Richmond Annual Report

2020/2021

Richmond
Local Municipality

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 COMPONENT A: MAYOR'S FOREWORD

HIS WORSHIP THE MAYOR – CLLR. S B NDLOVU

The year 2020/2021 was not a good year for everyone, but especially for the Richmond Local Municipality, as we saw Covid-19 preying on our hard-working and dedicated managers, who put the needs of the people first all the time.

Losing managers in different units within the municipality, was a major setback for the municipality as most of the positions were left vacant.

But the mark they have left within the municipality has motivated us to pick up where they left off and continue with the good work that they were doing. Their hard-work and dedication has put the municipality where it is. Their names will always be in the municipality history book and the mark they left will always be a constant reminder that the municipality once had very dedicated leaders like them.

When I took over the office as a Mayor, one of my biggest responsibilities was to fill in the municipal manager's vacancy. I had to find a manager that will be able to bring stability within the municipality.

Mr. SL Mthembu experience and dedication matched the requirements that I have set.

Mthembu hit the ground running but just when he was getting his groove to gel with the rest of the unit manager, COVID-19 raised its ugly head and robbed him of more than one manager. In January 2021 he also passed on and may their soul rest in peace.

I could not let the passing of the managers of different units stand in the way of providing people of Richmond with the better services they voted for. The council was lucky in managing to get Mr. BE Mswane as Richmond Municipal Manager who brought vast experience from known big municipalities.

The work that was already started by the managers who passed away, assisted him to continue where they left off, ensuring that the mission was completed.

When Mr. BE Mswane joined the municipality, it was under administration and in a short space of time he managed to get the municipality an unqualified audit.

With the pace we are moving, we are hoping for a 100% clean audit in this financial year.

Without the support from the stakeholders and ward committee, the municipality would not have been where it is today. I am grateful that we were able to maintain a healthy relationship which has helped Richmond to move, develop and improve almost every day.

Through the interactions with different stakeholders we managed to visit different parts of Richmond and resolve problems faced by communities.

When the municipality shines, I cannot take all the shine as if I was working like a one man show while it was a collective. Richmond Municipality staff members work tirelessly to achieve our goal.

We want to thank them for their dedication and for spending most of their time serving our people. They go an extra mile to ensure that people get what they were promised.

Our dream is to make Richmond a better place where all would want to come and stay in peace. It is possible if we all work towards unity and focus on service delivery for the communities and the country as a whole.

RICHMOND WILL ALWAYS BE A BEAUTIFUL PLACE AS WE STRIVE TO GROW IN PEACE AND HARMONY WITH EACH ANOTHER!

Cllr. Siminenkosi B Ndlovu

MAYOR

1.2 COMPONENT B: EXECUTIVE SUMMARY

MUNICIPAL MANAGER: B E MSWANE

When I joined the Richmond Local Municipality, I was given a task to stabilize the municipality which was placed under administration.

I knew and understood that in order for me to achieve this goal, I needed to first build a strong and healthy working relationship, not only with the Directors and Managers, but also with each and every staff member within the municipality.

I had to strengthen the relationship that the municipality has with different stakeholders, to ensure that service delivery is a priority and that good governance is ensured.

Some of the responsibilities that were put on my shoulder were to strengthen the finances of the municipality and to ensure that service is delivered in time every time.

Through working together, we managed to get the municipality an unqualified audit, which now we are pushing for the 100% clean audit.

It is unfortunate that some of the people who started this road with me have departed and would not witness this municipality receiving a clean audit.

COVID-19 left us less rich in Richmond; it claimed the lives of the public servants who were selfless and of high caliber.

But I was pushed by the hard work that they had already done in the municipality, what is left for us is to take their lights and continue with the beautiful race of improving the lives of Richmond people to the finish line.

I am proud to say that ever since I took over this position, not even a single community under this municipality have embarked on service delivery.

This is the sign that each and every day we strive to improve Richmond communities.

As hard as it was to fill the shoes of the managers whose lives were claimed by COVID-19, but we had to fill their vacancies to ensure that their good work continues.

We like the improvement we see in different parts of Richmond and we aim to bring more improvement in this historic city.

We thank everyone who plays a vital role in ensuring that the good work continues in Richmond despite having a very bad year.

Having said that we hope for clean audit in the near future.

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Municipal Manager

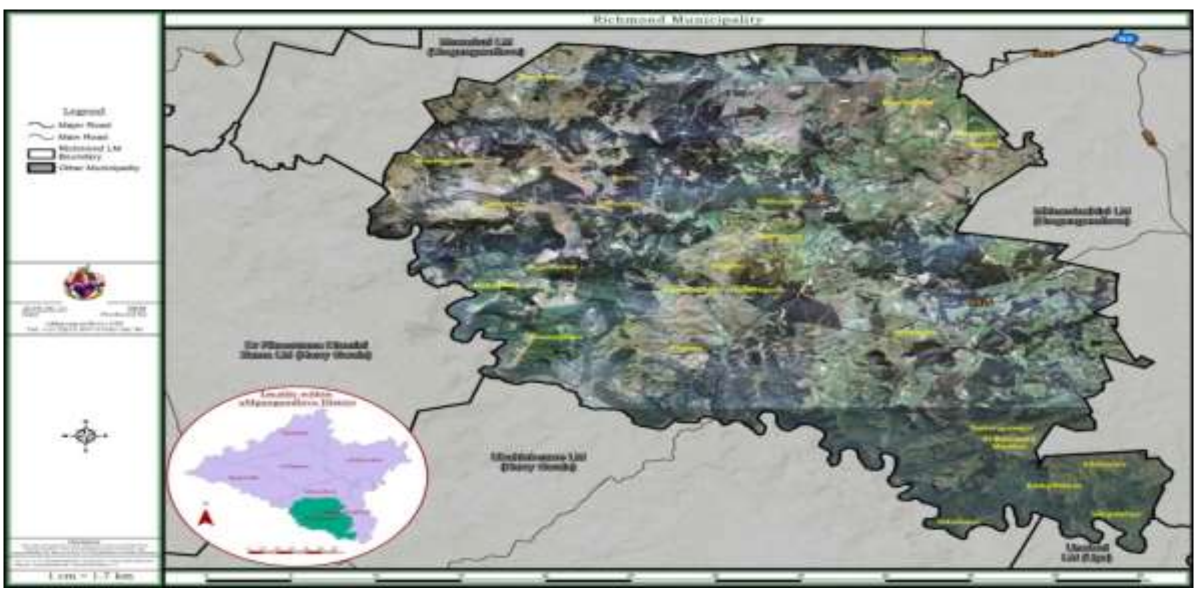
Mr. Bhekani E Mswane

1.3 MUNICIPAL OVERVIEW

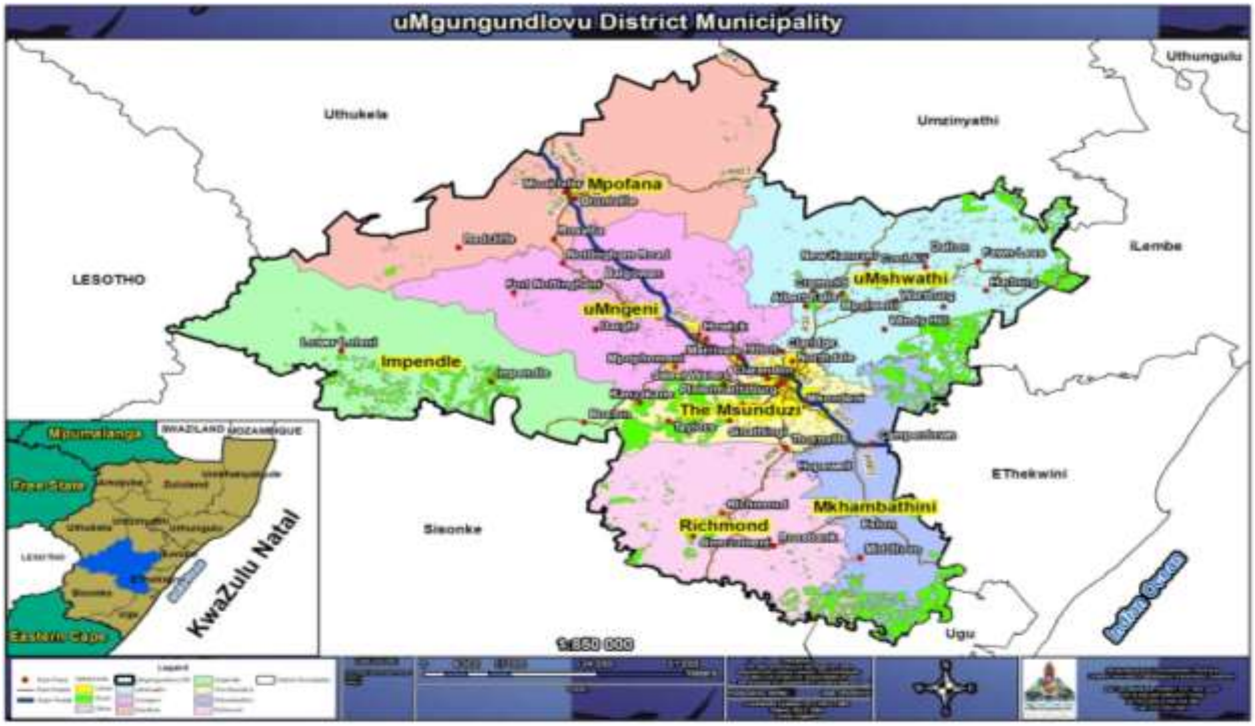
MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Richmond Municipality (KZ227) is one of the category B municipalities and comprises of seven (7) wards. It is located on the southern part of the UMgungundlovu District Municipality (DC22) and is approximately 38 kilometers south of Pietermaritzburg which is the capital of the KwaZulu-Natal Province. It is bordered by uMsunduzi Municipality to the north, Ingwe Municipality to the west, Mkhambathini Municipality to the east and Ubuhlebezwe and Vulamehlo Municipalities to the south. It is approximately 1232 square kilometres in extent with an estimated population of 71 322 and 17 570 households; it is the fourth smallest Municipality within the uMgungundlovu District Municipality family of Municipalities. The map below shows Richmond Geographic location

Map 1. Richmond municipality locality map



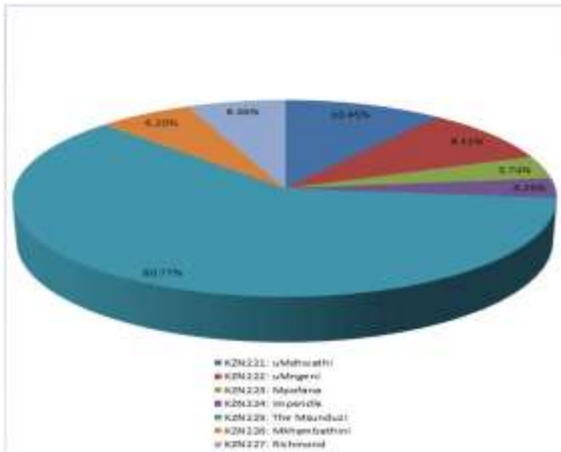
Map 2. District Locality Map



The majority of the population resides in areas which are predominantly rural, and which are characterized by low levels of basic services and facilities and substantial unemployment. The village of Richmond – Ward 1 – is the only urban center which is recognized as the main economic node due to the services provided and nature of activities which exist in association with the legal services, primary health care, pension pay point, education and welfare office and similar state services. Land uses within this area are typically urban mixed uses with high levels of limited infrastructural and services development and an adequate provision of social facilities and services to support the resident populations.

Richmond is located on the southern part of the UMgungundlovu District Municipality (DC22) and is approximately 38 kilometers south of Pietermaritzburg which is the capital city of the KwaZulu-Natal Province.

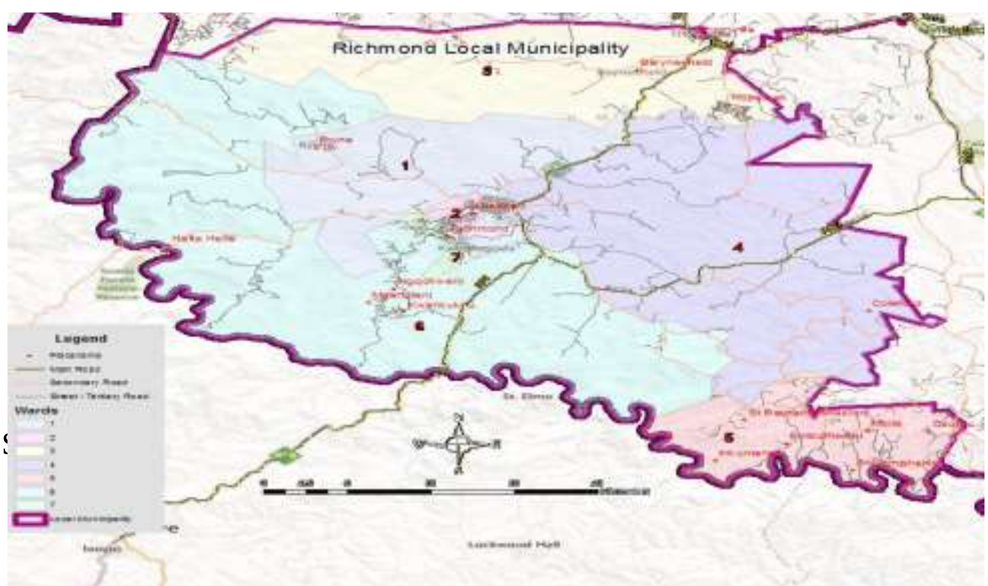
Figure 1. District Population



Source: (Census 2011)

The figure above indicates that Msunduzi is the most populated local municipality within the District.

Map 3. Richmond Municipality by Ward



A large portion of the municipal area is used for agricultural activities, which is also the largest employer of the municipal population. In this way agriculture is the backbone of the Municipality's economy. This suggests that preservation of high-quality agricultural land is very important, and development should therefore be responsive to the need of preservation.

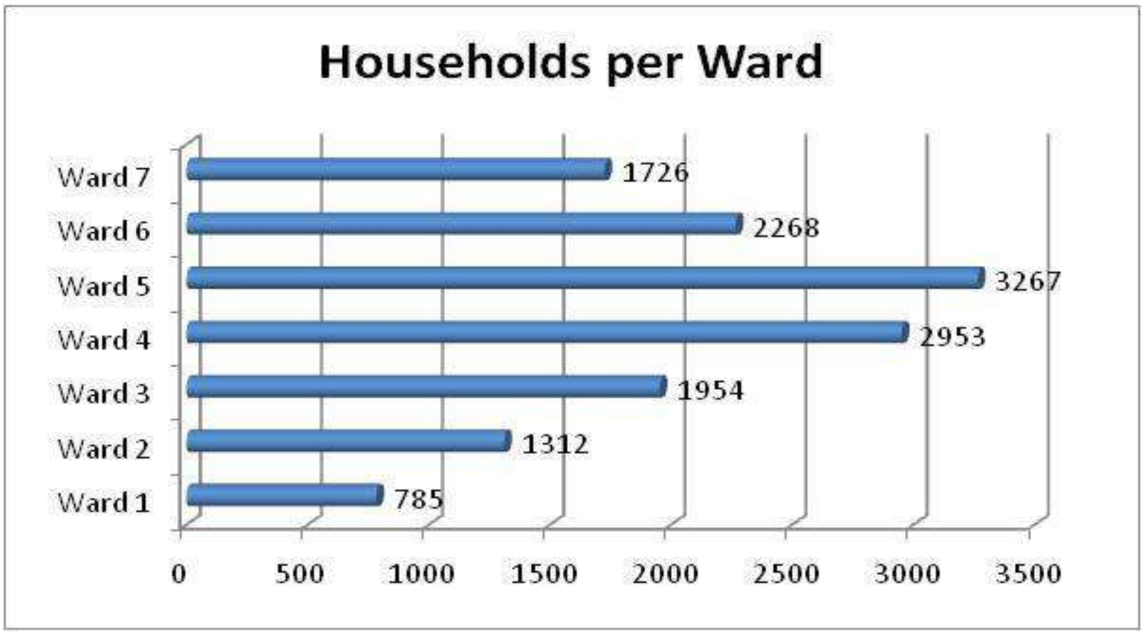
Richmond's location can be disadvantageous in that the booming economy of the Capital City which has resulted in an exit of skilled and learned persons as well as the relocation of Industry from Richmond to other areas and coupled with various other factors. Richmond has seen an increase in unemployment, an increase in poverty and a decrease in investment. Added to this is the unmistakable absence of municipal resources needed to meet the demand of the ever-increasing need for service delivery to the poor, excluded and vulnerable.

In order to achieve success from its advantageous and to counteract its disadvantageous characteristics, Richmond must focus on its strengths and on the opportunities provided in terms of National and Provincial Government in terms of their development goals, apex priorities – reference is, amongst other programs and projects made to the Medium Term Strategic Framework (MTSF), Provincial Growth and Development Strategy (PGDS), Accelerated and Shared Growth Initiative of South Africa (ASGISA), Joint Initiative on Priority Skills Acquisition (JIPSA), National Spatial Development Framework (NSDF) & Provincial Spatial Economic Development Framework (PSEDF), National Framework for Local Economic Development (NFLED), etc.

The Municipality must also continually strive towards a positive change of mindset and gear towards marketing the constructive attributes in terms of spatial assets (industrial nodes, location in terms of identified corridor development, proximity to N3 and R56), agriculture and agro-processing, nature-based tourism, specialized manufacturing and farming.

VISION

Richmond Municipality will be a competitive friendly and safe environment to work, do business and live in, offering a better life and access to quality service delivery to its employees, people and stakeholders by 2021



Household populations in Richmond Municipality are dominated by blacks (90.8%), followed by whites (5.3 %) as presented in the following table.

Ethnic Group	Number of Households	Percentage
Black Households Totals	12952	91%
Coloureds Households Total	293	2%
Asian Households Total	264	2%
White Households Total	756	5%
Total Households	**14265**	100%

Source: Quantec Easy Data 2010

Household sizes in Richmond Municipality vary from 2 to 6 members, with Indian and black households leading with 6 and 4 members per household respectively as presented in the following table:

Household Size

Population Groups	Household Size/Population Group
Black Household Size	4,4
Coloured Household Size	3,1
Asian Household Size	6,2
White Household Size	2,1

Source: Quantec Easy Data 2010

Education Levels

Levels of Education	Percentage
No Schooling	22%
Some Primary Education	32%
Complete Primary Education	8%
Some Secondary Education	27%
Grade 12	7%
Higher Education	4%
Total	**100%**

Source: Community Survey 2007

With regard to the level of education by gender groups, the following table shows that there is a balance between males and females in the Richmond Municipality as their levels of education are almost similar.

Level of Education by Gender

Levels of Education	Male	Female
No Schooling	29%	33%
Some Primary Education	22%	25%
Complete Primary Education	16%	15%
Some Secondary Education	13%	11%
Grade 12	11%	9%
Higher Education	9%	7%
Total	**100%**	**100%**

Source: Community Survey 2007

The following table shows that illiteracy is more common amongst Indians and coloured compared to other population groups.

Level of education by population groups.

Levels of Education	Blacks	Coloureds	Asians	Whites
No Schooling	34%	30%	4%	5%
Some Primary Education	22%	21%	9%	8%
Complete Primary Education	17%	19%	33%	15%
Some Secondary Education	14%	13%	21%	22%
Grade 12	11%	10%	22%	31%
Higher Education	2%	7%	11%	19%
Total	**100%**	**100%**	**100%**	**100%**

Source: Community Survey 2007

POPULATION

According to Stats SA Community Survey 2016 data, the total population of the Richmond Municipality is approximately 71 322 people and 17 570 households. This marks a proportionately marginal increase from 65 793 people and 16 440 households recorded in 2011. This means that the population has only increased by 5529 people whilst households increased by 1130 between 2011 to 2016. This slight increase over the years can be attributed by a number of factors such as HIV/AIDS epidemic or rural urban migration processes due to factors linked to the economic factor of the Municipality which includes limited employment opportunities, better access to public services in major urban centers and general decline in the quality of life.

Table 10. Population Distribution by Age and Gender

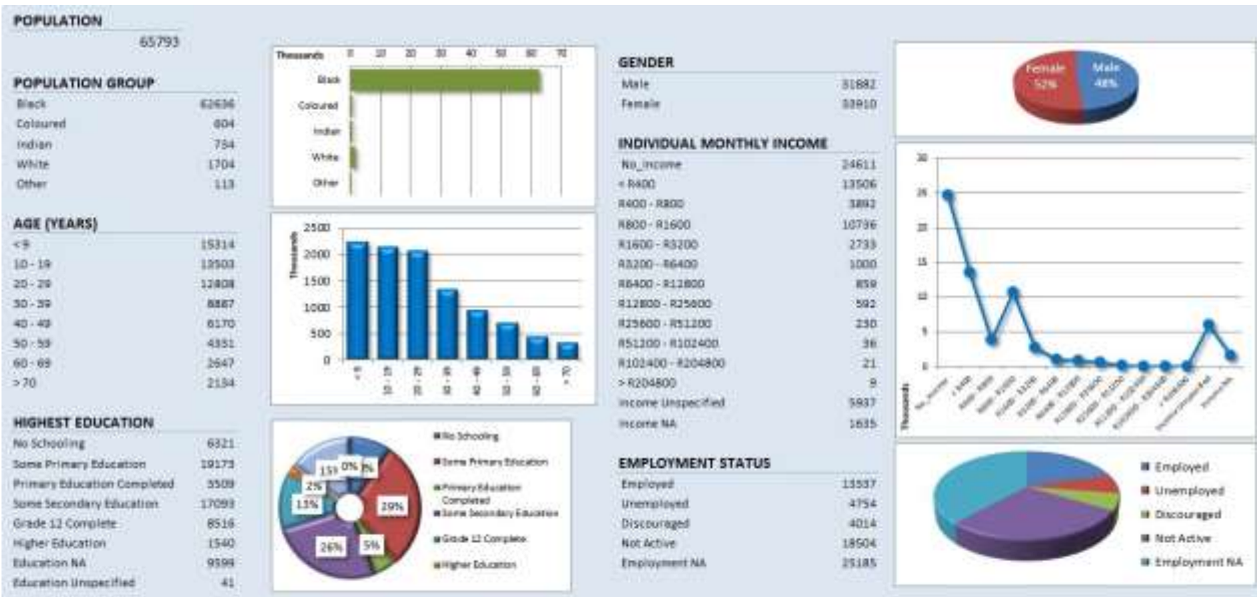


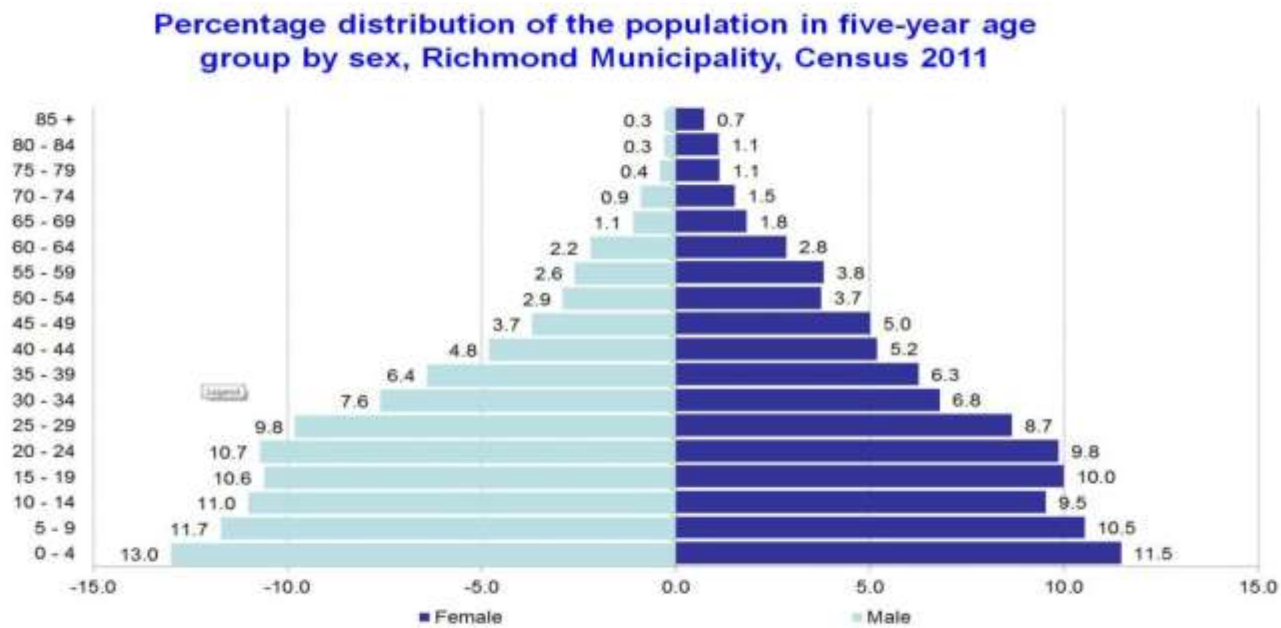
Table 11. Age Structure

Age Group	Male	Female	Total
00 – 04	4 138	3 888	8 026
05 – 09	3 718	3 570	7 288
10 – 14	3 515	3 233	6 748
15 – 19	3 369	3 387	6 756
20 – 24	3 421	3 340	6 760
25 – 29	3 112	2 936	6 047

Age Group	Male	Female	Total
30 – 34	2 424	2 306	4 730
35 – 39	2 033	2 124	4 157
40 – 44	1 541	1 759	3 300
45 – 49	1 170	1 699	2 869
50 – 54	938	1 268	2 206
55 – 59	832	1 293	2 125
60 – 64	694	964	1 658
65 – 69	366	622	989
70 – 74	285	519	804
75 – 79	134	383	517
80 – 84	91	373	464
85+	101	248	349
Total	**31 883**	**33 910**	**65 793**

Source: Stats S A: Census 2011

Figure 2. Population pyramid



Source : Stats SA Census 2011

The figure above shows that the gender distribution in Richmond, with females making up the majority of the population. Gender distribution is also a determinant factor in assisting the various tiers of government to focus investment especially to vulnerable groups like women

The population of Richmond is dominated by the youth (15 to 35 years of age) which accounts for 21 606 people or 38% of the total population. This therefore has serious implications in terms of development planning and requires the development and implementation of programs addressing the needs of a youthful population which may include educational facilities, creation of job opportunities and improving access to social facilities.

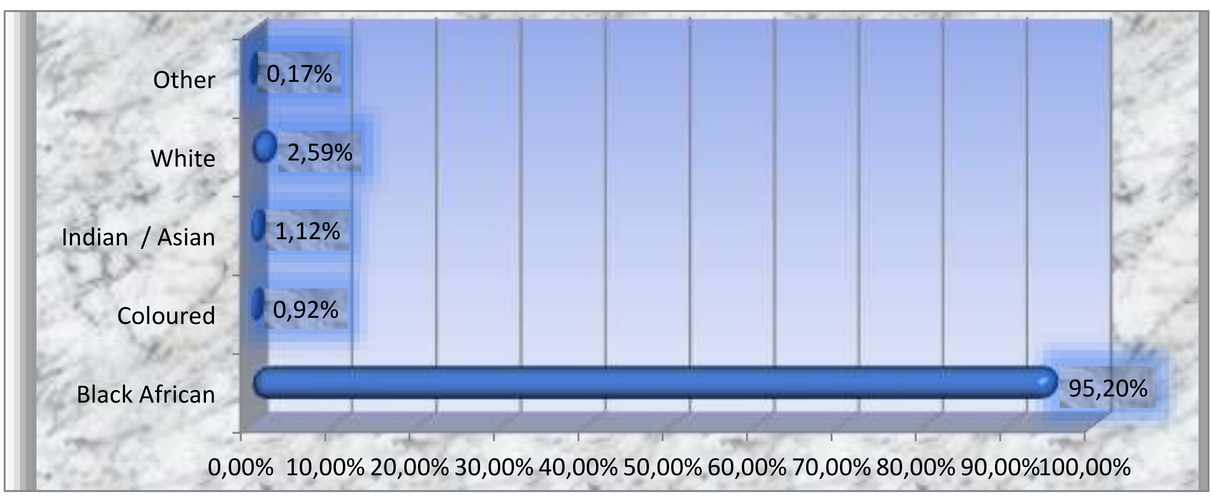
Table 12. Population Group by Race

Population Group	KZN227: Richmond (Population)	Percentage
Black African	62635	95.20%
Colored	605	0.92%
Indian / Asian	735	1.12%
White	1705	2.59%
Other	113	0.17%
Total	*65793*	*100.00%*

Source: Stats S A: Census 2011

Racial Population Distribution

Figure 3. Population by Race



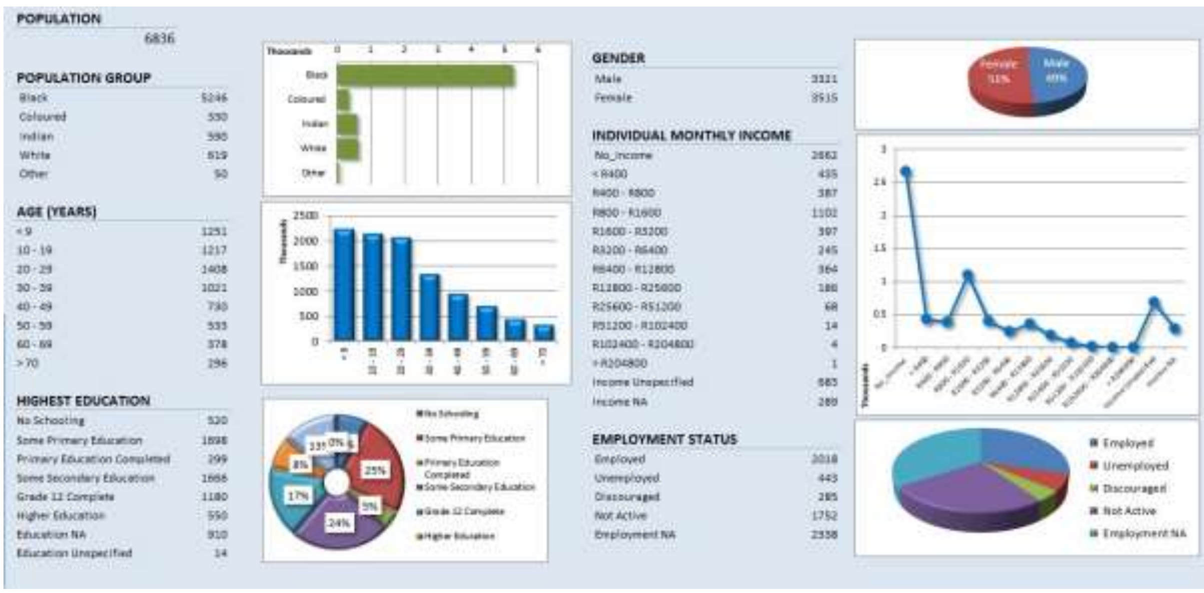
Source : Stats SA Census 2011

It is indicated in the figure above that the Blacks dominates the population group in Richmond.

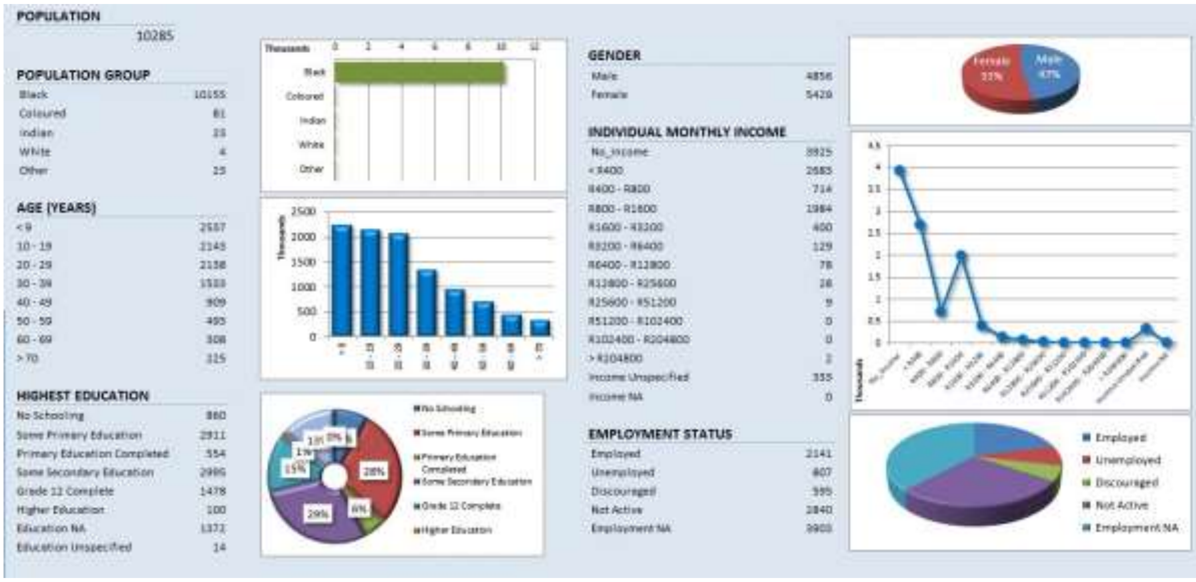
WARD INFORMATION

The following information provides a synopsis of each ward e.g. population, age, education level, gender, employment rate etc.:

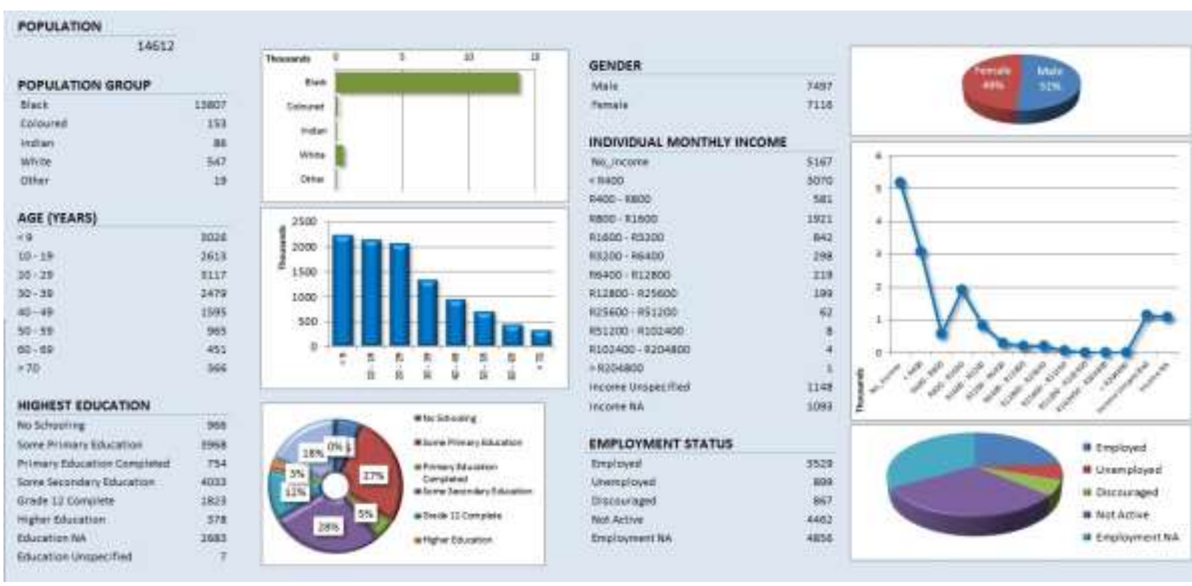
Ward 1



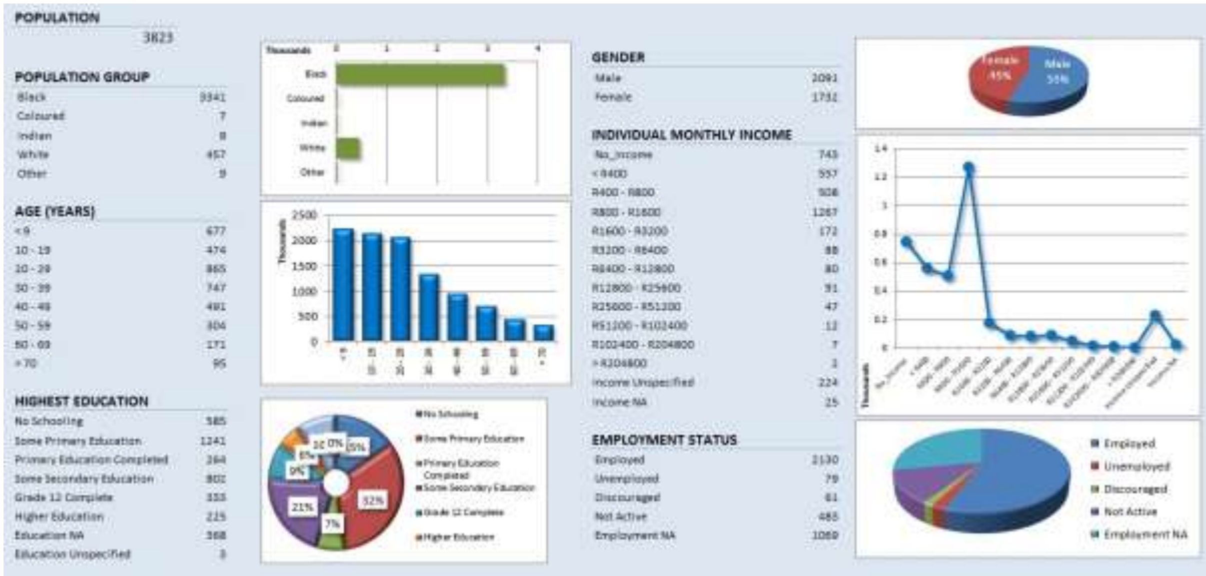
Ward 2


POPULATION
10285
POPULATION GROUP
Black 10155
Coloured 81
Indian 23
White 4
Other 25
AGE (YEARS)
< 9 2587
10 - 19 2145
20 - 29 2138
30 - 39 1533
40 - 49 909
50 - 59 495
60 - 69 308
> 70 315
HIGHEST EDUCATION
No Schooling 860
Some Primary Education 2911
Primary Education Completed 554
Some Secondary Education 2995
Grade 12 Complete 1478
Higher Education 100
Education NA 1372
Education Unspecified 14
GENDER
Male 4856
Female 5429
INDIVIDUAL MONTHLY INCOME
No_income 3925
< R400 2683
R400 - R800 714
R800 - R1600 1984
R1600 - R3200 400
R3200 - R6400 129
R6400 - R12800 78
R12800 - R25600 28
R25600 - R51200 9
R51200 - R102400 0
R102400 - R204800 0
> R204800 2
Income Unspecified 335
Income NA 0
EMPLOYMENT STATUS
Employed 2141
Unemployed 807
Discouraged 395
Not Active 2840
Employment NA 3903
Thousands
Employed
Unemployed
Discouraged
Not Active
Employment NA

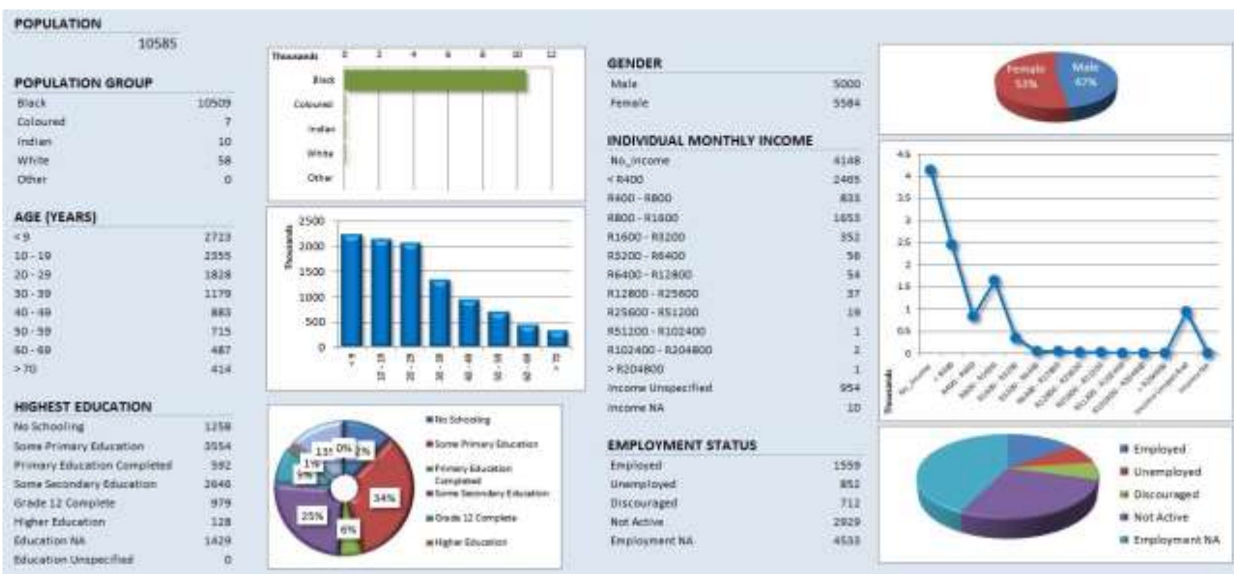
Ward 3


POPULATION
14612
POPULATION GROUP
Black 13807
Coloured 153
Indian 88
White 547
Other 19
AGE (YEARS)
< 9 3026
10 - 19 2613
20 - 29 3117
30 - 39 2479
40 - 49 1595
50 - 59 965
60 - 69 451
> 70 366
HIGHEST EDUCATION
No Schooling 968
Some Primary Education 3968
Primary Education Completed 754
Some Secondary Education 4033
Grade 12 Complete 1823
Higher Education 578
Education NA 2683
Education Unspecified 7
GENDER
Male 7497
Female 7116
INDIVIDUAL MONTHLY INCOME
No_income 5167
< R400 3070
R400 - R800 581
R800 - R1600 1921
R1600 - R3200 842
R3200 - R6400 298
R6400 - R12800 219
R12800 - R25600 199
R25600 - R51200 62
R51200 - R102400 8
R102400 - R204800 4
> R204800 1
Income Unspecified 1148
Income NA 1093
EMPLOYMENT STATUS
Employed 3529
Unemployed 899
Discouraged 867
Not Active 4462
Employment NA 4856
Thousands
Employed
Unemployed
Discouraged
Not Active
Employment NA

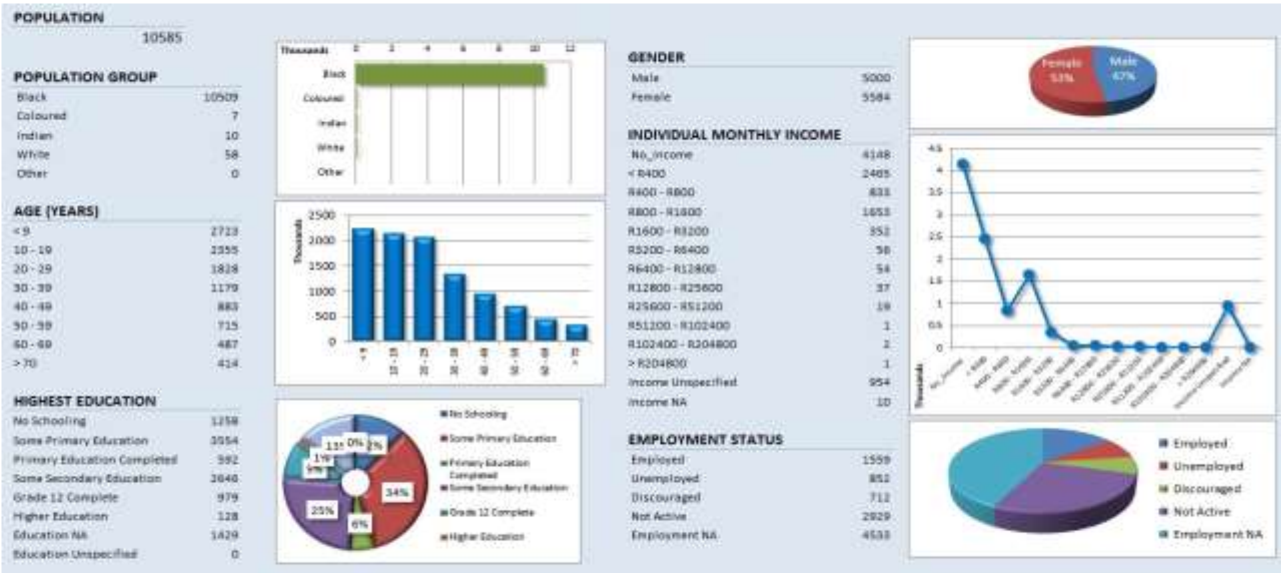
Ward 4


POPULATION
3823
POPULATION GROUP
Black 3341
Coloured 7
Indian 8
White 457
Other 9
AGE (YEARS)
<9 677
10 - 19 474
20 - 29 865
30 - 39 747
40 - 49 491
50 - 59 304
60 - 69 171
>70 95
HIGHEST EDUCATION
No Schooling 585
Some Primary Education 1241
Primary Education Completed 264
Some Secondary Education 802
Grade 12 Complete 333
Higher Education 225
Education NA 368
Education Unspecified 3
Thousands
Black
Coloured
Indian
White
Other
No Schooling
Some Primary Education
Primary Education Completed
Some Secondary Education
Grade 12 Complete
Higher Education
32%
21%
7%
GENDER
Male 2091
Female 1732
INDIVIDUAL MONTHLY INCOME
No_income 743
< R400 557
R400 - R800 508
R800 - R1600 1267
R1600 - R3200 172
R3200 - R6400 88
R6400 - R12800 80
R12800 - R25600 91
R25600 - R51200 47
R51200 - R102400 12
R102400 - R204800 7
> R204800 3
Income Unspecified 224
Income NA 25
EMPLOYMENT STATUS
Employed 2130
Unemployed 79
Discouraged 61
Not Active 485
Employment NA 1069
Female 45%
Male 55%
Employed
Unemployed
Discouraged
Not Active
Employment NA

Ward 5


POPULATION
10585
POPULATION GROUP
Black 10509
Coloured 7
Indian 10
White 58
Other 0
AGE (YEARS)
<9 2723
10 - 19 2355
20 - 29 1828
30 - 39 1179
40 - 49 883
50 - 59 715
60 - 69 487
>70 414
HIGHEST EDUCATION
No Schooling 1258
Some Primary Education 3054
Primary Education Completed 592
Some Secondary Education 2640
Grade 12 Complete 979
Higher Education 128
Education NA 1429
Education Unspecified 0
Thousands
Black
Coloured
Indian
White
Other
No Schooling
Some Primary Education
Primary Education Completed
Some Secondary Education
Grade 12 Complete
Higher Education
34%
25%
6%
GENDER
Male 5000
Female 5584
INDIVIDUAL MONTHLY INCOME
No_income 4148
< R400 2465
R400 - R800 833
R800 - R1600 1653
R1600 - R3200 352
R3200 - R6400 58
R6400 - R12800 54
R12800 - R25600 37
R25600 - R51200 19
R51200 - R102400 1
R102400 - R204800 2
> R204800 1
Income Unspecified 954
Income NA 10
EMPLOYMENT STATUS
Employed 1559
Unemployed 852
Discouraged 712
Not Active 2929
Employment NA 4533
Female 53%
Male 47%
Employed
Unemployed
Discouraged
Not Active
Employment NA

Ward 6



POPULATION	
	10585

POPULATION GROUP	
Black	10509
Coloured	7
Indian	10
White	58
Other	0

AGE (YEARS)	
< 9	2723
10 - 19	2355
20 - 29	1828
30 - 39	1179
40 - 49	883
50 - 59	715
60 - 69	487
> 70	414

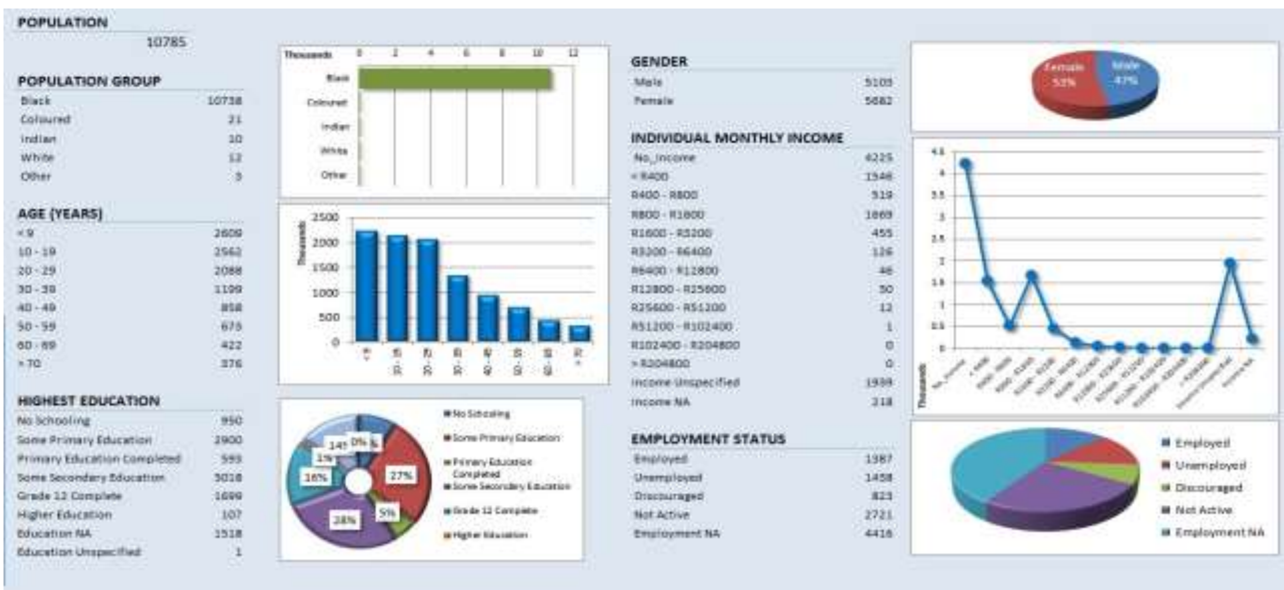
HIGHEST EDUCATION	
No Schooling	1258
Some Primary Education	3054
Primary Education Completed	592
Some Secondary Education	2646
Grade 12 Complete	979
Higher Education	128
Education NA	1429
Education Unspecified	0

GENDER	
Male	5000
Female	5584

INDIVIDUAL MONTHLY INCOME	
No_income	4148
< R400	2465
R400 - R800	833
R800 - R1600	1653
R1600 - R3200	352
R3200 - R6400	58
R6400 - R12800	54
R12800 - R25600	37
R25600 - R51200	19
R51200 - R102400	1
R102400 - R204800	2
> R204800	1
Income Unspecified	954
Income NA	10

EMPLOYMENT STATUS	
Employed	1559
Unemployed	852
Discouraged	712
Not Active	2929
Employment NA	4533

Ward 7



POPULATION	
	10785

POPULATION GROUP	
Black	10738
Coloured	21
Indian	10
White	12
Other	3

AGE (YEARS)	
< 9	2609
10 - 19	2562
20 - 29	2088
30 - 39	1199
40 - 49	858
50 - 59	675
60 - 69	422
> 70	376

HIGHEST EDUCATION	
No Schooling	950
Some Primary Education	2900
Primary Education Completed	593
Some Secondary Education	3018
Grade 12 Complete	1699
Higher Education	107
Education NA	1518
Education Unspecified	1

GENDER	
Male	5103
Female	5682

INDIVIDUAL MONTHLY INCOME	
No_income	4225
< R400	1546
R400 - R800	519
R800 - R1600	1869
R1600 - R3200	455
R3200 - R6400	126
R6400 - R12800	46
R12800 - R25600	50
R25600 - R51200	12
R51200 - R102400	1
R102400 - R204800	0
> R204800	0
Income Unspecified	1939
Income NA	218

EMPLOYMENT STATUS	
Employed	1987
Unemployed	1458
Discouraged	823
Not Active	2721
Employment NA	4416

Source: Stats SA Census 2011

MEANS OF COMMUNICATION

In Richmond Municipality, people utilise the following means of communication to access and spread information:

- Public Phones
- Private phones
- Cell phones
- Pamphlets
- Internet
- Loud hailing
- Letters
- SABC Radio and news media

In the Richmond Municipality, every household has access to at least one means of communication. The following table indicates the types of telephone used in the Richmond Municipality by various population groups

Types of telephones by population groups

Description	Blacks	Coloureds	Indians	Whites
In this dwelling and/or cellular phone	44,3%	69,4%	73,6%	90,0%
At a public telephone nearby	18,8%	20,3%	7,0%	1,2%
At a neighbour nearby	9,8%	3,7%	2,6%	0,8%
At another location, not nearby	5,5%	1,7%	0,7%	0,6%
At another location nearby	3,5%	2,2%	1,6%	2,0%
NA (institution)/unspecified/none	18,1%	2,7%	14,5%	5,4%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source: Quantec Easy Data 2010

FUNCTIONS OF MUNICIPALITY

FUNCTIONS	AUTHORITY RESPONSIBLE
Air pollution	Environmental health which monitors the impact of air pollution is a District function
Building Regulations	Richmond municipality
Municipal Planning	Richmond municipality
Pontoons and ferries	Not applicable
Storm water	Richmond Municipality
Trading Regulations	Richmond Municipality
Beaches and Amusement facilities	No beaches in the municipal area
Billboards and the display of advertisements in public places	Richmond municipality
Cemeteries, funeral parlors and crematoria	Richmond Municipality
Cleansing	Richmond Municipality

FUNCTIONS	AUTHORITY RESPONSIBLE
Control of public nuisance	Richmond Municipality
Control of undertakings that sell liquor to the public	Richmond Municipality
Facilities for the accommodation, care and burial of animals	Richmond Municipality
Fencing and fences	Richmond Municipality
Licensing of dogs	the municipality no longer issue licenses
Licensing and control of undertakings that sell food to the public	Assistant obtained from uMgungundlovu District Municipality
Local amenities	Richmond Municipality
Local sports facilities	Richmond Municipality
Markets	Richmond Municipality
Municipal abattoirs	Richmond Municipality
Municipal Parks and Recreation	Richmond Municipality
Municipal Roads	Richmond Municipality
Noise Pollution	Richmond Municipality
Pounds	Richmond Municipality
Public Places	Richmond Municipality
Refuse removal, refuse dump and solid waste disposal	Richmond Municipality
Street Trading	Richmond Municipality

FUNCTIONS	AUTHORITY RESPONSIBLE
Street Lighting	performed by ESKOM
Traffic and Parking	Richmond Municipality
Community Services/ Library	Richmond Municipality
LED	Richmond Municipality
Motor Licensing	Richmond Municipality

CHAPTER 2: GOVERNANCE

COMPONENT A: GOVERNANCE STRUCTURE

2.1 POLITICAL GOVERNANCE STRUCTURE

The Richmond Municipal Council

Municipalities in South Africa are governed by Municipal Councils. Richmond Municipal Council is therefore the governing body of the Richmond Local Municipality (RLM) and the custodian of its powers, duties and functions, both legislative and administrative. Essentially, the Council performs a legislative and executive role. The Constitution of the Republic of South Africa, 1996, Chapter 7, Section 160 (1) defines the role of the Council as being:
a) (making) decisions concerning the exercise of all the powers and the performance of all the functions of the municipality

b) (electing) its chairperson

c) (electing) an executive committee and other committees, subject to national legislation

d) (employing) personnel that are necessary for the effective performance of its functions

Richmond Municipal Council is constituted by 14 elected Councilors; 7 Councilors are ward representatives and 7 represent their political parties on a proportional basis. The parties in Council are illustrated in Table below.

Political Party	No. of Seats	No. of Wards	PR Seats
African National Congress	11	7	4
Independent	0	0	0
Democratic Alliance	2	0	2
Economic freedom fighter	1	0	1
Totals	**14**	**7**	**7**

The party-political and demographic representation of Councilors is reflected in the table below:

POLITICAL PARTY	ALLOCATION OF SEATS	GENDER DISTRIBUTION	
		MALE	FEMALE
African National Congress (ANC)	11	8	3
Democratic Alliance (DA)	2	2	0
Economic Freedom Fighters (EFF)	1	0	1
TOTAL	**14**	**10**	**4**

There are 3 portfolio committees appointed by the Council. These committees are aligning to the functions of various departments of the Municipality;

PORTFOLIO COMMITTEE	RESPONSIBLE OFFICIAL	STATUS OF PORTFOLIO
Finance Portfolio	Chief Financial Officer	Functional
Community development and social service/ information communication technology Portfolio	Strategic Manager Community Services and Corporate Services	Functional
Economic development planning and Infrastructure/ Human resources Portfolio	Strategic Technical Services Manager and Municipal Manager	Functional

There are other subcommittees that are operational in the Municipality and they are as follows:

- Local Labor Forum;
- The disposal of assets Committee

SYSTEM OF GOVERNANCE

Richmond Municipality uses a collective executive system. In this system, the municipal council elects an executive committee, and then delegates executive responsibilities to the executive committee. The executive committee takes decisions on matters that fall within its delegated powers. The establishment of a separate executive structure enables a small group of councilors (those who sit on the executive committee) to deal with the day-to-day business of running the municipality. In a collective executive system, the municipal council must elect one member of the executive committee as the chairperson of that committee. The chairperson of the executive committee is the Mayor.

His Worship the Mayor - Cllr. S B Ndlovu (ANC)

The Honourable Deputy Mayor - Cllr. K E Mkize (ANC)

The Honourable Member of Exco - Cllr. T G Madonda (DA)

The Executive Committee of Richmond Municipality comprises of three (3) members:

Cllr. S B Ndlovu

Cllr. K E Mkize

Cllr. T G Madonda

CHAIRPERSON/SPEAKER OF COUNCIL

Richmond Municipality has a Speaker of Council who is the Chairperson elected in terms of section 36 of the Municipal Structures Act, Act No. 117 of 1998 as envisaged in section 160 of the Constitution of the Republic of South Africa.

The Honourable Speaker Cllr. N Phoswa

The speaker's role in a municipality is key to ensuring oversight, accountability, integrity, discipline of office, and the efficient running of council meetings. As such, impartiality in the exercise of his or her function is essential for the speaker. The speaker must distinguish between his or her activities as a politician and his or her functions as a speaker. It also means that the function of the speaker and the non-partisan exercise of that function must be respected by members, parties and interests represented in the council.

The key principles underlying the role of the Speaker are:

(a) Chair of council meetings;

(b) Implementation of the Code of Conduct; and

(c) Exercise of delegated functions including -

i. facilitating public participation in legislative matters;
ii. establishment and functioning of ward committees; and
iii. support to councilors.

The speaker is the guardian of the integrity of the council and the guardian of members' privileges and interests as council members. The privileges and interests of councilors include freedom of speech and immunity in the council as well as the use of council facilities, receipt of allowances, training and support, etc. Importantly, this role, combined with the speaker's role in terms of the Code of Conduct (Schedule 1 to the Systems Act), requires the speaker to guard against the abuse of councilors' privileges and interests.

RICHMOND LOCAL MUNICIPALITY COUNCILLORS 2016 to 2020

2.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

The administration is headed by the Municipal Manager as the Accounting Officer. The Municipal Manager is also responsible and accountable for the formation and development of an economical, effective, efficient and accountable administration as well as management of the provision of services in a sustainable and equitable manner within the municipality.

The administration is made up of the following directorates headed by executive management teams: Budget and Treasury, Corporate Services, Community Services and Technical Services.

NAME	DESIGNATION	FUNCTIONS
 **Bhekani Mswane**	**Municipal Manager**	The Municipal Manager is the accounting officer of the Municipality. The office of the Municipal Manager has the following functions: • Risk Management; • Internal Audit; • Performance Management (PMS); • Planning and Development; • Communication; • Public Participation; And • Local Economic Development

NAME	DESIGNATION	FUNCTIONS
 Msizi Ngcobo	Chief Financial Officer	The Chief Financial Officer is responsible for managing the financial affairs of the Municipality. The Budget and Treasury Office has the following functions: • Asset Management • Supply Chain Management • Expenditure Management • Debtors and Credit Control • Budget and Financial Reporting
Vacant from January 2021	Strategic Manager: Community Services	Strategic Manager: Community Services is responsible for the management and delivery of social and community services to the public. It has the following functions: • Library Services • Protection Services • Disaster Management • Traffic Services • Learners Centre • Motor Licensing • Youth Services

NAME	DESIGNATION	FUNCTIONS
 **Mzwandile Ntanzi**	**Strategic Manager: Technical Services**	Strategic Manager: Technical Services is responsible for ensuring that basic services and infrastructure development is delivered timeously to the community. The Technical Services Department has the following functions: • Project Management • Solid Waste • Urban and Rural Roads Maintenance • Cemetery and Parks • Landfill Services • Street Cleaning • Taxi Rank
Vacant from January 2021	**Strategic Manager: Corporate Services**	Strategic Manager: Corporate Services is responsible for providing support to other departments within the municipality in terms of administration and resources. Corporate Services has the following functions: • Human Resources • Information Technology • Administration and Secretariat • Council Support Services

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

The Inter-Governmental Relations Framework Act, (Act No 13 of 2005), requires all spheres of government to coordinate, communicate, align and integrate service delivery effectively, to ensure access to services. In this regard the Municipality complies with the provisions of the Act. Richmond Municipality furthermore participates in the uMgungundlovu Intergovernmental Forum. This forum provides a platform for engagement on matters affecting the family of municipalities within the District and to share best practices in pursuing the objects of local government. The Richmond Municipality also participates in the Provincial Housing Coordinating forum where parties look into the Human Settlement Grant funded projects, based on the allocation granted for the province. The Municipality also takes part in the CoGTA DTAC that drives the implementation of performance systems within Municipalities.

DEPARTMENT OF HEALTH

The Department of Health provides health services in Richmond. The following health facilities are found in the Municipal area.

- Richmond Chest Hospital
- Provincial clinics in Richmond, Ndaleni and Mbuthisweni
- Private Clinic in Nkumane

- Six mobile clinic ports

The Department is in the process of changing the Richmond Chest Hospital to a general hospital which will benefit the community of Richmond greatly.

DEPARTMENT OF EDUCATION

The Department of Education has a circuit office in Richmond with an education inspector that can service the local schools within the Richmond Municipal Area.

There is a total of 62 schools in the municipal area. These schools are well distributed in the municipal area and generally meet the recommended planning standard of 600 households for each primary school and 1200 households per secondary school.

DEPARTMENT OF ENVIRONMENT, FORESTRY AND FISHERIES

The Department of Environment, Forestry and Fisheries has assisted the Municipality with a program called "Green good deeds" that is aimed at combating illegal dumping at all the wards within Richmond. The Department placed personnel at the Municipality under the supervision of the Technical Services.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

We consider public meetings as the core in obtaining service infrastructure delivery inputs from the community. Despite the legislative requirement of the Constitution and the Municipal Systems Act, local government would not exist without undertaking community meetings because the municipality exist for the people who reside in that particular municipal area. Public meetings were held in all wards between November 2020 and December 2020 to report on the implementation of the Budget and IDP for first quarter of

2020/2021 that ended on the 30 September 2020. During these meetings municipal officials also gather information relating to the IDP review for 2021/2022 financial year. After the end of the second quarter in January and February 2021 the municipality conducted another round of public meeting to report on second quarter performance and take more inputs on budget and IDP preparations for 2021/2022.

In April 2021 after the municipality had tabled the draft IDP and draft budget for 2021/2022, another round of public meetings was conducted to report on quarter three performance and also get inputs from the public on the draft IDP and budget tabled to Council. The mayor also went to 99.5 Gagasi radio FM and the local Richmond online radio to publish the draft documents.

After the budget was approved by Council in May and after the fourth quarter, the Municipality conducted another round of public participation meeting to report on the last quarter of 2020/2021's performance and gave feedback on the approval of the budget for 2021/2022 financial year.

2.5 IDP PARTICIPATION AND ALIGNMENT

The Municipal Systems Act (as amended) has prompted changes in the way in which the Council plans for the future of the municipality. It also provides greater scope for communities to make their own choices about what the Council does and how. This legislation requires the Richmond Municipal Council to undertake an exercise, at least once in every year, to identify community development priorities. These development priorities are determined with active participation by affected communities. These priorities form the basis for the long-term integrated development plan.

Since the first term of Council in 2000-2005, the Richmond Municipality Council has been consulting with members of the community, local business community and community organization to determine the priorities of the people of Richmond. Along with the development priorities for the second term of the Council (2006-2020), these priorities were formulated based on the information gathered on social dynamics, service provision and people's perception of the Municipality's strengths, weaknesses, opportunities, and threats.

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Richmond Municipality with regards to Risk Management, has an important function that contributes to the achievement of the municipality's objective and provides assurance that key risks are being identified and assessed with effective controls that are put in place to mitigate risks. To date, Richmond Municipality has Risk Management Policy as a tool to assist the municipality to proactively identify any uncertainties that could prevent it from achieving its objectives or that could impact negatively on the desired level of service delivery. In the 2020/2021 financial year the Richmond Municipality reviewed a Risk Management Framework supported by the Risk Management Policy, the document that set the stance of the municipality with regards to Risk Management. To build capacity around Risk Management, the position of the Risk Management Officer in the Municipal Manager's Office was created and filled on 02nd May 2019. The incumbent is responsible for ensuring that the municipality has a dedicated person to deal with issues of risk management in compliance with the provisions of the MFMA.

Municipality has established a Risk Management Committee. The Chairperson appointed to chair this committee is an independent member who does not work for the municipality.

2.7 INTERNAL AUDIT

The municipality has a fully-fledged in-house internal audit. The unit provides independent and objective internal audit services that are designed to add value and improve the Municipality's operations.

The internal audit unit operates in terms of the internal audit charter that has been approved by the Municipality's Performance Audit and Audit Committee as well as a risk-based plan that is also approved by the Performance Audit and Audit Committee.

In the 2020/2021 financial year the internal audit strengthened the internal controls through its recommendations to management in the following areas:

- Expenditure and Supply Chain Management;
- Project Management;
- Waste Management;
- Performance Management;
- Review of Annual Financial Statements;
- Information Technology; and
- Compliance

2.8 ANTI – CORRUPTION AND FRAUD

The municipality is committed to fighting any form of fraud and corruption and should any information suggesting that there is fraud and corruption; such matter must be brought to the attention of the municipality. Alternatively, people with such information can call using national Fraud hotline 0800701701.

2.9 SUPPLY CHAIN MANAGEMENT

Responsible for the procurement of goods and services in terms of the Municipal Finance Management Act, (No 56 of 2003) which includes the Supply Chain Management Policy and Regulations. Regular meetings of all Bid Committees are managed by this unit. The maintenance of supplier's database and compliance with all relevant legislation forms an integral part of this unit**.**

2.10 BY – LAWS

The by-laws of Richmond Municipality provide a step by step process for the formulation of new by-laws or amendment of existing by-laws. Draft or reviewed by-laws are considered by the relevant decision-making structures once these have met the requirements.

A draft version of the by-law is submitted to the Portfolio Committees for discussion and referred for public participation. These are presented to the public via the Ward Committees**,** which provide a forum for written, oral and/or electronic feedback. Once this is complete, they return to the portfolio committee for further refinement, and are then sent on to Council's Executive Committee (Exco) for debate and possible amendment. After they have been considered by Exco, it is necessary to ascertain whether they comply with the constitutional requirement for the publication of by-laws for public comment. Once this is established, they are recommended to Council for approval.

Copies of Municipal by-laws are available to the members of the public and other stakeholders on request.

RICHMOND MUNICIPALITY BY-LAWS PUBLISHED IN AN EXTRAORDINARY PROVINCIAL GAZETTE OF KWA-ZULU NATAL ON 1 NOVEMBER 2010 GAZETTE NO. 516

NO.	MUNICIPAL NOTICES	Pg.
108	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Pollution Control By-laws	3
109	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Parking Grounds By-laws	18
110	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to the Keeping of Dogs	30
111	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Street Trading By-laws	34
112	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to the Removal of Refuse	43
113	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Cemetery By-laws	51
114	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Public Road and Miscellaneous By-laws	66
115	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Encroachment on Property By-laws	77
116	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Waste Management By-laws	85
117	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Advertising Signage By-laws	119
118	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Funeral Undertakers By-laws	135
119	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Pound By-laws	146
120	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws for the Hire and Use of Community, Arts and Cultural Facilities	150
121	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Credit Management and Debt Collection By-laws	164

NO.	MUNICIPAL NOTICES	Pg.
122	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Credit Management By-laws	196
123	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Public Health By-laws	209
124	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to Public Meetings and Gatherings, Processions and the Like	270
125	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Library and Information Services By-laws	274
126	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: Public Spaces By-laws	290
127	Local Government: Municipal Systems Act (32/2000): Richmond Municipal Council: By-laws Relating to Nuisances	310

2.11 WEBSITES

Richmond Municipality has a website with a web address www.richmond.gov.za. It is a requirement of the Municipality Finance Management Act that each municipality establishes its own website where crucial information will be publicized to be accessed by different stakeholders for their different needs. Information published on the website include but not limited to the following: Annual Reports, Budgets, Service Delivery and Budget Implementation Plans, Municipal Services, MFMA Reports, Policies, Advertised Tenders, Employment Opportunities, Integrated Development Plans and any other information as prescribed by different local government legislations. Richmond Municipality remains committed to technological advancement and to introducing a number of online facilities to enable citizens to transact with it electronically.

Information Technology services are rendered to all departments to ensure efficiency in communication internally and externally. The systems and equipment are reviewed regularly to ensure that the municipality is utilizing the latest technology within financial means.

The municipal website contains information about the municipality, the IDP, budgets, financial statements, audit reports, capital projects and other matters thereby providing the community with access to this information. The web site is updated regularly

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL		
Documents published on the Municipality's Website	**Yes/No**	**Publishing Date**
Current Annual and Adjustment Budgets and all budget related documents	Yes	01/03/2020
All current budget related policies	Yes	09/06/2020
The previous Annual Report	Yes	31/08/2020
The current Annual Report	No	
All current performance agreements required in terms of section 57 (1)(b) of the Municipal Systems Act and resulting score cards	Yes	14/08/2020
All service delivery agreements	Yes	22/07/2020
All long-term borrowing contracts	No	
All supply chain management contracts above a prescribed value	Yes	05/07/2020
All information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4)	Yes	13/05/2020
Contracts agreed in current year which sub section (1) of section 33 apply, subject to subsection (3) of that section		
Public-private partnerships agreements referred to in section 120 made in current year	No	
All quarterly reports tabled in the council in terms of section 52 (d) during the year	Yes	18/06/2020

2.12 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

Since 2018 the community has seen a lot of changes when it comes to Municipal service delivery and Izimbizo for the community. All of the development that took place in Richmond was in line with the inputs and contributions from the community. The communication department always make sure that the community is aware and participate in the affairs of the municipality in line with the provisions of the Constitution of the South Africa. The municipality has put up suggestions' boxes in all wards where members of the public can voice their satisfaction regarding the service of the Municipality. The suggestion boxes are cleared on a regular basis and complains referred to the relevant departments. It is the policy of the municipality to respond to issues within reasonable time.

Municipality conducted on the satisfaction of community with regards to municipal services. The results were as follows:

Satisfaction Surveys Undertaken during March 2020 (Friday)				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating average, excellent or poor (%) *
Overall satisfaction with:				
(a) Municipality	written form	06-Mar 2020	50	Good 58%
(b) Municipal Service Delivery	written form	06-Mar 2020	50	Poor 49%
(c) Mayor (Acting Mayor)	written form	06-Mar 2020	50	Good 60%
(d) deputy Mayor	written form	06-Mar 2020	50	Good 75%
Satisfaction with:				
(a) Refuse Collection	written form	06-Mar 2020	50	Good 75%
(b) Road Maintenance	written form	06-Mar 2020	50	Poor 35%
(c) Electricity Supply	written form	06-Mar 2020	50	Poor 25%
(d) Water Supply	written form	06-Mar 2020	50	Poor 33%
(e) Sanitation	written form	06-Mar 2020	50	Good 62%

Satisfaction Surveys Undertaken during March 2020 (Friday)				
Subject matter of survey	Survey method	Survey date	No of people included in survey	Survey results indicating average, excellent or poor (%) *
(f) Information supplied by municipality to the public	written form	06-Mar 2020	50	Average 51%
(g) Opportunities for consultation on municipal affairs	written form	06-Mar 2020	50	Average 52%

2.13 ALL MUNICIPAL OVERSIGHT COMMITTEES

Richmond Municipality has two other committees which support the effective functioning of the Council. The table below shows the two different committees and their chairpersons:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	
Cllr B Ngcongo **(ANC)**	MPAC Chairperson
Cllr BT Mbanjwa **(ANC)**	MPAC Member
Cllr RB Shange **(ANC)**	MPAC Member
Cllr N Mtshwara **(EFF)**	MPAC Member
Cllr J Jili **(ANC)**	MPAC Member

PERFORMANCE AND AUDIT COMMITTEE (PAC)	
Mr. PL Buthelezi	PAC Chairperson
Miss. NH Thungo	PAC Member
Mr. AY Singh	PAC Member
Mr. M Gwala	PAC Member

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

FOCUS ON SERVICE DELIVERY

3.1 MUNICIPAL MANAGER DEPARTMENT

The municipal manager's department consists of governance structures like internal audit, risk management, communication as well as public participation. Service delivery units within the municipal manager's department are mainly the Local Economic Development (LED) unit as well as IDP and Development Planning.

Development planning is discussed in detail in 3.2 of this document and governance structure are discussed in detail in Chapter 2 of this document.

The focus will then be on the Local Economic Development unit. For the 2020/2021 financial year the LED unit achieved the following targets:

AGRICULTURAL FARMERS INFORMATION DAY AND SMME FAIR

As part of supporting small businesses in the agricultural sector and other economic sectors, LED hosted an informative session to assist small medium and micro enterprises (SMMEs) that gave them knowledge and support for their businesses. The programme was hosted on the 3rd of June 2021 and was attended by local farmers and SMMEs in all sectors. The event also attracted local artists who came to market their talent.

TOWNSHIP AND RURAL ENTREPRENEURSHIP PROGRAM (TREP)

This progam is structured into four (4) schemes which are:

- Spaza shop support programme;
- Clothing, leather and textiles support programme;
- Small scale bakeries and confectionaries support programme; and
- Autobody repairers and mechanics support programme.

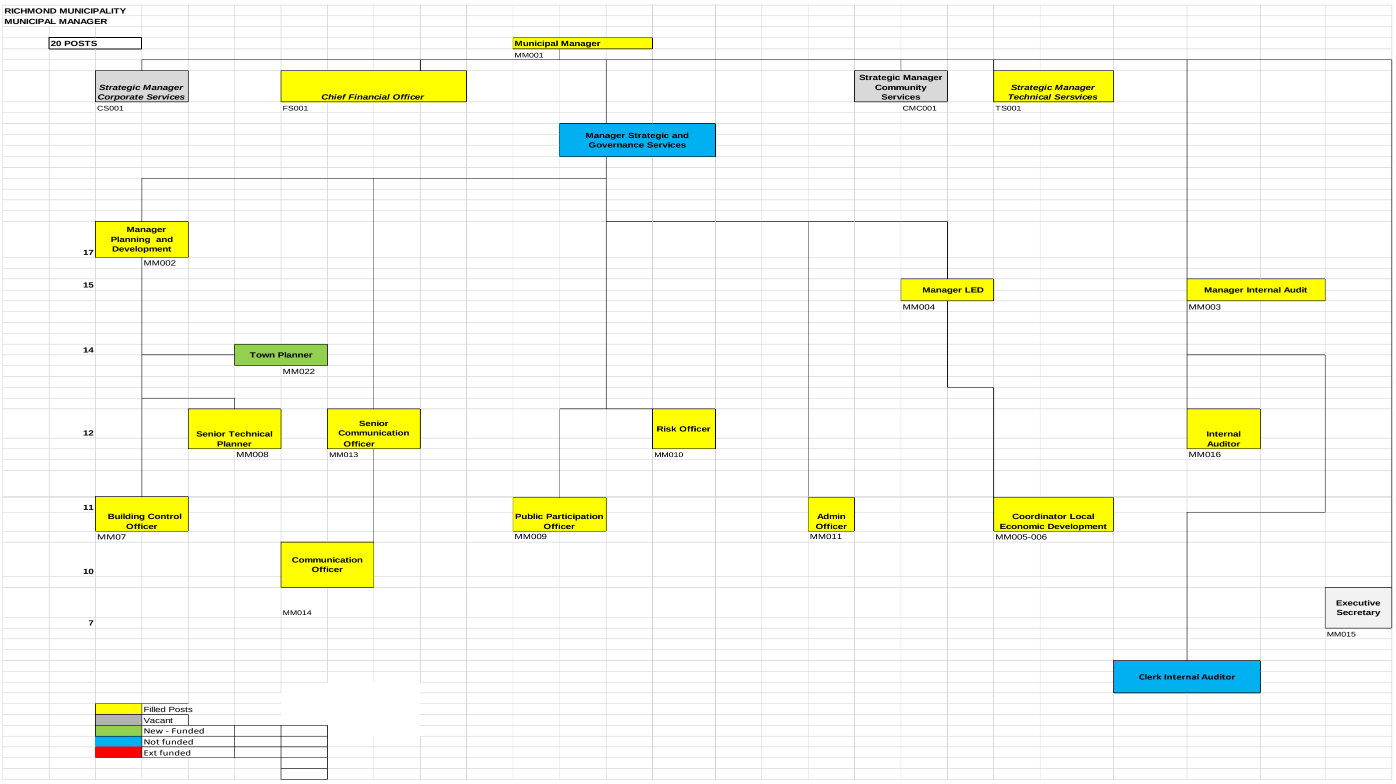
TREP is aimed at supporting informal businesses that were affected by the lockdown especially tuckshops and those selling fruits and vegetables. The LED unit applied to the Department of Small Business Development (DSBD) through SEDA for informal traders in the Richmond area and eight (8) applications were approved.

The program also had a once-off funding for informal traders through the EDTEA and Nedbank partnership which saw hundred and fifty applications that were submitted being approved.

RICHMOND RETAIL MARKET FACILITY – LINKED WITH RASET PROGRAMME IN PARTNERSHIP WITH UMGUNGUNDLOVU ECONOMIC DEVELOPMENT AGENCY

RASET programme is aimed to assist our farmers/ cooperatives/ SMMEs in providing a sustainable market for fresh vegetables through school nutrition programme, cooperatives and small farmers have been assisted with seedlings ranging from, onions, cabbage, spinach, butternut and green pepper. UMEDA assisted 10 local farmers/ cooperatives with 5000 seedlings each ranging from cabbages, onions, butternut, green pepper. Two of the farmers who have been assisted have supplied the new market “Hello Choice” with butternut and those farmers who have fresh produce ready they use cold room at the Retail Market to store their produce before it’s taken by Hello Choice

Below is the structure of the Municipal Manager's Department.



3.2 DEVELOPMENT PLANNING

INTRODUCTION TO DEVELOPMENT AND PLANNING

Development and Planning function at the municipality includes Land Use Management, Spatial Development Planning, GIS, IDP and Building Control. The municipality is experiencing a lack of human resources to perform its legislative requirements for GIS, building control. Some of these functions (GIS) is performed on a basic level and are supported by uMgungundlovu District Municipality.

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

Strategic

 Dynamically lead in shaping the municipality's short- and longer-term growth and development in order to ensure improved quality of life;

 Mainstream the municipality's Economic Development Strategy, and ensure alignment

with both internal and external plans and partners;

 Develop a 'green economic' policy and framework to ensure that the municipality

optimises economic growth and job creation;

 Ensure that the municipality's unique economic and social asset – its natural environment – is protected, integrated and optimised within the urban landscape

Operational

 Deliver efficient and effective service to the developers and property owners of Richmond, reducing approval turnaround time for land use management applications and building development;

 Improve the municipality's building development and land use regulation functions, and

drive coordinated and integrated environmental enforcement;

 Lead law reform planning processes by implementing and continuously reviewing the new Richmond Zoning Scheme and drafting the planning bylaw;

 Improve environmental compliance with relevant environmental legislation, using best practice environmental technologies and processes; and

 Formulate the municipality's Integrated Development Plan (IDP).

The Integrated Development Plan (IDP) is regarded as the principle strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development, in the Municipality. The approach to strategic planning that involves the entire District and its citizens is to find the best solution to achieve good long-term development. It aims to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in an area, and should consider the existing conditions and resources available for development.

The Richmond Municipality is responsible for drafting the IDP Process Plan, which is aligned to the UMDM Framework Plan. The framework with the IDP/Budget process plan was approved by Council. Quarterly public interaction was experienced at IDP engagements, e.g. izimbizo and representative forums.

CEMETORIES AND CREMATORIUMS

There are two municipal cemeteries in Ward one and other communal cemeteries in all wards which are not controlled by the municipality.

3.3 TECHNICAL AND INFRASTRUCTURE SERVICES

WATER SERVICES

Water is provided by uMgungundlovu District Municipality as a water service authority (WSA) in the Richmond area of jurisdiction. Almost 70% - 80% of areas within Richmond Municipality have access to clean water.

WATER SERVICES (SANITATION)

UMGUNGUNDLOVU District Municipality has a contingency plan of water trucks to deliver portable water to the community. A bulk pipe line from PMB to Richmond has been constructed in order to close the gap of possible shortage of water in Richmond.

The above report touches all the wards of Richmond Municipality. There are few sections within these wards which have not benefited from the toilet projects however these areas are currently on the IDP of uMgungundlovu District since sanitation is a project of the District in terms of the Municipal Structures Act and will be rolled out as soon as funding has been sourced.

ELECTRICITY

According to information from Statistics South Africa from 2011 census data, Richmond 80% electrified.

Municipality depends on grants to electrify the areas which currently do not have access to electricity.

In the 2020/2021 financial year, the municipality planned to electrify the following areas:

- KaGinqitshe, Amandus, Mapipana, KwaBontshisi, KwaMahlakaza, Indlozana, Aden & Mid-Ilovo area; this project is currently under construction and was 90% complete as at the end of June 2021.

- Shayamoya/ Mkhobeni area which was 10% complete as at the end of the year; and

- Smozomeni phase 6 project which was also 10% complete.

WASTE MANAGEMENT, REFUSE COLLECTION, WASTE DISPOSAL AND STREET CLEANING SERVICES

Access to Various Types of Refuse Removal

Description of Refuse Removals	No of Households	Percentage %
Unspecified / other	259	1,80%
Removed by local authority at least once a week	1582	11,10%
Removed by local authority less often	129	0,90%
Communal refuse dump	425	3,00%
Own refuse dump	11051	77,50%
No rubbish disposal	817	5,70%
Total	**14263**	**100%**

Source: Quantec Easy Data 2010

The following table presents the types of refuse removal by population groups in the Richmond Municipality.

Access to Refuse Removal by Population Groups

Types of Refuse Removals	Blacks	Coloureds	Asians	Whites
Unspecified / other	1,90%	0,20%	0,10%	1,50%
Removed by local authority at least once a week	7,70%	72,80%	84,40%	20,10%
Removed by local authority less often	0,60%	0,00%	1,00%	7,20%
Communal refuse dump	2,70%	6,40%	6,60%	5,80%
Own refuse dump	81,10%	20,60%	7,40%	59,70%
No rubbish disposal	6,00%	0,00%	0,50%	5,70%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Source: Quantec Easy Data 2010

Refuse removal takes place in formalized areas like Byrne Village, Siyathuthuka Low-cost Houses, Richmond CBD and Residential area within the village. Street cleaning takes place in the CBD only. The Municipality currently has a refuse truck which services the residential areas and businesses. The Skipper truck has been bought to service the rural areas and twenty (20) skips bins, the intention of the municipality is to expand the service to rural areas and add more skipper bins for the next financial year.

HOUSING PROJECTS

Provision of housing in Richmond is a function and responsibility of the KwaZulu Natal Department of Human Settlements. The Department and the municipality have a memorandum of agreement to facilitate the provision of housing within the Municipality's area of jurisdiction.

The following projects were approved for the 2020/2021 financial year:

PROJECT	NO. OF BENEFICIARIES	LOCATION	PROJECT DESCRIPTION	STATUS
Nhlazuka	970	Nhlazuka	In-situ upgrade	Construction stage completed
Nhlazuka:ST Bernard and Amandus Hill	400	Nhlazuka	Rural housing	Preliminary stage
Middle Income Housing	-	Richmond Village	Greenfield	Preliminary stage
Siyathuthuka Phase 2	800	Greater Ndaleni	In-situ upgrade	500 on a Construction stage completed
Argosy Rehabilitation	82	Argosy Farm	In-situ upgrade	Construction stage

FREE BASIC SERVICES AND INDIGENT SUPPORT – ADDING VALUE THROUGH FREE BASIC SERVICES

Richmond Municipality continues to provide free basic services, such as refuse removal, Electricity and rates assistance, to its citizens. The allocation of these free basic services is determined by means of either the municipal value of the property, or on application by those with limited income whose property values exceed the set valuation levels.

The valuation method is preferred, as it helps to prevent the creation of a bloated and costly administration to deal with large number of applications that would likely be received if a purely application-based process were followed. Instead, the valuation system allows the municipality to provide assistance to those residents assumed to be in need. While it is likely that some households that receive the benefit may fall outside the qualifying criteria, this approach is .still the most practical for the municipality. A further benefit of the valuation-based approach is that it provides certainty in terms of budgets and reduces the risk of fraud and the costs involved in preventing it.

The benefits vary based on the valuation of the properties at R50 000 or below, and the recipients are all households who stay in the low-cost houses and those that stay in Ingonyama Trust land.

Residents whose property values are too high for them to automatically to qualify for the free services are also entitled to apply for these services, provided their gross monthly household income is R1 300 or less. The application process involves registering as indigent. Once approved, these households receive the same benefits as if their property values were below R50 000. To date, 456 residents have registered via this process. This relatively low number demonstrates that the valuation driven measures are effective in reaching the less-fortunate residents at whom they are targeted.

ROADS AND OTHER INFRASTRUCTURE

The following projects were planned for the 2020/ 2021 financial year and some were completed in the 2020/2021 financial year as detailed below:

Richmond sports complex

No.	PROJECT	DESCRIPTION	BUDGET	EXPENDITURE	STATUS
1.	**Richmond Sport Complex (Ward 1)**	Construction of a multipurpose sport complex that will house various indoor sporting activities.	R 15 000 078.06	R 9 247 019.98	Construction 99%
2.	**Richmond Beulieu (Ward 1)**	Construction completed	R 2 070 660.36	R 1 705 944,76	Completed 100%
3.	**Richmond Ferriera street (Ward 1)**	Construction of road	R 1 715 491,00	R 1 427 026,8	100% Completed
4.	**Richmond Benjamin Street**	Construction of road	R0	R0	0% Complete
3.	**Richmond Testing Ground (Ward 1)**	Completion of incline start, pre-parking inspection area and public parking.	R 2 000 000.00	R 136 261.00	100% completed
4.	**Richmond Memorial Hall (Ward 1)**	Reinstatement of the burnt hall	R 2 500 000.00	R 3 691 216,23	100% Completed
6.	**Bus-Shelters – Phase 2 (Ward 2)**	Construction of 10 units of bus-shelters.	R 520 000.00	R 463 592.54	Completed 100%
7.	**Ezindongeni Main Road (Ward 3)**	Construction of 2.4 Km asphalt surfaced road including kerb & channel and stormwater.	R 10 744 373.38	R 9 742 790.71	Completed 100%
8.	**Hopewell Main Road – (Ward 4)**	Construction of 1.2 Km asphalt surfaced road including kerb &	R 7 871 041.17	R 7 786 020.99	Completed 100%

		channel and stormwater.			
No.	**PROJECT**	**DESCRIPTION**	**BUDGET**	**EXPENDITURE**	**STATUS**
9.	**Bulawayo Sportfield (Ward 5)**	Construction of soccer field including kombi court	R 8 827 459.54	R 8 316 476.78	Practical Completed 95%
10.	**Smozomeni Main Road – Phase 3 (Ward 6)**	Construction of 1.4 Km asphalt surfaced road, kerb & channel and stormwater.	R 8 638 187.65	R 2 436 556.86	Construction 100%
11.	**Uganda Bus-shelters (Ward 7)**	Construction of 10 units of bus-shelters.	R 600 000.00	R 524 104.11	Completed 100%
12.	**Construction of Sports field and changing room Ward 7**	Construction of a sports field	R 2 700 765.00	R0	15 % Complete
13.	**Construction of Sheti Bridge Ward 1 and 2**	Construction of Box culvert bridge	R 256 996.00	R0	0 % Complete
14.	**Construction of Ezulwini Bridge Ward 5**	Construction of Box culvert bridge	R 825 241.00	R 717 600.66	25 % Complete
15.	**Construction of Ezindongeni Main Road Phase 2 and Bush shelter**	Road rehabilitation and installation of Bus Shelters	R 1 221 179.00	R 366 241.65	25% Complete
16.	**Construction of Magoda Main Road**	Road Rehabilitation	R 8 507 875.00	R 8 844 496.75	100% Complete

No.	PROJECT	DESCRIPTION	BUDGET	EXPENDITURE	STATUS
17.	**Construction of Hopewell Internal Road**	Road Construction	R 143 750.00	R143 750.00	100% Compete
18.	**Construction of Mgxobeleni Community Hall**	Construction of Community Hall	R 2 999 996.00	R 2 424 196.15	40 % Complete
19.	**Amafa Project – Internal: Rehabilitation of Memorial Hall**	Construction of Community Hall	R 3 842 750.55	R 3 896 283.79	100% Complete
20.	**Internal Funding: Completion of Richmond Testing Ground**	Construction of Testing Ground Facility	R 1 500 000.00	R 2 099 079.96	90% Complete

Richmond Memorial Hall

3.4 PUBLIC SAFETY AND EMERGENCY

TRAFFIC POLICE

Richmond Municipality has a number of programs aimed at promoting compliance with Road Safety Act. Hereunder are some of the programs:

- Road Safety Awareness Campaign targetting schools.
- Road blocks, especially during the feastive season and Easter holidays.

These programs are aimed at dealing with drunk driving, overload,vehicle futness and so on.

Community Policing Forum

Richmond Municipality has a functional community forum. The forum meets once a month. The aim of the forum is to address crime issues in the area of the municipality.

Stakeholders who are part of the forum are:

- South African Police Services (SAPS)
- Municipal Traffic Police
- Councillors
- Non – Governmental Organisations
- Ward Committee Members

DISASTER MANAGEMENT AND ANIMAL CONTROL

Richmond Municipality has a fully fledged disaster management unit which is now covering Richmond and its surroundings.

Animal control is done by the municipal security personnel with the assistance of SPCA. The municipality has a service level agreement with SPCA for providing storage for impounded animals. The municipality is in the process of building its own animal pound.

3.5 COMMUNITY AND SOCIAL SERVICES

COMMUNITY FACILITIES

Community facilities consist of municipal halls and sports fields. There are eleven (11) halls owned and controlled by the municipality in all seven (7) wards. There are three (3) halls in ward one (1) which are:

- The newly rehabilitated memorial hall;
- The agricultural hall; and
- uMzinolovu hall.

The following halls are situated at ward two (2):

- Slahla hall; and
- Siyathuthuka hall

Ward three (3) and four (4) currently share a hall in ward four (4) which is the Agorsy hall while the municipality is in the process of constructing a hall in ward three (3).

Ward five (5) has the following halls:

- Nkumane hall;
- Thusong Centre; and
- Malizayo hall.

There are three (3) halls in ward six (6) which are:

- Smozomeni hall;
- Phatheni hall; and
- Gengeshe hall.

Ward seven (7) has Magoda hall and there are sport fields located in ward one, two, three, five and six.

SPORTS AND RECREATION

The geographic spread of sport facilities within the Richmond Municipality indicates that the majority of areas have access to the sport facilities. Sport fields are found at Hopewell, Argosy Farm, Ndaleni, KwaGengeshe, Mzinolovu, Phatheni, Richmond Village and Nhlazuka.

On top of the above, Richmond Municipality has been involved in a number of cultural and sporting activities. The most critical event which the Municipality has participated since 1998 is SALGA Games. These games aspire to promote sound inter-Municipalities relationship and social cohesion between the Municipalities by using sport as a vehicle to forge sustainable partnership and further strengthen existing relations. In addition to SALGA Games, the municipality has a number of programs of Sport, Art and Culture. Hereunder are some of the programs;

- Mayoral Cup;
- Golden games
- Facilitation of Annual Reed Dance.

HEALTH, HIV/AIDS AND OTHER SOCIAL PROGRAMMES

Impact of HIV/AIDS and COVID-19

Between the years 2000 and 2012 many South Africans have died from HIV/Aids related diseases. The number of deaths from HIV and AIDS is considerable higher than from any other single cause of death and will probable double the number of deaths from all other causes combined. It has been found that the uMgungundlovu District accounts for 23% of the KwaZulu Natal HIV and AIDS cases. Richmond Municipality has the highest number of HIV positive people in the District compared to other Municipalities. The likely effects of HIV/AIDS in our community are as follows;

Poor households are more vulnerable, and the epidemic is likely to deepen poverty and compromise upward mobility.

- There is increased demand for health facilities
- A great demand for financial support for orphans, child-headed households and households run by grandparents.

The likely effect of HIV/AIDS on the economy systems are as follows;

- There is a shift from savings to current expenditure, limiting fixed investment and economic growth.
- The possibility of technological deepening of the economy as a result of high absenteeism rates.
- Increased spending on pharmaceuticals and funerals.

Operation Sukumasakhe

To deal with the HIV and AIDS epidemic, poverty and so forth, Richmond Municipality has been working very well with the programme introduced by the Office of the Premier in the Province, namely, Sukuma Sakhe. The objectives of Operation Sukuma Sakhe are as following.

To reduce poverty by half in 2019.

- To create healthy and sustainable communities.
- To deal with HIV/ AIDS and TB issues.
- To provide food security, that is, one home one garden.

The Implementers of the programs are Community Volunteers, community health workers, HCBC Givers, Matsupatsela and other cadres trained to conduct households profiling in 7 wards in the Municipality and thereafter Sector Departments do intervention.

Cholera and other related COVID -19 virus

The occurrence of the said diseases is a direct result of the absence of potable water as well as the lack of proper sanitation in the rural areas of the Municipality. This results in the contamination of natural water resources. This may lead to outbreaks of disaster proportions and is specifically characteristics of the rural areas. These diseases are life threatening and require constant monitoring.

Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. Most people who fall sick with COVID-19 will experience mild to moderate symptoms and recover without special treatment.

3.6 ORGANISATIONAL SCORECARD

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	**National KPA**	**Objective**	**Key Perfomance Indicator**	**Performance Measure**	**Demand**	**Baseline**	**Backlog**	**Performance Target (ANNUAL)**	**Q 1 Target**	**Q2 Target**	**Q3 Target**	**Q4 Target**	**Responsible Department**
DEV01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To improve compliance and public participation and awareness	Public notification of the IDP Process Plan	Date of adoption by 30 September 2020	1	1	0	**30-Sep-20**	**30-Sep-20**	N/A	N/A	N/A	Office of the Municipal Manager
DEV02			Submission of the Draft IDP to Council to ensure compliance with legislation	Approved Draft IDP by Council 31 March 2021	1	1	0	**31-Mar-21**	N/A	N/A	**31-Mar-21**	N/A	Office of the Municipal Manager
DEV03			Community/Public consultation sessions	Number of IDP meetings held	7	7	0	**7 meetings to be held**	N/A	**7 meetings**	N/A	N/A	Office of the Municipal Manager
DEV04			Submission of the Final IDP to Council to ensure compliance with legislation	Date of Final IDP adopted by Council	1	1	0	**31-May-21**	N/A	N/A	N/A	**31-May-21**	Office of the Municipal Manager
DEV05		To ensure compliance with Municipal by-laws	Approval of building plans/ Compliance with building plans	Percentage of building plans approved compared to the plans received	N/A	N/A	N/A	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager
DEV06			Compliance with Town Planning Scheme and Building regulations	Number of contravention letters issued	N/A	N/A	N/A	**40**	**10**	**10**	**10**	**10**	Office of the Municipal Manager
DEV07			Compliance with building regulations	Percentage of compliance certificates issued on the approved building plans and completed buildings	N/A	N/A	N/A	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager
DEV08			Inspections conducted to prevent illegal activities (Illegal construction of buildings)	Number of physical site inspections conducted	N/A	N/A	N/A	**40**	**10**	**10**	**10**	**10**	Office of the Municipal Manager
DEV09			Inspections conducted to prevent illegal activities (Illegal land use)	Number of physical site inspections conducted	N/A	N/A	N/A	**40**	**10**	**10**	**10**	**10**	Office of the Municipal Manager
DEV10		To ensure sustainable and coordinated development throughout the municipality	Compliance with Spatial Planning Land Use Management Act (SPLUMA)	Percentage of SPLUMA applications processed	N/A	N/A	N/A	**100%**	**100%**	**100%**	**100%**	**100%**	Office of the Municipal Manager
DEV11		Develop Single Land Use Scheme to control development	Comprehensive Wall to Wall Scheme (the development of a Single Land Use Management Scheme)	Date of approved Land Use Scheme by the 30th April 2021	1	0	1	**30-Jun-21**	N/A	N/A	N/A	**30-Jun-21**	Office of the Municipal Manager

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IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
COMM01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and vision	ogrammes and projects thr	Number of newsletters issued per quarter	24000 newsletters	24000 newsletters	N/A	12000 newsletters	3000 newsletters	3000 newsletters	3000 newsletters	3000 newsletters	Office of the Municipal Manager
COMM02			Public engagements through Mayor on Air program	Number of Mayoral radio slots conducted	1	1	0	1 radio slot for the Mayor	N/A	1 radio slot	N/A	N/A	Office of the Municipal Manager
COMM03			Media and stakeholder relationship management and monitoring	Number of briefings / meetings conducted	2	2	0	2 meetings	1 meeting	N/A	N/A	1 meeting	Office of the Municipal Manager
COMM04			Visibility of Municipal corporate branding	Number of campaigns and surveys conducted	1 survey and 3 campaigs	1 survey and 3 campaigs	0	1 survey and 3 campaigs	1 survey	1 campaign	1 campaign	1 campaign	Office of the Municipal Manager
COMM05			Tabling of the municipal Annual Report	Date of adoption of Annual report	1	1	0	1 Tabled Annual Report to Council by 31 March 2021	N/A	N/A	31-Mar-21	N/A	Office of the Municipal Manager
IAR01		To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance manangement	Approval of planning internal audit documents	Date of adoption of the internal audit strategic and operational plan as well as audit charters by 30 September 2020	0	18-Oct-19	0	30-Sep-20	30-Sep-20	N/A	N/A	N/A	Office of the Municipal Manager
IAR02			Audit plan implementation	Percentage of audit reviews completed as per the internal audit plan per quarter	1	0	1	100%	100%	100%	100%	100%	Office of the Municipal Manager
IAR03			Quality assurance	Number of quality assurance programs developed	1	0	1	1	N/A	N/A	N/A	1	Office of the Municipal Manager
IAR04			Risk and Anti Fraud/ Corruption Strategy and Framework	Date of adoption of the Risk Management Framework and Anti - Fraud/ Anti - Corruption Strategy	0	1	0%	Approval of strategy/ Framework by 30 June 2021	N/A	N/A	N/A	30-Jun-21	Office of the Municipal Manager
IAR05			Fraud and risk preventation	Number of meetings to be held	0	0	4 Meetings	4 Meetings	1 meeting	1 Meeting	1 Meeting	1 meeting	Office of the Municipal Manager
IAR06			Risk Workshop	Number of workshops to be held	0	0	1 Workshop	1 Workshop	N/A	N/A	N/A	1 Workshop	Office of the Municipal Manager

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
PMS01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To improve compliance and public participation and awareness	Submission of Draft and Final SDBIP to Mayor to ensure compliance with legislation	Date of submission of Draft SDBIP to Mayor	1	1	0	**Approval of Draft SDBIP by Mayor by 14 June 2021**	N/A	N/A	N/A	**14-Jun-21**	Office of the Municipal Manager
PMS02				Date of submission of Final SDBIP to Mayor	1	1	0	**Approval of Final SDBIP by Mayor by 28 June 2021**	N/A	N/A	N/A	**28-Jun-21**	Office of the Municipal Manager
PMS03			Final SDBIP 2021/2022 Publication	Date of publication of Approved Final SDBIP	1	1	0	**30-Jun-21**	N/A	N/A	N/A	**30-Jun-21**	Office of the Municipal Manager
PMS04			Submission of APR to The office of the Auditor General of South Africa	Date of submission of 2019/2020 Annual Performance Report to Auditor General	1	1	0	**Submission of APR to AG's office by 30 Cctober 2020**	N/A	31-Oct-20	N/A	N/A	Office of the Municipal Manager
PMS06			Section 54/56 Performance Management	5 signed Performance Agreements and work plans by 31 July 2021	5	5	0	**5 signed performance agreements**	**5**	N/A	N/A	N/A	Office of the Municipal Manager
PMS07			The Performance and Audit Committee to convene at least 4 times a year as per section 166(4)(b)	Number ofAudit Committee meetings	4	4	0	**4 PAC meetings held.**	**1**	**1**	**1**	**1**	Office of the Municipal Manager
PMS08			MPAC to convene at least 4 times a year.	Number of MPAC Meetings	4	4	0	**4 MPAC meetings held.**	**1**	**1**	**1**	**1**	Office of the Municipal Manager
PMS09			Adoption of the oversight report by Council	Date of adoption of the Oversight report by Council	1	1	0	**31-Mar-21**	N/A	N/A	31-Mar-21	N/A	Office of the Municipal Manager
PMS10			Publication of the Oversight Report	Date of publication of the oversight report	1	1	0	**07-Apr-20**	N/A	N/A	N/A	**07-Apr-20**	Office of the Municipal Manager

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
LED01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To support skills development and economic growth	Installation of fibre network to have a functional ICT Training Room at the Incubation Centre	Date of ICT Connection including fibre and desktops at Incubation centre	1	0	1	31-Dec-20	N/A	31-Dec-20	N/A	N/A	Office of the Municipal Manager
LED07			Capacity building for SMMEs and Co-operatives	Number of trained beneficiaries	150	21	129	70	N/A	N/A	35	35	Office of the Municipal Manager
LED08			SMME companies registered on CIPC	Number of SMME companies registered on CIPC	130 SMME's/ Cooperatives	70 registered companies	60 SMME's/ Cooperatives	30	10	7	7	6	Office of the Municipal Manager
LED10			Establishment of LED forum	Number of meetings held by the forum	1	0	1	4 meetings	1	1	1	1	Office of the Municipal Manager
LED11			To develop and support SMME's informal economy	Number of informal traders permits/ licences issued	150	90	60	100	N/A	N/A	100	N/A	Office of the Municipal Manager
LED12			To ensure compliance with municipal Bylaws	Number of business licences issued	20	10	10	12	3	3	3	3	Office of the Municipal Manager
LED13			Establishment and operation of regulatory compliance forum	Number of meetings for the regulatory compliance forum established	4	0	4	4 meetings	1 Meeting	1meeting	1 meeting	1 meeting	Office of the Municipal Manager
LED14			Establishment of Tourism Forum	Date of Tourism Forum established	0	0	1	31-Jan-21	N/A	31-Jan-21	N/A	N/A	Office of the Municipal Manager
LED16			Hosting of a SMMEs and Cooperatives fair	Date of SMME fair hosted	5	0	5	30-Jun-21	N/A	N/A	N/A	30-Jun-21	Office of the Municipal Manager
LED17			Hosting of Agricultural farmers Day	Date of hosting Agricultural farmers day	5	0	5	30-Jun-21	N/A	N/A	N/A	30-Jun-21	Office of the Municipal Manager

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
PP01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To improve compliance and public participation and awareness	Participation of local residents	Number of reports on the participation of local residents in decission making process	4	4	0	4 reports	1	1	1	1	Office of the Municipal Manager
PP02			Community awareness campaigns	Percentage of community awareness campaigns supported	100%	100%	0	100%	100%	100%	100%	100%	Office of the Municipal Manager
PP03			Community feedback meetings	number of community feedback meetings convened	4	4	0	4 Meetings	1	1	1	1	Office of the Municipal Manager
PP04			Ward committee meetings	Number of ward committee meetings held	12	12	0	12 Meetings	3	3	3	3	Office of the Municipal Manager
PP05			Sectoral reports	Percentage of sectoral reports submitted	100%	100%	0	100%	100%	100%	100%	100%	Office of the Municipal Manager
PP06			Ward operational plans	Number of reports on implementation of WOPs	4	4	0	4 reports	1	1	1	1	Office of the Municipal Manager
PP07			Service Delivery Community Issues	Percentage of community issues processed	100%	100%	0	100%	100%	100%	100%	100%	Office of the Municipal Manager

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
FIN01	To improve fiancial viability and sound financial management as per MFMA	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Compliance with Section 65(2)(e) of the MFMA	Percentage of Creditors paid within 30 days of invoice date	100%	100%	0	100%	100%	100%	100%	100%	Financial Services
FIN02			Reconciled and revieiwed monthly bank and creditors' reconciliations	Number of months reconciled within the quarter	12	12	0	12	3	3	3	3	Financial Services
FIN03			Financial Reporting to STATS SA	Number of quarterly reports submitted to STATS SA	4	4	0	4	1	1	1	1	Financial Services
FIN04			Timely and accurate processing of Employee Related Cost and compliance with legal prescripts	Number of months Employee Related Costs processed in a timely manner.	12 timely successful payroll runs	12 timely successful payroll runs	None	12	3	3	3	3	Financial Services
FIN05		Reduced dependency on grants and increase revenue collection and alternative revenue generation sources	Improved debtors collection rate and enhanced revenue and debt collection program	Percentage of old debt recovered (25% collection per quarter)	42000000	0	42000000	100%	25%	25%	25%	25%	Financial Services
FIN06				Percentage of current billing collected on a monthly basis	95%	86%	95	95%	95%	95%	95%	95%	Financial Services
FIN07			Reduced grant dependency	Percentage of Own Revenue against grants Received from Government	25% Own Revenue against grants Received from Government	20% Own Revenue against grants Received from Government	Approved Revenue Enhancement Strategy	25% of total revenue	Developed Revenue and Enhancement Strategy	Developed Revenue and Enhancement Strategy	Approval by Council of Revenue Enhancement Strategy	25%	Financial Services
FIN08			Improved municipal liquidity position	Number of times that cash reserves can cover monthly expenditure	Average of 3 Times	Average of 3 Times	0	Average of 3 Times	3 times	3 times	3 times	3 times	Financial Services
FIN09		To effect SCM policy in a way that is fair, equitable, transparent, competitive and cost-effective	Improved SCM Procurement Turnaround times for an order below R30 000	Number of days to place an order below R30 000	5 days	7 days	0	12 days	12 days	12 days	12 days	12 days	Financial Services
FIN10			Improved SCM Procurement Turnaround times for an order above R30 000 but below R200 000	Number of days to place an order (above R30 000 but below R200 000) starting from the date SCM receives specification from end user department	21 days	21 days	0	21 days	21 days	21 days	21 days	21 days	Financial Services
FIN11			Improved SCM Procurement Turnaround times for specification to bid tender	Number of days to finalize specification of bid to tender starting from the date SCM receives specification from end user department	8 days	6 days	0	8 days	8 days	8 days	8 days	8 days	Financial Services

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	**National KPA**	**Objective**	**Key Perfomance Indicator**	**Performance Measure**	**Demand**	**Baseline**	**Backlog**	**Performance Target (ANNUAL)**	**Q 1 Target**	**Q2 Target**	**Q3 Target**	**Q4 Target**	**Responsible Department**
FIN12	To improve fiancial viability and sound financial management as per MFMA	To effect SCM policy in a way that is fair, equitable, transparent, competitive and cost-effective	Improved SCM Procurement Turnaround times to finalize evaluation to bid tender	Number of days to finalize evaluation to bid to tender starting from the closing date of the tender.	10 days	10 days	0	**10 days**	**10 days**	**10 days**	**10 days**	**10 days**	Financial Services
FIN13			Improved SCM Procurement Turnaround times between tender evaluation and adjudication	Number of days between tender evaluation and adjudication starting From date of the finalisation of the evaluation committee	7 days	7 days	0	**7 days**	**7 days**	**7 days**	**7 days**	**7 days**	Financial Services
FIN14			No Irregular, fruitless and wasteful expenditure Incurred at year-end	No Irregular, fruitless and wasteful expenditure Incurred	0	0	0	**0**	**0**	**0**	**0**	**0**	Financial Services
FIN15		Annual Procurement plan prepared	Approved procurement Plans	Date of approved procurement plan by Council	Approved procurement Plan 2019/06/30	Existing Procurement Plan 2018/06/30	0	**Approved procurement Plan by 30 June 2021**	**Approved Procurement Plan 2021/06/30**	**Quarterly Reporting on the implementation**	**Quarterly Reporting on the implementation**	**Approved procurement Plan by 30 June 2021**	Financial Services
FIN16		Effective bid committees to support procurement for service delivery	Functional and Effective Bid Committees	Number of trainings arranged	1	0	1	**4 training**	**1**	**1**	**1**	**1**	Financial Services
FIN17		To have a GRAP compliant asset register for the municipality	To ensure sound asset management and safe guarding of municiapl assets	Date of undertaking of Insurance Risk Cover for municipal assets	Insurance Risk Cover for Municipal Asset	Existing Insurance Service provider - Indie Insurance	0	**30-Sep-20**	**30-Sep-20**	N/A	N/A	N/A	Financial Services
FIN18				Quarterly Reports to council	Quarterly Reporting to Council	0	0	**4 Quarterly Reports to council**	**1**	**1**	**1**	**1**	Financial Services
FIN19			Compilation of GRAP Compliant Fixed Asset Register	Date of appointmnent of service provider to updated Fixed Assets Registe	GRAP Compliant Fixed Asset Register	GRAP Compliant Fixed Asset Register	None	**GRAP Compliant Fixed Asset Register**	**Prepare and maintain GRAP compliant FAR reconciliations to General Ledger**	**Conduct a Physical verification of Immovable and movable Assets Inclusive of Infrastructure Projects**	**Training of Responsible Finance Officials**	**30-Jun-21**	Financial Services
FIN20		To prepare the budget for the municipality in compliance with legislative prescripts	Approved IDP/Budget process plan	Date of approving IDP/Budget Process Plan	Approved IDP / Budget Process Plan	Approved IDP/ Budget Process Plan 2018/08/31	0	**Approval of IDP/Budget Process Plan by 2020/08/31**	**Approval of Budget Process Plan by 31/08/2020**	N/A	N/A	N/A	Financial Services

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2020/2021

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
FIN21	To improve fiancial viability and sound financial management as per MFMA	To prepare the budget for the municipality in compliance with legislative prescripts	Approved Draft budget in compliance with MFMA	Approval of draft budget	Approved draft budget	Draft Budget Approved on 2018/03/29	0	**Approval of Draft Budget by 2021/03/31**	N/A	N/A	**31-Mar-21**	N/A	Financial Services
FIN22			Approved Annual Budget in compliance to MFMA	Date of approval of final budget	Approved Annual Budget	Budget Approved on 2018/05/27	0	**Approval of Annual Budget by 2021/05/31**	N/A	N/A	N/A	**31-May-21**	Financial Services
FIN23			Approved Mid year assessment report in compliance with MFMA	Date of submission of Mid year performance assessment report	Approved Mid year assessment report	Mid year Assessment Report Approved on 2018/01/25	0	**Approval of Mid year assessment report by 2021/01/25**	N/A	N/A	**25-Jan-21**	N/A	Financial Services
FIN24			Approved Adjustment budget in compliance with the MFMA	Date of approval of adjustment budget	12	12	0	**Approval of Adjustment Budget by 2021/02/28**	N/A	N/A	**28-Feb-21**	N/A	Financial Services
FIN25			All monthly returns submitted	Number of monthly returns submitted	12	12	0	**12 monthly returns submitted**	**3**	**3**	**3**	**3**	Financial Services
FIN26			All quarterly returns submitted with zero errors	Number of returns submitted	4	4	0	**4 Quarterly Reports submitted**	**1**	**1**	**1**	**1**	Financial Services
FIN27			Annual Financial Statements prepared and submitted on time	Date of submission of AFS to Auditor General	AFS Submitted by 2020/10/31	AFS were submitted by 2019/08/30	0	**AFS submitted by 2020/10/31**	N/A	**31-Oct-20**	N/A	N/A	Financial Services

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	**National KPA**	**Objective**	**Key Perfomance Indicator**	**Performance Measure**	**Demand**	**Baseline**	**Backlog**	**Performance Target (ANNUAL)**	**Q 1 Target**	**Q2 Target**	**Q3 Target**	**Q4 Target**	**Responsible Department**
PMU01	**Basic Service Delivery and Infrastructure Development**	To provide access to proper community facilities	MIG PROJECTS: Construction of Sportsfield and changing rooms ward 7	Number of completed sportsfield and changing rooms	1 sporstsfeild, 2 changing rooms and 2 toilets	0	1 sporstsfeild, 2 changing rooms and 2 toilets	**1 sporstsfield, 2 changing rooms and 2 toilets**	N/A	N/A	N/A	**1 sporstsfeild, 2 changing rooms and 2 toilets**	Technical Services
PMU02		To implement road - building and maintenance programmes and improve rural accessibility	MIG PROJECTS: Construction of Sheti Bridge ward 1 and ward 2	Number of completed construction of sheti bridge	1	0	1	**1**	N/A	N/A	N/A	**1**	Technical Services
PMU03		To implement road - building and maintenance programmes and improve rural accessibility	MIG PROJECTS: Construction of Ezindongeni Main Road Phase 2 and Bus Shelter	Number of completed kilometres of Ezindongeni main road phase 2	1,8km	0	1,8km	**1,8km**	N/A	N/A	N/A	**1,8km**	Technical Services
PMU04				Number of bus shelters constructed	10	0	10	**10**	N/A	N/A	N/A	**10**	Technical Services
PMU05		To implement road - building and maintenance programmes and improve rural accessibility	MIG PROJECTS: Construction of Ezulwini Bridge ward 5	Number of constructed and completed bridges	1	0	1	**1**	N/A	N/A	N/A	**1**	Technical Services
PMU06			MIG PROJECTS: Resurface of Ferreira Street in ward 1	Number of kilometers resurfaced residential roads	0,210KM	0	0,210KM	**0,210KM**	N/A	N/A	N/A	**0,210KM**	Technical Services
PMU07			MIG PROJECTS: Resurface of Beaulieu Street in ward 1		0,258KM	0	0,258KM	**0,258KM**	N/A	N/A	N/A	**0,258KM**	Technical Services
PMU08			MIG PROJECTS: Resurface of Benjamin Street in ward 1		0,49KM	0	0,49KM	**0,49KM**	N/A	N/A	N/A	**0,49KM**	Technical Services
PMU09			MIG PROJECTS: Construction of Magoda Main Road Phase	Number of kilometres of Magoda Main road phase 2	1,5KM	0	1,5KM	**1,5KM**	N/A	N/A	N/A	**1,5KM**	Technical Services
PMU10			MIG PROJECTS: Construction of Hopewell Internal roads	Number of kilometres constructed of Hopewell internal roads	1,5KM	0	1,5KM	**1,5KM**	N/A	N/A	N/A	**1,5KM**	Technical Services
PMU11		To provide access to proper community facilities	MIG PROJECTS: Construction of Mgxobeleni Community Hall ward 6	Number of completed construction of Mgxobeleni Community Hall	1	0	1	**1**	N/A	N/A	**1**	N/A	Technical Services
PMU12			Amafa Project- Internal: Rehabilitation of Memorial Hall ward 1	Number of completed rehabilitation of Richmond Memorial Hall	1	0	1	**1**	N/A	N/A	N/A	**1**	Technical Services
PMU13		To implement road - building and maintenance programmes and improve rural accessibility	Internal Funding: Completion of Richmond Testing Ground oustanding work which is incline, pre inspection area and public area	Date of completed outstanding works at Richmond testing ground	30-Jun-21	0	30-Jun-21	**30-Jun-21**	N/A	N/A	N/A	**30-Jun-21**	Technical Services

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	**National KPA**	**Objective**	**Key Perfomance Indicator**	**Performance Measure**	**Demand**	**Baseline**	**Backlog**	**Performance Target (ANNUAL)**	**Q 1 Target**	**Q2 Target**	**Q3 Target**	**Q4 Target**	**Responsible Department**
OMU01	Basic Service Delivery and Infrastructure Development	To provide access to proper community facilities	ACCESS ROADS: WARD 1 Maintenance of access road	Number of kilometers of gravel roads	4km	2km	2km	**3KM**	N/A	N/A	N/A	**3KM**	Technical Services
OMU02			ACCESS ROADS: WARD 2 Maintenance of access road	Number of kilometers of gravel roads maintained	4km	0	0	**3KM**	N/A	N/A	**3KM**	N/A	Technical Services
OMU03			ACCESS ROADS: WARD 3 Maintenance of access road	Number of kilometers of gravel roads maintained	4km	0	0	**3KM**	N/A	**3KM**	N/A	N/A	Technical Services
OMU04			ACCESS ROADS: WARD 4 Maintenance of access road	Number of kilometers of gravel roads maintained	4km	0	0	**3KM**	**3KM**	N/A	N/A	N/A	Technical Services
OMU05			ACCESS ROADS: WARD 5 Maintenance of access road	Number of kilometers of gravel roads maintained	4km	5.5km	0	**3KM**	N/A	N/A	**3KM**	N/A	Technical Services
OMU06			ACCESS ROADS: WARD 6 Maintenance of access road	Number of kilometers of gravel roads maintained	4km	6km	0	**3KM**	N/A	N/A	**3KM**	N/A	Technical Services
OMU07			ACCESS ROADS: WARD 7 Maintenance of access road	Number of kilometers of gravel roads maintained	4km	2km	2km	**3KM**	N/A	N/A	N/A	**3KM**	Technical Services
OMU08		To provide safe and reliable waste management services	Maintenance of Overgrown Grass and Vergers	Number of Signed weekly schedules	48	48	0	**48**	**12**	**12**	**12**	**12**	Technical Services
OMU09			Collection of planned refuse removal		48	48	0	**48**	**12**	**12**	**12**	**12**	Technical Services
OMU10			Collection of Refuse Removal using Skippers		48	48	0	**48**	**12**	**12**	**12**	**12**	Technical Services
OMU11		To implement road - building and maintenance programmes and improve rural accessibility	Maintenance of urban roads by pothole patching & repairs	Number of square meters of potholes patched and repaired	300m2	300m2	0	**2000m2**	**280m2**	**280m2**	**720m2**	**720m2**	Technical Services

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
COM01	CROSS CUTTING ISSUES	To implement disaster programmes	Disaster Management programmes conducted in all wards	Number of awareness Campaigns to be done in each ward	7	7	0	**7**	2	3	1	1	Community Services
COM02		To promote the use of libraries facilities and dissemination of information	Enhancening library educational programme	Number of library programmes conducted in the communities	12	6	6	**12**	3	3	3	3	Community Services
COM03		To provide law enforcement and Security Services	Visibility campaigns and road blocks programmes conducted	Number of roadblocks conducted	40	40	33	**40**	**10**	**10**	**10**	**10**	Community Services
COM04		To enhance road safety, law enforcement and promote the drivers license/ testing centre		Number of road safety education awareness programmes to be done	20	20	0	**12**	**3**	**3**	**3**	**3**	Community Services
COM05	Basic Service Delivery and Infrastructure Development	To provide sustainable human settlements	Constructed and completed Siyathuthuka Housing Project (Phase 2b)	Number of houses constructed	360	7	353	**100 to be built by implementing agent**	**25**	**25**	**25**	**25**	Community Services
COM06		To provide sustainable human settlements	Constructed and completed Argosy Farm Rehabilitation project	Number of houses constructed	180	0	180	**40 houses to be built by implementing agent**	**10**	**10**	**10**	**10**	Community Services
COM07	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Enhancing rights of learner to education	Improve and empower children's right to education	No of learners assisted	2	0	2	**2**	N/A	N/A	**1**	**1**	Community Services
COM08		To promote gender equality and protect rights of senior citizens	Actively ageing senior citizens	Date of attending hosting local games	1	1	0	**30-Sep-20**	**30-Sep-20**	N/A	N/A	N/A	Community Services
COM09		To promote sports and recreation throughout the Richmond Local Municipality	Development of local youth in sports	Date of attending SALGA games	1	1	0	**30-Sep-20**	**30-Sep-20**	N/A	N/A	N/A	Community Services
COM10		To promote Arts and Culture within Richmond	Annual reed dance attended	Date of attending Inkosi womhlanga event	1	1	0	**30-Sep-20**	**30-Sep-20**	N/A	N/A	N/A	Community Services
COM11		To have a functional youth structure within the Municipal area	Functional and effective Youth Council	Number of reports submitted to MANCO and Portfolio committees on the functionality of Youth Council	1	0	0	**4**	**1**	**1**	**1**	**1**	Community Services
COM12		To unlock opportunities for poor youth through assistance and funding	Youth training and development campaigns conducted	Number of youth financial assisted	2	0	2	**2 campaigns to be done in the 3rd and 4th quarter**	N/A	N/A	**1 Campaign**	**1 Campaign**	Community Services
COM13		HIV/AIDS awareness campaign	Commemoration of World AIDS day	Date of hosting of the awarness campaign	1	1	0	**31-Dec-20**	N/A	**31-Dec-20**	N/A	N/A	Community Services

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RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021														
IDP Ref	**National KPA**	**Objective**	**Key Perfomance Indicator**	**Performance Measure**	**Demand**	**Baseline**	**Backlog**	**Performance Target (ANNUAL)**	**Q 1 Target**	**Q2 Target**	**Q3 Target**	**Q4 Target**	**Responsible Department**
CORP01	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	To conduct needs-based training programmes and booster municipal capacity	Work place skills plan developed and submitt	Date of submission to LGSETA of the WSP (2020 - 2021)	30-Apr-21	30-Apr-20	0	**30-Apr-21**	N/A	N/A	N/A	**30-Apr-21**	Corporate Services
CORP02			Trained and Development of staff members	Number of trained stuff	40	40	0	**40**	**10**	**10**	**10**	**10**	Corporate Services
CORP03			Educated staff through continuous development and provision of staff bursaries	Number of approved bursary applications	3	100%	0	**3**	N/A	N/A	**3**	N/A	Corporate Services
CORP04		To foster a culture of good employee management and retention	Staff climate survey conducted throughout the municipality	Number of surveys done	1	1	0	**1**	N/A	N/A	N/A	**1**	Corporate Services
CORP05			Effective Employee Wellness Programme linked to National Health Calendar	Number of wellness programmes conducted	1	1	0	**2**	**1**	N/A	N/A	**1**	Corporate Services
CORP06			Compliant Employment Equity report submitted to DOL	Number of reports submitted to Department of labour	2	2	0	**2**	N/A	N/A	**2**	N/A	Corporate Services
CORP07		To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation	Organisational policies are developed / reviewed and approved by council	Percentage of reviwed policies	100%	100%	0	**100%**	N/A	N/A	N/A	**100%**	Corporate Services
CORP08			Monitoring progress in the implementation of resolutions	Number of Council meeting resolutions implemented	100%	100%	0	**12**	**3**	**3**	**3**	**3**	Corporate Services

RICHMOND LOCAL MUNICIPALITY ORGANISATIONAL SCORECARD FOR 2020/2021													
IDP Ref	National KPA	Objective	Key Perfomance Indicator	Performance Measure	Demand	Baseline	Backlog	Performance Target (ANNUAL)	Q 1 Target	Q2 Target	Q3 Target	Q4 Target	Responsible Department
CORP09	MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	To maintain a productive relationship between the municipality and its employees	Communication of updated policies and procedures to all employees	Number of workshops conducted	1	1	0	1	N/A	N/A	N/A	1	Corporate Services
CORP10			Continuous monitoring of agreements between SALGBC and Local Labour Forum	Number of meetings held to monitor agreements between SALGBC and Local Labour Forum	100%	100%	0	4	1	1	1	1	Corporate Services
CORP11		To foster a culture of good employee management and retention	Compliance with the 2% legislation of people with disability of total number of staff representation	Number of staff with disability appointed	2	1	3	2	N/A	N/A	1	1	Corporate Services
CORP12			Recruitment of unemployed epwp beneficiaries	Percentage of beneficiaries recruited	100%	100%	0	100%	50%	N/A	50%	N/A	Corporate Services
CORP13		To effectively manage the information communication technology systems and ICT infrastructure of the municipality	ICT infrastructure support and maintenance	Number of WAN/LAN Availability Reports	4	0	0	4	1	1	1	1	Corporate Services
CORP14			Functional and responsive website	Number of Website Compliance Checklist submited as per GCIS Legislative requirements	4	0	0	4	1	1	1	1	Corporate Services
CORP15			Functional ICT steering committee meetings	Number of ICT steering committee meetings	4	4	0	4	1	1	1	1	Corporate Services
CORP16		To promote accountability and efficiency in the use of municipal assets and community facilities	Buildings Maintenance plan reviewed and approved MANCO	Date of reviewed building maintenance plan	30-Jun-21	100%	0	30-Jun-21	N/A	N/A	N/A	30-Jun-21	Corporate Services

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

The table below shows the employee totals and vacancies in the 2020/ 2021 financial year. The municipality has a high staff turnover rate.

Department	2020/21			
	No. of Approved Posts	No. of employees	No. of Vacancies	Vacancies %
Council	4	4	0	0%
Budget and Treasury office	21	19	2	11%
Office of the Municipal Manager	17	12	5	45%
Community Services	42	37	5	14%
Corporate Services	25	17	8	47%
Technical Services	67	54	13	24%
Total Permanent Staff	**176**	**141**	**33**	

Position/Category	No. of Staff	Permanent/Contract	Gender		Race			
			M	F	A	W	C	
Municipal Manager	1	Contract	1	0	1	0	0	
S56/57 Managers	4	Contract	2	0	2	0	0	
Managers	8	Permanent	5	3	7	0	1	
Other	163	Permanent	86	77	156	0	7	
Total	**176**							

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The municipality reviewed and adopted the following human resources, risk and information technology policies for the 2020/2021:

No.	Name of the Policy	Date adopted by Council
1.	Acting allowance policy	5 July 2020
2.	Gender equality policy	5 July 2020
3.	Health and safety policy	5 July 2020
4.	HIV/AIDS policy	5 July 2020
5.	Training and development policy	5 July 2020

No.	Name of the Policy	Date adopted by Council
6.	Leave policy	5 July 2020
7.	Leave policy	5 July 2020
8.	Recruitment policy	5 July 2020
9.	Staff bursary scheme policy	5 July 2020
10.	Usage of telephone policy	5 July 2020
11.	Overtime policy	5 July 2020
12.	Membership of medical schemes and registration policy	5 July 2020
13.	Standby allowance policy	5 July 2020
14.	Task job evaluation policy	5 July 2020
15.	Uniform protective clothing policy	5 July 2020
16.	Communication device policy	5 July 2020
17.	Computer equipment policy	5 July 2020
18.	Employee wellness policy	5 July 2020
19.	Job creation policy	5 July 2020
20.	Labour relations policy	5 July 2020
21.	Sexual harassment policy	5 July 2020

No.	Name of the Policy	Date adopted by Council
22.	Travel allowance policy	5 July 2020
23.	Smoking in the workplace policy	5 July 2020
24.	PMS Framework 2020/21 policy	5 July 2020
25.	Risk management framework and policy	5 July 2020
26.	IT Strategy policy	5 July 2020
27.	Information systems and security policy	5 July 2020
28.	ICT governance framework	5 July 2020
29.	ICT backup policy	5 July 2020
30.	Firewall and antivirus policy	5 July 2020
31.	Patch management policy	5 July 2020
32.	ICT disaster recovery policy	5 July 2020
33.	ICT business continuity policy	5 July 2020

4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were no injuries recorded for the 2020/2021 financial year in the municipality. In terms of sickness the municipality was not an expection when it comes to sickness related to the corona virus (COVID -19).

The municipality did not have any suspensions in the year.

4.4 PERFORMANCE REWARDS

A Performance Management Policy has been adopted by council and incorporates an Organizational Score Card and is being implemented across all levels of human capital for the municipality. Performance Contracts and Agreements for Section 57 employees, Work Plans for all other employees as well as a Performance Plan/Scorecard in terms of a Service Delivery and Budget Implementation Plan (SDBIP) are signed.

The Organizational Scorecard is in place and the following accomplishments can be recorded:

- A developed SDBIP catering for the inclusion of activities and deliverables with associated milestones and as close as possible realistic targets
- The formulation, extension and review of Municipal Policies and Procedures
- Municipal Bylaws have been reviewed, translated and promulgated in the Provincial Government Gazette.

The Municipality has a performance management policy which is linked to performance incentives for senior management. In the year under review there no performance rewards and the organogram with senior management is as follows:

COMPONENT C: CAPACITATING MUNICIPAL WORKFORCE

The municipality identifies skill shortages and training needs through the written submissions submitted by the employees. This information feeds the workplace skills plan in which then trainings are scheduled.

4.5 SKILLS DEVELOPMENT AND TRAINING

The Municipality developed a Workplace Skills Plan for the financial year under review. The budget that was allocated for this purpose during the financial year of 2020/2021 was utilized to conduct the following trainings for employees and councilors.

- Microsoft Office Training for fourteen (14) councilors;
- Health and Safety Training for ten (10) employees;
- First Aid Training for eleven (11) employees;
- Municipal finance management program training for three (3) employees.

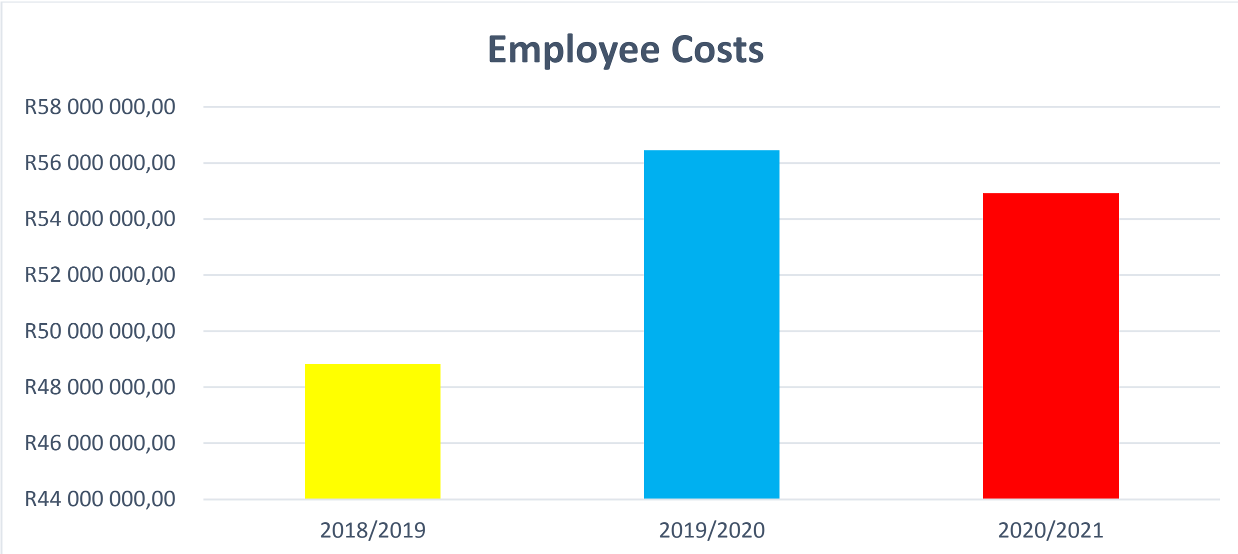
The municipality also provides internal bursaries to employees for skills development and in the 2020/2021 financial year seven (7) bursaries were awarded to employees to further their studies.

COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Employee expenditure for the past three (3) financial years is broken down as follows:

Financial Years	Employee Costs
2018/20219	R48 817 307
2019/2020	R56 453 902
2020/2021	R54 917 511


Employee Costs
R58 000 000,00
R56 000 000,00
R54 000 000,00
R52 000 000,00
R50 000 000,00
R48 000 000,00
R46 000 000,00
R44 000 000,00
2018/2019
2019/2020
2020/2021

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

This component provides an overview of the financial performance of the municipality and focuses on the financial health of the municipality.

5.1 STATEMENTS ON FINANCIAL PERFORMANCE

Richmond Municipality generated an operating surplus of R 20.1 million compared with the budgeted surplus of R 19.6 million for the year under review as depicted in the table below.

Description	2019/20	Current Year 2020/21		
R thousands	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Audited**
Financial Performance				
Property rates	17 895	19 596	19 596	18 494
Service charges	618	864	548	777
Investment revenue	1 112	3 247	1 964	1 114
Transfers recognised - operational	76 329	82 430	97 685	76 329
Other own revenue	5 988	7 694	9 222	27 984
Total Revenue (excluding capital transfers and contributions)	101 941	113 831	129 014	124 698
Employee costs	56 454	63 248	58 376	56 454

Description	2019/20	Current Year 2020/21		
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Audited
Remuneration of councillors	6 030	5 996	5 996	5 773
Depreciation & asset impairment	16 840	19 398	19 398	20 212
Finance charges	270	191	191	197
Inventory consumed and bulk purchases	4 720	5 669	6 340	4 956
Transfers and grants	734	998	998	998
Other expenditure	43 866	41 626	45 464	44 033
Total Expenditure	128 913	137 126	136 763	132 623
Surplus/(Deficit)	(26 972)	(23 296)	(7 749)	(7 925)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	17 299	25 558	27 300	28 059
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)		29	100	–
Surplus/(Deficit) after capital transfers & contributions	(9 673)	2 291	19 651	20 134

Share of surplus/ (deficit) of associate	–	–	–	–
Surplus/(Deficit) for the year	(9 673)	2 291	19 651	20 134

5.2 GRANTS

The municipality received all budgeted grants in the 2020/21 financial year. There were no grants that were withheld. It must be noted that during the adjustment budget a correction was made on the original budget for Provincial Government Grants to exclude the CoGTA Small Town Grant. The grant was actually transferred to the Municipality in the 2019/2020 financial year and an amount of R 8,5 million remained unspent at year the end of 2019/2020.

Therefore, the correction was made to ensure that the budgeting for the Small Town Grant was in accordance with the budgeting guidelines from the National and Provincial Treasury.

Description	**2019/20**	**Current Year 2020/21**			
R thousand	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Audited**	**Variance %**
Operating Transfers and Grants					
National Government:	**73 898**	**78 569**	**92 652**	**92 728**	0%
Local Government Equitable Share	69 732	74 914	89 247	89 247	0%
Expanded Public Works Programme Integrated Grant	1 716	1 505	1 505	1 387	8%
Local Government Financial Management Grant	1 900	1 900	1 900	1 900	0%

Municipal Disaster Relief Grant	551	250	–	194	
Provincial Government:	**2 430**	**2 944**	**2 910**	**3 548**	-22%
Library grant	2 430	2 944	2 910	3 548	-22%
Total Operating Transfers and Grants	**76 329**	**81 513**	**95 562**	**96 276**	-1%
Capital Transfers and Grants					
National Government:	**14 290**	**17 428**	**17 428**	**18 872**	-8%
Municipal Infrastructure Grant	14 290	17 428	17 428	18 872	-8%
Provincial Government:	**3 008**	**8 130**	**–**	**9 187**	-100%
CoGTA Grant - Small Town	3 008	8 130	–	9 187	-100%
Total Capital Transfers and Grants	**17 299**	**25 558**	**17 428**	**28 059**	-61%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**93 628**	**107 071**	**112 990**	**124 335**	-10%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.					

5.3 ASSET MANAGEMENT

Richmond Municipality only spent R 5.9 million of the repairs and maintenance operating budgeted expenditure of R 6.7 million. The 5.9 million spent represents 5% of the total actual operating expenditure of R 123 million.

Vote Description	2019/20	Current Year 2020/21		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
Repairs and Maintenance Expenditure	5 171	6 250	6 670	5 910
Total Operating Expenditure	120 796	137 126	136 763	122 629
Repairs and Maintenance as a % of Total Operating Expenditure	**4%**	**5%**	**5%**	**5%**

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

To perform a holistic financial analysis of a municipality, all financial aspects of the institution should be considered. This is best achieved by considering financial ratios which are computed considering the current and historic Financial Position and Financial Performance of the municipality.

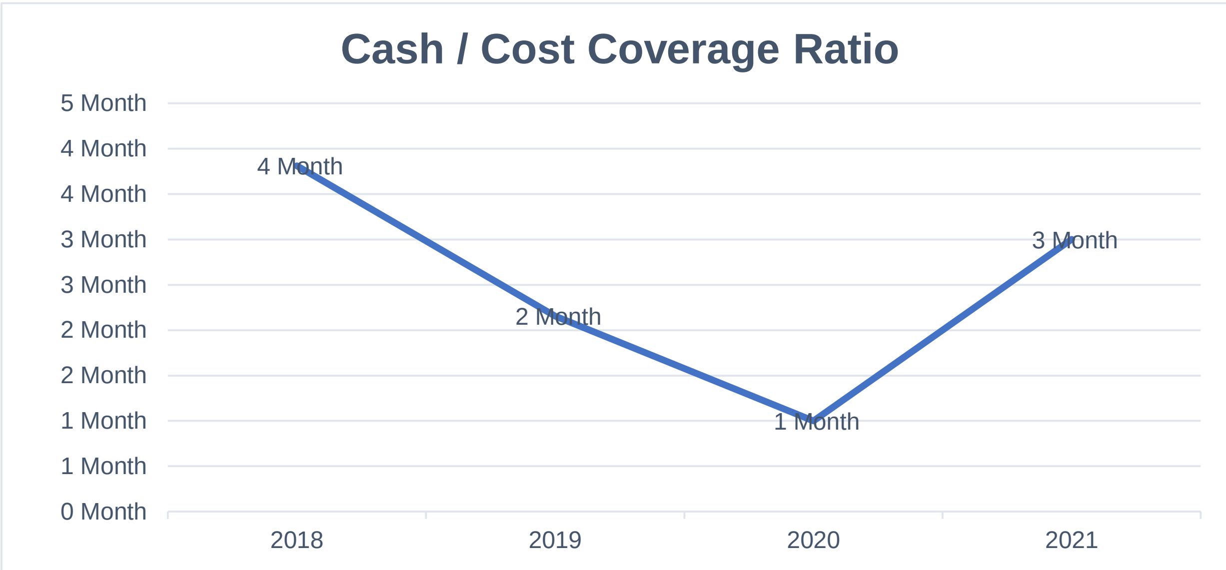
Liquidity Management

Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)

The cost coverage ratio represents the number of months' fixed expenditure that can be covered by the cash and liquid assets available for the Municipality. The cost coverage ratio shows a downward trend from the 2017/2018 financial year from 4.0 months to 1 month for the 2019/2020 financial year which is its lowest point. The situation improved in the 2021 financial year to 3 months.

Year	Ratio
2018	4 Month
2019	2 Month

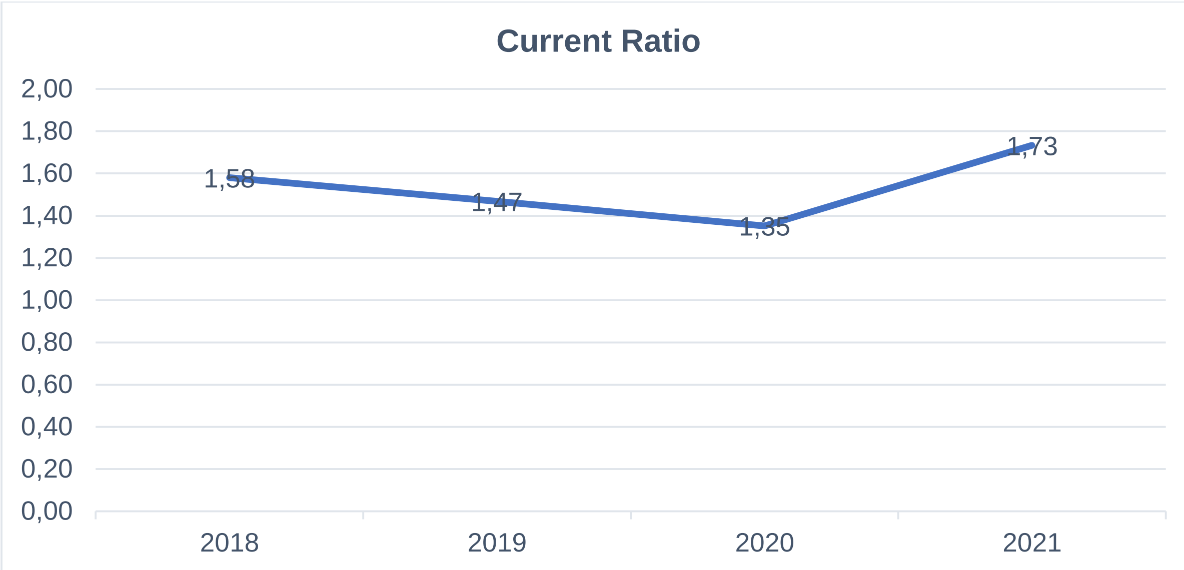
2020	1 Month
2021	3 Month



Current Ratio

The **current ratio** represents the ability of the Municipality's current assets to service its current liabilities. This ratio shows a downward trend from the 2017/2018 financial year from 1.58:1 to 1.35:1 in the 2019/20 financial year. There is an improvement in 2020/201 year as the ratios 1.73:1 which is above the acceptable norm of 1:1 for local government.

Year	**Ratio**
2018	1,58
2019	1,47
2020	1,35
2021	1,73

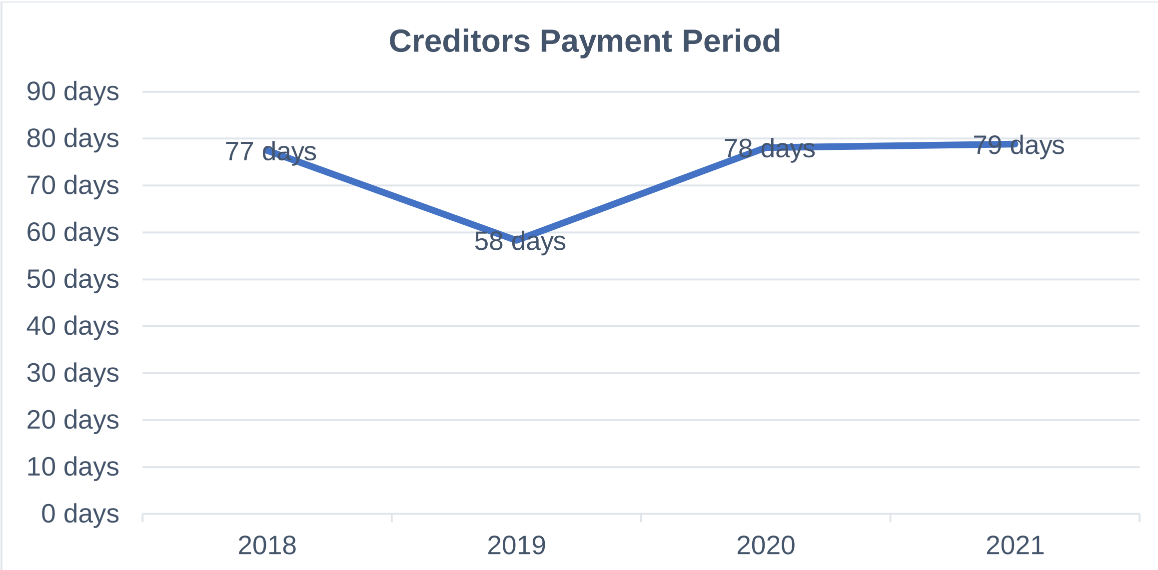


Expenditure Management

Creditors Payment Period (Trade Creditors)

This ratio measures the number of days it takes to pay creditors who delivered services to the Municipality on credit. The GRAP Accounting Standards require from a municipality to recognize invoices in June, still payable in July, on the accrual basis. This distorts the picture because all creditors are paid within 30 days of receipt of an invoice. The ratio for 200/2021 of 79 days is above the norm of 30 days required by the Municipal Finance Management Act.

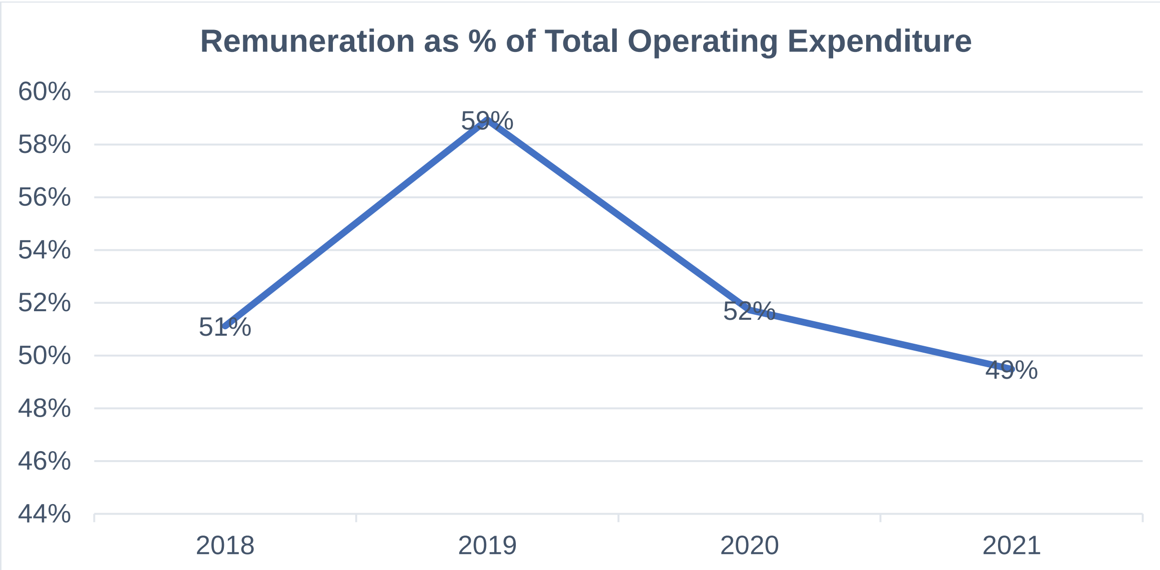
Year	Ratio
2018	77 days
2019	58 days
2020	78 days
2021	79 days



Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure

Employee related costs as a percentage of operating expenditure amounted to 49% for the 2020/2021 financial year compared with 52% of the 2019/2020 financial year. The acceptable norm from the National Treasury is that it should be between 25% and 40% of the operating budget expenses. The Municipality is not within the acceptable norm over the last four financial years.

Year	Ratio
2018	51%
2019	59%
2020	52%
2021	49%

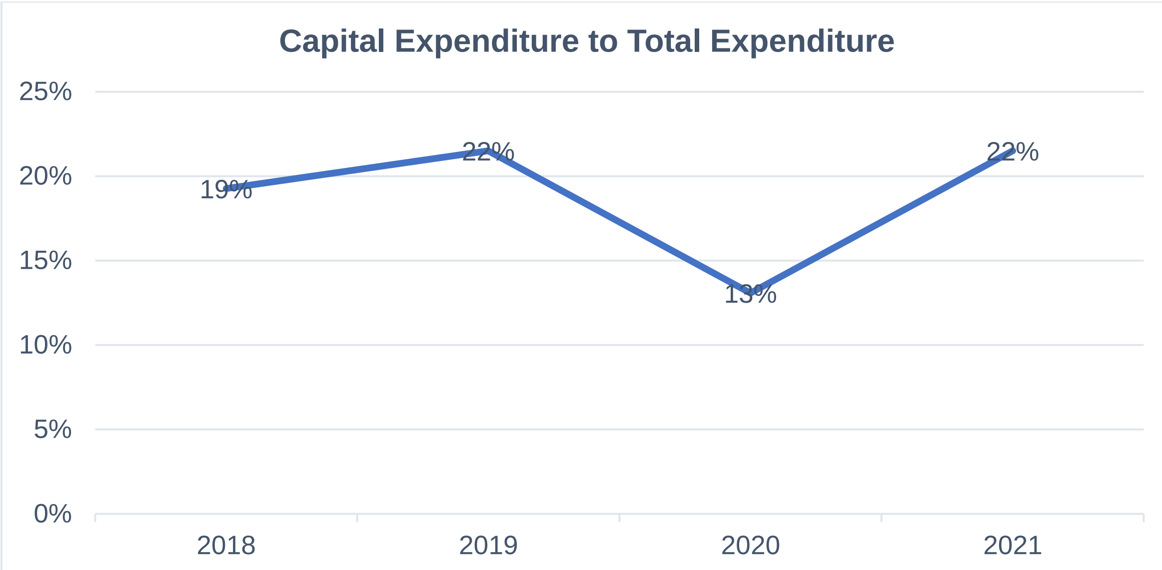


Asset Management/Utilisation

Capital Expenditure to Total Expenditure

This ratio indicates how much capital expenditure is as a percentage of total expenditure (capital and operating expenditure). For the 2020/2021 financial year the percentage was 22.0% whilst the norm is 10%-20%. This is attributed to a high capital expenditure as a result of grant rollovers. The capital expenditure was delayed in the 2019/2020 financial year due to the impact of the Lockdown Regulations

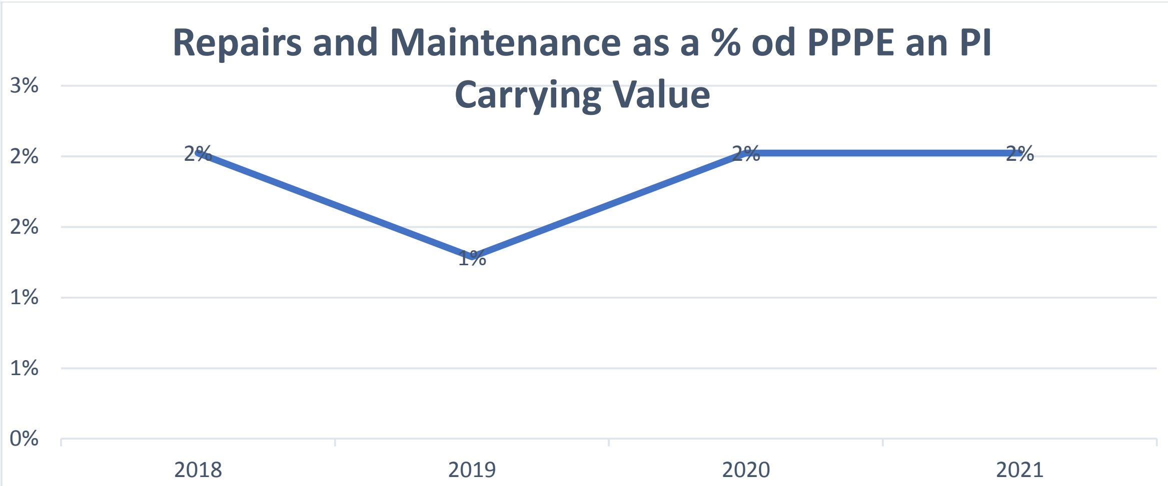
Year	Ratio
2018	19%
2019	22%
2020	13%
2021	22%



Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)

Repairs and maintenance as a percentage of the carrying value of property, plant and equipment has averaged 2% over the period from 2017 to 2020/2021. This is well below the unreachable norm of 8% set by the National Treasury. It must be noted that the municipality has vast parcels of land which distort the true meaning and intention of this ratio. Furthermore, the municipality undertakes bulk of the repairs and maintenance through internal staff and the cost of the repairs and maintenance performed internally is not considered in this ratio. This further complicates adequate measurement of this ratio.

Year	Ratio
2018	2%
2019	1%
2020	2%
2021	2%



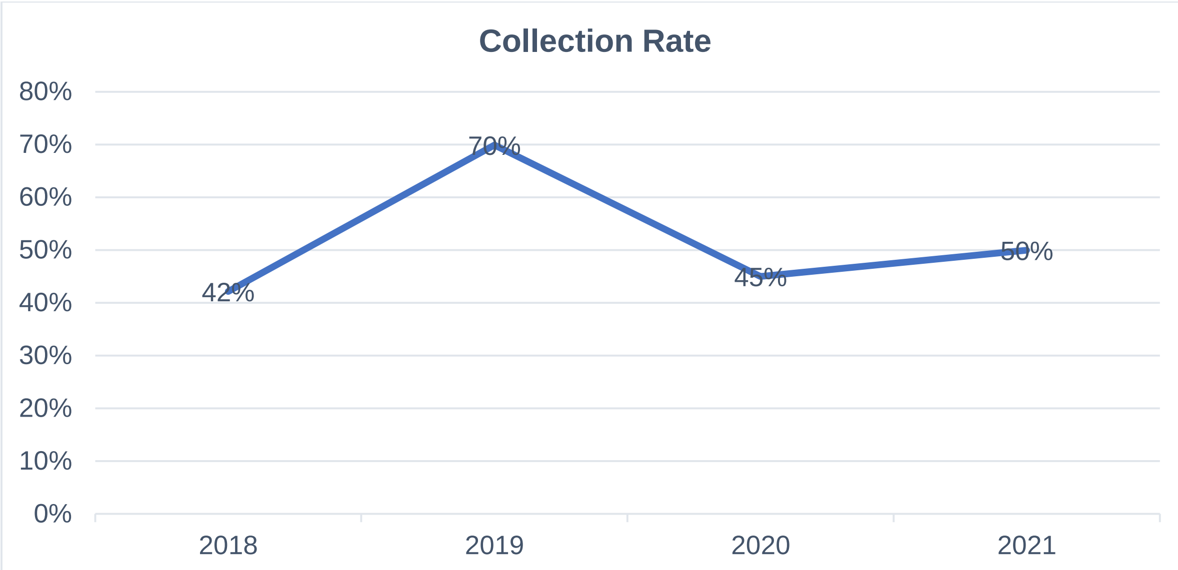
Debtors Management

Collection Rate

The debtors' collection period ratio measures the period it takes for debtors to pay their bills. The longer the period the greater is the problem financial status of the organization. Furthermore, assessing the Collection Ratio provides an indication of the performance against a number of other areas, for example, Quality of Credit Control - ensuring that what is billed is collected; and Quality of Revenue Management - the ability to set affordable tariffs and bill correctly.

The collection rate is well below the norm of 95% over the past 4 years and it indicative of the challenges in the implementation of the council approved Credit Control Policy.

Year	Ratio
2018	42%
2019	70%
2020	45%
2021	50%

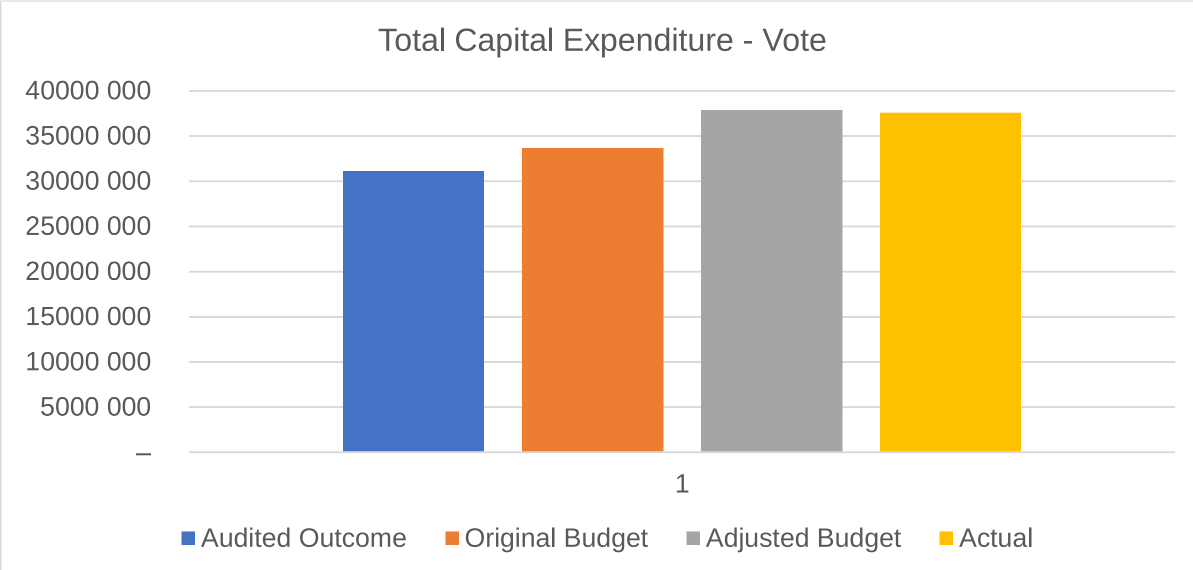


COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

As shown in the table and depicted in the graph below the capital expenditure of the original capital budget of R 33,6 million was increased to R 37 868 million in the final adjusted budget. This was due approval of grant rollover applications. The actual capital expenditure of R 37,5 million represented 99% expenditure when compared to the final adjusted budget.

Vote Description	2019/20	Current Year 2020/21		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
Total Capital Expenditure - Vote	31 079	33 640	37 868	37 590



5.6 SOURCES OF FINANCE

The following table shows that the municipality adjusted the capital funding budget to include grant rollovers which were accounted for as internally generated funds in line with the guidelines provided by the Provincial Treasury.

Vote Description	**2019/20**	**Current Year 2020/21**		
R thousand	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Actual**
Funded by:				
National Government	19 569	17 428	17 428	17 428
Provincial Government	6 230	8 366	464	464
Transfers recognised - capital	25 799	25 794	17 892	17 892
Borrowing	–	–	–	–
Internally generated funds	4 803	7 776	19 976	19 698
Total Capital Funding	**30 602**	**33 570**	**37 868**	**37 590**

5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

The municipality's spending on the 5 largest projects is as follows:

No.	PROJECT NAME	CONTRACT AMOUNT	PROJECT STATUS	COMPLETION DATE
1	Construction of Multi-purpose Sport Complex	R 15 000 000,00	Completed	13 May 2021
2	Rehabilitation of Siyathuthuka/Magoda Main Road Ward 2 and 7	R 9 340 918,82	Completed	29 June 2021
3	Construction of Mgxobeleni Community Hall Ward 6	R 5 619 218,55	Workin progress	
4	Construction of Richmond Memorial Hall	R 4 101 351,36	Completed	28 June 2021
5	Hopewell Internal Roads Phase 2 Ward 4	R 3 783 478,60	Completed	30 June 2021

5.8 BASIC SERVICES AND INFRASTRUCTURE BACKLOGS

This information is given in the demographic of the municipality above just below the Mayor's foreword.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASHFLOW

Cash flow management is critical to the municipality as it enables the organisation to assess whether enough cash is available at any point in time to cover the council's commitments. Cash flow is rigorously managed and monitored on a regular basis.

The net cash inflows from operating activities generated a positive cash inflow of R 38,9 million. The net cash outflows of investing activities resulted in a cash outflow of R 36,6 million. The net cash from financing activities generated a cash outflow of R 203 000. Overall the Municipality had a positive cash inflow of R 2 million and ended the financial year with cash and cash equivalents to the amount of R 21 million.

Description	2019/20	Current Year 2020/21		
R thousand	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates	16 759	–	15 677	18 159
Service charges	627	–	621	298
Other revenue	–	–	4 612	881
Transfers and Subsidies - Operational	**102 486**	**141 971**	**179 012**	**113 816**
Interest	1 966	100	1 964	1 114
Dividends	–	–	–	–
Payments				
Suppliers and employees	(107 841)	(112 554)	(112 191)	(95 207)
Finance charges	(270)	(191)	(191)	(197)
Transfers and Grants	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES	**14 130**	**29 324**	**89 503**	**38 864**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	–	–	–	931
Decrease (increase) in non-current receivables	–	–	–	–

Decrease (increase) in non-current investments	–	–	–	–
Payments				
Capital assets	(18 556)	–	–	(37 590)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(18 556)**	**–**	**–**	**(36 659)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	–	–	–	–
Borrowing long term/refinancing	–	–	–	–
Increase (decrease) in consumer deposits	2	–	–	2
Payments				
Repayment of borrowing	(413)	–	–	(205)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(411)**	**–**	**–**	**(203)**
NET INCREASE/ (DECREASE) IN CASH HELD	**(4 838)**	**29 324**	**89 503**	**2 002**
Cash/cash equivalents at the year begin:	23 890	26 672	26 672	19 050
Cash/cash equivalents at the year-end:	**19 052**	**55 996**	**116 175**	**21 052**

5.10 BORROWINGS AND INVESTMENTS

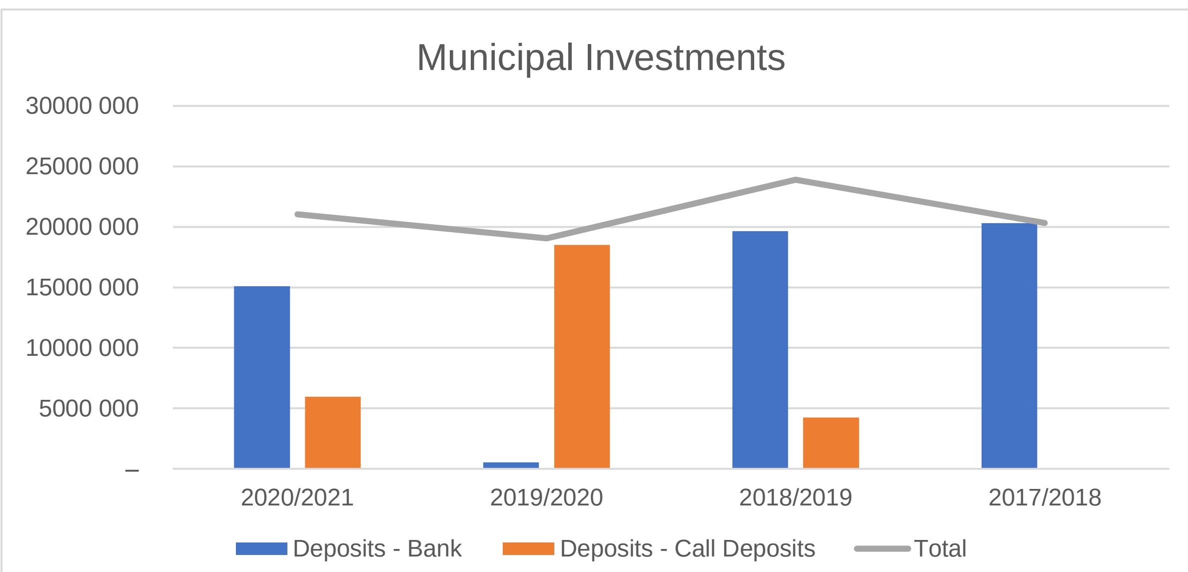
External Borrowings

The municipality had no external borrowings over the past four years.

Investments

The municipality maintained an average cash balance of R 21 million over the past for years.

Municipal Investments				
Investment Type	2020/2021 Actual Results (R'000)	2019/2020 Actual Results (R'000)	2018/2019 Actual Results (R'000)	2017/2018 Actual Results (R'000)
Deposits - Bank	15 082	539	19 653	20 316
Deposits - Call Deposits	5 968	18 511	4 236	–
Total	**21 050**	**19 050**	**23 890**	**20 316**



5.11 PUBLIC PRIVATE PARTNERSHIP

There were no Public Private Partnerships during the year under review.

5.12 COST CONTAINMENT MEASURES

In line with the guidelines provided by the Provincial Treasury and in compliance with the Municipal Cost Containment Regulations, the municipality recorded the following the cost savings for the year ended 2020/2021 financial year

	Cost Containment In-Year Report Measures					
Measures	Budget	Q1	Q2	Q3	Q4	Savings
	R'000	R'000	R'000	R'000	R'000	R'000
Domestic accommodation	733	–	120	17	168	427
Sponsorships, events and catering	900	59	250	154	201	237
Other related expenditure items	11 456	723	1 704	305	5 925	2 800
Total	**21 120**	**1 771**	**4 259**	**1 669**	**10 612**	**3 464**

COMPONENT D: OTHER FINANCIAL MATTERS

5.13 SUPPLY CHAIN MANAGEMENT

The SCM Policy was reviewed during the 2020/2021 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. The Municipality is required to forward its SCM Policy to the KZN Provincial Treasury on an annual basis for scrutiny and compliance verifications against the Model SCM Policy that was issued by the National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM regulations. Richmond Municipality's SCM Policy complies with the regulatory framework.

The COVID-19 pandemic had a huge impact on the supply chain management processes and controls were highlighted during the lockdown to minimize irregular expenditure. Circulars and instructions from National and Provincial Treasury were closely observed in order to maintain compliance and not to pay exorbitant prices for the much-needed PPE.

The SCM function cuts across all departments. Although governance is at its core, supply chain management plays a vital role in contributing towards service delivery in a manner that is fair, equitable, transparent, competitive and cost-effective.

The Municipality applies the bid committee system for procurement above R 200,000 and for the procurement of long-term contracts. The bid committees namely the Bid Specification Committee, the Bid Evaluation Committee and the Bid Adjudication Committee are all functioning effectively. The bid committee members are appointed by the Municipal Manager in line with the relevant legislation.

5.14 GRAP COMPLIANCE

The Municipality has fully implemented the Standards of GRAP (Generally Recognized Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from the standards. The adoption of the standards and interpretation thereof did not have a significant impact on the financial position, financial performance or cash flows of the Municipality in the 2020/2021 Annual Financial Statements.

Intergovernmental grants

The Municipality is dependent of financial aid from other government spheres to finance its annual capital programme. Operating grants are utilized to finance indigent assistance and provision of free basic services

Events after the report date

No events after the reporting date were identified which affect the Audited Financial Statements for the 2020/2021 financial year.

5.15 ACCOUNTING OFFICER'S ASSESSMENT OF THE MUNICIPALITY'S DEBTORS AND RATES TAXES

Debtors

The total amount outstanding as at 30 June 2021 was R 51 150 119,47.

The Richmond Local Municipality (RLM) was faced with a declining collection rate over the lockdown period as customers have been struggling to pay property rates, service charges and rentals as unemployment continued to rise.

The RLM collected 64% of the outstanding debtors as at 30 June 21. Debt Collection remains a challenge as the Municipality does not have services to disconnect which would have assisted in collecting outstanding debt. Nevertheless, the Municipality has prioritized debt collection this financial year as a Revenue and Debt Steering Committee has been resuscitated to assist with Revenue enhancement and debt collection Strategies. The Municipality engaged in a data cleansing project.

Property Rates

The municipality has applied a 4.6% tariff increase in the property rates for the 2020/21 budget year. However, it must be noted that the property values were decreased from 3 702 108 800 in the 2019/20 financial year to 3 666 507 800 in the 2020/21 budget year. The number of properties decreased as a result of certain properties demarcated to Mkhambathini Municipality in the previous supplementary valuation roll. The new supplementary valuation roll is to be implemented in the 2020/21 financial year.

In accordance with Section 32 (1) of the Municipal Property rates Act No. 6 of 2004, the municipality had compiled a new valuation roll effective 1 July 2017. 2020/2021 would be the fourth year of implementation of the new valuation roll.

Property rates contribute towards covering the costs of the provision of general services. National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the MPRA, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the municipality has been amended accordingly.

The rate on the categories on non-residential properties may not exceed the ratio to the rate on residential properties therefore the tariffs have not been increased for certain categories and increased by 4.6 per cent in other categories.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a residential property is excluded from the rateable value (Section 17h of the MPRA). In addition to this rebate, a further

R 35 000 reduction on the market value of a residential property will be granted in terms of the municipality's property rates policy;

- Rebates will be granted to registered indigents in terms of the Indigent Policy;
- For the aged a maximum rebate of 90 per cent will be granted to the owners of residential rateable property. In this regard the following stipulations are relevant:
  - The rateable property concerned must be occupied only by the applicant and his/her spouse, if any. (Other stipulations are contained in the policy)
- The municipality may grant a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organisations provided they are registered and comply with the requirements as referred to in the Property rates Policy.
- The municipality has resolved to further reduce the value upon which rates will be levied by an amount not exceeding R100 000 in respect of all agricultural properties which are bona fide farmers.

Refuse Removal

Currently waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The municipality has therefore reviewed the tariffs in respect of commercial users and attempted to apply an increase that would address this issue. Further to the above the tariff charge will be raised per unit and not per property. The Municipality has also introduced a tariff for the hire of Skipper bins.

Therefore a 6 per cent increase in the waste removal tariff for domestic and commercial users is proposed from 1 July 2020. Currently indigent residential consumers are subsidized in full for refuse removal.

CHAPTER 6 – AUDITOR – GENERAL AUDIT FINDINGS

6.1 AUDITOR GENERAL REPORT (PREVIOUS YEAR)

Richmond Municipality obtained an Unqualified Audit Opinion in the 2019/ 2020 financial year, the table below shows the improvement in the audit opinions over the past five (5) years.

FINANCIAL YEAR	TYPE OF AUDIT OPINION
2016/2017	**Unqualified with other matters**
2017/2018	**Adverse**
2018/2019	**Qualified**
2019/2020	**Unqualified with other matters**
2020/2021	**Unqualified with other matters**

STATUTORY ANNUAL REPORT PROCESS

Prescribed Dates	Actions	MFMA/ (MSA)	Responsibility of
31 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager
31 October and quarterly thereafter	Auditor-General submits to Parliament and the provincial legislature names of any municipalities, which have failed or continue to fail to submit AFS	S133(2)	Auditor-General
Within three months of receiving AFS (30 November or31 December)	Audit report returned to Municipal Manager	S126(3)	Auditor-General

On receipt of audit report	Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee.	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality.
31 January	Annual Reports of municipality and entities tabled in Council.	S127(2)	Mayor
Immediately after annual report is tabled	Annual report made public and local community invited to submit representations.	S127(5)(a) (MSA) S21A and B	Municipal Manager
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager
When meetings held to discuss the annual report.	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government.	S129(2)(b)	Accounting Officer of municipality and entity
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report.	S129(1)	Council
Within seven days of adoption of oversight Report.	Make public the oversight report.	S129(3)S21A-MSA	Accounting Officer
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer

Notes:

- MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports.

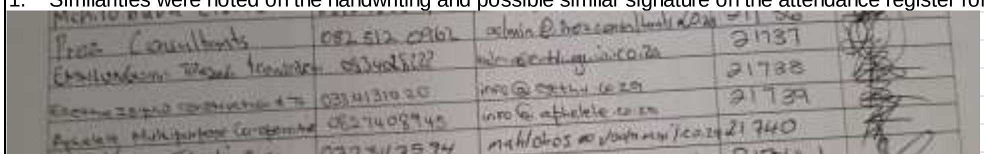
- All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable.

6.2 REMEDIAL ACTION TAKEN (PREVIOUS YEAR)

Name of the Audit Finding	Audit query						Action plan/ responses
Audit of Annual Financial Statements							
1. Tax matters not declared to be in order - bids	The following winning bidders tax matters were not in order at the date of award:						A detailed review of SCM procurement documents has been conducted monthly to identify non-compliance issues which could result in irregular expenditure
	Tender number	**Winning bidder**	**Award date**	**Tender value**	**Expenditure**	**Comment**	
	14/2019/2020	Esethu Isipho Construction	11-Mar-20	R7 800 000	R493 406	CSD compliance history indicates that the tax status was non-compliant from 2 March 2020 - 20 March 2020	The tax matters were confirmed for all preferred bidders, by verifying with the CSD system and printing the proof of compliance accordingly
	13/2019/2020	Mahle IT Solutions	23 March 2020	R1 905 000	R440 024	CSD Compliance history indicates that the tax status was non-compliant from 4 March 2020 - 9 June 2020	SCM SOPs has been developed and approved by MANCO, for implementation to strengthen internal controls.
	12/2019/2020	Zhemveloh Enterprise	11 March 2020	R312 922	R312 922	CSD Compliance history indicates that the tax status was non-compliant from 6 March 2020 - 25 March 2020	Regular monitoring of SCM was reported on via. Monthly SCM Reports submitted to MANCO
	11/2019/2020	JXN Trillion Group Pty Ltd	7 May 2020	R415 000	R415 000	CSD Compliance history report indicates that the tax status was non-tax compliant from 7 February 2020 - 27 October 2020.	All the irregular expenditure identified during the audit, have been reported via MANCO for consideration.
	TOTAL				**R1 661 352**		

Name of the Audit Findi	Audit query			Action plan/ responses
Audit of Annual Financial Statements				
	The following suppliers tax matters were not in order at the time of award:			Confirmation of the tax matters for all quotations that is above R30 000.00 and below R200 000.00 has been performed and confirmed to be in order by verifying with the CSD system and printing the proof of compliance
	Supplier	**Amount**	**Description**	
2. Tax matters not declared to be in order quotations	Mphemba Two Trading Enterprise	R60 000,00	Ascertained that the award date is the order date of 25/07/2019.Further accessed the CDS and ascertained that the service provider was not tax compliant between 5 July 2019 and 25 July 2019 (which is the order date) and time of status change to tax compliant is 16:37 in the afternoon. Thus, the service provider was not tax compliant at the date of the award	All the irregular expenditure identified during the audit, has been reported via MANCO for consideration
	Desco Cash and Carry	R94 782,61	Ascertained that the award date is the order date of 1/04/2020.Further accessed the CSD and ascertained that the tax compliance could not be verified between 30 November 2019 and 21 September 2020.	Regular monitoring of SCM reported on via. Monthly SCM Reports submitted to MANCO.
	TOTAL	**R154 782,60**		

Name of the Audit Finding	Audit query		Action plan/ responses
Audit of Annual Financial Statements			
3. Performance of contractors not monitored monthly	During the audit it was noted that there was no proof that the following contractors were monitored monthly as required by the MFMA:		Regular monitoring of SCM reported on via. Monthly SCM Reports submitted to MANCO. Contracts Management to be a standing item.
	Supplier	**Amount**	
	THUSO YA MOAKHI JV SHIKANI TRADING CC - KZN_RLM_01/2018/2019_160-	R4 822 383,79	Contract Management SOPs have been developed and approved by MANCO, for implementation to strengthen internal controls and ensure adequate and effective contract management processes in place.
	TOPZINTO TRADING CC - KZN_RLM_04/2018/2019_161	R551 688,54	Training on Contracts Management Framework provided to the SCM unit.
	MAHLE IT SOLUTIONS (PTY) LTD T/A MAHLE CIVILS - KZN_RLM_05/2018/2019_162	R487 992,15	The SCM unit to be the custodian of all SLAs for each item on the Contracts Register.
	MCJ ENGINEERS AND PROJECT MANAGERS (PTY) LTD - KZN_RLM_04/2017/2018_85	R1 329 091,00	All SLAs were drafted and reviewed by SCM units, user departments and legal experts
	ISIBUKO DEVELOPMENT PLANNERS - KZN_RLM_03/2018/2019_164	R798 272,50	The creation of a standing Contracts Management committee with representatives from each department, to monitor contract performance monthly. A term of reference to be approved, and members appointed by the MM.
	AYANDA MBANGA COMMUNICATIONS (PTY) LTD T/A AMCOMMS COMMUNICATIONS - KZN_RLM_09/2018/2019_166-To be emailed	R404 822,89	
	MOBILE TELEPHONE NETWORKS (PTY) LTD - KZN_RLM_08/2018/2019_167-Nothing	R267 098,51	
	MUNSOFT (PTY) LTD - KZN_RLM_10/2018/2019_168-	R300 725,00	
	KHUSELANI KZN_RLM_15/2015/2016_07	R30 056 805,2	
	VOX TELECOMMUNICATIONS (PTY) LTD KZN_RLM_11/2015/2016_03	R1 835 830,62	

<table>
<tr><th>Name of the Audit Finding</th><th colspan="3">Audit query</th><th>Action plan/ responses</th></tr>
<tr><td colspan="5">Audit of Annual Financial Statements</td></tr>
<tr><td rowspan="6">4. Possible abuse of supply chain management system</td><td colspan="3">During the audit of procurement and contract management, a possible abuse of the SCM system was identified on the award of the following tender:</td><td></td></tr>
<tr><td>Tender details</td><td>Award amount</td><td>Winning bidder</td><td>Regular monitoring of SCM reported on via. Monthly SCM Reports submitted to MANCO</td></tr>
<tr><td>14/2019/2020 - REHABILITATION OF SIYATHUTHUKA/MAGODA MAIN ROAD 1,5 KM PHASE 1 IN WARD 2 & 7</td><td>R7 800 000</td><td>Esethu Isipho Construction and Trading</td><td>The municipality utilized National Treasury's MBD 9 form, for bidders to complete and sign as a Certificate of Independence. This MBD form serves as a certificate to the municipality to ensure that when bids are considered, reasonable steps are taken to prevent forms of bid-rigging.</td></tr>
<tr><td colspan="3">1. Similarities were noted on the handwriting and possible similar signature on the attendance register for the briefing


2. A search was done on CIPC and noted that the Director Mlungisi Sizwe Mabaso is listed as an active Director on
3. It was also noted that one of the Directors (Elminah Ndodo Mkhize) listed as active director on Aphelele
A possible bid rigging has been noted that warrants further investigation</td><td>The Bid Evaluation Committee verified the identity documents of the company director/member against the proof of company registration, confirmed the ownership and created a checklist on the evaluation report if the same directors appear on another company.</td></tr>
</table>

<table>
<tr><th>Name of the Audit Finding</th><th colspan="3">Audit query</th><th>Action plan/ responses</th></tr>
<tr><td colspan="5">Audit of Compliance</td></tr>
<tr><td rowspan="5">5A. Reasonable steps not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure</td><td colspan="3">Reasonable steps were not taken to prevent the following unauthorised, irregular, fruitless and wasteful expenditure was incurred as follows:</td><td></td></tr>
<tr><td>Description</td><td>2019/20</td><td>2018/2019</td><td>A detailed review of SCM procurement documents was conducted monthly to identify non-compliance issues which could result in irregular expenditure.</td></tr>
<tr><td>Unauthorised expenditure</td><td>R11 576 293</td><td>R7 384 295</td><td>The tax matters have been confirmed for all preferred bidders, by verifying with the CSD system and printing the proof of compliance accordingly</td></tr>
<tr><td>Irregular expenditure</td><td>R10 747 254</td><td>R23 784 559</td><td>SCM SOPs developed and approved by MANCO, for implementation to strengthen internal controls.</td></tr>
<tr><td>Fruitless and wasteful expenditure</td><td>R589 807</td><td>R122 207</td><td>Regular monitoring of SCM reported on via. Monthly SCM Reports submitted to MANCO</td></tr>
</table>

<table>
<tr><th>Name of the Audit Finding</th><th colspan="3">Audit query</th><th>Action plan/ responses</th></tr>
<tr><td colspan="5">Audit of Compliance</td></tr>
<tr><td rowspan="7">5B. Reasonable steps not taken to prevent unauthorised, irregular, fruitless and wasteful expenditure</td><td colspan="3">The following irregular expenditure was identified during the audit process. The total identified is R3,02 million taking into account the following non-compliance:</td><td rowspan="2">Management investigated Unauthorised, Irregular, Fruitless and Wasteful Expenditure that was incurred for the 2019/2020 financial year.</td></tr>
<tr><th>Nature of the irregular expenditure</th><th>Amount</th><td rowspan="6"></td></tr>
<tr><td>Tax matters not in order at the date of award</td><td>R1 661 352</td><td rowspan="5">The management registered all the unauthorized, irregular, fruitless and wasteful expenditure into the UIFW register and reported to all relevant structures for condonation or write off</td></tr>
<tr><td>Municipal accounts in arrears</td><td>R1 440 024</td></tr>
<tr><td>CIDB grading not suitable for the award</td><td>R100 000</td></tr>
<tr><td>Bidder who does not meet the minimum qualifying score not disqualified</td><td>R415 000</td></tr>
<tr><td colspan="2">This results in non-compliance with section 62(1)(d) of the MFMA.</td></tr>
</table>

6.3 AUDITOR GENERAL'S REPORT (CURRENT YEAR)

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on the Richmond Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Richmond Municipality set out on pages … to …, which comprise the statement of financial position as at 30 June 2021, the 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, the financial statements present fairly, in all material respects, the financial position of the Richmond Municipality as at 30 June 2021 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No.56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2020 (Act No. 4 of 2020) (Dora).

Basis for opinion

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

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

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

Emphasis of matter

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

Material impairments – receivables from exchange and non-exchange transactions

7. As disclosed in notes 4 and 5 to the financial statements, receivables from exchange and nonexchange transactions for assessment rates was impaired by a total of R2,80 million (201920: R2,25 million) and R18,84 million (2019-20: R16,21 million) respectively, as a result of the annual review of the recoverability of the debt.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

11. 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.

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

12. 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.

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act, 2004(Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the key performance area – basic service delivery and infrastructure development presented on pages xx - xx of the municipality's annual performance report for the year ended 30 June 2021.

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

18. The material finding on the usefulness and reliability of the performance information of the selected key performance area is as follows:

Key performance area – basic service delivery and infrastructure delivery development

Various indicators

19. I was unable to obtain sufficient appropriate audit evidence for the achievements below that were reported in the annual performance report for the listed indicators. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any further adjustments were required to these reported achievements.

Indicator	Reported Achievement
Collection of planned refuse removal	48 Weekly Schedules
Collection of refuse removal using Skippers	48 Weekly Schedules

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

21. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the basic service delivery and infrastructure development key performance area. As management subsequently corrected only some of the misstatements, I raised a material finding on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

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

24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

25. 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 expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

26. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2).

27. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM regulation 19(a).

28. Some of the contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM regulation 43. Similar non-compliance was also reported in the prior year.

Expenditure management

29. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6,73 million, as disclosed in note 42 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

30. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R0,46 million, as disclosed in note 43 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA.

31. Reasonable steps were not taken to prevent irregular expenditure amounting to R22,58 million as disclosed in note 44 to the annual financial statements, as required by section 62(1)(d) of the MFMA.

Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.

33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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

35. 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

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report

37. Senior management did not implement adequate controls to ensure credible and reliable performance reporting as well as compliance with applicable laws and regulations relating to

    the annual financial statements, procurement and contract management and expenditure management.

Other reports

38. I draw attention to the following engagements conducted that have, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. 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.

39. The KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs conducted an investigation on the INEP grant spending for the 2017-18 financial period on behalf of the municipality. The investigation was completed after year-end. At the date of this report, the municipality was still in the process of implementing the recommendations of the report.

Auditor-General

Pietermaritzburg

1 December 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in 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 by the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Richmond Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

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

6.4 REMEDIAL ACTION TAKEN (CURRENT YEAR)

<table>
<tr><th>Name of the Audit Finding</th><th colspan="3">Audit query</th><th>Action plan/ responses</th></tr>
<tr><th colspan="5">Audit of pre-determined objectives</th></tr>
<tr><td rowspan="5">1. Pre - determines objectives</td><td colspan="3">The reported achievement for the following indicators is not supported by appropriate audit evidence:</td><td rowspan="2">1. To support the weekly schedules, the refuse truck will also sign in at the landfill site and that register will be used as supporting evidence that refuse was collected and dumped.</td></tr>
<tr><th>Indicator</th><th>Reported Achievement</th><th>Supporting Evidence Provided</th></tr>
<tr><td>Collection of planned refuse removal</td><td>48 Weekly Schedules</td><td>Signed Weekly Schedules</td><td>2. The municipality has appointed a service provider for the maintenance of the landfill site and the construction of the weigh bridge.</td></tr>
<tr><td>Collection of refuse removal using Skippers</td><td>48 Weekly Schedules</td><td>Signed Weekly Schedules</td><td rowspan="2">Responsible Official: SM Technical
Target Date: 30/03/2022</td></tr>
<tr><td colspan="3">As a result thereof, we are unable to confirm the accuracy and completeness of the reported achievement and cannot perform any further alternate procedures in this regard</td></tr>
</table>

<table>
<tr><th>Name of the Audit Finding</th><th>Audit query</th><th>Action plan/ responses</th></tr>
<tr><td colspan="3">Audit of expenditure management</td></tr>
<tr><td>2. Reasonable steps not taken to prevent unauthorised, irregular,fruitless and wasteful expenditure</td><td>Reasonable steps were not taken to prevent the following unauthorised, irregular, fruitless and wasteful expenditure that was incurred:
<table>
<tr><th>Description</th><th>2020/21</th><th>2019/20</th></tr>
<tr><td>Unauthorised expenditure</td><td>R5 328 118</td><td>R11 576 293</td></tr>
<tr><td>Irregular expenditure</td><td>R22 301 433</td><td>R13 563 388</td></tr>
<tr><td>Fruitless and wasteful expenditure</td><td>R464 868</td><td>R589 807</td></tr>
</table>
This results in a material non-compliance with section 62(1)(d) of the MFMA.</td><td>1. An SCM Compliance Checklist which has been developed shall be implemented. The tax matters shall be confirmed for all preferred bidders, by verifying with the CSD system and printing the proof of compliance accordingly.
2. Developed SCM SOPs will be implemented to strengthen internal controls.
3. Training to be provided for the Budget and Treasury unit on UIFW identification and preventative measures.
4. Management will develop a municipal UIFW expenditure reduction strategy and implementation plan in terms of MFMA circular 111 for adoption by Council.
Responsible Official: Chief Financial Officer
Target Date: 30/03/2022</td></tr>
</table>

<table>
<tr><th>Name of the Audit Finding</th><th colspan="3">Audit query</th><th>Action plan/ responses</th></tr>
<tr><td colspan="5">Audit of Procurement and Contracts management</td></tr>
<tr><td rowspan="6">3.Invitation to tender did not specify the minimum threshold for local production and content</td><td colspan="3">The advertisement nor the Bid Document for the following awards did not stipulate the</td><td rowspan="6">To develop and implement a standardized SCM compliance checklist for the different levels of procurement to confirm compliance with the relevant SCM prescripts.

This checklist shall be signed and dated by the various officials within the procurement process to isolate accountability should exceptions be identified.

This checklist shall be reviewed by the delegated authority prior to the approval of the award.

At the Bid Specification stage, the advert or Invitation to bid will contain a specific bidding condition which stipulate that only locally produced goods, service or works or locally manufactured goods with a stipulated minimum threshold.

All the irregular expenditure identified during the audit, shall be reported via MANCO for consideration.
Responsible Official: Chief Financial Officer
Target date: 30/03/2022</td></tr>
<tr><td>Supplier</td><td>Award</td><td>Value of Award</td></tr>
<tr><td>Regency office furniture</td><td>Supply and delivery of library furniture</td><td>R86 779,00</td></tr>
<tr><td>Mbabadisi (Pty) Ltd</td><td>Purchase of 7 bullet proof vest: tactical vest with modules; adjustable shoulder pads; front lightweight bullet proof ceramic plate; rear light bullet proof ceramic; color -khaki/coyote.</td><td>R52 500,00</td></tr>
<tr><td>Bargain uniforms</td><td>Supply and delivery of 85 ward committee jackets as per attached specification.</td><td>R42 912,25</td></tr>
<tr><td colspan="3">This results in irregular expenditure that is not disclosed in the annual financial statements.</td></tr>
</table>

<table>
<tr><th>Name of the Audit Finding</th><th colspan="4">Audit query</th><th>Action plan/ responses</th></tr>
<tr><td colspan="6">Audit of Procurement and Contracts management</td></tr>
<tr><td rowspan="4">4.Tax matters not declared to be in order</td><td colspan="4">The following supplier tax matters were not in order at the date of award:</td><td rowspan="4">To develop and implement a standardized SCM compliance checklist for the different levels of procurement to confirm compliance with the relevant SCM prescripts.

This checklist shall be signed and dated by the various officials within the procurement process to isolate accountability should exceptions be identified.

This checklist shall be reviewed by the delegated authority prior to the approval of the award.

At the Bid Specification stage, the advert or Invitation to bid will contain a specific bidding condition which stipulate that only locally produced goods, service or works or locally manufactured goods with a stipulated minimum threshold.

All the irregular expenditure identified during the audit, shall be reported via MANCO for consideration.
Responsible Official: Chief Financial Officer
Target date: 30/03/2022</td></tr>
<tr><td>Supplier</td><td>Award Date</td><td>Expenditure Value</td><td>Comment</td></tr>
<tr><td>PulseMax (Pty) Ltd</td><td>30-Jul-20</td><td>R183 712</td><td>As per CSD Report (dated 28 June 2021), supplier is not tax compliant for the period 22 August 2020 – 27 February 2021. As per purchase order, order was placed on 15 September 2020). Therefore, supplier was noncompliant at the time of award.</td></tr>
<tr><td colspan="4">This results in non-compliance and irregular expenditure</td></tr>
</table>

Glossary

Annual Report	In relation to a Municipality means an annual report contemplated in section 121 of the Municipal Finance Management Act.
Balance Scorecard	Is a conceptual framework enabling an organization in clarifying its vision and strategy, thus effectively translating them into action. This performance management approach provides feedback around both the internal processes and external outcomes, essentially focusing on four indicators: Customer Perspective, Internal-Business Processes, Learning and Growth and Financials.
Current Year	Means the financial year which has already commenced, but not yet ended.
Section 57/ 56 Employee	Means a person employed by a Municipality as a Municipal Manager or as a Manager directly accountable to a Municipal Manager and for which there is a Performance Agreement.
Evaluation	Evaluation is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions to guide decision-making by staff/ managers and policy-makers. Evaluation may assess relevance, effectiveness, efficiency, impact and sustainability of the institution and officials.
Indicators	Indicators are pieces of objective evidence, that tell us whether progress is, or is not being made in achieving goals.

Input indicator	Means an indicator that measures the costs, resources and time used to produce an output.
Inputs	The resources, physical, financial or otherwise that contribute to the delivery of outputs. In other words, "what we use to do the work."
Key Performance Area (KPA)	This is the area in which the Municipality plays a role towards delivering services. These may include Infrastructure and Engineering, Community Planning and Safety, Strategic and Corporate Services, Social and Economic Development, Institutional Transformation, Governance and Financial Management, amongst others.
Key Performance	Key Performance Indicators will be determined in respect of each development priority and objective. These indicators are subject to public

Indicators (KPI)	participation and will be used by each Department as well as each municipal entity where applicable. These are quantifiable measures which show where performance currently is in relation to the baseline and the target. This describes the measure in a clear, simple and precise manner.

Local Community or Community	In relation to a Municipality, means that body or persons comprising – the residents of the Municipality a) the ratepayers of the Municipality b) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality.
MEC for Local Government	Means the MEC responsible for Local Government in a province.
Monitoring	Monitoring involves collecting, analysing and reporting on inputs, activities, outputs and outcomes in a way that supports effective management. Monitoring, aims to provide managers, decision-makers and other stakeholders with regular feedback on progress in implementation, results and early indicators of problems that need to be corrected. It usually reports on actual performance against what was planned or expected.
Municipality	When referred to as – a) an entity, means a Municipality as described in section 2; and b) a geographical area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act. 1998 (Act No. 27 of 1998).
Municipal Council or Council	Means a municipal Council referred to in section 157(1) of the Constitution.

Municipal Finance Management Act	Means the Local Government: Municipal Finance Management Act, 2003, and any regulations made under that Act.
Municipal Structures Act	Means the Local Government: Municipal Structures Act. 1998 (Act 117 of 1998).
Municipal Systems Act	Means the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000).
Objective	An objective is a projected goal that a person, system, or organisation plans or intends to achieve
Outcomes	Refer to the ultimate effects of government activities on society in the medium to long term. These are the results of specific outputs for strategic goals identified in the IDP.
Outcome indicator	Means an indicator that measures the quality and or impact of an output on achieving a particular objective.
Output indicator	Means an indicator that measures the results of activities, processes and strategies of a program of a Municipality.

Outputs	Goods and services produced by the Municipality which are identified by the Performance measures. Outputs may be defined as "what we produce or deliver".
Performance Audit Committee	An independent committee appointed to assess the annual performance of the Municipality and report on the findings.
Performance Agreement	Means an agreement as contemplated in Section 57 of the Municipal Systems Act.
Performance Plan	Means a part of the performance agreement which details with the Measurable objectives (Outputs), Performance Measures (KPI's), targets and activities that are aligned to the Scorecards.
Political office bearer	Means the Speaker, Executive Mayor, Mayor, Deputy Mayor or Member of the Executive Committee as referred to in the Municipal Structures Act.
Quarters	Means any of the following periods in a financial year: (1) 1 July to 30 September; (2) 1 October to 31 December;

	(3) 1 January to 31 March; or (4) 1 April to 30 June.
Scorecard	Is an evaluation device, that specifies the criteria that stakeholders will use to rate performance in satisfying their requirements. Municipal Scorecard: Five (5) Year Scorecard. Organisational Scorecard: Annual (Year under review) Scorecard with Quarterly Targets. Departmental Scorecard: Annual (Year under review) Scorecard with Quarterly Targets for Municipal Manager and Managers reporting to the Municipal Managers', Departments/Votes.
Service Delivery and Budget Implementation Plan	Means a detailed plan approved by the Mayor of a Municipality in terms of section 53(1) (c) (ii) of the Municipal Finance Management Act for implementing the Municipality's delivery of municipal services and its annual budget, and which must indicate – a) projections for each month of – 1) revenue to be collected, by source; and 2) operational and capital expenditure, by vote; b) service delivery targets and performance indicators for each quarter; and c) any other matters that may be prescribed,

	and includes any revisions of such plan by the Mayor in terms of section 54(1)(c) of the Municipal Finance Management Act.
Target	Target to be achieved for that indicator over the specified timeframe.

APPENDICES

APPENDIX A – CONCILLORS ATTENDANCE AND COMMITTEE ATTENDANCE

APPENDIX B – WARD INFORMATION

APPENDIX C – DISCLOSURE OF FINANCIAL INTERESTS

APPENDIX D – SERVICE BACKLOGS, EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

APPENDIX E - DECLARATION OF RETURNS NOT MADE IN DUE DATE AND TIME UNDER SECTION 71 OF THE MFMA

VOLUME 1 – SECTION 46 ANNUAL PERFORMANCE REPORT FOR 2020/2021

VOLUME 2 – ANNUAL FINANCIAL STATEMENTS FOR 2020/2021

VOLUME 3- REPORT OF THE AUDIT COMMITTEE 2020/2021

2020/2021

RICHMOND LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT

www.richmond.gov.za

1. Summary

The Annual Performance Report includes Key Performance Areas which forms part of the IDP 2020/2021. These Key Performance Areas have been included in the Municipal Scorecard for 2020/2021 financial year.

It also presents the year-end performance results for 2020/2021. The report is accumulative with comparative statistical information which indicates the municipal performance projections and the actual performance achieved with a broader narrative that explains the underlying factors which affect performance.

1. Municipal Institutional Transformation & Development
2. Municipal Financial Viability & Management
3. Basic Service Delivery and Infrastructure Development
4. Cross-Cutting Interventions
5. Good Governance & Public Participation
6. Local Economic Development.

In terms of the actual deliverable, for the 2020/2021 organizational SDBIP, the Municipality had a total number of 169 targets and 121 were fully achieved, this translates to 73% of the achieved targets.

Therefore 27% of the targets were not fully achieved in the year under review and therefore some were rolled over to the 2021/22 financial year. However, this performance is a little bit higher as compared to the previous financial year (2019/20) which was at 68% achieved targets at year-end. This performance must be viewed within the context of the fact that the Municipality adopted a new paradigm ship in the Municipal performance management where emphasis is not on chasing numbers but on tangible and concrete results that add value on service delivery furthermore even though the country was under national lockdown we have been able to show some positive performance growth. Also there were many lessons learnt and lessons produce better people that make better organizations.

2. Performance Management Systems Processes

The APR has been developed is in-line with legislative requirements.

This report includes highlights from the key performance measures included in the reviewed adopted IDP, adopted SDBIP and adjusted SDBIP 2020/2021. The results are assessed using traffic light criteria, according to their performance on targets. The Municipality reports on National Key Performance Areas as reflected on the graph below shall provide a summary report on individual KPA performance.

The table below demonstrates a summary of performance per key performance area and also the total average of the Municipal performance for the year under review.

3. Performance and Supporting Information

STATUS	COLOUR
TARGET ACHIEVED	
TARGET NOT ACHIEVED	

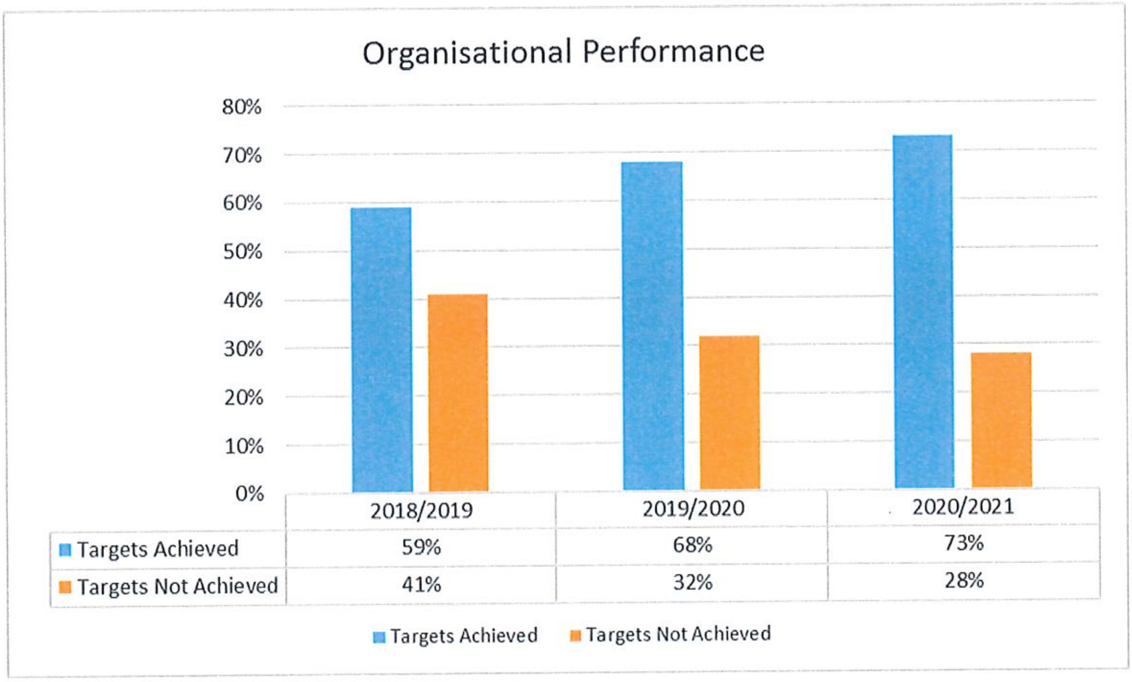
No.	KPA	TOTAL NUMBER OF KPI's	TARGETS ACHIEVED	% TARGETS ACHIEVED	TARGETS NOT ACHIEVED	% TARGETS NOT ACHIEVED
1	Municipal Institutional Development and Transformation	20	13	65%	7	35%
2	Municipal Financial Viability and Management	16	12	75%	4	25%
3	Basic service delivery and Infrastructure development	26	18	69%	8	21%
4	Cross Cutting Interventions	20	12	60%	8	40%

5	Good Governance and Public Participation	70	54	77%	16	23%
6	Local Economic Development	17	14	82%	3	18%
7	**TOTAL**	**169**	123	73%	46	27%

The performance in relation to the 2020/2021-year end performance results is further depicted in a graph below

- 73% targets have met or exceed the year-end target
- 27% targets have not fully met the year-end target

Graph 1



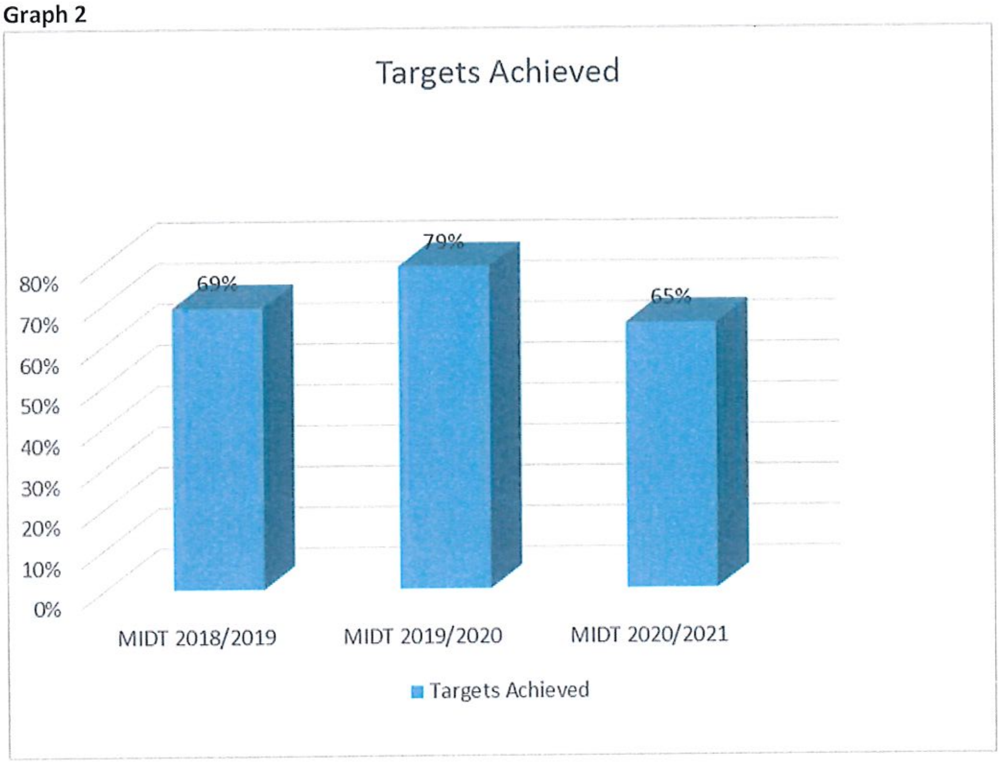
Summary performance results for all priority measures included in the municipal scorecard are as follows.

6.1 Municipal Transformation and Institutional Development

(a) Performance Highlights for 2020/2021

In this KPA the Municipality has a total number of 20 targets planned for the year but 13 of those targets were fully achieved. This translates to 65% of the total targets achieved and this is a significant decline from the previous year which stood at 79% at year-end. There has been a significant rise and decline in this KPA in the past 3 financial years for the municipality.

Graph 2



(b) Challenges

The Corporate Services department was faced with management vacuum for the greater part of the financial year however an Acting Manager Administration was appointed and she was able to steer the department forward, furthermore the municipality was still finding it difficult to attract persons with disabilities to apply for advertised positions as only one person was employed during the year even though the target was four.

(c) Measures Taken to improve Performance

The municipality will be working with organisations dealing with people living with disabilities to attract people with disabilities to apply for advertised positions at the municipality.

6.2 Municipal Financial Viability and Management

(a) Performance Highlights for 2020/2021

The overall achievement for this KPA is 75% for 2020/2021 financial year. As much as the performance of the municipality in this KPA had no movement, the department still made sure that all the statutory compliance reports were adequately adhered to in prescribed time frames. These among others involve the Annual Report, Mid-term Budget Adjustment Report, and Monthly Section 71.

Graph 3

(b) Challenges

Revenue collection remains a major challenge which dates back from the previous financial years. The percentage of non-collected current debt relating to the Municipal rates remains a challenge.

(c) Measures Taken to improve Performance

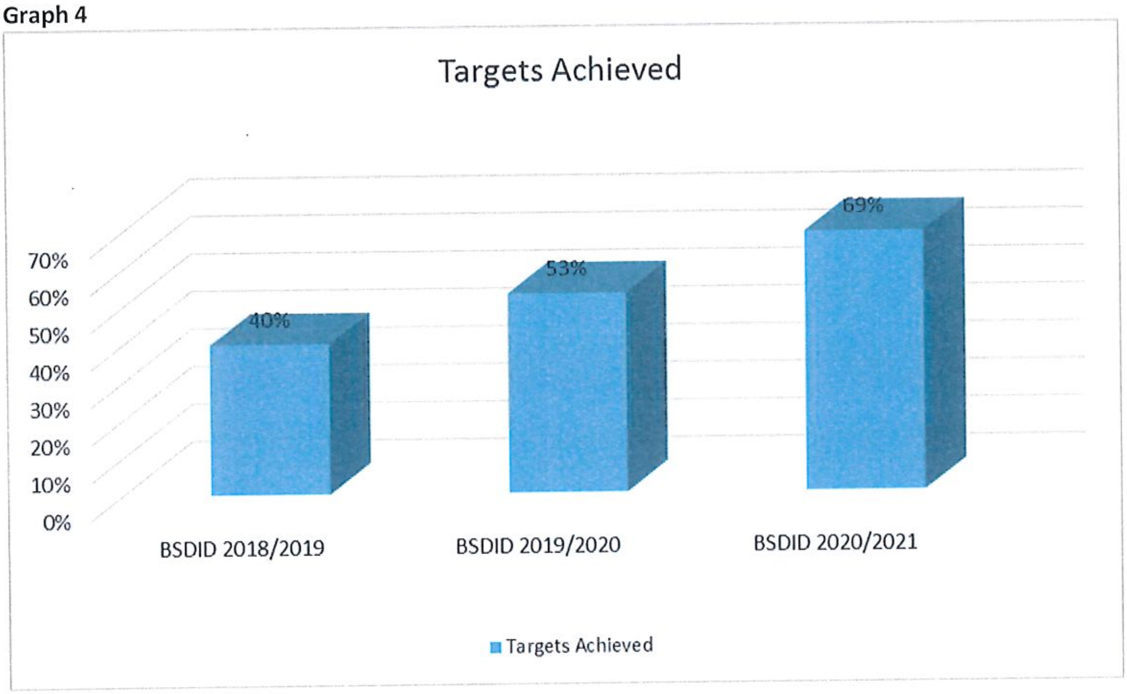
The Department of Finance has to facilitate engagements with the Local business together the Rate Payers/ Association around the Municipality to find amicable ways to deal with non-payments as part of the measures for revenue enhancement. The department will be soon appointing Budget and Expenditure Manager.

6.3 Basic Service Delivery and Infrastructure Development

(a) Performance Highlights for 2020/2021

The Basic Service Delivery and Infrastructure Development performance is made up of Technical Services and Community Services annual performance. The overall score for the KPA is 69% for 2020/2021. A steady increase from the 2019/2020 financial year with an overall score of 53% at year-end. The number of infrastructure projects not finalised as per the scheduled timelines decreased for this financial year, however the completion of outstanding works at the Testing ground still is still a challenge but the project is currently ongoing.

Graph 4



(b) Challenges

Currently the Municipality has a huge infrastructure project back lock. This emanates from projects that were not completed going back a number of financial years; this becomes problematic since these projects need to be completed with those of the ensuing years within the Municipal limited resources. Budget constraints to fast track implementation of other projects affect service delivery projections in the Municipality.

(c) Measures Taken to improve Performance

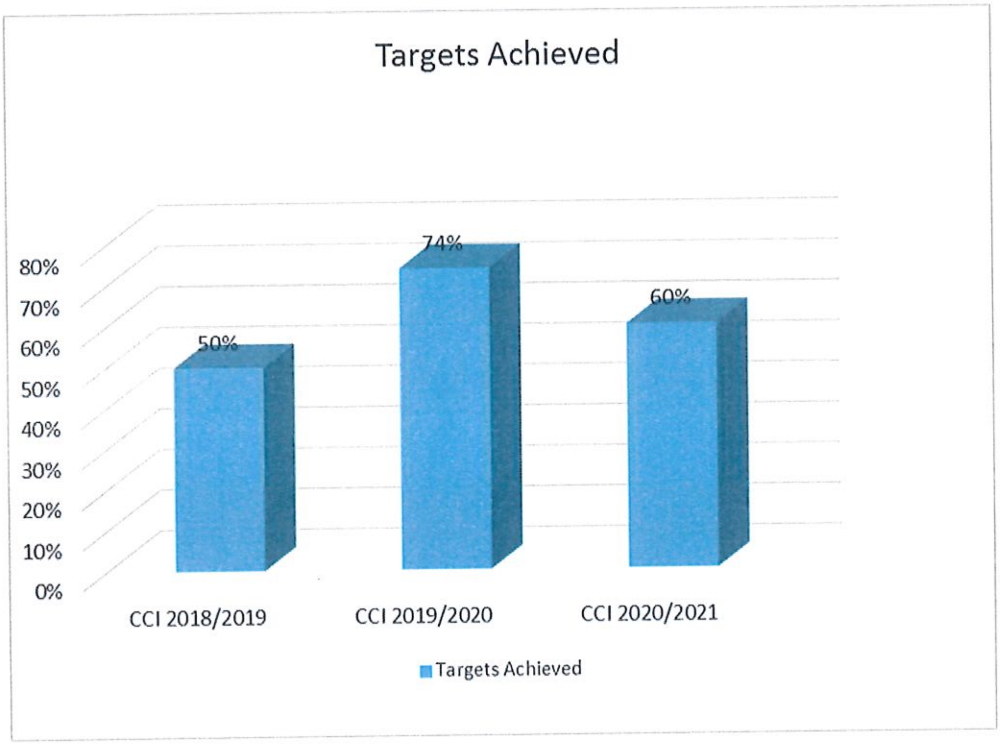
The municipality was able to complete a number of infrastructure projects that had been challenging to complete for a number of financial years, and new projects as per the SDBIP were also completed within the planned timeframes. The municipality with the guidance of the Technical Services HOD is engaging relevant structures and sector departments to speed up implementing planned projects for the previous financial year.

6.4 Cross-Cutting Interventions

(a) Performance Highlights.

For the year under review, this key performance area is characterised by performance that decreased greatly from the previous financial year which was at 74%. As a result, the overall performance achieved for the year under review was 60%.

Graph 5



(a) Challenges

The Community Services Department was affected by the passing of the Departments HOD and that left a vacuum but Council appointed the HOD of Technical Services to oversee the department. The municipality was still not able to establish the municipal pound mainly due to budget constraints leading to the municipality having to house the stray animals at the temporary pound at the works yard.

(c) Measures Taken to improve Performance

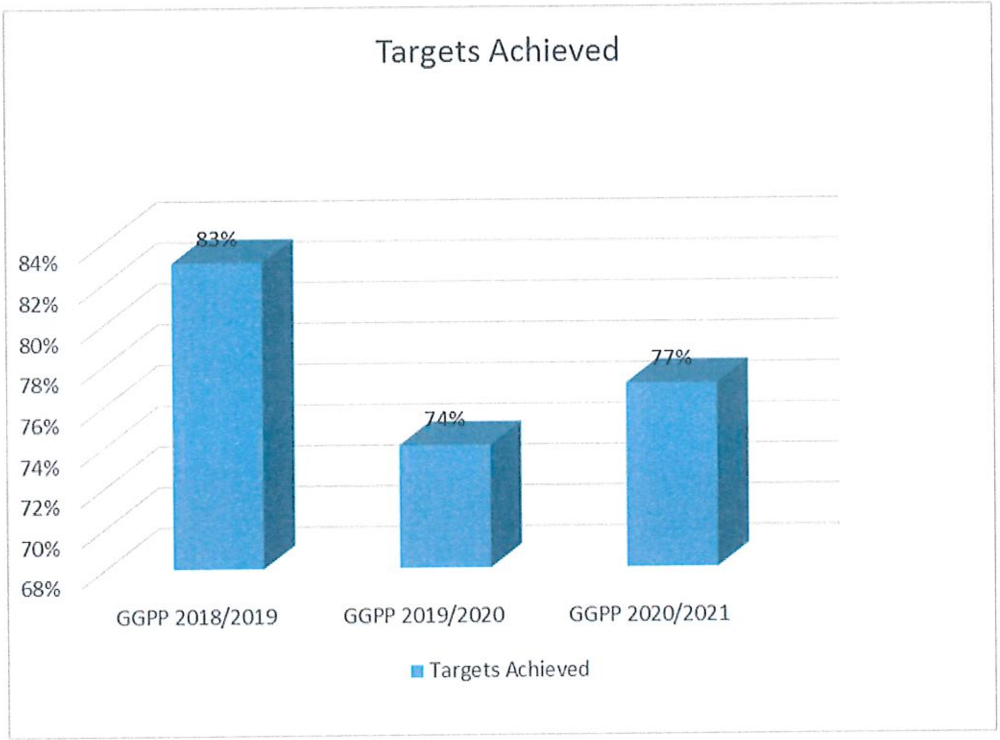
With the vacuum of the HOD position, the performance of the department decreased however with the assistance of the overseeing HOD the department was able to increase its performance under this KPA.

6.5 Good Governance and Public Participation

(a) Performance Highlights for 2020/2021

The Municipality continues to maintain and support governance structures to facilitate information sharing, planning, decision making and policy formulation. These governance structures include amongst others, Council, Executive Committee, MPAC and Management Committees. The municipality's performance in this KPA showed slight movement from the 74% in the 2019/2020 financial year as it stood at 77% in 2020/2021.

Graph 6



(b) Challenges

The municipality was faced with lock down and that meant that there was a limited number of employees and Council committees could not sit however through virtual meetings the municipality was able to have the Council committees sit.

(c) Measures Taken to improve Performance

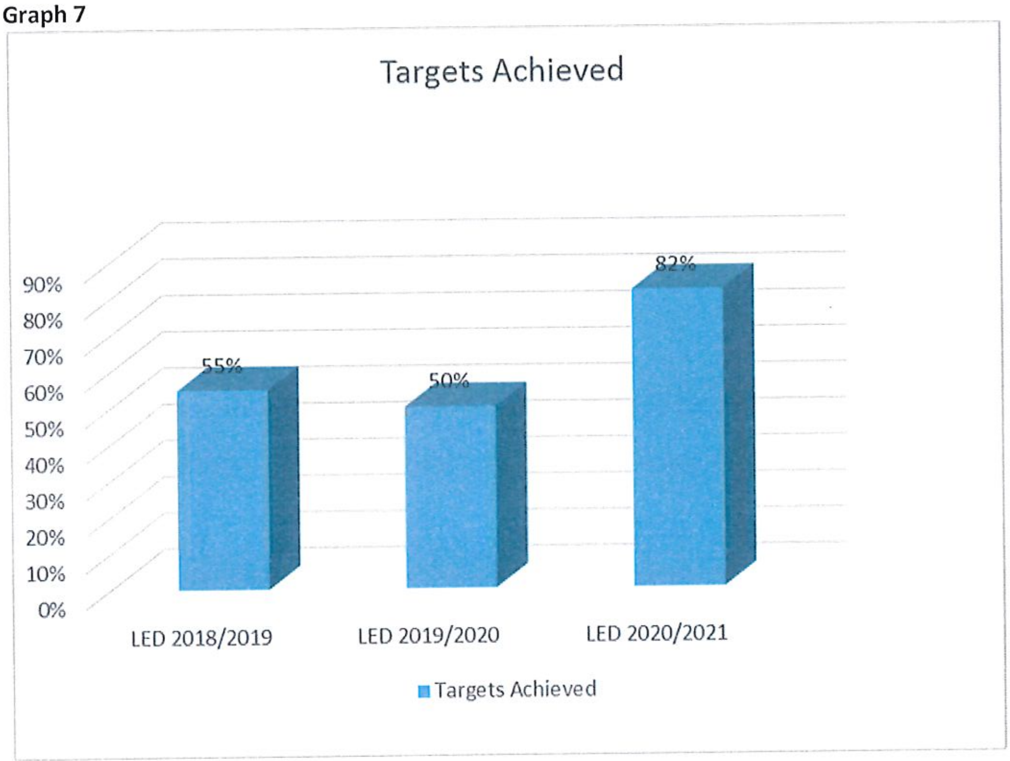
The municipality has been able to have fully functional Committees, from Council, EXCO, PAC, MPAC and all portfolio committees have been to sit. This is done as part of deepening a solid oversight for the municipality and for the enhancement of good governance and the municipality achieves its mandate for quality service delivery for the people of Richmond.

6.6 Local Economic Development

(a) Performance Highlights

There has been major increase in terms of performance during the year as compared to the past three financial years, the overall achievement for the year was at 82%.

Graph 7



(b) Challenges

LED unit was affected significantly by the lockdown leading to a number of targets set for the 3rd and 4th quarters not being achieved. The unit is currently developing the LED Strategy and is anticipated to be finalised in the first quarter of the new financial year.

(c) Measures taken to improve performance

In light of the current trying economic condition, the Municipality is now beginning to ensure that the Local Economic Development issues top the Municipal agenda in all the relevant structures. The Municipality will be prioritizing local economic development projects within the broader Municipal plans with the aim of encouraging local entrepreneurship and support of cooperatives.

4. Service Providers Performance

The service provider's performance assessment is done in line with section number 46 (a, b & c) of chapter 6 of the municipal systems act and regulation 32 of 200 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder.

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement.

Assessment Key	
Good (G)	*The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract*
Satisfactory (S)	*The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract*
Poor (P)	*The service has been provided below acceptable standards*

Bid Number	*Name of external Service Provider*	*Date Contract Awarded*	*Service provided in terms of the SLA*	*Value of project*	*Comparison with previous year 2019/2020*		*Current Financial Year 2020/2021*		*Assessment of Service Providers Performance*			*Measures taken to improve performance*
					Target	*Actual*	*Target*	*Actual*	*G*	*S*	*P*	
04/2017/2018	MCJ ENGINEERS AND PROJECT MANAGERS (PTY) LTD	03/01/2018-31/12/2020	MULTI-PURPOSE SPORT CENTRE	R 1 504 513.40	Nil	Nil	100%	100%	X			*N/A*
02/2018/2019	Nashua Maritzburg	27 March 2019	Leasing of 8 photocopy Machines for a period of	R 750 803.36	Leasing of 8 photo copy Machi	Leasing of 8 photo copy Machi	Leasing of 8 photocopy Machi	Leasing of 8 photocopy Machi	X			*N/A*

			36 Months		nes	nes	nes	nes				
04/2017/2018	DLAMIDLOVU CONSULTING ENGINEERS AND PROJECT MANAGERS	03/01/2018-31/12/2020	CONSULTANT: REHABILITATION OF SIYATHUTHUKA/ MAGODA MAIN ROAD	R 2 927 975.22	Nil	Nil	100%	100%	X			*N/A*
04/2017/2018	MAFAHLENI ENGINEERS AND PROJECT MANAGERS	03/01/20218-31/12/2020	CONSULTANT: SMOMOZENI MAIN ROAD	R 2 485 815.49	100%	40%	100%	100%	X			*N/A*
04/2017/2018	VUMESA (PTY) LTD	03/01/2018-31/12/2020	CONSULTANT: RESURFACING OF RESIDENTIAL ROADS (WARD 1)	R 1 668 792.07	Nil	Nil			X			*N/A*
04/2017/2018	MZANZI AFRICA CIVILS CC	03/01/2018-31/12/2020	RICHMOND TESTING GROUND	R 2 500 000.00			100%	90%		X		*N/A*
04/2017/2018	FMA ENGINEERS (PTY) LTD	03/01/2018-31/12/2020	HOPEWELL INTERNAL ROADS: PHASE TWO WARD 4	R 529 987.00	Nil	Nil	100%	100%	X			*N/A*

04/2017/2018	AFRICOSTJBFE PROJECT MANAGERS	03/01/2018-31/12/2020	EZULWUNI BRIDGE	R 717 600.00			100%	65%	X			N/A
04/2017/2018	AFRICOST JBFE PROJECT MANAGERS	03/01/1208-31/12/2020	EZULWINI MAIN ROAD AND BUS SHELTERS	R 366 241.45	Nil	Nil	100%	20%	X			N/A
04/2017/2018	EMZANSI ENGINEERS (PTY) LTD	03/01/2018-31/12/2020	ENGINEERS FOR TESTING GROUND	R 5 000 000.00	100%	40%	100%	100%	X			N/A
06/2017/2018	IZINGODLA ENGINEERS (PTY) LTD	03/01/2018-31/12/2020	ELECTRICAL ENGINEERS FOR KWA-GINQITSHE ELECTRIFICATION PROJECT	R 2 372 000.00	Nil	Nil	100%	90%		X		N/A
06/2017/2018	BI INFRASTRUCTURE CONSULTANTS (PTY) LTD	20/02/2018-20/02/2021	ENGINEERING CONSULTANTS FOR MGXOBELENI COMMUNITY HALL	R 411 194.87	Nil	Nil	100%	65%		X		N/A
14/2019/2020	ESETHU ISIPHO CONSTRUCTION AND	11/03/2020-30/03/202	CONSTRUCTION FOR SIYATHU	R 9 340 918.8	Nil	Nil	100%	100%	X			N/A

	TRADING	1	THUKA/M AGOD MAIN ROAD WARD 2 AND 7	2								
12/2019/2 020	ZHEMVELO ENTERPRISE (PTY) LTD	11/03/202 0- 10/06/202 1	ERECTIO N OF PALISADE FENCING OF SLAHLA SPORTS FIELD IN WARD 2: PHASE TWO	R 312 922.5 0	Nil	Nil	100%	100%	X			N/A
15/2019/2 020	MABHONI CONSTRUCT ION AND ENGINEERIN G PROJECTS CC	23/03/202 0- 22/06/202 0	CONSTR UCTION OF HOPEWE LL INTERNA L ROAD EXTENTI ON IN WARD 4	R 1 467 000.0 0	Nil	Nil	100%	100%	X			N/A
18/2019/2 020	NYANISO CONTRACTI NG AND TRADING	23/03/202 0- 23/12/202 0	UPGRAD E OF FERREI STREET IN WARD 1: PHASE 2B	R 1 467 327.9 0	100%	20%	100%	100%	X			N/A
19/2019/2 020	YABANATHI PROJECTS (PTY) LTD	23/06/202 023/12/20 20	UPGRAD E OF BEALIEU STREET	R 1 740 422.0	100%	20%	100%	100%	X			N/A

			IN WARD 1: PHASE 2C	2								
02/2020/2021	FLEET AFRICA DIVISION OF SUPER GROUP AFRICA (PTY) LTD	01/02/2021-31/01/2024	SUPPLY AND DELIVERY OF MUNICIPAL VEHICLES	R 6 838 603.92	Nil	Nil	100 %	100%		X		*N/A*
06/2020/201	MAHHUSHU CONSTRUCTION	20/11/2020-20/05/2021	CONSTRUCTION OF MGXOBELENI COMMUNITY HALL	R 5 619 218.55	Nil	Nil	100%	65%		X		*Contactor was issued with a certificate of slow progress.*
05/2020/2021	ZHEMVELO ENTERPRISE (PTY) LTD	02/12/2020-02/04/2021	CONSTRUCTION OF HOPEWELL INTERNAL ROAD	R 3 783 478.60	Nil	Nil	100%	100%	X			*N/A*
08/2020/2021	M CIVILS AND PLANT CC	16/04/2021-16/10/2021	CONTRACTOR FOR EZULWINI BRIDGE	R 7 357 480.35	Nil	Nil	100%	65%		X		
10/2020/2021	MABHONI CONSTRUCTION AND ENGINEERING PROJECTS CC	16/03/2021-16/05/2021	CONTRACTOR FOR SUPPLY AND INSTALLATION OF	R 528 000.00	Nil	Nil	100%	100%		X		*N/A*

			FLOOR TILES IN MUNICIPAL OFFICES									
	BARTSCH CONSULT (PTY) LTD	20/10/2020-21/07/2021	CONSULTANTS FOR REHABILITATION OF RICHMOND MEMORIAL HALL	R 3 842 750.55	Nil	Nil	100%	100%	X			N/A
20/2020/2021	AKWANDE KONKE CONSTRUCTION AND TRADING ENTERPRISE (PTY) LTD	17/06/2021-17/06/2021	CONSTRUCTION OF BENJAMIN STREET	R 2 850 000.00	Nil	Nil	100%	20%			X	*N/A*
21/2020/2021	AKWANDE KONKE CONSTRUCTION AND TRADING ENTERPRISE (PTY) LTD	10/05/2021-10/09/2021	CONTRACTOR FOR EZINDONGENI MAIN AND BUS SHELTERS	R 2 254.00 rate per hour	Nil	Nil	100%	10%	X			N/A
14/2020/2021	HAMSA CONSULTING ENGINEERING	06/05/2021-05/05/2024	ELECTRIFICATION PROJECT FOR SHAYAMOYA	R 5 400 000 .00	Nil	Nil	100%	20%			X	*ONGOING CONTRACT FOR 3 YEARS*

14/2020/2021	ELEMENT CONSULTING ENGINEERING	06/05/2021-05/05/2024	ELECTRIFICATION PROJECT FOR SMOZOMENI	R 3 420 000.00	Nil	Nil	100%	20%			X	*ONGOING CONTRACT FOR 3 YEARS*

5. PERFORMANCE AND AUDIT COMMITTEE

Section 166 (1) of the MFMA No. 56 of 2003 states that each municipality and each entity to have an audit committee.

The Audit and Performance Committee was appointed to assist Council in strengthening its role, the committee is scheduled to meet quarterly and as and when a need arises to deal with urgent matters. The Committee has 4 members, three male members and one female member.

The meeting of the Performance Audit Committee is on a quarterly basis for each financial year to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the performance achievements reported in terms of the Service Delivery and Budget Implementation Plans (SDBIP).

The Performance Audit Committee quarterly meetings during the 2020/2021 financial year as follows:

PERIOD	DATE
Quarter 1	12 October 2020
Quarter 2	24 November 2020
Quarter 3	24 February 2021
Quarter 4	26 May 2021

Municipal Manager's quality certification

I, Bhekani Errol Mswane, the Municipal Manager of Richmond Local Municipality, hereby certify that:

- The 2020/2021 Annual Performance Report
- 2020/2021 Annual financial Statements

For the year ended 30 June 2021 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Bhekani Errol Mswane
Municipal Manager:
Richmond Local Municipality

Signature: BE Mswane

RICHMOND LOCAL MUNICIPALITY ANNUAL PERFORMANCE REPORT 2020/2021

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	KEY PEFORMANCE INDICATOR	PERFORMANCE MEASURE	COMPARISON WITH PREVIOUS YEAR 2019/2020		ORIGINAL SDBIP TARGET	CURRENT YEAR 2020/2021		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
							SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT							
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	To conduct needs - based training programs and boost municipal capacity	To conduct needs - based training programs and boost municipal capacity	1	Update and implement the workplace skills plan in accordance with training and development needs and municipal agreements	Work place skills plan developed and submitted	Date of skills audit forms filled out and submitted to HR	30-Sep-19	30-Sep-19	31-Dec-20	31-Dec-20	30-Sep-20	Achieved	HR	Corporate Services	R 300 000,00	N/A	N/A	Completed skills audit forms
			2			Date of submission of report with results of skills audit to MANCO and Portfolio committee	31-Dec-19	31-Dec-19	31-Mar-21	31-Mar-21	30-Mar-21	Achieved	HR	Corporate Services		N/A	N/A	Report submitted to MANCO and Portfolio committees and resolution
			3			Date of submission to LGSETA of the WSP	30-Apr-20	30-Apr-20	30-Apr-21	30-Apr-21	30-Apr-21	Achieved	HR	Corporate Services		N/A	N/A	WSP Document and acknowledgment letter from LGSETA
			4	To conduct needs - based training programs and boost municipal capacity	Trained and developed staff members	Number of Trained Staff	20	20	40	40	28	Not Achieved	HR	Corporate Services		Due to Covid-19 only a few trainings were able to take place.	HR to introduce internal trainings for departments to be able to meet set targets for trainings.	Attendance Register and certificates
			5		Educated staff through continuous development and provision of staff bursaries	Number of approved bursary applications	3	3	3	3	9	Achieved	HR	Corporate Services		N/A	N/A	Approved Bursary Application forms
			6		Reports compiled and submitted to portfolio committees	Number of reports submitted to IT , HR and Community Services Portfolio meetings held	12	10	12	12	4	Not Achieved	HR	Corporate Services		There was a change in the meetings calendar for portfolio committees, meetings were sitting quarterly instead of monthly	All meetings that were to sit quarterly were able to sit.	Committee reports submitted
	To foster a culture of good employee management and retention	To foster a culture of good employee management and retention	7	Assessment of status quo, develop and implement remedial measures	Staff climate survey conducted throughout the municipality	Date of distribution and collection of survey forms to municipal officials	30-Sep-19	30-Sep-19	30-Sep-20	30-Sep-20	30-Sep-20	Achieved	HR	Corporate Services	R 0,00	N/A	N/A	Completed Forms
			8			Date of submission of the implementation plan to MANCO and Portfolio committees	31-Dec-19	31-Dec-19	31-Dec-20	31-Dec-20	31-Dec-20	Achieved	HR	Corporate Services	R 0,00	N/A	N/A	Implementation plan and minutes or resolution from MANCO and Portfolio committee
			9			Number of surveys done	1 survey completed	1 survey completed	1 survey completed	1 survey completed	1 survey completed	Achieved	HR	Corporate Services	R 0,00	N/A	N/A	Completed forms and implementation plans
			10		Effective Employee Wellness Programme linked to National Health Calendar	Number of wellness programmes conducted	2	1	2	1	0	Not Achieved	HR	Corporate Services	R 0,00	Due to Covid -19 the programme had to be postponed	The HR department will be conducting the wellness programme in the new financial year.	Attendance Registers and photos.
			11		Compliant Employment Equity report submitted to DOL	Number of reports submitted to DOL	2	2	1	1	1	Achieved	HR	Corporate Services	R 0,00	N/A	N/A	Acknowledgement Letter from Department of Labour
	To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation	To update and communicate systems that drive institutional development and enhance staff recruitment, retention and motivation	12	Update of existing OD systems to enhance their effectiveness and develop policies to preserve institutional memory	Organisational policies are developed / reviewed and approved by council	Percentage of reviewed policies	100% Reviewed Policies	100% Reviewed Policies	100% Reviewed Policies	100% Reviewed Policies	100% Reviewed Policies	Not Achieved	HR	Corporate Services	R 0,00	Due to vacuum of management at corporate services	Policies will be adopted in the first quarter of the new financial year.	Council Resolution adopting reviewed policies
			13		Monitoring progress in the implementation of resolutions	Number of Council meeting resolutions implemented	12	12	12	12	14	Achieved	HR	Corporate Services	R 0,00	N/A	N/A	Copy of resolution register
	To Maintain a productive relationship between the municipality and its employees	To Maintain a productive relationship between the municipality and its employees	14	Communication of updated policies and procedures to all employees	Communication of updated policies and procedures to all employees	Number of workshops conducted	1 workshop	0	1 workshop	1 workshop	0	Not Achieved	HR	Corporate Services	R 0,00	Due to Covid -19 the workshop had to be postponed	The HR department will be conducting the workshop for all municipal departments separately	Attendance Registers
			15		Continuous monitoring of agreements between SALGBC and Local Labour Forum	Number of meetings held to monitor agreements between SALGBC and Local Labour Forum	4	4	4	4	2	Not Achieved	HR	Corporate Services	R 0,00	Challenge of meeting quorum due to rotation of staff.	LLF meetings to start being held via virtual platforms. Zoom license to be extended to include more users	Attendance Register
	To foster a culture of good employee management and retention.	To foster a culture of good employee management and retention.	16	Assessment of status quo, develop and implement remedial measures.	Compliance with the 2% legislation of people with disability of total number of staff representation	Number of Staff with disability appointed	4	1	1	1	0	Not Achieved	HR	Corporate Services	R 0,00	People with disabilities not applying for advertised posts.	HR to approach organisations of people leaving with disabilities to encourage them to apply for positions advertised	Copy of appointment Letters
			17		Recruitment of unemployed epwp beneficiaries	Number of beneficiaries recruited	100%	100%	120	120	120	Achieved	HR	Corporate Services	R 0,00	N/A	N/A	Copy of EPWP Contracts and attendance registers
	To effectively manage the information communication technology systems and ICT infrastructure of the municipality	To effectively manage the information communication technology systems and ICT infrastructure of the municipality	18	Develop and drive implementation of the ICT strategy and plan.	90% Uptime of the IT Infrastructure Services Functionality	percentage Uptime of the IT Infrastructure Services Functionality	90% Uptime of the IT Infrastructure Services Functionality	90% Uptime of the IT Infrastructure Services Functionality	90% Uptime of the IT Infrastructure Services Functionality	90% Uptime of the IT Infrastructure Services Functionality	90% Uptime of the IT Infrastructure Services Functionality	Achieved	IT	Corporate Services	R 0,00	N/A	N/A	IT Report
			19		95% Functional and Responsive Website	Percentage Functional and Responsive Website	95% Functional and Responsive Website	95% Functional and Responsive Website	95% Functional and Responsive Website	95% Functional and Responsive Website	95% Functional and Responsive Website	Achieved	IT	Corporate Services	R 50 000,00	N/A	N/A	IT Report

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	KEY PEFORMANCE INDICATOR	PERFORMANCE MEASURE	COMPARISON WITH PREVIOUS YEAR 2019/2020: SDBIP TARGET	COMPARISON WITH PREVIOUS YEAR 2019/2020: ACTUAL ACHIEVEMENT	ORIGINAL SDBIP TARGET	CURRENT YEAR 2020/2021: REVISED SDBIP TARGET	CURRENT YEAR 2020/2021: ACTUAL ACHIEVEMENT	STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
			20		Functional ICT Steering Committee Meetings	Number of ICT Steering Committee Meetings	4 meetings	3 meetings	4 meetings	4 meetings	4 meetings	Achieved	IT	Corporate Services	R 0.00	N/A	N/A	ICT Steering Committee Report, Agenda and minutes
	To provide sustainable human settlements	To provide sustainable human settlements	1	Address housing shortages	Constructed and completed Siyathuthuka Housing Project (Phase 2b)	Number of houses constructed	360	338	100	100	213	Achieved	Housing	Community Services	R63 486 785.50	N/A	N/A	Happy letters, bilateral agreements, minutes of site meetings
	To provide sustainable human settlements	To provide sustainable human settlements	2	Address housing shortages	Constructed and completed Argosy Farm Rehabilitation project	Number of houses constructed	180	0	40	40	58	Achieved	Housing	Community Services	R117 000 000.00	N/A	N/A	Happy letters, bilateral agreements, minutes of site meetings
	To provide access to proper community facilities	To provide access to proper community facilities	3	To implement service delivery programmes and reduce services and infrastructure backlogs	**MIG PROJECTS:** Construction of Sports field and changing rooms ward 7	Number of completed sports field and changing rooms	New Indicator	New Indicator	1 sports field, 2 changing rooms and 2 toilets	1 sports field, 2 changing rooms and 2 toilets	0	Not Achieved	PMU	Technical Services	R 2 700 765.00	The identified land was found to belong to Ingonyama trust and applications had to be submitted to seek approval.	An application to Ingonyama trust has been submitted to them, and site has been assessed by the trust municipality is waiting approval.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
	To implement road - building and maintenance programmes and improve rural accessibility	To implement road - building and maintenance programmes and improve rural accessibility	4	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: Construction of Sheti Bridge ward 1 and ward 2	Number of completed construction of Sheti bridge	1	0	1	1	0	Not Achieved	PMU	Technical Services	R 256 996.00	Delays with completing and submitting business plan	Business plan has been submitted to MIG, awaiting approval of business plan.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			5	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: Construction of Ezulwini Bridge ward 5	Number of completed construction of Ezulwini bridge	1	0	1	1	0	Not Achieved	PMU	Technical Services	R 825 241.00	Delays in approval of EIA	EIA was approved end of May, work has since started on site and project is set to be completed before end of 2021.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
	To implement road - building and maintenance programmes and improve rural accessibility	To implement road - building and maintenance programmes and improve rural accessibility	6	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: Construction of Ezindongeni Main Road Phase 2 and Bus Shelter	Number of completed kilometres of Ezindongeni main road phase 2	0,5 Km	0	1,8 Km	1,8 Km	0	Not Achieved	PMU	Technical Services	R 800 000.00	Delays with processes of appointing contractor	Appointment of contractor was finalised, handover of site to contractor was done.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			7			Number of bus shelters constructed	1	0	10	10	0	Not Achieved	PMU	Technical Services	R 421 179.00	Delays with processes of appointing contractor	Appointment of contractor was finalised, handover of site to contractor was done.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
	To implement road - building and maintenance programmes and improve rural accessibility	To implement road - building and maintenance programmes and improve rural accessibility	8	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: Resurface of Ferreira Street in ward 1	Number of kilometres resurfaced of residential roads	New Indicator	New Indicator	0,210KM	0,210KM	0,210KM	Achieved	PMU	Technical Services	R 4 500 000.00	N/A	N/A	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			9		MIG PROJECTS: Resurface of Beaulieu Street in ward 1		New Indicator	New Indicator	0,258KM	0,258KM	0,258KM	Achieved	PMU	Technical Services		N/A	N/A	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			10		MIG PROJECTS: Resurface of Benjamin Street in ward 1		New Indicator	New Indicator	0,49KM	0,49KM	0	Not Achieved	PMU	Technical Services		Delays with processes of appointing contractor	Appointment of contractor was finalised, handover of site to contractor was done.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
Basic Service Delivery and Infrastructure Development			11		MIG PROJECTS: Construction of Magoda Main Road Phase	Number of kilometres of Magoda Main road phase 2	New Indicator	New Indicator	1,5KM	1,5KM	1,5KM	Achieved	PMU	Technical Services	R 8 507 875.00	N/A	N/A	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			12		MIG PROJECTS: Construction of Hopewell Internal roads	Number of kilometres constructed of Hopewell internal roads	New Indicator	New Indicator	1,5KM	1,5KM	0,816KM	Not Achieved	PMU	Technical Services	R 143 750.00	The main challenge was that the roads and number kilometres to be constructed were not specified in the SDBIP	Going forward all internal roads to be constructed need to be specified and be indicated individually in the SDBIP	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
	To provide access to proper community facilities	To provide access to proper community facilities	13	To implement service delivery programmes and reduce services and infrastructure backlogs	MIG PROJECTS: Construction of Mgxobeleni Community Hall ward 6	Number of completed construction of Mgxobeleni Community Hall	New Indicator	New Indicator	1	1	0	Not Achieved	PMU	Technical Services	R 2 999 996.00	Slow progress by the appointed contractor delayed the project. Contractor abandoned sites	Appointed contractor was issued with certificate of slow progress which states that if project does not resume and is finalised there will be penalties incurred. After abandoning the site a notice to return to site was issued. Work has since resumed on site.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			14		Amafa Project- Internal: Rehabilitation of Memorial Hall ward 1	Number of completed rehabilitation of Richmond Memorial Hall	1	0	1	1	1	Achieved	PMU	Technical Services	R3 842 750.55	N/A	N/A	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
	To implement road - building and maintenance programmes and improve rural accessibility		15		Internal Funding: Completion of Richmond Testing Ground outstanding work which is incline, pre inspection area and public area	Date of completed outstanding works at Richmond testing ground	30-Jun-20	30-Jun-20	30-Jun-21	30-Jun-21	0	Not Achieved	PMU	Technical Services	R 1 500 000.00	Slow progress by the appointed contractor delayed the project.	Appointed contractor was issued with a notice to terminate following which he returned to site after entering into a cession agreement, work has since resumed on site.	Signed practical Completion certificate, closeout report and appointment letter of consultant and contractor
			16		**ACCESS ROADS:** WARD 1 Maintenance of access road		4km	4.3km	3KM	3KM	3.1KM	Achieved	OMU	Technical Services	R 150 000.00	N/A	N/A	Completion Certificate & Pictures

	To provide assess to proper community facilities	To provide assess to proper community facilities	17	To implement service delivery programmes and reduce services and infrastructure backlogs	**ACCESS ROADS:** WARD 2 Maintenance of access road	Number of kilometres of gravel road maintained	4km	5km	3KM	3KM	5.1KM	Achieved	OMU	Technical Services	R 150 000,00	N/A	N/A	Completion Certificate & Pictures
			18		**ACCESS ROADS:** WARD 3 Maintenance of access road		4km	4km	3KM	3KM	3.3KM	Achieved	OMU	Technical Services	R 150 000,00	N/A	N/A	Completion Certificate & Pictures
			19		**ACCESS ROADS:** WARD 4 Maintenance of access road		4km	4km	3KM	3KM	5.8KM	Achieved	OMU	Technical Services	R 150 000,00	N/A	N/A	Completion Certificate & Pictures
			20		**ACCESS ROADS:** WARD 5 Maintenance of access road		4km	5km	3KM	3KM	3.3KM	Achieved	OMU	Technical Services	R 150 000,00	N/A	N/A	Completion Certificate & Pictures
			21		**ACCESS ROADS:** WARD 6 Maintenance of access road		4km	4km	3KM	3KM	5.3KM	Achieved	OMU	Technical Services	R 150 000,00	N/A	N/A	Completion Certificate & Pictures
			22		**ACCESS ROADS:** WARD 7 Maintenance of access road		4km	5km	3KM	3KM	4.8KM	Achieved	OMU	Technical Services	R 150 000,00	N/A	N/A	Completion Certificate & Pictures
	To provide safe and reliable waste management services	To implement service delivery programmes and reduce services and infrastructure backlogs	23	To implement service delivery programmes and reduce services and infrastructure backlogs	Maintenance of Overgrown Grass and Verges	Number of signed weekly schedules	48 weekly schedules	48 weekly schedules	48 weekly schedules	48 weekly schedules	48 weekly schedules	Achieved	OMU	Technical Services	Municipal running costs	N/A	N/A	Signed Work Schedules
			24		Collection of planned refuse removal		48 weekly schedules	48 weekly schedules	48 weekly schedules	48 weekly schedules	48 weekly schedules	Achieved	OMU	Technical Services	Municipal running costs	N/A	N/A	Signed Work Schedules
			25		Collection of Refuse Removal using Skippers		24 weekly schedules	24 weekly schedules	24 weekly schedules	48 weekly schedules	48 weekly schedules	Achieved	OMU	Technical Services	Municipal running costs	N/A	N/A	Signed Work Schedules
	To implement road - building and maintenance programmes and improve rural accessibility		26		Maintenance of urban roads by pothole patching & repairs	Number of square metres of potholes patched and repaired	300m2	1624m2	300m2	2000m2	2713.34m2	Achieved	OMU	Technical Services	R 200 004,00	N/A	N/A	Signed Work Schedules

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	KEY PEFORMANCE INDICATOR	PERFORMANCE MEASURE	COMPARISON WITH PREVIOUS YEAR 2019/2020		ORIGINAL SDBIP TARGET	CURRENT YEAR 2020/2021		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
							SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT							
	To improve compliance and public participation and awareness	To improve compliance and public participation and awareness	1	Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Public notification of the IDP Process Plan	Date of publication of IDP Process Plan	30-Sep-19	31-Oct-19	30-Sep-20	30-Sep-20	15-Oct-20	Not Achieved	Development and Planning	OMM	R 2 000,00	Delays in receiving comments from CoGTA and municipal committees	IDP process plan was advertised as soon as all processes were concluded.	Advert from the paper in which the IDP Process Plan was advertised.
			2		Submission of the Draft IDP to Council to ensure compliance with legislation	Date of IDP inputs submitted by internal departments	28-Feb-20	01-Aug-20	28-Feb-21	28-Feb-21	0	Not Achieved	Development and Planning	OMM	R 0,00	Departments not responding to requests for information to be included in the IDP	One on one meetings were conducted with departments to source the information required to be included in the IDP	Email print out of the date submitted by departments.
			3			Date of approved Draft IDP by Council	31-Mar-20	05-May-20	31-Mar-21	31-Mar-21	31-Mar-21	Achieved	Development and Planning	OMM	R 2 000,00	N/A	N/A	Council resolution adopting final Draft IDP.
			4		Community/Public consulted on the IDP	Number of IDP meetings held	7	7	7	7	7	Achieved	Development and Planning	OMM	R 30 000,00	N/A	N/A	Minutes of meetings and attendance registers.
			5		Submission of the Final IDP to Council to ensure compliance with legislation	Date of Final IDP adopted by Council	29-May-20	05-Jun-20	29-May-21	31-May-21	31-May-21	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Council resolution adopting final IDP.
			6		Registered Professional Planner	Date of renewal / and registration by SACPLAN	30-Jun-20	29-Nov-19	30-Jun-21	30-Jun-21	25-Jun-21	Achieved	Development and Planning	OMM	R 960,00	N/A	N/A	Expenditure Voucher and proof of payment
	To ensure compliance with Municipal by-laws	To ensure compliance with Municipal by-laws	7	Approval of building plans/ Compliance with building plans	Approved building plans	Percentage of building plans approved compared to the plans received	100%	100%	100%	100%	100%	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Copy of signed and stamped building plan.
			8	Compliance with Town Planning Scheme and Building regulations	Contravention letters issued	Number of contravention letters issued	40	0	40	40	7	Not Achieved	Development and Planning	OMM	R 0,00	Due to not having a vehicle to do inspections the unit was not able to carry out inspection in the first, second and third quarter	The vehicle only arrived in the fourth quarter and the unit was able to conduct a few inspections before year end.	Copy of signed contravention letter issued.
			9	Compliance with building regulations	Compliance certificates issued	Percentage of compliance certificates issued on the approved building plans and completed buildings	100%	100%	100%	100%	100%	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Copy of signed compliance certificate issued.
			10	Compliance with Town Planning Scheme	Inspections conducted to prevent illegal activities (Illegal construction of buildings)	Number of physical site inspections conducted	40	0	40	40	47	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Signed MANCO reports
			11		Inspections conducted to prevent illegal activities (Illegal land use)		40	0	40	40	8	Not Achieved	Development and Planning	OMM	R 0,00	Due to not having a vehicle to do inspections the unit was not able to carry out inspection in the first, second and third quarter	The vehicle only arrived in the fourth quarter and the unit was able to conduct a few inspections before year end.	Signed MANCO reports
	To ensure sustainable and coordinated development throughout the municipality	To ensure sustainable and coordinated development throughout the municipality	12	Compliance with Spatial Planning Land Use Management Act (SPLUMA)	Processed and Approved SPLUMA applications by authorised officer or JMPT	Percentage of SPLUMA applications processed	100%	100%	100%	100%	100%	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Copy of register, application acknowledgement or approved application.
	Develop Single Land Use Scheme to control development	Develop Single Land Use Scheme to control development	13	Single Land Use Scheme (wall to wall) for Richmond Municipality	Comprehensive Wall to Wall Scheme (the development of a Single Land Use Management Scheme)	Date of appointment of the service provider	New Indicator	New Indicator	30-Sep-20	30-Sep-20	09-Jul-20	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Appointment Letter
			14			Date of completing Inception report	New Indicator	New Indicator	31-Dec-20	31-Dec-20	25-Aug-20	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Copy of inception report
			15			Date of Draft Land Use Scheme endorsed by PSC	New Indicator	New Indicator	30-Apr-21	30-Apr-21	15-Apr-21	Achieved	Development and Planning	OMM	R 0,00	N/A	N/A	Copy of draft Land Use Scheme and minutes of the PSC meeting
			16			Date of approved Final Land Use Scheme	New Indicator	New Indicator	30-Jun-21	30-Jun-21	0	Not Achieved	Development and Planning	OMM	R 0,00	There were comments received from the PSC including errors that were identified with mappings therefore a second draft was requested.	Second draft of the land use scheme was submitted to the municipality for consideration and review before submitting to PSC.	Copy of final Land Use Scheme and minutes of the PSC meeting endorsing the project

Good Governance and Public Participation	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and vision	Ensure effective and focused communication, both within and outside the Municipality. Strategically profile the Municipality in line with the Mission and vision	17	Communication of municipal programmes and projects through the Municipal Newsletter	Communicate the Municipal Programmes & Projects to the Citizens	Number of newsletters issued per quarter	**24000**	**18000**	**24000**	**12000**	**6000**	Not Achieved	Communication	OMM	R 150 000	Budget constraints	the municipality plans to introduce e-versions of the newsletter due to budget constraints	Signed delivery note stating the quantity and a copy of the newsletter
			18	Public engagements through Mayor on Air program	Public Engagements	Number of Mayoral radio slots conducted	**1**	**1**	**1**	**1**	**6**	Achieved	Communication	OMM	R 190 000,00	N/A	N/A	Invoice for the radio slot and pictures
			19	Media and stakeholder relationship management and monitoring		Number of briefings / meetings conducted	**2**	**1**	**2**	**2**	**2**	Achieved	Communication	OMM		N/A	N/A	Minutes of meetings and attendance register
			20	Visibility of Municipal corporate branding	Visible municipal branding within Municipal offices and outside buildings	Number of campaigns and surveys conducted	**1 survey and 3 campaigns**	**1 survey and 3 campaigns**	**1 survey and 3 campaigns**	**1 survey and 3 campaigns**	**1 survey and 3 campaigns**	Achieved	Communication	OMM		N/A	N/A	Survey: Filled out questionnaire and signed attendance registers, photographic evidence of the actual campaign and pamphlets
			21	Tabling of the municipal Annual Report	Tabled Annual Report to Council	Date of tabling of Annual report	**1 Tabled Annual Report to Council by 31 January 2021**	**28-Feb-21**	**1 Tabled Annual Report to Council by 31 March 2021**	**31-Mar-21**	**31-Mar-21**	Achieved	Communication	OMM	R 50 004	N/A	N/A	Copy of Tabled Annual report and Council resolution adopting Annual report
			22	Purchase of capital resources for the establishment of the unit	Enhanced performance of the Communication Unit	Number of cameras purchased	**New Indicator**	**New Indicator**	**1**	**1**	**1**	Achieved	Communication	OMM	R 48 190,00	N/A	N/A	Request for goods, payment voucher.
			23			Number of sound systems purchased	**New Indicator**	**New Indicator**	**1**	**1**	**1**	Achieved	Communication	OMM	R 50 004,00	N/A	N/A	Request for goods, payment voucher.
	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	To provide reasonable assurance on the adequacy and the effectiveness of internal controls, risks and performance management	24	Effective and operational Internal Audit Unit	Approval of planning internal audit documents	Date of adoption of the internal audit strategic and operational plan as well as audit charters by 30 September 2020	**Adoption of plans and charters by 30th September 2019**	**18-Oct-19**	**31-Dec-20**	**31-Oct-20**	**18-Oct-20**	Achieved	Internal Audit/ OMM	OMM	R 0,00	N/A	N/A	Agenda and minutes of the Performance and Audit Committee approving the plan and charters.
			25	Certified members with IIASA and or CIGFARO	Professional membership for internal audit and risk	Date of payment for annual subscription by 31 May 2021	**30-Jun-20**	**20-Jul-20**	**31-May-21**	**31-May-21**	**31-May-21**	Achieved	Internal Audit/ OMM	OMM	R 0,00	N/A	N/A	Payment voucher and proof of payment
			26	Attendance of conferences for professional development	Increased effectiveness of Internal Audit and professional development	Number of attended conferences	**2 conferences to be attended**	**1**	**2**		**2**	Achieved	Office of the Municipal Manager	OMM	R 0,00	N/A	N/A	Agenda, payment voucher and attendance registers
			27	Attendance of training programmes		Number of trainings attended	**4 trainings to be attended**	**2**	**4**	**4**	**6**	Achieved	Internal Audit/ OMM	OMM	R 0,00	N/A	N/A	Attendance register and or payment vouchers
			28	Implementation of the internal audit plan	Audit plan implementation	Percentage of audit reviews completed as per the internal audit plan per quarter	**100%**	**70%**	**100%**	**100%**	**100%**	Achieved	Internal Audit/ OMM	OMM	R 0,00	N/A	N/A	Internal Audit reports
			29	Established quality assurance and improvement programs	Quality assurance	Number of quality assurance programs developed	**1 quality assurance programme to be implemented**	**0**	**1**	**1**	**1**	Achieved	Internal Audit/ OMM	OMM	R 0,00	N/A	N/A	Attendance register, developed quality programme
			30	Annual Review of the Risk Management Framework and the Anti-Fraud and Anti-Corruption Strategy by the Risk Committee and Council	Risk and Anti Fraud/ Corruption Strategy and Framework	Date of adoption of the Risk Management Framework and Anti - Fraud/ Anti - Corruption Strategy	**Approval of strategy/ Framework by 31 May 2020**	**04-Jun-20**	**Approval of strategy/ Framework by 30 June 2021**	**Approval of strategy/ Framework by 30 June 2021**	**30-Jun-21**	Achieved	Risk Unit / OMM	OMM	R 0,00	N/A	N/A	Resolution adopting the strategy / Framework and minutes of the Risk Committee Meeting
			31	Quarterly Progress Reports on the implementation of the Risk Management Framework and the Anti-Fraud and Anti-Corruption Strategy submitted to the Risk Committee	Fraud and risk prevention	Number of reports to be submitted to Risk Committee	**4 reports to be submitted to Risk Committee**	**4**	**4 reports to be submitted to Risk Committee**	**4 reports to be submitted to Risk Committee**	**3**	Not Achieved	Risk Unit / OMM	OMM	R 0,00	There was a challenge with the Risk committee Chairperson not being available for scheduled meetings hence the target was not achieved.	A new Risk committee chairperson will be appointed, the advert has been finalised.	Quarterly Risk progress reports and minutes of the Risk Committee meetings
			32	Risk Committee to convene on a Quarterly basis to review the Risk Register		Number of meetings to be held	**4 Meetings**	**3**	**4 Meetings**	**4 Meetings**	**3**	Not Achieved	Risk Unit / OMM	OMM	R 0,00	There was a challenge with the Risk committee Chairperson not being available for scheduled meetings hence the target was not achieved.	A new Risk committee chairperson will be appointed, the advert has been finalised.	Minutes of the meetings as well as attendance registers
			33	Risk workshop convened once a year	Risk workshop convened	Number of workshops to be held	**1 Workshop**	**1**	**1 Workshop**	**1 Workshop**	**1 Workshop**	Achieved	Risk Unit / OMM	OMM	R 0,00	N/A	N/A	Minutes of the meetings as well as attendance registers
	To improve compliance and public participation and awareness	To improve compliance and public participation and awareness	34	Ensure compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Submission of Draft and Final SDBIP to Mayor to ensure compliance with legislation	Date of submission of Draft SDBIP to Mayor by 14 June 2020	**Approval of Draft SDBIP by Mayor by 14 June 2020**	**14-Jun-20**	**Approval of Draft SDBIP by Mayor by 14 June 2021**	**Approval of Draft SDBIP by Mayor by 14 June 2021**	**14-Jun-21**	Achieved	OMM	OMM	R 0,00	N/A	N/A	Acknowledgement letter signed by the Mayor and proof of receipt signed by PT/ COGTA on receipt of draft SDBIP
			35			Date of submission of Final SDBIP to Mayor	**Approval of Final SDBIP by Mayor by 28 June 2020**	**20-Aug-20**	**Approval of Final SDBIP by Mayor by 28 June 2021**	**Approval of Final SDBIP by Mayor by 28 June 2021**	**28-Jun-21**	Achieved	OMM	OMM	R 0,00	N/A	N/A	Signed acknowledgement letter of receipt from the Mayor and approved Final SDBIP
			36		Publication of Approved Final SDBIP for 2020/2021 on the Municipality's website and Media platforms	Date of publication of Approved Final SDBIP	**30-Jun-20**	**28-Aug-20**	**30-Jun-21**	**30-Jun-21**	**22-Jul-21**	Not Achieved	OMM	OMM	R 0,00	Delays with SCM processes due to year end.	SDBIP was published.	Advert from the paper in which the SDBIP was advertised.
			37		Submission of APR to the office of the Auditor General of South Africa	Date of submission of 2019/2020 Annual Performance Report to Auditor General	**Submission of APR to AG's office by 30 August 2019**	**30-Aug-19**	**Submission of APR to AG's office by 31 October 2020**	**31-Oct-20**	**31-Oct-20**	Achieved	OMM	OMM	R 0,00	N/A	N/A	Acknowledgement letter or proof of receipt signed by the AG's office

To strengthen governance and IGR Structures	To strengthen governance and IGR Structures	38	Establish governance structures and develop protocols for all processes and participate in all IGR to share knowledge best practices and promote integrated development	Quarterly SDBIP Reports submitted to Council.	Number of reports submitted to Council for 2020/2021	4 Reports submitted to EXCO	0	4 Reports submitted to Council	4 Reports submitted to Council	0	Not Achieved	OMM	OMM	R 0,00	Delays from departments submitting performance reports leading to delays in the compiling of reports and submitting to committees.	Once the 2020/2021 APR has been finalised and audited by Internal auditor unit it will be submitted to all relevant committee.	Minutes of the Council meeting as well as reports submitted.
		39		Signing of Section 56/57 Managers Performance Agreements	Number of signed Performance Agreements	5 signed performance agreements	3 signed performance agreements	5 signed performance agreements	5 signed performance agreements	4 signed performance agreements	Achieved	OMM	OMM	R 0,00	There were 4 Strategic Managers contracted a the municipality	N/A	Signed Performance Agreements
		40		The Performance and Audit Committee to convene at least 4 times a year as per section 166(4)(b)	Number of Audit Committee meetings	4 PAC meetings held.	4	4 PAC meetings held.	4 PAC meetings held.	4 PAC meetings held.	Achieved	OMM	OMM	R 114 996	N/A	N/A	Agenda and attendance register
		41		MPAC to convene at least 4 times a year.	Number of MPAC Meetings	4 MPAC meetings held.	4	4 MPAC meetings held.	4 MPAC meetings held.	4 MPAC meetings held.	Achieved	OMM	OMM	R 0,00	N/A	N/A	Agenda and attendance register
		42		Adoption of the oversight report by Council	Date of adoption of the Oversight report by Council	31-Mar-20	04-Jun-20	31-May-21	31-May-21	31-May-21	Achieved	OMM	OMM	R 0,00	N/A	N/A	Copy of adopted oversight report and Council resolution
		43		Publication of the Oversight Report	Date of publication of the oversight report	07-Apr-20	06-Aug-20	07-Jun-21	07-Jun-21	07-Jun-21	Achieved	OMM	OMM	R 0,00	N/A	N/A	Advert from the paper in which the Oversight report was advertised.
		44		Quarterly Back to Basics Templates Completed and Submitted to KZN CoGTA	Number Completed and submitted B2B Quarterly templates	4 Completed templates submitted to CoGTA	4	4 Completed templates submitted to CoGTA	4 Completed templates submitted to CoGTA	4 Completed templates submitted to CoGTA	Achieved	OMM	OMM	R 0,00	N/A	N/A	Completed Quarterly B2B Templates and proof of submission (Email)
		45		Purchase of Air Conditioners	Date of Purchase of air conditioners	New Indicator	New Indicator	30-Sep-20	30-Sep-20	30-Sep-20	Achieved	OMM	OMM	R 50 004,00	N/A	N/A	Request for goods, payment voucher.
To improve compliance and public participation and awareness	To improve compliance and public participation and awareness	46	Ensuring compliance to all legislative mandates and implementing processes and programmes to promote public awareness	Participation of local residents	Number of reports on the participation of local residents in decision making process	4 reports	3	4 reports	4 reports	4 reports	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	signed public participation reports
		47		Community feedback meetings	Number of community feedback meetings convened	4 Meetings	3	4 Meetings	4 Meetings	4 Meetings	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	agenda, attendance register and minutes
		48		Ward committee meetings	Number of ward committee meetings held	12 Meetings	9 Meetings	12 Meetings	12 Meetings	12 Meetings	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	agenda, attendance register and minutes
		49		Sectoral reports	Percentage of sectoral reports submitted	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	copy of sectoral reports
		50		Ward operational plans	Number of reports on implementation of WOPs	4 reports	1 reports	4 reports	4 reports	4 reports	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	copy of reports
		51		Service Delivery Community Issues	Percentage of community issues processed	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	copy of sectoral reports
		52		Ward committee out of pocket expense	Percentage of ward committee members paid out of pocket expenses	100%	100%	100%	100%	100%	Achieved	Public Participation	OMM	R 0,00	N/A	N/A	proof of payments for out of pocket expenses paid
Enhancing rights of learner to education	Enhancing rights of learner to education	53	Improved and empowerment of children's right to education	Improve and empower children's right to education	Number of learners assisted	2	0	2	2	0	Not Achieved	Community Services	COMM SERV	R 0,00	Due to national lockdown the municipality could not assist the learners due to schools being closed.	Due to national lockdown, no learners could be assisted therefore they will be assisted in the new financial year.	Attendance Register
To promote gender equality and protect rights of senior citizens	To promote gender equality and protect rights of senior citizens	54	Gender equality for elderly people promoted	Actively ageing senior citizens within the Richmond municipality	Date of hosting local games	30-Sep-19	30-Sep-19	30-Sep-20	30-Sep-20	0	Not Achieved	Community Services	COMM SERV	R 0,00	The games were cancelled due to national lock down regulations.	The games were cancelled due to national lock down regulations.	Signed list of participants
To promote sports and recreation throughout the Richmond Local Municipality	To promote sports and recreation throughout the Richmond Local Municipality	55	Developed sports in Richmond	Development of local youth in sports	Date of attending SALGA games	30-Sep-19	30-Sep-19	30-Sep-20	30-Sep-20	0	Not Achieved	Community Services	COMM SERV	R 0,00	The games were cancelled due to national lock down regulations.	The games were cancelled due to national lock down regulations.	Signed attendance register of players attended
To promote Arts and Culture within Richmond	To promote Arts and Culture within Richmond	56	Moral regeneration of izintombi	Annual Reed dance attended	Date of attending Inkosi womhlanga event	30-Sep-19	09-Sep-19	30-Sep-20	30-Sep-20	0	Not Achieved	Community Services	COMM SERV	R 0,00	Umkhosi woMhlanga was cancelled due to national lock down regulations.	Umkhosi woMhlanga was cancelled due to national lock down regulations.	Signed attendance register of izintombi attended
To have a functional youth structure within the Municipal area	To have a functional youth structure within the Municipal area	57	Functionality of the youth council	Functional and effective Youth Council	Number of reports submitted to MANCO and Portfolio committees on the functionality of Youth Council	4	4	4	4	4	Achieved	Community Services	COMM SERV	R 0,00	N/A	N/A	Reports, minutes and attendance registers
To unlock opportunities for poor youth through assistance and funding	To unlock opportunities for poor youth through assistance and funding	58	Educated poor youth in Richmond	Youth training and development campaigns conducted	Number of campaigns	2	0	2	2	0	Not Achieved	Community Services	COMM SERV	R 0,00	Due to national lockdown the municipality could not have the campaigns	The 2 campaigns were planned to be conducted in the month of June which is dedicated to the youth however due to the national lockdown it had to be cancelled.	Report with list of youth assisted
HIV/AIDS awareness campaign	HIV/AIDS awareness campaign	59	HIV/AIDS awareness campaign	Commemoration of World AIDS day	Date of hosting of the awareness campaign	31-Dec-19	01-Dec-19	31-Dec-20	31-Dec-20	18-Dec-20	Achieved	Community Services	COMM SERV	R 0,00	N/A	N/A	Copy of invite, invoice for transport and attendance register
To ensure sound asset management	To ensure sound asset management	60	Safeguarding of Municipal Assets	To ensure sound asset management and safe guarding of municipal assets	Date of undertaking of Insurance Risk Cover for municipal assets	30-Sep-19	16-Aug-20	30-Sep-20	30-Sep-20	30-Sep-20	Achieved	Financial service	BTO	887 016,00	N/A	3 year appointment	Appointment Letter and Signed SLA
		61			Number of quarterly Reports	4	4	4	4	4	Achieved	Financial service	BTO	887 016,00	N/A	N/A	Quarterly Report
To ensure accurate asset reporting and sound asset management	To ensure accurate asset reporting and sound asset management	62	Compilation of GRAP Compliant Fixed Asset Register	Compilation of GRAP Compliant Fixed Asset Register	Date of appointment of service provider to updated Fixed Assets Register	30-May-20	30-May-19	30-May-21	30-May-21	31-May-21	Not Achieved	Financial service	BTO	300 000,00	None	3 year appointment	GRAP Compliant Fixed Asset Register
Prepare financial plans and provide reports in terms of applicable legislation	Prepare financial plans and provide reports in terms of applicable legislation	63	IDP/Budget process plan	Approved budget process Plan by Council	Date of approving IDP/Budget Process Plan	Approval of IDP/Budget Process Plan by 2019/08/31	31-Aug-19	Approval of IDP/Budget Process Plan by 2020/08/31	Approval of IDP/Budget Process Plan by 2020/08/31	20-Aug-20	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Council Resolution - Approved IDP/ Budget Process Plan
		64	Budgeting	Approved Draft budget in compliance with MFMA	Date of approval of draft budget	31-Mar-20	05-May-20	Approval of Draft Budget by 2021/03/31	31-Mar-21	31-Mar-21	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Council Resolution - Approved draft Budget
		65		Approved Annual Budget in compliance to MFMA	Date of approval of final budget	31-May-20	05-Jun-20	Approval of Annual Budget by 2021/05/31	31-May-21	31-May-21	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Council Resolution - Approved draft Budget
		66		Approved Mid year assessment report in compliance with MFMA	Date of submission of Mid year performance assessment report	25-Jan-20	29-Jan-20	Approval of Mid year assessment report by 2021/01/25	25-Jan-21	25-Jan-21	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Council Resolution - Approved Mid year Assessment
		67		Approved Adjustment budget in compliance with the MFMA	Date of approval of adjustment budget	28-Feb-20	27-Feb-20	Approval of Adjustment Budget by 2021/02/28	28-Feb-21	01-Mar-21	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Council Resolution - Approved Adjustment Budget

			68	Financial Reporting	All monthly returns submitted	Number of monthly returns submitted	12	12	12	12	12	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Proof of submission - Section 71 Reports
			69		All quarterly returns submitted with zero errors	Number of returns submitted	4	4	4	4	4	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Proof of submission - Quarterly Reports
			70		Annual Financial Statements submitted on time to Auditor General	Date of submission of AFS to Auditor General	31-Aug-19	31-Aug-19	31-Aug-20	31-Oct-20	31-Oct-20	Achieved	Financial service	BTO	R 0,00	N/A	N/A	Acknowledgement of Receipt by AGSA

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	KEY PEFORMANCE INDICATOR	PERFORMANCE MEASURE	COMPARISON WITH PREVIOUS YEAR 2019/2020		ORIGINAL SDBIP TARGET	CURRENT YEAR 2020/2021		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
							SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT							
Municipal Financial Viability & Management	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	Implement systems and processes which ensure clean audits, compliance to legislation and high performance	1	30 Day Creditor Payment Project.	Compliance with Section 65(2)(e) of the MFMA	Percentage of Creditors paid within 30 days of invoice date	100%	100%	100%	100%	100%	Achieved	Expenditure Management	BTO	R 0,00	N/A	N/A	Creditors Age Analysis & Invoice Register
		Payment of creditors taking into account all related legislation including compliance with the VAT Act.	2	Monthly reconciliations:	Reconciled and reviewed monthly bank and creditors' reconciliations	Number of months reconciled within the quarter	12	12	12	12	12	Achieved	Expenditure Management	BTO	R 0,00	N/A	N/A	Monthly Creditors Reconciliations (Signed off by CFO)
		Employee related costs payable within the legislative prescripts	3	Financial Reporting	Financial Reporting to STATS SA	Number of quarterly reports submitted to STATS SA	4	4	4	4	4	Achieved	Expenditure Management	BTO	R 0,00	N/A	N/A	Statistical Report
		Employee related costs payable within the legislative prescripts	4	Payroll Run	Timely and accurate processing of Employee Related Cost and compliance with legal prescripts	Number of months Employee Related Costs processed in a timely manner.	12	12	12	12	12	Achieved	Expenditure Management	BTO	R 63 618 000,00	N/A	N/A	Payroll Report & Proof of Payment
	Reduced dependency on grants and increase revenue collection and alternative revenue generation sources	Reduce dependency on grants and increase revenue collection	5	Revenue enhancement on debt collection program	Improved debtors collection rate and enhanced revenue and debt collection program	Percentage of old debt recovered (25% collection per quarter)	100%	46%	100%	100%	19%	Not Achieved	Revenue Management	BTO	R1 310 124	Non payment of accounts by debtors to due the Covid Pandemic and non performance of debtors collectors	Implement stringent debt collection measures. Implement the Revenue enhancement strategy	Debtors Age Analysis Report / Collections Report
			6	Revenue enhancement on debt collection program		Percentage of current billing collected on a monthly basis	80%	54%	95%	95%	64%	Not Achieved	Revenue Management	BTO	R1 310 124	Non payment of accounts by debtors to due the Covid Pandemic and non performance of debtors collectors	Implement stringent debt collection measures. Implement the Revenue enhancement strategy	Debtors Age Analysis Report / Collections Report
			7	Revenue enhancement Program	Reduced grant dependency	Percentage of Own Revenue against grants Received from	25% of total revenue	35% of total revenue	25% of total revenue	25% of total revenue	25%	Achieved	Revenue Management	BTO	R 0,00	N/A	N/A	Section 71 Report and Revenue Report
			8	Liquidity Management	Improved municipal liquidity position	Number of times that cash reserves can cover monthly expenditure	Average of 3 Times	Average of 2 Times	Average of 3 Times	Average of 3 Times	2.3	Not Achieved	Revenue Management	BTO	R 0,00	The Municipalities cash coverage ratio is below the norm. This is as a result of the financial year end . The municipality needed to ensure that all creditors are paid at year end.	Develop and implement revenue and enhancement strategy. Improve collection on outstanding debtors. Investment of excess funds.	Section 71 Report & Financial Ratios
	Time taken to place an order reduced	Time taken to place an order reduced	9	SCM Procurement Turnaround times	Improved SCM Procurement Turnaround times for an order below R30 000	Number of days to place an order below R30 000	12 days	12 days	12 days	12 days	12 days	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	SCM monthly performance reports
			10	SCM Procurement Turnaround times	Improved SCM Procurement Turnaround times for an order above R30 000 but below R200 000	Number of days to place an order (above R30 000 but below R200 000) starting from the date SCM receives specification from end user department	20 days	20 days	21 days	20 days	20 days	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	SCM monthly performance reports
	Time taken to finalize specifications of Bid / Tender reduced	Time taken to finalize specifications of Bid / Tender reduced	11	SCM Procurement Turnaround times	Improved SCM Procurement Turnaround times for specification to bid tender	Number of days to finalize specification of bid to tender starting from the date SCM receives specification from end user department	8 days	8 days	8 days	8 days	8 days	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	SCM monthly performance reports
	Time taken to finalize evaluation of Bid / Tender reduced	Time taken to finalize evaluation of Bid / Tender reduced	12	SCM Procurement Turnaround times	Improved SCM Procurement Turnaround times to finalize evaluation to bid tender	Number of days to finalize evaluation to bid to tender starting from the closing date of the tender.	10 days	10 days	10 days	10 days	10 days	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	SCM monthly performance reports
	Time between the evaluation process and the adjudication process reduced	Time between the evaluation process and the adjudication process reduced	13	SCM Procurement Turnaround times	Improved SCM Procurement Turnaround times between tender evaluation and adjudication	Number of days between tender evaluation and adjudication starting from date of the finalisation of the evaluation committee	7 days	7 days	7 days	7 days	7 days	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	SCM monthly performance reports
	Irregular, fruitless and wasteful Expenditure Eliminated	Irregular, fruitless and wasteful Expenditure Eliminated	14	UIFW	No irregular, fruitless and wasteful expenditure incurred at year-end	R 0	R 0	10 747 253.79	R 0	R 0	R 22 495 128,69	Not Achieved	Supply Chain Management	BTO	R 0,00	Non-compliance with legislation	To have stronger internal controls to mitigate the non-compliance	SCM monthly performance reports
	Annual Procurement plan prepared	Annual Procurement plan prepared	15	Procurement Planning	Approved Procurment Plans	Date of approved procurement plan by Council by 30 June 2020	Approved procurement Plan by 30 June 2020	30-Jun-20	Approved procurement Plan by 30 June 2021	Approved procurement Plan by 30 June 2021	30-Jun-21	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	Council Resolution and copy of approved procurement plan
	Effective bid committees to support procurement for service delivery	Effective bid committees to support procurement for service delivery	16	Training	Functional and Effective Bid Committees	Number of trainings arranged	2 training	4 training	4 training	4 training	4 training	Achieved	Supply Chain Management	BTO	R 0,00	N/A	N/A	Attendance Registers

NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	KEY PEFORMANCE INDICATOR	PERFORMANCE MEASURE	COMPARISON WITH PREVIOUS YEAR 2019/2020		ORIGINAL SDBIP TARGET	CURRENT YEAR 2020/2021		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
							SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT							
	Enhancement of community services office	Enhancement of community services office	1	To provide safe and comfortable environment for community service officials	Purchase of capital resources for the enhancement of the unit	Date of purchase of gazebo	New Indicator	New Indicator	30-Sep-20	30-Sep-20	0	Not Achieved	Community Services	COMM SERV	R 1 200,00	Budget constraints	To be purchased in the new financial year.	Request for goods, payment voucher.
			2			Date of purchase of chairs	New Indicator	New Indicator	30-Sep-20	30-Sep-20	06-Oct-20	Not Achieved	Community Services	COMM SERV	R 6 804	Delays by the department to submit request for goods to SCM	The chairs were purchased in the second quarter.	Request for goods, payment voucher.
			3			Date of purchase of the Wendy houses for disaster	30-Sep-19	26-Sep-19	31-Dec-20	31-Dec-20	06-Oct-20	Achieved	Disaster Management	COMM SERV	R 114 996,00	N/A	N/A	Request for goods, payment voucher.

	Establishment and Operation of Disaster Management	Establishment and Operation of Disaster Management	4	To establish and effectively monitor the disaster management centre	Purchase of capital resources for the enhancement of the unit	Date of Purchase of chairs	New Indicator	New Indicator	30-Sep-20	30-Sep-20	06-Oct-20	Not Achieved	Disaster Management	COMM SERV	R 8 004,00	Delays by the department to submit request for goods to SCM	The desks were purchased in the second quarter.	Request for goods, payment voucher.
			5			Signage for disaster Vehicle	New Indicator	New Indicator	31-Dec-20	31-Dec-20	03-Nov-20	Achieved	Disaster Management	COMM SERV	R 15 000,00	N/A	N/A	Request for goods, payment voucher.
			6			Date of purchase of lightning conductors	New Indicator	New Indicator	30-Sep-20	30-Sep-20	07-Oct-20	Not Achieved	Disaster Management	COMM SERV	R 96 001,00	Delays with SCM processes.	The lightning conductors were purchased in the second quarter.	Request for goods, payment voucher.
			7			Date of Purchase of cabinets	New Indicator	New Indicator	30-Sep-20	30-Sep-20	0	Not Achieved	Disaster Management	COMM SERV	R 9 996,00	Budget constraints	To be purchased in the new financial year.	Request for goods, payment voucher.
			8			Date of purchase of desks	New Indicator	New Indicator	30-Sep-20	30-Sep-20	06-Oct-20	Not Achieved	Disaster Management	COMM SERV	R 9 996,00	Delays by the department to submit request for goods to SCM	The desks were purchased in the second quarter.	Request for goods, payment voucher.
			9			Date of Purchase of torch	New Indicator	New Indicator	30-Sep-20	30-Sep-20	0	Not Achieved	Disaster Management	COMM SERV	R 2 004,00	The municipality decided to lease new vehicles and the disaster vehicle was going to come with a torch therefore it was not procured	The municipality decided to lease new vehicles and the disaster vehicle was going to come with a torch therefore it was not procured	Request for goods, payment voucher.
Cross Cutting	To implement disaster programmes	To implement disaster programmes	10	Promote health and safety and provide disaster relief through awareness campaigns	Disaster Management awareness campaigns conducted in all wards	Number of awareness Campaigns to be done in each ward	7	7	7	7	7	Achieved	Disaster Management	COMM SERV	R 0	N/A	N/A	Attendance Register, proof of payment for procured goods and brochures/ invitations
	To promote the use of libraries facilities and dissemination of information	To promote the use of libraries facilities and dissemination of information	11	Improved opportunities for better livelihood and improved knowledge	Enhancing library educational programme	Number of library programmes conducted in the communities	12	9	12	12	8	Not Achieved	Community Services	COMM SERV	R 0,00	Due to national lockdown the municipality could not host the programmes	The library will be hosting programmes in the new financial year after getting approval from Department of Arts and Culture that libraries can operate at full capacity	Completion certicate or signed delivery note
			12		Purchase of capital resources for the enhancement of the unit	Date of acquisition for computers	New Indicator	New Indicator	30-Sep-20	30-Sep-20	23-Sep-20	Achieved	Community Services	COMM SERV	R 80 004	N/A	N/A	Completion certicate or signed delivery note
	To provide law enforcement and Security Services	To provide law enforcement and Security Services	13	To enhance and promote road safety as per National Road Traffic Act 93/96	Purchase of capital resources for the enhancement of the unit	Date of acquisition of speed timing machines	New Indicator	New Indicator	30-Sep-20	30-Sep-20	01-Jul-20	Achieved	Community Services	COMM SERV	R 200 004	N/A	N/A	Request for goods, payment voucher.
			14			Date of acquisition of Armour-bullet proof vests	New Indicator	New Indicator	30-Sep-20	30-Sep-20	01-Jul-20	Achieved	Community Services	COMM SERV	R 70 000	N/A	N/A	Request for goods, payment voucher.
			15			Date of acquisition of lights for traffic vehicles	New Indicator	New Indicator	31-Dec-20	31-Dec-20	0	Not Achieved	Community Services	COMM SERV	R 50 004	The municipality decided to lease new vehicles and the traffic vehicle was going to come with a traffic lights therefore it was not procured	The municipality decided to lease new vehicles and the traffic vehicle was going to come with a traffic lights therefore it was not procured	Request for goods, payment voucher.
			16			Date of acquisition of signage for traffic vehicles	New Indicator	New Indicator	31-Dec-20	31-Dec-20	0	Not Achieved	Community Services	COMM SERV	R 30 000	The municipality decided to lease new vehicles and the traffic vehicle was going to come with the branding and signage therefore it was not procured	The municipality decided to lease new vehicles and the traffic vehicle was going to come with the branding and signage therefore it was not procured	Request for goods, payment voucher.
			17			Date of acquisition of tow bar for traffic vehicles	30-Sep-19	30-Sep-19	31-Dec-20	31-Dec-20	08-Feb-21	Not Achieved	Community Services	COMM SERV	R 9 996	The municipality decided to lease new vehicles and the traffic vehicle was going to come with a tow bar therefore it was not procured	The municipality decided to lease new vehicles and the traffic vehicle was going to come with a tow bar therefore it was not procured	Request for goods, payment voucher.
			18		Visibility campaigns and road blocks programmes conducted	Number of roadblocks conducted	40	40	40	40	40	Achieved	Community Services	COMM SERV	R 10 000	N/A	N/A	Copy of traffic fines issued on the date in, invitations , roadblock reports and pictures.
			19			Number of road safety education awareness programmes to be done	20	20	12	12	12	Achieved	Community Services	COMM SERV	R30 000	N/A	N/A	Attendance Register of who attended, Photos, letter of appreciation as well as brochures
	To promote accountability and efficiency in the use of municipal assets and community facilities	To promote accountability and efficiency in the use of municipal assets and community facilities	20	Implement measures for the safeguarding of assets for the municipality and community facilities to promote efficiency and accountability	Buildings Maintenance plan reviewed and approved MANCO	Date of reviewed Building maintenance Plan	30-Jun-20	30-Jun-20	30-Jun-21	30-Jun-21	30-Jun-21	Achieved	Administration Section	CORP SERV	R 0,00	N/A	N/A	Copy of building Maintenance Plan and MANCOl resolution
NATIONAL KEY PERFORMANCE AREAS	ORIGINAL OBJECTIVE	REVISED OBJECTIVE	NO.	STRATEGY FOCUS AREA	KEY PEFORMANCE INDICATOR	PERFORMANCE MEASURE	COMPARISON WITH PREVIOUS YEAR 2018/2019		ORIGINAL SDBIP TARGET	CURRENT YEAR 2019/2020		STATUS (ACHIEVED / NOT ACHIEVED)	RESPONSIBLE UNIT	RESPONSIBLE DEPARTMENT	FINANCIAL IMPLICATION	CHALLENGES	CORRECTIVE MEASURES	PORTFOLIO OF EVIDENCE
							SDBIP TARGET	ACTUAL ACHIEVEMENT		REVISED SDBIP TARGET	ACTUAL ACHIEVEMENT							
			1		Installation of fibre network to have a functional ICT Training Room at the Incubation Centre	Date of ICT Connection including fibre and desktops at Incubation centre	New Indicator	New Indicator	31-Dec-20	31-Dec-20	08-Oct-20	Achieved	LED	OMM	R 183 714	N/A	N/A	Purchase order issued to service provider and Project Close Out Report
			2		Purchase of capital resources for the enhancement of the unit	Date of Purchase of chairs	New Indicator	New Indicator	30-Sep-20	30-Sep-20	11-Sep-20	Achieved	LED	OMM	R 20 004,00	N/A	N/A	Request for goods, payment voucher.
			3			Date of Purchase of desks	New Indicator	New Indicator	30-Sep-20	30-Sep-20	11-Sep-20	Achieved			R 20 004,00	N/A	N/A	Request for goods, payment voucher.
			4			Date of Purchase of cabinets	New Indicator	New Indicator	30-Sep-20	30-Sep-20	21-Sep-20	Achieved	LED	OMM	R 9 996,00	N/A	N/A	Request for goods, payment voucher.
			5		Capacity building for SMMEs and Co-operatives	Date of training programme	30-Sep-19	09-Sep-19	30-Sep-20	30-Sep-20	25-Sep-20	Achieved	LED	OMM	R 120 500,00	N/A	N/A	Signed training programme developed
			6			Date of appointment of service provider	31-Dec-19	18-Dec-19	31-Dec-20	31-Dec-20	03-Dec-20	Achieved	LED	OMM		N/A	N/A	Signed needs analysis register and compiled list of beneficiaries. Appointment letter of service provider

			7			Number of trained beneficiaries	70	70	70	50	51	Achieved	LED	OMM		N/A	N/A	Signed attendance registers and certificate of attendance
			8		SMME companies registered on CIPC	Number of SMME companies registered on CIPC	30	56	30	30	79	Achieved	LED	OMM	R 0,00	N/A	N/A	Registration certificates from CIPC
Local Economic Development	To support skills development and economic growth	To support skills development and economic growth	9	Facilitate improved literacy rate and better standard of living	Coordination of the functioning of the interim HUB (Retail Market)	Number of reports to MANCO on UMEDA activities	12 reports	3 reports	4 reports	4 reports	4 reports	Achieved	LED	OMM	R 0,00	N/A	N/A	Pictures of seedlings delivered and produce sold. Copies of records of sales via interim HUB
			10		Establishment of LED forum	No. of meetings held by the forum	4 meetings	2 meetings	4 meetings	4 meetings	4 meetings	Achieved	LED	OMM	R 9 996	N/A	N/A	Invitations to stakeholders, minutes of meetings held adoption TOR's and signed TOR
			11		To develop and support SMME's informal economy	Number of informal traders permits/ licences issued	100	24 Covid-19 trading permits were issued	100	100	44	Not Achieved	LED	OMM	0	Informal Traders not affording the annual fee of R130 hence they end up not renewing	A meeting was held with EDTEA and it was agreed that a review is needed.	Signed informal traders permits issued and collection register
			12		To ensure compliance with municipal Bylaws	Percentage of business licence applications received and issued	12	14	100%	100%	100%	Achieved	LED	OMM	0	N/A	N/A	signed business licences issued and application forms
			13		Establishment and operation of regulatory compliance forum	Number of inspections conducted by the regulatory compliance forum	4 meetings	3 meetings	4 meetings	4 Inspections	4 Inspections	Achieved	LED	OMM	0	N/A	N/A	Email inviting stakeholders, attendance register and minutes of meetings
			14		Establishment of Tourism Forum	Date of Tourism Forum established	31-Dec-19	0	31-Jan-21	31-Jan-21	18-Mar-21	Not Achieved	LED	OMM	R 19 992	There were challenges with the sitting with stakeholders to establish the forum and with Covid-19 regulations physical meetings were difficult to convene	The forum was established and TOR's have been attached	Minutes of meetings, attendance register, signed TOR's
			15		Reported functioning of SMME incubation centre	Number of reports submitted to MANCO on the functioning incubation centre	12 Monthly reports	3 Monthly reports	12 Monthly reports	12 Monthly reports	8 Monthly reports	Not Achieved	LED	OMM	0	MANCO meetings not sitting regularly.	Monthly reports reporting the functioning of the SMME incubation centre to be submitted timeously to MANCO and other council committees	Signed reports of MANCO minutes
			16		Hosting of a SMMEs and Cooperatives fair	Date of SMME fair hosted	30-Jun-20	0	30-Jun-21	30-Jun-21	03-Jun-21	Achieved	LED	OMM	R 20 004	N/A	N/A	Invites and attendance register
			17		Hosting of Agricultural farmers Day	Dated of hosting Agricultural farmers day	New Indicator	New Indicator	30-Jun-21	30-Jun-21	03-Jun-21	Achieved	LED	OMM	R 19 992	N/A	N/A	Invites and attendance register

Richmond Local Municipality
(Registration number KZN227)
Annual Financial Statements
for the year ended June 30, 2021

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act No:117 of 1998) read with section 155(1) of the Constitution of the Republic of South Africa (Act No. 108 of 1996)	
Nature of business and principal activities	Richmond Local Municipality is a local municipality perfoming the functions as set out in the Constitution of the Republic of South Africa (Act No. 108 of 1996)	
Mayoral Committee	Executive Mayor	Cllr. S. B. Ndlovu
	Deputy Mayor	Cllr. K.E. Mkize
	Speaker	Cllr. N.P. Phoswa
	Member of the Executive Committee	Cllr. S. B. Ndlovu
	Member of the Executive Committee	Cllr. K.E. Mkize
	Member of the Executive Committee	Cllr. T.C. Madonda
	Councillor:	N.P. Phoswa
	Councillor:	B. Mbanjwa
	Councillor:	V. Maphumulo
	Councillor:	B.R. Shange
	Councillor:	B. Ngcongo
	Councillor:	M.J. Jili
	Councillor:	S.L. Shange
	Councillor:	T.C. Madonda
	Councillor:	S. Ngubo
	Councillor:	N.W. Mjwara
	Councillor:	Van der Byl
Registered office	57 Shepstone Street Richmond 3610	
Postal address	Private Bag 1028 Richmond 3780	
Bankers	First National Bank	
Auditors	Auditor General of South of Africa (AGSA) Registered Auditors	

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

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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 was given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to June 30, 2022 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on August 30, 2021 and were signed on its behalf by:

Accounting Officer
BE Mswane

Statement of Financial Position as at June 30, 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	21,049,931	19,049,896
Receivables from exchange transactions	4	1,943,641	813,812
Receivables from non-exchange transactions	5	32,485,449	27,169,678
VAT receivable	6	2,529,148	2,825,712
		58,008,169	**49,859,098**
Non-Current Assets			
Biological assets	7	-	3,389,506
Heritage assets	10	3,832,655	212,767
Investment property	12	1,185,899	1,185,899
Intangible assets	9	484,596	938,171
Non-current investment	11	266	266
Property, plant and equipment	8	353,048,920	342,539,818
		358,552,336	**348,266,427**
Total Assets		**416,560,505**	**398,125,525**
Liabilities			
Current Liabilities			
Payables from exchange transactions	18	21,796,353	12,627,419
Payables from non-exchange transactions	19	1,601,323	3,038,743
Unspent conditional grants and receipts	16	4,724,432	15,243,651
Operating lease liability	13	539,283	509,753
Finance lease obligation	15	204,568	223,585
Employee benefit obligation	14	388,000	551,000
Provisions	17	3,442,814	4,676,727
		32,696,773	**36,870,878**
Non-Current Liabilities			
Finance lease obligation	15	-	204,568
Employee benefit obligation	14	8,207,000	7,412,000
Provisions	17	7,817,483	7,651,644
		16,024,483	**15,268,212**
Total Liabilities		**48,721,256**	**52,139,090**
Net Assets		**367,839,249**	**345,986,435**
Accumulated surplus		367,839,249	345,986,435
Total Net Assets		**367,839,249**	**345,986,435**

* See Note 38

Statement of Financial Performance

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	20	777,348	618,462
Rental of facilities and equipment	21	1,003,847	728,983
Interest earned - Outstanding debtors		327,228	88,622
Other income	24	880,847	619,016
Interest received - investment	25	1,114,094	1,111,596
Total revenue from exchange transactions		**4,103,364**	**3,166,679**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	18,493,729	17,894,577
Property rates - penalties imposed	26	4,315,712	3,488,475
Licences and permits	23	1,308,287	490,557
Transfer revenue			
Government grants & subsidies	27	124,335,511	93,610,487
Fines, Penalties and Forfeits	22	200,869	571,959
Total revenue from non-exchange transactions		**148,654,108**	**116,056,055**
Total revenue		**152,757,472**	**119,222,734**
Expenditure			
Employee related costs	28	(54,917,511)	(56,453,902)
Remuneration of councillors	45	(5,772,938)	(6,029,619)
Depreciation and amortisation	29	(20,212,379)	(16,839,942)
Finance costs	31	(197,237)	(270,025)
Lease rentals on operating lease		(840,020)	(372,720)
Operational Cost	32	(40,688,696)	(40,830,048)
Total expenditure		**(122,628,781)**	**(120,796,256)**
Operating surplus (deficit)		**30,128,691**	**(1,573,522)**
Loss on disposal of assets		(91,720)	-
Fair value adjustments	33	(3,389,506)	(10,370,000)
Actuarial gains/losses	14	(147,295)	5,130,907
Impairment loss	30	(4,962,610)	(2,736,023)
Asset write-off		-	(141,807)
		(8,591,131)	**(8,116,923)**
Surplus (deficit) for the year		**21,537,560**	**(9,690,445)**

* See Note 38

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	350,264,984	350,264,984
Adjustments		
Prior year adjustments	5,411,896	5,411,896
Balance at July 1, 2019 as restated*	**355,676,880**	**355,676,880**
Changes in net assets		
Surplus for the year	(9,690,445)	(9,690,445)
Total changes	(9,690,445)	(9,690,445)
Opening balance as previously reported	345,963,163	345,963,163
Adjustments		
Prior year adjustments	338,526	338,526
Restated* Balance at July 1, 2020 as restated*	**346,301,689**	**346,301,689**
Changes in net assets		
Surplus for the year	21,537,560	21,537,560
Total changes	21,537,560	21,537,560
Balance at June 30, 2021	**367,839,249**	**367,839,249**

Note(s)

* See Note 38

Cash Flow Statement

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Property rates		17,625,998	16,759,416
Service charges		297,913	627,067
Grants		124,335,511	102,485,868
Interest income		1,114,094	1,966,006
Other income		2,312,134	-
		145,685,650	121,838,357
Payments			
Employee costs		(54,917,511)	(55,539,283)
Suppliers		(43,808,188)	(46,271,669)
Finance costs		-	(270,025)
Remuneration for councillors		(5,772,937)	(6,029,619)
		(104,498,636)	(107,740,062)
Net cash flows from operating activities	46	**41,187,014**	**14,098,295**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(37,590,127)	(18,184,040)
Proceeds from sale of property, plant and equipment	8	976,188	-
Purchase of other intangible assets	9	-	(372,270)
Purchase of heritage assets	10	(3,619,888)	-
Net cash flows from investing activities		**(40,233,827)**	**(18,556,310)**
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		**2,000,035**	**(4,839,704)**
Cash and cash equivalents at the beginning of the year		19,049,896	23,889,600
Cash and cash equivalents at the end of the year	3	**21,049,931**	**19,049,896**

* See Note 38

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 Performance						
Revenue						
Revenue from exchange transactions						
Service charges	864,000	(316,000)	**548,000**	777,348	**229,348**	See explaination below
Rental of facilities and equipment	1,150,000	(105,000)	**1,045,000**	1,003,847	**(41,153)**	
Interest received -trading	111,000	118,000	**229,000**	327,228	**98,228**	
Other income	3,522,000	(708,000)	**2,814,000**	880,847	**(1,933,153)**	
Interest received - investment	3,247,000	(1,283,000)	**1,964,000**	1,114,094	**(849,906)**	
Total revenue from exchange transactions	**8,894,000**	**(2,294,000)**	**6,600,000**	**4,103,364**	**(2,496,636)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	19,596,000	-	**19,596,000**	18,493,729	**(1,102,271)**	
Licences and Permits	909,000	601,000	**1,510,000**	1,308,287	**(201,713)**	
Transfer revenue						
Government grants & subsidies	96,729,000	956,000	**97,685,000**	124,335,511	**26,650,511**	
Fines, Penalties and Forfeits	2,001,000	1,622,000	**3,623,000**	4,516,581	**893,581**	
Total revenue from non-exchange transactions	**119,235,000**	**3,179,000**	**122,414,000**	**148,654,108**	**26,240,108**	
Total revenue	**128,129,000**	**885,000**	**129,014,000**	**152,757,472**	**23,743,472**	
Expenditure						
Employee related costs	(60,971,000)	2,595,000	**(58,376,000)**	(54,917,511)	**3,458,489**	
Remuneration of councillors	(5,996,000)	-	**(5,996,000)**	(5,772,938)	**223,062**	
Depreciation and amortisation	(19,398,000)	-	**(19,398,000)**	(20,212,379)	**(814,379)**	
Impairment loss	(3,985,000)	-	**(3,985,000)**	(4,962,610)	**(977,610)**	
Finance costs	(191,000)	-	**(191,000)**	(197,237)	**(6,237)**	
Contracted Services	(23,163,000)	(3,062,000)	**(26,225,000)**	(26,304,169)	**(79,169)**	
Transfers and Subsidies	(998,000)	-	**(998,000)**	(563,297)	**434,703**	
General Expenses	(21,513,000)	(81,000)	**(21,594,000)**	(14,661,250)	**6,932,750**	
Total expenditure	**(136,215,000)**	**(548,000)**	**(136,763,000)**	**(127,591,391)**	**9,171,609**	
Operating surplus	**(8,086,000)**	**337,000**	**(7,749,000)**	**25,166,081**	**32,915,081**	
Transfers & Subsidies - capital (monetary allocations) (National/Provincial and District)	17,558,000	9,742,000	**27,300,000**	(91,720)	**(27,391,720)**	
Transfers & Subsidies - capital (in-kind-all)	29,000	71,000	**100,000**	-	**(100,000)**	
Fair value adjustments	-	-	**-**	(3,389,506)	**(3,389,506)**	
Actuarial gains/losses	-	-	**-**	(147,295)	**(147,295)**	
	17,587,000	**9,813,000**	**27,400,000**	**(3,628,521)**	**(31,028,521)**	
Surplus before taxation	**9,501,000**	**10,150,000**	**19,651,000**	**21,537,560**	**1,886,560**	

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
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**9,501,000**	**10,150,000**	**19,651,000**	**21,537,560**	**1,886,560**	

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						
Inventories	30,000	-	**30,000**	-	**(30,000)**	See explaination below
Non-current investment	-	10,872,000	**10,872,000**	-	**(10,872,000)**	
Receivables from non-exchange transactions	31,265,000	(2,278,000)	**28,987,000**	32,485,449	**3,498,449**	
VAT receivable	-	-	**-**	2,529,148	**2,529,148**	
Consumer debtors	10,844,000	2,290,000	**13,134,000**	1,943,641	**(11,190,359)**	
Cash and cash equivalents	15,112,000	7,956,000	**23,068,000**	21,049,931	**(2,018,069)**	
	57,251,000	**18,840,000**	**76,091,000**	**58,008,169**	**(18,082,831)**	
Non-Current Assets						
Biological assets	3,390,000	-	**3,390,000**	-	**(3,390,000)**	
Investment property	1,186,000	-	**1,186,000**	1,185,899	**(101)**	
Property, plant and equipment	346,352,000	12,063,000	**358,415,000**	353,048,920	**(5,366,080)**	
Intangible assets	488,000	-	**488,000**	484,596	**(3,404)**	
Heritage assets	-	-	**-**	3,832,655	**3,832,655**	
Non-current investment	-	-	**-**	266	**266**	
Other asset	896,000	-	**896,000**	-	**(896,000)**	
	352,312,000	**12,063,000**	**364,375,000**	**358,552,336**	**(5,822,664)**	
Total Assets	**409,563,000**	**30,903,000**	**440,466,000**	**416,560,505**	**(23,905,495)**	
Liabilities						
Current Liabilities						
Finance lease obligation	-	-	**-**	204,568	**204,568**	
Operating lease liability	-	-	**-**	539,283	**539,283**	
Payables from exchange transactions	49,041,000	9,882,000	**58,923,000**	21,796,353	**(37,126,647)**	
Taxes and transfers payable (non-exchange)	(145,000)	-	**(145,000)**	1,601,323	**1,746,323**	
VAT payable	-	-	**-**	3,933,804	**3,933,804**	
Employee benefit obligation	-	-	**-**	388,000	**388,000**	
Unspent conditional grants and receipts	-	-	**-**	4,724,432	**4,724,432**	
Provisions	(2,809,000)	-	**(2,809,000)**	3,442,814	**6,251,814**	
	46,087,000	**9,882,000**	**55,969,000**	**36,630,577**	**(19,338,423)**	
Non-Current Liabilities						
Compound instruments	938,000	-	**938,000**	-	**(938,000)**	
Employee benefit obligation	-	-	**-**	8,207,000	**8,207,000**	
Provisions	18,505,000	-	**18,505,000**	7,817,483	**(10,687,517)**	
	19,443,000	**-**	**19,443,000**	**16,024,483**	**(3,418,517)**	
Total Liabilities	**65,530,000**	**9,882,000**	**75,412,000**	**52,655,060**	**(22,756,940)**	
Net Assets	**344,033,000**	**21,021,000**	**365,054,000**	**363,905,445**	**(1,148,555)**	

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
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	344,033,000	21,021,000	**365,054,000**	363,905,445	**(1,148,555)**	

Richmond Local Municipality

(Registration number KZN227)
Annual Financial Statements for the year ended June 30, 2021

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						
Property rates	15,677,000	-	**15,677,000**	-	**(15,677,000)**	See explaination below
Sale of goods and services	-	621,000	**621,000**	-	**(621,000)**	
Government - Operating	96,758,000	140,000	**96,898,000**	-	**(96,898,000)**	
Government - Capital	17,558,000	19,484,000	**37,042,000**	-	**(37,042,000)**	
Other revenue	7,235,000	(2,623,000)	**4,612,000**	-	**(4,612,000)**	
Interest income	3,147,000	(1,183,000)	**1,964,000**	-	**(1,964,000)**	
	140,375,000	**16,439,000**	**156,814,000**	**-**	**(156,814,000)**	
Payments						
Employee costs	(112,641,000)	(152,000)	**(112,793,000)**	-	**112,793,000**	
Finance costs	(191,000)	48,000	**(143,000)**	-	**143,000**	
	(112,832,000)	**(104,000)**	**(112,936,000)**	**-**	**112,936,000**	
Net cash flows from operating activities	**27,543,000**	**16,335,000**	**43,878,000**	**-**	**(43,878,000)**	
Cash flows from investing activities						
Capital assets	(24,545,000)	(12,063,000)	**(36,608,000)**	-	**36,608,000**	
Net increase/(decrease) in cash and cash equivalents	2,998,000	4,272,000	**7,270,000**	-	**(7,270,000)**	
Cash and cash equivalents at the beginning of the year	26,672,000	-	**26,672,000**	-	**(26,672,000)**	
Cash and cash equivalents at the end of the year	**29,670,000**	**4,272,000**	**33,942,000**	**-**	**(33,942,000)**	

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

Variance explaination

Revenue

Service Charges: Service charges were adjusted downwards during the adjustment budget due to poor performance in the 1st six months, however performance normalized towards the end of the year.

Rental of facilities and equipment: This is due to stalls and other equipment not being fully occupied.

Interest received- trading: This due to increased debtors balance as most consumers are falling behind with payments.

Other income: This is due to non-sale of plantation

Interest received- Investing: Inadequate cash reserves for investment due to poor collection.

Property rates: This is in line with the budget

Licenses and permits: The budget was adjusted upwards during the strict covid-regulations where Richmond Licensing department was one of the few licensing offices opened. When the regulations were loosened, less vehicle owners renewed their licenses in the Richmond Office.

Grants and Subsidies: This is within the budget

Fines and penalties: This due to increased debtors balance as most consumers are falling behind with payments. .

Expenditure

Employee related costs: This is due to Strategic Management posts and other posts being vacant.

Remuneration of Councilors: This is in line with the budget

Depreciation and Amortization: Due to timely completion of capital projects

Impairment loss: Slightly below budget.

Finance costs: This is within the budget

Lease rentals on operating lease: This item is budgeted under Contracted Services

Contracted Services: Expenditure is in line with budget

General Expenses: Expenditure is in line with budges

Accounting Policies

Figures in Rand	Note(s)	2021	2020

1. Presentation of Annual Financial Statements

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

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Materiality

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

1.4 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. Significant judgements include:

Trade receivables

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

The impairment for trade receivables is first for individually significant receivables and then calculated on a portfolio basis for the remaining balance, including those individually significant loans and receivables for which no indicators of impairment were found. For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

For trade receivables 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 loan's or receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition (if practically determinable). Where the effective interest rate at initial recognition is not practically determinable, the government bond rate is used as the risk-free rate and adjusted for any risks specific to the loans and receivables..

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An assessment is made of net realisable value of inventory at the end of each reporting period. A write down of inventory to thelower of cost or net realisable value is subsequently provided.

Management has made estimates of the selling price and direct cost to sell on certain inventory items.

The write down is included in surplus or deficit..

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the 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.

Value in use of cash-generating assets

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

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 17 - Provisions.

Taxation

The Richmond Local municipality is exempt from tax in terms of section 10(1)(a) of the Income Tax Act.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate involves a matter of judgement based on the experience of the municipality with similar assets. The municipality considers all facts and circumstances in estimating the useful lives of assets, which includes the consideration of financial, technical and other factors. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease the depreciation charge where useful lives are more than previously estimated useful lives.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

The present value of the post-retirement and long-term obligations 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 and long-term 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 post-retirement and longterm obligations. In determining the appropriate discount rate, the municipality considers the market yields at the reporting date on government 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 or other long-term liability. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 14.

Effective interest rate

The municipality uses the prime interest rate to discount other future cash flows.This interest rate is adjusted for risk where appropriate.

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.

1.5 Biological assets

The municipality recognises biological assets or agricultural produce when, and only when:
- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

The fair value of the plantations is based on the combined fair value of the land and the pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the pine trees.

A gain or loss arising on initial recognition of a biological asset that forms part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset that forms part of an agricultural activity is included in surplus or deficit for the period in which it arises.

A biological asset that forms part of an agricultural activity is derecognised on disposal or when the asset is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of a biological asset that forms part of an agricultural activity is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.6 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

1.6 Investment property (continued)

- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

Cost model

Subsequent to initial measurement investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

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

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

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations.

The nature OR type of properties classified as held for strategic purposes.

The municipality discloses relevant information relating to assets under construction or development in the notes to the annual financial statements, which include: the cumulative expenditure recognised in the carrying value of investment property; the carrying value of investment property that is taking a significantly longer period of time to complete than expected; and the carrying value of investment property where construction or development has been halted.(see note 12).

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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

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	Indefinte
Buildings - Building improvements	Straight-line	10 - 30 years
Community -Community facilities & Recreatonal facilities	Straight-line	15 - 30 years
Plant and Equipment	Straight-line	5 - 15 years
Furniture and fixtures	Straight-line	5 - 10 years
Motor vehicles	Straight-line	7 - 15 years
Office equipment	Straight-line	5 - 15 years
Computer equipment	Straight-line	5 - 10 years
Emergency Equipment	Straight-line	5 - 10 years
Other assets	Straight-line	25 - 30 years

1.7 Property, plant and equipment (continued)

Bins and containers	Straight-line	5 -15 years
Specialised vehicles	Straight-line	10 - 20 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.

Land is stated at historical cost and is not depreciated as it is deemed to have an indefinite useful life.

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).

Compensation from third parties for an item of property, plant and equipment that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.8 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. The municipality has classified Computer software as an intangible asset.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

1.8 Intangible assets (continued)

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

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

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Intangible assets are initially measured at cost.

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses, which is line with the asset management policy of the municipality.

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

Amortisation is provided on a straight line basis over the expected useful lives of the intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis to their residual values, if any. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives of intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

1.9 Heritage assets

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

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

When the municipality holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in the note forHeritage assets.

1.9 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

Subsequent to initial measurement, classes of heritage assets are carried at cost less any accumulated impairment losses

Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

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.

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.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.10 Financial instruments (continued)

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, an entity 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 entity 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 residual interest of another entity; or
- 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 guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity’s net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

1.10 Financial instruments (continued)

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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

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
Non-current investments	Financial asset measured at amortised cost
Receivables from Exchange and Non Exchange Transactions	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Call Deposits	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Bank	Financial asset measured at amortised cost
Bank, Cash and Cash Equivalents - Cash	Financial asset measured at amortised cost

The municipality 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
Consumer deposits	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

1.11 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.

1.11 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality’s net investment in the finance lease.

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 .

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.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.12 Inventories (continued)

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

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

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

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.

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.

Accounting Policies

1.13 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:
- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:
- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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.

1.13 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.

1.14 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.

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 is the higher of a cash-generating asset's or cash-generating unit'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.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

The municipality assesses and defines cash-generating assets as all assets held by the municipality with the primary objective to generate commercial return, and non-cash generating assets as those assets other than cash generating assets.

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cashgenerating 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.

Accounting Policies

1.14 Impairment of non-cash-generating assets (continued)

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 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.

Basis for estimates of future cash flows

In measuring value in use, the municipality:

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.

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.

Accounting Policies

1.14 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.

1.15 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 municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an 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 an 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.

Accounting Policies

1.15 Employee benefits (continued)

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 entity 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 entity 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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity 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 entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:
- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

1.15 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

1.15 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect 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 post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.16 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.

1.16 Provisions and contingencies (continued)

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

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 36.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;

1.16 Provisions and contingencies (continued)

- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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 1.13 and 1.14.

If the related asset is measured using the revaluation model:

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

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

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

1.17 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.

Accounting Policies

1.17 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Interest, royalties and dividends

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality’s right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.19 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.

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Accounting Policies

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 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.

1.22 Comparative figures

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

1.23 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.24 Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.25 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).

1.26 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

1.26 Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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

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

1.27 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.

1.28 Separate financial statements

Consolidated financial statements are the financial statements of the economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the entity as a controlling entity, and its controlled entities, are presented as those of a single economic entity.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor’s share of the investee’s net assets. The investor’s surplus or deficit includes its share of the investee’s surplus or deficit and the investor’s net assets includes its share of changes in the investee’s net assets that have not been recognised in the investee’s surplus or deficit.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, that has the purpose of investing funds solely for returns from capital appreciation, investment revenue, and which measures and evaluates the performance of substantially all of its investments on a fair value basis.

Separate financial statements are those presented by the municipality, in which the municipality could elect to account for its investments in controlled entities, joint ventures and associates either at cost, in accordance with the GRAP Standard on Financial Instruments or using the equity method as described in the accounting policies on Investments in Associates and Joint Ventures.

In the municipality's separate financial statements, investments in controlled entities, associates and joint ventures are carried at cost;

In the municipality's separate financial statements, investments in controlled entities are carried at cost;

In the municipality's separate financial statements, investments in associates are carried at cost;

In the municipality's separate financial statements, investments in joint ventures are carried at cost.

Separate annual financial statements are prepared in accordance with all applicable accounting policies, except:

- Similar investments in controlled entities are accounted for at cost;

1.28 Separate financial statements (continued)

- Joint ventures are accounted for at cost;
- Associates are accounted for at cost.

The municipality as a controlling entity, which is not itself an investment entity, measures its investment in a controlled investment entity in accordance with the above, in its separate financial statements.

When the municipality as controlling entity ceases to be an investment entity, or becomes an investment entity, it accounts for the change from the date when the change in status occurred, as follows:

- When the municipality ceases to be an investment entity, the municipality accounts for an investment in a controlled entity in accordance with the above. The date of the change of status is the deemed acquisition date. The fair value of the controlled entity at the deemed acquisition date represents the transferred deemed consideration when accounting for the investment as above.
- When the municipality becomes an investment entity, it accounts for an investment in a controlled entity at fair value. The difference between the previous carrying amount of the controlled entity and its fair value at the date of the change of status is recognised as a gain or loss in surplus or deficit. The cumulative amount of any gain or loss previously recognised directly in net assets in respect of those controlled entities is treated as if the investment entity had disposed of those controlled entities at the date of change in status.

When the municipality elects to measure its investments in associates or joint ventures at fair value, it also accounts for those investments in the same way in its separate annual financial statements.

Where the municipality as controllong entity is required to measure its investment in a controlled entity at fair value, it also accounts for that investment in the same way in its separate annual financial statements.

Dividends or similar distributions from a controlled entity, a joint venture or an associate are recognised in the separate annual financial statements of the municipality when the entity's right to receive the dividend or similar distribution is established. The dividend or similar distribution is recognised in surplus or deficit unless the municipality elects to use the equity method, in which case the dividend or similar distribution is recognised as a reduction from the carrying amount of the investment.

When a controlling entity reorganises the structure of its economic entity by establishing a new municipality as its controlling entity in a manner that satisfies the following criteria:

- The new controlling entity obtains control of the original controlling entity either (a) by issuing equity instruments in exchange for existing equity instruments of the original controlling entity or (b) by some other mechanism which results in the new controlling entity having a controlling ownership interest in the original controlling entity;
- The assets and liabilities of the new economic entity and the original economic entity are the same immediately before and after the reorganisation; and
- The owners of the original controlling entity before the reorganisation have the same absolute and relative interests in the net assets of the original economic entity and the new economic entity immediately before and after the reorganisation;

and the new controlling entity accounts for its investment in the original controlling entity at cost in its separate annual financial statements, the new controlling entity measures cost at the carrying amount of its share of the net asset items shown in the separate annual financial statements of the original controlling entity at the date of the reorganisation

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2020 to 30/06/2021.

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.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Directive 7 (revised): The Application of Deemed Costs	April 1, 2021	The impact of the is not material.
• GRAP 32: Service Concession Arrangements: Grantor	1 April 2021	The impact of the is not material.
• GRAP 109: Accounting by Principals and Agents	1 April 2021	The impact of the is not material.
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	1 April 2021	
• GRAP 108: Statutory Receivables	April 1, 2021	The impact of the is not material.
• GRAP 20: Related parties	April 1, 2021	The impact of the is not material.

2.3 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 July 1, 2021 or later periods:

2.4 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after July 1, 2021 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Directive 14: The application of Standards of GRAP byPublic Entities that apply IFRS® Standards	**1 April 2021**	**Unlikely there will be amaterial impact**
GRAP 110 (as amended 2016): Living and Non-livingResources	**1 April 2021**	**Unlikely there will be amaterial impact**
Guideline: Accounting for Arrangements Undertaken i.t.othe National Housing Programme	**1 April 2021**	**Unlikely there will be amaterial impact**

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	15,081,980	538,643
Short-term deposits	5,967,951	18,511,253
	21,049,931	**19,049,896**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

3. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2021	June 30, 2020	June 30, 2019
Call Account:-First National Bank - Richmond Branch, Richmond - Accountnumber 613 5600 2695	2,203,382	950,724	11,167	2,203,382	950,724	11,167
Housing Operating Account:- First National Bank - Richmond Branch, Richmond - Account number 621 3447 3280	708,043	643,011	556,527	708,043	643,011	556,527
First National Bank - Richmond Branch, Richmond - Account number 628 1001 9217	2,188,008	2,127,328	2,020,442	2,188,008	2,127,328	2,020,442
Municipal Infrastructure GrantAccount:-First National Bank - Richmond Branch, Richmond - Accountnumber 622 9962 9116	-	4,200,267	1,360	-	4,200,267	1,360
First National Bank - Richmond Branch, Richmond - Accountnumber 535 6532 2104	15,081,980	538,645	19,653,470	15,081,980	538,645	19,653,470
Patheni Housing Account:- First National Bank - Richmond Branch, Richmond - Accountnumber 621 1717 0407	168,454	172,661	174,397	168,454	172,661	174,397
Siya Phase II Account:-First National Bank - Richmond Branch, Richmond - Accountnumber 621 7617 4383	317,960	326,162	329,126	317,960	326,162	329,126
Zwelethu Housing Account:- First National Bank - RichmondBranch, Richmond - Account	374,806	384,022	387,838	374,806	384,022	387,838
Call Account:-Nedbank - City Branch, Durban -Account number03/7165013946/0002 8/29/30	-	-	755,273	-	-	755,273
First National Bank - Richmond Branch, Richmond - Accountnumber 628 3357 1385	4,401	9,705,320	-	4,401	9,705,320	-
First National Bank - Richmond Branch, Richmond - LibraryAccount number 628 3356 9900	2,897	1,758	-	2,897	1,758	-
Total	**21,049,931**	**19,049,898**	**23,889,600**	**21,049,931**	**19,049,898**	**23,889,600**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Receivables from exchange transactions

Consumer debtors - Refuse	2,733,494	2,246,051
Other receivables	1,668,466	821,238
Provision for impairment	(2,458,319)	(2,253,477)
	1,943,641	**813,812**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Receivables from exchange transactions (continued)

Gross balances		
Refuse	2,733,494	2,246,050
Other receivables	1,698,894	821,240
	4,432,388	**3,067,290**

Less: Provision for impairment		
Refuse	(1,732,193)	(1,724,185)
Other receivbles	(726,125)	(529,292)
	(2,458,318)	**(2,253,477)**

Net Balance		
Refuse	1,001,300	521,865
Other receivables	972,769	291,948
	1,974,069	**813,813**

Other Receivables include outstanding debtors for various other services, e.g. Deposits, Interest, Rentals and Sundry Services like Dumping Fees, Impounding Fees, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance.

The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables. The municipality receives applications that it processes. There are no consumers who represent more than 5% of the total balance of Receivables. The municipality did not pledge any of its Receivables as security for borrowing purposes

Receivables from exchange transactions

Ageing of receveiables from exchange transactions

As at 30 June 2021	**Current**		**Past Due**		
Refuse	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balances	412,817	90,932	92,686	2,137,058	2,733,493
Subtotal	412,817	90,932	92,686	2,137,058	2,733,493
Less: Provision for impairment	-	-	-	(1,732,193)	(1,732,193)
	412,817	**90,932**	**92,686**	**404,865**	**1,001,300**
Other Receivables	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balances	161,286	51,604	549,023	936,982	1,698,895
Subtotal	161,286	51,604	549,023	936,982	1,698,895
Less: Provision for impairment	-	-	-	(726,125)	(726,125)
	161,286	**51,604**	**549,023**	**210,857**	**972,770**

As at 30 June 2020	**Current**		**Past Due**		
Refuse	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balances	153,969	93,133	91,231	1,907,717	2,246,050
Subtotal	153,969	93,133	91,231	1,907,717	2,246,050
Less: Provision for impairment	-	-	-	(1,724,185)	(1,724,185)
	153,969	**93,133**	**91,231**	**183,532**	**521,865**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

4. Receivables from exchange transactions (continued)

Other Receivables	0 - 30 days	31-60 days	61 - 90 Days	+ 90 Days	Total
Gross balances	167,350	38,107	26,479	589,304	821,240
Subtotal	167,350	38,107	26,479	589,304	821,240
Less: Provision for impairment	-	-	-	(529,292)	(529,292)
	167,350	**38,107**	**26,479**	**60,012**	**291,948**

As at 30 June 2021	**Current**		**Past Due**		
Refuse	**Residential**	**Industrial**	**Government**	**Other**	**Total**
0 - 30 days	373,329	31,609	6,292	1,587	412,817
31- 60 Days	80,978	6,442	2,901	611	90,932
61 -90 Days	80,774	8,385	2,937	591	92,687
+90 Days	1,826,522	202,018	92,243	16,275	2,137,058
Subtotal	2,361,603	248,454	104,373	19,064	2,733,494
	2,361,603	**248,454**	**104,373**	**19,064**	**2,733,494**

Refuse	Residential	Industrial	Government	Other	Total
0 - 30 days	96,633	53,150	3,292	895	153,970
31- 60 Days	78,968	10,341	2,992	830	93,131
61 -90 Days	78,080	9,777	2,566	808	91,231
+90 Days	1,617,326	177,959	97,159	15,274	1,907,718
Subtotal	1,871,007	251,227	106,009	17,807	2,246,050
	1,871,007	**251,227**	**106,009**	**17,807**	**2,246,050**

	2021	2020
Total receivables from exchange transactions	1,943,641	813,812

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates:.

Reconciliation of impairment of trade and other receivables

	2021	2020
Opening balance	(2,253,477)	(2,228,945)
Impairment allowance	(204,842)	(24,532)
	(2,458,319)	**(2,253,477)**

5. Receivables from non-exchange transactions

	2021	2020
Fines	893,250	726,600
Consumer debtors - Rates	30,317,608	25,134,165
Sundry Debtors	1,274,591	1,308,913
	32,485,449	**27,169,678**

Receivables from non-exchange transactions pledged as security

No receivables from non-exchange transactions were pledged as security for overdraft facilities.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

5. Receivables from non-exchange transactions (continued)

As at 30 June 2021	Current	Past Due			
Assessment Rates	**0 -30 Days**	**31- 60 Days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	2,228,972	823,328	844,583	44,248,085	48,144,968
Subtotal	2,228,972	823,328	844,583	44,248,085	48,144,968
Less: Provision for impairment	-	-	-	(17,827,360)	(17,827,360)
	2,228,972	**823,328**	**844,583**	**26,420,725**	**30,317,608**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

5. Receivables from non-exchange transactions (continued)

Accrued Income	**0 -30 Days**	**31- 60 Days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	-	-	-	157,134	157,134
Subtotal	-	-	-	157,134	157,134
	-	**-**	**-**	**157,134**	**157,134**

Trafic Fines	**0 -30 Days**	**31- 60 Days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	17,600	113,700	142,300	619,650	893,250
Subtotal	17,600	113,700	142,300	619,650	893,250
Less: Provision for impairment	-	-	-	(504,200)	(504,200)
	17,600	**113,700**	**142,300**	**115,450**	**389,050**

Sundry Debtors	**0 -30 Days**	**31- 60 Days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	-	-	-	2,614,589	2,614,589
Subtotal	-	-	-	2,614,589	2,614,589
Less: Provision for impairment	-	-	-	(1,016,846)	(1,016,846)
	-	**-**	**-**	**1,597,743**	**1,597,743**

As at 30 June 2020	**Current**		**Past Due**		
Assessment Rates	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	751,405	848,401	1,671,789	38,077,270	41,348,865
Subtotal	751,405	848,401	1,671,789	38,077,270	41,348,865
Less: Provision for impairment	-	-	-	(16,214,700)	(16,214,700)
	751,405	**848,401**	**1,671,789**	**21,862,570**	**25,134,165**

Accrued Income	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	-	-	-	137,510	137,510
Subtotal	-	-	-	137,510	137,510
Less: Provision for impairment	-	-	-	(137,510)	(137,510)
	-	**-**	**-**	**-**	**-**

Sundry Debtors	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	17,600	113,700	142,300	458,600	732,200
Subtotal	17,600	113,700	142,300	458,600	732,200
Less: Provision for impairment	-	-	-	(6,200)	(6,200)
	17,600	**113,700**	**142,300**	**452,400**	**726,000**

Traffic Fines	**0 - 30 days**	**31-60 days**	**61 - 90 Days**	**+ 90 Days**	**Total**
Gross Balance	-	-	-	1,308,913	1,308,913
Subtotal	-	-	-	1,308,913	1,308,913
	-	**-**	**-**	**1,308,913**	**1,308,913**

Summary of assessment rates debtors customer classification:

As at 30 June 2021	**Residential**	**Commercial**	**Government**	**Other**	**Total**
0 -30 Days	657,634	173,374	804,979	592,985	2,228,972
31- 60 Days	289,864	69,996	240,168	223,300	823,328
61 -90 Days	285,993	48,919	262,693	246,979	844,584

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

5. Receivables from non-exchange transactions (continued)

+90 Days	10,505,675	1,623,914	22,342,427	9,776,070	44,248,086
Subtotal	11,739,166	1,916,203	23,650,267	10,839,334	48,144,970
	11,739,166	**1,916,203**	**23,650,267**	**10,839,334**	**48,144,970**

As at 30 June 2020	**Residential**	**Commercial**	**Government**	**Other**	**Total**
0 -30 Days	288,976	111,000	133,908	217,521	751,405
31- 60 Days	306,518	86,396	218,391	237,096	848,401
61 -90 Days	345,392	114,978	928,207	283,211	1,671,788
+90 Days	9,208,656	1,545,573	21,258,225	6,064,817	38,077,271
Subtotal	10,149,542	1,857,947	22,538,731	6,802,645	41,348,865
	10,149,542	**1,857,947**	**22,538,731**	**6,802,645**	**41,348,865**

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(17,231,576)	(12,494,510)
Provision for impairment	(2,123,345)	(4,737,066)
	(19,354,921)	**(17,231,576)**

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date.

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment. No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable.

6. VAT receivable

VAT	2,529,148	2,825,712

Notes to the Annual Financial Statements

Figures in Rand

7. Biological assets

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in timber plantation - Consumable	-	-	-	3,389,506	-	3,389,506

Reconciliation of biological assets - 2021

	Opening balance	Gains or losses arising from changes in fair value	Total
Plantations	3,389,506	(3,389,506)	-

Reconciliation of biological assets - 2020

	Opening balance	Total
Plantations	3,389,506	3,389,506

Notes to the Annual Financial Statements

7. Biological assets (continued)

Methods and assumptions used in determining fair value

The biological assets are held by the municipality and measured using the fair value model. The biological assets were revalued during the current financial year by an independent valuer. It was discovered that the biological assets were illegally harvested and later destroyed by fire in the financial year ended 2020/21. This resulted in a change in fair value less costs to sell relating to the biological assets. A fair value loss of R 3 389 506 was thus recognised. The value of the biological asset (plantation) was determined by using the “Faustmann Formula. The Faustmann Formula was used to arrive at values for the plantations at any age between establishment and maturity. This formula is a widely accepted method of valuing timber plantations in South Africa. “The Faustmann Formula properly used and applied affords the most accurate starting point in placing a valuation on the standing trees as they were before the fire.” The market related prices were applied to the costs of the timber (delivered prices, harvesting, loading, short-haul and long-haul costs), to arrive at the Net Standing Value per age class.

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	67,380,835	-	67,380,835	67,380,835	-	67,380,835
Leased assets	682,982	(493,266)	189,716	682,982	(265,605)	417,377
Plant and machinery	7,323,464	(4,497,639)	2,825,825	6,663,272	(3,613,454)	3,049,818
Furniture and fixtures	2,080,802	(1,407,377)	673,425	1,987,788	(1,336,182)	651,606
Motor vehicles	12,716,847	(5,460,418)	7,256,429	14,775,574	(4,769,439)	10,006,135
Office equipment	5,405,503	(3,027,511)	2,377,992	5,126,225	(2,875,860)	2,250,365
Infrastructure	323,553,746	(137,246,303)	186,307,443	296,282,682	(124,493,575)	171,789,107
Community	74,672,802	(27,175,390)	47,497,412	56,030,103	(24,237,876)	31,792,227
Buildings	38,418,682	(15,682,878)	22,735,804	38,423,635	(14,664,833)	23,758,802
Work in progress- Roads	4,469,903	-	4,469,903	10,486,996	-	10,486,996
Work in progress- Buildings	2,205,114	-	2,205,114	10,383,934	-	10,383,934
Work in progress - Community	9,129,022	-	9,129,022	10,572,616	-	10,572,616
Total	**548,039,702**	**(194,990,782)**	**353,048,920**	**518,796,642**	**(176,256,824)**	**342,539,818**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers received	Transfers out	Depreciation	Impairment loss	Impairment reversal	Total
Land	67,380,835	-	-	-	-	-	-	-	67,380,835
Leasehold property	417,377	-	-	-	-	(227,661)	-	-	189,716
Plant and machinery	3,049,818	479,978	(17,171)	-	-	(672,687)	(14,113)	-	2,825,825
Furniture and fixtures	651,606	181,774	(5,396)	-	-	(151,262)	(3,297)	-	673,425
Motor vehicles	10,006,135	650,636	(1,025,473)	-	-	(1,249,284)	(1,125,585)	-	7,256,429
Office equipment	2,250,365	842,044	(19,577)	-	-	(690,445)	(4,395)	-	2,377,992
Infrastructure	171,789,107	279,713	-	26,991,350	-	(12,758,206)	-	5,479	186,307,443
Community	31,792,227	795,652	-	17,847,047	-	(2,972,336)	-	34,822	47,497,412
Buildings	23,758,802	-	(291)	-	-	(1,036,923)	-	14,216	22,735,804
Work in progress- Infrastructure	10,486,996	24,720,866	-	-	(30,737,959)	-	-	-	4,469,903
Work in progress- Buildings	10,383,934	2,107,540	-	-	(10,286,360)	-	-	-	2,205,114
Work in progress - Community	10,572,616	7,531,924	-	-	(7,433,967)	-	(1,541,551)	-	9,129,022
	342,539,818	**37,590,127**	**(1,067,908)**	**44,838,397**	**(48,458,286)**	**(19,758,804)**	**(2,688,941)**	**54,517**	**353,048,920**

Notes to the Annual Financial Statements

Figures in Rand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Transfers Out	Transfers received	Depreciation	Impairment loss / reversal	Write-offs	Total
Land	67,380,835	-	-	-	-	-	-	67,380,835
Leased assets	645,038	-	-	-	(227,661)	-	-	417,377
Plant and machinery	447,706	2,031,504	-	-	(282,862)	853,474	(4)	3,049,818
Furniture and fixtures	547,349	228,379	-	-	(123,065)	(422)	(635)	651,606
Motor vehicles	11,138,729	320,150	-	-	(1,519,173)	66,429	-	10,006,135
Office equipment	1,131,447	1,006,862	-	-	122,329	(7,246)	(3,027)	2,250,365
Infrastructure	171,475,278	50,000	-	10,033,088	(10,674,587)	905,328	-	171,789,107
Community	34,133,986	372,923	-	-	(2,738,665)	23,983	-	31,792,227
Buildings	20,207,732	60,621	-	4,751,064	(1,301,309)	178,836	(138,142)	23,758,802
Assets under construction-Infrastructure	10,640,785	9,879,298	(10,033,087)	-	-	-	-	10,486,996
Assets under construction- Buildings	13,528,542	1,606,456	(4,751,064)	-	-	-	-	10,383,934
Assets under construction- Community assets	7,944,769	2,627,847	-	-	-	-	-	10,572,616
	339,222,196	**18,184,040**	**(14,784,151)**	**14,784,152**	**(16,744,993)**	**2,020,382**	**(141,808)**	**342,539,818**

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Building and facilities	327,522	251,396
Equipment	1,705,056	1,716,633
Infrastructure	3,877,911	3,310,514
	5,910,489	**5,278,543**

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.

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2,102,866	(1,618,270)	484,596	2,102,866	(1,164,695)	938,171

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	938,171	(453,575)	484,596

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	660,849	372,270	(94,948)	938,171

Notes to the Annual Financial Statements

Figures in Rand

10. Heritage assets

	2021			2020		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical buildings	3,832,655	-	3,832,655	212,767	-	212,767

Reconciliation of heritage assets 2021

	Opening balance	Additions / Transfers received	Total
Historical buildings	212,767	3,619,888	3,832,655

Reconciliation of heritage assets 2020

	Opening balance	Total
Historical buildings	212,767	212,767

11. Non-current investment

Investment	266	266

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

12. Investment property

	2021			2020		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,185,899	-	1,185,899	1,185,899	-	1,185,899

Reconciliation of investment property - 2021

	Opening balance	Total
Investment property	1,185,899	1,185,899

Reconciliation of investment property - 2020

	Opening balance	Total
Investment property	1,185,899	1,185,899

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.

13. Operating lease liability

Current liabilities	(539,283)	(509,753)

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

14. Employee benefit obligations

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

Carrying value		
Post-Retirement Medical obligation	(6,269,000)	(5,695,000)
Long Service Awards	(2,326,000)	(2,268,000)
	(8,595,000)	**(7,963,000)**

Non-current liabilities	(8,207,000)	(7,412,000)
Current liabilities	(388,000)	(551,000)
	(8,595,000)	**(7,963,000)**

Defined benefit plan

Post-retirement health care benefits liability

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2021 by ARCH Actuarial Consulting fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method

The major categories of plan assets as a percentage of total plan assets are as follows:

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	5,695,000	8,901,565
Net expense recognised in the statement of financial performance	574,000	(3,206,565)
	6,269,000	**5,695,000**

Net expense recognised in the statement of financial performance

Current service cost	286,000	754,800
Subsidy (benefit) payments	(223,116)	(193,178)
Interest cost	591,000	992,183
Actuarial (gains) losses	234,116	(4,760,370)
Curtailment / Application of maximum subsidy	(314,000)	-
	574,000	**(3,206,565)**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	234,116	(4,760,370)

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

14. Employee benefit obligations (continued)

Key assumptions used

The following summarizes the key financial assumptions used for the liabilities at the Valuation Date and the expense figures for the ensuing year. The next contribution rate increase is assumed to occur at 1 January 2022.

	2021	2020
Discount rates used	10.15 %	10.58 %
Health Care Cost Inflation Rate	6.81 %	6.61 %
Net Effective Discount Rate	3.13 %	3.72 %

Key Demographic Assumptions

Assumption	**Value**
Average retirement age	62
Continuation of membership at retirement	75%
Proportion with a spouse dependent at retirement	60%
Proportion of in-service non-members joining a scheme by retirement and continuing with the subsidy thereafter	15%
Mortality during employment	SA 85-90

History of Liabilities, Assets and Experience Adjustments

The accrued liabilities and the plan assets for the current period and the previous four periods are:

	2021 R	2020 R	2019 R	2018 R	2017 R
Defined benefit obligation	(6,269,000)	(5,695,000)	(8,902,000)	(8,894,000)	(9,482,000)
Surplus (deficit)	(6,269,000)	(5,695,000)	(8,902,000)	(8,894,000)	(9,482,000)

Figures in Rand	2021	2020

14. Employee benefit obligations (continued)

Other long-term employee benefits

Long Services Award

Employee benefit obligation relates to long service award extended to municipal staff who served on the payroll of themunicipality for each five-year interval completed as an employee. The most recent actuarial valuations of present value of the defined benefit obligation was carried out as at 30 June 2021 by ARCH Actuarial Consulting fellow of the Actuarial Society of South Africa an expert who is a member of the Actuarial society of South Africa. The present value of the defined benefit obligation and the related current cost and past service costs were measured using the projected Unit Credit Method. The approach taken in this valuation has been made with reference to the guidelines issued by the Actuarial Society of South Africa (ASSA), in particular, the Advisory Practice Note 301 as issued by ASSA, and is consistent with the requirements of GRAP25. The municipality is under no obligation to cover any unfunded benefits

Changes in the present value of the defined benefit obligation are as follows:

	2021	2020
Opening balance	2,268,000	2,320,727
Net expense recognised in the statement of finacial performance	58,000	(52,727)
	2,326,000	**2,268,000**

Net expense recognized in the statement of financial performance		
Current service cost	274,000	269,976
Benifits paid	(290,179)	(146,138)
Interest cost	161,000	193,972
Actuarial (gains) losses	(86,821)	(370,537)
	58,000	**(52,727)**

Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	(86,821)	(370,537)

Liability history	**2021**	**2020**	**2019**	**2018**	**2017**
Accrued liability	(2,326,000)	(2,268,000)	(2,321,000)	(2,292,000)	(1,885,000)

Heading		
Discount rate	10.15 %	7.66 %
Health care cost inflation rate	6.81 %	4.16 %
Net-of-health-care-cost-inflation discount rate	3.13 %	3.60 %
	- %	**- %**

Key Demographic Assumptions

Assumptions	**Value**
Average retirement age	62%
Mortality during employment	SA 85-90

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

15. Finance lease obligation

Minimum lease payments due		
- within one year	212,486	254,983
- in second to fifth year inclusive	-	212,485
	212,486	467,468
less: future finance charges	(7,918)	(39,315)
Present value of minimum lease payments	**204,568**	**428,153**

Present value of minimum lease payments due		
- within one year	204,568	223,585
- in second to fifth year inclusive	-	204,568
	204,568	**428,153**

Non-current liabilities	-	204,568
Current liabilities	204,568	223,585
	204,568	**428,153**

The municipality leased multiple photocopying machine in May 2019 for a period of 3 years which will expire in March 2022. Lease instalments are payable monthly at the beginning of the month. Interest rate was charged at 10,25% per annum. No restrictions are imposed by lease arrangements. The lease agreements do not provide for contingent lease payments.

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	-	751,746
Human Settlement Grant	3,757,271	3,653,184
CoGTA Grant - Small Town	(1)	9,187,248
Library Grant	790,290	909,186
UDM Grant	47,820	47,820
Disaster Management Grant	-	194,467
Scheme support Programme Grant	11,000	500,000
EPWP Grant	118,052	-
	4,724,432	**15,243,651**

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

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

17. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Movement	Interest cost	Change in provision of obligation	Total
Rehabilitation of Land-fill sites	7,651,644	-	335,142	(169,303)	7,817,483
Leave provision	4,676,727	(1,233,913)	-	-	3,442,814
	12,328,371	**(1,233,913)**	**335,142**	**(169,303)**	**11,260,297**

Reconciliation of provisions - 2020

	Opening Balance	Movement	Interest cost	Change in provision of obligation	Total
Rehabilitation of Land-fill sites	6,716,160	-	216,932	718,552	7,651,644
Leave provision	3,597,865	1,078,862	-	-	4,676,727
	10,314,025	**1,078,862**	**216,932**	**718,552**	**12,328,371**

	2021	2020
Non-current liabilities	7,817,483	7,651,644
Current liabilities	3,442,814	4,676,727
	11,260,297	**12,328,371**

Environmental rehabilitation provision

In terms of the licencing of the landfill refuse site, the municipality will incur licensing and rehabilitation costs of R 7 817 483 (2020: R7 651 644 to restore the sites at the end of its useful life.. Provision has been made for the net present value of the future cost, using the average cost of borrowing interest rate.

18. Payables from exchange transactions

	2021	2020
Trade payables	14,957,455	6,723,306
Retentions	5,127,829	4,327,379
Bonus accrual	1,711,069	1,576,734
	21,796,353	**12,627,419**

19. Payable from non-exchange transactions

	2021	2020
Payments received in advanced	1,427,237	2,865,021
Unallocated receipts	174,086	173,722
	1,601,323	**3,038,743**

20. Service charges

	2021	2020
Refuse Removal	777,348	618,462

21. Rental of facilities and equipment

	2021	2020
Premises		
Rental of facilities and equipment	1,003,847	728,983

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

22. Fines, Penalties and Forfeits

Law Enforcement Fines	-	36,500
Pound Fees Fines	11,969	16,859
Municipal Traffic Fines	188,900	518,600
	200,869	**571,959**

23. Licences and permits (non-exchange)

Trading	901,918	405,123
Road and Transport	406,369	85,434
	1,308,287	**490,557**

24. Other income

Sundry income	222,053	211,634
Town planning and building fees	134,215	110,069
Tender documents	119,432	108,582
Cementary fees	204,072	106,421
Photocopy charges & printing	766	2,801
Insurance Refund	128,640	-
SETA Refunds	71,669	79,509
	880,847	**619,016**

Reclassification of other income:

To fairly present the nature of other income, the municipality has reclassified some items of income in the 2019-20 financial year . The following items were reclassified or grouped:
- Income from sale of tender documents,
- Income from town planning and building services

This has no effect on the overall amount reported in the prior year.

25. Investment revenue

Interest revenue		
Bank	64,823	147,210
Short term deposits	1,049,271	964,386
	1,114,094	**1,111,596**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

26. Property rates

Rates received

Business and Commercial Rates	3,012,246	2,684,369
PSP Rates	7,409,931	7,441,765
Agricultural Rates	4,112,985	3,960,936
Residential developed rates	2,936,621	2,822,833
Vacant Land Rates	899,634	861,939
Unauthorise use	122,312	122,735
	18,493,729	17,894,577
Property rates - penalties imposed	4,315,712	3,488,475
	22,809,441	**21,383,052**

Valuations

PSI	35,436,000	35,436,000
PBO	137,743,600	137,743,600
Vacant Land	48,392,700	47,902,700
Unauthorised Use	7,135,000	9,370,000
PSP	427,361,000	427,361,000
Agricultural	2,174,402,000	2,156,707,000
Residential	501,536,500	497,476,500
Commercial	246,199,000	248,739,000
Other	24,000	24,000
Protected Area	10,179,000	10,179,000
PW	13,341,000	13,341,000
RC	64,758,000	64,758,000
	3,666,507,800	**3,649,037,800**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

27. Government grants and subsidies

Disaster Management Grant	194,467	550,533
EPWP grant	1,386,948	1,716,000
Equitable share	89,247,201	69,731,868
FMG	1,900,000	1,900,000
Library grant	3,547,896	2,413,337
Operating grants		
	96,276,512	**76,311,738**
Capital grants		
Municipal Infrastructure Grant	18,871,750	14,290,250
CoGTA Grant - Small Town	9,187,249	3,008,499
	28,058,999	**17,298,749**
	124,335,511	**93,610,487**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	35,259,304	23,828,703
Unconditional grants received	89,247,201	69,731,868
	124,506,505	**93,560,571**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. Indigent residential households receive basic refuse removal and 50 kWh electricity free every month.

Equitable Share		
Current-year receipts	89,247,201	69,731,868
Conditions met - transferred to revenue	(89,247,201)	(69,731,868)
	-	-

Municipal Infrastructure Grant

Balance unspent at beginning of year	751,746	-
Current-year receipts	18,120,000	15,042,000
Conditions met - transferred to revenue	(18,871,746)	(14,290,254)
	-	**751,746**

The Municipal Infrastructure Grant (MIG) is for providiving specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities.

Human Settlement Grant

Balance unspent at beginning of year	3,653,184	3,468,329
Interest capitalized	104,087	184,855
	3,757,271	**3,653,184**

Conditions still to be met - remain liabilities (see note 16).

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

27. Government grants and subsidies (continued)

CoGTA Grant - Small Town

Balance unspent at beginning of year	9,187,248	1,516,375
Current-year receipts	-	10,000,000
Conditions met - transferred to revenue	(9,187,249)	(3,008,500)
Interest income	-	679,373
	(1)	**9,187,248**

Conditions still to be met - remain liabilities (see note 16).

Library Grant

Balance unspent at beginning of year	909,186	488,635
Current-year receipts	2,939,988	2,851,000
Conditions met - transferred to revenue	(3,058,884)	(2,430,449)
	790,290	**909,186**

Conditions still to be met - remain liabilities (see note 16).

UDM Grant

Balance unspent at beginning of year	47,820	47,820

Conditions still to be met - remain liabilities (see note 16).

Disaster Management Grant

Balance unspent at beginning of year	194,467	-
Current-year receipts	-	745,000
Conditions met - transferred to revenue	(194,467)	(550,533)
	-	**194,467**

To provide for the immediate release of funds for disaster response

Scheme support Programme Grant

Balance unspent at beginning of year	500,000	-
Current-year receipts	-	500,000
Conditions met - transferred to revenue	(489,000)	-
	11,000	**500,000**

Conditions still to be met - remain liabilities (see note 16).

EPWP Grants

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

27. Government grants and subsidies (continued)

Current-year receipts	1,505,000	1,716,000
Conditions met - transferred to revenue	(1,386,948)	(1,716,000)
	118,052	-

To incentivise municipalities to expand work creation efforts through the use of labour-intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines:

FMG grant

Current-year receipts	1,900,000	1,900,000
Conditions met - transferred to revenue	(1,900,000)	(1,900,000)
	-	-

The Financial Management Grant is paid by National Treasury to the Municipalities to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

28. Employee related costs

Basic	35,462,385	34,372,823
Bonus	2,730,732	2,366,472
Medical aid - company contributions	2,005,275	1,769,633
Unemployment Insurance (UIF)	304,448	319,158
Skills Development Fund Levy (SDL)	392,815	408,187
Leave pay provision charge	613,976	1,768,627
Overtime payments	1,676,671	1,606,217
Long-service awards	144,821	317,807
Travel, motor car, accommodation, subsistence and other allowances	1,313,000	1,402,504
Housing benefits and allowances	95,486	103,603
Post-employment medical aid contributions	562,950	1,746,983
Danger Allowance	42,000	42,336
Bargaining Council	19,922	18,755
Celluar and Telephone	382,620	422,540
Pension	5,336,766	4,738,872
	51,083,867	**51,404,517**

Remuneration of Municipal Manager

Annual Remuneration	390,000	504,747
Travel Allowances	82,200	147,120
Contributions to UIF, Medical and Pension Funds	822	1,653
Lump sum payout	-	382,317
Other allowances	46,635	-
	519,657	**1,035,837**

Remuneration of Chief Finance Officer

Annual Remuneration	720,000	1,072,662
Travel Allowances	156,000	158,000
Contributions to UIF, Medical and Pension Funds	1,932	2,045
Leave payout	-	274,463
Other allowances	93,131	-
	971,063	**1,507,170**

Remuneration of Strategic Manager: Community Services

Annual Remuneration	90,000	935,176
Travel allowances	71,864	156,000
Contributions to UIF, Medical and Pension Funds	47,689	92,890
Other allowances	325,207	-
Leave payout	103,607	-
	638,367	**1,184,066**

Remuneration of Strategic Manager: Corporate Services

Annual Remuneration	78,000	819,155
Travel allowances	78,000	156,000
Bonuses	75,840	77,215
Contributions to UIF, Medical and Pension Funds	36,002	72,136
Acting allowance	111,831	197,806
Leave payout	111,573	-
Other allowances	384,092	-
	875,338	**1,322,312**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

28. Employee related costs (continued)

Remuneration of Strategic Manager: Technical Services

Annual Remuneration	670,000	-
Travel allowance	130,000	-
Contributions to UIF, Medical and Pension Funds	1,614	-
Other allowances	27,605	-
	829,219	**-**

29. Depreciation and amortisation

Property, plant and equipment	19,758,804	16,744,993
Intangible assets	453,575	94,949
	20,212,379	**16,839,942**

30. Impairment of assets

Impairments		
Property, plant and equipment	2,688,941	(2,025,575)
Trade and other receivables	8,008	296,554
Other receivables from non-exchange revenue	2,320,178	4,465,044
	5,017,127	**2,736,023**
Reversal of impairments		
Property, plant and equipment	(54,517)	-
Total impairment losses (recognised) reversed	**4,962,610**	**2,736,023**

31. Finance costs

Finance leases	197,237	270,025

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

32. Operational cost

Advertising	531,022	883,461
Auditors remuneration	2,232,456	2,087,674
Bank charges	154,934	156,627
Burial Services	7,500	5,804
Bursaries (Employees)	469,098	214,105
Catering services	555,136	544,130
Catering services	4,587,008	3,604,470
Cleaning	18,727	29,302
Communication and public participation	2,074	3,226
Conferences and seminars	310,861	268,896
Consumables	4,432,387	4,719,627
Decommissioning Restoration: Landfill sites	-	718,552
Prepaid Electricity and Water vendors	2,450,960	2,521,558
Flowers	27,800	-
Fuel and oil	317,081	373,219
Groceries for indigent relief	88,239	132,287
Hire	54,089	139,831
IT expenses	23,202	17,448
Insurance	1,214,220	858,797
Legal services	2,268,568	1,938,024
License and registration	166,942	42,299
Medical services	22,400	49,435
Other expenses	36,191	-
Postage and courier	31,608	74,266
Electrical	841,293	2,693,333
Printing and stationery	73,832	105,815
Professional staff	120,500	697,650
Protective clothing	679,353	490,601
Remuneration of Ward Committees	800,000	788,700
Repairs and maitenance	5,910,489	5,170,979
Security services	9,219,249	8,146,330
Subscriptions and membership fees	712,773	525,998
Telephone and fax	730,375	643,098
Title deed search fees	-	6,048
Transport and freight	145,504	142,931
Travel - local	1,064,201	1,654,382
Workmans Compensation	388,624	381,145
	40,688,696	**40,830,048**

33. Fair value adjustments

Biological assets - (Fair value model)	3,389,506	10,370,000

34. Auditors' remuneration

Audit fees	2,232,456	2,087,674

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

35. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Roads Infrastructure	19,082,816	16,488,961
• Community	3,497,353	1,659,276
• Building	208,434	208,434
• Electrification	8,970,964	402,395
	31,759,567	**18,759,066**

Total capital commitments		
Already contracted for but not provided for	31,759,567	18,759,066

36. Contingencies

Case 1
Z.J.Funeka claims damages against the Municipality based on defamation of character. The action is based on vicarious liability. The trial was postponed sine due to National Lockdwon. The Plaintiff is currently not prosecuting the matter. The pleadings have closed and was meant to have been set down for Trial but the Plaintiff has failed to do so. The Plaintiff does not have a strong case and has failed to prove the damages amount being claimed. There are good prospects of success on behalf of the Municipality.

Case 2
Municipality was sued as a party to eviction proceedings instituted in the Lands Claim Court pursuant to an illegal occupation of a farm in Richmond which farm is subject to a land claim. The Municipality was joined in these proceedings pursuant to its constitutional obligation to provide alternate adequate accommodation. Matter was eventually settled on the basis that the affected persons will be provided temporary accommodation by the Municipality at a designated location. Municipality was sued as a party to eviction proceedings instituted in the Richmond Magistrate Court pursuant to PIElegislation. However given that the property in question is a commercial one, the Municipality should not have been joined in these proceedings. This was raised with the Court and the applicant. The applicant wasordered to pay the cost and is in the process of formally withdrawing claim against Municipality.

The table below sets out the contingent liabilities at year end with the maximum potential liability to the municipality:

Summary of contingent liabilities		
Case 1	1,000,000	1,300,000
Case 2	22,483	22,483
	1,022,483	**1,322,483**

37. Related parties

Accounting Officer	Refer to Accounting Officer's report note
Councillors	Refer Councillors Allowances in note
Members of key management	Refer to Employee related costs note

38. 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

38. Prior-year adjustments (continued)

2020

	Note	As previously reported	Correction of error	Restated
Payables from exchange transaction - Accruals	18	(13,157,921)	530,277	(12,627,644)
VAT receivable	6	2,872,800	(47,088)	2,825,712
Property, plant and equipment	8	342,399,057	(313,926)	342,085,131
Unspent conditional grants and receipts	16	(15,365,423)	121,772	(15,243,651)
Accumulated surplus		(345,240,489)	47,491	(345,192,998)
		(28,491,976)	**338,526**	**(28,153,450)**

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
Interest revenue	25	(1,134,114)	22,518	(1,111,596)

39. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

39. Risk management (continued)

Credit risk

Credit risk is managed on a group basis.

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. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Cash and cash equivalents	21,042,530	19,049,896
Other financial assets	266	266
Receivables from exchange transactions	1,974,069	813,813
Receivables from non-exchange transactions	32,455,021	27,169,678

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.

40. Going concern

We draw attention to the fact that at June 30, 2021, the municipality had an accumulated surplus (deficit) of R 367,839,249 and that the municipality's total liabilities exceed its assets by R 367,839,249.

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.

41. Unauthorised expenditure

Opening balance as previously reported	22,492,584	37,125,380
Opening balance as restated	**22,492,584**	**37,125,380**
Add: Expenditure identified - current	5,328,118	11,576,293
Less: Approved/condoned/authorised by council	(206,293)	(26,209,089)
Closing balance	**27,614,409**	**22,492,584**

Analysed as follows: non-cash

Provision of impairment	1,032,514	206,293
Depreciation and Amortisation	814,378	-
Loss on valuation of Biological Assets - Plantation	3,389,506	11,370,000
Loss on sale of assets	91,720	-
	5,328,118	**11,576,293**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

41. Unauthorised expenditure (continued)

Unauthorised expenditure: Budget overspending – per municipal department:

Finance and Administration	814,378	206,293
Planning and Development	3,389,506	11,370,000
Road Transport	1,032,514	-
Loss on sale of assets	91,720	-
	5,328,118	**11,576,293**

42. Fruitless and wasteful expenditure

Opening balance as previously reported	9,574,030	8,984,223
Opening balance as restated	**9,574,030**	**8,984,223**
Add: Expenditure identified - current	464,868	589,807
Less: Amounts recoverable - current	(484,378)	-
Less: Amounts recoved	(2,820)	-
Closing balance	**9,551,700**	**9,574,030**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

42. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
No value for money		442,538	589,807
Interest and / penalties		22,330	-
		464,868	**589,807**

43. Irregular expenditure

Opening balance as previously reported	6,234,473	36,774,844
Correction of prior period error	(509,783)	1,134,129
Opening balance as restated	**5,724,690**	**37,908,973**
Add: Irregular Expenditure - current	22,301,433	13,563,388
Less: Amount written off - current	(24,607,786)	(38,985,496)
Less: Amount written off - prior period	-	(6,252,392)
Closing balance	**3,418,337**	**6,234,473**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

43. Irregular expenditure (continued)

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

Bids not advertised on the municipality’s website	189,728	989,452
Expired contracts	-	1,603,525
No competitive bidding process followed.	10,390,591	6,972,798
Non compliance with Grant Funding Conditions	-	27,584
Payments exceed contracted price with no variation order	-	775,994
Supplier’s tax matters not in order	9,549,615	2,194,035
Bidder's municipal account in arrears	2,171,499	1,000,000
	22,301,433	**13,563,388**

44. 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.

Fumigation services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Summary of deviations	**2021**	**2020**
Emergency cases	194,217	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

45. Remuneration of councillors

Mayor	844,859	905,259
Deputy Mayor	718,427	715,846
Mayoral Committee Members	404,593	404,593
Speaker	736,302	733,088
Councillors	3,068,757	3,270,833
	5,772,938	**6,029,619**

46. Cash generated from operations

Surplus (deficit)	21,537,560	(9,690,445)
Adjustments for:		
Depreciation and amortisation	20,212,379	16,839,942
Gain on sale of assets and liabilities	91,720	-
Finance cost-finance leases	-	92,723
Fair value adjustments	3,389,506	10,370,000
Finance costs - Finance leases	197,237	(270,025)
Impairment deficit	4,962,610	2,736,023
Asset write off	-	141,807
Movements in operating lease assets and accruals	29,530	30,869
Movements in retirement benefit assets and liabilities	632,000	(3,259,292)
Movements in provisions	(1,068,074)	2,014,346
Acturial gains or losses	147,295	-
Changes in working capital:		
Receivables from exchange transactions	(1,137,837)	(4,842,038)
Other receivables from non-exchange transactions	(5,315,771)	(9,880,315)
Payables from exchange transactions	9,168,934	473,390
VAT	296,564	406,696
Taxes and transfers payable (non-exchange)	(1,437,420)	2,137,046
Unspent conditional grants and receipts	(10,519,219)	6,939,375
Consumer deposits	-	(141,807)
	41,187,014	**14,098,295**

47. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of three functional areas: community and public safety, economic planning and development and trading services. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Aggregated segments

The municipaity is organised and operattes in three key reportable functions throughout the seven wards under Richmond dermacations. Segments were aggredated on the basis of service delivery aas management considered that the economic characteristics of the segments throughout Rihcmond were sufficiently similar to warrant aggregation.

Notes to the Annual Financial Statements

47. Segment information (continued)

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Community and public safety	Social services delivery
Economic planning and development	Economic development services delivery
Trading services	Energy, waste and forestry services

47. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2021

	Community and public safety	Economic and environmental services	Trading services	Total
Revenue				
Revenue from non-exchange transactions	539,221	480,551	1,046,583	2,066,355
Revenue from exchange transactions	3,253,363	31,428,801	18,729,000	53,411,164
Total segment revenue	**3,792,584**	**31,909,352**	**19,775,583**	**55,477,519**
Entity's revenue				**55,477,519**
Expenditure				
Salaries and wages	10,177,760	19,889,397	2,796,488	32,863,645
Depreciation and Amortisation	4,413,912	13,401,095	-	17,815,007
Interest expense	-	3,285	165,839	169,124
Other expenses	1,783,353	3,208,947	593,319	5,585,619
Total segment expenditure	**16,375,025**	**36,502,724**	**3,555,646**	**56,433,395**
Total segmental surplus/(deficit)				**(955,876)**
Gains and Losses				3,389,506
Disposal Loss				91,720
Impairment Loss				4,984,417
Reversal of Impairment Loss				(1,071,068)
Entity's surplus (deficit) for the period				**7,394,575**
Assets				
Current Assets	22,186,964	-	10,304,115	32,491,079
Non-current Assets	264,705,915	90,057,595	2,884,273	357,647,783
Total segment assets	**286,892,879**	**90,057,595**	**13,188,388**	**390,138,862**

47. Segment information (continued)

	Community and public safety	Economic and environmental services	Trading services	Total
Total assets as per Statement of financial Position				**390,138,862**
Liabilities				
Current Liabilities	(4,721,401)	(29,502,581)	(445,270)	(34,669,252)
Non-current Liabilities	(2,292,217)	-	(1,621,430)	(3,913,647)
Total segment liabilities	**(7,013,618)**	**(29,502,581)**	**(2,066,700)**	**(38,582,899)**
Total liabilities as per Statement of financial Position				**(38,582,899)**

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

2020

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

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government		
Current year subscription / fee	617,240	500,000
Amount paid - current year	(617,240)	(500,000)
	-	-

49.

Audit fees		
Current year fees	2,553,287	2,087,674
Amount paid-Current year	(2,553,287)	(2,087,674)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

50.

PAYE and UIF

Current year subscription/fee	8,657,665	6,540,609
Amount paid-Current year	(8,657,665)	(6,540,609)
	-	-

51.

Pension and Medical aid deductions

Current year subscription/fee	11,817,199	7,863,047
Amount paid-Current year	(11,817,199)	(7,863,047)
	-	-