Provision of Tree felling services for IHLM	6.7.4. Number of times tree felling is conducted.	1	1	1	N/A	N/A	N/A	N/A	1	1	N/A	N/A	1	1	None	None	Completion report from both parties
6.8	Promotion of sports through sports events	6.8.1. Number of sports events hosted	2	2	4	1	1	N/A	N/A	N/A	N/A	1	1	2	2	None	None	Attendance register and signed report
6.8	Assistance of federations and players	6.8.2. Number of federations and players assisted	5	5	10	1	2	1	1	1	1	2	4	5	8	Increased number of federations who needed Munici	None	Register for the list of federations assisted and request

																pal assistance		letter for assistance and signed closeout report
6.8	Support of Arts and Culture groups and events	6.8.3. Number of arts and culture groups and events supported	4	4	7	1	1	1	2	1	2	1	1	4	6	The department has received more requests than was anticipated.	None	Attendance register and signed report and request letter for assistance
6.8	Provision of Early Childhood Development learning material	6.8.4. Number of Early Childhood Development centres supported with learning material	6	6	6	N/A	N/A	N/A	N/A	6	6	N/A	N/A	6	6	None	None	Distribution register and signed report

6.8	Provision of Boundary Wall to clearly demacate VTS, RA from the DLTS	6.9.2. Number of boundary walls to be constructed	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1	0	The department has constructed a temporal boundary as a temporal measure as the department of transport wanted to do an assessment for the upgrade of the DLTC. The project for the construction will be done in the	The project manager will ensure that preparation of the scm process for the construction starts early in the next financial year, 2025-2026 FY, and further ensure that the monitoring of the implementation is done, assisted by the	Completion certificate and acknowlegment letter from Cllr

														next financial year.	planning department.	
6.8	Provision of protective clothing for Waste, Traffic and Security Personnel	6.9.4. Number of times protective clothing is provided for Waste, Traffic and Security personnel.	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	None	None	Delivery note, distribution register and signed report
6.8	Fencing of the 2451.6 m2 pound in Flagstaff ward 06	6.9.5. Number of 2451.6 m2 pounds to be fenced	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	0	1	0	The department's preparations for the implementation projects started late in quarter four of 2024-	The project manager will liaise with SCM for the finalization of the procurement process. The department	Completion certificate and acknowlegment letter from Cllr

																2025 FY.	will also ensure that monitoring is done even after the suitable service provider has been appointed. The target will be included in the SDBIP of 2025-2026 FY	
6.8	Supply and installation of 80 Street litter bins for ward 06 and	6.10.1. Number of street litter bins to be procured for ward 06 and 15 (CBD)	80	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	80	0	80	0	The SCM Committees sat and there was no suitable service provide	The project manager will facilitate the procurement process for the	Delivery note and signed report

	15 (CBD)															d found in the bidders.	advertisement for the tender and follow-up until a suitable service provider is appointed in 2025-2026 FY, possible in the second quarter.	
6.8	Provision of refuse bags for refuse collection	6.10.2. Number of times refuse bags for refuse collection procured	2	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1	2	2	None	None	Delivery note and signed report

6.8	Procurement of Wheely bins for rate payers	6.10.3. Number of wheely bins to be procured for rate payers	1000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1000	100	1000	100	The need analysis conducted by the department necessitated the department to purchase 100 instead of 1000 wheel bins.	The need analysis conducted by the department necessitated the department to purchase 100 instead of 1000 wheel bins.	Delivery note and signed report
6.8	Procurement of 10 Grass Cutting Machines	6.11.1. Number of Grass Cutting machines to be provided.	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10	10	10	10	None	None	Delivery note and signed report
6.8	Provision of chairs for four(4) community Halls in	6.12.1. Number of chairs to be provided for Four(4) Community	1000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1000	0	1000	0	The SCM Committees sat and there was no suitable	The project manager will facilitate the procurement proces	Delivery note, distribution register and signed report

	wards 4, 19, 21 & 8	Halls in wards 4,19, 21 & 8													service provided found in the bidders.	s for the advertisement for the tenders and follow-up until a suitable service provider is appointed in 2025-2026 FY.	
6.8	Procurement of containers storage for three(3) beaches at Msikaba, Mbotyi (ward 23) and Mkamb	6.13.1. Number of containers storage for three(3) beaches at Msikaba, Mbotyi (ward 23) and Mkambhathi (ward 25) provided	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3	0	3	0	The appointed service provider started later than anticipated, and the project overlapped until the next	Continuous facilitation and communication with the service provider to finish the project in July 2025.	Delivery note and signed report

	hathi (25)															financi al year.		

CHAPTER 6: CHAPTER: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

6.FINANCIAL HEALTH OVERVIEW OF THE MUNICIPALITY

The Municipal Finance Management Act No.56 of 2003 is intended to secure sound and sustainable management of financial affairs of the municipality, to establish Treasury norms and standards for the local sphere of government. The IHLM has endeavored to adhere to the prescripts of this act to ensure its financial health. The complete set of the annual financial statements is attached as an annexure to the annual report. However, the following can be highlighted in relation to the financial health of the municipality as at the end of June 2024: -

6.1. THE FINANCIAL PERFORMANCE OF THE MUNICIPALTY FOR THE YEAR 2023/24

The municipality generated a total revenue of over R481,6 million for the 2023/24 financial period, up from R451 million in the prior year. The revenue generated by municipality is comprised significantly by grants and subsidies, which were R406 million. This points to the fact that the municipality is heavily dependent on grant funding, and as such strategies need to be devised to reduce the dependency on grants.

The following table is the breakdown of the grants received for the year under review, with comparative figures from the prior periods: -

6.3. THE AUDIT OUTCOMES – 2024/25 FY (that will be updated after finalization of the Audit)

The IHLM achieved a Qualified audit opinion after the audit carried out by the Auditor General for the same period. This represents stagnation as the municipality also achieved the same audit outcome from the 2022/23 financial year.

It is worth noting though, that although there has been stagnation, there are several positives that have been achieved, and valuable lessons learnt, paving a way for an improved audit outcome. These include: -

- The completion of the planning and execution of the audit within the legislated period. This is after the audit report was issued way after 30 November in the two preceding financial periods.
- The considerable reduction of qualifying paragraphs to only 3, though admittedly the issues raised are critical and require immediate attention from management.
- The improvement in the submission of requested supporting information to the auditors.

The municipality can only utilize these positives as a steppingstone into better and improved audit outcomes. The detailed audit report and audit action plans are attached to subsequent paragraphs.

6.4. SUPPLY CHAIN MANAGEMENT

The IHLM has a Supply Chain Management unit established within the Budget and Treasury Office as required by the MFMA. The unit is functional, though it is hampered by a few issues, one of which is the vacancy rate, including very critical positions like the Manager: SCM.

A procurement plan was developed before the start of the financial year under review, some targets of procurement per the plan were achieved and others not. There has been an increased plea to the user department to ensure accuracy of their submitted plans, appropriately aligned to the IDP and SDBIP.

Also of concern, was the sitting of the bid committees during the year under review. This was mainly impacted upon by the vacancies at senior management level as well, with the acting of various individuals at different intervals.

1. THE AUDIT REPORT – 2024/25

As already indicated in the preceding paragraphs, the municipality was audited by the Auditor General for the financial period 2024/25, and the AG expressed a qualified audit opinion. The whole detail of the report is table

INGQUZA HILL LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to Eastern Cape Provincial Legislature and Council on Ingquza Hill Local Municipality

Report on the audit of the financial statements

Qualified opinion

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

2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Ingquza Hill Local Municipality as at 30 June 2025, and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 24 of 2024 (Dora).

Basis for qualified opinion

Property, plant and equipment

3. The municipality did not account for Property, plant and equipment in accordance with GRAP 17, *Property, plant and equipment*. The prior year depreciation expense was not calculated correctly resulting in an understatement of depreciation and overstatement of Property, plant and equipment. Furthermore, assets were not adequately assessed for impairment in the current and prior year resulting in an incorrect impairment loss recorded in the annual financial statements. Consequently, I was unable to determine whether any further adjustments were necessary to the Property, plant and equipment stated at R837,0 million (2024: R762,5 million) in note 8 to the annual financial statements, the depreciation and amortisation expense stated at R56,0 million (2024: R51,5 million) in note 29 to the annual financial statements and the prior year adjustments in note 37 to the annual financial statements.

Context for opinion

4. 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.

5. 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.

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

Emphasis of matter

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

8. As disclosed in note 31 to the annual financial statements, there was a material debt impairment amounting to R18,8 million (2024: R11,9 million).

9. As disclosed in note 49 to the annual financial statements, there was a material irregular expenditure amounting to R19,2 million (2024: R19,2 million).

Other matter

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

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

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going 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.

A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 14 to 15, forms part of my auditor's report.

Report on the audit of the annual performance report

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

16. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected key performance areas that measures the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key performance areas	Page numbers	Purpose
Basic service delivery and Infrastructure	XX	To provide basic service delivery through infrastructure development in an environmentally friendly manner
Planning and local economic development	XX	To promote local economic development

17. I evaluated the reported performance information for the selected key performance areas 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.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included

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

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

20. The material findings on the reported performance information for the selected key performance areas are as follows:

Planning and local economic development

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

Basic service delivery and infrastructure

1.1.13.1. % Completion of Installation of electricity infrastructure in 133 h/h in Ward 18 at Fama, Vabetsho and Ntongwana by end of June 2025

22. An achievement of 90% was reported against a target of 100% but the audit evidence showed the actual achievement to be 100%. The achievement against the target was better than reported.

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.

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

Basic service delivery and infrastructure

Targets achieved: 82% *Budget spent: 79%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
1.1.2.10. % completion of regravelling of 10km Ndzaka to Mbhadango via Giniswayo Access Road in Ward 11 by end of June 2025	100%	68%
1.1.4.2. % completion of 6km Surfacing of Lusikisiki internal streets-Phase 3 in Ward 15 at Lusikisiki Town by end of June 2025	60%	55%
1.1.5.1 % completion of 0,23ha multipurpose sports field at Mavaleleni village in Ward 2 to be constructed by end June 2025	100%	80%
1.1.5.3. % completion of construction of Zone 5 2ha sports field Phase 1 at Malangeni village in Ward 16 by end of June 2025	100%	30%
1.1.10.1 % completion of construction of Lusikisiki Town Hall (phase 2) with 2500m2 floor size in Ward 19 at Lusikisiki Town by end of June 2025	75%	30%
1.1.10.2. % completion of construction of 2500m2 Flagstaff Town Hall (Phase 2) at Flagstaff Town in Ward 6 by end of June 2025	100%	94%
1.1.13.1. % Completion of installation of electricity infrastructure in 133 h/h in Ward 18 at Fama, Vabetsho and Ntongwana by end of June 2025	100%	90%
1.1.13.5. % Completion of installation of electricity Infrastructure in 150 h/h in Ward 17 at KwaDick village by end of June 2025	100%	82%
1.1.1.8.1. % completion of 24m long bridge in Ngonyameni to Maqanyeni in Ward 11 by June 2025	10%	0%

Planning and Local Economic Development

Targets achieved: 69% *Budget spent: 83%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
3.1.2. Number of Agricultural project metres to be fenced (Wards 2, 8,12, 21 (Ingwe farm) and 32 by end of June 2025	14 hectors	10 hectors

3.1.3. Number of boreholes constructed in Ward 20 and 26 by end of June 2025	2	1
3.1.3.1. Number of boreholes to rehabilitated in Ward 28 by end of March 2025	1	0
3.1.6. Number of farmers to be supported to attended royal show by end of June 2025	4	0
3.2.1. Number of fishing cooperatives to be supported with cold storage in Ward 23 (Cutwini village) by end of June 2025	1	0
3.3.3. % completion of feasibility study and business plan for tourism around Hombe Dam in Ward 20 by June 2025	100%	0%
3.4.2. Number of local enterprises supported with tools of trade by end of June 2025	12	0
3.4.4. Number of business licensing software procured by end of June 2025	1	0

Material misstatements

26. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery and infrastructure as well as the planning and local economic development. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

27. 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.

28. 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.

29. 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.

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

Annual financial statements, performance reports and annual reports

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

Asset management

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

Strategic planning and performance management

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

Procurement and contract management

34. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA. Similar limitation was also reported in the prior year.

35. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management as required by section 116(2)(c)(ii) of the MFMA. Similar limitation was also reported in the prior year.

36. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM Regulation 46(2)(e) and the code of conduct for staff members issued in terms of the Municipal Systems Act.

Other information in the annual report

37. The accounting officer is responsible for the other 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 key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

40. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, 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

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

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

43. Document management, as well as daily disciplines, continues to be a challenge for the municipality, as the supporting schedules used to prepare the financial statements, performance information and procurement and contract management were not complete and accurate in all instances. This was evident as the fixed asset register of the municipality included numerous issues, including depreciation not accounted for, assets which were not impaired as requirement by the approved impairment methodology, and negative depreciation calculations. In addition, there seems to be a lack of timely reviews of information used in the preparation of the financial statements and the annual performance report.

44. Management did not adequately implement to all the recommendations of the audit committee and internal audit unit which impacted the effectiveness of these governance structures and resulted in repeat audit findings being raised by the auditors.

45. Management did not adequately implement their action plans in order to address shortcomings in compliance and internal control deficiencies that were identified in previous financial periods, which resulted in recurring misstatements and findings on the annual financial statements, annual performance report and compliance with legislation.

Material irregularities

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

Status of previously reported material irregularities

Uneconomical use of VAT consultants

47. The municipality did not comply with section 62(1)(a) of the MFMA, which states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality and must, for this purpose, take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently, and economically. The municipality also did not comply with regulation 5(5)(a) of the Municipal Cost Containment Regulations, which states that when consultants are appointed, an accounting officer must appoint consultants on a time and cost basis with specific start and end dates.

48. The municipality appointed a service provider on 19 February 2021, to provide VAT returns and recovery services on a contingency fee agreement. Between 2021–22 and 2022–23 financial years, the municipality paid an amount of R8,2 million, resulting in a financial loss as the municipality did not comply with section 62(1)(a) of the MFMA and Municipal Cost Containment Regulations 5(5)(a).

49. I notified the accounting officer of the MI on 22 March 2023 and invited him to make a written submission on the actions taken.

50. On 30 March 2023, the accounting officer tabled the matter before the council, which then referred the matter to the Municipal Disciplinary Board for investigation.

51. On 4 May 2023, the disciplinary board of the Ingquza Hill Local Municipality received a request from council to look into the MI which was issued on 22 March 2023 regarding compensation of VAT consultants on a commission basis and various matters as outlined in the MI notification letter.

52. On 21 June 2024, the Municipal Disciplinary Board submitted their findings to the council and made recommendations which were similar to the issues raised. However, the report was not detailed enough and it did not provide the detailed response that suited the expectations of the council.

53. On 23 August 2024 the council resolved that the MI be referred to the municipal public accounts committee (MPAC) for further investigation. The MPAC was required to work with internal audit, audit committee, other council committees, state institutions and departments to finalise the investigation and the investigation report be presented to the council before 20 September 2024.

54. On 30 September, the MPAC and audit committee tabled their report to the council.

55. On 18 October 2024 the MPAC and audit committee report was submitted to me for assessment. I have also received a further submission on 22 July 2025 as additional information which supports the MPAC and audit committee report.

56. I have received the written submission on 18 October 2024 & 22 July 2025. I have considered the representations made and the substantiating documents provided and have decided not to pursue this matter further as an MI.

Other reports

57. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

58. There is an ongoing investigation conducted by the Hawks relating to the LED Grant Funding.

59. There is an ongoing investigation conducted by the Forensic Investigations, Consulting & Risk Advisory Services relating to the unauthorised debit orders.

Auditor-General

East London

30 November 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

#	Selected legislation and regulations	Consolidated firm level requirements
1	Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
2	MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
3	MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
4	MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)
5	MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
6	Construction Industry Development Board Act 38 of 2000	Section: 18(1)
7	Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
8	Division of Revenue Act 24 of 2024	Sections: 11(6)(b), 12(5), 16(1); 16(3)
9	Municipal Property Rates Act 6 of 2004	Section: 3(1)

10	Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
11	MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
12	MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
13	MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
14	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
15	MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
16	MSA: Municipal Systems Regulations, 2001	Regulation: 43
17	Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
18	Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
19	Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2),11(1), 11(2)
20	Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

THE AUDIT ACTION PLAN

Tabled hereunder is the audit action plan that has been developed by management, presented to the various council committees within the municipality and will be implemented to address issues raised by the AG: -

Financial Year: 2024/2025
Annexure: Matters Affecting Audit Report
Audit Action Plan Status: All
Implementation Status: Not Yet Started|In Progress|Completed|Agreed Findings Addressed

Finding	Amount	Finding Details	Recommendation	Responsible Person	Due Date Imp	Action Plan
COAF 6 of 2025 1. HR Business Process: Internal Control Deficiencies		The following issues were noted on the HR business process: 1. The remuneration list is indicated that is being approved by the following signatures as per the business process:- preparer the junior accountant- reviewer (Expenditure Accountant)- approver the CFOHowever, the is no evidence of this approval on the remuneration list submitted. 2. The business process indicates that the reconciliation is verified by the HR Manager and approved by the Director: Corporate Service. However, as	Management should implement the business processes that have been submitted to the auditors.	Sikho Mzana	31/Mar/2026	1. Management will strengthen the internal control reviews to all the underlying schedules.

		per the reconciliation submitted, the is no evidence of verification by the HR Manager and approval by the Director Corporate Services.				
COAF 6 1. Planning: Payroll Business Process: HR Plan not reviewed		The municipality did not have a reviewed HR plan for the 2024/25 financial year. The municipality did not review the HR plan in the 2024/25 financial year, it was last reviewed in the 2021 financial year.	It is recommended that the municipality reviews the HR plan annually in order to support service delivery objectives and to ensure the right people with the right skills are in place, meet legal and compliance obligations and promote employee development and institutional stability	Sikho Mzana, Miranda Matubatuba, Thulisile Mpatheni	28/Feb/2026	The HR Plan has been reviewed in the 2025/26 Financial year and was adapted by the Council on the 30 June 2025.

COAF 14 OF 2025 Executio n: PPE: Prior year Impairm ent loss		During the audit of the prior year a financial period, auditors identified a material misstatement for impairment as management did not recognize impairment in their financial statements while there were clear indicators of impairment that were identified from the FAR and through physical verification by the auditors. Management was then afforded a chance to make the assessment and provide the auditors with their impairment calculation, however, the calculation that was provided did not cover the entire population of municipal assets and there were also errors that were noted on the calculation and then this was rejected by the auditors and a qualification paragraph was reported on the audit report.During the current year audit, we have noted that management did not restate their AFS for impairment loss and only conducted an impairment assessment for the	Management should ensure that the requirements of GRAP 21 and GRAP 3 are appropriately applied and also they should ensure that the impairment methodology is consistently applied on all assets of the Municipality. Management should first consider all sources available to them as at year end before concluding that it is impossible to conduct as restatement and also GRAP 03 provide clear guidelines in terms of when it should be impracticable to conduct a restatement correction on the AFS.	Sikho Mzana, Buhle Fikeni	30/Apr/ 2026	1.Management will be using the asset verification and conditional assessment report from the verification results of 2024 and 2025. 2.Perform a comparison test of the conditions between the 2024 Restated register and 2025 Registers. 3.Where discrepancies are identified, update the conditions to reflect the accuracy of the verification results. 4.To utilise the developed impairment methodology which will be in line with GRAP Standards to calculate the recoverable amount and compare it with the carrying amount to determine the impairment for 2024 and 2025.

		current year and then disclosed the following regarding the prior year impairment loss:“Error 5: Management acknowledged the audit finding raised on impairment of assets in prior year. In terms of paragraph 20 of GRAP 21 standard, the municipality must assess at each reporting period whether there is any indication that assets may be impaired. If any such indication exists, the municipality must estimate the recoverable service amount of the assets.It was impossible to roll backwards and establish the indicators retrospectively due to timing differences. It was concluded in October 2024 that its impractical to have a conditional assessment for 30 June 2024. The full conditional assessment was performed in current year which includes all assets identified by auditor general in previous audit engagement and impairment loss was				5. To Process the adjustments in relation to the impairment and prepare the prior period file (supporting documents)

		processed on those assets found to have indicators of impairment."We then sent our RFI(E) 24 of 2025 in order toobtain information and an understanding of what management has done in order to address the prior year qualification and the following response was provided:"This was impossible to establish the conditions of assets as of 30 June 2024. Management assessed all assets for impairment as of 30 June 2025. This process included those assets identified in prior financial year and impairment loss was calculated on all assets identified to be impaired. This processed was guided by the approved impairment methodology ofthe municipality."We then assessed the above responses with the principles of GRAP 03 relating impracticability in respect of retrospective application and retrospective restatement and confirmed that the				

		requirements are not met due to the following:Ø Municipality conducted a physical verification of assets during the 2023/24 financial year and a report was compiled and signed by the CFO on 30 August 2024 and the ground work as per the report was conducted between 8 April 2024 and 31 May 2024 meaning that there is information available to the auditee that they can use to calculate the prior year impairment loss and this information was available to them before the 30th of June 2024.Ø The auditee has a methodology in place that they can use to calculate the impairment loss and their report was compiled to an extent that the conditions of the assets are clearly stated in such as way that the auditee is able to calculate the impairment loss for each asset that was verified as per their methodology.So, based on the above, it is clear that management only considered the requirement of GRAP				

		21 in their conclusion and not GRAP 03. Also, as detailed above, it is possible for the municipality to assess the impairment and conduct the calculation and there is information available for use by the municipality in order for them to properly conduct the calculation and restate their financial statements. We do not believe that the conclusion reached by management was made on an asset by asset basis as required by the GRAP standards.				

COAF 20 PPE: Assets incorrectly valued at 30 June 2024		1. During the audit of opening balances for infrastructure assets (specific and remaining population) we selected a sample of assets and others were selected specifically and performed a recalculation of asset carrying values at 30 June 2024 using the information in the fixed assets register submitted for audit as well as the guidelines as stated in the asset management policy of the municipality together with the accounting policy disclosed on the 2024/25 financial statements. Based on the audit work performed we identified that the assets listed on the annexure were not correctly valued at 30 June 2024 as the depreciation amount is incorrectly calculated. Please refer to Annexure A and B for calculations. 2. During the audit of opening balances for movable assets and community assets, we selected a sample of assets and performed a	Management should ensure that the assets in the fixed assets register are reviewed thoroughly every year and before the asset register is finalized to ensure that the figures presented in the AFS are accurate and properly valued in terms of the applicable GRAP principles. It is recommended that management should always endeavour to apply the GRAP principles strictly pertaining to the valuation principles for assets as stipulated in GRAP 17.	Sikho Mzana, Buhle Fikeni	30/Apr/ 2026	1. To align the original Useful lives in the fixed asset register to the asset management policy of the Municipality. 2.Confirm the Remaining useful lives of the assets as at beginning of 2024.This will be done through the recalculation of the remaining useful life using the acquisitions dates. 3.Where discrepancies identified, make the necessary adjustments to make the corrections. 4.Recalculate the depreciation for the 2024,2025 and 2026 period. Where the assets are affected by impairment adjustments, factor this in the recalculation. 5.Process the above changes into the system and further pass the relevant journals related to the

		recalculation of asset carrying values at 30 June 2024 using the information in the fixed assets register submitted for audit as well as the guidelines as stated in the asset management policy of the municipality together with the accounting policy disclosed on the 2024/25 financial statements. Based on the audit work performed we identified that the assets listed on the annexure were not correctly valued at 30 June 2024 as the depreciation amount is incorrectly calculated. Please refer to Annexure C and D for calculations.				adjustments. 6.Prepare the prior period error file, that contains all the relevant schedules supporting the adjustments.
COAF 21 of 2025 PPE: Differences noted between FAR and AFS	112 650	The following differences were noted between the fixed asset register and the annual financial statements:Motor VehiclesDepreciation-1 986 670,93-1 874 021,00-112 649,93	It is recommended that management ensures that the financial statements are adequately reviewed prior to submission for audit. Management should further ensure that the financial statements submitted to the auditors	Sikho Mzana, Buhle Fikeni	30/Apr/ 2026	1. Management will strengthen the review processes to detect any possible errors found between FAR and AFS. 2. During the submission Management will ensure the submission of accurate and complete supporting schedules/documentation/ fixed asset

			are accompanied by accurate and complete supporting schedules/documentation/ fixed asset register			register in-line with the submitted AFS.
COAF 22 PPE: Differences noted in the depreciation expenses		1. During the audit of Depreciation expense, we selected a sample of assets and performed a recalculation of the depreciation amount for 2025 using the information in the fixed assets register submitted for audit as well as the guidelines as stated in the asset management policy of the municipality together with the accounting policy disclosed on the 2024/25 financial statements. Based on the audit work performed we identified that the assets listed on the annexure that depreciation was incorrectly calculated for the current year 2024/25.Please refer to Annexure A for calculations.2. During the audit of opening balances for building assets, we selected a sample of	Management should ensure that the assets in the fixed assets register are reviewed thoroughly every year and before the asset register is finalized to ensure that the figures presented in the AFS are accurate and properly valued in terms of the applicable GRAP principles. It is recommended that management should always endeavour to apply the GRAP principles strictly pertaining to	Sikho Mzana, Buhle Fikeni	30/Apr/ 2026	1. To align the original Useful lives in the fixed asset register to the asset management policy of the Municipality.2.Confirm the Remaining useful lives of the assets as at beginning of 2024.This will be done through the recalculation of the remaining useful life using the acquisitions dates.3.Where discrepancies identified, make the necessary adjustments to make the corrections.4.Recalculate the depreciation for the 2024,2025 and 2026 period.Where the assets are affected by impairment adjustments,

		assets and performed a recalculation of asset carrying values at 30 June 2024 using the information in the fixed assets register submitted for audit as well as the guidelines as stated in the asset management policy of the municipality together with the accounting policy disclosed on the 2024/25 financial statements. Based on the audit work performed we identified that the assets listed on the annexure were not correctly valued at 30 June 2024 as the depreciation amount is incorrectly calculated. Please refer to Annexure B for calculations.	the valuation principles for assets as stipulated in GRAP 17.			factor this in the recalculation.5. Process the above changes into the system and further pass the relevant journals related to the adjustments.6.Prepare the prior period error file, that contains all the relevant schedules supporting the adjustments.
37. Execution: PPE: Transfers (Completed assets)	43 231	Differences has been noted between the final completion certificate/invoices and the register for the completed projects.	Management should do proper reconciliations to ensure that the expenditure recorded in the WIP register agrees to the expenditure as per the supporting documents including payment certificates.	Sikho Mzana, Buhle Fikeni	30/Apr/2026	1. Management will revisit the Full Work in Progress register to confirm the opening balances between the WIP Register and the Supporting documents.2. Make any necessary adjustments

						where there are differences to the WIP Register 3. Pass All the necessary Journals to the system and keep supporting documentation for Audit Purposes.
COAF 32 PPE: Differences noted between FAR and AFS	2 391 679	During the audit of Carrying value of Property plant and equipment that is taking a significantly longer period of time to complete than expected, we noted the following differences between the opening balance recorded on Note 9 and WIP register:	It is recommended that management ensures that the financial statements are adequately reviewed prior to submission for audit. Management should further ensure that the financial statements submitted to the auditors are accompanied by accurate and complete supporting schedules/documentation/ WIP register	Sikho Mzana, Buhle Fikeni	30/Jun/ 2026	1. Management will ensure that the financial statements are adequately reviewed prior to the submission for AFS.2. Management will further ensure that the financial statements submitted to the auditors are accompanied by accurate and complete supporting schedules/documentation/ WIP register

COAF 38 Of 2025 PPE WIP: Difference noted between the WIP register and the payment information	158 279	During the audit of opening balances for work in progress (WIP) we casted and recalculated the opening balance using payment history claim forms and differences between the value of the opening balance as per WIP register and as per payment history forms was identified as listed in the table below:	Management should ensure that the WIP register is thoroughly reviewed against the supporting documents and all figures should be casted and cross casted correctly prior to finalization of the AFS.	Sikho Mzana, Buhle Fikeni	30/Jun/ 2026	1. Management will ensure that the WIP register is thoroughly reviewed against the supporting documents and all figures will be casted and cross casted correctly prior to finalization of the AFS. This will also be as a result of monthly updates and reviews of the WIP Registers
COAF 45 of 2025 60. Execution: SCM - Quotations below R30 000 were not evaluated as required by the PPPF Act		During the audit of the point calculation in terms of PPR 2022, we have noted that the below quotations which is below R30 000 was awarded based on the lowest quotations received and no consideration was made for the allocation of specific points and also there was no evaluation that was prepared as the Municipality only selected the lowest quotation received:	Management should ensure that for quotations with a Rand value equal to or below a prescribed amount a maximum of 20 points may be allocated for specific goals provided that the lowest acceptable tender scores 80 points for price.	Buhle Fikeni, Asithethi Ntongana	31/Mar /2026	Revisit the population of all procurement within the threshold referred to in the finding to establish the listing of all transactions/procurement where the evaluation as required in terms of the PPPFAFor the identified transactions, follow the processes in terms of MFMA Circular '68 for the disclosure and treatment of UIFW.

COAF 50 of 2025 PPE: Differences identified in note 09 of the AFSs		Finding 1: WIP- The following differences were noted between the current year AFS and the prior year audited AFS: AFS 2025- Reconciliation of WIP 2024 AFS 2024- Reconciliation of WIP 2024 WIP- Differences noted Finding 2: The following difference was noted in note 9 of the financial statements: Finding 3: Inadequate reasons for the long outstanding projects We noted that the narrations in note 9 of the financial statements does not provide actual reasons for the long outstanding projects.	It is recommended that management ensures that the financial statements are adequately reviewed prior to submission for audit. Management should further ensure that the financial statements submitted to the auditors are accompanied by accurate and complete supporting schedules/documentation/ fixed asset register	Sikho Mzana, Ayanda Ndabeni, Buhle Fikeni	30/Apr/ 2026	1. Management will ensure proper alignment of Fixed Asset Register to the Asset management Policy.2. Management will ensure the submission of accurately reviewed supporting schedules/ FAR register.

COAF 061. Planning: No performance assessment done for employees below the Manager level		During the completion of the understanding of the Municipality, the following has been noted: The Municipality did not conduct performance assessments for employees below the Manager level. The assessment was only done for Managers and Senior Managers. The employees' skills and competencies are not regularly evaluated in order to establish whether they are still relevant and adequate to carry out the Municipality's objectives. There are no signed performance agreements for employees below the Manager level. Cause This is due to the lack of management oversight in making sure that the performance assessment is done for all employees.	Management should ensure that the performance assessment is done for all employees, not only for the Manager and Senior Manager levels. This will ensure that all employees take responsibility for their performance and thus contribute to the overall performance objectives of the municipality. This will also assist in ensuring that there are no performance targets that are not met during the financial period.	Miranda Matubatuba, Thulisile Mpatheni	28/Feb/2026	The Training for All employees on Performance Management System has been done on September 2025, in terms of cascading to employees below Middle-Managers the performance plans are in progress. The Annual Performance for Senior Managers has been conducted on December 2025.

The following issues were identifie d during the high-level review of AFS:		1. Under the Balance at 01 July 2023 as restated*, we compared the Opening balance as previously reported to the prior year audited AFS and noted a difference amounting to -R1 917 480 (1 655 446 318-1 654 476 838)	It is recommended that management ensures that the financial statements are adequately reviewed prior to submission for audit. In conducting this review, the AFS, listings, General Ledger and Trial Balance should be reconciled in order to ensure accuracy and completeness of the amount recorded. In addition to this, the comparative amounts should be reconciled to the prior year audited AFS as well as the prior period error note in order to ensure that the prior period error note takes into account all the changes that were done on the prior period audited figures.Manage ment should further ensure that the financial statements	Ayanda Ndabeni	31/Mar /2026	Management will ensure that opening balance on the statement of changes in equity is the same as the audited amount and account for any restatements after the opening balance

			submitted to the auditors are accompanied by accurate and complete supporting schedules. Management should also ensure that the General Ledger and the Trial Balance is correctly mapped to the AFS in order to ensure that the General Ledger and the Trial Balance can be relied on by the auditors when they conduct their audit.			
1. Business Process: Use of Consultants- municipality does not have a plan to reduce reliance on consultants		The municipality does not have a documented and approved plan to reduce reliance on the use of the consultants. The municipality currently have the following consultants:1. Munsoft - Fixed Asset Register – B3 Schedule agreement as part of accounting system vendor agreement2. Munsoft - Compilation of AFS and Review of the FAR – Two-year	Management should develop a detailed consultancy reduction plan in order to reduce the reliance on consultants and ensure that it is implemented to capacitate municipal employees. The plan should be reviewed and approved by the appropriate structures, and it should be	Sikho Mzana, Ayanda Ndabeni, Buhle Fikeni	28/Feb/ 2026	Management has developed a Consultants Reduction Strategy. The strategy will be reviewed for final approval by the Accounting Officer to determine the exact timeframes for the reduction where it is applicable.

		contract – Appointed – 28 May 2024 This is a recurring finding.	further monitored for implementation and effectiveness.			
1. Planning: AOPO: KPA 1 - Indicator not measura ble		The following performance indicator reported quarter 1 of the quarterly performance report is not measurable:Indicator TargetProgress reportAuditors comment1.1.3.1. % completion of 1500m2 surfaced road (pothole patching) in Ward 15 and 19 by end March 2025100%Month: December 2024· Description: Pothole patching· Construction progress: 50%It is not clear how does the municipality calculates or estimates the following indicators that are expressed as percentages in the monthly progress report. Therefore, this results in auditors not being able to re-perform the percentage of the progress that is reported in the progress report, consequently not	Management should make sure that the indicator is measurable, that is the indicator progress that is reported on the monthly progress reports is re performable. The basis/method of measuring the progress of the indicator should be clearly documented.	Azabenok hanyo mvovo, Asanda Hlehliso, Thando Njekeni	31/Mar /2026	The management will ensure proper implementation of the Project Management Policy. All maintenance projects are measured on activity basis, pothole patching is also measured on activity basis

		measurable1.1.3.2. % completion of 30m2 surfaced road (pothole patching) in Ward 6 by end March 2025100%Month: December· Description: Pothole patching· Construction progress: 30%				
1. Planning: AOPO: KPA 3 - Differences between Progress Report and the quarterly report		The following differences were identified between the Progress report and the Quarterly submitted for audit: Indicator: 3.3.4. % completion of access track to the viewing deck in ward 23 by end March 2025 Progress report: 0 Quarter 1 performance report: 52% The following indicator has a progress report that do not have a % of progress included in it for the month of September 2024, however the 1st quarter reported that there is a 52% achievement	Management should ensure that project progress reports are prepared in accordance with the established project management policy. These reports should be detailed, consistent, and structured in such a way that the progress of each project can be easily reviewed, verified, and reperformed if necessary.	Azabenokhanyo mvovo, Avela Mashaba, Dumisani Mjokovana	31/Mar/2026	The municipality will do constant reviewal of reports developed for targets in the Service Delivery and Budget Implementation plan, so as to ensure that achieved targets is clearly defined.

COAF 09 : Execution: SCM CAATs: Municipality is trading with suppliers with an interest in the Municipality		The following municipal officials were identified through Computer-Assisted Audit Techniques (CAATs) that they have interest in the following suppliers that traded with municipality in the current year, however the officials and/or the suppliers did not declare the interest: The same finding was also raised in the previous year.	Management should ensure that the interest declaration forms are submitted by the suppliers and officials to ensure that any possible interest is eliminated in order to prevent the municipality trading with the suppliers with interest. All municipal staff members should be reminded about the requirements of MSA schedule 2: Code of conduct for municipal staff members' section 5(1) and should ensure compliance with these requirements when completing their declarations.	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026	1. Management to engage with the affected individuals/officials to establish the exact facts regarding their statuses with the specific businesses. Where applicable, assist/guide in the deregistration/resignation from of the applicable businesses2. Ensure that all employees and councillors submit their declarations, with relevant information, in collaboration with Internal Audit

COAF 10 of 2025 Planning: Audit committ ee - Issues noted on the work of the audit committ ee		1. Through inspection of the minutes of the meetings that took place during the 2024/25 financial year, and it was noted that there is no evidence that shows that the audit committee reviewed and commented on the annual report for the 2023/24 financial year within the stipulated time frames. Refer to the following minutes inspected: 30 July 2024, 29 August 2024, 26 August 2024, 30 October 2024, 04 October 2024, 29 November 2024, 29 January 2025, 24 February 2025, 24 April 2025 2. We requested evidence which shows that the council had adopted/approved the following documents and the evidence of such council approval/adoption was not submitted to the auditors: MFMA Circular 65: Internal audit and audit committee MFMA Circular 127 Municipal Audit Committee Tool Kit 3. Inspected the AC meeting held on 30	Council should adopt MFMA Circular 65: Internal audit and audit committee and MFMA Circular 127 Municipal Audit Committee Tool Kit and evidence of such adoption should be submitted to the auditors. Management should ensure that the annual report is submitted to the audit committee for their review and comment within the stipulated timeframes as recommended by the MFMA Circular No. 65 of the Municipal Finance Management Act No. 56 of 2003 as well as section 5.2 of the PSACF which serves as one of the good practices for the Public Sector Audit Committee members.	Siphelele ngidi, Nomvuyo Ruba	30/Jun/ 2026	The Internal Audit Function will include the reviewal of the Annual Report in the Internal Audit Plan for each financial year to ensure that it is reviewed by the Audit Committee (AC). The minutes of the AC meeting where the Annual Report was reviewed by the AC will be prepared and approved for future references.

		July 2024 and noted that the Internal Audit Plan was not approved before the financial year starts.				
COAF 10 1. Planning: Internal Audit: Deficiencies noted on the work of the Internal Audit function		During the assessment of the understanding of the internal audit unit, the following issues were noted:1. The internal audit function does not adhere to the standards set by the IIA, as they did not have an external Quality assurance review/assessment performed on the internal audit function as required by IIA standard 1312/Standard 8.4 of the GIA. Therefore, no evidence was obtained that the external quality assessment occurred within the past 5years for the IHLM's internal audit function2. We have confirmed through inspection of the Q3 audit committee report to Council, as well as confirmed through the meeting	Management and the audit committee should ensure that an external quality assessment review on the internal audit unit, is conducted once in every five years as required by the IIA standard 1312/Standard 8.4 of the GIA and in order to ensure compliance with section 62(1)(c)(ii) of the MFMA.Management must also ensure that the capacity and resource issues faced by the Internal Audit Function are addressed in order to ensure that the function is adequately and	Siphelele ngidi, Nomvuyo Ruba	30/Jun/ 2026	The Manager Internal Audit and Risk position has been filled effective from 19 January 2026. Therefore, the Internal Audit Function will ensure that the Internal Audit Methodology is reviewed in line with the new Global Internal Auditing Standards and approved by the Audit Committee. The Manager Internal Audit and risk will then develop the Quality assurance and improvement program that cover all aspects of the Internal Auditing Function. An internal QAR will be

		held on 24 April 2025 where the Manager: Internal Audit Risk commented that there are issues with the capacity of the Internal Auditors and will engage the Municipal Manager to amend the organisational structure of the function. We also confirmed through the Q3 internal audit activity report that the functions is behind with its annual plan and there were also some activities which are due by are not yet started. Therefore, this confirms that there is clear evidence that the internal audit function is not adequately and appropriately resourced relative to the size of the municipality and the nature of its operations.	appropriately resourced relative to the size of the municipality and the nature of its operations. Management should ensure that they implement the recommendations made by the internal audit function in order ensure improvement on the control environment of the Municipality. This will also ensure that the external auditors do not identify the same as issues as those that were identified by the internal auditors.			conducted after a period of implementation not less than 9 months. Upon closure of gaps identified, the municipality would subject itself to an external QAR. The implementation date will be 30 September 2026.

		3. Inspected the internal audit reports that were prepared and submitted to the auditors and confirmed that management did not implement all the recommendations that were provided by the internal audit unit and this posses a risk that the external auditors might identify similar findings during the 2024/25 audit. This also makes the internal audit function to have a limited to no impact on the internal control environment and activities of the municipality.				
COAF 12 1. Executio n: Cash flow stateme nts differenc e		COAF 12 :It has been identified that the cash flow statement for the prior year has been incorrectly calculated, due to the following factors.· Suppliers (for trading goods/services) - Management included the finance costs for the lease payments that is capital in nature, also included the finance costs for the provision whereas there is no cash paid. And lastly, the management included the	Management should ensure that the non-cash flow items are accounted for appropriately and for the changes in working capital, the restated amounts are used for the opening balances. /xsl:for-each	Ayanda Ndabeni, Buhle Fikeni	30/Jun/ 2026	Management will ensure that it improves internal review process and ensure that only cash items are included in the cash flow statement .

		provisions for the landfill site whereas there is no cash paid.· Interest paid - Interest paid relating to the finance lease is not taken into account.· Repayment of loans/borrowings (including finance leases) - Incorrect lease payments included.· Adjusted cash profit - Prior year restatement not taken into account· Changes in working capital - Prior year restatement not taken into account				
COAF 13 1. Execution: Cash flow statements difference		It has been identified that the cash flow statement for the prior year has been incorrectly calculated, due to the following factors. The prior year AFSs figures have been restated under the statement of financial position and statement of the financial performance, but the implications have not been taken into account when preparing the statement of cash flow.	Management should ensure that the prior year cash flow statement is recalculated, taking into account the restatements that are made to other respective financial statements. /xsl:for-each	Ayanda Ndabeni, Buhle Fikeni	30/Jun/2026	Management will ensure that all changes in the statement of financial performance and statement of financial position are included in the cash flow statement workings and restatements

COAF 16 of 2025 Execution: Deficiencies noted on the Travel-Local expense		Weaknesses were noted in the design and control of procurement-related documents, including:· - Absence of purchase requisition numbers in the purchase requisitions· - Missing and inconsistent purchase order numbers.· Goods Received Vouchers (GRVs) lacking service receipt dates.· - Business process inconsistencies (e.g., purchase orders approved after service delivery or before requisitions were approved).However, it should be expected that the transaction start from purchase requisition, purchase order, GRV to invoicing.1. Inconsistencies in Documentation and Booking Information:· Several transactions showed mismatched dates between purchase requisitions, purchase orders, invoices, and GRVs and no explanation or supporting documentation was provided to reconcile these discrepancies.2. Budget Oversight and Approval Weaknesses	Management should ensure that the following controls are in place:1) Strengthen document control processesManagement should enforce strict controls to ensure all procurement documents include:· Unique requisition and purchase order numbers.· Accurate service or goods receipt dates.· Proper business process flow, for example transaction must start from purchase requisition to purchase order until invoicing.2) Improve Record Consistency· All procurement and payment documents should be cross-checked for consistency in service dates and	Buhle Fikeni, Asithethi Ntongana	28/Feb/2026	All requisitions to be processed within the financial management system, this will address the issue of numbering and sequencing of documentsNo travelling accommodation arrangements/bookings will be done without the proper authorisation by the applicable officialAll travelling and accommodation documents to include attendance registers for the meetings or workshops attended

		There were cases where purchase orders were approved in excess of available budgets.Refer below for the affected transactions:· Purchase order amounting to R828,960.82 which was approved against an available budget of R350,000.	approvals.· Where changes or delays occur (e.g. postponed conferences), formal documentation (such as memos or correspondence) should be retained.3) Enhance Budget Monitoring and Approval Controls· Before approving any purchase order, the municipality should ensure that a budget verification is conducted, and adequate funds are available.			
		-Purchase order amounting to R552,926.00 which was approved against an available budget of R207,035.40.	-Finance departments should tighten approval controls and introduce alerts for budget overruns.			
COAF 16 Travel-Local -Cut-off misstatements and 30 days Compliance		Finding 3: 30 days complianceIt has been noted that the Municipality received the invoice on 31 August 2024 and released the payment on 20 November 2024 for the below transaction. This	Finding 3: The date of invoice receipt should be clearly recorded and monitored to ensure that payments are made within the required 30-day	Buhle Fikeni, Asithethi Ntongana	28/Feb/2026	All invoices received are to be date stamped and processed for payment before the 30 days compliance periodOn-going reconciliations

		indicates that the supplier was paid after 81 days of receiving an invoice, which is not in compliance with Section 65(2)(a) of the MFMA, which requires that payments be made within 30 days of receiving an invoice.	timeframe, in compliance with MFMA requirements			are to be carried out with the travel agents to ensure that there are no long outstanding invoices not settled.User departments to submit attendances registers for meetings/workshops
COAF 18 of 2025 1) Execution: General expenses – Misstatements identified	20 691	Finding 1: Occurrence and AccuracyWhile testing General expenses, the following misstatement have been noted regarding to occurrence and cut-off, refer to following auditors' comments and table that follows:1) Occurrence: The inter-office Memo, submitted by the Municipality to confirm that they received the goods is written as follows: "The department requested supply and delivery of public safety Uniform, an appointed service provider therefore entered into a cession agreement	- Finding 1 Management should strengthen oversight to ensure that all necessary documents used to initiate and conclude on the transaction are in place. Additionally, oversight should be exercised over the amounts captured in the system to verify the accuracy. - Finding 2 Management should strengthen oversight to ensure that all required fields on documentation, such as dates	Sikho Mzana, Buhle Fikeni	30/Jun/2026	1. Management will revisit the full population of expenditure and review all expenditure transactions for accuracy, classification and occurrence through supporting schedules.

		with the ant Capital for the delivery of services. Based on the above-mentioned backdrop, the office was pleased to arrange payment to The Ant Capital who entered a cession for the provision of the above-mentioned services" Therefore, considering the context in the above submitted inter-office memo, there is no indication that Municipality acknowledges the receipt of the goods from The Ant Capital but rather it confirms cession agreement that was entered. As such it is not reasonable to conclude that Municipality actual received the goods 2) i) Occurrence: As per the discussion held, it was indicated that BCX is a subsidiary of Telkom. Furthermore, we were provided with a copy of the contract between the Municipality and BCX. However, upon inspection of this contract, we did not identify any clause granting Telkom the right to directly perform services for	are fully completed.				

		the Municipality.As a result, we were unable to confirm that Telkom was officially appointed to provide services to the Municipality. ii) Accuracy: As per our recalculation, we have noted that the invoice was recorded incorrectly in the GL, as R111 114 instead of R96 621.3)Accuracy: It was noted that the amount recorded in the GL is inclusive of VAT.				
COAF 24 Presentation and disclosure - Inaccurate and incomplete narrations		The acting periods for Ms. A. Hlehliso and F. Msumpa for 2024/25 FY were not stated.Other issues noted on the same note The word "subsistence" has been spelt incorrectly as "subsitance" under remuneration disclosures of MM, CFO and all other directors The word "remuneration" has been spelt incorrectly as "remeunration" for A. Mashaba	The management should give adequate attention to detail during the preparation of the AFS and ensure that all the disclosures are accurate and complete. Furthermore, management should ensure thorough review of the annual financial statement is performed.	Ayanda Ndabeni, Buhle Fikeni	30/Apr/ 2026	Management will ensure that it improves internal control and AFS review process as well as proof reading

COAF 24 Housing benefits and allowance incorrectly calculated	27 992	The following employees tested on housing benefits and allowances were paid housing benefit and allowance that is in exceed of the 2024/25 rate set by the SALGA.	The municipality should ensure all benefits and allowances paid are verified against the latest SALGA limits before payments are processed.	Miranda Matubatuba, Thulisile Mpatheni	30/Jun/2026	the remuneration policy was reviewed to include the housing benefit as contractual to holder in 2025/2026FY.
COAF 28 of 2025 - 1. Internal control deficiency identified on overtime payments		During the testing of overtime payments, the following employees were not paid for all the hours worked and upon further enquiries with management it was indicated that some employees opt to take time off instead of payment for overtime worked. However, this arrangement is not supported by documentation nor provided for in the municipality’s policies, and there was no formal approval of such.	Management should strengthen internal controls over overtime by ensuring that alternative arrangements, such as time off in lieu of payment, are formally documented into policy and approved.	Miranda Matubatuba, Thulisile Mpatheni	31/Mar/2026	The Overtime, Shift, stand-by policy that was reviewed and Adopted on the 2025/ 2026 financial year the provision for time offs has been made.

41. Revenue from rendering of services overstated	710 746	During the audit of revenue from exchange transactions it was identified that the amount received for rendering of services to Primedia was incorrectly recognised as revenue in the current year as the statement of account detailed the monthly rentals in which the client was settling which included months falling in 2023/24 financial year.	Management should ensure that the revenue amounts recorded for rendering of services are for the financial year under audit. This will be achieved by ensuring proper reviews of AFS to identify any calculation errors which should be timeously corrected before the finalization and submission of AFS for audit purposes.	Ayanda Ndabeni	31/Mar /2026	Management will do a full population of lease rentals revenue to review all allocation and in line with lease agreements.Management will adjust AFS to account for the revenue in the correct reporting period
44. Inconsistencies between the APR and the completion certificate		The following indicator is reported as not achieved in the APR whereas there is a completion certificate dated 08 January 2025 indicating that the project was completed.	Management should ensure that the reported performance information in the APR is supported by the reliable evidence and it is reviewed for any errors and inconsistencies between the APR and the supporting documents.	Azabenokhanyo mvovo, Thando Njekeni, Bavuyise Tshitshi	31/Mar /2026	Quarterly and monthly reviewal of the reports in preparation of performance information

COAF 34 - 1) General expenses – Payments made after 30 days		During the testing of the general expenses, it has been noted that there are transactions that were paid after 30 days of receiving an invoice. Please refer to Annexure A for the affected transactions.	Management should ensure that all the transactions are paid within 30 days of receiving an invoice as required by section 65 (2) (e) of the MFMA.	Sikho Mzana, Buhle Fikeni	30/Apr/ 2026	1. Management will strengthen the internal controls and perform necessary reviews.2. Prepare monthly reconciliation and ensure that all valid and confirmed invoices are paid within 30 days.
COAF 36 Execution: Payables from exchange: Misstatement in trade payables		Finding 1: Trade payables (Classification) During the testing of Trade payables, it was noted that there is classification issue on the transaction that relate to iHeans payables. While recalculating the invoices that make up trade payables from iHeans Travlleing agency we have identified that invoices amounting to R279 763,69 were received during July 2025. As such the amount for these invoices should be classified as accrual not as trade payables. Management agrees with the finding.	- Finding 1 and 2: Management should enhance the year-end review and cut-off controls to ensure that supplier invoices are accurately reviewed and classified according to the period to which they relate. This will improve both the accuracy and classification of payables in the financial records.	Sikho Mzana, Buhle Fikeni, Asithethi Ntongana	30/Jun/ 2026	1. Management will improve internal controls and ensure that all Invoices will be raised to the period that they relate to in order to deal with the issue of cut-off, classification, accuracy and occurrence.

		Management requests opportunity to adjust. Finding 2: Trade creditors Accrual During the audit of Trade creditor's accrual, it was noted that the invoices for the following transactions were received during June 2025, which is within 2024/25 FY. As such these transactions should not have been classified as accruals, instead be classified as trade payables.				
COAF 37 1. Contingencies: Personal information disclosed on the AFS Note 41 is not in line with POPI Act regulations		During the audit of the contingencies as disclosed on note 41, it was identified that the municipality has disclosed the names of the claimants regarding the municipal litigations which is in contravention of the POPI Act regulations.	Management should ensure that the disclosure pertaining to the personal information is disclosed in accordance with the POPI Act regulations to prevent the infringement of the privacy of persons in which the personal information is disclosed. Management should further consider	Ayanda Ndabeni, Buhle Fikeni, Mandisi Zukulu	30/Jun/2026	WILL REVIST THE CONTINGENCY REGISTER AND ENSURE THAT THE ISSUE OR PROBABILITY OF RE IMBURSEMENT IS DISCLOSED IN EACH AND EVERY MATTER

			disclosing only the litigation case numbers and the case descriptions.			
COAF 39 of 2025 1) Execution: Payables from exchange: Misstatement in retentions	1 205 020	Misstatement in retentions	Management should enhance oversight controls to ensure that amounts captured in the system are accurate, by implementing regular reconciliations and review procedures.	Sikho Mzana, Buhle Fikeni	30/Jun/ 2026	1. Management will revisit the whole population and ensure regular reviews are done and reconciliation of all retention in-line with the supporting is also conducted.
COAF 40 0f 2025 47. Investment property : Internal control deficiency		During the audit of the investment property, it was noted that the investment property register does not include the title deed numbers and registration date as required by the asset management policy.	Management should ensure that the investment property register includes all the key information as required by the asset management policy.	Sikho Mzana, Buhle Fikeni	30/Jun/ 2026	1. Management will ensure that the investment property register includes all the key information as required by the asset management policy and GRAP Standards.2. Management will also improve the system of internal control for internal reviews.

COAF 41 of 2025 49. Contract management: The contracts and SLAs do not define performance monitoring criteria		During the review of the contract management and the supporting information provided, it was identified that the performance measurement criteria were not made known to the suppliers, as contracts and SLAs do not contain any measurement or monitoring criteria. Consequently, the contracts were not monitored monthly and there was no day-to-day oversight management of the contract as prescribed by the MFMA, Act 56 of 2003 and the supply chain management policy	Management should ensure that all the contracts concluded with the service providers contain the performance measurement criteria to enable identification of the suppliers who are not performing in terms of the contract or agreement in order to impose accountable and compliance as requirement by MFMA, Act 56 of 2003.	Buhle Fikeni, Asithethi Ntongana	28/Feb/2026	Management will develop standard service level agreements that will ensure that all the contracts concluded with the service providers contain the performance measurement criteria to enable identification of the suppliers who are not performing in terms of the contract or agreement in order to impose accountable and compliance as requirement by MFMA, Act 56 of 2003

COAF 41 of 202550. Contract management: Contracts were not monitored on a monthly basis.		During the review of the contract management and the supporting information provided, we were unable to determine if whether the performance of the contracts was monitored monthly as some of the progress reports were not submitted or the submitted progress reports were inadequate for our purpose. Management submitted reports on 15 November 2025, however these reports do not measure the performance of the contract as they don't provide progress and outline challenges/delays as such they are not accepted as sufficient audit evidence	Management should effectively monitor and track all information requested by the auditors and ensure that all information requested by the Auditor General of South Africa is submitted within the agreed-upon timeframes.	Buhle Fikeni, Miranda Matubatuba, Avela Mashaba, Asithethi Ntongana, Bavuyise Tshitshi, Mangwane Masumpa	28/Feb/2026	All payment vouchers to include progress reports, with the rating of service providers before the payments are settled.

COAF 41 0f 2025 3. Contract management: The variation orders were not corroborated, and reasons could not be assessed		During the review of the variation order memorandums on contract management, we were unable to determine whether the reasons for the variation orders were justifiable, as management did not provide the bills of quantities for the contracts listed below.	Management should effectively monitor and track all information requested by the auditors and ensure that all information requested by the Auditor General of South Africa is submitted within the agreed-upon timeframes.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Management will ensure that bill of quantities and other supporting documents are attached to the Variation Order.
55. Procurement and contract management: Deviations - Deviation Not Justified in Terms of Regulation 36(1) of the SCM Regulations	4 113 936	The following deviations were not justified in terms of regulation 36 of SCM Regulation: Order Date: 15/04/2025 Description: Private Security Services Supplier Details: Mafoko Security Patrols and Red Ant Security Amount: R2 002 356,00 and R2 111 580,14 Deviation Reason: The service provider appointed for the demolition of the illegal structures failed to execute the project on the first day as a result, the municipality opted to appoint the security companies appointed for private security	Management should ensure proper planning is undertaken prior to advertising bids to anticipate and address potential implementation challenges, thereby avoiding project delays and additional costs.	Buhle Fikeni, Avela Mashaba, Asithethi Ntongana	30/Jun/2026	Review all deviations for the 2024/25 FY to determine whether there are any other transactions that do not meet the requirements to qualify as deviationsFollow the processes of disclosure of procurement that has been processed in contravention of the applicable laws and regulations-SCM Regulations - Possible Irregular expenditureReport to Council for investigation and resolution -

		services to also provide the plant to be used for demolition. The initial service provider (Isiqalo Group) was appointed but later terminated before completing the project. However, the value of the deviation (R2 111 580 and R2 002 356) is significantly higher than the original contract amount of R420 000 for the initial works. These differences indicate that the municipality did not adequately plan for the additional security services required during the demolition process. Consequently, the justification for the deviation is considered invalid, as proper planning would have identified these needs and allowed the municipality to follow normal SCM processes instead of resorting to a deviation. Also, due to the virtue of what is contained on the court order, the Municipality should have assessed the pros and cons of the				in terms of MFMA Circular 68 - UIFW

		court order and planned accordingly. Security is one of the things that the Municipality should have planned for accordingly considering that the matter was in the court process already and also considering that this involves the communities and the impact it will have on the affected people. So, approving a deviation for security during the demolition process is a clear indications that the unicipality did not properly plan for this and they did not properly assess the cons and pros of its actions.				

COAF 44 of 2025 58. Accrued Leave pay incorrectly calculated	540 793	The following differences were noted on the testing of accrued leave pay between the leave provision balance and the auditors recalculation. The municipality's calculation was based on 252 days for all employee per the listing provided which is not consistent with 250 days that is indicated on the municipality policies.	Management should use the single the benchmark of 250/252 days per year as average days and should be used across all units and all the financial statements items affected and be applied consistently throughout the financial reporting. Management should further correct the calculation for all the employees which were provided for leave pay accrual.	Sikho Mzana, Miranda Matubatuba, Thulisile Mpatheni	30/Apr/2026	1. Management will revisit the whole population and recalculate using the 250 average days for consistency.2. Management will improve internal controls and ensure proper reviews are done prior to the submission of AFS and the underlaying schedules.
COAF 45 of 2025 59. Execution: SCM: Award made to supplier that did not score the highest points		During the testing of the PPR 2022 requirements, we have noted that the below award was awarded to a service provider that did not score the highest points and there was no objective criteria that was applied to justify why the award was given to a supplier not scoring the highest points:	Management should ensure that awards are awarded to service providers who score the highest points. Price should not be the determining factor of the award, but rather the total points. The price consideration is part of the total points	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026	Revisit the total population to determine whether no other bid was affected by the issue raised by the AG of not awarding to the bidder acquiring the highest pointsStrengthen the processes followed in the sitting of the bid committees, including the development of

			calculation. Management is also encouraged to ensure any criteria that will be used and considered during the evaluation and adjudication process is clearly communicated to all the potential service providers or included as part of the tender/quotatio n document.			a checklist to ensure that all requirements are met
COAF 47 of 202563. Incomple te disclosur e of continge nt liabilities	1 950 000	During the audit of contingencies, the following court cases were confirmed by Jolwana Mgidlana attorneys on the lawyer's confirmation signed as at 01 October 2025 as active matters. However, these legal matters were not disclosed on the contingencies note:	Management should ensure that all the active matters that are contingencies are completely disclosed on the AFS as required by GRAP 19.	Ayanda Ndabeni, Mandisi Zukulu	31/Mar /2026	will revist the contingecy register and ensure all the cases form part and parcel of the litigation register appear

COAF 48 of 2025 66. Allowance for impairment and gross balances incorrectly calculated	724 257	During the audit of receivables from exchange transactions and statutory receivables we identified that there were differences on the gross balance of receivables from exchange transactions (under refuse debtor category) and allowance for impairment on both statutory receivables and receivables from exchange transactions. Through management discussion it was noted that the total payments made as of 30 June 2025 were not all considered, only payments for June 2025 were erroneously considered.	The management should give adequate attention to detail during the preparation of the AFS and ensure correct and accurate reporting is achieved. Furthermore, management should ensure thorough reviews of the annual financial statement is performed to identify any calculation errors which should be timeously corrected before the finalisation and submission of AFS for audit purposes.	Ayanda Ndabeni	31/Mar/2026	Management will ensure that impairment is calculated using full year payment report and in line with municipal policy and methodology, municipality will review policy and methodology to include government debtors in the calculation of impairment as per methodology .

COAF 49 of 2025 67. Execution: ICT Prior year issues		We conducted a follow-up on the ICT findings that were raised by the auditors in the prior year and this information was requested in RFI E(23) of 2025. Management submitted their response together with the supporting evidence and this was an opportunity for management to respond to the issues and provide sufficient and appropriate supporting evidence. We have assessed the responses provided as well as the supporting documentation and the issues listed on the attached Annexure A are matter that are still outstanding and were not yet resolved by management.	Management should continue to address the ICT gaps identified in order to ensure that all matters identified in the prior year are addressed and the ICT environment of the Municipality is enhanced. Management should refer to COAF 01 of 2023/24 ISA and ascertain the issues that were raised in the prior year and then ensure that all the matters are attended to because the auditors will be making another follow-up during the 2025/26 financial year and if all matters are adequately addressed, we will then conduct another ICT review audit.	Mawaka Mfingwana, Miranda Matubatuba, Babalwa Mbathani	31/Mar/2026	IT Security ManagementUpdate antivirus,raise awareness for users to connect to the LAN in order for the antivirus to update on the laptops.Skills and Capacity Conduct Trainings quarterly, so far the team has been trained on Cyber security, COBIT 19 AND ITIL 4

COAF 51 68. Difference between commitment register and the payment certificate	1 434 056	During the audit of commitment disclosure, differences on the total expenditure incurred to date were identified between the commitment register and the payment certificate. Please refer to annexure A for the details.	Management should ensure that amount disclosed in the Annual Financial Statement is supported by reliable and accurate register.	Buhle Fikeni, Asithethi Ntongana	31/Mar/2026	Review the Commitments Register as at 30 June 2025 for the specific issue raised by the AG, as well as other differences that may be thereProcess a correction on the Contracts RegisterSubmit the corrected version to Financial Planning and Report for incorporation into the AFS Prior Year Adjustment DisclosuresReview the Contracts Register monthly

COAF 53 - 1) Non-compliance findings on Skills, capacity and capability under organisational structure		The following findings were noted during the audit of Ingquza Hill Local Municipality's skills, capacity and capability: Finding One: The municipal manager is required to review the draft establishment with recognised trade unions within the local labour forum, however the meeting with the local labour forum was held on the 12th of December 2024 therefore the submitted evidence is after the council approval of the staff establishment. There is no evidence obtained that the consultations with trade union were conducted before submission to Council on 31 May 2024. Finding two: Within 30 days after consultations with the trade unions with the local labour forum, the municipal manager must submit the draft establishment to the council for approval. There is further no evidence obtained that the municipal	Management should ensure it adheres to the compliance regulations by implementing compliance tracking mechanisms in place and have monitoring tools to ensure that it adheres to the regulations and timelines as required by the municipal staff regulations.	Miranda Matubatuba, Thulisile Mpatheni	31/Mar/2026	the organogram and HR Plan were reviewed and adopted by Council on the 30 June 2025

		manager submitted a report and the proposed staff establishment for approval to the municipal council within 30 days of reviewing the staff establishment in consultation with recognised trade unions within the local labour forum as no evidence was obtained from finding one above Finding Three: Within 14 days of staff establishment approval by council, the municipal manager must submit a copy of staff establishment, including any supporting reports and the council resolution to the MEC. The supporting evidence obtained was an email sent by the municipality official to COGTA submitting the draft organogram dated 02 August 2024. This was beyond 14 days from the Council approval date of 31 May 2024.				

COAF 54 - Use of consultants		It has been identified that the municipality appointed the following consultants to prepare the AFSs and we have noted that there are material misstatements identified on the work performed by the consultants. Refer to the table below: No: 1 Name of Consultant: Munsoft Category of services rendered: Preparation or review of financial statements Service provided: All costs - Preparation or review of financial statements Total expenditure: R1 009 953 No. 2 Name of Consultant: Munsoft Category of services rendered: Asset Management Service provided: All costs - Asset management (e.g. asset registers) Total expenditure: R1 235 650 And there were material misstatements identified on the following items:·	Management should ensure that the AFSs that are prepared by the consultants do not have material misstatements identified and that they are prepared in terms of the GRAP requirements.	Sikho Mzana, Ayanda Ndabeni, Buhle Fikeni	31/Mar /2026	Review and assess the performance of the consultants for the period under review.Where poor performance is identified, remedial actions/consequence management in terms of the contract are to be implemented.

		Property, plant and equipment (Balance and disclosure)· Expenditure· Vat receivables· Payables from exchange· Commitments· Revenue from exchange transactions· Financial instruments -Prior period errors note				
Performance Auditors COAFs - COAF PA 01 of 2025 Non submission of requested information		Information requested on PA 01 and PA 02 of 2025 issued on 22 July 2025 was not fully submitted for audit purposes. The RFI was due on the 25 July 2025 and extended to 30 July 2025. Information was partially submitted on 30 July 2025. There was a virtual meeting held between Departmental Officials (13 August 2025) and information was promised to be submitted in person on the 18 August 2025 due to logistical issues the meeting was held on 19 August 2025. A few items were submitted on the 19 of August 2025 and more information was	I. Management should ensure that information requested for audit purposes is readily available and provided within the stipulated time frames. II. Management must also ensure that proper record keeping is managed and always exercised so that information can be accessible.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Management will ensure that the information required is readily available and submitted on time.

		promised to be submitted on 21 August 2025. No further information has been submitted.				
COAF PA 02 of 2025 - Assessment of the landfill sites at Ingquza Hill local Municipality		3.1 The Lusikisiki landfill site is not licensed to operateThe auditors established through the review of documents submitted for audit that the landfill site is not licensed for operations in terms of the National Environmental Management: Waste Act, 2008 (Act 59 of 2008). The landfill site formed part of the historic landfill sites that were not licensed by the year 2013, an initiative was taken by the Department of Environmental Affairs to license the illegal dumping sites. Lusikisiki landfill also formed part of the initiative, however upon review of the condition of the landfill, the site was recommended for closure and rehabilitation. The landfill permit HO/A/10/LO33/14 was then issued by	Management should: a) Within a year of this report acquire land and/or have tangible progress on strides taken to acquire land for the construction of a new landfill site at the Lusikisiki area. b) After the land acquisition for the Lusikisiki landfill site, apply and obtain an operational waste license and commence with construction for a new landfill site. c) Adhere to the conditions of the Closer and Rehabilitation permit within a year of this report. d) Build a sanitation facility for the people working	Mangwane Masumpa, Sibonile Dakwa, Avela Mashaba, Andisiwe Jordaan	30/Nov /2026	Assessment and development of Bill of Quantities for Fencing and basic infrastructure - 18 February 2026Management will ensure that funding for Fencing and basic infrastructure at Lusikisiki Landifill site will done during budget adjustment - End February 2026 Commencement of the Procurement Process until appointment - 30 April 2026 Implementation of Fencing and basic infrastructure - 30 June 2026Development of Terms of Refence for the Rehabilitation Plan - 30 June 2026

		the Department of Economic Development, Environmental Affairs and Tourism (Eastern Cape Province) on 17 July in 2014 for decommissioning and rehabilitation of the Lusikisiki landfill site. The license expired in 2018, and the municipality applied for extension in May 2018, and extension was provided for 5 years. The extension was issued to allow for the commencement of the rehabilitation works and closure of the site and the variation notice issued to the IHLM formed part of the original Waste License signed on 17 July 2014 and its conditions. The closure and rehabilitation license has since expired in 2023.During the site visit, the site was found operational, waste being disposed of on site. It is worth noting that the landfill site was never authorized to operate and constructed to be a landfill site. 3.2 The municipality did not adhere to the provisions of the	on the landfill site within six months of this report. e) Within a year of this report, erect a fence at least 1.8 meters high to prevent unauthorized entry and install an eligible notice at the landfill site's entrance to ensure safety.			

		closure permitThe license issued to Lusikisiki landfill site authorised the decommissioning of the site and rehabilitation of the area. The municipality had 9 years to close and rehabilitate the landfill site and to date there is no rehabilitation work that has been undertaken on site. Condition 3.1 of the waste licence requires the “Municipality to be efficient in organizing and developing the last cell that will be used to manage water developed during closure process”. Conditions of the decommissioning and rehabilitation license were not adhered to, the municipality failed to secure and construct a new waste disposal site during this period. 3.3 Access to the facility is not controlledThe landfill is situated in close proximity to the community; access is not controlled allows unrestricted entry. Contrary to the licence conditions under section 1.3.1 “site security and				

		access control", the following deficiencies were observed onsite: · The landfill site is not fenced; livestock have been observed grazing within the landfill site. · There is no legible notice at the entrance detailing the facility's information, such as the permit holder's details, operating hours, or the types of acceptable waste.· There is no weighbridge to measure the volume of waste received. · There are no ablution facilities, drinking water supply or shelter however Expanded Public Works (EPW) workers are appointed to work in the landfill site.· There was one vandalised structure with no windows and doors. 3.4 Stormwater management at the landfill site is not controlledStormwater arising from the landfill is not controlled; the landfill is situated on a hill which encourages runoff during rainy season. Amanzamnyama stream is situated few				

		kilometers from the landfill site. The surface of the landfill is not even which promotes water ponding, as the site is not constructed for waste disposal. The Stormwater Management Plan for IHLM confirms that “there is no trace of the water storm management plan prior to the construction of the CBD infrastructure of both of the towns of the Inguza Hill Local Municipality”. 3.5 Water monitoring not taking place The Lusikisiki landfill site maintenance operational plan operational indicate that “systems for monitoring environmental conditions (air, water, soil) around the landfill to detect and address any pollution”. “Water samples shall be taken to the laboratory for analysis on monthly basis and there shall be air quality assessments done on a quarterly basis”. However, the audit assessment revealed that there is no monitoring taking place around the				

		landfill site. The Municipality confirmed that water monitoring procedure cannot be developed for Lusikisiki landfill site since the site is due for closure through a representation letter dated 4 September 2025. The closure license requires water monitoring of ground and surface water to be carried out. The area is not constructed to be used as landfill; there is no leachate collection system. The maintenance operational plan stipulated under section 4.3 leachate and gas management: “The Municipality must ensure regular compaction is conducted as to eliminate leachate and unwanted gas”.				

COAF PA 03 of 2025 - Deficiencies identified on Payments certificates and cession agreements.		(a) During the audit it was noted that there were eight payments made to the Professional service provider Iqhayiya Design and Workshops for the construction of the multipurpose ward 26 sports field. However, the municipality submitted six (6) invoices and two were not submitted (invoice one and invoice 4) amounting to R1 257 669,63. The limitation has already been included on COAF PA 01 and the COAF is closed and concluded on as information was not submitted after several engagements with Municipal officials. We are just highlighting the limitation expenditure amount here. (b) The municipality did not submit 16 out of 33 payment certificates for the contractor as communicated in COAF PA 01. Three of these certificates were zero PCs as per the payment schedule. (c) Furthermore, for the submitted payment certificates the municipality did	i. The relevant PMU officials (Director, PMU Manager, and Project Manager) should ensure that every payment certificate submitted by the Principal Agent is accompanied and supported by a detailed BOQ regardless of the size of the BOQ before it is forwarded to Finance for payment processing. ii. The finance unit should not process the payment of payment certificates if they are not supported and accompanied by detailed BOQs. iii. The municipality officials (both the PMU and Finance unit) should ensure that all payments certificates are well kept after being submitted by the principal agents and after the certificates	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Finding (a) - Management will ensure that all paid fee accounts are copied and filed, the fee accounts will be made available on request Finding (b) - Management will ensure that all paid payment certificates are copied and filed, the fee accounts will be made available on requestFinding (c) - Management will ensure that Bill of quantities for building projects are kept as soft copy due to the magnitude and will be made available on requests. For other projects such as roads, electrification and bridges, bill of quantities is attached to each payment certificate.Finding (d) - Management will improve on the management of contracts, where the

		not submit the Bill of Quantities (BOQs) supporting those payment certificates. The total amount of expenditure that could not be verified because of PCs not submitted is R8 183 723.53 (16 out of 33 payment certificates) as per the payment schedule. Of the submitted 17 of 33 payments certificates, the total amount of expenditure that could not be verified due to BOQs not being submitted is R8 647 495.67. Therefore, the total expenditure amount that could not be verified was of R16 831 219,11. The limitation has already been included on COAF PA 01 and the COAF is closed and concluded on as information was not submitted after several engagements with Municipal officials. We are just highlighting the limitation expenditure amount here. (d) During the audit it was noted that the project was started by Zipho Zethu (Pty) Ltd as the appointed contractor for an amount of R 11 099 397,5. The contractor	are reviewed for accuracy and correction. iv. The above process must be followed every time payment certificates are submitted for processing. v. The PMU unit should ensure that when the work is ceded to another contractor, it is kept within the remaining contract value unless there are unforeseen circumstances and these circumstances should be well documented and should not lead to the project costs being more than the initial contract value.			contractor is not adhering to the contract termination will be affected.Finding (e) - Management will ensure that all cession agreements have a detailed scope of works or services that are going to be rendered.Finding (f) - Management will ensure that all cession agreements with invoices are filed and will be made available on request. Management will revisit the whole population of payments made on this project and will reconcile with the scope of works, any differences confirmed will be recovered from the affected service providers. Management will also ensure that all the payments for the projects are

		was issued with letters of default and notice to terminate however, there was an agreement that he would cede the remaining work to the subcontractor. The expenditure as per payment schedule was R5 927 042.81 at the time of the cession. This meant that the remaining contract value was R5 172 354.69 (R11 099 397.50-R5 927 042.81).(e) There was a cession agreement between Zipho Zethu and Vitsha Trading to take over the remaining work. The value of work to be done by Vitsha Trading was R6 326 253.77 which was more than the available project value of R5 172 354.69. The Difference was R1 153 899.08, and the cession agreement did not specify as to what led to the increase in the costs. Vitsha Trading then had six (6) variation orders for a total amount of R6 248 085,17 which also increased the contract value. Please see the following finding (5.3.2) on variation orders for				reconciled on quarterly basis

		more details.(f) Furthermore, there were cession agreements for direct payment that the contractors entered into with other services providers. The following cession agreements had paid invoices as attachments and the services procured were for Bulk Brick Purchases (Pty) Ltd: (R1 641 354,75) , Nuform South Coast (R650 000), Brainwave (R175 306). There was also a cession without a paid invoice from Southern Steel for R213 900.The contract value was revised to R17 527 482,67 (Contract value: R11 099 397.50 + VOs amount: R6 248 085,17), The expenditure to date is R19 297 880.48 (R8 183 723.53 + R11 114 156,95).This means that there is an overpayment of R1 770 397.81 as the auditors could not confirm what was paid for the difference and if the payment was for work done on the project due to the limitation on the available				

		payment certificates provided to the auditors. Furthermore, as per the expenditure schedule provided the total expenditure to date is R16 625 253,08 and it was noted that the schedule did not include the expenditure from the cessions for direct payment. This indicates that the schedule was understated for an amount of R2 672 627.04.				

5.3.2 Issues identified on Variation order applications		i. During the audit, the municipality submitted six variation orders (VO 01 to VO 06) with a total amount of R6 248 085,17. However all the VOs submitted did not have supporting documentation in a form of BOQ's. The municipality submitted the summary of BOQs. ii. All the VO's had a summarised motivation which made it challenging for the auditors to understand and follow the reasons of the VOs supplied. The auditors were unable to determine the real reasons for the Vos as there was no contractor's application with complete justification/reasons for the Vos. iii. Furthermore, the contract data applied was General Conditions of Construction Contract (GCC) third edition of 2015, but contractor and the principal agent applied the clauses of JBCC Principal Building Agreement edition 4.1. This means the VOs were applied on the wrong	i. In future the municipality should give clear instructions to the principal agent ensures that all variation orders are properly motivated with clear justification for the change, supported by detailed documentation including attaching the BOQ breakdowns and ensure it is aligned with the relevant clauses of the contract data ii. The PMU director should lodge a claim using the professional indemnity submitted by the principal agent for failing to do due diligence when performing their work. iii. PMU officials (Director, Manager and project managers) should undergo contract	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/ 2026	Management will ensure that the managers and Senior manager give clear instructions on the scope of the professional service providerManagement will send a request for contract management training for all Technical Services officials involved in managing of projects, managers and senior manager to Senior Manager Cooporate Services

		clauses.The following were noted in terms of the VOs: 1. VO 02 dated 30 August 2022 was for a re-measurement of bulk earthworks for an amount of R1 031 556,75. As per the progress report dated 31 August 2022, it was indicated that the earthworks was 100% completed. However, the VO was claiming for bulk earthworks which was already completed. 2. In terms of the contract data clause 6.8.2. states that "The contract price adjustment is not applicable in this contract". However, as per VO 05 the contractor was claiming for escalations of R826 422,86. 3. VO 06 motivation was indicated to be for escalations, drainage system, local labour and security, additional steel. There was no amounts allocated for each item on the motivation. The motivation lacked specific and detailed information as to exactly what was the VO for, and the motivation letter	administration training focusing on VO application procedures, documentation and contract clause interpretation. iv. The municipality through the Accounting Officer, CFO and Director infrastructure should investigate the issues raised above so as to identify the role players and effect consequence management and remedial action. Remedial action should be in a form of recouping the money from the contractor and the principal agent and institute consequence management to the parties that allowed the losses.			

		attached was for the other five VOs so it was not clear as to what additional work was the contractor claiming for and as to how the VO amount was arrived at. The VO amount was R4 048 668,00. The VO was above the 20% threshold as per National Treasury requirements and it was approved by the council.	v. The above should be initiated immediately after the audit signoff.			

5.3.3 Project incurred significant delays without valid extension of time and penalties charged.		On RFI PA 02 of 2025 on item 28, the auditors requested the complete extension of time (EOT) claims with the contractor's notice, contractor's application, consultant's recommendation and the client's approval. The following was noted through inspection of the submitted information: i. The contractor, Zipho Zethu (Pty) Ltd, was appointed on 3 December 2020 for the construction of the Ward 26 sports field. The project commenced in December 2020 with an initial completion date set for December 2021. During the course of the project, the main contractor was issued four (4) notices of default and a notice of termination by the Principal Agent. Between December 2021 and August 2022, seven (7) extensions of time (EOTs) were granted, with the final EOT extending the completion date to August 2022.According to the	i. The PMU manager should ensure that both the professional service provider and the contractor strictly adheres to the clauses outlined in the contract data from the commencement of the project through to its completion. This should be enforced through conducting regular compliance checks at key project milestones such as progress reports, payment certificates, EOT and VO applications. ii. The PMU should monitor the work of the principal agents and the contractor to ensure that it is within timelines and if not impose penalties to the contractor when the contractor has defaulted as per the	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Compile a report to establish the facts relating to the findings raised by the Auditor General, including sourcing all documentation that relate to the project.Based on the information gathered, recommend on the way forward which could be further investigation to assist management and council to arrive at a resolution of the matter

		progress report dated 31 August 2022, all parties agreed that the contractor would not be terminated but would instead cede the remaining work to a subcontractor. The main contractor formally surrendered the project on 16 August 2022, and the work was ceded to Vitsha Trading on 26 July 2022. Although the original project duration was 12 months the project was only completed after 46 months on 30 June 2025. ii. Auditors received the practical completion certificate for the project dated 30 June 2025 however as per the revised construction programme the practical completion was set for the October 2024. Therefore, the construction programme was not aligned to project timelines. iii. There were Extension of Times (EOT) without coststhat were submitted and claimed by the contractors and the	guiding contract clauses.iii. The PMU Manager and Director should ensure that the principal agent fulfils their contractual obligation to not only to issue notices of default but also to formally recommend the impose penalties where delays or breaches are attributable to the contractoriv. The above should be applied on all the current active projects. v. The accounting officer should recoup the money lost from the retention as the project is still with the liability			

		following were noted on the submitted EoTs claims: a) The municipality submitted EOT 1 – EOT 07 for Zipho Zethu (Pty) Ltd:· EOT 01 for 30 working days – 29 September 2021, completion date 03 December 2021 and revised to 8 February 2022· EOT 02 for 55 days – application date 29 September 2021, completion date 03 December 2021 and revised date to 3 May 2022· EOT 03 for 07 days – application date 15 November 2021, completion date 03 December 2021 and revised date to 12 May 2022· EOT 04 for 05 days – application date 15 November 2021, completion date 03 December 2021 and revised date to 19 May 2022· EOT 05 for 03 days – 16 February 2022, completion date 03 December 2021 and revised date to 24 May 2022· EOT 06 for 90 days claimed but 27 approved – application date 16 March 2022, completion date 03 December 2021 and	period and they should effect action against the principal agent for not doing his duties with due diligence.			

		revised date to 30 June 2022· EOT 07 for 90 days: same as EOT 06 but no principal agent recommendation and client's approval – application date 01 March 2022, completion date 03 December 2021 and revised date to 24 August 2022. b) EOT 01 and 02 had supporting documentation, but EOT 03 to 07 did not have supporting documentation therefore were regarded as invalid EOTs.c) The latest revised completion date as per EOT 07 was 24 August 2022.d) The progress report dated 31 August 2022 indicated that there was no progress from the contractor from April 2022 to August 2022. Therefore, the EOT 4-7 with the new revised date of 24 August 2022 were invalid. The project was delayed for 4 months (from April to August).iv. There were further 5 EOT's submitted for Vitsha Trading: · EOT 01 for 14 claimed days but 10 was approved - application date 22				

		March 2023, completion date of 30 June 2023 and revised date of 14 July 2023· EOT 02 for 8 days claimed but 05 granted - application date 22 March 2023, completion date of 30 June 2023 and revised date of 21 July 2023· EOT 03 for 10 days claimed but 15 days granted (No evidence provided) - application date 22 June 2023, completion date of 30 June 2023 and revised date of 11 August 2023· EOT 04 for 40 days claimed but 35 granted (no supporting evidence for EOT therefore invalid) - application date 28 June 2023, completion date of 30 June 2023 and revised date of 29 September 2023· EOT 05 not submitted · EOT 06 with only the client's approval being submitted and the revised completion date was 31 October 2024. a) Only EOT 01 and 02 had the contractor's application and principal agent recommendation. b) EOT 03 and 04 had				

		the principal agent recommendations and client's approval only. They did not have supporting documentation. c) The project was delayed for 10 months 20 days (from 31 October 2024 till 30 June 2025) v. No penalties were imposed to the contractor with an amount of R900 000 (30 days * R3000) as the limit is 30 days where the contractor failed to complete the works within the revised construction programme and no explanation was provided by management on the matter. The clause stipulate that the municipality should have effected the termination if a period of 30 days was exceeded and this was never done but we are seeing extension of time claims with no valid reasons.				
Commissioning and Utilization - 5.4.1. The infrastructure is not utilized		i. During the site visit conducted on 10 September 2025, the auditors noted that there was no sports field but only a grandstand which had ablution facilities and showers. The offices were locked with no	i. The municipality through the PMU should ensure that projects are carefully planned and when implemented in	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/ 2026	Management will ensure that all the snags have been attended by the contractor and ensure that phase 2 of the project commences

		furniture and chairs installed. Therefore, the facility cannot be used for its intended purpose because there are only the grandstands, ablution facilities, changing and other rooms without furniture and equipment and the sports field to hold matches. ii. The construction of ward 26 sports field reached Practical Completion certificate in June 2025. iii. The basic services such as water, electricity and sewer were not accessible at the facility; it was indicated that the client was waiting for a response from Eskom to complete the installation of electricity, however the auditors were not provided proof of the application and payment of Eskom. During site it was noted that there were hanging wires not yet completely installed. There was no water services or drainage system only the basins, sinks and showers were just installed.	phases, they should prioritise the stages which will lead to the facility being used after practical completion. ii. The principal agents should be penalised for poor planning of the facility and consequence management should be applied to municipal officials (PMU) for having a project where value of money is not received. This should be done within six months of this report.			during 2026/2027 financial year to avoid the utilization of the facility/infrastru cture

COAF PA 04 of 2025 - Flagstaff Town Hall		During the audit, the auditors requested planning documents like Feasibility study, Pre-feasibility/Concept Viability report, preliminary design report as well Environmental authorization report, through RFI PA 01 and management response was that there are no feasibility study, initiation or concept report, preliminary design report as well as Environmental authorization report. It was further indicated that the municipality have the design report and aspects of the abovementioned reports are covered in the design report.The auditors obtained and inspected the design report and noted that the design report does not cover all aspects as indicated. The following was noted in terms of the design report:· The report was not signed and approved by the client.· The report did not outline the need for the project. It was unclear as to how the project need was determined.·	i. The municipality through the PMU (Project managers and Infrastructure Director) should request the planning documents from the principal agent and if the documents cannot be delivered, the municipality should recover the fees paid to the principal agent for compilation of those reports. ii. The municipality through the office of the Accounting Officer should investigate the matter even further to identify the role players from the PMU who did not perform due diligence by ensuring that the principal agents submit the planning documents and are paid for work or services rendered. Consequence management	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/ 2026	Management will ensure that the planning documents are requested from the Principal Agent and will be made available. For future projects all the planning documents will be requested, filed and made available when the need arises. Management will ensure that the available documentation is kept and also captured on EDRMS to ensure that the documentation is not lost.

		The report did not cover the socio-economic aspects, geographical aspects, environmental aspects, etc. Furthermore, it was noted that the principal agent was paid for the feasibility study, inception report, concept viability report/preliminary design, environmental assessment report and for Health Safety while there was no risk management plan submitted for audit. The total amount paid for these stages was R237 908,40.	should be applied to those officials. iii. The above should be conducted immediately after the audit signoff. iv. In future projects the PMU should closely monitor the work of the principal agent and ensure that they claim for work done and also ensure that all documents for the projects are kept in soft copies and backed up on the cloud.			

Time management 5.3.1.1 Project proceeded without valid Extension of Time (EOT)		EOT mentioned below are for Lithuba Lam i. The project started with Pangwa construction in the year 2017. There was no information available for Pangwa Construction except the payment schedule that showed that the first certificate was paid from May 2017. Therefore, it can be estimated that the project commenced between March and April 2017. The project reached practical completion on 22 February 2019. During the site visit it was indicated by the municipal officials that the practical completion was for the contractor's scope of work. Due to lack of information and explanations, we could not confirm what was practically complete with the scope of works of the contractor. ii. The second contractor Lithubalam Projects was appointed and commenced the project on 03 August 2022 with a planned practical completion date of 03 April 2023.	i. The PMU manager should ensure that the extension of time submitted by the contractor have a notice to submit to the Principal Agent within 20 working days as stipulated by JBCC or whichever contract is being used. After the submission of the notice, the management should ensure that the Principal Agent reviews the notice and ensure that the reasons for the EOT are tangible, and the delays are due to reasons outside the control of the contractor and also ensure that there is supporting documentation for all EOTs. ii. The PMU on every project should monitor the work of the principal agent to ensure that due	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Management will ensure that all EOT's submitted by the principal agent are checked, reviewed and approved. Management will also make sure that the principal agent is using the relevant engineering contract on the analysis of the EOT claim. The management will develop a monitoring tool for principal agent

		There were four (4) approved EOTs for the project as follows:· EOT 01 and 03 was for inclement weather · EOT 02 and 04 were for additional works, disruptions by local SMMEs and late delivery of materials. There was no supporting evidence for all the above mentioned EOTs. It is not clear what weather conditions resulted to the works not being conducted on site, what additional works needed to be done, and the validity of all the reasons given for the EOTs as per the above. iii. There was no contractor's applications attached to the EOTs which would give detailed reasons or the merits for the EOTs. The EOTs only had the principal agent's recommendation and the client's approval. The revised completion date as per the last EOT (EOT 04) was 15 September 2023. The contractor was served with five warning letters with first one	diligence is applied. For every project, the PMU should have a project file where information of each project is kept. iii. The PMU should review the information submitted by the principal agent upon submission to ensure accuracy and validity of supplied information.			

		dated 07 March 2022 and the last one dated 14 June 2024 for poor performance and the contractor was terminated when the project was 90% stage of completion on 10 January 2025. iv. Clause 42.2.7 of the contract specify that the penalty for not reaching the agreed practical completion date shall be 4.00 cents per R100.00 of the contract sum, this works out to R 3560.48 per calendar day, the contractor was in default for 483 calendar days (15 September 2023 – 10 January 2025). The total for the penalties in this period that should have been imposed to the contractor amounts to R1 719 711,84 and no penalties were imposed by the municipality. v. The third contractor ZZK Trading was appointed to complete the remaining 10% of the project and commenced with the work on 04 April 2025. ZZK Trading was appointed without a				

		specific completion date. There were no EOT for this contractor and the project was practically complete on 15 August 2025.				

5.3.2 Cost Management - Payment certificates not supported by Bill of Quantities (BOQ) breakdown		Payment certificates not supported by Bill of Quantities (BOQ) breakdown NB!! The Findings below were already raised on the limitation COAF. Here we are just indicating the amounts we are limited on as it was not reflected on the limitation COAF PA 01. Audit Finding During the audit, the auditors requested all payments certificates for all three contractors as per RFI PA 01 and not all information was submitted which led to the auditors issuing COAF PA 01 of 2025. COAF PA 01 was concluded and closed after several engagements with the municipal officials. The following were expenditure amounts paid to the below-mentioned contractors:1. Pangwa Constructions: No payments certificates were submitted and the expenditure as per expenditure schedule was R7 741 291,42. The auditors could therefore not confirm if value for money was received for the payments made.2. Lithubalam	i. The municipal manager should investigate the matter and then hold the contractor, the principal agent and the project manager accountable. The money lost should be recovered from the contractor and consultant within six months of this report. ii. The PMU directorate should put proper controls in place to ensure that thorough reviews of the payments certificate are done in line with the works on the ground so as to ensure that each and every payment made has value attached to it. This should be done immediately.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/ 2026	Finding 1 - Finding 2 - Management will get all payments for Lithubalam and save all the soft copies of BOQ's Finding 3 - Management will ensure that all payment certificates with soft copies of BOQ's are available

		Projects: All payments certificates were submitted without a detailed BOQ breakdown except for one payment certificate that was not submitted at all. Therefore, the auditors could not verify total expenditure amount of R10 590 654,07 without a detailed BOQ breakdown. The project was terminated at 90% stage of completion.3. ZZK Trading: three payment certificates were submitted and only PC 01 had the BOQ breakdown, PC 02 and 03 did not have the BOQ breakdown. Therefore, the auditors could not verify the total expenditure amount of R4 024 849,56COAF PA 01 was concluded and closed. The auditors are highlighting the expenditure amounts that could not be confirmed with the work on the ground. 5.3.2.2 Payments of escalation allowances that were not applicable on the project Audit finding				

		During the audit it was noted that the initial bill of quantities for Lithubalam Projects made a provision for budgetary allowance amounting to R400 000.00. This budgetary allowance was used on the project to offset price escalation in the construction industry. We obtained and inspected the payments certificates, it was noted that the amount paid under escalations on the BOQ summary schedule amounted to R2 985 787.83 which exceeds the initially budgeted amount by 646%. Furthermore, during enquiry with the PMU Manager, it was established that the Cost Price Adjustment (CPA) was not applicable on this project, this was also confirmed by the municipality through an RFI PA 01 response. This then means that the R2 985 787,83 was paid for services not rendered on the project.				

5.3.2.3 Various issues identified on the Variation orders (VOs) for Lithubalam Projects.		During the audit, it was noted that for Lithubalam there were 5 VOs and the following were noted with the VOS. i. VO 01 was for omission of contingencies - On VO No 1, the price allocated for contingencies was R500 000,00 as per the Original Bill of Quantities, however on VO No 1 the amount omitted was R575 000,00 leading to a variance of R75 000,00. ii. VO 02 was for the appointment of the Project Steering Committee (PSC), Community Liaison Officer (CLO) and student amounting to R178 365,00. These costs were not part of the priced BOQ. This was as a result of poor project planning. iii. VO 03 was for remedial work due to vandalism. The amount of the VO was R816 074,47 and this amount will be regarded as fruitless and wasteful expenditure. This VO could have been avoided if the contractor provided	i. The PMU manager should immediately hold the principal agent accountable for failing to do due diligence in terms of project planning and monitoring. ii. The municipality through the PMU (Director and the project managers) should recoup the money lost due to vandalism as the it is the contractor's duties to ensure that the site is safeguarded before handing over the project back to the municipality. The Accounting officer should implement the recommendation immediately after the audit sign-off. iii. The PMU (Director and project managers) should ensure that the VOs are scrutinized	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Finding 2 - Management will ensure that the tender document together with the bill of quantities are reviewed Finding 3 - During the project implementation the security services for the project are made as an allowance on the BOQ and the contractor hires the security. During project completion management will allocate security services or someone to use the asset in order to avoid vandalism Finding 4 - Risk analysis in terms of pricing will be done during the sitting of bid committee Finding 5 - Management will ensure that documents are reviewed through gateway reviews

		proper security on site and completed the project within the allocated project duration. It is not clear due to non-availability of information as to whether the vandalised items were from work completed by the first contractor or by the second contractor Lithubalam Projects. However, this indicates that the project was not sufficiently safeguarded. iv. VO 04 was for additional building works and as part of the works there was foundation work included for an amount of R67 981,58. Foundation was already done by the first contractor, this VO could have been avoided if the contractor priced the tender document correctly. v. VO 05 was for re-measurement of building works. However, there was no supporting evidence to show what was the VO for. The amount of the VO was R650 537,07 and this VO could have	and have supporting documentation. The PMU manager should ensure that the VOs are compiled by the contractor with valid reasons, then the VO should be recommended by the engineer with valid reasons for the recommendation, this should be done for every Variation Order being submitted. For all VO's that does not have the supporting documentation, the project managers should request the supporting documents immediately and not continue to approve the VOs.			

		been avoided if the client reviewed the documents through the gateway reviews to ensure that quantities are adequately measured.				
Replacement contractor or appointed for the same scope of works which was performed by the terminated contractor.		i. During the audit it was noted that the municipality terminated the contractor Lithubalam Projects (LLP) on 10 January 2025 when the project was 90% complete with the remaining amount of R47 994,24 on the contract. The project contract value was initially R8 901 209,07 and was revised to R10 638 648,31 due to variation orders. The expenditure on the project was R10 590 654,07 when LLP was terminated. ii. The municipality subsequently appointed ZZK Trading on 04 April 2025 to complete the works for a contract amount of R6 280 883,47 which was 71% of the initial contract value of the LLP contractor while the remaining works was only 10%. iii. It was further	i. The municipality through the PMU manager should claim from the professional indemnity (PI) of the principal agent due to principal agent's poor performance. The Project manager should check if the PI is still valid as the project has not yet reached the final completion and the project manager should also issue notice of defaults to the consultants for not doing due diligence. The recommendation should be implemented immediately after receipt of this document. ii. The	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Compile a report to establish the facts relating to the findings raised by the Auditor General, including sourcing all documentation that relate to the project. Based on the information gathered, recommend on the way forward which could be further investigation to assist management and council to arrive at a resolution of the matter

		noted that the contractor tender document for LLP and ZZK Trading were similar as if no works was done by LLP on the project. The Bill of Quantities for the two contracts were similar and notably items like building works and provisional sums were included on the BOQ for ZZK Trading which meant that ZZK trading was paid for work that was already done by LLP. The table below shows the final summary that was included in the BOQs for both LLP and ZZK Trading.	accounting officer should investigate the matter to determine whether there was a financial loss and hold the relevant parties involved accountable. iii. The above should be implemented immediately after audit sign off.			
5.3.3 Project Manage ment 5.3.3.1 Progress meetings not held frequentl y, and contract or not monitore d against the construc tion program me – Lithuba Lam Projects		i. The progress meetings as required by the MFMA were not being held on a monthly basis as stipulated on the schedule of meetings submitted on the site hand over meeting. ii. The Municipality allowed the project to continue without a valid and approved construction programme. As a result, the contractor LLP was not monitored against the construction programme and did not meet the agreed practical completion date.	i. The Municipality through the PMU: Manager should ensure contractors do not vacate site by addressing any grievances by the contractors, in the extreme instance when a contractor vacate site before reaching the practical completion stage, site meetings should be held virtually as per the meeting schedule, and	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/ 2026	Management will ensure that meetings for other and future projects are held on a monthly basis and contractor monitored frequently to ensure good workmanship.

		iii. Furthermore, it was noted that ZZK Trading was appointed without a stipulated practical completion date. The contractor completed the project within 5 months.	this should be done when the arises (Contractor vacating site). ii. The municipality through the PMU: Manager should recover the amount (R1 719 977.84) that was supposed to be claimed for penalties. iii. The accounting officer should investigate the matter to determine whether there was a financial loss and hold the relevant parties accountable, this should be implemented immediately after audit sign off.			

5.3.3.2 CIDB requirement not stipulated on the tender advert for the appointment of ZZK. Trading		The CIDB registration for the ZZK trading was not submitted by the management and the advertised tender document did not specify which CIDB grading would be required for the work to be executed by the replacement contractor.	i. The PMU manager should ensure that the Professional team compiling the bid includes CIDB grading requirement and this can be achieved by developing an approved checklist for each tender document, focusing on the key section of the tender document. ii. The SCM manager should ensure that all tender advertisement have CIDB grading requirement for the appropriate contract value, as required by the "CIDB – Standard for uniformity in engineering and construction works contract, August 2019" before advertising the tender document.	Buhle Fikeni, Asanda Hlehliso, Asithethi Ntongana, Thando Njekeni, Bavuyise Tshitshi	30/Jun/2026	Management will ensure that the request for service provider is submitted together with the CIDB of the awarded service provider when utilizing the panel of contractors

5.3.6 Commissioning and utilization 5.3.6.1 Electricity not connected at the facility.		During the site visit, it was noted that basic service like electricity was yet to be connected at the facility. Moreover, during the site visit it was indicated by the Municipal officials that the application for the connection of electricity was submitted to Eskom, however the documented evidence of this application was not submitted to the auditors. As a result of no electrification the municipality resorted to an illegal /temporal connection.	The municipal manager should immediately follow up with ESKOM to ensure that the electricity connection is done and disconnect the temporal connection as it might damage the lights and air conditioners and other electrically powered items.	Asanda Hlehliso, Thando Njekeni, Bavuyise Tshitshi	30/Jun/ 2026	Management will ensure that applications are done during the project implementation phase and also ensure that the application documentation to ESKOM is made available. Management will follow up on the application made for Flagstaff Town Hall

ANNEXURE B: ALLOCATION OF COUNCILLORS

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for non-attendance %
Nonkosi Pepping	F/T	The Mayor	PR	100%	
Sibongile Buyiswa Vatsha	F/T	The Speaker	PR	100%	
Mbongeni Isaac Nkungu	F/T	Whip of the Council	PR	100%	
Bulelani Nhula Mvulana	F/T	Planning & Dev	PR	46,6%	33,3%
Zandile Bambusiba	P/T	Good Governance, MPAC	PR	80%	6.6.%
Sizwe Chitha	P/T	Planning & Development	Ward Councillor	100%	N/A
Noncedisa Noncedo Cwecwe	P/T	Institutional Transformation	PR	6.6%	N/A
Nontyatyambo Daniso	P/T	Public Participation, Members Interest, Institutional Transformation, Budget & Treasury	Ward Councillor	60%	13,3%
Mzikayise Didiza	P/T	Planning & Dev. Good Governance, Budget & Treasury	Ward Councillor	93,3%	N/A
Nomfundiso Gagai	P/T	EXCO & Institutional Transformation	PR	86,6%	6,6%
Mlulami Guleni	P/T	Institutional Transformation	Ward Councillor	53,3%	13,3%
Nomonde Jam-Jam	P/T	MPAC & Good Governance, EXCO	PR	93,3%	N/A
Thuliswa Jotile	P/T	Planning & Development, Institutional Transformation, Good Governance, Social services	Ward Councillor	40%	N/A
Mthetheleli Khwaza	P/T	Good Governance	Ward Councillor	100%	N/A
Lima Kumalo	P/T	Public Participation	Ward Councillor	66,6%	N/A
Busisiwe Mabhedumana	P/T	Infrastructure &Engineerning	PR	86,6%	N/A

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Zimbini Mabhuyana	P/T	Planning & Dev	PR	73,3%	N/A
Zoleka Mageza	PT	Budget & Treasury, Good Governance	Ward Councillor	100%	N/A
Mpumelelo Marhafu	P/T	Good Governance	PR	86,6%	N/A
Nomazwe Mapoloba	P/T		PR	75%	12, 5%
Sinethemba Mbendane	P/T	Planning & Dev	Ward Councillor	93,3%	6,6%
Dumisani Mchosini		Institutional Transformation, Planning & Dev	Ward Councillor	80%	N/A
Thandazile Mgudu	P/T	MPAC	Ward Councillor	73,3%	6,6%
Nomonde Mhle	P/T/		PR	86,6%	N/A
Zamile Mhlongo	P/T	EXCO, Social Services	Ward Councillor	80%	N/A
Mzuvukile Mlandelwa	P/T	Members Interest	Ward Councillor	26,6%	N/A
Nonceba Mngqinelwa	P/T	MPAC	PR	73,3%	N/A
Mthuthuzeli Mqobho	P/T	Infrastructure & Engineering	Ward Councillor	73,3%	N/A
Khayakazi Mnyaiza	P/T	Budget & Treasury	PR	93,3%	N/A
Simthembile Mtshazo	F/T	Infrastructure & Engineering	Ward Councillor	86,6%	6,6%
Zamile Mtsotso	P/T	MPAC	PR	40%	N/A
Nompumelelo Mzothwa	P/T	Planning &Development , Budget & Treasury	Ward Councillor	100%	N/A
Zamokuhle Ndzekeni	P/T	Infrastructure & Engineering	PR	53,3%	13,3%
Lusapho Ndziba	P/T	Social Services	PR	80%	13,3%
Tandeka Ndzumo	P/T	Social Services & MPAC	Ward Councillor	93,3%	N/A
Siphokazi Njisane	P/T	Infrastructure & Engineering, Planning & Dev	PR	80%	6,6%
Sandile Njovane	P/T	Good Governance	Ward Councillor	73,3%	N/A
Busisiwe Nkani	P/T	Budget & Treasury & EXCO	PR	100%	N/A
Fundisile Nomgca	P/T	MPAC & Social Services	Ward Councillor	60%	N/A

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Zwelethemba Noncokwana	P/T	MPAC	PR	100%	N/A
Nozuko Notyesi	P/T	Infrastructure& Engineering, Budget & Treasury, Public Participation	PR	100%	N/A
Bongani Nokele	P/T	MPAC	Ward Councillor	86,6%	6,6%
Thulani Nokwindla	P/T	Institutional Transformation, Budget & Treasury	PR	80%	N/A
Vumile Nongumza	P/T		Ward Councillor	86,6%	N/A
Simnikiwe Nontswabu	P/T	Planning & Dev	Ward Councillor	93,3%	N/A
Zukisa Nomazele	P/T	Budget & Treasury, Planning & Dev	Ward Councillor	93,3%	6,6%
Velile Nowa	P/T	Infrastructure & Engineering, Members Interest , Good Governance	Ward Councillor	100%	N/A
Mcetyiswa T. Ntilini	P/T	Budget & Treasury, Planning Dev	Ward Councillor	80%	6,6%
Tony Ntsangase	P/T	MPAC	PR	75%	12,5%
Luzuko Nceba Ntshongwana	P/T	Infrastructure & Engineering, Social services	Ward Councillor	80%	N/A
Makhathula Ntshwela	P/T	Infrastructure & Engineering, Members Interest, Social services	Ward Councillor	73,3%	N/A
Thulani Shaun GIYO	P/T	P	PR	100%	N/A
Mduduzi Sibulali	P/T	Institutional Transformation, Budget &m Treasury , Members Interest	Ward Councillor	86,6%	6,6%
Zukisa Sigcu	P/T	EXCO	PR	93,3%	6,6%
Thozama Princess Sobayeni	P/T	Institutional Transformation, Infrastructure & Engineering I	PR	73,3%	N/A
Vuyokazi Somani	P/T	EXCO	PR	80%	13,3%
Sinelise Soyikana	P/T		PR	87,5%	12,5%
Nonana Somzana	P/T	Public Participation	PR	86,6%	6,6%
Phetshwana Supu	P/T	Planning & Dev, Social services	PR	66,6%	N/A

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mpofane Tenyane	P/T	Planning & Dev& Social Services	Ward Councillor	100%	N/A
Lungile Thimle	P/T	Infrastructure & Engineering & MPAC	Ward Councillor	53,3%	N/A
Mzoli Tshabiso	P/T	Good Governance	Ward Councillor	60%	N/A
Sazi Tshabane	P/T	Social services	Ward Councillor	40%	N/A
Zamile Vatsha	P/T	Institutional Transformation, Good Governance	Ward Councillor	86,6%	6,6%
Koliswa Vava	P/T	MPAC	Ward Councillor	93,3%	N/A
Ntsikelelo Zathi	P/T	MPAC,	Ward Councillor	66,6%	6.6%

ANNEXURE C: OTHER COMMITTEES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees			
Municipal Committees	Purpose of Committee	Administrative Members	Percentage Attendance of Meetings
Municipal Public Accounts	To assist Council to hold the Executive to account, to ensure the efficient and effective use of municipal resources.	Manager: Council Support & Public Participation MPAC Officer	100%
Ethics & Members' Interest Committee	It is established in terms of Section 79 of the Municipal Structures Act to advocacy for the interests of Councillors	Manager: Council Support & Public Participation Council Support Officer	100%
Section 80 Committees	Established in terms of Section 80 of Municipal Structures Act, plays oversight roles over respective departments	Executive Council Secretary, Council Support Officer	100%
Audit committee	It is an independent advisory body that advises Council, political office bearers, the accounting officer	Chief Audit Executive	100%

Committees (other than Mayoral / Executive Committee) and Purposes of Committees			
Municipal Committees	**Purpose of Committee**	**Administrative Members**	**Percentage Attendance of Meetings**
	and management of the municipality on matters related to internal controls, internal audits, risk management accounting policies and adequacy reliability and accuracy of financial reporting and information, performance management, effective governance compliance with the MFMA and the Division of Revenue Act		
Women's Caucus	To champion the interest of women in the Council and women not in the Council. To restore human dignity especially of women and children. To strength the relationship between Council and Society	Manager Council Support & Public Participation Council Support Officer	70%
Public Participation & Petitions Committee	The committee is mandated by section 79 of the Municipal Structures Act to consider petitions from the public.	Executive Council Secretary and Council Support Officer	100%

ANNEXURE D: 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 Tshabiso Sandiso Nongoma Thembakazi Tshabiso Thandimfundo Dilayi Manqabaza Mahlonti Sandiso Sobhuduza Nkosinathi Zibuthe Nontlahla Mgewu Xoliswa Soqinise Zukelwa Msikwa Neliswa Mciza	Yes	12	6	4
2	Cllr Mqobho Nokuthula Nohabhuza Ncumisa Mnyamane Mziwandile Njingolo Nyanisile Mnikelwa Nomxolisi Dushu Nobubele Mlanji Nomzamo Mnyanda Nomanesi Sobhoyisi Nomalizo Mphamba Noyolo Cingo	Yes	12 Cllr Ntilini Nosinothi Maxeke Zuko Mathe Zikhona Dushu Sanelisiwe Mdingi Ntombozuko Selana Ayanda Ndulelisa Hlalanathi Dobe Khalipha Bezane Noyolo Ndulelisa Fikiswa Junda	6	4
3	Cllr Ntilini Nosinothi Maxeke Zuko Mathe Zikhona Dushu Sanelisiwe Mdingi Ntombozuko Selana Ayanda Ndulelisa Hlalanathi Dobe Khalipha Bezane Noyolo Ndulelisa Fikiswa Junda	Yes	12	6	4
4	Cllr Khwaza Vanikeke Mangaliso	Yes	12	6	4

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
	Lungakzi Mangaliso Phatheka Mbhedeni Vuyokazi Mginti Nokhaliphile Mmbo Nontsikelelo Nkwenkwe Nikho Msumza Phumza Mmeli Phakama Mmango Thembisa Cingo				
5	Cllr.Guleni Celiwe Bhedle Ntomboxolo Nqambi Nofefe Msi Garane Mkhuzwa Mboneni Maqutu Zolile Sukantaka Nolundi Dwatshela Nokubonga Mxiyose Zolile Camagwini Vuyokazi Ndabisukile	Yes	12	6	4
6	Cllr.Didiza Monwabisi Ntamo Nokulunga Mdlauzeli Nokude Mkhozo Asanda Mboyi Sipho Mkhuzwa Vuyisile Songwangwa Busisiwe Qwalela Nompilo Tsibiyana Rose Silwanyana Simnikiwe Momhatu	Yes	12	6	4
7	Cllr Nontswabu Sivuyile Nokhwe Ellias Thandekile Bomela Mawelel Malundana Nonkonzo Madlavini Vumile Soqashe Onela Mabhunga Ntombizandile Tshaka	Yes	12	6	4

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
	Phumza Bera Yonela Veco Sipho Sidyoko				
8	Cllr Nomazele Adumile Mroyiza Thembeni Vikilahle Funeka Mangena-Ngcithane Pinkie Khayisa Nopasika Dotyeni Busisiwe Langalibalele Phakama Makha Nomhle Zaqgawana Anelisa Mgogi Nozibele Diko	yes	12	6	4
9	Clllr,Vava Nomxolis Maqokolo Nelisiwe Mabunga Mthemba Feni Bongeka Mbuqe Nosandi Qutha Ntsoyana Siyavuya Godlimpi Nosicelo Mgqibela Phillip Gwegwe Nomava Mfenyane Nontlahla Makholosa	Yes	12	6	4
10	Cllr Thimle Mthetheleli Bangani Busisiwe Gawushe Mkjululi A Layini Nondzukiso Mfolozi Dumengele Mncono Chumjazile Mtshatsho Mzawuthethi Mzathu Nontandabuzo Sigcawu Nothokozani Sikhathele Nomnikelo Qumba	Yes	12	6	4

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
11	Cllr. Nokhele Nobantu Samka Nongezile Qhoboshiyane Lunga Maqikiqa Sabelo Sihoyiya Nokwanda Manyolo Nophumzile Ntanga Ntombintombi Putuma Nosipho Xhobiso Nozamile Gowana Babalwa Zongo	Yes	12	6	4
12	Cllr.Nongumza Nonzukiso Lemese Nombulelo Gcuda Mziyanda Mabhiza Luleka Mjobo Buyisile Makota Asanda Ngwevana Andile Ngazane Nomandla Ntsoyana Edmus Mbabe Ntombifuthi Velile	Yes	12	6	4
13	Cllr Mbendane Yandisa Tshaka Xolisa Junda Anele Mdingwa Thabo Mafanya Ayanda Mfolozi Lulama Mgwaza Andiswa Nkungu Nombuso Mtshulana Columbus Fihlani Sibabalwe Ngwane	Yes	12	6	4
14	Cllr. Mgudu Ntombesithathu Mabhena Luvuyo Dumani Thunyelwa Madikizela Nomnikelo Zweni Thozama Magiqeka	Yes	12	6	4

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
	Khanyisa Nongawuza Nombulelo Ntlophoyiwo Xolisa Phangindawo Zoleka Fumba Andiswa Libala				
15	Cllr.Chitha Mandlenkosi Magula Cebisa Mgebhu Fundisile Congela Akhona Mhlwazi Andiswa Bangani Gwetyana Nothemba Philiswa Mzaza Nombini Mbaleni Goma-goma Fezeka Ntobeko Mgaga	Yes	12	6	4
16	Cllr.Jotile Zuziwe Vellem Sitshilo Maqili Nomfusi Mathinjwa Zanomoya Vungaye Nolwazi Mthenjwa NO-Andile Kwata Zuko Hleza Beauty Quba Fundile Lubaleko Sandiso Khilo		12	6	4
17	Cllr Tenyane Nomampondomise Hanisi Nonceba Ngotane Madlomo Limaphi Nomgqibelo Mgudu Sikiti Zimasa Zolani Limaphi Zanele Jijimba Kholeka Nobetsiki Bonelwa Cengani	Yes	12	6	4
18	Cllr Zathi Laurain Fiko	Yes	12	6	4

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
	Ntombizini Nkayitshana Ntombikayise Tenyane Thumeka Gulaza Nonhlanhla H Njiva Zakhona Ndwayi Ndikho Mzangwa Nontembeko Nomhana Yoliswa Sikota Vuyisile Mtatambi				
19	Cllr.Mhlongo Nokwakha Habe Siyabonga Mpukulwana Bonelwa Hopu Zukiswa Mhlwazi Xoliswa Mseswa Nodada Zama Nozuko Sithimba Phelokazi Tunywashe Sivuyile Xhongo Mzingisi S Diphini	Yes	12	6	4
20	Cllr Cwecwe Mahlubandile Sobantu Anele Ncama Zolile Mfiki Sihle Khofo Nonzuzo Mtshikwa Nikiwe Gabiyana Nokuvuma A Ngxothweni Zoleka Mjoji Ntombizodwa Ntshangelanga Nonkanyiso D Dulelisa	Yes	10	4	4
21	Cllr Ntshongwane Buyile Xikivana Miyakazi Nomthebe Fezeka Fletcher Gloria Qumbela Busisiwe Jafta Busisiwe Khwethane Nwabisa Xhonti	Yes	12	6	4

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
	Phakama Mhlanti				
22	Cllr Sibulali Zamva Gegeleza Zamile Soqha Babalwa Joni Zodidi Dontsa Nomalanga Sidakwa Noma-Indiya Soboyce Ayanda Ngxokile Luvo Mxinwa Nombulelo Bhikitsha Beauty Sileyo	Yes	12	6	4
23	Cllr Khumalo Bandla Ntombivelile Nyawose Zimasa Ntombentsha Mthenjwa Nyamela Mdiya Nobubele Ndengezi Mdanswa Khafula Ogle Nonzame Nomfuneko Ndube Zanele Zolendlini	Yes	12	6	4
24	Cllr. S. Njovane Ntombentle Mkaka Nontle S. Nodwengu Nokwanela Nondzala Thulani Mahleza Dolly Notha Nozenzo Dunjana Thobeka Ngangaza Mandlenkosi Duna Bulelwa Mvangeli Anga Dingilizwe	Yes	12	6	4
25	Cllr. V Vatsha Mzikayise Mbekelwa Ntombovuyo Mxhonywa Bongile Nojava Nonzuzo Phandela	Yes	12	6	4

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
	Luthando Cabela Mafundile Jwili Ntomboxolo Soshukuma Anele Mazaleni Anele Ngqaza Nomalungisa Rubela				
26	Cllr. M Mlandelwa Nonkumbuzo Gxabhu Nombeko Finiza Nozicelo Ndengezi Dumisani P Cele Vulindlela Khonjwayo Khululela Mgoduka Mfundiso Kwekwele Mlalelwa Mnikina Msawenkosi Cwecwe	Yes	12	6	4
27	Cllr. M Ntshwela Phatheka Gogo Ntombizonke Maqhashalala Lungiswa Hintsa Xolani Tshungu Zintle Kheliwe Thobeka Lilelo Ntimbikhona Hilihili Nompucuko Vimba Mazamile Finiza	Yes	12	6	4
28	Cllr Nowa Yonela Mjobo Nontuthuzelo Manjanja Zisanda Njikazi Nomvuselelo Ntsikane Thubelihle Mfazwe Sibahle Maranjana Thabisile Makeleni Bhekisisa Ngonono Nogcina Lande Thandazile Dlamini	Yes	12	6	4
29	Cllr Mageza Tembisa Pakade	Yes	12	6	4

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
	Mziwabantu Ziphathe Somelele Mzolisa Nomvume Daniso Mpakwana Nompumelelo Msuthu Marobesha Melikhaya Nophelo Ntsiyane Phumzile Tshangela Awethu Mjobo Phakama Mafolwana				
30	Cllr Mchosini Bonginkosi Nogwaba Vulindlela Sithole Yonela Mgqibela Bukiwe Gwegwe Jelly Ntleki Ntombifuthi Thakathi Madoda Mgabisa Ntombovuyo Mafukwana Tembisa Mayekiso Zalipholile Mgwili	Yes	12	6	4
31	Cllr Nomgca Khayalethu Mgidi Sindiswa Mphalampela Lulama Nontu Nandipha Tshona Nomasebe Mdutshane Lusindiso Ngwini Lindelwa Ndyokomba Nobuntu Boyce Luyanda Ndzume Bukeka Ndabankulu	Yes	12	6	4
32	Cllr Tshabane Ntombentle Msani Fezile Mantiyane Nokubonga Jika Mlungisi Nyawose Xolisile Sikhonza Zoleka Sijibha Mamboniswa Bebu	Yes	12	6	4

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
	Philiswa Nigi Luyolo Owen				

ANNEXURE E: DISCLOSURE OF FINANCIAL INTERESTS

Period 1 July to 30 June 2025 of Year 0 (Current Year)		
Position	Name	Description of Financial interests* (Nil / Or details)
Mayor	Prudence Ntombenkosi Pepping	Transport Industry, SALGA allowance
Speaker	Sibngile Buyiswa Vatsha	Inxili Yabafazi corporation, Interst Mkhambathi Land Trust, Tshisanyama , Restaurant &Cash Loans , Indirect Interest Transport operations
Whip of the Council	Mbongeni Isaac Nkungu	Nil
Member of MayCo / Exco		
Exco Member	Zamile Mhlongo	Shares and securities in any company, member of Ingquza close corporation, interest in any trust
Exco Member	Koliswa Vava	Member Lefate group, Z& K Technologies and Ekuhleni Contractors, Directorship: Vuka Mfazi and IRWING 442
Exco Members	Vuyokazi Somani Busisiwe Nkani Bulelani Nhula Mvulana Zukisa Sigcu Lusapho Ndziba Nomonde Jam-Jam Numfundiso Gagai	Nil
MPAC Chairperson	Zwelethemba Noncokwana	Nil
Councillor	Fundisile Nomgca	Member of Co-op Zanokhanyo Bhungeni, Transport Industry
Councillor	Thulani Shaun Giyo	Qhakaza Mpumakoloni, Community Development as an EPWP
Councillor	Zamokuhle Ndzekeni	Mkhambathi Land Trust, Directorship: Kuyakhanya Business Forum. Interest in grass cutting and toilet rentals

Period 1 July to 30 June 2025 of Year 0 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
Councillor	Zukisa Isaac Nomazele	Sne & Ziz Trading Enterprise, Ordan Investment Group Pty LTD, Mdeuka Trade & General
Councillor	Lungile Thimle	Other financial interests in any business undertaking, Taxi owner, Member of close cooperation
Councillor	Mzuvukile Mlandelwa	Laphumi Khwezi Developers, Ilinge le Africa, Interest in hiring equipement , Interest in properties
Councillor	Zamile Vatsha	The Best Quality trading cc
Councillor	Simthembile Hopewell Mtshazo	Seyantlo (K2018093826) Share and Security
Councillors	Noncedo Noncedisa Cwecwe Siphokazi Njisane Sandile Njovane Nontyatyambo Daniso Zandile Princess Bambusiba Mzikayise Cyril Didiza Tandeka Ndzumo Luzuko Nceba Ntshongwana Princess Tozama Sobayeni Nonana Somzana Petshwana Edward Supu Mduduzi Sibulali Busisiwe Mabhedumana Thuliswa Jotile Thandazile Mgudu Simnikiwe Nontswabu Dumisani Thembelani Mchosini Thulani David Nokwindla Nozuko Beatrice Notyesi Vumile Nongumza Mcetyiswa Theophilus Ntilini Velile Nowa Tony Ntshangase Mpofane Tenyane Mlulamisi Alleck Guleni Lima Khumalo Mthetheleli Khwaza Zimbini Mabhuyana Zoleka Mageza	Nil

Period 1 July to 30 June 2025 of Year 0 (Current Year)		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
	Nonceba Mgqinelwa Nomonde Mhle Ntsikelelo Zathi Zamile Mtsotso Makhathula Ntshwela Mthuthuzeli Mqobho Kayakazi Mnyayiza Nompumelelo Mzothwa Mpumelelo Marhafu Sinethemba Mbendana Sizwe Chitha Mzoli Tshabiso Nomazwe Mapoloba Sanelise Soyikana Tony Ntshangase Bongani Nokele Sazi Shabane	
Municipal Manager		Nil
Chief Financial Officer		Nil
Other S57 Officials		Nil

ANNEXTURE F

CONSIDERATION OF KEY PERFORMANCE INDICATORS

IN THE DEVELOPMENT OF THE ANNUAL REPORT

The following is the list of indicators that were agreed upon and on how the performance information should be populated: -

Chapter: Organizational 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;	413	332	80%	Not Achieved
2	Percentage of appointments in strategic positions -- (Municipal Manager and Section 57 Managers)	2	2	100%	Achieved
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	6	6	100%	Achieved

	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
4	Percentage of Managers in Technical Services with a professional qualification	2	2	100%	Achieved
5	Level of PMS effectiveness in the DM – (DM to report)	The municipality has not implemented the IPMs since 2019, nevertheless the senior Management and Management signed Performance Agreements. Whilst organization performance has been implemented, its report is being reported to the council on a quarterly basis.			
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				
8	Percentage of councilors who attended a skill development training within the current 5-year term	64	64	100%	Achieved
9	Percentage of staff complement with disability	4	3	75%	Achieved

	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
10	Percentage of female employees	161	161	100%	Achieved
11	Percentage of employees that are aged 35 or younger	23	23	100%	Achieved
12	Adoption and implementation of an HRD including Workplace Skills Plan	100% of 150 employees	150	100%	Achieved

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in water services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the FY under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to potable water	N/A	N/A	N/A	N/A	N/A

2	Percentage of indigent households with access to free basic potable water	N/A	N/A	N/A	N/A	N/A

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	94%	6000	538	538	63%
2	Percentage of indigent households with access to basic electricity services	3%	18 000	6 200	6 200	34%
3	Percentage of indigent households with access to	3%	18 000	6 200	6 200	34%

	free alternative energy sources					

Annual performance as per key performance indicators in sanitation services (DISTRICT FUNCTION)

	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 sanitation services	N/A	N/A	N/A	N/A	N/A
2	Percentage of indigent households with access to free basic sanitation services	N/A	N/A	N/A	N/A	N/A

Annual performance as per key performance indicators in road maintenance services

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	3 119	3 119	3 119	0	0%

2	Percentage of informal settlements that have been provided with basic services	64051	19215	3 119	2 178	69.8%
3	Existence of an effective indigent policy	Yes, the indigent policy is in place and being implemented accordingly. The reviewal of indigent register is done yearly by				
4	Existence of an approved SDF	Yes, Reviewed and adopted in 2024/25 financial year, however it is yet to be gazette				
5	Existence of Land Use Management System (LUMS)	Yes, Wall to wall land use scheme has been developed, adopted and gazette on the 29th of July 2024				

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

Annual performance as per key performance indicators in LED

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	16	9	56%
2	Percentage of LED Budget spent on LED related activities.	R10 000 000	R7 820 420	78%
3	Existence of LED strategy	There is an existing LED Strategy which is currently being reviewed to ensure that it also incorporates Innovation which is planned to be adopted by council before the end of Financial Year 2024.25. The LED Forum resuscitation is also aligned to the review of the strategy, and it is planned to convene quarterly. All LED plans are discussed are discussed during LED Stakeholder engagement sessions.		

	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
4	Number of LED stakeholder forum meetings held	4	4	100%
5	Plans to stimulate second economy	4	3	75%
6	Percentage of SMME that have benefited from a SMME support program	41	30	73%
7	Number of job opportunities created through EPWP	451	462	102%
8	Number of job opportunities created through PPP	1000	766	77%

Chapter: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)

Annual performance as key performance indicators in financial viability

Status of the audit outcome		The municipality has received a Qualified audit opinion in 2023/2024 Financial Year. The audit report is attached in the annual report.		
Submission of AFS after the end of financial year		The AFS were submitted within the timeline which is the 31 of August 2024 to the Auditor General. The final AFS are attached in the annual report.		
Key Performance Indicator		**Target set for Capital Budget (R000)**	**Achievement level during the year R(000)Amount spent against capital budget (R000)**	**Percentage spent on capital budget during the year vs the actual revenue**
1	Percentage of expenditure of capital budget	R151 998	R132 421	87%

	Key Performance Indicator	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
2	Percentage of salary budget as of the total operational budget	R589 715	R202 926	34%
	Key Performance Indicator	**Target set for the year (own revenue) R(000)**	**Achievement level Trade creditors during the year R(000)**	**Achievement percentage during the year**
3	Total municipal trade creditors	R90 450	R39 698	44%
	Key Performance Indicator	**Target set (actual total budget) in the year under review**	**Achievement level (own revenue) in the year under review**	**Achievement percentage during the year**
4	Total municipal own revenue as a percentage of the total actual budget	R110 120	R104 094	95%
	Key Performance Indicator	**Indicate previous financial year' s municipal debtors**	**Indicate municipal debtors for the year under review**	**Achievement percentage (reduction rate)**
5	Rate of municipal consumer debtors' reduction	R107 683	R120 232	90%

	Key Performance Indicator	Indicate MIG budget for the year under review	Indicate actual expenditure on MIG budget	Achievement percentage
6	Percentage of MIG budget appropriately spent	R81 812	R81 221	99%

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	100%	317 with two to be added during December 2024	98%
2	% of ward committees that are functional	100%	All 32 Wards which translate to 317	100%
3	Existence of an effective system to monitor CDWs	The municipality is currently having 23 CDWs (Ward 01 CDW is not functional) which covers the following Wards, 1, 2, 4, 6, 7, 8, 9, 11, 12, 13, 14, 17, 18, 19, 20, 21, 22, 23, 24, 25, 27, 28, 29, 30, 31 and 32 and then the following Wards do not have CDWs are 03, 05, 10, 15, 16 and 26. CDWs are working with the municipalities in all activities and events while all reports are submitted to the Department of Cooperative Governance and Traditional Affairs (COGTA). However, there is cooperation and working together by the CWDs whenever the municipality is requesting information. The Coordinator of CDWs is housed at the Public Participation Office.		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
4	Existence of an IGR strategy	There is no IGR strategy in place, however the institution does have a framework that acts as a guiding tool. The IGR is at a revival stage having been not effective for a longer period.		
5	Effective of IGR structural meetings	Regular meetings do sit – from clusters to fora. This is not without challenges as the office responsible is still being set to ensure that it is fully fledged and thus effective.		
6	Existence of an effective communication strategy	The communication strategy is in place and is effective. It is reviewed annually and the plan when, and if, needed. All affected parties like the council, administration and the community (and all stakeholders) have been workshopped for it and are familiar with their expected roles.		
7	Number of mayoral imbizos conducted	2(Exco outreach and IDP and PMS roadshows across the 32 wards.	1(IDP and Budget Roadshows across the 32 wards)	50%
8	Existence of a fraud prevention mechanism	The municipality has incorporated fraud risks into both the strategic and operational risk register, thus there is no stand-alone fraud risk register. The municipality has developed anti-fraud and corruption strategy which includes anti-fraud prevention plans, hosting of anti-fraud and corruption hotline service, establishment of the anti-fraud and corruption committee which will provide oversight on how reported incidents are handled, investigated and closed out in accordance with applicable laws and legislation. The municipality has since developed Anti-fraud and corruption policy to be presented during review of policies for the coming financial year. Whistleblowing policy has also been presented and is draft form, awaiting inputs from management, risk management committee		

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		and the audit committee before approved for the 2025-26 financial year. A proposed fully fledged structure of the Risk Management Unit will be incorporated to the 5 Human Resources Plan during its review. The proposed structure was developed through a benchmarking exercise with peer municipalities which have a Risk Management Unit that is independent of the Internal Audit Unit, and which covers all risk management components from loss control, risk management, fraud and corruption.		

ANNEXURE G: AUDIT FINANCIAL STATEMENT

UPHUHLISO LWABANTU KUQALA

INGQUZA HILL
LOCAL MUNICIPALITY

Ingquza Hill Local Municipality
Annual Financial Statements
for the year ended 30 June 2025

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Provision of services to the community as prescribed by the Local Government Municipal Structure Act No. 117 of 1998 and the constitution of the Republic of South Africa Act No. 108 of 1996.
Areas of operation	Areas demarcated to be within Ingquza Hill Local Municipality per the municipal demarcation: Flagstaff Lusikisiki
Mayor	Cllr . P. N Pepping
Speaker	Cllr S.B. Vatsha
Chief Whip	Cllr M.I Nkungu
Member of Executive Committtee:	Cllr N.A. Gagai-Nkungu (Portfolio Head: Institutional Transformation and Organisational Developmnet) Cllr N.P. Jam-Jam (Portfolio Head: Good Governance and Public Participation) Cllr Z. Mhlongo (Portfolio Head: Social Services) Cllr B.N. Mvulana (Portfolio Head: Planning and Development) Cllr B.J. Nkani (Portfolio Head: Budget and Treasury) Cllr V. Somani (Portfolio Head: Human Settlement) Cllr K Vava (Portfolio Head: Engineering and Technical Services) Cllr Z. Sigcu (No Portfolio) Cllr L.I. Ndziba (No Portfolio)
Councillors	Cllr M. Tshabiso Cllr M. Mgqobho Cllr M.T. Ntilini Cllr M. Kwaza Cllr M.A. Guleni Cllr M.C. Didiza Cllr S. Nontswabu Cllr Z.I. Nomazele Cllr L. Thimle Cllr B. Nokele Cllr V. Nongumza Cllr T.A. Mgudu Cllr S. Chitha Cllr T. Jotile Cllr M. Tenyane Cllr N. Zathi Cllr N.N. Cwecwe Cllr L.N. Tshongane Cllr M.P Sibulali Cllr L. Khumalo Cllr S. Njovane Cllr Z. Vatsha Cllr M. Mlandelwa

General Information

	Cllr M. Ntshwela
	Cllr V. Nowa
	Cllr Z. Mageza
	Cllr D. Mchosini
	Cllr F. Nomgca
	Cllr S. Tshabane
	Cllr. Z.P. Bambusiba
	Cllr N.P. Mhle
	Cllr Z. Mabhuyana
	Cllr Z. Noncokwana
	Cllr T. Ndzumo
	Cllr S. Njisane
	Cllr K. Mnyayiza
	Cllr. N.B. Notyesi
	Cllr V. Mabhedumana
	Cllr P.E. Supu
	Cllr P.T Sobayeni
	Cllr. T. Ntshangase
	Cllr S. Sanelise
	Cllr. T.D Nokwindla
	Cllr N. Daniso
	Cllr N. Mzothwa
	Cllr N.C.B. Mngqinelwa
	Cllr S.H. Mtshazo
	Cllr Z. Mtsotso
	Cllr. M. Marhafu
	Cllr S. Somazana
	Cllr. Z. Ndzekeni
	Cllr T.S. Giyo
	Cllr N. Mapoloba
	Cllr S. Mbendane
Traditional leaders:	Chief L. Dinwayo Chief C.P. Sigcau
Grading of local authority	Grade 4
Chief Financial Officer (CFO)	Mr. Buhle S. Fikeni
Accounting Officer	Mr. Velile Castro Makedama
Registered office	No. 135 main Street Flagstaff 4810
Postal address	P.O. Box 14 Flagstaff 4810
Bankers	First National Bank
Auditors	Auditor General South Africa

General Information

Attorneys	Ndum Ndum Attorneys Ndzo Attorneys Jolwani Mgidlana Inc

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Abbreviations used:

INEP	Intregrated National Electrification Program
AARTO	Adminstrative Adjudication of Road Traffic Offences
GRAP	Generally Recognised Accounting Practice
ENATIS	Electronic National Traffic Information System
SDL	Skills Development levy
UIF	Unemployement Insurance Fund
MFMA	Municipal Finance Management Act
SARS	**South Africa Revenue Services**
VAT	**Value Added Taxation**
mSCOA	Municipal Standard Chart of Accounts
SCM	**Supply Chain Management**
Cllr	**Councillor**
MPAC	**Municipal Public Accounts Committee**
LED	**Local Economic Development**
DBO	**Defined benefit Obligation**
LSA	**Long Service Award**
PAYE	**Pay As You Earn**

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the funding from government grants and subsidies and collections from services rendered to finance its operations.. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The annual financial statements set out on pages 6 to 96, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2025:

Mr. Velile Castro Makedama
Accounting officer

Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Assets held for sale	3	768,083	-
Statutory receivables	4	13,423,524	10,066,279
Receivables from exchange transactions	5	6,205,500	2,558,886
Cash and cash equivalents	6	288,536,241	267,821,868
		308,933,348	**280,447,033**
Non-Current Assets			
Investment property	7	787,726,928	768,514,077
Property, plant and equipment	8	836,997,574	762,516,641
		1,624,724,502	**1,531,030,718**
Total Assets		**1,933,657,850**	**1,811,477,751**
Liabilities			
Current Liabilities			
Finance lease obligation	9	1,418,164	-
Payables from exchange transactions	10	39,698,524	20,733,614
Employee benefit obligation	11	19,142,127	17,824,509
Unspent conditional grants and receipts	12	1,034,810	4,806,033
Provisions	13	2,700,010	3,150,620
		63,993,635	**46,514,776**
Non-Current Liabilities			
Finance lease obligation	9	2,237,899	-
Employee benefit obligation	11	6,500,840	5,789,000
Provisions	13	21,046,787	23,236,484
		29,785,526	**29,025,484**
Total Liabilities		**93,779,161**	**75,540,260**
Net Assets		**1,839,878,689**	**1,735,937,491**
Accumulated surplus		1,839,878,689	1,735,937,496
Total Net Assets		**1,839,878,689**	**1,735,937,496**

* See Note 37

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	14	1,394,389	1,095,820
Rendering of services	15	330,352	277,273
Construction contracts	16	20,477,645	2,276,522
Rental of facilities and equipment	17	1,043,187	965,480
Interest income on receivables from exchange transactions	18	1,020,465	979,702
Agency services	19	4,475,407	4,248,411
Licences and permits	20	115,290	87,647
Other income	21	142,613	136,719
Interest income - investment	22	24,126,280	24,812,201
Total revenue from exchange transactions		**53,125,628**	**34,879,775**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	39,803,405	31,222,470
Interest on debtors - statutory receivables	24	9,177,639	8,309,752
Transfer revenue			
Government grants & subsidies	25	447,156,961	405,544,414
Fines & Penalties	26	1,987,619	1,327,444
Total revenue from non-exchange transactions		**498,125,624**	**446,404,080**
Total revenue		**551,251,252**	**481,283,855**
Expenditure			
Employee related costs	27	(163,510,250)	(148,630,287)
Remuneration of councillors	28	(29,154,244)	(26,345,745)
Depreciation and amortisation	29	(56,046,718)	(51,504,348)
Finance costs	30	(4,136,614)	(3,671,089)
Debt Impairment	31	(10,070,901)	(11,897,290)
Bad debts written-off	31	(8,734,699)	(52,622)
Contracted Services	32	(87,375,034)	(55,825,465)
Transfers and Subsidies	33	(5,095,523)	(7,820,420)
General expenses	34	(107,700,971)	(114,912,170)
Total expenditure		**(471,824,954)**	**(420,659,436)**
Operating surplus		**79,426,298**	**60,624,419**
Gain on disposal of assets	35	136,985	237,412
Fair value adjustments	7	19,212,852	18,974,674
Actuarial gains/losses	11&13	5,883,402	654,673
Impairment loss	36	(718,336)	-
		24,514,903	**19,866,759**
Surplus for the year		**103,941,201**	**80,491,178**

* See Note 37

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	1,654,476,838	1,654,476,838
Adjustments		
Prior year adjustments 37	969,480	969,480
Balance at 01 July 2023 as restated*	**1,655,446,318**	**1,655,446,318**
Changes in net assets		
Surplus for the year	80,491,178	80,491,178
Total changes	80,491,178	80,491,178
Restated* Balance at 01 July 2024	**1,735,937,488**	**1,735,937,488**
Changes in net assets		
Surplus for the year	103,941,201	103,941,201
Total changes	103,941,201	103,941,201
Balance at 30 June 2025	**1,839,878,689**	**1,839,878,689**

Note(s)

* See Note 37

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Taxation		29,714,941	38,557,262
Sale of goods and services		26,122,765	11,574,547
Grants		443,385,738	405,250,065
Interest income		24,126,280	24,812,201
		523,349,724	480,194,075
Payments			
Employee costs		(191,218,561)	(173,189,696)
Suppliers		(190,095,342)	(175,464,236)
Finance costs		(309,992)	(20,771)
		(381,623,895)	(348,674,703)
Net cash flows from operating activities	38	**141,725,829**	**131,519,372**
Cash flows from investing activities			
Additions of property, plant and equipment	8	(120,651,478)	(89,820,753)
Proceeds from sale of property, plant and equipment	35	437,430	467,041
Net cash flows from investing activities		**(120,214,048)**	**(89,353,712)**
Cash flows from financing activities			
Finance lease payments		(839,188)	-
Net increase/(decrease) in cash and cash equivalents		**20,714,373**	**42,164,767**
Cash and cash equivalents at the beginning of the year		267,821,868	225,657,101
Cash and cash equivalents at the end of the year	6	**288,536,241**	**267,821,868**

* See Note 37

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	1,500,004	(500,000)	**1,000,004**	1,394,389	**394,385**	39% - Note53
Rendering of services	615,588	-	**615,588**	330,352	**(285,236)**	(46%) -Note53
Construction contracts	18,162,000	9,569,000	**27,731,000**	20,477,645	**(7,253,355)**	(27%) -Note53
Rental of facilities and equipment	1,200,000	-	**1,200,000**	1,043,187	**(156,813)**	(13%)
Interest income on receivables from exchange transactions	734,100	-	**734,100**	1,020,465	**286,365**	39% -Note53
Agency services	6,400,008	-	**6,400,008**	4,475,407	**(1,924,601)**	(30%) -Note53
Licences and permits	200,004	-	**200,004**	115,290	**(84,714)**	(42%) -Note53
Other income	188,004	-	**188,004**	142,613	**(45,391)**	(24%) -Note53
Interest received - investment	15,000,000	5,000,000	**20,000,000**	24,126,280	**4,126,280**	21% -Note53
Total revenue from exchange transactions	**43,999,708**	**14,069,000**	**58,068,708**	**53,125,628**	**(4,943,080)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	41,772,024	-	**41,772,024**	39,803,405	**(1,968,619)**	(5%)
Interest on debtors - statutory receivables	8,918,304	-	**8,918,304**	9,177,639	**259,335**	3%
Transfer revenue						
Government grants & subsidies	425,232,996	23,200,000	**448,432,996**	447,156,961	**(1,276,035)**	0%
Fines and Penalties	1,361,280	-	**1,361,280**	1,987,619	**626,339**	46% -Note53
Total revenue from non-exchange transactions	**477,284,604**	**23,200,000**	**500,484,604**	**498,125,624**	**(2,358,980)**	
Total revenue	**521,284,312**	**37,269,000**	**558,553,312**	**551,251,252**	**(7,302,060)**	
Expenditure						
Employee related costs	(172,563,308)	(48,000)	**(172,611,308)**	(163,510,250)	**9,101,058**	5%
Remuneration of councillors	(30,315,288)	-	**(30,315,288)**	(29,154,244)	**1,161,044**	(4%)
Depreciation and amortisation	(55,000,000)	-	**(55,000,000)**	(56,046,718)	**(1,046,718)**	(0%)
Impairment loss	-	-	**-**	(718,336)	**(718,336)**	(100%)-Note53
Finance costs	(3,800,004)	500,000	**(3,300,004)**	(4,136,614)	**(836,610)**	(25%) -Note 53
Debt Impairment	(12,363,000)	-	**(12,363,000)**	(10,070,901)	**2,292,099**	(19%)- Note 54
Bad debts written off	(39,999,996)	-	**(39,999,996)**	(8,734,699)	**31,265,297**	(78%) -Note 53
Contracted Services	(99,987,133)	(30,431,036)	**(130,418,169)**	(87,375,034)	**43,043,135**	(32%) -Note 53
Transfers and Subsidies	(10,549,993)	3,144,460	**(7,405,533)**	(5,095,523)	**2,310,010**	(31%) -Note 53
General Expenses	(139,422,636)	1,120,823	**(138,301,813)**	(107,700,971)	**30,600,842**	(22%) -Note53
Total expenditure	**(564,001,358)**	**(25,713,753)**	**(589,715,111)**	**(472,543,290)**	**117,171,821**	
Operating surplus	**(42,717,046)**	**11,555,247**	**(31,161,799)**	**78,707,962**	**109,869,761**	
Gain on disposal of assets and liabilities	-	-	**-**	136,985	**136,985**	100% -Note53
Fair value adjustments	-	-	**-**	19,212,852	**19,212,852**	(100)-Note53
Actuarial gains/losses	999,996	-	**999,996**	5,883,402	**4,883,406**	(488%)-Note53
	999,996	**-**	**999,996**	**25,233,239**	**24,233,243**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Surplus before taxation	**(41,717,050)**	**11,555,247**	**(30,161,803)**	**103,941,201**	**134,103,004**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(41,717,050)**	**11,555,247**	**(30,161,803)**	**103,941,201**	**134,103,004**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Assets held for sale	253,669	6,549,992	**6,803,661**	768,083	**(6,035,578)**	89% -Note 53
Operating lease asset	1,759,395	-	**1,759,395**	-	**(1,759,395)**	100% -Note 53
Statutory receivables	34,781,190	-	**34,781,190**	13,423,533	**(21,357,657)**	72 % -Note 53
VAT receivables	15,012,689	-	**15,012,689**	-	**(15,012,689)**	83 % -Note 53
Receivables from exchange transactions	4,731,265	(500,000)	**4,231,265**	6,205,500	**1,974,235**	61 % -Note 53
Cash and cash equivalents	134,980,714	26,145,609	**161,126,323**	288,536,241	**127,409,918**	(79%) -Note 53
	191,518,922	**32,195,601**	**223,714,523**	**308,933,357**	**85,218,834**	
Non-Current Assets						
Investment property	940,156,888	-	**940,156,888**	787,726,928	**(152,429,960)**	(18%) -Note 53
Property, plant and equipment	1,052,219,779	8,808,434	**1,061,028,213**	836,997,574	**(224,030,639)**	(22%) -Note 53
	1,992,376,667	**8,808,434**	**2,001,185,101**	**1,624,724,502**	**(376,460,599)**	
Total Assets	**2,183,895,589**	**41,004,035**	**2,224,899,624**	**1,933,657,859**	**(291,241,765)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	1,418,164	**1,418,164**	(100%)-Note53
Payables from exchange transactions	82,452,000	7,998,000	**90,450,000**	39,698,524	**(50,751,476)**	55% -Note53
Trade and other payables from non-exchange transactions	12,618,000	2,500,000	**15,118,000**	-	**(15,118,000)**	100% -Note53
VAT payable	225,000	-	**225,000**	-	**(225,000)**	(100%)-Note53
Employee benefit obligation	-	-	**-**	19,142,127	**19,142,127**	21% - Note53
Unspent conditional grants and receipts	-	-	**-**	1,034,810	**1,034,810**	89% -Note53
Provisions	2,578,621	-	**2,578,621**	2,700,010	**121,389**	215% -Note53
	97,873,621	**10,498,000**	**108,371,621**	**63,993,635**	**(44,377,986)**	
Non-Current Liabilities						
Finance lease obligation	-	-	**-**	2,237,899	**2,237,899**	100% -Note53
Employee benefit obligation	-	-	**-**	6,500,840	**6,500,840**	8%
Provisions	32,595,855	-	**32,595,855**	21,046,787	**(11,549,068)**	18% -Note53
	32,595,855	**-**	**32,595,855**	**29,785,526**	**(2,810,329)**	
Total Liabilities	**130,469,476**	**10,498,000**	**140,967,476**	**93,779,161**	**(47,188,315)**	
Net Assets	**2,053,426,113**	**30,506,035**	**2,083,932,148**	**1,839,878,698**	**(244,053,450)**	
Net Assets						
Reserves						
Accumulated surplus	2,053,426,113	30,506,035	**2,083,932,148**	1,839,878,689	**(244,053,459)**	12%

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Taxation	43,087,000	-	**43,087,000**	29,714,941	**(13,372,059)**	31% - Note53
Sale of goods and services	44,355,000	27,731,000	**72,086,000**	26,122,765	**(45,963,235)**	63 % - Note53
Grants	443,395,000	(162,000)	**443,233,000**	443,385,738	**152,738**	
Interest income	15,000,000	5,000,000	**20,000,000**	24,126,280	**4,126,280**	(21%)-Note53
	545,837,000	**32,569,000**	**578,406,000**	**523,349,724**	**(55,056,276)**	
Payments						
Employee costs & suppliers	(442,288,000)	(26,040,000)	**(468,328,000)**	(381,313,903)	**87,014,097**	18% - Note53
Finance costs	(800,000)	-	**(800,000)**	(309,992)	**490,008**	61%-Note-53
Transfers and subsidies	(10,550,000)	-	**(10,550,000)**	-	**10,550,000**	(100%)-Note53
	(453,638,000)	**(26,040,000)**	**(479,678,000)**	**(381,623,895)**	**98,054,105**	
Net cash flows from operating activities	**92,199,000**	**6,529,000**	**98,728,000**	**141,725,829**	**42,997,829**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(143,189,000)	(2,302,000)	**(145,491,000)**	(120,651,478)	**24,839,522**	17% -Note 53
Proceeds from sale of property, plant and equipment	-	-	**-**	437,430	**437,430**	(100%)-Note53
Net cash flows from investing activities	**(143,189,000)**	**(2,302,000)**	**(145,491,000)**	**(120,214,048)**	**25,276,952**	
Cash flows from financing activities						
Finance lease receipts	-	-	**-**	(839,188)	**(839,188)**	(100%)-Note53
Net increase/(decrease) in cash and cash equivalents	(50,990,000)	4,227,000	**(46,763,000)**	20,672,593	**67,435,593**	53
Cash and cash equivalents at the beginning of the year	185,972,000	21,918,000	**207,890,000**	267,821,868	**59,931,868**	
Cash and cash equivalents at the end of the year	**134,982,000**	**26,145,000**	**161,127,000**	**288,494,461**	**127,367,461**	

Significant Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Bad debts write-off

Bad debts written-off refers to the process where-by outstanding account balances are reduced to reflected net value to be collected from the customer. The municipality write-off customer accounts in full or partially when there is evidence that the full amount or portion of the outstanding amount will not be received. Some of the factors affecting customer accounts write-off includes:

- Settlements discounts extended to the customers.
- Payment arrangements with a condition to write-off portion of the balance when the terms and conditions of the arrangements are satisfied.

Bad debt written-off is a decrease in economic benefits of the municipality, therefore it is recognised as an expense in the year it occurs.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Statutory receivables and receivables from exchange transactions

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

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

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, investment property) is determined by using valuation techniques. The municipality uses a market approach method and direct comparable sales method to determine the market values of each investment property.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 11.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Significant Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note 54.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are 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.

Offsetting

Assets and liabilities, revenue and expenses, shall not be offset unless required or permitted by a Standard of GRAP.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

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

Any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in surplus and deficit.

Significant Accounting Policies

1.7 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Infinity years
Buildings	Straight-line	30 years
Plant and machinery	Straight-line	5 - 20 years
Furniture and fixtures	Straight-line	7 - 10 years
Motor vehicles	Straight-line	3 - 20 years
Office equipment	Straight-line	3-5 years
IT equipment	Straight-line	3-5 years
Infrastructure	Straight-line	10-30 years
Community	Straight-line	30 years
Other property, plant and equipment	Straight-line	15 years

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

Bins and containers	Straight-line	5 - 10 years

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 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

(a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
(b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
(c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

1.9 Recognition and de-recognition of land

Legislation or similar means governs the ownership, custodianship and/or the use of land in the public sector. The following situations outlined in legislation or similar means, may have an impact on the recognition and derecognition of land:

1.9 Recognition and de-recognition of land (continued)

- an entity may be required to act as the custodian of the land;
- an entity may be the legal owner of the land;
- an entity may be required to use the land or may be granted a right to use the land to meet its service delivery objectives; or
- restrictions may be imposed on an entity in relation to the transfer of the land.

This Interpretation addresses the following issues in relation to the recognition and derecognition of land:

- Should the legal owner of the land always recognise the land as its asset in the financial statements?
- How will a right granted to an entity in a binding arrangement, which enables it to direct access to the land, and to restrict and deny the access of others to the land, affect whether it recognises the land?
- Should the legal owner or the custodian of the land recognise the land as its asset?
- When should the land be derecognised from an entity's financial statements?
- How should the land be accounted for when there is joint control of land?

An entity should assess whether it controls land using the following criteria:

- legal ownership
- the right to direct access to land, and to restrict or deny the access of others to land.

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights and can be evidenced in several ways:

- a contract concluded between the parties;
- legislation, supporting regulations or similar means including, but not limited to laws, regulation, policies, decisions concluded by authorities such as cabinet, executive committees, boards, municipal councils and ministerial orders (referred to as legislation or similar means for purposes of this Interpretation);
  or
- through the operation of law, including common law.

A binding arrangement is often, but not always, in writing, in the form of a contract or documented discussions between the parties.

Where the entity concludes that it controls land, an asset is recognised in the statement of financial position in accordance with the applicable Standard of GRAP.

If the entity concludes that it does not have control over the land, land is derecognised as an asset from the statement of financial position in accordance with the applicable Standard of GRAP.

Recognition and de-recognition of land are carried at cost less any accumulated amortisation and any impairment losses.

1.10 Financial instruments

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

1.10 Financial instruments (continued)

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

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:
- cash;
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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.

1.10 Financial instruments (continued)

Classification

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

Class	Category
Receivable from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivelants	Financial asset measured at amortised cost

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligations	Financial liability measured at amortised cost

1.11 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

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

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

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

Recognition

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Significant Accounting Policies

1.11 Statutory receivables (continued)

Where the municipality levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

Significant Accounting Policies

1.11 Statutory receivables (continued)

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.13 Assets held for sale

Assets held for sale are initially measured at cost except where assets held for sale are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently assets held for sale are measured at the lower of cost and net realisable value.

Assets held for sale are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of assets held for sale comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the assets held for sale to their present location and condition.

The cost of assets held for sale of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of assets held for sale is assigned using the weighted average cost formula. The same cost formula is used for all assets held for sale having a similar nature and use to the municipality.

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

1.14 General expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.

Recognition and measurement:

Expenses are recognised on an accrual basis.

This means a basis of accounting under which transactions are recognised when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transactions are recorded in the accounting records and recognised in the financial statements of the periods to which they relate.

1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.16 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to construct assets to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The municipality assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, the municipality considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.17 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.

1.17 Impairment of cash-generating assets (continued)

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.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.17 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.18 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

Significant Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

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

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

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.18 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Significant Accounting Policies

1.18 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.19 Remuneration of councillors

Remuneration as determined by the Remuneration of Public Office Bearers Act, 1998 (Act No 20 of 1998). Salary of full/part time councillors including the Executive Mayor or Mayor, Speakers, Deputy Executive Major or Deputy Mayor, Members of the Executive Committee or Mayoral Committee, Whip and Chairperson of a sub-council, etc.

1.20 Transfers and subsidies

Transfers and subsidies are monies paid by the municipality through contract for the development and assistance of small businesses i.e Spaza shops.

The expenditure is recognised on accrual basis upon receipt of the invoice. Transfers and subsidies are managed by the department of Planning and Development.

The nature of the expenditure qualifies as a subsidy (goods in-kind) to small business owners i.e Spaza shops.

Significant Accounting Policies

1.21 Employee benefits

Identification

Employee benefits

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.21 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Recognition and measurement

The municipality provides certain post retirement health care benefits by funding the medical aid contribution of of certain retired members of the municipality. According to the rules of the medical aid fund which is associated with the municipality, a member (who is is on the current condition of service) is entitled to remain a continued member of such medical aid fund upon retirement. In such cases, the municipality is liable for a portion medical membership fee.

Recent actuarial valuations were carried out at 30 June 2025 by ARCH Actuarial Consulting. The present value of the defined benefit obligation, current costs and past service costs were measured using Project Unit Credit Method.

1.21 Employee benefits (continued)

Termination benefits

Recognition

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.22 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

1.22 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus (deficit).

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

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

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 1.17 and 1.18.

If the related asset is measured using the revaluation model:

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

1.23 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

Significant Accounting Policies

1.23 Commitments (continued)

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.24 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.25 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

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

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

Recognition

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

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

Measurement

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

Significant Accounting Policies

1.25 Revenue from non-exchange transactions (continued)

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

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

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

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

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

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

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

1.26 Investment income

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

1.27 Borrowing costs

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

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

1.28 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).

1.28 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:
- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

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

1.29 Comparative figures

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

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

When material accounting errors have been identified in the current year, the correction is made retrospectively as far as practically possible. Prior year comparative amounts affected are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far practically possible and the affected prior year comparative amounts are restated accordingly.

Significant Accounting Policies

1.30 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

All transactions relating to fruitless and wasteful expenditure are recognised as an expenditure in the statement of financial performance in the period it occurs. The expenditure is classified in accordance with the nature of the transaction and when recovered, it is subsequently accounted for as revenue in the statement of financial performance in the period which they are recovered.

1.31 Irregular expenditure

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

Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.32 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity’s financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment’s surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment’s assets and segment’s liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment’s surplus or deficit, the segment’s assets or the segment’s liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity’s financial statements.

1.33 Budget information

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

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

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

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

1.33 Budget information (continued)

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

The annual financial statements and the budget are on the same basis of accounting therefore no reconciliation between the statement of financial performance and the budget required.

In cases where there is variances between budgeted and actual amounts, the municipality provides explanation for all variances 15% or more..

1.34 Related parties

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

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

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

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

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

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

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

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

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

1.35 Events after reporting date

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

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

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

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

Significant Accounting Policies

1.36 Value Added Taxation

The municipality is registered with the South Africa Revenue Services (SARS) for VAT on the payment basis, in accordance with section 15 (2) of the VAT Act No. 89 of 1991.

1.37 Prior period errors

A prior period error is corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the opening balances of assets, liabilities and net assets are restated for the earliest period for whichretrospective restatement is practicable (which may be the current period).

When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the comparative information is restated to correct the error prospectively from the earliest date practicable.

1.38 Contrcated services

This group of accounts distinguish between Outsourced Services, Contractors and Consultant and professional Services.

Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks.

Consultant and professional Services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. Therefore, a consultant is a professional person appointed by the municipality to provide technical and specialist advice or to assist with the design and implementation of specific project or programs.

Outsourced Services refers to services which the municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff to save costs or due to temporal incapacity.

Recognition and measurement:
Contracted service expenses are recognised on an accrual basis.

Contracted services transactions are recognised on to the financial systems upon receipt or accrual of goods or services acquired by the municipality.

The value of goods or services to be recognised is determined by the supporting documentation received from the supplier.

Contracted services expenses are accounted for excluding value added tax where applicable.

1.39 Unspent conditional grant

This represent funds unspent at the end of the financial reporting period on grants received from national and provincial government or any other external parties that can only be spent according to conditions stipulated in the memorandum of understanding. The amount is recognised as current liability until the conditions are met whereby it will be capitalised to the related projects or recorded as an expenditure and revenue realised as well. Failure to meet stipulated conditions at the end of each period will require the municipality to apply for a roll over or pay back the outstanding amount to the fund providers.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The 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 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 2023 Improvements to the Standards of GRAP 2023	Not yet announced	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	Not yet announced	Unlikely there will be a material impact
• GRAP 103 (amended): Heritage Assets	Not yet announced	Unlikely there will be a material impact
• iGRAP 22 Foreign Currency Transactions and Advance Consideration	01 April 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Assets held for sale

	2025	2024
Fixed assets held for disposal	768,083	-

Assets held for sale relates to list of property plant and equipment which are held for disposal by the municipality. A council resolution was taken during the year authorising disposal of these assets, however no disposal took place as at year end.

4. Statutory receivables

	2025	2024
Gross balances		
Consumer debtors - Rates	108,011,187	99,003,944
VAT control Account - SARs Refund	3,816,301	2,220,495
Consumer debtors - fines	8,405,030	6,458,980
	120,232,518	**107,683,419**
Less: Allowance for impairment		
Consumer debtors - Rates	(98,789,836)	(91,536,561)
Consumer debtors - fines	(8,019,149)	(6,080,579)
	(106,808,985)	**(97,617,140)**
Net balance		
Consumer debtors - Rates	9,221,351	7,467,383
VAT control Account - SARs Refund	3,816,301	2,220,495
Consumer debtors - fines	385,881	378,401
	13,423,533	**10,066,279**
Rates		
Current (0 -30 days)	4,096,719	4,571,995
31 - 60 days	1,737,412	1,970,269
61 - 90 days	1,720,829	1,900,624
91 - 120 days	1,699,010	1,856,707
121 - 365 days	15,498,989	15,644,878
> 365 days	83,258,228	73,059,471
Provision for impairment	(98,789,836)	(91,536,561)
	9,221,351	**7,467,383**

Figures in Rand	2025	2024

4. Statutory receivables (continued)

VAT control Account - SARs Refund		
Current (0 -30 days)	3,816,301	2,220,495

Traffic Fines		
Current (0 -30 days)	72,300	72,300
31 - 60 days	98,400	98,400
61 - 90 days	120,350	120,350
91 - 120 days	69,200	69,200
121 - 365 days	7,558,730	6,098,730
Provision for impairment	(7,533,099)	(6,080,579)
	385,881	**378,401**

Summary of statutory debtors by customer classification

Consumers		
Current (0 -30 days)	1,003,884	1,098,387
31 - 60 days	487,927	528,304
61 - 90 days	484,424	519,365
91 - 120 days	482,774	515,442
121 - 365 days	3,765,743	3,941,276
> 365 days	28,749,257	25,839,211
	34,974,009	**32,441,985**

Industrial/ commercial		
Current (0 -30 days)	2,949,207	3,357,259
31 - 60 days	1,175,494	1,383,013
61 - 90 days	1,162,470	1,321,463
91 - 120 days	1,137,485	1,279,960
121 - 365 days	8,556,284	9,476,187
> 365 days	48,858,039	42,879,032
	63,838,979	**59,696,914**

National and provincial government		
Current (0 -30 days)	112,319	86,406
31 - 60 days	58,423	44,066
61 - 90 days	58,423	44,966
91 - 120 days	64,684	46,534
121 - 365 days	3,055,370	2,047,556
> 365 days	4,571,655	3,501,240
	7,920,874	**5,770,768**

Other		
Current (0 -30 days)	31,309	29,542
31 - 60 days	15,569	14,886
61 - 90 days	15,512	14,829
91 - 120 days	15,455	14,772
121 - 365 days	121,592	179,860
> 365 days	1,079,277	839,988
	1,278,714	**1,093,877**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Statutory receivables (continued)

Reconciliation of allowance for impairment

Balance at beginning of the year	(97,617,140)	(86,525,179)
Contributions to allowance	(9,191,845)	(11,091,961)
	(106,808,985)	**(97,617,140)**

4. Statutory receivables (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property rates are statutory receivables as defined by GRAP 108. Property rates arises from implementation of the requirements of Municipal Property Rates Act No. 6 of 2004.

Traffic fines are governed by Administrative Adjudication of Road Traffic Offences Act, No. 46 of 1998 (AARTO) and National Road Traffic Act, No. 93 of 1996 of South Africa, hence this is therefore recognised as a statutory receivable.

The municipality is required to levy or pay tax at a rate of 15% as per requirements of section 7 of the Value Added Tax Act No. 89 of 1991. VAT amount is based on the supply of good or service by the municipality in the course of furtherance of any enterprises conducted by the municipality.

Determination of transaction amount

Traffic fines charges for each offence are prescribed in the AARTO Act, this is the amount recorded on the financial system as per the issues offence ticket.

Property rates values are determined by taking approved tariff rates and multiply it by the market values of properties within municipal jurisdiction as detailed in the general valuation roll. Council approved rebates and exemptions are further applied to reduce the receivable.

The transaction amount is determined by application of 15% on all taxable supplies incurred by the municipality. The net amount between the amount actually received from sale of taxable goods or services and acquisition of taxable goods or services will be submitted to SARS as the amount receivable/payable. A receivable arises when VAT input amount paid to suppliers is more than VAT output amount received from customers.

Interest or other charges levied/charged

No interest is charged on traffic fines.

Applicable interest rate is 10% in current financial year which is consistence to prior year.

Basis used to assess and test whether a statutory receivable is impaired

Statutory receivables are assessed for impairment annually using the collection rate method. This methods involves calculating average collection rate per customer which is determined by taking collection rate for current and prior periods and devide by number of periods being considered. The estimated default rate (impairment rate) is equal to 100% less average collection rate.

Additional factors considered for testing impairment of statutory receivables:

- Customers' accounts where a formal arrangement has been made and no payment has been made in current and comparative year.
- Customers who fail to comply with agreed arrangement during current and prior year.
- Customers' accounts handed over to debt collectors and /or power of attorney.
- Customers' accounts with an unsettled balances as at the end of each financial reporting period.
- Customers' accounts indicated as inactive on the ledger.
- Customers accounts presented to chief finance officer for consideration to write-off.
- Indigent customers where accounts are outstanding for more than 30 days.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

4. Statutory receivables (continued)

Historical collections trends from SARs are used a basis for assessing whether VAT refund amount must be impaired or not. SARs normally settle all refunds on time and there is no period with a disputed refund, therefore no impairment has been calculated.

The impairment indicators were determined management using professional judgemental and experience obtained from the past practice and statistics in relation to municipal debt collection.

Discount rate applied to the estimated future cash flows

The municipality applies a rate of 10% to all statutory receivables accounts balances older than 30 days. This rate is deemed to be the market value as it takes the effect of inflation and other economic factors into account.

For impairment calculations, there was no discounting of expected future costs performed because the receivables balance as per debtors age analysis represents the present value of expected future cash inflows. The receivables age analysis has already factored in the effect of time value of money.

No discounting applied as this amount declared to SARs represents the present value of the future cash flows to be received from SARS.

5. Receivables from exchange transactions

Gross balances		
VAT input accruals	4,560,168	1,234,186
Refuse	14,073,711	13,149,030
Rental of facilities and equipment	476,919	182,434
Sundry debtors (Agency fees)	31,555	20,957
	19,142,353	**14,586,607**
Less: Allowance for impairment		
Refuse	(12,936,853)	(12,027,721)
Net balance		
VAT input accruals	4,560,168	1,234,186
Refuse	1,136,858	1,121,309
Rental of facilities and equipment	476,919	182,434
Sundry debtors (Agency fees)	31,555	20,957
	6,205,500	**2,558,886**
VAT input accruals		
Current (0 -30 days)	4,560,168	1,234,186
Refuse		
Current (0 -30 days)	397,883	403,901
31 - 60 days	188,059	192,654
61 - 90 days	185,670	189,533
91 - 120 days	183,448	187,128
121 - 365 days	1,410,905	1,442,395
>365 days	11,707,748	10,733,419
Provision for impairment	(12,936,855)	(12,027,721)
	1,136,858	**1,121,309**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Rental of facilities and equipment

Current (0 -30 days)	294,485	58,869
> 365 days	182,434	123,565
	476,919	**182,434**

Sundry debtors (Agency fees)

Current (0 -30 days)	31,555	20,957

Summary of receivables from exchange transactions by customer classification

Consumers

Current (0 -30 days)	199,696	206,634
31 - 60 days	98,115	102,070
61 - 90 days	97,574	101,201
91 - 120 days	97,170	100,163
121 - 365 days	760,662	785,943
> 365 days	7,068,782	6,551,355
	8,321,999	**7,847,366**

Industrial/ commercial

Current (0 -30 days)	153,069	151,573
31 - 60 days	68,147	68,709
61 - 90 days	66,803	66,533
91 - 120 days	66,501	65,715
121 - 365 days	502,081	498,160
> 365 days	3,836,333	3,413,178
	4,692,934	**4,263,868**

National and provincial government

Current (0 -30 days)	37,673	37,588
31 - 60 days	18,010	18,044
61 - 90 days	17,498	17,983
91 - 120 days	15,997	17,450
121 - 365 days	118,595	128,483
> 365 days	571,797	561,171
	779,570	**780,719**

Other

Current (0 -30 days)	7,445	8,106
31 - 60 days	3,787	3,831
61 - 90 days	3,795	3,816
91 - 120 days	3,780	3,800
121 - 365 days	29,567	29,810
> 365 days	230,835	207,716
	279,209	257,079
	279,209	**257,079**

Reconciliation of allowance for impairment

Balance at beginning of the year	(12,027,721)	(11,223,363)
Contributions to allowance	(909,132)	(804,358)
	(12,936,853)	**(12,027,721)**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

5. Receivables from exchange transactions (continued)

Receivables from exchange transactions pledged as security

None of the receivables from exchange transactions has been pledged as security in current and prior year.

None of the customer accounts has passed due and terms have been renegotiated.

The carrying amount of consumer debtors are denominated in the following currencies:

Rand	6,205,500	2,558,886

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	158,357,569	150,186,933
Short-term deposits	130,178,672	117,634,935
	288,536,241	**267,821,868**

Cash and cash equivalents pledged as collateral

Included cash and cash equivalents amount, there is an amount of R 157,500 relating to FNB account number 622 1987 7836 which was pledged as security since 2009. This pledge relates to DBSA Loan which has since been settled. Management is in communication with the bank for the transfer of the pledge to the operational account of the municipality.

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
First National Bank - Primary account - 6222-417-5712	158,357,564	150,188,204	158,357,564	150,186,933
First National Bank - Call Account - 622-198-77836	272,586	256,548	272,586	256,548
First National Bank - Call Account - 622-314-74537	5,259,482	4,917,920	5,259,482	4,917,920
First National Bank - Call Account - 622-314-73761	73,916,202	69,115,932	73,916,202	69,115,932
First National Bank - Call Account - 627-927-58503	39,985,716	37,409,345	39,985,716	37,409,345
First National Bank - Call Account - 630-289-49254	1,429,457	1,337,354	1,429,457	1,337,354
First National Bank - Call Account - 630-289-48214	872,696	816,466	872,696	816,466
First National Bank - Call Account - 630-289-455-25	2,432,714	2,275,968	2,432,714	2,275,968
First National Bank - Call Account - 630-289-465-99	1,350,174	1,263,179	1,350,174	1,263,179
First National Bank - Call Account - 630-289-444-86	4,659,646	242,223	4,659,646	242,223
Total	**288,536,237**	**267,823,139**	**288,536,237**	**267,821,868**

Reconcilling items:

Bank statement amount as at 30 June 2024	-	150,188,204
Less receipts on the bank statement, not on the cash book	-	(1,317)
Reconciled amount	-	150,186,887
Cashbook amount as at 30 June 2024	-	150,186,931

7. Investment property

	2025			2024		
	Valuation		Total Fair Value	Valuation		Total Fair Value
Investment property	787,726,928	-	787,726,928	768,514,077	-	768,514,077

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	768,514,077	19,212,852	787,726,928

Reconciliation of investment property - 2024

	Opening balance	Correction of error	Fair value adjustments	Total
Investment property	750,955,543	(1,416,140)	18,974,674	768,514,077

Pledged as security

None of the investment property has been pledged as colleteral security in current and prior year.

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.

Valuation of investment property was performed by LNN Property Pundits instructed by IMQS Software (Pty) Ltd.

This determination of the market value has been undertaken in accordance with International Valuations Standards. Market Approach using the Direct Comparable Sales Method was used to determine the market value of the subject property.

The purpose of this valuation report is to determine the market land value of the subject properties as of the date of valuation.

Valuation was performed for the year ended 30 June 2025.

7. Investment property (continued)

Basis for valuation:

The valuation was based on market value as defined in the RICS Red Book and IVS. The estimated amount for each asset or liability is the amount to be exchanged on the valuation date between willing buyer and willing seller in arm's length transaction, after proper marketing and where the parties had each acted knowledgeably , prudently and without compulsion.

Special assumptions:

It was assumed that all third-party information is correct and reserve all rights to review this valuation should the need arise.

We have not undertaken any structural survey of the buildings nor arranged for inspections to be carried out on the service installations. The valuation has been prepared on the basis that the property is in a satisfactory state of repair.

We have checked the deeds search (Aktex/Windeed) but have not inspected the title deeds of the property and assume that no onerous conditions or servitudes are affecting the property other than those mentioned within this report.

Amounts recognised in surplus or deficit

	2025	2024
Rental revenue from Investment property	1,043,187	979,702

Illegal invasion - Land

The municipality performed physical verification of investment property with the aid of professional experts. During the process, municipal officials noted that some municipal land have illegal structures without municipal approval. Value was allocated to the land and not these illegal structures. Illegal occupation by the community members makes it difficult for the municipality to realise economic benefits from sale of the affected investment property in future. The municipality has taken the matter to court for adjudication. According to the court order, the municipality was granted permission to demolish all illegal structures identified on municipal investment property. The fair value of investment properties which are invaded are as follows:

	2024	**Fair Value Adjustment**	**2025**
Fair value of invaded land included in the Investment property	650,082,372	16,252,059	666,334,431

The invaded land is held for capital appreciation and future economc benefits are expected to be realised through sale. These properties are fair valued together with other investment property, therefore no rental income expected.

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	56,258,000	-	56,258,000	56,258,000	-	56,258,000
Buildings	111,068,813	(32,267,410)	78,801,403	111,068,813	(27,837,779)	83,231,034
Plant and machinery	73,313,471	(37,694,982)	35,618,489	69,936,103	(32,022,363)	37,913,740
Furniture and fixtures	12,269,958	(6,197,031)	6,072,927	12,219,212	(5,597,604)	6,621,608
Motor vehicles	17,041,116	(3,215,041)	13,826,075	6,449,342	(4,096,543)	2,352,799
IT equipment	13,546,773	(5,366,191)	8,180,582	9,358,081	(4,380,065)	4,978,016
Infrastructure	931,234,745	(527,006,875)	404,227,870	889,755,581	(492,364,425)	397,391,156
Community	111,995,876	(30,831,710)	81,164,166	87,908,068	(26,560,001)	61,348,067
Construction work in progress	152,848,062	-	152,848,062	112,422,221	-	112,422,221
Total	**1,479,576,814**	**(642,579,240)**	**836,997,574**	**1,355,375,421**	**(592,858,780)**	**762,516,641**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfer to Assets held for sale	Transfers	Depreciation	Impairment loss	Total
Land	56,258,000	-	-	-	-	-	-	56,258,000
Buildings	83,231,034	-	-	-	-	(4,429,630)	-	78,801,403
Plant and machinery	37,913,740	5,527,912	-	(484,028)	-	(7,330,507)	(8,627)	35,618,489
Furniture and fixtures	6,621,608	954,150	-	(159,483)	-	(1,319,074)	(23,609)	6,072,927
Motor vehicles	2,352,799	13,704,219	(300,445)	-	-	(1,874,021)	-	13,826,075
IT equipment	4,978,016	5,843,132	-	(52,903)	-	(2,576,676)	(10,988)	8,180,582
Infrastructure	397,391,156	-	-	(862)	41,485,673	(34,646,011)	(2,049)	404,227,870
Community	61,348,067	-	-	(70,807)	24,430,771	(3,870,799)	(673,063)	81,164,166
Construction work in progress	112,422,221	106,342,285	-	-	(65,916,444)	-	-	152,848,062
	762,516,641	**132,371,698**	**(300,445)**	**(768,083)**	**-**	**(56,046,718)**	**(718,336)**	**836,997,574**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Prior period Adjustment	Depreciation	Total
Land	56,258,000	-	-	-	-	-	56,258,000
Buildings	84,920,596	-	-	2,675,945	-	(4,365,507)	83,231,034
Plant and machinery	26,392,444	17,702,530	-	-	-	(6,181,234)	37,913,740
Furniture and fixtures	5,536,642	2,252,679	-	-	-	(1,167,713)	6,621,608
Motor vehicles	3,810,943	-	(229,629)	-	-	(1,228,515)	2,352,799
IT equipment	3,925,117	2,483,150	-	-	-	(1,430,251)	4,978,016
Infrastructure	371,657,607	-	-	59,225,087	-	(33,491,538)	397,391,156
Community	63,285,325	-	-	1,702,330	-	(3,639,588)	61,348,067
Construction work in progress	110,224,580	66,461,210	-	(63,603,362)	(660,207)	-	112,422,221
	726,011,254	**88,899,569**	**(229,629)**	**-**	**(660,207)**	**(51,504,346)**	**762,516,641**

Pledged as security

No property plant and equipment items were pledged as security.

Assets subject to finance lease (Net carrying amount)

Plant and machinery	3,571,955	-

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	32,132,129	71,750,632	8,539,459	112,422,220
Additions/capital expenditure	67,952,914	23,930,781	14,458,590	106,342,285
Transferred to completed items	(41,485,673)	(14,812,464)	(9,618,307)	(65,916,444)
	58,599,370	**80,868,949**	**13,379,742**	**152,848,061**

8. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	39,687,468	62,417,519	8,119,592	110,224,579
Additions/capital expenditure	52,329,954	11,035,443	3,095,812	66,461,209
Prior period adjustment	(660,206)	-	-	(660,206)
Transferred to completed items	(59,225,087)	(1,702,330)	(2,675,945)	(63,603,362)
	32,132,129	**71,750,632**	**8,539,459**	**112,422,220**

Expenditure incurred to repair and maintain property, plant and equipment

	2025	2024
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Contracted services	25,285,681	19,007,274

Carrying values of property plant and equipment that is taking longer period to complete:

	2025	2024
Taxi rank		
The project is depending on the funding to be sourced from OTP.	2,739,544	2,739,544
Consultants for Lusikisiki Offices		
The project is linked with construction of municipal offices in Lusikisiki	7,628,950	7,628,950
Lusikisiki Town Hall (Phase 2)		
Lusikisiki Town Hall (Phase 2)	11,164,572	6,394,436
This project is taking longer to complete, however the working is progressing and additional costs incurred every year therefore no impairment.		
Ward 2 sport field	23,652,420	20,963,378
This project is taking longer to complete, however the working is progressing and additional costs incurred every year therefore no impairment.		
Ward 26 Sports field	20,251,352	16,552,536
The construction of sport field project delayed due community protest. This project is taking longer to complete, however the working is progressing and additional costs incurred every year therefore no impairment.		
Flagstaff Town Hall (Phase 2)	14,693,708	10,576,215
This project is taking longer to complete, however the working is progressing and additional costs incurred every year therefore no impairment.		
Ward 3 Sport field	-	14,524,522
	80,330,546	**79,379,581**

Figures in Rand	2025	2024

8. Property, plant and equipment (continued)

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

9. Finance lease obligation

Minimum lease payments due		
- within one year	1,758,477	-
- in second to fifth year inclusive	2,421,403	-
	4,179,880	-
less: future finance charges	(523,817)	-
Present value of minimum lease payments	**3,656,063**	**-**
Present value of minimum lease payments due		
- within one year	1,418,164	-
- in second to fifth year inclusive	2,237,899	-
	3,656,063	**-**
Non-current liabilities	2,237,899	-
Current liabilities	1,418,164	-
	3,656,063	**-**

The municipality acquired printing machines under finance lease.

The average lease term was 3 years and the average effective borrowing rate was 11.25% (2024: -%). The interest rate is equivelant to prime lending rate.

Interest rates are linked to prime at the contract date. All leases escalate at CPI% p.a and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

10. Payables from exchange transactions

Trade payables	8,615,961	2,512,352
Payments received in advanced	917,607	850,125
Trade creditor accruals	3,985,636	2,274,082
Retention	16,982,565	10,734,505
Income received in advance - INEP	4,181,708	2,500,000
VAT output accruals	4,969,653	1,836,505
Unallocated deposits	45,394	26,045
	39,698,524	**20,733,614**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Employee benefit obligations

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

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(7,514,847)	(6,425,000)
Accrued leave pay	(13,795,271)	(12,956,960)
Bonus accrual	(3,193,687)	(2,885,502)
Accrued overtime	(1,139,162)	(1,120,030)
Salary control payable	-	(226,017)
	(25,642,967)	**(23,613,509)**

Non-current liabilities	(6,500,840)	(5,789,000)
Current liabilities	(19,142,127)	(17,824,509)
	(25,642,967)	**(23,613,509)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	(6,425,000)	(5,790,000)
Service cost	(788,000)	(747,000)
Interest cost	(676,000)	(626,000)
Benefits payments	281,678	685,000
Re-measurements over the financial year	92,475	53,000
	(7,514,847)	**(6,425,000)**

Net expense recognised in the statement of financial performance are as follows:

Current service cost	788,000	747,000
Expected benefits vesting	(281,678)	(685,000)
Finance cost	676,000	626,000
Actuarial gains	(92,475)	(53,000)
	1,089,847	**635,000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(92,475)	(53,000)

These unexpected movements (also termed actuarial gains and losses) are separated into three main components: the effect of the change in the basis (assumptions), changes to earnings, and to the employee profile being different from what was expected as at the previous valuation.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Employee benefit obligations (continued)

Financial assumptions

	2025	2024
Discount rate	9.07%	11.05%
Future CPI Expectation	3.49%	5.20%
Salary increase rate	4.49%	6.20%
Net Discount rate = (1+DR)/(1+SI)-1	4.39%	4.56%

Demographic Assumptions:		
Normal retirement age (years)	65	65
Average retirement age (years)	62	62
Mortality	SA85-90*	SA85-90

The average retirement age for all active employees was assumed to be 62 years. This assumption implicitly allows for early retirement.

The following withdrawal assumptions were applicable over the prior and current valuation periods:	Withdrawal rates (Female)	Withdrawal rates (male)
20-24	9.00 %	9.00 %
25-29	8.00 %	8.00 %
30-34	6.00 %	6.00 %
35-39	5.00 %	5.00 %
40-44	5.00 %	5.00 %
45-49	4.00 %	4.00 %
50-54	3.00 %	3.00 %
+55	- %	- %

These rates are based on the professional judgment of the actuary and the past experience of the Municipality. They are updated regularly to ensure that they match the actual experience and expected future trends as closely as possible.

Sensitivity analysis:

The accrued liability is a function of the valuation assumptions listed above, which may or may not be borne out in practice. Variations from these assumptions will emerge in future years as experience gains or losses are recognised immediately in the income statement by the Municipality. The valuation results are sensitive to changes in the underlying assumptions. The effects of varying these assumptions are illustrated below.

Discount rate	% Change	1% Decrease (R's)	Valuation Basis (R's)	1% Increase (R's)	% Change
Opening Accrued Liability	5.77 %	6,796,000	6,425,000	6,090,000	(5.21)%
Service Cost	5.46 %	831,000	788,000	749,000	(4.95)%
Net Interest Expense	(3.55)%	652,000	676,000	696,000	2.96 %

Inversely, a 1% increase in the discount rate results in a 4.89% decrease in the accrued liability, whilst a 1% decrease in the discount rate results in a 5.40% increase in the accrued liability. The discount rate is inversely related to the accrued liability. An increase in the discount rate decreases the accrued liability and vice versa.

Salary Increase Rate:	% Change	1% decrease (R's)	Valuation basis (R's)	1% increase (R's)	% Change
Opening Accrued Liability	(5.03)%	6,102,000	6,425,000	6,777,000	5.48 %
Service Cost	(5.58)%	744,000	788,000	837,000	6.22 %
Net Interest Expense	(5.33)%	640,000	676,000	714,000	5.62 %

As per the table above, a 1% increase in the salary increase rate results in a 5.60% increase in the accrued liability, whilst a 1% decrease in the salary increase rate will result in a 5.14% decrease in the accrued liability.

Average Retirement Age	% change	60 years (R's)	Valuation basis (R's)	64 years (R's)	% change
Opening Accrued Liability	(10.27)%	5,765,000	6,425,000	6,900,000	7.39 %
Service Cost	(7.74)%	727,000	788,000	831,000	5.46 %

Figures in Rand	2025	2024

11. Employee benefit obligations (continued)

Net Interest Expense	(10.65)%	604,000	676,000	728,000	7.69 %

The above table highlights the effects of a 2-year decrease and increases in the average retirement age assumptions as at 30 June 2026. The adjustment would result in a 10.35% decrease and a 7.84% increase in the accrued liability, respectively. By decreasing the average retirement age, we are reducing the chances of eligible members receiving bonuses before they retire, e.g. consider a member aged 59 years who is eligible to receive a bonus at age 61. Reducing the average retirement age disqualifies this member and therefore reduces the accrued liability in respect of this member. The converse applies to increasing the average retirement age. This will qualify members who were disqualified under the valuation basis.

Withdrawal Decrement:	% change	200% increase (R's)	Valuation basis (R's)	50% decrease (R's)	% change
Opening Accrued Liability	(18.77)%	5,219,000	6,425,000	7,219,000	12.36 %
Service Cost	(22.46)%	611,000	788,000	908,000	15.23 %
Net Interest Expense	(19.67)%	543,000	676,000	763,000	12.87 %

The above table highlights the effects of a 200% and 50% multiple of the withdrawal rates as at 30 June 2026. The adjustment would result in a 16.53% decrease and a 10.69% increase in accrued liability, respectively. Higher withdrawal rates lead to fewer members remaining in employment and hence smaller benefits vesting. This, in turn, decreases the accrued liability. The converse is true for lower withdrawal rates.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	590,929	-
Disaster Recovery Grant	443,885	4,806,036
	1,034,814	**4,806,036**

Movement during the year

Balance at the beginning of the year	4,806,033	5,100,382
Additions during the year	96,665,738	76,015,065
Income recognition during the year	(100,436,961)	(76,309,414)
	1,034,810	**4,806,033**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

See note 25 for reconciliation of grants from National/Provincial Government.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Finance cost	Total
Environmental rehabilitation	26,387,104	(5,790,927)	3,150,620	23,746,797

Reconciliation of provisions - 2024

	Opening Balance	Additions	Finance Cost	Total
Environmental rehabilitation	23,964,462	(601,673)	3,024,315	26,387,104

Non-current liabilities	21,046,787	23,236,484
Current liabilities	2,700,010	3,150,620
	23,746,797	**26,387,104**

The municipality have two landfil site within its jurisdiction, Flagstaff landfill site and Lusikisiki landfil site which are used for waste disposal. There is a legal obligation to close the landfil sites and restore the land to its original status after the agreed licnsed period. The provision is made on the expceted rehabilitation and closure costs to be incurred by the municipality.

Summary of rehabilitation and closure costs		
Flagstaff	9,599,256	9,394,060
Lusikisiki	14,147,541	16,993,044
	23,746,797	**26,387,104**

Flagstaff landfill site is located approximately 2km south of the municipality offices in Flagstaff, a town in the Eastern Cape Province located some 80km south-east of Kokstad and 45km north of Lusikisiki. The landfill site is situated on a gentle sloping ground and takes access off an unnamed gravel road that branches off the R61 road. The site coordinates are 31°05'39.87" S and 29°29'21.48" E. Figure 2 shows the location of Flagstaff Landfill site

The footprint size of the entire landfill site measures approximately 18,862m2 and the utilised area is estimated at 19,089m2. The cell proposed cell developed for rehabilitation is estimated at 10,021m2.

The Lusikisiki landfill site is located approximately 5km North of the municipality offices in Lusikisiki town, 45km inland from and North of Port St Johns. The site is accessed from an unpaved road which branches of R61 highway, and the coordinates are 31°20'42.85" S and 29°33'57.02" E.

The footprint size of the entire landfill site measures approximately 48,094m2 and the utilised area estimated at 36,055m2. The cell proposed cell developed for the rehabilitation is estimated at 27,629m2.

Methodology of financial assessment and assumptions used

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

13. Provisions (continued)

Estimating the life expectancy and rehabilitation costs of a waste site is not a precise science as there are numerous factors that affect it including those within the control of landfill owners as well as those outside of the control of the landfill owner.

For example, within the limits of the applicable regulations and permits, a landfill owner is able to control the amount of permitted airspace, compacted waste density, waste diversion techniques within the landfill, and the use of innovative techniques like leachate recirculation or liquids addition (to degrade waste material). At the same time, there are factors outside of the landfill owner’s control, such as, changes in waste generation quantities (mostly linked to economic changes) and characteristics (e.g. more builders’ rubble coming into the sites), waste diversion at the source or point of collection, and regulatory restrictions (e.g. Air Quality Act).

The cost of rehabilitating a square meter is determined by the market since various cost elements linked to rehabilitation are determined by the varying cost prices issued by the market. However, an entity must come up with an estimate based on work of similar nature or through various methods of estimating such as jobbing, factoring, inflation, economies of scale, unit rates and day work.

This report uses estimates of work of similar nature through methods such as economies of scale, factoring and inflation based on the estimates that were independently done for previous OPES clients.

Discount Rate Assumptions

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire duration applicable in the future. The annualised long-term discount rate at 30 June 2025 was 11.37% p.a.. The consumer price inflation of 5.94% p.a. was obtained from the differential between the averages of the Nominal Bond of 11.37% p.a. and the Real Bond 5.13% p.a. (Zero Yield Curves).

The Zero-Coupon Yield Curves were obtained from the Bond Exchange of South Africa after the market closed on 30 June 2025.

Key financial assumptions used:		
Discount rate (D)	11.37 %	11.94 %
Consumer price inflation (C)	5.94 %	6.51 %
Net discount rate	5.13 %	5.10 %

14. Service charges

Solid waste management	1,394,389	1,095,820

15. Rendering of services

Advertising rental income	161,721	144,649
Land use and building plans	153,642	108,910
Cemetries and burial fees	14,989	23,714
	330,352	**277,273**

16. Construction contracts

Openning balance	2,500,000	-
Current - year receipts	25,231,000	5,118,000
Conditions met - transferred to revenue	(20,477,645)	(2,276,522)
VAT output accrual	(3,071,661)	(341,478)
	4,181,694	**2,500,000**

This grant is allocated to fund electrification projects for all existing and planned residential dwellings (including informal settlements,new and existing dwellings) and installation of relevant bulk infrastructure.

16. Construction contracts (continued)

The amount transferred to revenue is determined by adding all invoice amounts for projects in progress. The total revenue amount is presented excluding VAT output.

The aggregate amount of costs incurred and recognized to date:

	2025	2024
Electrical - INEP	21,258,676	2,354,087

Stage of completion of each project is determined by the value of work done which is reflected on the last payment certificate of each project underway.

The stage of completion as at 30 June 2025 is 83.03%, (2024:7.76%)

Construction contracts reconciliation	**Expenditure recognised - 2024**	**Closing Balance- 2024**	**Expenditure recognised - 2025**	**Closing Balance- 2025**
Mkhumeni Ext Phase 2	-	-	2,740,422	2,740,422
Zadungeni Ext Phase 2	-	-	387,233	387,233
Mhlanga Ext	-	-	1,012,764	1,012,764
Cumngce Ext Phase 2	-	-	506,382	506,382
Madamini	-	-	2,838,335	2,838,335
Mbodleleni	-	-	730,683	730,683
Kwa-Dick ext	-	-	6,205,171	6,205,171
Installation of three Auto - Reclosers	-	-	738,760	738,760
Mkhumeni Medium Voltage Line Upgrade	-	-	1,296,863	1,296,863
2025/2026 designs, Network Reconfiguration Designs and pre-engeneering of Feeder Bays	-	-	2,352,323	2,352,323
2024/2025 designs, Network Reconfiguration Designs and pre-engeneering of Feeder Bays	2,354,087	2,354,087	-	2,354,087
Mhlophekazi	-	-	545,083	545,083
Nozayi	-	-	288,573	288,573
Bhisana	-	-	673,338	673,338
Infills at Ward 3,8,21&30	-	-	942,746	942,746
	2,354,087	**2,354,087**	**21,258,676**	**23,612,763**

17. Rental of facilities and equipment

	2025	2024
Premises		
Investment Property rentals	1,043,187	965,480

18. Interest income on receivables from exchange transactions

	2025	2024
Interest - solid waste management	1,020,465	979,702

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Agency services

Driver's Licenses	1,755,513	1,698,315
Vehicle Registration	2,719,894	2,550,096
	4,475,407	**4,248,411**

The municipality has a binding arrangement with Department of Transport which requires the municipality to assist the department with motor licensing as well as vehicle registration services.

The municipality has duties collect motor licensing fees and vehicle registration fees on behalf of the department.

All collections are submitted to the department and a commission is paid to the municipality.

There is no risk and rewards transferred from the principal to the agent.

20. Licences and permits

Motor licence & permits	115,290	87,647

21. Other income

Handling Fees	39,573	62,282
Staff and Councillors Recoveries	103,040	74,437
	142,613	**136,719**

22. Interest income - investment

Interest income - investment	24,126,280	24,812,201

23. Property rates

Rates received

Residential	13,778,840	12,732,210
Commercial	25,921,723	18,387,418
Small holdings and farms	102,842	102,842
	39,803,405	**31,222,470**

Valuations

Residential	307,410,700	307,410,700
Commercial	1,348,577,600	1,348,577,600
State	939,371,200	939,371,200
Municipal	647,744,303	647,744,303
Small holdings and farms	24,756,000	24,756,000
Public Service Properties	203,300	203,300
	3,268,063,103	**3,268,063,103**

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation will be implemented on 01 July 2025.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

24. Interest on debtors - statutory receivables

Receivables from non-exchange transactions (Property rates)	9,177,639	8,309,752

25. Government grants & subsidies

	2025	2024
Operating grants		
Equitable share	346,720,000	329,235,000
Expanded Public Works Program Grant	1,593,000	1,384,000
Local Government Financial Management Grant	3,000,000	1,700,000
Library grant	1,495,000	800,004
LG Seta Grant	652,740	803,064
Municipal Disaster Recovery Grant	12,475,150	11,106,346
	365,935,890	**345,028,414**
Capital grants		
Municipal Infrastructure Grant	81,221,071	60,516,000
	447,156,961	**405,544,414**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

	2025	2024
Conditional grants received	100,436,961	76,309,414
Unconditional grants received	346,720,000	329,235,000
	447,156,961	**405,544,414**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

	2025	2024
Current-year receipts	81,812,000	60,516,000
Conditions met - transferred to revenue	(81,221,071)	(60,516,000)
	590,929	**-**

Conditions still to be met - remain liabilities (see note 12).

This grant is allocated to fund municipal capital projects which enhances services delivery to the community. Capital projects includes construction of infrastructure assets and community assets.

Extended Public Works Program Grant

	2025	2024
Current-year receipts	1,593,000	1,384,000
Conditions met - transferred to revenue	(1,593,000)	(1,384,000)
	-	-

The grant is allocated to promote job creation.

Local Government Financial Management Grant

	2025	2024
Current-year receipts	3,000,000	1,700,000
Conditions met - transferred to revenue	(3,000,000)	(1,700,000)
	-	-

This is grant is allocated to fund the implementation of Financial management reforms as per the MFMA requirements.

Municipal Disaster Respond Grant

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Government grants & subsidies (continued)

Balance unspent at beginning of year	4,806,036	4,806,036
Current-year receipts	8,112,999	11,106,346
Conditions met - transferred to revenue	(12,475,150)	(11,106,346)
	443,885	**4,806,036**

Conditions still to be met - remain liabilities (see note 12).

The grant is used to help in flood intervention measures.

Municipal Library Grant

Current-year receipts	1,495,000	800,000
Conditions met - transferred to revenue	(1,495,000)	(800,000)
	-	-

This grant is allocated by DSRAC to the municipality for Library services and its a provincial grant.

LG SETA Grant

Current-year receipts	652,740	803,064
Conditions met - transferred to revenue	(652,740)	(803,064)
	-	-

The LGSETA grant is allocated to address the national priorities as set out in the National Skills Development Plan (NSDP 2030).

26. Fines and Penalties

Pound Fees Fines	39,069	8,594
Court Traffic Fines	1,948,550	1,318,850
	1,987,619	**1,327,444**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Employee related costs

Basic	96,950,733	87,075,534
Bonus	7,194,513	6,669,129
Medical aid - company contributions	9,141,429	8,483,212
UIF	706,084	703,914
Leave pay expenses	2,205,359	1,754,853
Defined contribution plans	13,262,850	12,446,482
Overtime payments	14,836,925	14,172,052
Long-service awards	788,001	357,534
Acting allowances	1,104,712	1,387,026
Car allowance	10,601,839	9,673,811
Housing benefits and allowances	5,199,161	5,034,059
Cell phone & telephone allowance	1,401,915	772,822
Uniform & protective clothing	72,000	56,000
Bargaining Council	44,729	43,859
	163,510,250	**148,630,287**

Remuneration of municipal manager - (V.C. Makedama)

Annual Remuneration	769,526	700,658
Car Allowance	375,496	375,496
Bonus	-	59,354
Contributions to UIF, Medical and Pension Funds	68,192	67,481
Cellphone Allowance	131,874	112,774
Housing Allowance	130,564	130,564
Back Pay	69,591	63,717
Subsistance and Travelling	66,497	-
	1,611,740	**1,510,044**

Remuneration of chief financial officer: B.S. Fikeni

Annual Remuneration	825,137	758,863
Car Allowance	274,542	137,271
Bonus	68,761	-
Contributions to UIF, Medical and Pension Funds	13,493	11,104
Other	36,000	-
Back pay	55,972	62,230
Subsistence and Travelling	49,348	47,980
	1,323,253	**1,017,448**

Remuneration of director Community Services: Z. Masumpa

Annual Remuneration	734,338	626,353
Car Allowance	216,000	198,000
Bonuses	61,195	9,298
Contributions to UIF, Medical and Pension Funds	68,931	62,056
Cellphone allowance	66,000	29,900
Subsistence and travel allowance	122,659	74,795
Back pay	55,972	18,740
Housing allowance	72,000	66,000
Acting allowance	-	4,534
	1,397,095	**1,089,676**

Remuneration of director Corporate Services: M. Matubatuba

Annual Remuneration	681,091	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Employee related costs (continued)

Car Allowance	97,370	-
Subsistence and Travelling	30,714	-
Contributions to UIF, Medical and Pension Funds	9,311	-
Cell phone allowance	26,400	-
Back pay	500	-
	845,386	**-**

Remuneration of director Technical Services: A. Hlehliso - (Acting)

Acting Allowance	66,354	83,596

Manager Technical services acting in the position of Director Technical Services from 1 Sept 2023 to 30 November 2023; and 01 April 2024 to 30 June 2024.

Manager Technical services acting in the position of Director Technical Services from 1 November 2024 to 31 January 2025; and May 2025.

Remuneration of director Corporate services: F. Msumza - (Acting)

Acting allowance	43,817	83,598

Manager Hunman Resources acting in the position of Director corporate services from 01 August 2023 to 31 October 2023; and 01 February 2024 to 30 April 2024.

Manager Hunman Resources acting in the position of Director corporate services from 01 August 2024 to 31 October 2024.

Remuneration of director Planning and Development: A. Mashaba

Annual Remuneration	584,221	-
Car Allowance	194,740	-
Contributions to UIF, Medical and Pension Funds	1,417	-
Cell phone allowance	26,400	-
Subsistence and travel allowance	16,034	-
	822,812	**-**

Remuneration of Director Planning and Development : D. Mjokovana (Acting)

Acting Allowance	-	83,186

Manager Local Economic Development acting in the position of Director Planning and Development from 01 Sept 2023 to 30 Nov 2023; and 01 April 2024 to 30 June 2024.

Remuneration of Director technical Services: S. Nomandela

Annual Remuneration	-	277,288
Contributions to UIF, Medical and Pension Funds	-	3,558
Back pay	-	5,491
Cell phone allowance	-	7,200
Subsistence and travelling allowance	-	14,680
	-	**308,217**

The director assume position as a director on 01 December 2023 and resign on the 29th of February 2024.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

28. Remuneration of councillors

Mayor	1,123,667	1,004,873
Speaker	909,098	857,156
Mayoral Committee Members	5,308,888	3,163,004
Section 79 committee chairperson	825,472	680,196
Councillors	20,130,991	19,876,944
Chief Whip	856,128	763,572
	29,154,244	**26,345,745**

In-kind benefits

The Mayor, Chief Whip and Speaker are full-time.

Each is provided with:

i. an office and secretarial support as the cost of the council

ii. use of a council owned vehicle for official duties

iii. have full-time driver and body guard each paid by the municipality

Additional information

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

29. Depreciation and amortisation

Property, plant and equipment	56,046,718	51,504,348

30. Finance costs

Interest on overdue accounts	-	20,774
Interest on employee benefits obligations - long service award	676,000	626,000
Finance leases	309,994	-
Interest on land filll site provision	3,150,620	3,024,315
	4,136,614	**3,671,089**

31. Debt impairment

Debt impairment	10,070,901	11,897,290
Bad debts written off	8,734,699	52,622
	18,805,600	**11,949,912**

During the implementation of the Debt Incentive Program approved by the Council, some businesses negotiated an additional discount of 20%, and some negotiated a payment period beyond the six months approved by Council up to a maximum of 12 months. These negotiations were approved by the Accounting Officer. These additional discounts and payment periods have been submitted to council for approval and this approval is still pending.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
32. Contracted services		
Outsourced Services		
Burial Services	-	29,009
Business and Advisory	1,135,215	2,294,007
Catering Services	5,774,861	5,432,732
Cleaning Services	477,615	24,025
Clearing and Grass Cutting Services	976,200	696,452
Hygiene Services	278,553	246,604
Personnel and Labour - EPWP	1,593,000	1,384,000
Personnel and labour - Casuals	9,700,204	6,453,898
Refuse Removal	2,263,337	1,222,143
Security Services	3,928,336	-
Drivers Licence Cards	306,412	306,757
Electrical	130,600	1,148,156
Consultants and Professional Services		
Business and Advisory	3,122,313	5,898,982
Legal Cost	4,956,392	4,231,096
Contractors		
Artists and Performers	415,000	380,000
Catering Services	817,541	374,752
Electrical - INEP	20,490,911	2,354,087
Employee Wellness	60,400	89,838
Event Promoters	614,090	421,800
Graphic Designers	-	6,400
Interior Decorator	294,791	106,389
Maintenance of Buildings and Facilities	1,888,997	596,612
Maintenance of Equipment	5,812,577	3,961,900
Maintenance of Unspecified Assets	17,584,107	14,448,762
Plants, Flowers and Other Decorations	6,740	17,800
Sewerage Services	4,340,000	3,438,000
Stage and Sound Crew	406,842	261,264
	87,375,034	**55,825,465**

33. Transfer and subsidies

Other subsidies		
Social Assistance:Social Relief	5,095,523	7,820,420

The municipality utilised internal funds to finance electrification projects for the benefit of the community. These projects costs are accounted for as transfer and subsidies. Upon completion, these projects are transfered to Eskom, hence they are accounted for as transfers and subsidies. A total of R1,512,043.00 has been incurred on these projects in current year.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

34. General expenses

Advertising	1,404,449	1,671,986
Auditors remuneration	7,168,701	7,676,157
Bank charges	275,123	263,481
Cleaning	3,500	562,298
Hire	3,957,391	3,596,727
Insurance	3,553,357	1,462,768
Conferences and seminars	786,578	1,311,306
IT expenses	12,084,479	12,587,049
Skills Development Fund Levy	1,285,977	1,188,733
Motor vehicle expenses	649,083	615,627
Fuel and oil	10,367,382	9,006,453
Printing and stationery	859,962	478,262
Protective clothing	4,457,580	668,437
Subscriptions and membership fees	2,063,823	2,097,864
Telephone and fax	10,670,178	6,012,264
Transport and freight	2,804,396	2,136,882
Travel - local	21,516,804	19,419,579
Electricity	7,106,857	7,192,577
Indigent Relief	1,277,366	21,974,022
Travel and subsidies - Non-employees	77,787	52,576
Learnerships and Internships	4,003,210	4,261,583
Bursaries (Employees)	1,202,611	1,371,802
Workmen's Compensation Fund	1,105,932	942,265
Remuneration of Ward Committees	8,140,062	7,948,610
Signage costs	-	47,192
Seating Allowance for Traditional leaders	94,244	79,200
Communication-Radio and TV Transmissions	196,770	286,470
Achievements and Awards	92,800	-
Servitudes and Land Surveys	480,639	-
Relocation costs	13,930	-
	107,700,971	**114,912,170**

35. Gain on disposal of assets and liabilities

Loss on disposal of assets	(300,445)	(229,629)
Proceeds on disposal of assets	437,430	467,041
	136,985	**237,412**

36. Impairment loss

Impairments

Property, plant and equipment	718,336	-

Conditional assessment of municipal assets was performed during the preparation of annual financial statements. The conditions identified includes:
1. Accelerate decrease in asset condition.
2. Damaged/broken assets.
3 Decrease of expected economic benefits expected to be derived from use of the assets.

37. Prior-year adjustments

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

Statement of financial position

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Prior-year adjustments (continued)

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Non-current assets:					
Investment property (Refer to N1)		769,933,526	(1,419,449)	-	768,514,077
Property plant and equipment (Refer to N2)		761,996,562	520,079	-	762,516,641
Current Assets:		-	-	-	-
VAT recievables (Refer to N5)		1,872,705	(341,480)	(1,531,225)	-
Statutory receivables (Refer to N5)		7,845,784	-	2,220,495	10,066,279
Receivables from exchange transactions (Refer to N5)		1,324,700	86,950	1,147,235	2,558,885
Payables from exchange transactions (Refer to N5)		(18,230,487)	(666,622)	(1,836,505)	(20,733,614)
Net assets:		-	-	-	-
Retained surplus		(1,737,758,017)	1,820,521	-	(1,735,937,496)
		(213,015,227)	**(1)**	**-**	**(213,015,228)**

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions:		-	-	-
Contracted revenue (refer to N5)		2,618,000	(341,480)	2,276,520
Fair value adjustment		19,010,983	(36,307)	18,974,676
Expenditure		-	-	-
Depreciation and amortisation (Refer to N2)		(49,377,852)	(2,126,494)	(51,504,346)
Contracted services (Refer to N5)		(55,245,794)	(579,671)	(55,825,465)
General expenditure (Refer to N3)		(115,206,123)	293,953	(114,912,170)
Surplus for the year		**(198,200,786)**	**(2,789,999)**	**(200,990,785)**

Cash flow statement

37. Prior-year adjustments (continued)

2024

Cash flow from operating activities

Receipts:

Grants (Refer to N4)	405,838,756	(588,691)	-	405,250,065
Property rates (Refer to N4)	38,656,421	(99,159)	-	38,557,262
Sale of goods and services (Refer to N4)	11,939,030	(364,483)	-	11,574,547
	456,434,207	**(1,052,333)**	**-**	**455,381,874**

Cash flow from operating activities:	As previously reported	Correction of error	Total
Payments to suppliers (Refer to N4)	(179,744,076)	4,279,840	(175,464,236)
Payments to employees	(173,242,696)	53,000	(173,189,696)
Cash flow from investing activities:			
Movement in retention liability (capital expenditure) - Refer to N4	2,358,588	(2,358,588)	-
Purchase of property, plant and equipment (Refer to N40	(88,899,572)	(921,181)	(89,820,753)
	(439,527,756)	**1,053,071**	**(438,474,685)**

N1 - Investment property

Error 1: An error occurred in prior year whereby three privately owned properties were included in the investment property balance presented on the financial statements. The adjustment of R 1,419,449 was made to correct this error which led to a decrease on investment property reported in prior year audited financial statement.

The financial impact of the error was determined to be as follows:

Components Affected:	**Debit**	**Credit**
Retained surplus	1,383,140	-
Investment property	-	1,419,449
Fair value adjustment	36,309	-
	1,419,449	**1,419,449**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Prior-year adjustments (continued)

N2 - Property Plant and equipment

Error 1: An error occurred in prior year whereby some assets were not depreciated on the fixed asset register, some assets have negative depreciation and some assets have incorrect depreciation calculated.

Error 2: Management re-assessed useful life of certain assets which were over depreciated in the previous financial reporting periods. This resulted to decrease in accumulated depreciation which was processed against retained surplus.

The total restatement amount breakdown is as follows:

- Additional depreciation on assets on assets which did not depreciate during the year = R 706,491 (Increase).
- Reversal of negative depreciation totaling = R 816,457 (Increase).
- Re - calculation of depreciation on prior year assets transferred = R 590,475 (Increase).

Total depreciation adjustment is R 2,126,494 (increase)

- Restatement of prior period accumulated depreciation = R 1,587,272 (Decrease)

Net adjustment on property plant and equipment is R 526,151

Error 3: An error occurred in prior year whereby completed project were incorrectly capitalised using the accumulated depreciation data string instead of community assets cost data strings. This led to understatement of community assets value presented on the financial statements by R 295 790. The adjustment was made to correct this error.

Error 4: An error occurred in prior year whereby technical design costs for projects were incorrectly capitalised as construction work in projects which resulted to overstatement of asset base of the municipality. This costs relates to prior financial periods and were written to retained surplus to correct the error.

Error 5: Management acknowledged the audit finding raised on impairment of assets in prior year. In terms of paragraph 20 of GRAP 21 standard, the municipality must assess at each reporting period whether there is any indication that assets may be impaired. If any such indication exists, the municipality must estimate the recoverable service amount of the assets.

It was impossible to roll backwards and establish the indicators retrospectively due to timing differences. It was conculded in October 2024 that its impractical to have a conditional assessment for 30 June 2024. The full conditional assessment was performed in current year which includes all assets identified by auditor general in previous audit engagement and impairment loss was processed on those assets found to have indicators of impairment.

The financial impact of the error was determined to be as follows:

Components affected:	**Debit**	**Credit**
Depreciation expenses	2,126,494	-
Accumulated depreciation	-	2,126,494
Community assets - Costs	295,790	-
Accumulated surplus	-	295,790
Construction work in progress	-	660,207
Retained surplus	660,207	-
	3,082,491	**3,082,491**

Figures in Rand	2025	2024

37. Prior-year adjustments (continued)

N3 - Expenditure:

Error 1: A cut-off error occurred in prior year whereby some invoices relating to 2022/2023 financial year were incorrectly processed in 2023/2024 financial period. General expenditure amount disclosed in prior year financial statements was overstated by R 293 953. An adjustment was made to correct this error which led to a decrease in general expenditure and an increase in retained surplus.

The financial impact of the error was determined to be as follows:

Components affected:	**Debit**	**Credit**
30 June 2024:	-	-
Trade creditors - accruals	327,089	-
VAT input accrual	-	33,136
General expenditure - Travel (local)	-	293,953
30 June 2023:	-	-
Retained surplus	293,953	-
VAT input accrual	33,136	-
Trade creditors - accruals	-	327,089
	654,178	**654,178**

N5 - VAT receivables

An error occurred in prior year whereby construction contract revenue relating to INEP projects was captured inclusive of VAT. An adjustment has been processed to correct this error. The new INEP national treasury guidline for unlicensed municipality changed the INEP from being a grant that was zero-rated to a construction contract revenue which is vatable at 15% rate.

The financial impact of the error was determined to be as follows:

Construction contracts	341,480	-
VAT output accruals	-	341,480
	341,480	**341,480**

Management noted that VAT was incorrectly reported in prior year audited financial statement. This error has been adjusted and prior year audited amounts has been restated to account for this error. This error was corrected by just mapping to the correct element, no adjusting journals processed. Due to this error, statutory receivables amount increased by **R 2,220,495**;receivables from exchange transactions increased by **R 1,147,235** and payables from exchange transactions increased by **R 1,836,505**.

Management identified invoices recorded in the incorrect financial period. Prior year amounts has been restated to correct this error.

The financial impact of the error was determined to be as follows:

Contracted services	579,671	-
VAT input accruals	86,950	-
Trade payables -accruals	-	666,621
	666,621	**666,621**

37. Prior-year adjustments (continued)

N4 - Cash flow statement:

An error occurred in prior year on the calculation of cash flow statement which included the non-cash items. This error was corrected and prior year amounts has been restated. Furthermore, the there were errors identified in VAT which also affected the cash flow statements. Affected balances are taxation, payments of suppliers, payments to employees and sale of goods & sales.

An error occurred whereby payables from exchange transaction (retention liability) was excluded from the calculation of cash flow from operating activities and included in the calculation of cash flow from investing activities when calculating amount relating to acquisition of property, plant and equipment. Payables from exchange transactions forms part of operating working capital and must be included in the calculation of cash flow from operating activities not investing activities. An adjustment was made to correct this error and prior period cash flow statement amounts have been restated. No journals were processed.

Management noted an error on unspent conditional grant liability amount used to calculate receipts from grants and subsidies. The error was due to incorrect sign used, the opening balance used was positive instead of negative and closing balance was negative instead of positive sign. The impact on the calculation is as follows:

Cash Receipts - Grants and subsidies:	**Audited Amount**	**Re-calculated amount**
Opening Balance	5,100,382	(5,100,382)
Grant and subsidies revenue	405,544,414	405,544,414
Closing balance	(4,806,033)	4,806,033
	405,838,763	**405,250,065**

Net adjustment R (405,250,065 - 405,838,763) = R 588,610

An error occurred in prior year cash flow workings were by VAT which is a statutory receivable was incorrectly factored in the calculation of cash flow amount relating to sale of goods and services. VAT is statutory receivables and correction was made on the workings which led to increase on property rates by R 341,480.

Fruitless and wasteful expenditure

As previously reported	-	64,067
Add: Fuitless and Wasteful expenditure - prior period	-	1,460,146
Restated opening balance	**-**	**1,524,213**

Error 1: An overpayment of R 1,460,146 was made to a supplier providing VAT recovery services to the municipality. This was incorrectly disclosed as irregular expenditure instead of fruitless and wastefull expenditure. The error was corrected and prior period disclosure note restated. The error is still under investigations.

Irregular expenditure

Opening balance	-	20,616,352
New material irregularities identified	-	(1,460,146)
Restated opening balance	**-**	**19,156,206**

Figures in Rand	2025	2024

37. Prior-year adjustments (continued)

Commitments

Management identified an error in prior year commitment disclosure whereby only the movement for 2023/24 financial year was presented instead of the total commitment for all the years. Prior period disclosure note has been restaed to correct this error. The impact o the restatement is as below:

Already contracted for but not provided for:		
Property, plant and equipment - Audited	-	117,856,457
Restatement amount	-	61,322,630
Restated amount	**-**	**179,179,087**

Financial instruments:

Management noted a mismatch between the payables from exchange transaction amount on the statement of financial position and the one presented under financial instruments disclosure note. This error has been corrected and the impact is as follows:

Financial liabilities	**Audited Amount**	**Restatement**	**Restate amount**
Trade and other payables from exchange transactions	18,170,754	59,733	18,230,487

38. Net cash flows from operating activities

	2025	2024
Surplus	103,941,201	80,491,178
Adjustments for:		
Depreciation and amortisation	56,046,718	51,504,348
Loss on sale of assets	(136,985)	(237,412)
Fair value adjustments	(19,212,852)	(18,974,674)
Finance costs	3,826,620	3,650,315
Impairment loss	718,336	-
Debt impairment	10,070,901	11,897,290
Bad debts write-off	8,734,699	52,622
Movement in employee obligations	506,322	62,000
Actuarial gains/losses	(5,883,402)	(654,673)
Non-cash transfers from property plant and equipment	768,083	-
Changes in working capital:		
Assets held for sale	(768,083)	142,084
Receivables from exchange transactions	(4,556,746)	(993,027)
Statutory receivables	(21,253,723)	(2,302,404)
Payables from exchange transactions	11,756,350	5,451,738
Unspent conditional grants and receipts	(3,771,223)	(294,349)
Employee related obligations	939,613	1,724,336
	141,725,829	**131,519,372**

39. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	6,205,500	6,205,500
Cash and cash equivalents	288,536,241	288,536,241

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

39. Financial instruments disclosure (continued)

	294,741,741	**294,741,741**

Financial liabilities

	At amortised cost	Total
Finance lease obligation	3,656,063	3,656,063
Trade and other payables from exchange transactions	39,698,524	39,698,524
	43,354,587	**43,354,587**

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	2,558,886	2,558,886
Cash and cash equivalents	267,821,868	267,821,868
	270,380,754	**270,380,754**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	20,733,614	20,733,614

40. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Property, plant and equipment	155,512,601	179,179,087
Total capital commitments		
Already contracted for but not provided for	155,512,601	179,179,087

Total commitments

	2025	2024
Total commitments		
Authorised capital expenditure	155,512,601	179,179,087

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

Figures in Rand	2025	2024

41. Contingencies

Table below shows litigation claims for the municipality as at the end of the financial reporting period:

Litigation Claim Details

Case Number - 68/2012	91,400	91,400
This is a claim emanating from the removal of container.		
Case Number - 80/2013	61,900	61,900
This is a claim emanating from the removal of container.		
Case Number - 78/2013	115,000	115,000
This is a claim emanating from the removal of container.		
Case Number - 526/2013	150,000	150,000
This is a claim emanating from the removal of container.		
Case Number - 166/2012	350,000	350,000
This is a claim emanating from the removal of container.		
Case Number - 101/2015	140,000	140,000
Damages claim for a loss of horses impounded by the municipality agents		
Case Number - 100/2016	80,000	80,000
This is an interdict for interference with site.		
Case Number - 24/2019	127,565	127,565
Damages claim emanating from alleged repairs due to the plaintiff for his motor vehicle damages.		
Case Number - 1604/20	650,000	650,000
The is a damages claim against the municipality for alleged assault case		
Case Number - 65/2021	111,255	111,255
This relates to damages claimed against the municipality vehicle cost for repairs due to potholes.		
CAse Number 1218/2019	9,400,000	9,400,000
Civilians allegation that they were shot by a municipal employee.		
Case Number - 3484/2018	-	1,700,000
Interdict on the invasion by the respondent and some other land grabbers.		
CAse Number - 1250/2023	850,000	850,000
Claim for legal costs relating to work rendered to the municipality.		

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

41. Contingencies (continued)

Case Number - 983/2021	500,000	500,000
Challenging dress code of counsellors.		
Case Number - 5332/2021	94,055	94,055
Damages arising out of shooting community member. legal costs added to the financial exposure is R 94,055		
Case Number - 111/2024	800,000	400,000
Matter pending both in high court for the canccellation of the commercial lease agreement which the municipality have with the servicve provider, and the damages claim pending at the labour. .		
Case Number - 5449/2021	-	300,000
Application to challenge the decision to rescind tender award as a result of court order.		
Case Number - 2067/2023	-	9,300,000
Claim for past loss of income		
Case Number - D626/2020	-	4,500,000
Employee appealing decision by CCMA.		
Case Number - 5093/16	12,500,000	12,500,000
Claim for damages as a result of demolition of houses / structures at new rest.		
Case Number - EC082115	1,500,000	1,500,000
Constructive dismisal		
Case Number - 731/2024	500,000	500,000
This relates to an eviction application against respondent occupying premises belonging to the municipality.		
Case Number - CA26/2025	1,500,000	1,500,000
This matter relates to an applicant who was attempting to review and set aside the municipality's decision of granting a tender against the second respondent. When the matter appeared in court for the first time, the municipality was found indeed unlawful.		
Case Number - 72/2023	-	500,000
Interdict against municipality wherein the plaintiff is interdicting the building of Lusikisiki Community Hall as they feel that they have a session with the municipality		
Case Number - 2351/2025	250,000	-
This is the application where the applicants are compelling the municipality to fix or change the drainage system on the basis that it damages their homes.		
Case Number - 3484/2028	700,000	700,000
Matter has been finalised and judgement granted in favour of the municipality		

Figures in Rand	2025	2024
41. Contingencies (continued)		
Case Number - 20/2023:	250,000	-
Damages as a Result of Removal of Containers		
Case Number - 2057/2025	400,000	-
Application to declare demolishing of unlawful structures		
Case Number - 2187/2025	400,000	-
Application to declare demolishing of unlawful structures		
Case Number - 92/2025	500,000	-
Matter struck off Roll, Awaiting Appeal Court Date		
Case Number 3949/2024	750,000	-
Interdicting the enforcement of a court order. The community is now appealing the judgement granted in favour of the municipality.		
The matter is to be heard on 11 August 2025		
Case Number - 1788/2025	600,000	-
Interciding Enforcement of a Court Order		
Case Number 3700/2024	700,000	-
Interdict challenging enforcement of court order, awaiting court date.		
Case Number 1660/2025	500,000	-
Application ton interdict municipality from enforcing court order, matter struck off the roll.		
	34,571,175	**46,121,175**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Related parties

Relationships	
Members of key management	Refer to note 28

Related party balances

	2025	2024
Leave accrual owed to executive management:		
V.C. Makedama - Municipal Manager	146,576	94,646
BS Fikeni	88,113	46,908
Z Masumpa	125,187	61,101
Mashaba Avela	37,557	-
M.B. Matubatuba	37,284	-

Municipal employees accrues 24 leave days in each financial reporting period. Leave accrued liability relates to an estimated balance due to the employee at the end of each reporting period. Leave pay accrued liability is not secured by anything.

Related party transactions

	2025	2024
Close family members' interest:		
Suppliers with interested	105,250	282,540

Management discovered that some suppliers who offered services to the municipality during the financial year had family memmbers who are working at some govenment departments.

Remuneration of management

Audit committee members' fees:

2025

Name	Fees	Total
M Litile	185,000	185,000
S Nyenyiso - Chairpeson	225,000	225,000
Y Mabona	104,000	104,000
Y Rini	177,000	177,000
	691,000	**691,000**

2024

Name	Fees	Total
M Litile	128,000	128,000
S Nyenyiso - Chairpeson	198,000	198,000
Y Mabona	112,000	112,000
Y Rini	128,000	128,000
	566,000	**566,000**

Management class: Councillors

2025

Name	Basic salary	back pay	Cell phone allowance	Travel allowance	Car allowance	Housing	Total
Mayor - Cllr N. Pepping	973,256	106,261	44,151	-	-	-	1,123,668

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

42. Related parties (continued)

Speaker - Cllr S.B. Vatsha	778,607	86,341	44,151	-	-	-	909,099
Chief Whip - Cllr M. Nkungu	730,169	81,808	44,151	-	-	-	856,128
MPAC Chairperson Cllr Z. Noncokwana	475,745	70,662	44,151	162,914	-	72,000	825,472
Mayoral Committee Members	4,505,277	-	-	449,140	354,468	-	5,308,885
Ordinary Councillors	16,496,248	-	2,199,920	-	1,422,824	12,000	20,130,992
	23,959,302	**345,072**	**2,376,524**	**612,054**	**1,777,292**	**84,000**	**29,154,244**

2024

Name	Basic salary	Back pay	Cell phone allowance	Car Allowance	Housing Allowance	Total
Mayor - Cllr N. Pepping	914,763	42,110	-	-	-	956,873
Speaker - Cllr S.B. Vatsha	731,811	34,505	85,600	5,240	48,000	905,156
Chief Whip - Cllr M. Nkungu	686,074	32,282	42,800	2,416	-	763,572
Mayoral committee members	2,145,380	315,668	299,600	402,357	-	3,163,005
MPAC chairperson Cllr Z. Noncokwana	534,278	-	42,800	103,117	-	680,195
Ordinary Councillors	15,280,430	1,206,546	2,254,400	1,135,568	-	19,876,944
	20,292,736	**1,631,111**	**2,725,200**	**1,648,698**	**48,000**	**26,345,745**

Municipal Desciplinary Board:

2025

Name	Fees	Total
S Bavu	16,000	16,000
S Gwexa	16,000	16,000
T Nkele - Chairperson	27,000	27,000
Y Madolo	24,000	24,000
Y Mabona	36,000	36,000
	119,000	**119,000**

2024

Name	Fees	Total
S Gwexa	48,000	48,000
S Bavu	56,000	56,000
T Nekele - Chairperson	45,000	45,000
Y Madolo	48,000	48,000
	197,000	**197,000**

43. Change in Estimate

In terms of the requirements of GRAP 17 the useful lives of all asset items were reviewed by management at year end. The remaining useful live expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in accounting estimate.

The management used the condition of the assets as follows:

- Assets assessed to be Poor & Active were allocated additional 3 years.
- Assets assessed to be Very Poor & Active were allocated additional 2 years.

The effect of this revision is an increase in the depreciation charges for the current period of 2025:R 606 765.02

The effect of the change in estimate has been applied prospective.

44. Comparative figures

Certain comparative amounts have been restated to correct prior period errors identified.

45. Risk management

Financial risk management

Liquidity risk

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2025	Less than 1 year	Between 2 and 5 years
• Present value of minimum lease payments due	1,438,545	2,249,508

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Cash and cash equivalent	288,536,241	267,821,868
Receivables from exchange transactions	6,205,500	2,558,886

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

46. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 1,839,878,689 and that the municipality's total liabilities exceed its assets by R 1,839,878,689.

46. Going concern (continued)

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.

However, the following negative factors were identified which affect the going concern assumption:

- Current liabilities (excluding unspent conditional grants) exceeds 10% of next year's budgeted resources
- Debtors days - consumer debtors exceed 30 days
- Debtors impairment provision exceeds 10% of accounts receivable
- Poor enforcement of credit control measures
- Employee-related costs and remuneration of councillors exceed 40% of operating expenditure
- Repairs and maintenance expenditure level is less than 8%
- Capital expenditure is less than 10% of operating and capital expenditure
- Underspending on repairs and maintenance of capital projects

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these are:

- The municipality prepared a funded budget covering financial period ending 30 June 2026, 2027 and 2028. This budget was adopted by council and based on the source of funding stated in the adopted budget, there it is highly likely that the municipality will have sufficient funds to support its operations.
- The adopted budget was approved by several stakeholders such as treasury who is the main source of funds for the municipality. This warrants going concern aspect of the municipality.
- The municipality is putting together strategies to increase collection rate, these strategies includes debt incentive program which provides a discount to all consumer debtors who honour their debt within a specified period.
- The municipality is reviewing the organisational structure to ensure employee related costs are within the norm.

Conclusion: The municipality is still a going concern because of the following reasons:

- No intention to liquidate the municipality or cease its operations.
- No material uncertainties related to events or conditions that may cast significant doubt upon the municipality’s ability to continue as a going concern
- The municipality is currently having a positive cash and cash equivelant amount and the short term investments are increasing annually.

47. Events after the reporting date

The municipality not aware of any events or conditions which took place after end of the financial reporting period which warrants additional adjustment or disclosure.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Fruitless and wasteful expenditure

Opening balance as previously reported	1,524,224	43,293
Add: Fruitless and wasteful expenditure identified - current	-	20,785
Add: Fruitless and wasteful expenditure identified - prior period	-	1,460,146
Less: Amount written off	(64,078)	-
Closing balance	**1,460,146**	**1,524,224**

Fruitless and wasteful expenditure is presented inclusive of VAT.

Fruitless and wasteful expenditure arises from interest paid to eskom on long outstanding suppliers account balance.

The fruitless and wasteful expenditure identified from the prior period relates to payments on the VAT Contract identified as material irregularity, which were over and above the terms and conditions of the contract. These payments were identified during the investigation into the material irregularity as raised by the Auditor General

Prior year audited amount was restated accordingly to account for this omission error. Refer to Note 37.

Amount recovered

None of the fruitless and wasteful expenditure presented above has been recovered in current or prior year.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

48. Fruitless and wasteful expenditure (continued)

Amount written-off

An amount of R 64,078 relating to prior years was written off in current year.

49. Irregular expenditure

	2025	2024
Opening balance as previously reported	19,156,206	11,922,185
Add: Irregular expenditure - current	-	8,694,167
Less: Irregular expenditure - prior period	-	(1,460,146)
Closing balance	**19,156,206**	**19,156,206**

Prior year audited amounts have been restated to account for this omission. Refer to note 37.

Cases under investigation

The irregular expenditure disclosed in prior year has been submitted to Municipal Public Accounts Committee for investigations. All irregular expenditure transactions are disclosed inclusive of VAT.

Amount written-off

None of the current year irregular expenditures were written-off in current year.

50. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

	2025	2024
Current year subscription / fee	2,012,154	2,032,124
Amount paid - current year	(2,012,154)	(2,032,124)
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

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

Audit fees

Current year subscription / fee	7,168,701	7,676,157
Amount paid - current year	(7,168,701)	(7,676,157)
	-	-

PAYE and UIF

Current year subscription / fee	33,510,638	28,400,724
Amount paid - current year	(33,510,638)	(28,400,724)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	22,404,279	20,929,694
Amount paid - current year	(22,404,279)	(20,703,677)
	-	**226,017**

VAT

VAT refandable	29,662,371	23,808,651
VAT refund received	(25,846,069)	(21,588,155)
	3,816,302	**2,220,496**

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

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

None of the councillors had arrear accounts outstanding for more than 90 days as at 30 June 2025.

Figures in Rand	2025	2024

51. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Plant Hiring	106,500	83,710
The hiring of plant was done through emergency procurement system and the number of icnidents was 1.		
Transport services	461,452	36,000
The procurement of transport services was done through emergency system, the number of incidents was 1.		
Repairs and service to motor vehicles/plant	3,536,177	3,946,098
The procurement of repairs and maintainance of motor vehicles and plant was done through single source.		
Advertising	292,582	509,840
Procurement of advertising services was done from a widely read paper in the Eastern Cape		
Radio Slot presentation	32,000	116,950
Stage Deco	-	4,600
Erratum for vacant post	-	37,729
Locksmith services	-	8,154
Qualification verification	-	28,800
Supply and delivery of water tanks, stands and 05 Portable mobile toiltes	-	117,210
Service and Calibration of Speed Camers	-	6,155
Catering	308,500	-
COF & Road worthy test	193,436	-
Government Printing Works	1,009	-

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

51. Deviation from supply chain management regulations (continued)

Private security	4,113,936	-
	9,045,592	**4,895,246**

Deviation arises from emergency procurement system which makes impractical or impossible to follow the official procurement process as per SCM reg 36(1)(a)(v).

52. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of six major functional areas: community services, budget and treasury office, economic development services, administration services, infrastructure and technical services and municipal manager's office. The segments were organised around the type of activities and service delivered by the municipality to the community. Each reportable segment is led by a senior management official who reports on a monthly and quarterly basis to relevant municipal stakeholders. The performance of each reportable segment ids assessed in line with the Integrated Development Plan (IDP) and Service delivery and Budget Implementation Plan (SDBIP) of the municipality. Management uses these same segments for determining strategic objectives. None of the segments were aggregated.

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

Aggregated segments

The municipality operates in part of the Eastern Cape Province. Each reportable segment is reported separately, none were aggregated

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable Segment:

Adminstration

Budget and Treasury Office

Community Services

Economic Development Services

Infrastructure and technical Services

Municipal Manager's Office

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Adminstration	Budget & Treasury Office	Community Services	Economic Development Services	Infrastructure & Technical Services	Municipal Manager's office	Total
Revenue							
Revenue from exchange transactions	39,573	24,229,320	6,905,251	1,473,840	20,477,645	-	53,125,629
Revenue from non-exchange transactions	652,740	398,701,044	3,482,619	-	93,696,221	1,593,000	498,125,624
Total segment revenue	**692,313**	**422,930,364**	**10,387,870**	**1,473,840**	**114,173,866**	**1,593,000**	**551,251,253**
Expenditure							
Employee related costs	18,030,934	22,194,462	67,176,707	8,722,990	16,615,893	30,769,261	163,510,247
Contracted Services	2,059,567	5,280,859	14,690,424	6,141,464	47,172,681	12,030,037	87,375,032
Depreciation and armotisation	8,688,317	3,081,881	2,724,062	5,496,876	35,573,951	481,632	56,046,719
Finance costs	985,994	-	3,150,620	-	-	-	4,136,614
Debt impairment	-	9,161,769	909,132	-	-	-	10,070,901
General expenditure	33,450,744	29,257,343	7,361,511	2,065,888	9,446,757	26,118,719	107,700,962
Remuneration of counsillors	-	-	-	-	-	29,154,245	29,154,245
Fair value adjustment	-	30,230	-	-	(19,243,082)	-	(19,212,852)
Irrecoverable Debts Written Off	-	8,633,135	101,564	-	-	-	8,734,699
Transfers and subsidies	-	-	-	3,583,480	1,512,043	-	5,095,523
Impairment loss	34,597	-	85,100	587,963	10,676	-	718,336
Loss on disposal of assets	583,398	(13,960)	(1,032,914)	301,307	25,184	-	(136,985)
Actuarial gains or losses	-	(5,883,402)	-	-	-	-	(5,883,402)
Total segment expenditure	**63,833,551**	**71,742,317**	**95,166,206**	**26,899,968**	**91,114,103**	**98,553,894**	**447,310,039**
Total segmental surplus/(deficit)	**(63,141,238)**	**351,188,047**	**(84,778,336)**	**(25,426,128)**	**23,059,763**	**(96,960,894)**	**103,941,214**

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

	Adminstration	Budget & Treasury Office	Community Services	Economic Development Services	Infrastructure & Technical Services	Municipal Manager's office	Total
Assets							
Current assets	11,019,432	212,921,245	6,674,600	7,992,340	65,182,311	5,143,429	308,933,357
Non-current assets	2,191,635	525,431,142	41,257,312	36,946,319	1,017,610,519	1,287,575	1,624,724,502
Total segment assets	**13,211,067**	**738,352,387**	**47,931,912**	**44,938,659**	**1,082,792,830**	**6,431,004**	**1,933,657,859**
Total assets as per Statement of financial Position							**1,933,657,859**
Liabilities							
Current liabilities	(4,038,812)	(27,558,776)	(15,984,364)	(6,064,235)	(10,190,924)	(156,522)	(63,993,633)
Non-current liabilities	(2,237,899)	(27,547,627)	-	-	-	-	(29,785,526)
Total segment liabilities	**(6,276,711)**	**(55,106,403)**	**(15,984,364)**	**(6,064,235)**	**(10,190,924)**	**(156,522)**	**(93,779,159)**
Total liabilities as per Statement of financial Position							**(93,779,159)**

2024

	Adminstration	Budget & Treasury Office	Community Services	Economic Development	Infrastructure & Technical Services	Municipal Manager's Offices	Total
Revenue							
Revenue from exchange transactions	62,283	24,886,638	6,350,907	1,303,426	2,276,522	-	34,879,776
Revenue from non - exchange transactions	803,064	370,467,222	2,127,448	-	71,622,346	1,384,000	446,404,080
Total segment revenue	**865,347**	**395,353,860**	**8,478,355**	**1,303,426**	**73,898,868**	**1,384,000**	**481,283,856**

Notes to the Annual Financial Statements

Figures in Rand

52. Segment information (continued)

Expenditure							
Employee related costs	15,044,891	19,413,518	77,214,765	9,632,631	805,369	26,519,114	148,630,288
Contracted services	1,093,286	8,017,795	9,500,558	3,483,649	23,165,007	10,565,171	55,825,466
Depreciation and armotisation	5,718,505	448,646	277,885	6,641,586	38,298,274	119,451	51,504,347
Finance costs	626,000	20,774	3,024,315	-	-	-	3,671,089
Debt impairment	-	11,949,912	-	-	-	-	11,949,912
General expenses	31,650,192	46,648,348	12,716,136	1,614,131	69,521	22,213,847	114,912,175
Remuneration of councillors	-	-	-	-	-	26,345,745	26,345,745
Transfers and subsidies	-	-	60,000	7,760,420	-	-	7,820,420
Fair Value adjustment	-	(6,988,672)	(11,986,001)	-	-	-	(18,974,673)
Gains on disposal of assets	-	-	(237,412)	-	-	-	(237,412)
Actuarial gains/losses	-	-	(654,673)	-	-	-	(654,673)
Total segment expenditure	**54,132,874**	**79,510,321**	**89,915,573**	**29,132,417**	**62,338,171**	**85,763,328**	**400,792,684**
Total segmental surplus/(deficit)	**(53,267,527)**	**315,843,539**	**(81,437,218)**	**(27,828,991)**	**11,560,697**	**(84,379,328)**	**80,491,172**
Assets							
Current assets	9,159,703	189,012,271	5,734,909	7,593,976	64,278,228	4,667,942	280,447,029
Non-current assets	2,811,735	871,439,622	25,452,222	133,954,368	496,238,027	1,134,747	1,531,030,721
Total segment assets	**11,971,438**	**1,060,451,893**	**31,187,131**	**141,548,344**	**560,516,255**	**5,802,689**	**1,811,477,750**
Total assets as per Statement of financial Position							**1,811,477,750**
Liabilities							
Current liabilities	(1,782,338)	(28,995,414)	(8,797,005)	(3,451,439)	(2,709,508)	(779,075)	(46,514,779)
Non-current liabilities	-	(29,025,484)	-	-	-	-	(29,025,484)
Total segment liabilities	**(1,782,338)**	**(58,020,898)**	**(8,797,005)**	**(3,451,439)**	**(2,709,508)**	**(779,075)**	**(75,540,263)**
Total liabilities as per Statement of financial Position							**(75,540,263)**

Notes to the Annual Financial Statements

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52. Segment information (continued)

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. All transactions disclosed in each Reportable Segment are on an accrual basis, amounts are derived from the financial reporting system.

Measurements and disclosure of amounts presented in each Reportable Segment:

The primary source of information presented in each Reportable Segment is the final trial balance as at each reporting period.

All transactions on the general ledger are aligned to the correct reportable segment in which they relate to therefore no need for a reconciliation between amounts presented on the reportable segment to those presented on the statement of financial performance and statement of financial position of the municipality.

Measurement and accounting policies applicable to municipal segments are aligned to those utilized by the municipality.

53. Budget differences

Material differences between budget and actual amounts

Below are explanations of variance that are more than 15% between the budgeted amounts and actual amounts for the year.

Service Charges - The municipality noticed a decline at mid-term and therefore adjusted downwards.

Rendering of Services - There is no space in Flagstaff cemetery resulting in the variance and the economic fluctuations are influencing construction activities, leading to a decline in building plan fees.

Construction Contracts - The budget was inclusive of VAT, however the actual were captured vat exclusive due to national treasury INEP guideline.

Interest income on receivables - The recivables in the AFS are net amount inclusive of impairment , the groos amount in which interest is calculated has increased.

Agency services -There were delays in fully operations of DLTC as anticpated.

Licences and Permits - The was a decline in the application for business licensing due to economic pressures and regulatory barriers and bureaucracy in relation to spaza shops.

53. Budget differences (continued)

Interest received - investment - The municipality received more interest on all our bank accounts than anticipated.

Fines, Penalties and Forfeits - The municipality billed more because of intensified controls during festive season and easter period.

Finance costs - The municipality under budgeted for interest on Landfill site , the budget was R2 million and the actual was R3.1 Million.

Debt impairment - The municipality anticipated that there will be a decrease in outstanding debts due to amnesty provision, but the rate payers did not apply as anticipated.

Contracted Services - The municipality budget for maintenance of access roads but the projects were delayed by the heavy rains

Transfers and subsidies - The municipality advertised the projects and there was non-responsiveness to bidding processes, causing the delays in appointments.

General Expenses - There were project delays that affected the spending on general expenses

Gains on disposal of assets and liabilities - There is budget for Gains and loss to the value of R1 million apearing as actuarial gains and losses.

Fair value adjustments - Refers to the fair value on investment properties

Actuarial gains/losses - The municipality anticipated to auction and write-off obsolete assets

Asset held for sale - The municipality did not budget for asset held for sale but budgeted for inventory in assumption that the servicing of motor vehicles and plant was going to be done inhouse and opening of store for fuel which are still outsorced

Operating lease assets - The municipality budgeted for operating lease assets

Statutory Receivable - The municipality over budgeted for statutory receivables. There are also economic hardships in the community.

VAT Receivables - The municipality over-estimated the budget

Receivables from exchange transactions - The municipality billed more than was expected on service charges

Receivables from non-exchange transactions - The municipality anticipated that there will be a decrease in outstanding debts due to amnesty provision, but the rate payers did not apply as anticipated.

This has a direct impact on the gross recivables , this was going to decrease debt imparment resulting to higher value of recievables .

Cash and cash equivalents - The municipality tightened its cost-cutting measures and there were also project delays

Investment property - The municipality have anticipated a significant fair value increase post-renovations, but the project was delayed.

Property, plant and equipment - There were project that were appointed , which are not completed as anticipated and are still in commitments

Payables from exchange transactions - Payables from exchange transactions - The municipality anticipated an increase in payable due to late submission of invoices as well as increase in leave and bonus accrual.

VAT Payable - The municipality budgeted for Vat in consolidation and anticipated a vat receivable

53. Budget differences (continued)

Employee Benefit Obligation - The municipality budgeted in assupmtion that vacant post will be filled as per organogram and some of the post were still vacant at the end of the year

Unspent Conditional grants and receipts - The municipality anticipated delays in project due to bad weather in the surrounding area

Finance lease obligation - The municipality budgeted for an operating lease instead of finance lease.

Cash flow statement differences:
Property Rates-During budged period, the municipality anticipated that the amnesty will assist to increase the collections from consumers. Less customers utilised this amnesty, therefore actual collections is less than budgeted amount.

Sale of goods-During budged period, the municipality anticipated that the amnesty will assist to increase the collections from consumers. Less customers utilised this amnesty, therefore actual collections is less than budgeted amount.

Interest income-Municipal investments increased and the municipality spent majority of the year with higher bank balance which generated interest income.

Employee & suppliers-Budget was done expecting that the municipality will fill all the vacant post within the organogram, however this was not executed.

Finance costs-The municipality did not expect to incur costs through finance lease of assets.

Transfers and subsidies-The actual cash flow amounts relating to transfers and subsidies is presented as payments to suppliers.

Property plant and equipment-The delays in court case on lusikisiki office resulted to a delay in implementation of the project

Proceeds-The municipality did not expect to receive refunds from the insurance on assets loss.

Finance lease receipts-The municipality did not expect to incur costs through finance lease of assets.

Reason for adjustments between original and adjusted budget

In terms of section 72 of MFMA, the municipal manager is required to assess the performance of the municipality during the first half of the financial year. The assessment looked at the monthly as per section 71, municipal service delivery in the first 6 months, the past year's annual report and progress on resolving problems identified in the annual report. Areas with higher needs were identified and funds reallocated to need or new demands.

54. Accounting by principals and agents

The municipality is an agent for the department of transport whein it is delegated to register and license motor vehicles on its behalf.

There is a receivable amount of R 31 555 in 2025 and 20,957:20 in 2024.

All collections made are paid over to the Department of Transport twice in each month. The amount reciavable relate to cash in transit at the end of the financial period. Agent fees rate is 19% of all collections subject to curtain conditions as per Service level Agreement and National Road Traffic Act No. 93 of 1996.

Total collections for the year is R 17,502,773.

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 4,475,407 (2024: R4 248 411).