

ANNUAL REPORT
OF
OKHAHLAMBA
LOCAL
MUNICIPALITY
2023/24

[Okhahlamba Municipality, 259 Kingsway Street, Bergville, 3350]

ANNUAL REPORT 2023/24 FINANCIAL YEAR



2023/
2024

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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD FOR THE AR 2023/2024 FINANCIAL YEAR

I am honoured to present the 2023/24 Annual Report of Okhahlamba Local Municipality on behalf of our dedicated team.

I would like to take a moment to honour our three employees who have passed away this year, extending our heartfelt prayers and condolences to their grieving families and colleagues.

Throughout this fiscal year, we have strived to enhance the overall performance and efficiency of our municipality. We remain committed to maintaining a transparent administration with the ultimate goal of improving the lives of our citizens. Furthermore, we are actively implementing innovative strategies to ensure the successful achievement of our service delivery objectives.

During this fiscal year, we successfully completed the Khetani Township Roads Phase 2 project in Ward 1, Sheleni Gravel Road in Ward 2, and Macanda Gravel Road in Ward 3. Additionally, we finalised the Bergville Industrial Hub and Bergville Informal Traders Market project. This shared economic infrastructure benefits informal traders such as mechanics, welders, furniture manufacturers, TV repairers, and general market stall operators.

Our primary goal was to develop and transform the informal sector into a sustainable economic practice and enhance the Central Business District (CBD) by providing a safe trading space for informal traders. Through these initiatives, the municipality aims to stimulate economic growth and create more jobs, thereby transforming the town of Bergville.

We also completed three electrification projects: Moyeni Electrification in Ward 8, Okhombe Electrification in Ward 7, and Sandlwane Electrification in Ward 5, energizing a total of 550 households.

There are 27 ongoing housing projects at various stages. The Nhlanhleni Housing project is near completion with 283 transfers done and 63 remaining. The Gugulethu Housing Projects rollover application was approved, and the title deed transfer is underway. Projects in the construction phase include Dukuza A, Emmaus, Amazizi 2 Phase 3B, Moyeni B, and Potshini, while site establishments are in progress for Dukuza B and Engoba. The Mamfermfetheni and Amazizi 2 Phase 3A projects are awaiting contract approval. Projects in the closeout stage include Insukangihlale A and B, Nogaga Bm Ogade, Sandlwana, Hoffental A and B, Mhlwazini B, Masumpa B, and Kwasmahla A. Projects at the planning stage include Acton Homes, Nogaga A, Masumpa A, Kwasmahla B, and Mhlwazini A. Old Mutual also donated 20 units as

part of the OSS Disaster Projects, and construction is ongoing.

In addition to various infrastructure development projects, we focused on maintaining our existing infrastructure. The municipality received additional disaster funding allocated to all fifteen wards. With this funding, the Roads and Storm-Water Maintenance Unit accomplished the following:

- Rehabilitation of 650m in Main Street, Winterton CBD
- Re-gravelling of 1.5 km of Manyewu gravel access road
- Re-gravelling of 1.8 km of Makekeni gravel access road
- Re-gravelling of 2.4 km of Sibeko gravel access road
- Re-gravelling of 1.2 km of Qhozo gravel access road
- Re-gravelling of 1.4 km of Ebusingatha gravel access road
- Re-gravelling of 980m of Enkosini gravel access road
- Re-gravelling of 1.4 km of Vulamehlo gravel access road
- Re-gravelling of 2.1 km of Estobhini (Crowfield) gravel access road
- Rehabilitation of 780m of Tatham surface road in Bergville CBD
- Re-gravelling of 780m of Double Man gravel access road
- Re-gravelling of 1.2 km of Green Point Hall (Malothe School) gravel access road
- Re-gravelling of 880m of Dladla gravel access road
- Re-gravelling of 1.0 km of Ema 17 gravel access road.

Our municipality promotes a culture of continuous learning, and seven of our employees have utilized the municipal bursary scheme to pursue their educational goals, all aiming for a bachelor's degree (NQF Level 07). These employees balance their academic endeavours with their dedicated service to the municipality, and their commitment to our organization's success is commendable. Currently, 20 employees are still completing the Municipal Finance Management Programme (MFMP). We have submitted an application for unemployed graduates funding to LGSETA through the WSP. Additionally, 28 members of the Occupational Health and Safety (OHS) Committee have received training on health and safety hazards and regulations.

To address youth unemployment, the municipality has initiated an intern program and facilitated in-service training to help unemployed graduates gain the necessary experience to complete their qualifications where possible.

Furthermore, 25 employees have successfully completed their MFMP certifications, along with 15 unemployed graduates. Both Councilors and Amakhosi have undergone training and earned certification in Project Management. Additionally, 33 finance employees received training in Advanced Microsoft Excel. Looking ahead, 15 more officials are scheduled to begin their MFMP certification in the 2024/25 financial year.

As a municipality, we are financially viable and have remained consistent in maintaining our finances and investments. We have maintained spending 100% of our MIG and Small Business Development grant funding in the 2023/24 financial year.

Through our unwavering dedication to good governance, the municipality has successfully secured nine consecutive clean audit opinions from the Auditor-General. By continually refining internal controls and proactively strengthening risk management protocols, both the Risk Management Unit and Committee ensure ongoing transparency and accountability within our operations.

Currently, the Internal Audit Unit is operating at peak efficiency, meticulously ensuring compliance with all regulations, particularly in procurement and human resources. By implementing rigorous measures to uphold established standards, the unit effectively maintains a high level of accountability within the municipality.

Our municipality has fostered a culture that exemplifies our commitment to transparent and ethical administration, guided by the principles of good governance. This approach has played a crucial role in securing positive audit results from the Auditor General of South Africa.

As a council, we reaffirm our dedication to working collaboratively with the municipality's administration to effect meaningful transformation in the lives of our citizens. We are committed to upholding the values of good governance by operating with integrity, honesty, and transparency, while ensuring the financial sustainability of our organization. Our primary goal is to provide high-quality services to all residents of Okhahlamba and fulfill our promises to them.

His Worship, Councillor: V.R Mlotshwa

Mayor of Okhahlamba Local Municipality

COMPONENT A: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

Municipal Manager's Overview

The Okhahlamba Local Municipality has consistently demonstrated a strong commitment to fulfilling its constitutional mandate by delivering services and adhering to principles of good governance. This steadfast dedication is evidenced by the consecutive clean audit outcomes received from the Auditor General of South Africa.

Operating under challenging socio-economic conditions—such as high unemployment, infrastructure backlogs, and limited revenue—the municipality faces various social issues in certain areas. Additionally, the local tourism and business sectors have been adversely affected by the global cost of living crisis. The municipality's governance approach is guided by its constitutional duties and supported by legislative frameworks like the Municipal Finance Management Act, the Municipal Systems Act, and the Municipal Structures Act.

Our strategic framework aligns with the objectives set out in the National Development Plan 2030. To achieve these goals, we engage with national government programs that complement our local responsibilities. The municipality has largely met or exceeded the targets outlined in the Municipal Integrated Development Plan, organisational scorecard, and Municipal Performance Plan. These plans are closely linked with the Municipal Service Delivery Budget Plan and the municipal medium-term expenditure framework. Through annual public participation processes, we actively involve citizens and integrate their feedback into our strategic operations, ensuring a community-centric approach.

We have maintained a consistent schedule of council, executive committee, troika, portfolio, and management meetings. The council has successfully established annual performance plans with realistic targets tied to individual performance agreements. During the 2023/24 year, the municipality achieved an average of over 90% of its infrastructure targets, including the completion of projects such as access roads and market stalls.

Revenue management and enhancement strategies have led to increased revenue over the financial year, although challenges persist in effectively enforcing property payments. In terms of municipal performance for the year:

- a. All suppliers with valid invoices were paid within 30 days.

- b. The proportion of grant income to total revenue has decreased to 79.20%.
- c. The collection rate for the year was slightly below the 70% target, at 69%.
- d. All municipal conditional grants are fully cash-backed, with a cash-backing rate of 291%.
- e. The council's cash coverage ratio decreased from 1.6 months at the end of the previous financial year to 1 month in the current financial year.

The municipality's commitment to good governance has resulted in nine consecutive clean audit opinions from the Auditor General. The council has strengthened internal controls through annual reviews and effective risk management facilitated by the Risk Management Unit. The fully operational Internal Audit Unit ensures compliance with protocols, particularly in procurement and HR. The current term of the audit committee will conclude in December 2026.

I extend my heartfelt gratitude to the political leadership, council members, and dedicated staff who have worked tirelessly to maintain stability within the municipality. Despite operating in a challenging environment, our unwavering efforts, commitment to transparent administration, and ongoing dedication have enabled us to uphold our reputation as a reliable municipality.

Mr. S.N Malinga
 Municipal Manager

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Municipal Powers & Functions

Schedule 4 Part B	Function Allocated to Okhahlamba Municipality	Function Allocated to District Municipality
Air pollution	YES	
Building regulations	YES	
Child care facilities	YES	

Municipality	2011	2022
Municipal Population		

TABLE 4: DISTRICT POPULATION GROWTH TRENDS

Okhahlamba experienced a positive growth on its population as the population size increased from 132 068 in 2011 to 143 132 in 2022 recording a 8.3% positive growth (see table 4). This increase in population can be attributed to various factors, some of which include reduced mortality rate, better medical facilities. This increase in population has significant implications particularly in development related issues.

2.11 POPULATION SIZE AND GROWTH

Statistics South Africa has released Municipal level Census information. This information will be used to analyse the trends in demographic and social economic profiles. The Census 2022 and Census 2016 information will be compared and contrasted against one another identifying traits and trends. It should be noted that the Municipal Demarcation Board delimited the existing 14 wards into 15 wards. Analysis of data is however, based on the 15 wards for which the Census 2022 data is available.

DEMOGRAPHIC CHARACTERISTICS

Electricity and gas reticulation	NO	NO
Fire-fighting services	NO	YES
Local tourism	YES	
Municipal airports	YES	
Municipal planning	YES	
Municipal health services	NO	NO
Municipal public transport	YES	
Municipal public works only in respect of the needs of municipalities in the administer function specifically assigned to them under this Constitution or any other law	YES	
Portoons, farriers, jetties, piers and harbours, excluding the regulations of international and national shipping and related thereto	YES	
Storm water management systems in built-up areas	YES	
Trading regulations	YES	
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	NO	YES

	Number	%	Number	%
DC23:	668,849	0.17%	706,588	6.4%
uThukela	132,068	-0.43%	143,132	8.3%
KZN235:	340,554	-0.45%	356,274	3.2%
Okhahlamba	196,227	2.59%	215,182	1.2%
KZN238:				
Alfred Duma				

Source: Stats SA, Census 2022

2.1.2 POPULATION DISTRIBUTION

Although the population are distributed fairly even between the fifteen (15) wards, it is clear that the wards with the most people are wards 12, 14 and 10 (figure 1). All of these wards have population of more than 9000+ people.

FIGURE 1: POPULATION DISTRIBUTION PER WARD



Source: IEC 2024 data

2.1.3 HOUSEHOLD SIZE

According to the Census 2022 data, the number of households slightly increased from 27 576 in 2011 to 29 095 in 2022, marking an increase of 1 519 households. This is in contradiction with the decline in population numbers and can possibly be attributed to circular migration, where the head of the household might be working somewhere else and was not counted during the Census. In 2011, the average household size was 4.8, which increased to 4.9 in 2022. The number of households increase as the average size of the households increased. This suggests that in 2022 there was no significant nuclear family structures within Okhahlamba as opposed to larger extended families

TABLE 5: HOUSEHOLD SIZE

Population characteristics	2011	2022
Number of households	27,575	29,095
Average household size	4.8	4.9
Female headed households	51.2	53.8

Source: Stats SA, Census 2022

2.1.4 POPULATION GROUPS

FIGURE 2:
POPULATION GROUPS

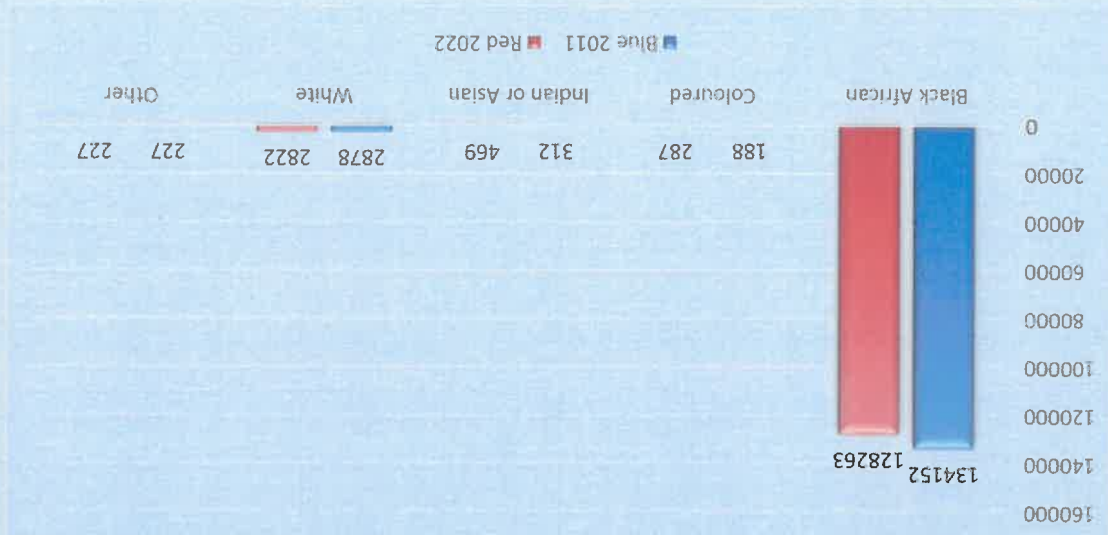
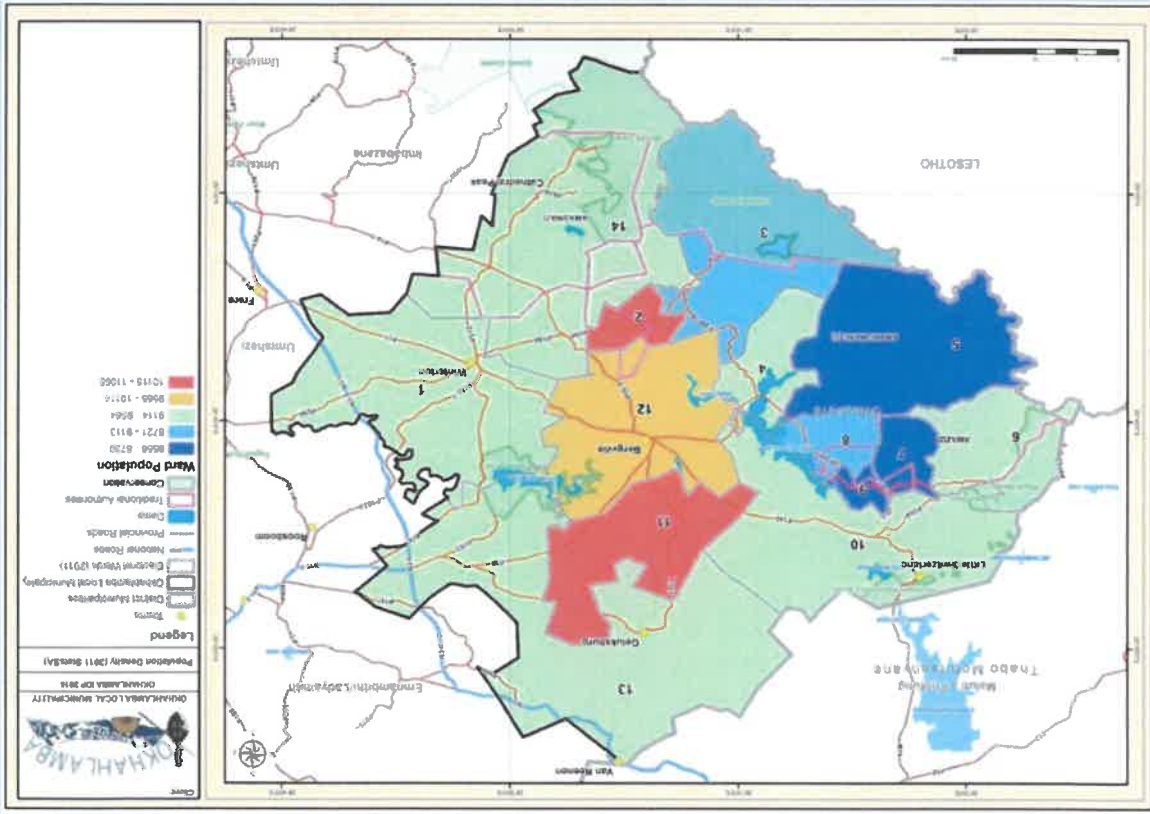


Figure 2 above indicates population groups that form the majority of the population of Okhahlamba Municipality. It illustrates that the majority of population is formed by Black Africans and very few from the White population. This graph re-emphasises the decrease that has taken place between 2011 and 2022, however it is shown more specifically that it has been the Black Africans that have decreased in.

MAP 2: POPULATION DENSITY

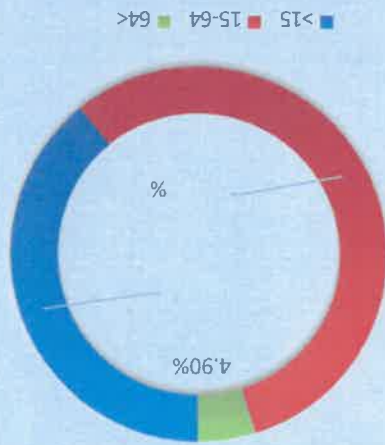


The majority of the municipality in particular the northern area and the north-western and south-western boundaries (Drakensberg) is sparsely populated (refer to map 2). Higher concentrations of people are found surrounding the towns of Bergville and Winterton and in the Traditional Authority areas along the foothills of the Drakensberg. In terms of service delivery, the provision of services will be more cost effective in the established nodes, which are more densely populated and where economic opportunities could be enhanced.

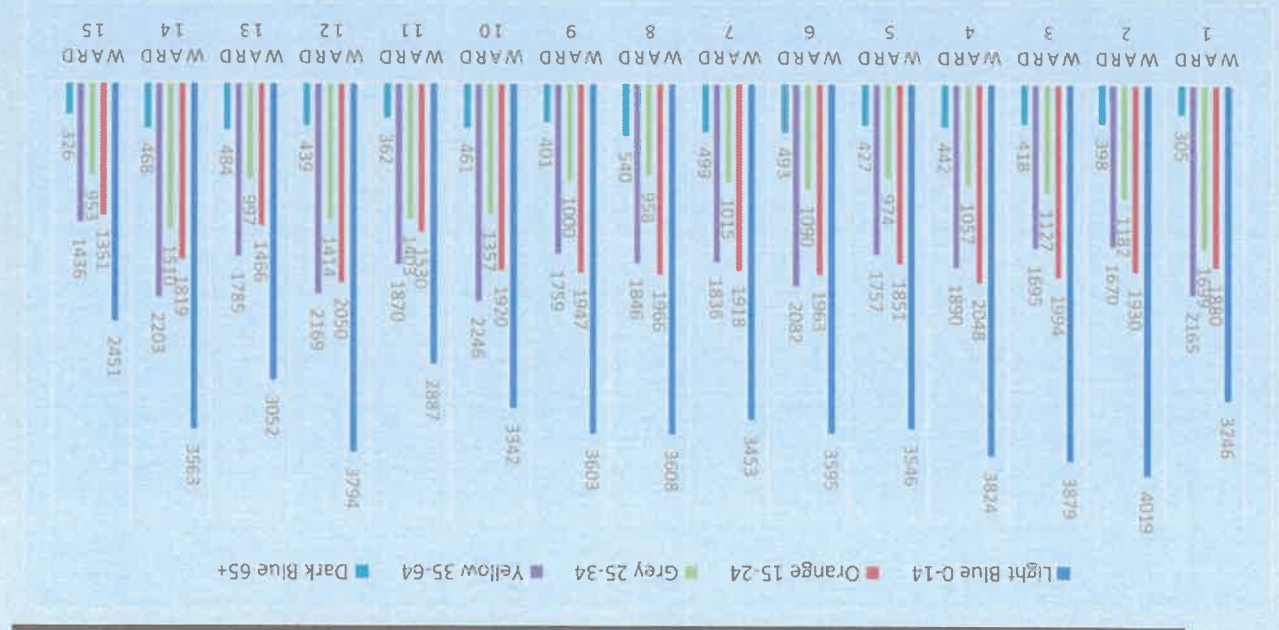
FIGURE 2: AGE STRUCTURE OF OKHAHLAMBA LOCAL MUNICIPALITY

The majority of the population is made up of individuals ranging from ages 0-35 (youth) at 55.9% and 44.1% from 35 + . In 2022, 36.5% of the population were individuals at the age of 0-14. The 15-24 age groups was at 19.4% in 2022, 25-34 was at 12.5%, 35-64 was at 20%. The older age group (64<) was at 4.5% .

The Okhahlamba Local Municipality can be characterised with having a large youthful population, which implies the need for various facilities and focus on specific priority areas e.g. education facilities, economic opportunities and possibly youth development programmes.



2.1.5 AGE DISTRIBUTION
FIGURE 3: AGE DISTRIBUTION

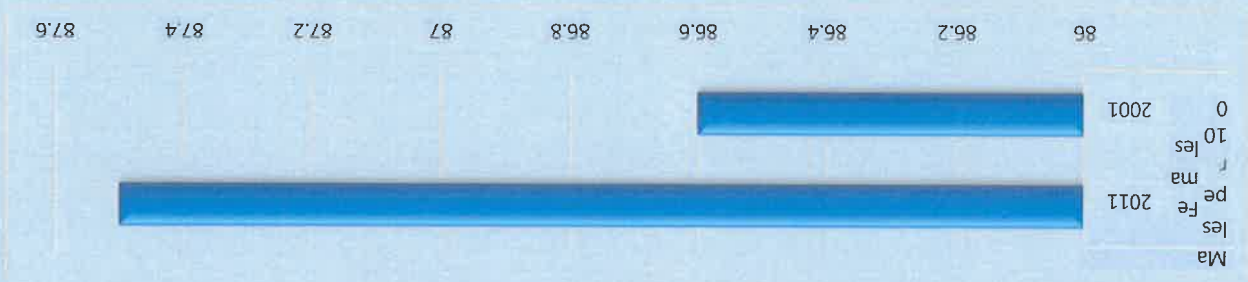


Source: Stats SA, Census 2022

2.1.6 GENDER PROFILE

Figure 5 shows the sex ratio between males and females in the Okhahlamba Local Municipality. It indicates that in 2011 and in 2022, there were more females than males 86,1:100.

FIGURE 3: SEX RATIO-OKHAHLAMBA MUNICIPALITY



Source: Stats SA 2011 and 2022

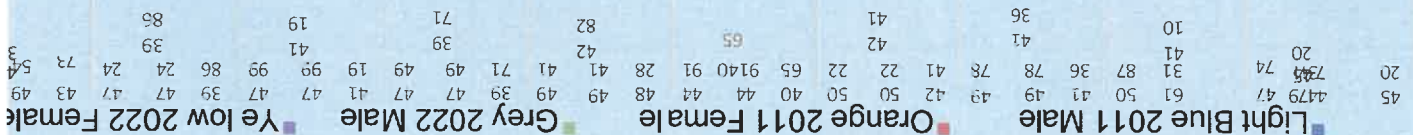
Municipal Gender					
Gender	Total	Female		Male	
		Number	%	Number	%
Name		76 905	53.7%	66 227	46.3%
KZN235: Okhahlamba	143 132				
Ratio	86				

Source: Stats SA, Census 2022

Figure 6 illustrates gender distribution in Okhahlamba Local Municipality and shows the gender profile of each ward within the municipality. The data reflects an uneven gender

distribution. Generally, there has been a decrease in both males and females between 2011 and 2022. However, more specifically there has been a greater decrease in males in each ward between 2011 and 2022. This applies for all wards except wards 4, 7, 11, 12 and 14. These wards have had an increase in both males and females between 2011 and 2022. The most significant increase seen in ward 12.

FIGURE 4: GENDER PROFILE PER WARD



Source: Stats SA 2011 and 2022

2.1.7 KEY FINDINGS

Following is a summarized key findings of the demographic analysis:

- Okhahlamba experienced a positive growth in its population as the population size increased from 135,032 in 2011 to 143,132 in 2022 recording a 0.8 positive growth;
- Ward 2 is found to have had the greatest decrease in its population
- The number of households increased between 2011 and 2022, which might suggests circular migration;
- Wards 12, 14 and 10 are the only wards which have had an increase in population between 2011 and 2022;
- Majority of Okhahlamba population is formed by Black Africans and very few from the White population;
- Bergville, Winterton and Traditional Areas around the foothill of the Drakensberg are seen to have higher concentrations of people;
- Majority of the population is made up of individuals ranging from ages 0-35 (youthful population);

- There are more females than males in Okhahlamba;
- 53, 8% are female dominated households.

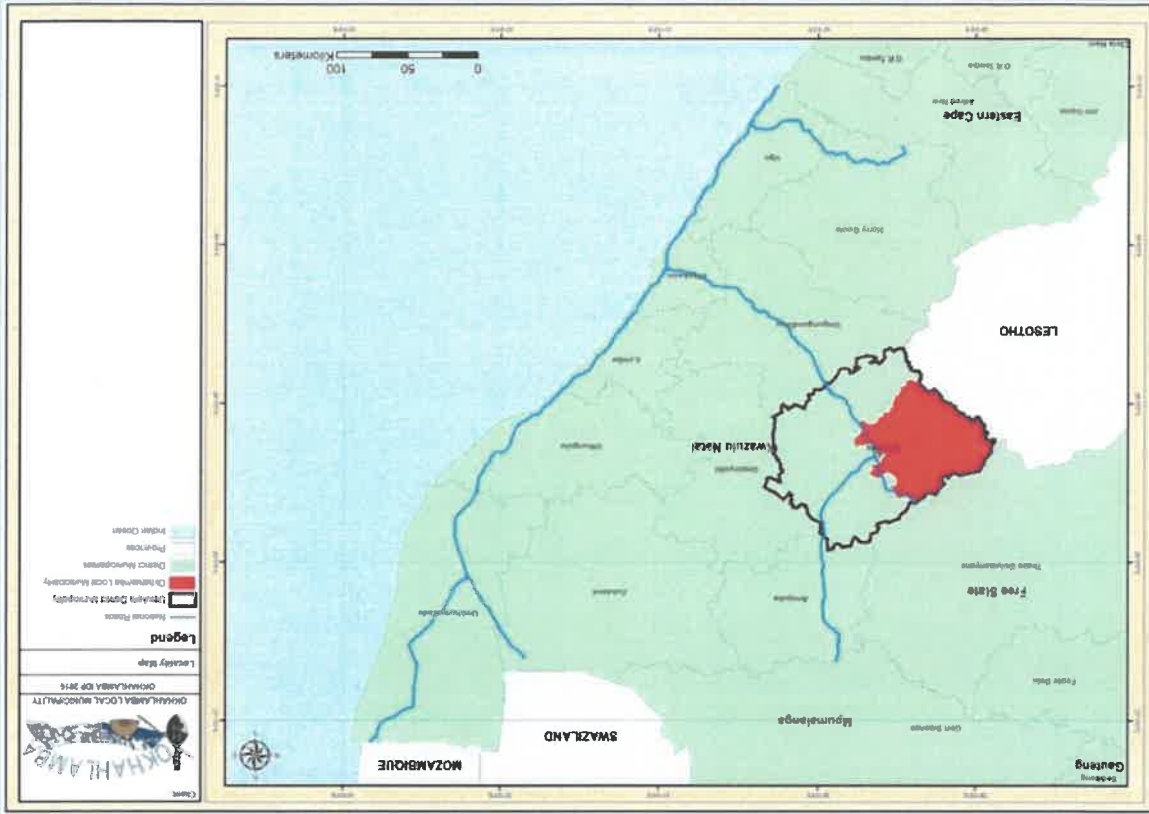
SPATIAL ANALYSIS 2.1.8 REGIONAL CONTEXT

Okhahlamba Local Municipality is located within the uThukela District Municipality, which is one of the ten district municipalities in the Province of Kwazulu-Natal. It was established during the 2000 transformation of local government and is located along the eastern boundary of the province, bordering the Free State and Lesotho. The three local municipalities that make up the uThukela District are indicated in table 6:

TABLE 6: DISTRICT MUNICIPALITIES

Municipality	Extent (km ²)
DC23 : UThukela	11 500km ²
KZN237: Inkosi Langalibalele	2 958.59km ²
KZN 238: Alfred Duma	3 957.63km ²
KZN 235: Okhahlamba	3 540.63km ²

MAP 3: LOCALITY OF OKHAHLAMBA WITHIN KZN

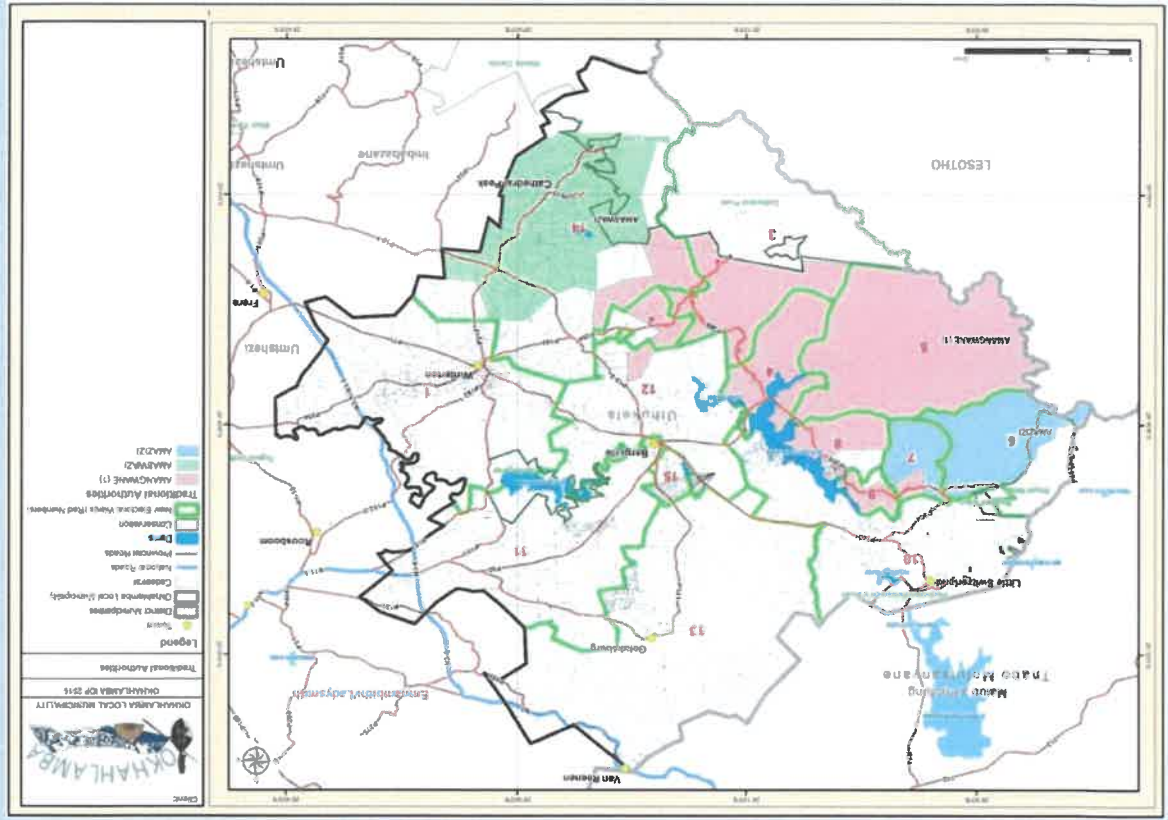


Okhahlamba covers an area of 3 541 km² and covers the largest geographic area in the uThukela province. It is bounded by Maloti a Phofung (Free State province) to the northwest, Alfred Duma to the northeast, Inkosi Langalibalele to the south. The municipal area is made up of privately owned commercial farmland, smallholder settlements, the urban areas of Bergville, Winterton, Cathkin Park, Geluksburg, and three tribal authority areas.

2.1.9 ADMINISTRATIVE ENTITIES

Okhahlamba forms part of the uThukela District and consists of 15 wards. These 15 wards have recently been delimited. (Map 4).

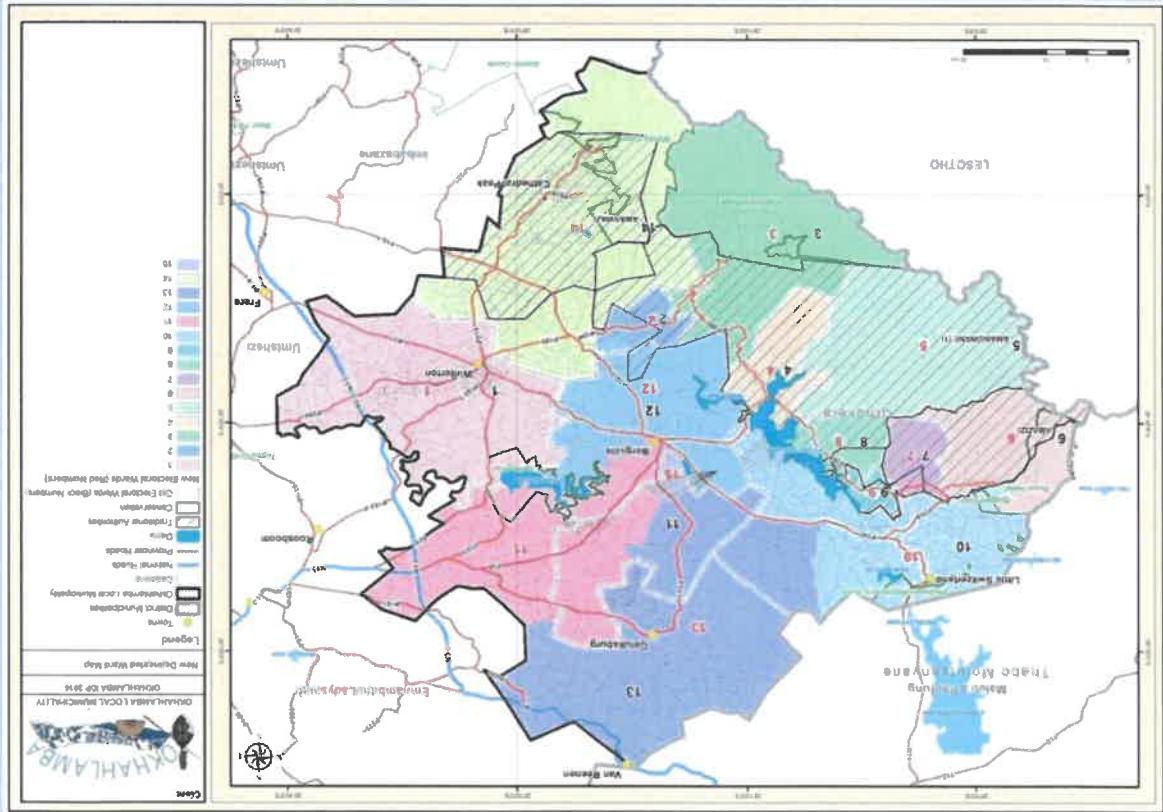
MAP 4: NEW DELIMITATED WARD MAP



Source: Municipal Demarcation Board

The municipality also includes three Traditional Authority areas, namely the Amazizi, Amangwane and Amaswazi Traditional Authorities. The Amazizi Traditional Authority is located to the west of the municipality at the foothills of the Drakensberg, while the Amangwane is a larger Traditional Authority area located from the western boundary towards the eastern boundary along the foothills of the Drakensberg. It incorporates the Mweni Valley, which is the only area of the Drakensberg that is not under regulation by Ezemvelo KZN Wildlife.

MAP 5: MAP SHOWING TRADITIONAL AUTHORITIES IN OKHAHLAMBA



2.1.10 STRUCTURING ELEMENTS

- The main structuring elements within the municipality should be acknowledged as follows:
- R74 traverses the municipality in a south-east-north-westerly direction, dissecting the municipality in two. It provides important linkages to the Drakensberg area in the west and access to the N3 in the east.
 - Topography: The Drakensberg Mountains have the greatest influence on settlement patterns, followed by the Tugela River, and the transport routes of Van Reenen's Pass and Oliviershoek Pass. Slopes are a useful topographical factor that limits the availability of land for agriculture, in particular for cropping. Croplands require relatively flat land for cultivation especially where complex irrigation systems are utilised. Areas around Bergville and Winterton are highly suitable for cropping. Slopes are more suitable for grazing and forestry, but must be limited in the Drakensberg in order to preserve the sensitive landscape.
 - Rivers and wetlands: The Tugela River rises in the Drakensberg Mountains near Bergville where peaks rise to over 3 000 m. The river and its tributaries, meander through central KwaZulu-Natal, draining from the Drakensberg escarpment towards the Indian Ocean.

- Rivers and wetlands: The Tugela River rises in the Drakensberg Mountains near Bergville where peaks rise to over 3 000 m. The river and its tributaries, meander through central KwaZulu-Natal, draining from the Drakensberg escarpment towards the Indian Ocean.
- Dams: the Woodstock Dam is located on the upper reaches of the Tugela River, 10 kilometres west of the town of Bergville in the foothills of the Drakensberg Mountains, while the Kilburn Dam is located 500 metres lower than the Sterkfontein Dam, on the Mnjanezi River, near Bergville.

1.3. SERVICE DELIVERY OVERVIEW

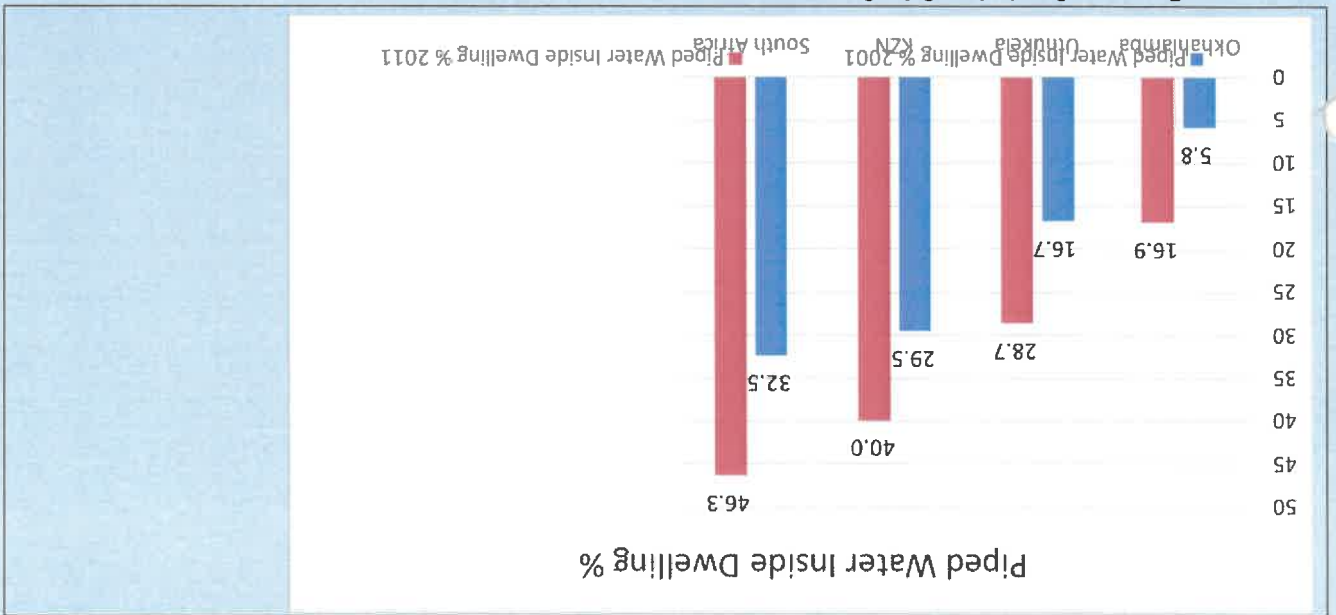
SERVICE DELIVERY INTRODUCTION BASIC SERVICES OVERVIEW

Water

Water and sanitation services fall under the powers and functions of the District Municipality and is the core function of uThukela District Municipality. The Municipality is constantly engaged in discussions with uThukela District Municipality as a Water Service Authority to get information on progress regarding this function. The District's primary objective is to extend potable water and sanitation services throughout the district by eliminating the backlogs and also to maintain and ensure sustainability of the existing water and sanitation infrastructure.

UThukela District Water Services has developed a Water Services Development Framework since it is responsible for water and sanitation services delivery in the district. This was done in terms of the powers and functions stipulated in the Municipal Structures Act No.117 of 1998; Chapter 5. The main objective of the municipality is to ensure the quality of drinking water in the region is improved in as far as the blue and green drop is concerned.

Figure 5: Piped Water inside Dwelling



Source: Statistics SA, Census 2022

Figure 5 indicates that the number of households with piped water inside dwelling increased from 5.8% in 2001 to 16.9% in 2022. However, this was lower compared to the District, Provincial and National average. In 2022, 28.7% households in UThukela District, 40% in Kwazulu-Natal Province and 46.3% in South Africa had piped water inside dwelling. This is indicative that Okhahlamba is facing huge water backlogs. According to the UThukela District Municipality's Draft IDP 2023/2024 water supply backlog as at the end of June 2021 was 28.75%. This translates to 40146 households that do not have access to safe water supply, and 99 492 households have access to water supply in UThukela District Municipality.

Statistics indicate that in 2022 Okhahlamba Local Municipality had 29 095 household of which 51,4% did not have access to safe water supply. It is indicated that in 2022 there was a water backlog of approximately 51.4%.

In summary, there has been a general increase in access to water between 2011 and 2022, despite high water backlogs:

- There is still reliance on boreholes (20%) and springs (19%) in Okhahlamba as sources of water.

- Access to piped water on community stand was 29% in 2022.
- Piped water inside yard was 9% in 2022.
- Piped water inside dwelling was 16% in 2022.

Figure 1: Main Water Supply

The figure below illustrates the number of people with access to sanitation in Okhahlamba. It indicates that the majority of households (75%) does have access to a basic level of sanitation service, of which 30% predominantly use pit latrines, 32% use VIP (ventilated improved pit latrine), 8% have flush toilets, 12% have chemical toilets and 11% of which is depicted as either using a bucket latrine or do not have any form of sanitation. Sanitation backlog in Okhahlamba is approximately 22.57% which is about 6 435 households that do not have access to appropriate sanitation facilities.

Sanitation is one of the core functions of uThukela District Municipality. In the previous financial year, 6 504 new households were provided with appropriate sanitation services in the form of VIP Latrines. During the implementation of sanitation projects, a total of 5 298 local community people were employed for the duration of the projects and some of them were also empowered with new skills such as building and project management. The appropriate sanitation services backlog as at the end of June 2022 was 22.85 %. This translates to 31907 households that do not have appropriate sanitation services.

Sanitation

Source: Stats SA, Census 2022

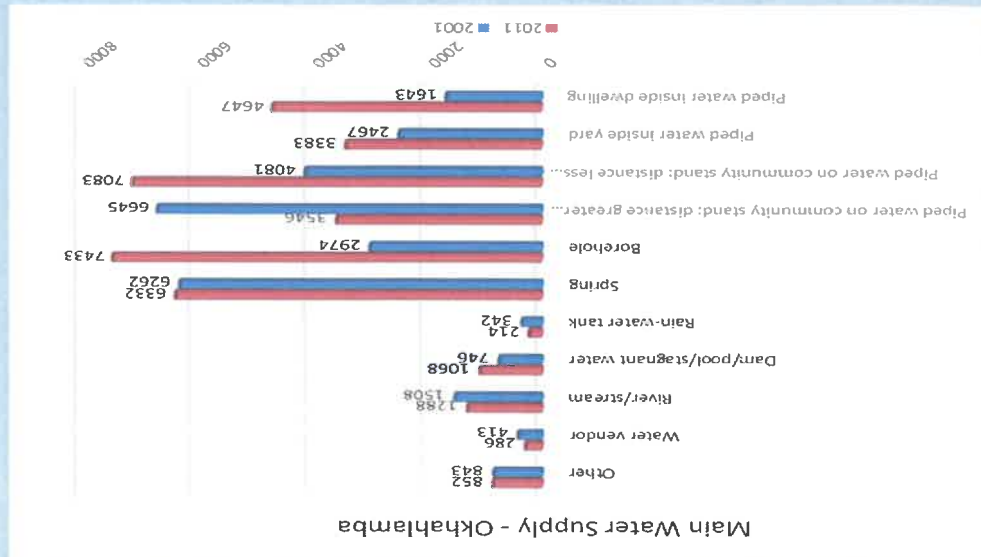


Figure 3: Waste Quantities and Characteristics (wastes quantities in tons per annum) in Okhahlamba Local Municipality

Waste quantities indicated in the IWMP indicates that the majority of waste generated is by business, followed by domestic waste. Future plans of the Waste Management Section includes waste collection in rural areas through the EPWP programme; and well as recycling stations in Bergville and Winterton. Sorting and source for recycling will also take place whereby we will provide residents with free transparent bin bags for recycling.

Waste collection is done on weekly basis in residential areas and daily in the Winterton and Bergville CBD. Waste collection is done free of charge in Khetani. We have donated bins to a number of schools to encourage recycling and environmentally friendly practices.

The Municipality continued implementing its Integrated Waste Management Plan (IWMP). It provides strategies in addressing the backlogs in refuse collection. The municipality also implements free basic solid waste for the indigent households. The municipality's landfill site is situated in Bergville and covers Bergville and Winterton. It was established in 1975, and it has a permit. During the past year, we secured a license for a new landfill site.

Solid Waste Management

Source: Statistics South Africa: 2022 and 2011

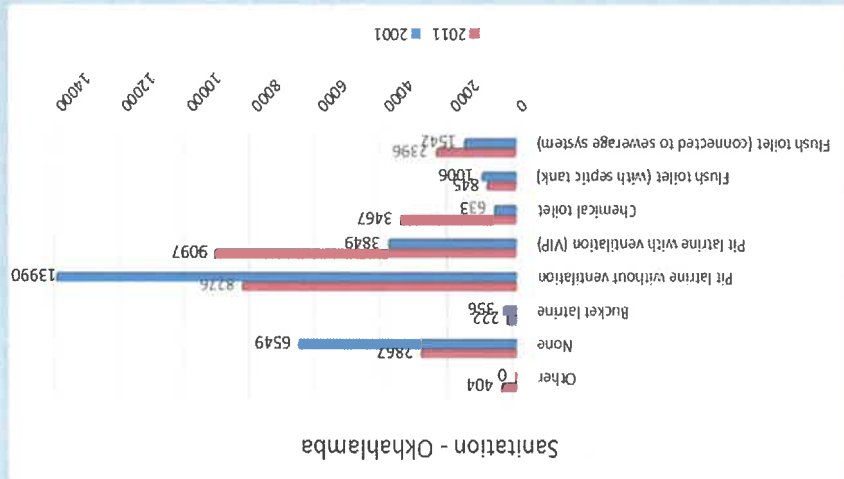
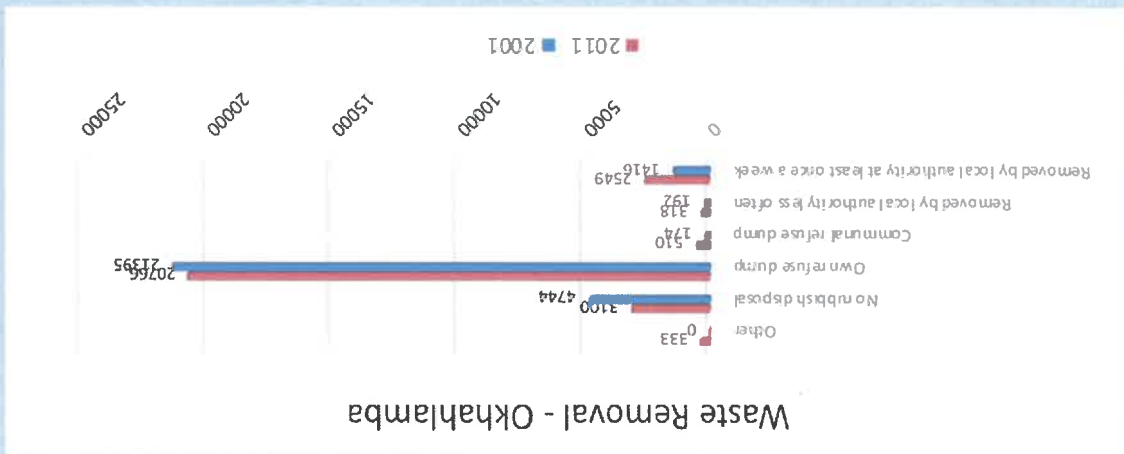


Figure 2: Sanitation

Figure 10: Waste removal



Data Source: Statistics South Africa: 2022 and 2011

1.4. FINANCIAL HEALTH OVERVIEW

FINANCIAL OVERVIEW

Background

The 2023/24 financial year came with many noticeable changes to the municipality but financial stability was maintained and financial growth was again witnessed. This report is a summary of the progress made and a few challenges on the financial performance of the municipality for the 2023/2024 financial year.

5 year plan/objectives

Successful monitoring of MSCOA implementation and monitoring for 2021/22 to 2026 to 2027

Successful implementation of new valuation roll with minimum of 5 years supplementary valuation roll

Improve financial reporting based on MSCOA requirements

Improve debts collection to boost municipal cash flow

Continuous maintenance of clean audit opinion (AGSA)

Continuous municipal budget related policies

To manage our assets and liabilities (current ratio norm 2:1)

To manage our cash coverage norm (3 months)

Implementing the cost cutting measures

Create a conducive environment for job creation and economic growth

Annual preparation of a funded budget every financial year as per the MFMA

Annual Financial Statements

Improved financial stability through improved staff discipline, financial management and reporting. This has resulted in the improved liquidity ratios such as current ratio (1:38 in 2022/23 and 1.45 in 2023/24 financial year respectively) meaning that the municipality will be able to pay its current liabilities with its current assets, Operating cash flow ratio meaning the municipality has generated enough cash to pay its short-term liabilities.

Increase in cash flow as a result of lack in debt collection and management (monitored on a weekly basis). From 64% in 2022/23 to 69% in 2023/24. The Municipality has achieved 100% expenditure on MIG funding and improved grant spending due to improved supply chain processes and payment of consultants and contractors on time (even less than 30 days). The uniform ratios and the norms for 2023/2024 in attached in this report.

mSCOA

The Municipality has successfully began implementing the Municipal Standard Charts of Accounting (mSCOA) financial approach as prescribed by National Treasury. Implementation began in July 2017, and has proved useful in ensuring that standardising business processes, and ensuring the quality and credibility of data within the municipality.

Reporting

The department has done a noticeable improvement as far as reporting on financial matters to other stakeholders (e.g. internal departments, provincial, national and other stakeholders), we have achieved almost hundred (100%) percent on reforms as required by National Treasury and compliance departments, this evidenced by relevant circulars informing municipalities on such reporting compliance.

Supply Chain Management

100% MIG spending due to improved supply chain processes and payment of consultants and contractors on time (even lesser than 30 days).
Total number of Finance officials employed by the municipality including the Accounting Officer.

Description	A. Total number of officials employed by municipality	B. Total number of officials employed by municipal	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and	Consolidated: Total number of officials whose performance agreements comply with	Consolidated: Total number of officials that meet prescribed competency levels
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Financial Analysis

TOTAL	23	23	16	0	2	19
Supply Chain Management Officials						
Officials in supply chain management units	7	0	7	0	0	6
Supply chain management senior managers	0	0	0	0	0	0
Any other financial officials	13	0	13	0	0	10
Senior managers	1	0	1	0	0	1
Chief financial officer	0	0	0	0	0	0
Accounting officer	1	0	1	0	1	1
Financial Officials						
(Regulation 14(4)(a) and (c))		entites (Regulation 14(4)(a) and (c))	(d))	Regulation 16 14(4)(f))	Regulation 14(4)(e))	

The draft financial statements for the 2023/2024 financial year will be compiled and forwarded to the Auditor General for audit on the 30 August 2024. The financial Statements show an upward trend in the municipal finances.

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

The Okhahlamba Council is the highest decision making body within the Municipality. It is made up of 29 Councillors with 15 Ward Councillors and 14 Party Representatives. The Chairperson of Council is the Speaker. There are four (4) portfolio committees in the Municipality.

The Executive Committee is made up of five Councillors. The chairperson of the Executive Committee is the Mayor.

The following are the committees of Council: Social Services and Economic Development and Corporate Services Committee, Finance Committee, Technical Services Committee and the Municipal Public Accounts Committee.

Technical Committee

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- The municipality's technical tasks, such as roads constructions and maintenance thereof,
- Community halls and other community structures, crèches and is further responsible for the housing development.
- Refuse removal.

Social Services and Economic Development and Corporate Services Committee

The terms of reference of this committee are to advise and make recommendations to the executive committee on:

- All applicable legislation relating to social and economic development, national development programmes, provincial development programmes, trading regulations, investment opportunities, transport, land affairs, law enforcement, library services, Tourism, MPCC, youth, sports and gender and Public Participation.

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on:

- All aspects of Human Resources Development.
- Information Technology and

- Records Management

Finance Services Committee

The terms of reference of this committee are to advise and make recommendations to the Executive Committee on: budgeting, supply chain, asset management, revenue and expenditure.

Municipal Public Accounts Committee

The terms of reference of this committee are to play an oversight role within the municipality. All the reports of the Audit Committee and Council may refer matters to this committee for investigation.

POLITICAL STRUCTURE

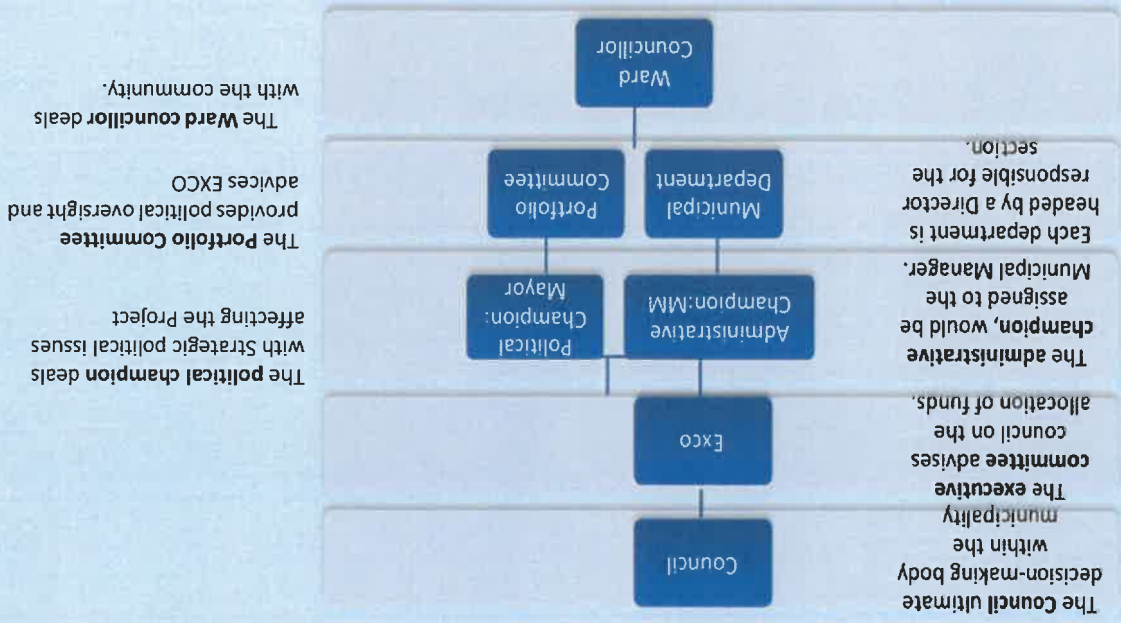




2.1 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The following structure indicates decision making hierarchy in the Municipality.



The convenor comes to the meetings and they meet every month with all stakeholders to discuss community issues that were identified during household profiling by the CCG's and the walk in registers in the war rooms. The war rooms operate in community halls and Traditional Courts. Some wards are too large, so sub-war rooms were established for the benefit of the entire ward. War rooms are open every day of the week for the community to come with their issues that need necessary interventions. Managers are deployed in these 15 wards to monitor the functionality of the war room.

Operation Sukuma Sakhe operates in all wards (15 wards) of Okhahlamba Local Municipality. Each ward has a war room and satellite war rooms to each and every ward, where all stakeholders (Government Departments, Non-Government Organisations (NGOs), Traditional leaders, Faith Based Organisations (FBO), Community Care Givers (CCGs) come to the war room to fight poverty, crime and other issues that are problematic in the community. Each war room has a convenor who chairs the Ward Task Team (WTT) meetings and the ward Councillor is the champion of the war room.

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

COMPONENT A: INTERGOVERNMENTAL RELATIONS

ADMINISTRATIVE CHAMPION



MUNICIPAL MANAGER
(Mr S.N Malinga)

CCG's do households' profiling whereby they identify different needs that need to be fulfilled through different referrals/ interventions from different stakeholders/government departments, also the community have an easy access to the war room walk in registers which are monitored by the OSS Office every after 3 months. Each ward conducts an Operation MBO (MBO is a Zulu name for the campaign to revoke communication) after finishing analysing the household profiling forms, where all government departments will come and render their services to people at a ward level.

Local Task Team meetings take place once a month in the Municipality Offices whereby all Departmental Managers, WTT conveners, traditional leaders and NGOs, ward Councillors and the Mayor come to the meeting to discuss issues that were unresolved in the war room and to get the report of the WTTs from the ward conveners. They also discuss the functionality of the war rooms and come up with solutions for those that need help. The Local Task Team writes a monthly report to the District Task team about the operations of the WTTs. OSS celebrates all calendar events.

On the 25 April 2022 there was an Operation Sukuma Sakhe Cabinet Visit where the Premier and the Ministers were visiting the following wards: 1,3,4,5,6,7,8,10,11,12 and 15. This is the visit to monitor the service delivery to the community by Governmental Departments. There were issues which were raised by the Community to the Ministers some of them were the same: water issue, job opportunities and crime. For more information the OSS Cabinet issues document can be provide.

CHALLENGES

No attendance of some Governmental Departments in the Local Task Team Meetings. Slow interventions are taking place in the war rooms due to non-attendance of Departments at the war rooms. Non-attendance of the Ward Champions in the Local Task Team Meetings are also a cause for concern.

CHANGES

The Operation Sukuma Sakhe unit is in the process of reviewing our war rooms that are convened by the officials to be convened by the Community Members and the officials to assist them with the functionality of the war rooms. The war rooms will be opened from 08H00-16H00 for the walk in registers for clients that will be referred by the CCG's for emergency interventions. The war room opening will be done by the CWP representatives because they are trained on the basics of OSS and the recordings of the cases in the walk in register.

SUCCESSSES

All 15 of the War rooms are established and it is easily accessed by the community and Departments, most of our war rooms are branded so you can see from far that there is a War room structure. People are easily accessing the Poverty Alleviation programmes now since

there are structures which can assist them in the community, as opposed to having to take a taxi to town.

2.2 INTERGOVERNMENTAL RELATIONS

DISTRICT INTERGOVERNMENTAL STRUCTURES

Inter-Governmental Relations (IGR) structures have been established between the district and local municipalities and all the Mayors have signed the IGR protocols. IGR structures include:

The District Intergovernmental Forum (DIF) or the Mayors Forum.

The District Technical Support Forum (DTSF) or the Municipal Manager's Forum.

The uThukela District Mayor is the chairperson of the District Intergovernmental Forum and attends the KZN Provincial Premier's Forum meetings.

The Municipality also attends and forms part of the Okhahlamba Drakensberg Park World Heritage Site Buffer Zone Technical Committee, an integrated governmental structure which meets once a month. The structure provides strategic and technical advice to Planners / GIS specialists concerning the Spatial Development Framework and statutory applications.

Other IGR structures in the district include the following forums:

- Planning Forum,
- Finance Forum,
- Corporate Forum; and
- Infrastructure Forum.

Public participation per ward – program

The Municipality adopted its public participation program to involve the community during the Integrated Development Program (IDP) and Budget Process, as indicated in tables below. These meetings were attended by MANCO members and Councillors.

COMMUNICATION, PARTICIPATION AND FORUMS

2.3 PUBLIC MEETINGS

- Instant Messaging Services in the form of WhatsApp
- Loud Hailing
- and YouTube.
- Social media: Email newsletter, Business Registry, SMS marketing, Facebook, Twitter
- Electronic media: Okhahlamba website
- newspaper.
- Traditional media: newspapers, radio, municipal newsletter, establishment of local
- External communication flow:
 - Instant Messaging Services such as WhatsApp
 - Customer service training.
 - Ensuring quality standards of municipal documents.
 - Cost reduction efforts by using notice boards, Skype/Google etc.
 - Communication between committees, entities, affiliates, partners and staff.
 - such as MANCO.
 - Communication between internal departments through information sharing meetings
- Internal communication flow:
 - Communication dissemination methods include the following:

Okhahlamba Municipality has implemented its Integrated Communications Strategy Framework to enhance its effectiveness in all operational spheres. The municipality is committed to provide accurate service delivery and is willing to engage with business, communities and other stakeholders to ensure that service delivery targets are met. The Communication Strategy ensures that municipal staff are well informed of what is happening in the municipality and well equipped with information.

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

2023/24 PUBLIC PARTICIPATION PROGRAMME

IDP REVIEW 2023/2024 CALENDAR OF MEETINGS

CALENDAR A

IDP REPRESENTATIVE FORUM		
DATE	VENUE	TIME
2 nd QUARTER - OCTOBER 2023	MUNICIPAL COUNCIL CHAMBER	11H00
4 th QUARTER - APRIL 2023	MUNICIPAL COUNCIL CHAMBER	11H00

CALENDAR B

IDP STEERING COMMITTEE MEETING		
DATE	VENUE	TIME
2 nd QUARTER - AUGUST 2022	MUNICIPAL COUNCIL CHAMBER	09H00
2 nd QUARTER - NOVEMBER 2022	MUNICIPAL COUNCIL CHAMBER	09H00
3 rd QUARTER - MARCH 2023	MUNICIPAL COUNCIL CHAMBER	09H00
4 th QUARTER - MAY 2023	MUNICIPAL COUNCIL CHAMBER	09H00

CALENDAR C

WARDS	VENUE	IDP ROADSHOWS	TIME	PEOPLE ATTENDING
1,2,3	Bergville Sports	APRIL 2023	11H00	ALL MANAGEMENT

T/ALL COUNCILLOR S/PUBLIC PARTICIPATI ON/ COMMITTEE				Field	
ALL MANAGEMENT T/ALL COUNCILLOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	11H0	0	APRIL 2023	Newstand Sports Field	6,7,9
ALL MANAGEMENT T/ALL COUNCILLOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	11H0	0	APRIL 2023	Field	
ALL MANAGEMENT T/ALL COUNCILLOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	11H0	0	APRIL 2023	Dukuza sport field	4,5,8
ALL MANAGEMENT T/ALL COUNCILLOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	11H0	0	APRIL 2023	Bergville Sports Field	10,11,12
ALL MANAGEMENT T/ALL COUNCILLOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	11H0	0	APRIL 2023	Bergville Sports Field	13, 14 and 15

ON/ COMMITTEE					
ALL MANAGEMENT T/ALL COUNCILOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	18H0 0	APRIL 2023	Winton Country Club	Central Drakensberg Ratepayers association, Winton Farmers Association, Winton Ratepayers Association	
ALL MANAGEMENT T/ALL COUNCILOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	18H0 0	APRIL 2023	Council Chamber: Municipal Offices	Khanyisa Forum, Notern Drakensberg Ratepayers Association, Gelukkksberg Ratepayers Association, Gelukkksberg Landowners Association, Geluk ksberg Farmers Association, Bergville Black Landowners association	
ALL MANAGEMENT T/ALL COUNCILOR S/PUBLIC PARTICIPATI ON/ COMMITTEE	11H0 0	APRIL 2023	Council Chamber: Municipal Offices	Amangwane, Amazizi, Amaswazi Tribal Councils	

ACTIVITY	ESTIMATED	ESTIMATED COSTS	VOTE
IDP PUBLIC CONSULTATION MEETINGS	1000 PEOPLE X 4 SESSIONS	R329 375	IDP REVIEW
IDP RF, IDP WORKSHOP FOR WARD COMMITTEES AND STAFF	100 PEOPLE	—	IDP REVIEW
TRANSPORT FEES FOR WARD COMMITTEE MEMBERS	RE-IMBURSEMENT OF WARD COMMITTEE MEMBERS WHEN ATTENDING IDP WORKSHOPS AND FORUM MEETINGS	R52 700	IDP REVIEW
LAYOUT & DESIGN OF IDP DOCUMENT	FORMATTING & PRINTING IDP DOCUMENT BY PROFESSIONAL PRINTERS	—	IDP REVIEW

SECTION F COST ESTIMATES FOR 2023/2024 IDP REVIEW PROGRAMMES

IDP RF	Council Chamber: Municipal Offices	APRIL 2023	11H0	0	ALL MANAGEMENT/ALL COUNCILLORS/PUBLIC PARTICIPATION/COMMITTEE
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ACTIVITY	ACTION/TASK FOR IDP PROCESS	TIME FRAMES
1	1 ST IDP REPRESENTATIVE FORUM	27 JULY 2022
2	1 ST IDP STEERING COMMITTEE (DRAFT PROCESS PLAN)	04 AUGUST 2022

**SECTION G
ALIGNMENT OF IDP, PMS AND BUDGET CYCLE**

❖ **IDP PREPARATION**
 The Okhahlamba Municipality's IDP is prepared in-house, through this it's hoped that the quality will be improved remarkably in the 2023/2024 IDP REVIEW.

TOTAL COSTS EXCLUDING OTHER COSTS E.G. ADVERTISING			
STRATEGIC PLANNING SESSIONS X2	TO REVIEW, MISSION, VISION, STRATEGIC OBJECTIVES AND PRIORITIES AS WELL AS WORKSHOP ON DRAFT IDP FOR COUNCILLORS AND MANAGEMENT.	R527 000	STRATEGIC PLANNING
DEVELOPMENT OF THE OKHAHLAMBA SPATIAL DEVELOPMENT FRAMEWORK (SDF)	APPOINTMENT OF SERVICE PROVIDER	R332 010	CONSULTANT FEES
		R1 241 085	

	1 st UTHUKELA IDP SUPPORTING STRUCTURE COMMITTEE MEETING	AUGUST 2022
3	ADOPT IDP PROCESS PLAN-2020/201	29 JULY 2022
4	PLANNING INDABA	SEPTEMBER 2022
	UTHUKELA IDP REPRESENTATIVE FORUM	21 OCTOBER 2022
5	WORLD PLANNING DAY	05 NOVEMBER 2022
6	IDP ALIGNMENT SESSIONS	07- 25 NOVEMBER 2022
7	2 ND IDP STEERING COMMITTEE	29 NOVEMBER 2022
	<ul style="list-style-type: none"> • Review Municipal Strategy • Review MTAS (key priorities for the municipality) • Identify outstanding sector plans • Integrate finalized sector plans • Municipal PMS • Align with National KPA'S • Design projects • Review KPI targets, timframes, etc where impacted upon by prioritization • Review municipal vision/mission • Review Spatial Development Framework / Land Use Management System 	
8	IDP BEST PRACTICE CONFERENCE	01 DECEMBER 2022
	UTHUKELA IDP REPRESENTATIVE FORUM	25 JANUARY 2023
9	IDP STAKEHOLDERS MEETING	14 FEBRUARY 2023

17 FEBRUARY 2023	MID-YEAR BUDGET & PERFORMANCE ASSESSMENT ENGAGEMENT WITH PROVINCIAL TREASURY	
27 FEBRUARY 2023	IDP CO-ORDINATING COMMITTEE MEETING	
28 FEBRUARY 2023	UTHUKELA IDP REPRESENTATIVE FORUM	
02 MARCH 2023	3 RD STEERING COMMITTEE MEETING (STRATEGIC PLANNING SESSION)	10
28 MARCH 2023	SUBMITT DRAFT IDP & SDF TO COGTA - 2020/2021	11
26 APRIL 2023	ATTEND DRAFT IDP ASSESSMENTS	12
01-30 APRIL 2023	IDP- BUDGET PUBLIC PARTICIPATION	13
09 MAY 2023	ATTEND IDP FEEDBACK SESSION- PROVINCIALY	14
MAY 2023	AMEND DRAFT IDP IN ACCORDANCE WITH PROVINCIAL IDP FORUMS'S COMMENTS	15
16 MAY 2023	4 TH STEERING COMMITTEE MEETING (STRATEGIC PLANNING SESSION)	16
	<ul style="list-style-type: none"> • Consider public comments • Alignment of the IDP and BUDGET 	17
18 MAY 2023	2 ND IDP REPRESENTATIVE FORUM (STRATEGIC PLANNING SESSION)	17
19 MAY 2023	DRAFT BUDGET ENGAGEMENT WITH PROVINCIAL TREASURY	
MAY 2023	ADOPT FINAL IDP / BUDGET 2020/2021	18
09 JUNE 2023	SUBMIT FINAL 2020/ 2021 IDP & SDF TO MEC	29

Okhahlamba Local Municipality is committed to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA), Act no 56 of 2003, and has developed an Enterprise Risk Management Policy and Framework.

Risk management is recognized as an integral part of responsible management and the Municipality therefore adopts a comprehensive approach to the management of risk. The features of this process are outlined in the Municipality's Risk Management Framework. It is expected that all departments, operations and processes will be subject to the risk management framework. It is the intention that these departments will work together in a consistent and integrated manner with the overall objective of reducing risk as far as reasonably practicable.

Effective risk management is imperative to the Municipality to fulfill its mandate, the service delivery expectations of the public and the performance expectations within the Municipality. The realization of the Municipality's strategic plan depends on the Municipality being able to take calculated risks in a way that does not jeopardize the direct interests of stakeholders. Sound management of risk will enable the Municipality to anticipate and respond to changes in its service delivery environment, as well as to take informed decisions under conditions of uncertainty. The Municipality subscribes to the fundamental principles that all resources will be applied economically to ensure:

- The highest standards of service delivery;
- A management system containing the appropriate elements aimed at minimising risks and costs in the interest of all stakeholders;
- Education and training of all staff to ensure continuous improvement in knowledge, skills and capabilities which facilitate consistent conformance to the stakeholders expectations; and
- Maintaining an environment, which promotes the right attitude and sensitivity towards internal and external stakeholder satisfaction.

The Municipality is adopting a wide approach to risk management, which means that every key risk in each part of the Municipality will be included in a structured and systematic process of risk management. It is expected that the risk management processes will become embedded into the Municipality's systems and processes, ensuring that the Municipality's responses to risk remain current and dynamic. All risk management efforts will be focused on supporting the Municipality's objectives. Equally, they must ensure compliance with relevant legislation and fulfill the expectations of employees, communities and other stakeholders in

terms of corporate governance. The municipality has an established municipal risk management

2.5 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

Fraudulent and corrupt practices undermine the basic values and principles governing public administration as set out in Chapter 10 of the Constitution.

The Municipality expects all its employees, councillors, service providers and the community not only to be fair and honest, but also to provide any help, information and support necessary to combat fraud and corruption.

The Municipality often acknowledges the causes, aggravating factors and debilitating effects of fraud and corruption and consequently the need to root out these elements. It is in this commitment that has seen the development and implementation of numerous policies.

In addition, financial management systems and procedures were reviewed to incorporate the following policies:

- Anti-Fraud and Corruption Policy
- Appointment of Consultant Policy
- Bank Investment Policy
- Budget Implementation and Management Policy
- Communications Policy
- Consumer Credit Control and Debt Collection Policy
- Ethics Policy
- Human Resources Strategy
- Human Resources Policy
- Indigent Support Policy
- Municipal Property Rates Policy
- Tariff Bylaw
- Unallocated Revenue Policy

- Employee Assistant Programme
 - Enterprise Risk Management Framework Policy
 - Fixed Asset Policy
 - Full and Registration Fee Bursary
 - IT Disaster Recovery Plan Policy
 - IT Framework Policy
 - IT Policy
 - IT Security Policy
 - IT Strategy Policy
 - Fleet Management Policy
 - Filing System Policy
 - Infrastructure Management Policy
 - Language Policy
 - Expanded Public Works Programme Policy
 - Cooperatives Policy
 - Registry Procedure Manual Policy
 - Records Policy
 - Social Amenities Hire Policy
 - Virement Policy
 - Overtime and Standby Policy
 - Subsistence and Travel Policy
 - Rates and Refuse Removal Services Policy
 - Supply Chain Management Policy
 - Consumer Care, Credit Control and Debt Collection Policy
-

The municipality has developed and adopted the Supply Chain Management Policy. A supply chain management unit is established under the direct supervision of the Chief Financial Officer.

2.6 SUPPLY CHAIN MANAGEMENT OVERVIEW

Municipal staff will be encouraged to adhere to value for money principles in carrying out their functions. It is expected that this review will promote efficiencies in the finance department. Council has adopted a zero tolerance approach in respect of both internal and external audit reports and measures will be implemented to ensure that any material or fundamental issues are addressed immediately. It is expected that the internal audit function will raise any material or fundamental issues before external audit. Other issues arising will be prioritised and addressed accordingly.

- Performance Management Framework Policy
- Risk Management Policy
- Policy on Private and Urban Housing Development
- Informal Traders Policy
- Staff Retention Policy
- Indigent Burial Policy
- Tariffs Policy
- Protection Services Personnel Policy
- Subsistence and Travel Policy
- Travel Allowance Policy

Financial Viability and Management Swot Analysis

STRENGTHS	WEAKNESSES
✓ Land for development(Urban and Rural)	✓ Limited rate base
✓ Tourism	✓ Lack of staff retention
✓ Qualified Staff Complement	✓ Recruitment of qualified personnel
✓ Existing facilities for rental	✓ Acquisition of land
✓ Policies in place	✓ High grant dependency
✓ Supply chain management unit and policy in place	✓ Lack of capacity to implement projects
✓ Financial strategies in place to enhance revenue raising	✓ Limited implementation on debt collection
✓ Less reliance on consultants	
OPPORTUNITIES	THREATS
✓ Tariffs imposing	✓ Staff turnover
✓ Revenue enhancement	✓ Non- spending on conditional grants
✓ Implementation of cost cutting measures	✓ Debtors collection
✓ MSCOA will improve financial reporting ,planning and financial discipline	✓ Theft and abuse of municipal assets
	✓ Change management on MSCOA
	✓ Grant dependence

SCM Organisational Structure

A SCM unit must where possible operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

- CFO – :Mr S.S. Dlamini
- Accountant SCM – : Ms BT Maphalala
- SCM Practitioner – :ZF Mgadi + One vacant
- Senior Contract Management Clerk – Mr B Sibiya
- SCM Clerk – :MP Dlamini + RA Shabalala
- Stores Receiving Clerk - : NN Mohlakwana
- Stores Dispatching Clerk – : Mlangeni

Procurement Plan

A procurement plan is compiled and submitted to the Accounting Officer and Provincial Treasury on quarterly and yearly basis.

SCM Policy and Procedure Manual

The policy and procedure manual are in place in terms section 112 of the supply chain management of a municipality must be fair, equitable, transparent, competitive, and cost effective and comply with a prescribed regulatory framework for the municipality supply chain management.

BID COMMITTEES AS THEY CURRENTLY STAND: 2023/24

BID Adjudication Committee

Mr S.S. Dlamini
Mrs H.P. Ndaba
Mr T.P. Mazibuko
Mr S.M. Khulu
Mrs S.R. Zwane
Ms T.B. Maphalala
Ms T. Miya
:CFO
: Director Social and economic development
: Director Social
: Director Corporate Services
: Director Technical Services
: Supply Chain Management Accountant
: Personal Assistant (CFO)

Bid Evaluation Committee

Mr. M. Hatshwayo (Chairperson)
Ms T.M. Hatshwayo
Mr S.H. Cebekhulu
Miss Z.F. Mvula
Mr. S. Mncube
Mr B.E. Dlamini
: Manager Roads and Maintenance
: Manager Information Technologies
: Accountant Expenditure
: Supply Chain Management Practitioner
: Accountant Assets
: Civil Engineering technician

Bid Specification Committee

Mr M.E. Mntambo
Mr N. Dlamini
Ms N. Molo
Ms R. Shabalala
Ms A. Nkosi
Mr S. Vilakazi
Miss S.P. Mabizela
: Senior Admin Officer
: PMU manager
: PMU Technician
: Supply Chain Management Clerk
: Building Inspector
: Debtors Clerk
: Labour relations/OHS clerk

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

- Control of Outdoor Advertising.
- Pound By-laws.
- By-laws relating to Dogs.
- Public Health By-laws.
- Business licence by-law
- Public drinking by-law

Municipal by-laws are public regulatory laws, which apply in a certain area, in this case Okhahlamba Municipality. A local or municipal government gets its power to pass laws through a law of the national or provincial government, which specifies what things the town or city may regulate through by-laws. The Okhahlamba Municipality has in terms of section 156 of the Constitution, 1996 (Act 108 of 1996), read in conjunction with section 11(3) (m) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) made the following municipal by-laws:

COMMENT ON BY-LAWS:

2.7 BY-LAWS

The MFMA 56 of 2003 Section 116 has reference on contract management. There is a contract management register in place, which complies with the prescribed template for contract management.

Quotations and Bids

The SCM unit has quotations registers (below and above 30 000 transactions) and a bids register in place.

Inventory Management:

There is a policy in place for Inventory Management. There is operational stores for stationery, cleaning material and other inventory items present.

Contract Management



The 2023/24 financial year saw with it several infrastructure development projects funded through the government's largest local government's infrastructure development funding: the Municipal Infrastructure Grant (MIG).

Planned projects for the 2023/24 financial year included: Macanda gravel road, Sheleni gravel road, Khehani township road, Emahlabathini gravel access road, Bergville industrial hubphase 2 and phase 3,

The tables below reflect 2023/24 project breakdowns by name and ward, as well as the source of funding.

Okhamba Local Municipality received an allocation of R 67 099 608.89 for the implementation of Municipal Infrastructure Grant (MIG) projects for the current financial year 2023/24.

NO	Project Title (as per MIG 1 form)	Approved MIG Funding	Actual Project Cost (Tender sum + fees)	Expenditure to date	Balance	Progress / Status
1.	Macanda gravel road	11,791,710.76	11,570,859.02	11,570,859.02	724,120.20	100%
2.	Sheleni Gravel road	7,295,345.29	7,488,167.59	7,488,167.59	0.00	100%
3.	Khehani township roads	23,192,154.63	20,094,840.24	22,717,665.60	3,097,314.39	Practical Completion
4.	Emahlabathini gravel access road	10,407,205.36	10,602,767.83	6,366,902.07	4,592,105.64	Construct ion
5.	Bergville Industrial Hub phase 2	10,900,000.00	10,900,000.00	10,355,000.01	544,999.99	Practical Completion

NO.	Project Title (as per MIG 1 form)	Actual Project Cost (Tender sum + fees)	Expenditure to date	Progress/ Status	Start date
1	Construction of Sikhosana Gravel Access Road in Ward 11	3,179,747.58	1,494,902.66	Construction	14/06/2024
2	Construction of Vulamehlo Gravel Access Road in ward 08	6,633,807.94	2,411,314.04	Construction	14/06/2024
4	Construction of Mbombozi Gravel Access Road (Ward 14)	4,539,093.08	290,872.51	Construction	14/06/2024
5	Construction of Reserve C Creche in Ward 9	4,417,231.94	1,077,602.78	Construction	14/06/2024
6	Construction of Nkoxo Access Roads and Bridge in Ward 02	6,817,138.01	610,567.73	Construction	14/06/2024
7	Construction of	5,505,796.49	3,309,383.74	Construction	14/06/2024

Appended below is a brief summary of budget allocation and commitments for 2023/24 (SDBIP) financial year.

Okhahlamba Local Municipality will receive an allocation of R 27 014 000.00 for the implementation of Municipal Infrastructure Grant (MIG) projects for the current financial year 2024/25.

6.	Bergville Industrial Hub phase 3	7,100,000.00	7,100,000.00	6,745,000.00	355,000.00	Practical Completion
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No.	Project Name	Planned Cons	Overall Status	Allocated Amount	Expenditure	Balance	Construction Status
1.	Gugulethu Electrification Phase 1 (Ward 09)	55	100%	R 3,000,000.00	R 3,000,000.00	R 0	- Detailed design – 100% - Site design – 100% - Establishment – 100% - Pre-Engineering – 100% - Procurement – 100% - Construction – 100% - Close Up - 100% - Detailed design – 100%

PROJECTS FOR 2023/24 FINANCIAL YEAR

MASSIFICATION PROGRAM (Electrification)

The municipality completed its Electricity Service Delivery Plan (ESDP) and realized that the current electrification backlog numbers are achievable. As a municipality, we have achieved 100% universal access to electricity connections by the end of 2017. We strongly believe that our target to electrify infills is within our reach.

financial year.

Appended below is a brief summary of budget allocation and commitments for 2024/25

Phola Park Creche in Ward 07				
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4.	Vimbukhalo Electrification (Ward 14)	49	100%	R 2,000,000.00	R 2,000,000.00	- Detailed design – 100% - Site Establishment – 100% - Pre-Engineering – 100% - Procurement – 100%
3.	Thintwa Electrification (Ward 13)	49	100%	R 2,000,000.00	R 2,000,000.00	- Detailed design – 80% - Site Establishment – 100% - Pre-Engineering – 100% - Procurement – 100% - Construction – 100% - Close Up – 100%
2.	Potshini Electrification (Ward 12)	45	100%	R 2,000,000.00	R 2,000,000.00	- Site Establishment – 100% - Pre-Engineering – 100% - Procurement – 100% - Construction – 100% - Close Up – 100%

No.	Project Name	Planned Cons	Overall Status	Allocated Amount	Expenditure	Construction Status
1.	Vimbukhalo Electrification Phase 2	69	0	R 1,719,000.00	R 0	- Detailed design - 100% - Site Establishment - 100% - Pre-Engineering - 100% - Procurement - 100% - Construction - 50% - Close Up - 0%
2.	Potshini Electrification Phase 2	200	0	R 4,982,000.00	R 0	- Detailed design - 100% - Site Establishment - 100% - Pre-Engineering - 100% - Procurement - 100%

PLANNED PROJECTS FOR 2024/2025 FINANCIAL YEAR

		198		R 9,000 000.00	R 9,000 000.00	R 0
						100% - Construction - 100 - Close Up - 100% 100%
<hr/>						

Project name	Ward	No of	Type	Budget	Start/End	Project status
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3.5 PROJECTS AT CLOSE OUT STAGE 2

Project name	Ward	No of units	Type	Budget	Start/End	Project status
Moyeni B	08	300	Rural	R47 836 509.68	23/24	Construction
Emmas	02	300	Rural	R47 562 405.00	23/24	Construction
Moyeni A	08	300	Rural	R48 597 381.00	23/24	Construction
Potshini	03	300	Rural	R48 604 977.00	23/24	Construction
Amazizi 3B	06	300	Rural	R47 743 548.00	23/24	Construction
Dukuza A	04	500	Rural	R65 222 520.00	23/24	Construction
Engoba	03	300	Rural	R59 738 544.00	24/25	Construction
Mamfemfetheni	02	300	Rural	R59 437 128.00	24/25	Construction
Dukuza B	04	300	Rural	R48 542 367.00	24/25	Construction

3.4 HOUSING PROJECTS AT CONSTRUCTION STAGE

Masumpa A	9	750	Rural	R2 798 340.00	23/24	Planning	95%
Kwamahla B	14	900	Rural	R2 778 066.00	23/24	Planning	95%
Mhizini A	03	750	Rural	R27 987 340.00	23/24	Planning	95%
Ogade	08	1000	Rural	R3 086 740.00	23/24	Planning	95%
Kwamahla A	14	900	Rural	R2 778 066.00	23/24	Planning	100%
Sandlwana	05	1500	Rural	R4 630 110.00	23/24	Planning	100%
Insukangihlale A	09	750	Rural	R2 798 340.00	23/24	Planning	100%
Insukangihlale B	09	750	Rural	R2 315 055.00	23/24	Planning	100%
Masumpa B	09	750	Rural	R2 315 055.00	23/24	Planning	100%
Nogaga B	09	1250	Rural	R3 858 425.00	23/24	Planning	100%
Hoffental A	04	750	Rural	R2 315 055.00	23/24	Planning	100%
Hoffental B	04	750	Rural	R2 315 055.00	23/24	Planning	100%
Mhizini B	03	750	Rural	R2 315 055.00	23/24	Planning	100%
Amazizi 3A	06	500	Rural	R1 614 295.00	23/24	Planning	100%

No.	Item description	Financial implication	Progress
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Achievements.

1. BUILDINGS AND MAINTENANCE

PROGRESS REPORT

ROADS AND STORM WATER 2023/24 FINANCIAL YEAR Overview of the Roads and storm water maintenance section

In total there are 126 units constructed for OSS/Disaster in the Municipality
 In total there are 126 units constructed for OSS/Disaster in the Municipality

- At Engoba the construction of 87 units have been completed
- At Ezibomvu the remaining units will be constructed when the new constructor has been appointed by the Department of Human Settlements
- At Woodford, Bhehany, Greenpoint and Thintwa there are land challenges. The Department has not approved the Consent Letters or Agreements made between the Land owners and the tenants. It is possible that the contract may be terminated without building in the above areas.
- At Dukuzza 39 units are complete and issued to beneficiaries.
- At Dukuzza there are 14 units that are remaining for construction.
- At Moyeni, since the termination of Sunds Projects at Gugulethu, the Department has never extended the scope of Ntokozweni to construct Moyeni OSS/Disaster houses which was scheduled to be 53 units.
- The Department has received all the necessary documents of procuring the services of Ntokozweni but they have never responded on extending the scope.

OSS Projects
OSS/Disaster Housing Project

	units			
Nhlanhleni	283	R27 337 121.24	23/24	Close out
Gugulethu	500	R441 794.00	23/24	Close out

Ward no.	Km re-gravelled	Start date	End date	Progress
15	1.7 km	01/02/2024	29/02/2024	Processing – Completed.
02	1,9 km re - gravelled	22/01/2024	09/02/2024	Blading of access roads – Completed. Tipping of quarry – Completed. Processing – Complete
14	2 km	19/02/2024	22/03/2024	Blading of access roads – completed. Tipping of quarry – Completed. Processing – completed.
11	2 km	25/03/2024	19/04/2024	Blading of access roads – 100 %

PROGRAMME

Due to the storms that occurred in the province we developed a 2km's per/ward responsive programme through our proactive maintenance system to ensure that the target levels of service are achieved, within the constraints of available resources as planned on the programme. We also requested the ward councillors to submit the list of all affected roads within their wards to consolidate this recovery plan.

2. ROADS MAINTENANCE

1.	Renovation of Bergville library	R 4 500.00	Completed
2.	Painting of SCM offices	R0.	Completed
3.	Removal of floor carpet and tilling of two offices	R 35 000.00	Completed
4.	Renovations of Bergville sports complex toilets	R 30 000.00	Completed
5.	Renovations of Mamfemfetheni community hall	R 35 000.00	Completed
6.	General maintenance	R 70 000.00	Ongoing

Ward No.	Name of the project	Budget allocated	Duration (Start - Finish)	Service provider appointed
1	Rehabilitation of 650 m, Main Street in Winterton CBD	R2 224	01 March 2024 - 07 June 2024	Mybukko Group cc
2	Re-gravelling of 1.5 km, Manyewu gravel access road	R1 879	01 March 2024 - 17 April 2024	Thokomela Engineering (PTY) LTD
3	Re-gravelling of 1.8 km, Makekeni gravel access road	R1 281.27	01 March 2024 - 16 May 2024	Dream Community (PTY)LTD
DISASTER PROJECT FOR 2023/24		GRANT TOTAL ALLOCATION R 26 548 000.00	Duration 6 months	
FINANCIAL YEAR				
Ward No.				
Name of the project				
Budget allocated				
Duration (Start - Finish)				
Service provider appointed				

On the 29 February 2024, Okhahlamba Municipality received MDRG funding of R 26 548 000.00 inclusive of VAT for 15 Roads and stormwater projects. Namely:

The KwaZulu-Natal Province is continuously hit by adverse weather conditions as predicted by South African Weather Service (SAWS) forecast. The impact of these hazards usually causes damages to households/homesteads. It is worth noting that as from the 11th to 18th of February 2023, Okhahlamba Local Municipality have experienced devastating heavy rainfall and caused a serious damage to municipal infrastructure.

DISASTER RECOVERY GRANT

12	2 km	15/05/2024	16/07/2024	Blading of access roads – 100 % complete	Tipping of quarry – 90 % complete	Processing – 0 % complete
				complete	complete	Processing – 20 % complete
				complete	complete	Tipping of quarry – 100 %
				complete	complete	complete

4	Re-gravelling of a 2,4 km, Sibeko gravel access road.	R3	460.98	115	01 March 2024 – 03 June 2024	Parrot Group 69
5	Re-gravelling of a 1,2 km, Qhozo gravel access road.	R1	430.10	518	01 March 2024 – 03 May 2024	Simandlovu Trading CC
6	Re - gravelling of a 1,4 km, Ebusingatha gravel access road.	R1	576.08	823	01 March 2024 – 18 April 2024	US Alan Fencing CC
7	Re-gravelling of a 980m Enkosini gravel access road.	R1	910.05	272	01 March 2024 – 18 April 2024	Noxolo and Mall Trading 14 CC
8	Re-gravelling of 1,4 km, Vulamehlo gravel access road	R1	729.87	862	01 March 2024 – 03 June 2024	Amadlaba General Trading
9	Re - gravelling of 1,8 km, Reserve c gravel access road.	R1	268.83	445	01 March 2024 – 17 April 2024	Dihlobos Trading Enterprise
10	Re-gravelling of 2,1 km, Estobhini (Crowfield) gravel access road.	R1	712.32	800	01 March 2024 – 23 April 2024	Ziyamasha Trading and Contracting
11	Rehabilitation of 780 m, Tatham surface road in Bergville CBD	R1	381.17	777	01 March 2024 – 03 June 2024	Fiobella Investments
12	Re - gravelling of 780 m, Double man gravel access road.	R1	467.90	474	01 March 2024 – 03 May 2024	Intsabula Trading Enterprise
13	Re-gravelling of 1,2 km, Green point (Malothe school) gravel access road	R1	620.20	414	01 March 2024 – 17 April 2024	Akwande konke Logistics
14	Re-gravelling of 880m Diadla gravel access road	R1	600.68	421	01 March 2024 – 18 April 2024	Amahle Building & Renovations
15	Re-gravelling of 1,0 km, Ema 17 gravel access road.	R1	464.38	222	01 March 2024 – 18 April 2024	Gingordom Methods Trading.
	Consultant Fee.	R1	572.37	129	01 February 2024 – 30 July 2024	Simpholwazi Consultant

- A Major challenge is availability of suitable material for re-gravelling of the roads as the commercial farmers are not prepared to have burrow pits on their properties, however, the Municipality is trying to resolve this by opening pits on Tribal Authorities land. Most of the Burrow Pits are not registered and have had no Environmental Impact Study done on them. There are therefore no rehabilitation plans in place. All new burrow Pits should be registered with the Department of Environmental Affairs and Agriculture and have the necessary plans drawn up to ensure that once they have been worked out, they will not create a safety hazard and be detrimental to the environment.
- Councilors not informing the community about the programme, e.g. Community will complain to us why we are doing this road instead of that road.
- Machinery breakdown
- Insufficient budget for maintenance section

Challenges

The municipality has purchased its water tanker to assist with the supply of drinkable water to the communities. This initiative was taken with the aim at providing solution to water shortage issue in the Okhahlamba area.

3. WATER TANKERING.

Potholes repairs, cleaning of side drain and unblocking of main holes on the road gives life to the road network and increase the lifespan of the road. If the road does not have side drain special rainwater can cause potholes on the road. To avoid that side, drain and storm water should be maintained.

2.3 POTHOLES REPAIRS and SIDE DRAINS CLEANING

- Blading of access roads.
 - Blading of sports field
 - Preventative maintenance and
 - Storm water management
- We have also prioritized all the special request made by councilors and schools and we are attending to them while doing the 2KM/ ward programme. This comprises of:

2.2 PROGRESS ON ROAD MAINTENANCE SPECIAL REQUEST.

This section of the Annual Report will report on the Municipality's actual against Municipality target as per the Integrated Development Plan, the planning document of the municipality. Due to the fact that the Municipality has utilized {6} six KPAs, we will report as such. The overview of the Municipality's actual performance is linked to the National KPAs. These are detailed in the graph below and performance against the National KIP's is indicated below. A detailed report of the Municipality's performance {Annual Performance Report} is also attached to the Annual Report.

SCORECARD

3.1 SERVICE DELIVERY: ACTUAL PERFORMANCE AGAINST TARGETS SET IN THE

Our commitment is to ensure quality service delivery to the residents of our Municipality. We are working hard in ensuring that Okhahlamba keeps moving forward.

- Dust also pollutes the areas adjacent to a road which affects people's health, especially children, damages crop and has a harmful effect on vegetation
- Gravel roads are also not safe than surfaced roads. They are slippery when wet, have less traction when dry and the presence of dust causes poor visibility which creates unsafe riding conditions, particularly at higher traffic volumes.
- A gravel road which carries more traffic per day can be sealed at a cost less than maintaining the gravel road over a period of six years.
- The alternative to having and maintaining a gravel road is to construct a once-off all-weatherproof, skid-resistant and dust controlling surfacing.

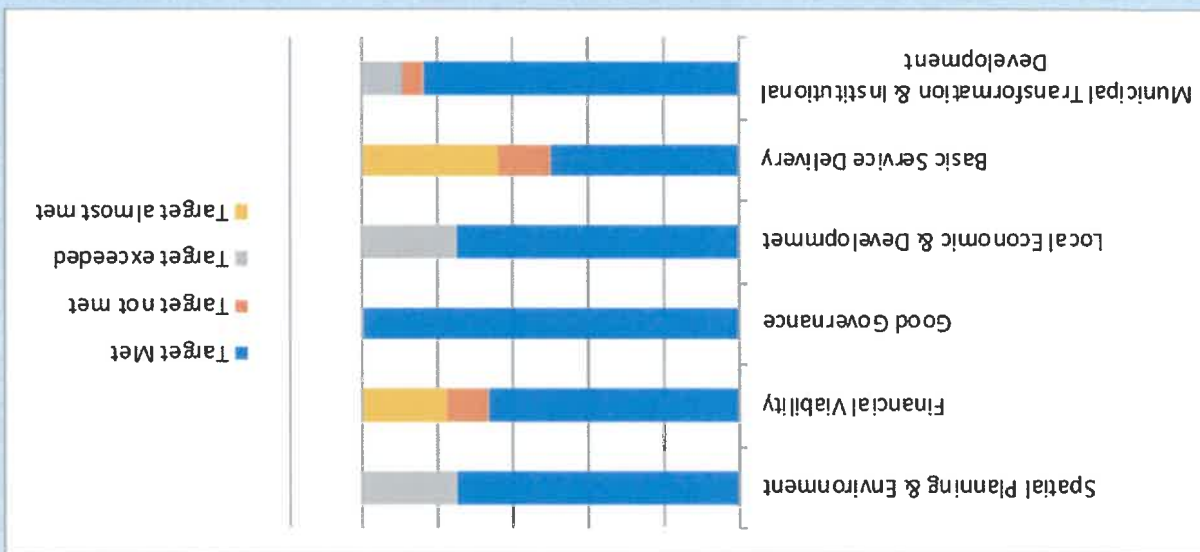
FINDINGS

- Heavy rainfall damages the infrastructure.

Okhahlamba Municipality implemented an Indigent Support Policy to promote social and economic development within the community of Okhahlamba. The objective is to assist the indigent community with funding from the Inter-Governmental Transfer so that the community may enjoy services provided by the municipality irrespective of their financial situation. In order to qualify for such assistance, each indigent household is required to meet certain criteria. The municipality recognizes the high level of poverty that exists within the community and the high number of households whose monthly income is below the poverty line. The number of households who will receive such assistance will be determined by the Council on an annual basis, in relation to the equitable share allocation available for such purposes as determined in the annual budget.

An indigent register has been compiled for households with an income of less than R 4 710 per month, or R56 520.00 per annum which is considered indigent. The budget allocated to indigent support accounts for 2% of general expenditure in Final Annual Budget for 2023/24. Refuse charge for services include residential areas such as Khethani were also discounted as indigent.

FREE BASIC SERVICES AND INDIGENT SUPPORT:



Municipal Performance per Key Performance Area

COMPONENT A: ROAD TRANSPORT
INTRODUCTION ROAD TRANSPORT

Road Condition

The following situation persists in respect of the condition of roads:

- Most of the roads in OLM are gravel,
- Some of the tarred roads are dilapidated with potholes and storm water is also an issue.
- There are only a few pedestrian crossing facilities that are available and non-motorized transport facilities are non-existing.
- Some of the bridges are damaged due to accidents.
- Access management is a problem.
- Road safety is a problem.

The following table indicate road type and length of road in Okhahlamba.

ROADS	Blacktop	Concrete	Gravel
National	28	108	0
Provincial	385	0	65
District	95	0	276
Local	8	0	192
TOTAL	513	108	533

Source: Okhahlamba Roads Master Plan, 2022

Public Transport

As many of the community do not have their own motor vehicles, public transport is essential in providing mobility and accessibility of these communities to socio-economic facilities. Transportation within the Municipality is almost exclusively achieved through the use of road vehicles.

- Categories of transport are as follows:
- Public Transport – Taxis

SPLUMA aims to develop a new framework to govern planning permissions and approvals, set out parameters for new developments and provides for different lawful land uses in South Africa. SPLUMA is a framework law, which means that the law provides broad principles for a set of provincial laws that will regulate planning. SPLUMA also provides clarity on how planning law interacts with other laws and policies. The law is important because the repeal of many apartheid era laws has left our planning laws fragmented, complicated and inconsistent. For this reason, section 3 of SPLUMA says that the law tries to develop a 'uniform, effective and comprehensive system' of planning that 'promotes social and economic inclusion'.

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is a national law that was passed by Parliament in 2013. The law gives the Department of Rural Development and Land Reform (DRDLR) the powers to pass Regulations in terms of SPLUMA to provide additional detail on how the laws should be implemented. The final version of these Regulations (Regulations in terms of SPLUMA) was published on 23 March 2015. The law came into effect on 1 July 2015.

Planning & Development

The planning section is responsible for all planning matters within the municipality, this includes the implementation of the Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA), National Building Regulations and Building Standards Act 103 of 1977, SANS 294, SANS 1921-1, SANS 1921-3, SANS 10403 and other planning and built environment related legislations. The section is also responsible for co-ordination of the Municipality's Integrated Development Plan (IDP) as well as implementing the Municipal Performance Management System (PMS). However Building Plans and business licenses are constantly being assessed by this section.

Introduction to Planning & Development

3.2 PLANNING

COMPONENT B: PLANNING AND DEVELOPMENT

There are three public transport facilities catering for minibus taxis within Okhahlamba located in Bergville, Winterton and Emmaus. There are no facilities for buses, with the nearest bus rank being located in Ladysmith. The uThukela Public Transport Plan identifies that investigations are required with regard to the upgrading of existing minibus-taxi facilities in Bergville and Emmaus. A new minibus-taxi facility was constructed in Winterton.

- Private Transport – Passenger Vehicles
- Private Transport – Trucks

Integrated Development Planning in South Africa is an integral planning process that steers development at local levels of government and guides service delivery. The integrated Development Plan is a planning tool used to implement a co-operative and integrated development project in South Africa's spatial economy. This IDP process is dominated by community structures and allows for continuous and progressive development. Its development is guided by National and Provincial development and planning policies and

The Integrated Development Plan (IDP) is a five-year plan which local government is required to compile to determine the development needs of the municipality. The projects within the IDP are also linked to the municipality's budget. 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 residing within the area.

Integrated Development Planning (IDP)

Nevertheless, enforcement of illegal development still remains a key challenge for the Municipality. The Building Control section working jointly with the Planning section is undertaking survey measurement on the existing buildings/s that are outside of the Municipal Town Planning Scheme. The municipality has appointed two draughtsmen to draw building plans for the municipality and for clients who don't have building plans for all the structures on their property, which are within the jurisdiction, this whole process is done internally. Having building plans benefits the community because your construction project is built right, will be safe, and will last. Building Permits are usually required for the following, new buildings, additions (bedrooms, bathrooms, family rooms, etc.), residential work (garages, fences, pools etc.)

SPLUMA allows municipalities to have a Municipal Planning Tribunal which can be joint or a single MPT our municipality has chosen a single MPT which is a stand-alone. The reason for this was that in the previous financial year the Municipality relied on the uThukela Development Planning Shared Services (DPSS) in assisting the municipality with the administration and implementation of the Act. The functionality of the District Shared Services had a number of challenges and this resulted in major delays with the processing applications. The Assistant Town Planner/Municipal Planning Registrar is responsible in processing these applications since he is registered with the South African Council for Planners (SACPLAN). This is a benefit to the section immensely in adhering to the regulated timeframes as well as the overall processing of applications. The municipality has a fully functional MPT which consist of ten members, seven of them being internal and three are external members. The municipal Town Planner was appointed as the Authorised Officer and the chairperson of the MPT, MPT also consist of two deputy chairpersons.

The 2023/24 Organizational Scorecard was developed at the beginning of the financial year and was adopted with the IDP. The Service Delivery and Budget Implementation Plan (SDBIP) was approved by the Mayor and the Performance Agreements and Plans were

and managed. The Municipality has designed a Performance Management System (PMS) that assists with the implementation and monitoring of the IDP. The Okhahlamba Municipality's Performance Management Framework guides and gives direction to the process of preparing and implementing the municipality's PMS. The performance management model provides a set of procedures and functional tools that enable effective implementation of a performance management system. It tells what aspects of the municipality's performance are measured

in our communities. The Integrated Development Plan (IDP) is one mechanism and instrument that seeks to give meaning to the developmental local government. At the centre of this process lies the challenge of addressing the extreme poverty, inequality and backlogs in service delivery and the challenge to overcome the enormous racial, gender and geographic disparities that exist

Performance Management System (PMS)

The 2023/24 IDP was developed in-house and the Representative Forum Meetings for the 2023/24 IDP were never held. The municipality undertook an intense public participation process through ward committee meetings which are held at least once a quarter in all fifteen wards. The roadshows for the 2023/24 IDP were held from the 12th April to the 28th April in fifteen (15) wards. The stakeholder meetings were held as follows, Farmers Associations 24th April 2023, Bergville Ratepayers & Residents 24th April 2023, Catkin Valley Ratepayers & Residents 2nd May 2023 and the Winterton Ratepayers & Residents 2nd May 2023. This was done to ensure that the people themselves were active participants in the identification of needs, priorities and strategies for the development of communities. The IDP was adopted on 31 May 2023.

As a local government institution, the Okhahlamba Local Municipality (OLM) has adhered to municipal development policies such as the Municipal Systems Act, which state that all municipalities are obliged to undertake an IDP process to produce IDP's. In doing so, the Okhahlamba Local Municipality has considered the relevant legislative requirements and the IDP Framework Guide during the process. Therefore, the IDP is a legal obligation, which all government institutions must respect.

Sports Complex
Light industrial hub, SME facilities;

- Bergville

Three nodal areas have been identified in the municipality for consideration during the preparation of the plan, these areas being Bergville, Nondela and the Cable car precinct. These nodal areas have existing projects planned that need to be incorporated into a broader urban design framework. Projects and existing future for each node are envisaged as follows

The purpose of this study is the formulation of a Nodal Plan, for the future renewal and regeneration of Bergville in Okhahlamba Local Municipality. The study area, which is intended for nodal development will be broken down into more detailed precinct plans to guide the relevant decision makers in the right direction for the implementation of future plans and projects.

Bergville Urban Design Framework

PROJECTS

This plan seeks to expose the vision and goals, and context for development. The principles that align that urban planning and development are guided by other spheres of government policies, strategies and priorities. It is our responsibility therefore, to meet the objectives of the municipality, community members and all other relevant stakeholders regarding future development of project nodes. The existing land use and socio-economic characteristics form the basis for the urban or rural redesign and redevelopment model. This model is to ensure that the planned future development (public and private) not only serve the envisaged changing land use environment within the existing urban fabric of the node, but that it also unlocks the development potential of areas earmarked for future urban expansion.

The department has been involved with one project in the 2023/24 financial year aimed at improving the spatial structure of the municipality, promoting the efficient use of land as well as economic development through ensuring optimal use of the municipality's available resources. This project include high level project the review of the Bergville Urban Design Framework.

PLANNING AND DEVELOPMENT OVERVIEW

entered into and signed by the Senior Managers in June 2023. Performance reporting was conducted quarterly and submitted to the Internal Audit section, Council and the Audit and Performance Audit committee. Internal audit findings were addressed through the development of actions plans and continuous follow-ups from the Internal Audit section.

The Municipality is located in a very rich agricultural region and the eastern part is characterized by considerable arable land, which represents some of the highest potential

scenic vistas and all the activities and attractions that we have to offer.

Although the above-mentioned establishments are operational and available for use by the public and tourists in the municipal area, the impact is minimal as these establishments are not in a good state; they require improvement to ensure that they render proper service to our tourists. These establishments also require proper signage and the development of marketing strategies that will sell the municipality as a tourist destination through marketing mountains, spectacular landscape, the tourism establishments, craft centres, high quality

Heritage Site; one in the Northern Berg and the other one in the Central Berg. Craft Centres that are located on either side of the Ukhahlamba-Drakensberg Park World Information office attends to tourists from the Central to the Northern Berg. There are two services mainly the tourists from the N3 to the Drakensberg Mountains and the Bergville establishments, entertainment areas and restaurants/ food outlets. The Winterton office serve as a place of safety for stranded tourists as well as displaying brochures for tourism information on accommodation, places to visit, phone numbers, emergency numbers and Winterton. The Information Offices assist tourists with daily enquiries such as directions, Service Centres located in Bergville and Winterton as well as a Museum that is situated in The Okhahlamba Local Economic Development (LED) component consists of two Information

INTRODUCTION TO ECONOMIC DEVELOPMENT

PLACES)

3.3 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET

strengthening and diversifying.

The vision and strategy for the urban renewal and regeneration of Bergville will help to guide the spatial, infrastructural, service delivery improvement for better quality of life for residents. For municipalities, their goal is to ensure that small town and nodal rehabilitation allows for the socio-economic growth of micro-communities. Redevelopment should be ensured by

- Alternative prison site; and High School site proposals.
- Nondela Town centre development; and Tourism facilities
- Cable Car Site development proposal for the development of the site to support activities of the cable car facilities that are required.

agricultural land in the Province. The Okhahlamba economy is currently dominated by agricultural activities. Agriculture contributed R357 million to the economy of Okhahlamba in 2022 and the sector employed 2 718 people. Commercial agriculture occupies the majority of the municipal land area with the main activities being grains, vegetables and pastures for dairy and semi-intensive beef and mutton production. Subsistence farming is prevalent in traditional settlement areas, with the main agricultural activity within these areas being traditional ranching of cattle.

Smallholder agriculture also consists of maize, dry bean and vegetable production on a small scale and there is potential to produce a surplus for the market. Although there are opportunities for developing this market and encouraging small-scale commercial production, there is a lack of expertise, skills, and knowledge. These are constraints which must be addressed. The Okhahlamba Municipality, in partnership with the Department of Agriculture is working hand in hand to strengthen our agricultural projects and encourage small scale farmers to participate to develop our economy. In trying to address the market challenge for small scale farmers a Fresh Produce Distribution centre has been completed and is in full operation through the assistance of COGTA.

Tourism

Tourism continues to play an increasingly important role in the local economy of Okhahlamba, with the wide asset base including a range of accommodation facilities, outdoor sporting and recreational activities. The Municipality also embarks on events promotions for tourism development. The main tourism destinations in the Okhahlamba Local Municipality are Cathkin Park, Cathedral Peak, Royal Natal National Park and Spioenkop, which includes the historical site, dam and lakeside resort run by KZN Wildlife. Locations of growing significance for tourism include the Mweni Valley area, Okhombé and Busingatha Valley. Overall the Okhahlamba area represents (especially in partnership with surrounding areas e.g. Lesotho) one of the primary tourism potentials of South Africa.

Although there is a substantial private sector involvement and investment into the tourism industry there appears to be a lack of integration, marketing and a creative approach to local tourism. The tourism industry does provide jobs, but has not been integrated into the local community and its socioeconomic impact as a result has been limited. In an attempt to increase the number of visitors to the berg, a local map with the list of all tourism establishments has been developed. Also part of developing tourism within our community, Tourism Awareness has been organized through the Department of Education. This was conducted in all schools doing Tourism in four circuits, namely, Winterton, Bergville,

The number of registered businesses has increased to 380 and 50% of them are operational. Many SMMEs are involved in supply and delivery services. We are working with local NGOs like Okhahlamba Area Development Plan and Farmers Support Group to source markets for them as well as to provide advice and training.

Small business development and SEDDA. Training courses that transpired through the Municipality provides technical skills for Co-operatives and SMMEs and in the 2023/24 financial year 150 individuals from different Co-operatives benefited from the training. The trainings were conducted in conjunction with the

Co-operatives and SMMEs

The Municipality is trying to organise informal economy actors in order to minimize the number of illegal street traders and enforce by-laws. This will be done through the upgrading of Trading Structures and to allocate informal economy actors accordingly. Phase two of the informal traders market stalls in Bergville, as well as Phase one in Winterton have been completed and the stalls have been allocated to beneficiaries. Phase three is also underway for both Bergville and Winterton.

Informal Traders

The Okhahlamba Municipality participates in exhibitions to market the area. Tourism KZN is assisting municipalities to participate in exhibitions. They buy a stand for the municipalities to attend, with the purpose of marketing the area. For the current financial year the municipality participated in the Tourism Indaba in Durban, the Gauteng Gateway and the Cape Gateway, KZN Travel adventure show, and a European road show which was attended by CTO representatives and the Mayor.

Exhibitions

The National Tourism Department has funded a learnership programme with Tourism World being appointed as the implementing agent. Okhahlamba Local Municipality has a total of 72 learners participating in the programme. The programme runs for a period of a year, and is divided into two separate streams which form courses. These streams include: Food and Beverage, and Accommodation. Each stream consists of 36 learners participating in the course. The Food and Beverage course began in September 2023 and will draw to a close in October. The learners participating in the Accommodation course started their programme in March 2022 and their programme will end in March 2023.

Amangwaneni and Bethany Circuits. Statistics indicate that the number of tourists visiting the Berg has increased compared to the last financial year.

Okhahlamba Local Municipality is located in a very environmentally significant area with the Drakensberg Mountains having outstanding natural beauty, a fascinating and ancient geology, great diversity in plant communities, some of the rarest animals in the world and the largest, richest and most concentrated series of rock art in Africa. The area needs to be managed appropriately in order to ensure a balance between conserving the environment and promoting appropriate tourism in the area.

This component includes: pollution control; biodiversity and landscape; and coastal protection. INTRODUCTION TO ENVIRONMENTAL PROTECTION

COMPONENT D: ENVIRONMENTAL PROTECTION

Okhahlamba Municipality identifies the improvement of economic and social infrastructure, access to quality education, and improved health care as priority issues. The development and maintenance of essential public infrastructure is an important ingredient for sustained economic growth and poverty reduction. Poor infrastructure is considered one of the most binding constraints to growth throughout the Municipality. Reasonable access to social infrastructure in remote, rural environments where there are still backlogs in roads infrastructure and access to strong cellular network and radio frequencies. The municipality has made significant gains in terms of increasing access to electrification, and this has had a notable impact on our communities. Infrastructure investment would contribute to economic growth and support social objectives. Access to social services is limited in terms of clinics and schools. Whilst there are schools in towns and settlements, they are in a dilapidated state without proper sanitation and potable water for both learners and educators.

COMPONENT C: COMMUNITY & SOCIAL SERVICES I INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The South African Revenue Services (SARS) visits our offices on the last Thursday of the month every month to assist Co-operatives and SMEs with Tax Clearance applications and Annual Tax Returns. The Municipality is a business licensing authority. In the last financial year 35 business licenses were issued. The Municipality has ring-fenced 30% of the Municipal budget strictly for Okhahlamba SMEs and cooperatives. Revised regulations require organs of state to identify tenders, where it is feasible, to sub-contract a minimum of 30% of the value of the contract for contracts above R30 million for local businesses to benefit and to enhance and encourage the development of local economies.

The Municipality has a significant Protected Area Network and reasonably intact vegetation, which offers a high diversity of habitats, which support a large proportion of important faunal and floral species. The majority of Red Data plant species occur predominantly in the higher altitudinal areas of the Drakensberg, which are to the greatest extent protected (with exception of the Mnweni Valley). The Drakensberg Alpine Region is considered a centre of plant diversity and endemism. A total of 2 153 species of plants have been recorded for the uKhahlamba Drakensberg Park World Heritage Site of which 29.5% are endemic and 109 are listed as threatened species. A large proportion of these species are found within the Okhahlamba area (uThukela Biodiversity Sector Plan).

COMPONENT E: HEALTH INTRODUCTION TO HEALTH

The most important health facility in the Okhahlamba is Emmaus Hospital, situated 15 kilometres from Winterton, which supports 6 clinics including Emmaus gateway clinic and 62 mobile clinic points located mostly in the southern part of the municipal area. These clinics are the Bergville Clinic, Busingatha Clinic, Dukuzza Clinic, Amazizi clinic, Emmaus gateway clinic and the Oliviershoek Clinic. Most of the health issues dealt with at clinics relate to Preventative Tuberculosis and HIV-AIDS, family planning, Communicable chronic diseases (HPT, DM, and Mental health) while the greatest causes of death amongst children are respiratory disease, malnutrition and Gastro Enteritis.

Emmaus hospital is a district hospital providing first level of care and all complicated specialised cases are referred to Ladysmith which is a regional hospital and other hospital like Grace HIV/AIDS is one of the major factors influencing population growth. In South Africa, KZN was the province with the highest HIV/AIDS prevalence rate of 16.9% in 2022. Statistics regarding HIV/AIDS reflects that the prevalence of HIV/AIDS in KZN declined from 46% in 2023 to 12.6% in 2024. The prevalence of this disease affects the age group 15-39 the most adversely, resulting in higher mortality rates for this age group and a slower population growth. According to the uThukela LED Strategy (2013), 14% of the population was living with HIV/AIDS in Okhahlamba in 2001, increasing to 15% in 2002 and remaining steady until 2011. The average infection rate in the municipality for 2001-2011 was 15%, which is equivalent to the district average of 15% for the same period (Uthukela LED Strategy, 2013).

The effect of HIV/AIDS is evident in South Africa's life expectancy at birth, which are 47. The impact of this disease are far reaching, affecting the economy, planning and social systems. From a planning perspective, it affects aspects of housing need and affordability, health facilities (increase in health care needs), education (decline in scholars) and an overall increase in the dependency ratio (orphans and elderly people).

COMPONENT F: SECURITY AND SAFETY

Introduction to Security & Safety

The Municipality, in conjunction with the South African Police Services, provides safety and security services. Police Stations are located in Winterton, Bergville, Oliviershoek and Upper Tugela. Each police station has established a Community Policing Forum under its jurisdiction.

One of the major issues facing Okhahlamba is stock theft. According to police statistics, Bergville is among the country's stock theft hotspots and the investigation of stock theft is one of the services rendered by SAPS to all livestock owners in Okhahlamba. Through the Municipality's Traffic Section, roadblocks were initiated across various areas within Okhahlamba in a bid to reduce the criminal activity within the area.

Following a major challenge the region last year with an increase in violent armed robbery, hijackings and vehicle theft within the Bergville CBD. The municipality initiated a multi-stakeholder security forum comprising of local, district and provincial stakeholders. We also installed CCTV cameras within the CBD and have noticed a visible decrease in crime as a result. The CCTV monitoring system is controlled by the Municipality's Emergency Control Centre.

We have initiated a joint working team between SAPS, Crime Intelligence, local security companies and the Local Traffic Authority to combat crime within Okhahlamba. We have also developed a lasting relation with the South African Defence Force who also aid in our operations of fighting crime in the area.

The Municipality has installed high mast lighting within the taxi rank, and this has improved visibility in that precinct at night.

We note with concern the increase in the number of informal settlements in the precinct of the Taxi Rank and Bergville, and as a result the increase of criminal activity within town at night. We have, on multiple occasions, received complaints from our ratepayers and residents in this regard. As a result, we have instituted legal processes to eradicate the problem of illegal informal settlements and to mitigate the level of criminal activity at night in Bergville.

We have also embarked on a joint-operation between our Traffic Section and the SAPS to reduce the level of public disorder and public drinking, particularly over the weekends and during the evenings in Bergville.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE INTRODUCTION

The central location of the testing centre makes it easily accessible by our communities, as well as the neighbouring towns.

The Okhahlamba Testing Centre, since its operation, has successfully assisted a number of people in obtaining their learners and drivers licences, as well as licensing of vehicles. It has developed a positive reputation of being one of the most efficient Licensing Centres within our district. There is a quick turnaround time for clients making use of this facility.

TESTING CENTRE

The disaster centre further responded to a total of 168 motor vehicle collisions which saw 125 injuries and 36 fatalities. A total of 36 lost hikers were assisted, and at times, airlifted, through the assistance of the disaster management centre. Through this centre a total of 7 bodies were recovered due to drownings within various rivers, dams and canals within the municipality over the past year.

Over the course of the past year, the section has responded to 66 veld fires, 17 home fires, and 2 business fires with an overall 219 homes being affected by fires. In essence, 1406 people have been directly or indirectly affected by fires within the municipality and have been assisted by the disaster management centre. The centre has distributed a total of 77 relief blankets, 8 food parcels, a relief plastic and 3 temporary shelters as immediate responses to disasters within the municipality.

Since the Disaster Centre was launched it has responded to various types of emergencies. Some of these include House and Fires, Tornado and Flood responses, drownings and recovery of bodies, and road accidents.

The Okhahlamba Disaster and Emergency Rescue Centre was launched in July 2016 and began its operations in assisting communities. We have a dedicated emergency hotline which is accessible by the community 24 hours a day.

DISASTER, FIRE AND EMERGENCY RESCUE

The Municipality contributes to safety and security through their Protection Services. This law enforcement section manages traffic laws and by-laws.



Derives its mandate from council's key development objective (institutional development). It is largely an internally focused department with its primary objective on employee recruitment, skills development and enhanced administrative systems. It is the responsibility of this department to ensure that the municipality addresses human resources related issues and to amplify technological applications within the municipality. Records management, receptionist, committee/ secretary, messenger, cleaning of the municipal buildings, and information

Corporate services

The primary responsibility for ensuring transparency, accountability and sound financial management. This means ensuring that: all statutory requirements are adhered to monthly management reports, national treasury in-year monitoring reports and annual financial statements are prepared and submitted on time, financial resources are effectively and efficiently utilised, and there is efficient implementation of the supply chain management policy.

Financial services (treasury)

This department is responsible for the implementation of all MIG projects (housing/roads/ etc), community services which includes waste/landfilled sites, parks/cemeteries, pounding as well as building infrastructure.

Technical services

Responsibilities for this department include community facilities, library, Tusong centres management, museum, tourism, local economic development, Town Planning traffic/ law enforcement.

Social and economic services

The office of the municipal manager is responsible for the internal audit as well as the IDP/PMS, communications, legal, and risk management and compliance.

Office of the municipal manager

The administration of the municipality is headed by the municipal manager. In addition to the municipal manager's office, the municipality has four administrative departments, each being headed by a director.

Administration

The municipality has the following 5 administrative departments namely the office of the municipal manager, social and economic services, technical services, financial services and corporate services.

DEPARTMENTS



technology all fall within the ambit of the corporate services directorate. (Performance report part ii)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS

Staffing Information

The Municipality currently have 386 staff members employed excluding Councilors (29), with vacant posts (with budget and with no budget) as illustrated in the following

Function	No. of Staff	No. of Vacancies
Mayor	29 Councilors	None
Municipal Manager's Office	16	04
Corporate Services	45	03
Financial Services	39	0
Social and economic services	152	10
Technical Services	157	12
Total	383(+ 29 Councilors)	29

Approved Posts

Medical Aid Schemes

All employees have the benefit of partaking or contributing towards medical aid schemes accredited by SALGA, the medical aid contributions are as follows: 60% by the employer and 40% by the employee except for senior managers who pay the full amount from their package.

Employees who are currently employed belong to the following Medical Aid schemes accredited by SALGBC:

- KeyHealth;

The municipality is assisting the unemployed graduates to obtain their qualifications and give them experience based on their fields of qualifications, they are from different companies and institutions as follows:

The Workplace Skills Plan (WSP)

4.2 TRAINING AND DEVELOPMENT

The OHS Committee has been established, trained and it's functional. The Committee consist of employees/members from different sections under each department, the committee operates under the department of Corporate Services and terms of reference and policy have been developed in line with Occupational Health and Safety Act. It is co-ordinated under Corporate Services and the Occupational Health and Safety Officer has been appointed in terms of the Act.

Occupational Health & Safety (OHS)

Housing Subsidy – applicable to all permanent employees with a bond/housing loan from registered financial institutions.

Insurances/ Group Life covers are of choice.

Municipal Councillors Pension Fund (MCPF) for Councillors is optional, they are not compelled to take/join the pension

The municipal employee has two kinds of pension funds, namely, the GEPF (The old Government Employee Pension Fund) and NJMPF (Natal Joint Municipal Pension Fund) with three options (Provident, Retirement & Superannuation)

The following benefits are available for all municipal employees:

All permanent municipal employees are compelled to take the Natal Joint Municipal Pension Fund (NJMPF) from the date of their employment.

Pension/Retirement Funds

Employees are allowed to take any Medical Aid of their choice

- Bonitas;
- LA Health;
- Hosmed;
- Samwumed;



Area of Focus	No, of Learners on Bursary	Skills Programme
Finance	3	Degree in Bcom (Finance)
Social and Economic Services	4	Bachelor in Public Management X02 Diploma in Local Government X02
Technical Services	-	-
Corporate Services	6	Bachelor of Public Management X05 Bachelor in Administration X01

Bursaries

The status with the work skills plan is that in 2023/24 is that 90 % of the bursaries has been implemented X13 municipal employees benefited.

The students approached with their qualifications in different fields and they get mentors within the municipality who mentor and rate them on monthly basis in terms of their performance in their filled of studies

Mnambithi TVET (National Skills Fund) = 12 students

Mnambithi TVET (National Skill Fund) = 01 Student

Ubuntu Institute = 15 students

Sacgra = 21 Students

N6 TVET Civil Engineering = 20 Students

Apprenticeship (Bricklaying) = 19 Students

Apprenticeship (Bricklaying) = 20 Students

Civil Engineering (Mallitine) = 02 Students

Sacgra Learners X18 has been completed their Internship/Inservice trainee as at end of May 2024. Only X03 of them left within the organisation.

Mayor	R950 013.00	1 017 354.00
COUNCILLOR	TOTAL COST R 2022/23	TOTAL COST R 2023/24

Remuneration of Councilors

4.3 DISCLOSURES

Table 5: Distribution of Interns/Students

Area of Focus	No. of Interns	No. of In-service trainee
Finance services	13	2
Social & Economic Services	12	2
Technical Services	2	0
Corporate Services	2	2
Municipal Manager	2	0
Total	31	6

The distribution of Interns/ In-service Trainees was as follows:

The Municipality embarked on an aggressive internship programme, with a view to providing qualified, in-service training and unemployed graduates with practical experience in order that they become employable.

Internship and In-Service Training Programme

Total number of 30 beneficiaries has been attending training of Occupational Health and Safety (skills programmes) committee members.
 The total number of 30 employees who received training as per the above mentioned training completed and received the certificates.

Skills Programme

Municipal Manager	-	-
Total	5	0

Annual Remuneration	907 815.00	1 040 758.00
	2022/23	2023/24

Remuneration of Chief Financial Officer- Total Cost to Employer

Table 8: Remuneration of Municipal Manager

Total	R1,677 986.00	1 716 033.00
Performance Bonus	R187 252.00	192 875.00
Car Allowance	R192 000.00	192 000.00
Annual Remuneration	R1 298 734.00	1 331 158.00
	2022/23	2023/24

Remuneration of Municipal Manager- Total Cost to Employer

Table 7: Remuneration of Social Managers

TOTAL	3 054 506.00	3 824 120.00
Director Social and Economic Services	R1,192 235.00	1 295 445.00
Director Technical Services	916 602.00	1 273 314.00
Director Corporate Services	R945 669.00	1 255 361.00
	2022/23	2023/24

Remuneration of Senior Managers- Total Cost to Employer

Table 6: Remuneration of Councillors

Total	11 465 149.00	12 456 380.00
Ordinary Councillors	7 712 054.00	8 420 106.00
Executive Committee Members	R1,267 601.00	1 370 700.00
Speaker	767 224.00	823 551.00
Deputy Mayor	768 257.00	824 669.00

Occupational Levels	A	C	I	W	A	C	I	W	Total
	Male	Female			Foreign Nationals	Female	Male	Total	
Councillors	22	0	0	1	6	0	0	0	29
Senior management	3	0	0	0	2	0	0	0	05

Employment Equity : Staffing information

The following table provides staffing information:

4.4 EMPLOYMENT EQUITY

Table9: Remuneration of the Chief Financial Officer

Car allowance	216 000.00	216 000.00
Subsistence & Travel Reimbursement	00	00
Housing and other allowances	00	00
Performance Bonus	38 436.00	101 800.00
TOTAL	R1 162 251.00	1 358 558.00

194	0	1	2	189	1	2	2	0	0	194	GRAND TOTAL
23	0	0	0	31	0	0	0	0	0	23	Temporary employees
171	0	1	2	158	1	2	2	0	0	171	TOTAL PERMANENT
41	0	0	0	41	0	0	0	0	0	41	Unskilled and defined decision making
66	0	0	0	67	0	1	0	0	0	66	Semi-skilled and discretionary decision making
31	0	0	2	39	1	1	2	0	0	31	Skilled technical and academically qualified workers, junior management, supervisors, and foremen, and superintendents
8	0	1	0	3	0	0	0	0	0	8	Professionally qualified and experienced specialists and mid-man
12	0	0	0	0	0	0	0	0	0	12	
133	0	0	0	133	0	0	0	0	0	133	
82	0	0	0	82	0	0	0	0	0	82	
337	0	0	0	337	0	0	0	0	0	337	
54	0	0	0	54	0	0	0	0	0	54	
391	0	0	0	391	0	0	0	0	0	391	

CHAPTER 5 – FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE
INTRODUCTION

The Okhahlamba Municipality's most significant source of revenue is from grants. The contribution of the various alternative streams of revenue will be subject to review. Revenue raising strategies are listed as follows:

- Business License: Businesses should be required to have licenses to operate, and these should be renewable annually.
- Photocopier Register: A register should be kept for photocopier machines in order to record meter readings and the municipality should record copies made for private purposes, and minimal fees should be charged for these.
- Interest on Investments: Excess funds that are not due to be used in the current month should be invested with approved financial institution so that extra interest can be earned from these funds.

- Asset management: It is important to maintain a regular inventory of property, plant and equipment, implementation of a maintenance programme review and insurance cover. This part of the plan will be extended to assist in identifying and listing unutilised/ uneconomic assets with a view to dispose as previously indicated.

Okhahlamba has a Rates Policy, which is mandated by Section 3 of the Local Government: Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy. This policy document guides the annual setting (or revision) of property rates. It does not make specific property rates proposals. As allowed for in the Act, the Municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The Municipality however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE
INTRODUCTION TO FINANCIAL STATEMENTS

Municipal Consumer Debt Position

This Municipality raises income from property rates, refuse removal, rates clearances and building plans. Other services are rendered on cash basis, meaning you first pay and then a service is rendered, except for property rates, refuse removal and letting of properties. When

Okhahlamba is heavily reliant on grant funding, which accounts for 80% of revenue in the Final Annual 2023/24 budget, the equitable share allocation accounts for 47% of grants, while Municipal infrastructure grant accounts for 13 % of the Final Annual 2023/24 budget. Other grants include Grant Finance Management, Small Town Rehabilitation, INEP, LG SETA, EPWP, Arts & Culture subsidy and the Provincialisation of Library grant.

A municipality is supposed to be self-sufficient or at least largely self-funded. Access to funds is a key to the fulfilment of local government objectives and is a major enabler for delivery of sustainable services. However, the fiscal arrangement set out in Chapter 13 of the Constitution provides that local government is 'entitled to an equitable share of revenue raised nationally' and may also receive additional conditional transfers from national and provincial government. The Constitution also requires a municipality to raise its own funds through property rates, surcharges, service fees, etc. To this end, the local government fiscal framework provides a range of sources of funds, and does not limit municipal funding simple to own funds.

Grants & Subsidies

Even though the municipality has implemented these relief measures, the municipality still faces challenges in long outstanding debt recovery. An allowance for impairment of debtors of R 10 799 650.00 (which includes the write-off). The Municipality will issue two notices thereafter will issue a final notice for payment. Once a final notice is issued, we will institute legal action against defaulting debtors. Thereafter, the municipality will attach properties.

The Municipality has extended an invitation to the public to settle their outstanding debts through council incentives to write off interest. We have also initiated legal processes to recover debt through our debt collection strategy.

The Municipality has since implemented a Credit Control Policy, which prescribes steps to be taken to recover debt, more especially long outstanding debts. Firstly, the Municipality has planned on granting customers relief on interest and penalties for at least two (2) months in a year. During this period, all customers who pay all their accounts in full will receive a relief on their interest and penalties.

Our current recovery rate is sitting at 64%, meaning the municipality needs to implement a serious debt management and recovery strategy.

The Municipality bills income is recognised, but not all of this income reaches the Municipality.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

**COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS
2023/2024 FINANCIAL YEAR**

**Report of the Auditor-General to Kwazulu-Natal Provincial Legislature and the
Council on Okhahlamba Local Municipality**

**Report of the auditor-general to the KwaZulu-Natal Provincial
Legislature and Council on Okhahlamba Local Municipality**

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Okhahlamba Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and 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 Okhahlamba Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

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

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

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

Emphasis of matter

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

Material allowances for impairment

7. As disclosed in note 10 to the financial statements, material allowances for impairment of R70,15 million (2023: R56,52 million) on consumer debtors were raised as the recoverability of these amounts is doubtful.

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.

Responsibilities of the auditor-general 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. This description, which is located at page 7, forms part of our auditor's report.

Report on the audit of the annual performance report

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

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

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

- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
17. I performed procedures to test whether:

16. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

Key Performance Areas	Page numbers	Purpose
Local economic and social Development	XX	To respond to social development issues and create a climate conducive for local economic development.
Basic service delivery and infrastructure development	XX	To improve service delivery and facilitate the provision and maintenance of new and existing infrastructure.

15. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

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

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

Basic service delivery and infrastructure development

Targets achieved: 80%		
Budget spent: 89%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of Emazini housing project units constructed by 30 June 2024	100	63
Number of Moyeni B housing project units constructed by 30 June 2024	100	77
Number of Emmaus housing project units constructed by 30 June 2024	100	98
Number of Potshini housing project units constructed by 30 June 2024	50	16

Local economic and social development

Targets achieved: 50%		
Budget spent: 127%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of households earning less than R4 710 with access to Free Basic Services (Entire household) by 30 June 2024	1432	1431
% business license application processed and finalized within 60 working days by 30 June 2024	100%	26%

- 31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included
- 30. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected key performance areas presented in the annual performance report that have been specifically reported on in this auditor's report.

Other information in the annual report

- 29. Some of the tenders that failed to achieve the minimum qualifying score for functionality legislative requirement were not disqualified as unacceptable tender in accordance with 2017 Preferential Procurement Regulation 5(6).
- 28. Some of the contracts were awarded to bidders based on points given for legislative requirements that were not stipulated and differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.

Procurement and Contract Management

- 27. Reasonable steps were not taken to prevent irregular expenditure amounting to R39,8 million (2022-23: R39,4 million), as disclosed in note 41 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by the municipality not applying evaluation criteria that is the same as criteria advertised.

Expenditure Management

- 26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:
- 25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

- 24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.

Report on compliance with legislation

Auditing to build public confidence

AUDITOR - GENERAL
SOUTH AFRICA



28 November 2024

Pietermaritzburg

Auditor General

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

Internal control deficiencies

- 35. I have nothing to report in this regard.
- 34. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
- 33. The other information I obtained prior to the date of this auditor's report are the mayor's foreword and executive summary, governance and organisational development performance, and the audit and performance committee's report.
- 32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected key performance areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- on it.
- in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

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

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

Sections or regulations	Legislation
<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), 32(2)(b), 32(2)(c), 32(2)(d), 32(2)(e), 32(2)(f), 32(2)(g), 32(2)(h), 32(2)(i), 32(2)(j), 32(2)(k), 32(2)(l), 32(2)(m), 32(2)(n), 32(2)(o), 32(2)(p), 32(2)(q), 32(2)(r), 32(2)(s), 32(2)(t), 32(2)(u), 32(2)(v), 32(2)(w), 32(2)(x), 32(2)(y), 32(2)(z), 32(2)(aa), 32(2)(ab), 32(2)(ac), 32(2)(ad), 32(2)(ae), 32(2)(af), 32(2)(ag), 32(2)(ah), 32(2)(ai), 32(2)(aj), 32(2)(ak), 32(2)(al), 32(2)(am), 32(2)(an), 32(2)(ao), 32(2)(ap), 32(2)(aq), 32(2)(ar), 32(2)(as), 32(2)(at), 32(2)(au), 32(2)(av), 32(2)(aw), 32(2)(ax), 32(2)(ay), 32(2)(az), 32(2)(ba), 32(2)(bb), 32(2)(bc), 32(2)(bd), 32(2)(be), 32(2)(bf), 32(2)(bg), 32(2)(bh), 32(2)(bi), 32(2)(bj), 32(2)(bk), 32(2)(bl), 32(2)(bm), 32(2)(bn), 32(2)(bo), 32(2)(bp), 32(2)(bq), 32(2)(br), 32(2)(bs), 32(2)(bt), 32(2)(bu), 32(2)(bv), 32(2)(bw), 32(2)(bx), 32(2)(by), 32(2)(bz), 32(2)(ca), 32(2)(cb), 32(2)(cc), 32(2)(cd), 32(2)(ce), 32(2)(cf), 32(2)(cg), 32(2)(ch), 32(2)(ci), 32(2)(cj), 32(2)(ck), 32(2)(cl), 32(2)(cm), 32(2)(cn), 32(2)(co), 32(2)(cp), 32(2)(cq), 32(2)(cr), 32(2)(cs), 32(2)(ct), 32(2)(cu), 32(2)(cv), 32(2)(cw), 32(2)(cx), 32(2)(cy), 32(2)(cz), 32(2)(da), 32(2)(db), 32(2)(dc), 32(2)(dd), 32(2)(de), 32(2)(df), 32(2)(dg), 32(2)(dh), 32(2)(di), 32(2)(dj), 32(2)(dk), 32(2)(dl), 32(2)(dm), 32(2)(dn), 32(2)(do), 32(2)(dp), 32(2)(dq), 32(2)(dr), 32(2)(ds), 32(2)(dt), 32(2)(du), 32(2)(dv), 32(2)(dw), 32(2)(dx), 32(2)(dy), 32(2)(dz), 32(2)(ea), 32(2)(eb), 32(2)(ec), 32(2)(ed), 32(2)(ee), 32(2)(ef), 32(2)(eg), 32(2)(eh), 32(2)(ei), 32(2)(ej), 32(2)(ek), 32(2)(el), 32(2)(em), 32(2)(en), 32(2)(eo), 32(2)(ep), 32(2)(eq), 32(2)(er), 32(2)(es), 32(2)(et), 32(2)(eu), 32(2)(ev), 32(2)(ew), 32(2)(ex), 32(2)(ey), 32(2)(ez), 32(2)(fa), 32(2)(fb), 32(2)(fc), 32(2)(fd), 32(2)(fe), 32(2)(ff), 32(2)(fg), 32(2)(fh), 32(2)(fi), 32(2)(fj), 32(2)(fk), 32(2)(fl), 32(2)(fm), 32(2)(fn), 32(2)(fo), 32(2)(fp), 32(2)(fq), 32(2)(fr), 32(2)(fs), 32(2)(ft), 32(2)(fu), 32(2)(fv), 32(2)(fw), 32(2)(fx), 32(2)(fy), 32(2)(fz), 32(2)(ga), 32(2)(gb), 32(2)(gc), 32(2)(gd), 32(2)(ge), 32(2)(gf), 32(2)(gg), 32(2)(gh), 32(2)(gi), 32(2)(gj), 32(2)(gk), 32(2)(gl), 32(2)(gm), 32(2)(gn), 32(2)(go), 32(2)(gp), 32(2)(gq), 32(2)(gr), 32(2)(gs), 32(2)(gt), 32(2)(gu), 32(2)(gv), 32(2)(gw), 32(2)(gx), 32(2)(gy), 32(2)(gz), 32(2)(ha), 32(2)(hb), 32(2)(hc), 32(2)(hd), 32(2)(he), 32(2)(hf), 32(2)(hg), 32(2)(hh), 32(2)(hi), 32(2)(hj), 32(2)(hk), 32(2)(hl), 32(2)(hm), 32(2)(hn), 32(2)(ho), 32(2)(hp), 32(2)(hq), 32(2)(hr), 32(2)(hs), 32(2)(ht), 32(2)(hu), 32(2)(hv), 32(2)(hw), 32(2)(hx), 32(2)(hy), 32(2)(hz), 32(2)(ia), 32(2)(ib), 32(2)(ic), 32(2)(id), 32(2)(ie), 32(2)(if), 32(2)(ig), 32(2)(ih), 32(2)(ii), 32(2)(ij), 32(2)(ik), 32(2)(il), 32(2)(im), 32(2)(in), 32(2)(io), 32(2)(ip), 32(2)(iq), 32(2)(ir), 32(2)(is), 32(2)(it), 32(2)(iu), 32(2)(iv), 32(2)(iw), 32(2)(ix), 32(2)(iy), 32(2)(iz), 32(2)(ja), 32(2)(jb), 32(2)(jc), 32(2)(jd), 32(2)(je), 32(2)(jf), 32(2)(jg), 32(2)(jh), 32(2)(ji), 32(2)(jj), 32(2)(jk), 32(2)(jl), 32(2)(jm), 32(2)(jn), 32(2)(jo), 32(2)(jp), 32(2)(jq), 32(2)(jr), 32(2)(js), 32(2)(jt), 32(2)(ju), 32(2)(jv), 32(2)(jw), 32(2)(jx), 32(2)(jy), 32(2)(jz), 32(2)(ka), 32(2)(kb), 32(2)(kc), 32(2)(kd), 32(2)(ke), 32(2)(kf), 32(2)(kg), 32(2)(kh), 32(2)(ki), 32(2)(kj), 32(2)(kk), 32(2)(kl), 32(2)(km), 32(2)(kn), 32(2)(ko), 32(2)(kp), 32(2)(kq), 32(2)(kr), 32(2)(ks), 32(2)(kt), 32(2)(ku), 32(2)(kv), 32(2)(kw), 32(2)(kx), 32(2)(ky), 32(2)(kz), 32(2)(la), 32(2)(lb), 32(2)(lc), 32(2)(ld), 32(2)(le), 32(2)(lf), 32(2)(lg), 32(2)(lh), 32(2)(li), 32(2)(lj), 32(2)(lk), 32(2)(ll), 32(2)(lm), 32(2)(ln), 32(2)(lo), 32(2)(lp), 32(2)(lq), 32(2)(lr), 32(2)(ls), 32(2)(lt), 32(2)(lu), 32(2)(lv), 32(2)(lw), 32(2)(lx), 32(2)(ly), 32(2)(lz), 32(2)(ma), 32(2)(mb), 32(2)(mc), 32(2)(md), 32(2)(me), 32(2)(mf), 32(2)(mg), 32(2)(mh), 32(2)(mi), 32(2)(mj), 32(2)(mk), 32(2)(ml), 32(2)(mm), 32(2)(mn), 32(2)(mo), 32(2)(mp), 32(2)(mq), 32(2)(mr), 32(2)(ms), 32(2)(mt), 32(2)(mu), 32(2)(mv), 32(2)(mw), 32(2)(mx), 32(2)(my), 32(2)(mz), 32(2)(na), 32(2)(nb), 32(2)(nc), 32(2)(nd), 32(2)(ne), 32(2)(nf), 32(2)(ng), 32(2)(nh), 32(2)(ni), 32(2)(nj), 32(2)(nk), 32(2)(nl), 32(2)(nm), 32(2)(nn), 32(2)(no), 32(2)(np), 32(2)(nq), 32(2)(nr), 32(2)(ns), 32(2)(nt), 32(2)(nu), 32(2)(nv), 32(2)(nw), 32(2)(nx), 32(2)(ny), 32(2)(nz), 32(2)(oa), 32(2)(ob), 32(2)(oc), 32(2)(od), 32(2)(oe), 32(2)(of), 32(2)(og), 32(2)(oh), 32(2)(oi), 32(2)(oj), 32(2)(ok), 32(2)(ol), 32(2)(om), 32(2)(on), 32(2)(oo), 32(2)(op), 32(2)(oq), 32(2)(or), 32(2)(os), 32(2)(ot), 32(2)(ou), 32(2)(ov), 32(2)(ow), 32(2)(ox), 32(2)(oy), 32(2)(oz), 32(2)(pa), 32(2)(pb), 32(2)(pc), 32(2)(pd), 32(2)(pe), 32(2)(pf), 32(2)(pg), 32(2)(ph), 32(2)(pi), 32(2)(pj), 32(2)(pk), 32(2)(pl), 32(2)(pm), 32(2)(pn), 32(2)(po), 32(2)(pp), 32(2)(pq), 32(2)(pr), 32(2)(ps), 32(2)(pt), 32(2)(pu), 32(2)(pv), 32(2)(pw), 32(2)(px), 32(2)(py), 32(2)(pz), 32(2)(qa), 32(2)(qb), 32(2)(qc), 32(2)(qd), 32(2)(qe), 32(2)(qf), 32(2)(qg), 32(2)(qh), 32(2)(qi), 32(2)(qj), 32(2)(qk), 32(2)(ql), 32(2)(qm), 32(2)(qn), 32(2)(qo), 32(2)(qp), 32(2)(qq), 32(2)(qr), 32(2)(qs), 32(2)(qt), 32(2)(qu), 32(2)(qv), 32(2)(qw), 32(2)(qx), 32(2)(qy), 32(2)(qz), 32(2)(ra), 32(2)(rb), 32(2)(rc), 32(2)(rd), 32(2)(re), 32(2)(rf), 32(2)(rg), 32(2)(rh), 32(2)(ri), 32(2)(rj), 32(2)(rk), 32(2)(rl), 32(2)(rm), 32(2)(rn), 32(2)(ro), 32(2)(rp), 32(2)(rq), 32(2)(rr), 32(2)(rs), 32(2)(rt), 32(2)(ru), 32(2)(rv), 32(2)(rw), 32(2)(rx), 32(2)(ry), 32(2)(rz), 32(2)(sa), 32(2)(sb), 32(2)(sc), 32(2)(sd), 32(2)(se), 32(2)(sf), 32(2)(sg), 32(2)(sh), 32(2)(si), 32(2)(sj), 32(2)(sk), 32(2)(sl), 32(2)(sm), 32(2)(sn), 32(2)(so), 32(2)(sp), 32(2)(sq), 32(2)(sr), 32(2)(ss), 32(2)(st), 32(2)(su), 32(2)(sv), 32(2)(sw), 32(2)(sx), 32(2)(sy), 32(2)(sz), 32(2)(ta), 32(2)(tb), 32(2)(tc), 32(2)(td), 32(2)(te), 32(2)(tf), 32(2)(tg), 32(2)(th), 32(2)(ti), 32(2)(tj), 32(2)(tk), 32(2)(tl), 32(2)(tm), 32(2)(tn), 32(2)(to), 32(2)(tp), 32(2)(tq), 32(2)(tr), 32(2)(ts), 32(2)(tu), 32(2)(tv), 32(2)(tw), 32(2)(tx), 32(2)(ty), 32(2)(tz), 32(2)(ua), 32(2)(ub), 32(2)(uc), 32(2)(ud), 32(2)(ue), 32(2)(uf), 32(2)(ug), 32(2)(uh), 32(2)(ui), 32(2)(uj), 32(2)(uk), 32(2)(ul), 32(2)(um), 32(2)(un), 32(2)(uo), 32(2)(up), 32(2)(uq), 32(2)(ur), 32(2)(us), 32(2)(ut), 32(2)(uu), 32(2)(uv), 32(2)(uw), 32(2)(ux), 32(2)(uy), 32(2)(uz), 32(2)(va), 32(2)(vb), 32(2)(vc), 32(2)(vd), 32(2)(ve), 32(2)(vf), 32(2)(vg), 32(2)(vh), 32(2)(vi), 32(2)(vj), 32(2)(vk), 32(2)(vl), 32(2)(vm), 32(2)(vn), 32(2)(vo), 32(2)(vp), 32(2)(vq), 32(2)(vr), 32(2)(vs), 32(2)(vt), 32(2)(vu), 32(2)(vv), 32(2)(vw), 32(2)(vx), 32(2)(vy), 32(2)(vz), 32(2)(wa), 32(2)(wb), 32(2)(wc), 32(2)(wd), 32(2)(we), 32(2)(wf), 32(2)(wg), 32(2)(wh), 32(2)(wi), 32(2)(wj), 32(2)(wk), 32(2)(wl), 32(2)(wm), 32(2)(wn), 32(2)(wo), 32(2)(wp), 32(2)(wq), 32(2)(wr), 32(2)(ws), 32(2)(wt), 32(2)(wu), 32(2)(wv), 32(2)(ww), 32(2)(wx), 32(2)(wy), 32(2)(wz), 32(2)(xa), 32(2)(xb), 32(2)(xc), 32(2)(xd), 32(2)(xe), 32(2)(xf), 32(2)(xg), 32(2)(xh), 32(2)(xi), 32(2)(xj), 32(2)(xk), 32(2)(xl), 32(2)(xm), 32(2)(xn), 32(2)(xo), 32(2)(xp), 32(2)(xq), 32(2)(xr), 32(2)(xs), 32(2)(xt), 32(2)(xu), 32(2)(xv), 32(2)(xw), 32(2)(xx), 32(2)(xy), 32(2)(xz), 32(2)(ya), 32(2)(yb), 32(2)(yc), 32(2)(yd), 32(2)(ye), 32(2)(yf), 32(2)(yg), 32(2)(yh), 32(2)(yi), 32(2)(yj), 32(2)(yk), 32(2)(yl), 32(2)(ym), 32(2)(yn), 32(2)(yo), 32(2)(yp), 32(2)(yq), 32(2)(yr), 32(2)(ys), 32(2)(yt), 32(2)(yu), 32(2)(yv), 32(2)(yw), 32(2)(yx), 32(2)(yy), 32(2)(yz), 32(2)(za), 32(2)(zb), 32(2)(zc), 32(2)(zd), 32(2)(ze), 32(2)(zf), 32(2)(zg), 32(2)(zh), 32(2)(zi), 32(2)(zj), 32(2)(zk), 32(2)(zl), 32(2)(zm), 32(2)(zn), 32(2)(zo), 32(2)(zp), 32(2)(zq), 32(2)(zr), 32(2)(zs), 32(2)(zt), 32(2)(zu), 32(2)(zv), 32(2)(zw), 32(2)(zx), 32(2)(zy), 32(2)(zz)</p>	<p>Municipal Finance Management Act 56 of 2003</p> <p>MfMA: Municipal Budget and Reporting Regulations, 2009</p> <p>MfMA: Municipal Investment Regulations, 2005</p> <p>MfMA: Municipal Regulations on Financial Misconduct Proceedings and Criminal Proceedings, 2014</p> <p>MfMA: Municipal Supply Chain Management Regulations, 2017</p> <p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(iii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(iii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)</p>
<p>Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)</p> <p>Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)</p>	<p>Municipal Systems Act 32 of 2000</p>
<p>Parent municipality with ME: Sections 93B(a), 93B(b)</p> <p>67(1)(d), 74(1), 93J(1), 96(b)</p> <p>Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 43(2), 56(a), 57(2)(a), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(iii), 42, 29(3)(b), 34(a), 34(b), Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(iii)</p>	

The selected legislative requirements are as follows:

Compliance with legislation – selected legislative requirements

Sections or regulations	Legislation
Parent municipally with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)	MSA: Municipal Planning and performance Management Regulations, 2001
Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(iii)	MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006
Regulations 17(2), 36(1)(a)	MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014
Regulations 5(2), 5(3), 5(6), 8(4)	MSA: Disciplinary Regulations for Senior Managers, 2011
Section 11(6)(b), 12(5), 16(1); 16(3)	Annual Division of Revenue Act
Section 18(1)	Construction Industry Development Board Act 38 of 2000
Regulations 17, 25(7A)	Construction Industry Development Board Regulations
Section 3(1)	Municipal Property Rates Act 6 of 2004
Sections 2(1)(a), 2(1)(f)	Preferential Procurement Policy Framework Act 5 of 2000
Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), Regulations 11(1), 11(2)	Preferential Procurement Regulations, 2017
Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)	Preferential Procurement Regulations, 2022
Section 34(1)	Prevention and Combating of Corrupt Activities Act 12 of 2004

sPletermaritzburg

Date of signing



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

6.2 AUDIT & PERFORMANCE AUDIT COMMITTEE COMMENTS YEAR

Audit Committee Report to the Council of Okhahlamba Local Municipality –
2023/24 Financial Period

BACKGROUND

AUDIT COMMITTEE MANDATE

The Okhahlamba Local Municipality has established an Audit and Performance Audit Committee in accordance with section 166 of the Municipal Finance Management Act, Act no 56 of 2003 (MFMA) and section 14(2)(c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations). Consideration has also been given to section 14(2)(c) of the Regulations and MFMA Circular No. 65 issued by the National Treasury in November 2012 as well as the recommendations contained in the King Report on Governance for South Africa 2016 (King IV).

ROLE OF AUDIT COMMITTEE

The role of the Audit Committee is to assist the Okhahlamba Local Municipality in achieving its strategic goals and objectives, by helping to maintain effective internal controls, risk management, accurate financial reporting and corporate governance

1. Internal financial control and internal audits;
2. Risk management;
3. Accounting Policies;
4. The adequacy, reliability, and accuracy of financial reporting and information;
5. Performance management;
6. Effective governance;

The Council of Okhahlamba Local Municipality appointed its Audit Committee to assist the municipality in advising the Municipal Council, the political office-bearers, the accounting officer, and the management staff of the municipality on matters relating to:

- 11 March 2024
- 15 May 2024
- 14 August 2024

The Audit and Performance Audit Committee Meetings were held on the following dates:

Accountants. (Development Finance)			
Mr Philani Dzanibe	Bachelor of Arts in Law (LLB) Certificate in Forensic Investigations Bachelor of Laws (LLB) Extra-Curricular Certificate – Law	07/07/20 24 – 31/12/20 26	Newly appointed
Mr Bongani Thabethe	Education Reforms Education Management Project Management Certificate of Competence Training of Trainers Programme for the Public Service.	07/07/20 24 – 31/12/20 26	Newly appointed

For the audit committee to be effective and able to advise accordingly, we rely on the reports prepared by internal audit, information obtained from management and the accounting officer.

The following matters are being brought to the attention of the council of Okhahlamba Local Municipality:

7. Compliance with the Division of Revenue Act (DORA) and any other applicable legislation
8. Performance evaluation
9. Any other issues referred to it by the Municipality (MFMA 56 of 2005, Section 166(2)(a)(i-ix);
10. Review the annual financial statements;
11. Respond to the council on any issues raised by the Auditor General in the audit report; and
12. Carry out investigations into the financial affairs of the municipality.

INTERNAL AUDIT REPORTS

The following internal audit reports were tabled at the quarter four (4) Audit and Performance Committee meeting: -

- Annual Performance Report
- Annual Financial Statements

Key audit considerations raised, and recommendations made by the committee: -

Annual Performance Report (APR)

- Findings raised by internal audit on the version one (1) of the Annual Performance Report, included the ff:
 - Reasons for under achievement were not included nor corrective actions to address the under achievement.
 - Inaccurate reporting of actual performance achievements for four (4) indicators under Local Economic and Social Development (LESD).
 - COGTA expressed concern on sufficiency and credibility of Portfolio of Evidence (POE) maintained, particularly for Basic Services and Infrastructure Development (SDID). It was resolved that the PMS manager will engage the Director: Technical Services and source secondary POE Committee. raised concern on the repeat audit findings raised by internal audit. On the LESD, concern was raised that there two (2) indigent registers maintained. It was agreed that the municipality must maintain one (1) indigent register. Based on the observations of COGTA, COGTA was concerned of a possible regression should these issues not be addressed prior to the legislative submission. COGTA extended its support to the municipality to address these shortcomings.
- The Committee expressed gratitude to COGTA for their continued assistance, and expressed concern on the following areas: -
 - Reasons for under/ over achievement: Some of the reasons were not sufficient and needed more elaboration. Also, the ability to substantiate some of the reasons for variances was questioned.
 - Corrective action: Some of the documented corrective actions were inadequate.

- The Committee urged the PMS manager and CFO to agree on a deadline for the submission of financial information, so that the Annual Performance Report is fully complete. The Financial Viability and Financial Management Programme was not complete as the AFS finalisation was still underway.
- Annual Financial Statements (AFS)
 - The committee noted the Internal audit report on the AFS version, including components which were not finalised. Members were urged to submit their detailed review comments to CFO and Finance Manager.

V Sibiya CA(SA)
Chairperson of the Audit and Performance
Audit Committee 20 August 2024

The Audit Committee wishes to thank Council, the management team and all stakeholders for their continued support and hard work.

CONCLUSION






Other agenda items were deferred to the next meeting where the updated Annual Financial Statements and Annual Performance Report will be discussed.

- The committee raised concern on the Unauthorised expenditure incurred, and the possibility of it causing a regression from the clean audit outcome.
- COGTA also expressed concern on UIFW and advised that management reflect council write offs.







Action Plan to address AG Findings:

Action Plan to address AG Findings
 OKHAHLAMBA LOCAL MUNICIPALITY ACTION PLAN 2023/2024 EXTERNAL AUDIT FINDINGS.
 AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS








OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
1. Comm 2 : Expenditure – date stamped receipt on invoice incorrect	Stamp invoices upon their receiptal	30 November 2024	Director Finance	Invoices are being stamped upon their receiving date.	
	Ensure hand-delivered invoices are logged on a register	30 December 2024	Director Finance	Not yet developed	
2. Comm 2 : Quotations evaluated on criteria that is inconsistent with criteria advertised	Investigate the population of quotations for similar non compliance	30 November 2024	Director Finance	Investigation has been conducted by finance manager.	
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Note number 40 irregular expenditure for has been adjusted.	
	Monitor implement The Municipal Supply Chain Management Regulations , section 21	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit and compliance unit.	








OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
<p>3. Comm 2 : Quotation awarded to incorrect supplier</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Investigation has been conducted by finance manager.</p>	
	<p>Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Note number 40 irregular expenditure for has been adjusted.</p>	
	<p>Ensure adhere to bid close off times.</p>	<p>30 June 2025</p>	<p>Director Finance</p>	<p>Internal audit continuously monitor implementation of SCM Regulation.</p>	
<p>4. Comm 2 : Conflict of interest</p>	<p>Confirmation of the positions of individuals identified to be in the service of the state.</p>	<p>30 June 2025</p>	<p>Director Finance</p>	<p>Confirmation of the positions of individuals identified is currently being conducted.</p>	
	<p>Flag the identified suppliers on the municipal supplier database</p>	<p>30 June 2025</p>		<p>Identified suppliers will be flagged after confirmation.</p>	
<p>5. Comm 5 : Criteria for awarding within panels not stipulated in the SCM Policy nor bidding documents</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Investigation has been conducted by finance manager.</p>	







OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Irregular expenditure note has been adjusted.	
	Amend SCM Policy to include the selection criteria for panels and quotations.	30 June 2025	Director Finance	Policy is being amended.	
6. Comm 5: Suppliers awarded as a contractor and consultants in the same panel	Ensure that the appropriate disclosure of irregular expenditure is made.	30 June 2025	Director Finance	Disclosure will be conducted once payments has been made.	
	Amend SCM Policy to include the selection criteria for panels and quotations.	30 June 2025	Director Finance	Policy is being amended.	
7. Comm 5: Request for quotations (RFQ) evaluated by Bid Evaluation Committee before closing date of the RFQ	Conduct thorough review of the BEC minutes by the BAC	30 June 2025	Director Finance	BEC minutes are being monitored closely by the BEC Committee.	
	Ensure compliance with the scm regulations	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit.	
	Review processes by the BEC and BAC	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit.	







OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress
<p>8. Comm 5: Awards to close family members of persons in the service of the state not disclosed.</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2025</p>	<p>Director Finance</p>	<p>Investigation has been conducted by finance manager.</p> 
<p>9. Comm 5: Bids evaluated on criteria that is inconsistency with criteria advertised.</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Investigation has been conducted by finance manager.</p> 
<p>10. Comm 8: Evaluations criteria for measuring functionality is not objective and proof not disclosed</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Irregular expenditure note has been adjusted.</p> 
<p>11. Comm 8: Evaluations criteria for measuring functionality is not objective and proof not disclosed</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Irregular expenditure note has been adjusted.</p> 
<p>12. Comm 8: Evaluations criteria for measuring functionality is not objective and proof not disclosed</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Irregular expenditure note has been adjusted.</p> 
<p>13. Comm 8: Evaluations criteria for measuring functionality is not objective and proof not disclosed</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Irregular expenditure note has been adjusted.</p> 
<p>14. Comm 8: Evaluations criteria for measuring functionality is not objective and proof not disclosed</p>	<p>Investigate the population of quotations for similar non compliance</p>	<p>30 November 2024</p>	<p>Director Finance</p>	<p>Irregular expenditure note has been adjusted.</p> 

OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
11. Comm 8: Potential collusive bidding	Conduct Investigation for potential collusive bidding.	30 June 2025	Internal Audit	Investigation is being conducted.	
12. Comm 9: Contracts advertised for less than 30 days	Investigate the population of quotations for similar non compliance	30 June 2025	Internal Audit	Investigation is being conducted.	
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 June 2025	Internal Audit	Appropriate adjustment will be made once payments has been made.	
	Provide training to the bid committees regarding applicable legislative framework.	30 June 2025	Director Finance	To be conducted before end of financial year 2024/2025.	
13. Comm 9: Potential fraud : fuel and oil	Conduct Investigation for potential fraud on fuel and oil.	30 June 2025	Internal Audit	Investigation is being conducted.	
	Report to MPAC recommendations for implementation.	30 June 2025	Internal Audit	Recommendations report to be submitted after investigation	

OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
<p>14. Comm 10: Unauthorized expenditure disclosure does not agree to amount overspent on budgeted amount.</p>	<p>Review information supporting the annual financial statements.</p>	<p>30 June 2025</p>	<p>Director Finance</p>	<p>Continuous review is being conducted by internal audit.</p>	
	<p>Ensure appropriate adjustments is made to the financial statement's disclosure for unauthorized expenditure</p>	<p>30 June 2025</p>	<p>Director Finance</p>	<p>Appropriate adjustments is being made.</p>	
<p>15. Comm 11: Potential Fraud : Fuel and oil</p>	<p>Conduct Investigation for potential fraud on fuel and oil.</p>	<p>30 June 2025</p>	<p>Internal Audit</p>	<p>Investigation is being conducted.</p>	
	<p>Report to MPAC recommendations for implementation.</p>	<p>30 June 2025</p>	<p>Internal Audit</p>	<p>Recommendations report to be submitted after investigation</p>	
<p>16. Comm 5 : Performance indicators incorrectly classified in the Annual Performance Report</p>	<p>Ensure that indicators are classified as per the Key Performance Area(Local Economic and Social Development)</p>	<p>30 June 2025</p>	<p>PMS unit Director Technical Director Social</p>	<p>Indicators are being classified.</p>	
<p>17. Comm 4: Current landfill site in use – Noncompliance with waste management Act.</p>	<p>Application for closure and rehabilitation</p>	<p>30 June 2025</p>	<p>Director Technical</p>	<p>Director technical currently assisting with application for closure and rehabilitation of the landfill site.</p>	

OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
<p>18. Comm 5 : Landfill site not in use</p>	<p>Application for operation permit.</p>	<p>30 June 2025</p>	<p>Director Technical</p>	<p>License is available, Director technical currently assisting with a process of obtaining permit.</p>	

Details	
No. of Findings	18
No. of Action plans	38
Not Started/over due	6
In-progress	11
Complete	13
Ongoing	8
Progress to date	21/38=55,3

Matters that should be addressed urgently	
Matters that should be addressed to prevent material misstatement	
Matters that do not have direct impact on the audit outcome but communicated to assist with improving process and mitigating risks	

PLEASE NOTE: The name of each HOD/Director may not necessarily appear as the responsible official; but automatically each HOD/Director is responsible for each action plan that is relating to their Department. Hence each HOD/Director should ensure

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give "full and regular" reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Key	

<p>The results of achieving specific outcomes, such as reducing poverty and creating jobs.</p>	<p>Impact</p>
<p>All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.</p>	<p>Inputs</p>
<p>Set out municipal goals and development plans.</p>	<p>Integrated Development Plan (IDP)</p>
<ul style="list-style-type: none"> • Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation 	<p>National Key performance areas</p>
<p>The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".</p>	<p>Outcomes</p>
<p>The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.</p>	<p>Outputs</p>
<p>Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)</p>	<p>Performance Indicator</p>
<p>Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.</p>	<p>Performance Information</p>
<p>The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a</p>	<p>Performance Standards:</p>

<p>job by describing what the required result should be. In this EPMS performance standards are divided into indicators and the time factor.</p>	
<p>The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.</p>	<p>Performance Targets:</p>
<p>Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>	<p>Service Delivery Budget Implementation Plan</p>
<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area. Section 1 of the MFMA defines a "vote" as: a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</p>	<p>Note:</p>



2023/24
ANNUAL
FINANCIAL
STATEMENTS
OKHAHLAMBA
LOCAL
MUNICIPALITY

LOCAL MUNICIPALITY • UMKHANDLU WENDAWO
Home of Heritage and Tourism
Okhahlamba Local Municipality
(Registration number KZN 235)
Annual Financial Statements
for the year ended 30 June, 2024

OKHAHLAMBA



Okhahlamba Local Municipality
 (Registration number KZN 235)
 Annual Financial Statements for the year ended 30 June, 2024

General Information

Legal form of entity	Local Municipality
Municipal demarcation code	KZN 235
Capacity	Low
Nature of business and principal activities	Service Delivery: Rates, Waste Management and General services. Main business operations: Local government activities, planning and promotion of the integrated development plan, land, economic and environmental development. The mandate of the municipality is in terms of section 152 of the Constitution of South Africa.
Accounting Officer	Mr SN Malinga Pr. Techn Eng(Civil)
Councillors	Mayor - Cllr. V. R. Mlotshwa Deputy Mayor - Cllr. N. E. Shabalala Speaker - Cllr. S. Z. Khumalo Member of the Executive Committee - Cllr. M. A. Mavundla Member of the Executive Committee - Cllr. S. M. Buthelezi Member of the Executive Committee - Cllr. M. G. Ndlangisa Cllr. M. N. Dlamini Cllr. S. P. Sehlaiko Cllr. P. N. Zwane Cllr. B. Z. Mchunu Cllr. D.R. Hlongwane Cllr. L. K. Letsoalo Cllr. B. A. Coka Cllr. V. W. Mazibuko Cllr. S. P. Khoza Cllr. T. J. Diadia Cllr. K.O. Hadebe Cllr. R. T. Khoza Cllr. V. P. Mvula Cllr. P. W. Hlongwane Cllr. P.A.M. Mtuphi Cllr. IM Buthelezi Cllr. N.A. Mdakane Cllr. D.S. Ndaba Cllr. D.T. Sibeko Cllr. N.P. Khumalo Cllr. K.A. Hlongwane Cllr. R.S. Ngwenya Cllr. MM Zakwe

Okhahlamba Local Municipality
(Registration number KZN 235)
Annual Financial Statements for the year ended 30 June, 2024

General Information

Registered office

259 Kingsway Road
Bergville

Tel: 036 448 8000

communications@okhahlamba.gov.za

P. O. Box 71

Bergville

3350

Mr. S.S. Dlamini

Chief Finance Officer (CFO)

First National Bank, ABSA, Investec Bank and Nedbank.

Bankers

Auditor General of South Africa

Auditors

The annual financial statements were internally compiled by:

Preparer

Legislation governing the Municipality's operations:

Manager: Finance, reviewed by Chief Financial Officer, Internal Audit.
Constitution of the Republic of South Africa (Act No. 108 of 1998)
Local Government: Municipal Finance Management Act (Act No. 56 of 2003)
Local Government: Municipal Systems Act (Act No. 32 of 2000)
Local Government: Municipal Structures Act (Act No. 117 of 1998)
Municipal Property Rates Act (Act No. 6 of 2004)
Division of Revenue Act (Act No. 1 of 2007)

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Abbreviations

VAT	Value Added Tax
LGSETA	Local Government Sectorial Education and Training Authority
INEP	Integrated National Electrification Programme
PPE	Property, Plant and Equipment
WCF	Workman's Compensation Fund
COGTA	Co-operative Governance and Traditional Affairs
SETA WIL	Sectorial Education and Training Authority Work Integrated Learning
MFMA	Municipal Finance Management Act 56 of 2003
MIG	Municipal Infrastructure Grant
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
SARS	South African Revenue Services
GRAP	Generally Recognised Accounting Practice
IGRAP	Interpretation of Generally Recognised Accounting Practice
DORA	Division of Revenue Act

Okhahlamba Local Municipality
(Registration number KZN 235)
Annual Financial Statements for the year ended 30 June, 2024

Approval of Annual Financial Statements

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June, 2025 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 annual financial statements set out from page 5, which have been prepared on the going concern basis, were approved by the Accounting Officer on 30 August, 2024 and were signed on its behalf by:

**Mr SN Malinga Pr. Techn Eng(Civil)
ND Civil Eng, B Tech in
Mngt, Master in Public Admin.**

**Date of Signature
30 August, 2024**

Okhahlamba Local Municipality

(Registration number KZN 235)

Annual Financial Statements for the year ended 30 June, 2024

Statement of Financial Position as at 30 June, 2024

Figures in Rand

	2024	2023	Note(s)
Assets			
Current Assets			
Operating lease receivable	105,456	86,302	7
Receivables from exchange transactions	9,619,857	13,078,591	8
Receivables from non-exchange transactions	2,256,180	1,303,249	9
Consumer debtors	33,883,472	35,386,469	10
Cash and cash equivalents	30,607,940	43,297,372	12
Total Assets	76,472,905	93,151,983	
Non-Current Assets			
Property, plant and equipment	488,694,452	469,426,802	3
Intangible assets	574,242	706,427	4
Heritage assets	93,660	93,660	5
Receivables from exchange transactions	277,778	555,556	8
Total Assets	566,113,037	563,934,428	
Liabilities			
Current Liabilities			
Operating lease liability	251,321	120,197	7
Payables from exchange transactions	40,522,666	46,518,746	15
Employee benefit obligation	333,000	895,000	6
Unspent conditional grants and receipts	10,503,685	12,101,815	13
Provisions	1,092,716	2,302,525	14
Total Liabilities	52,703,388	61,938,283	
Non-Current Liabilities			
Employee benefit obligation	6,245,506	4,992,682	6
Provisions	13,493,430	11,452,481	14
Total Liabilities	19,738,936	16,445,163	
Net Assets			
Total Net Assets	493,670,713	485,550,982	
Accumulated surplus	493,670,713	485,550,982	
Total Net Assets	493,670,713	485,550,982	

* See Note 39

Okhahlamba Local Municipality

(Registration number KZN 235)

Annual Financial Statements for the year ended 30 June, 2024

Statement of Financial Performance for the period ended 30 June, 2024

Figures in Rand

Note(s)

2024

2023

Restated*

Revenue		2024	2023
Revenue from exchange transactions			
Service charges	17	1,915,637	1,704,196
Rendering of services		354,020	438,420
Contract revenue		7,826,087	8,658,942
Rental of facilities and equipment		1,154,208	673,049
Interest on outstanding debtors		866,737	485,127
Agency services	21	4,339,272	4,313,961
Other income	20	139,103	163,896
Interest received	26	5,635,247	4,664,454
Total revenue from exchange transactions		22,230,311	21,102,045
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	16	28,796,909	30,187,849
Property rates - penalties imposed	16	8,169,437	5,715,577
Transfer revenue			
Government grants	18	229,493,187	222,810,634
Public contributions and donations	19	-	60,000
Fines, Penalties and Forfeits		1,943,050	971,890
Government subsidies		3,373,422	3,222,000
Total revenue from non-exchange transactions		271,776,005	262,967,950
Total revenue		294,006,316	284,069,995
Expenditure			
Employee related costs	23	(132,070,532)	(122,157,810)
Remuneration of councillors	24	(12,456,380)	(11,459,576)
Employee benefits	6	(741,000)	(597,000)
Depreciation and amortisation	27	(31,192,378)	(25,822,336)
Finance costs	28	-	(200,681)
Lease rentals on operating lease	25	(1,806,682)	(3,064,145)
Debt Impairment		(14,703,655)	(8,183,902)
landfill site		-	(1,182,574)
General Expenses	22	(92,763,826)	(87,442,195)
Total expenditure		(285,734,453)	(260,110,219)
Operating surplus		8,271,863	23,959,776
Gain/(loss) on disposal of assets and liabilities		951,159	(1,536,351)
Actuarial gains/(losses)	6	(301,000)	1,202,000
Impairment loss	3	(802,290)	(5,774,051)
Surplus for the year		8,119,732	17,851,374

* See Note 39

Okhahlamba Local Municipality
 (Registration number KZN 235)
 Annual Financial Statements for the year ended 30 June, 2024

Statement of Changes in Net Assets for the year ended 30 June, 2024

Figures in Rand		Total net assets	
	Accumulated surplus / deficit	Total net assets	
Opening balance as previously reported	465,983,144	465,983,144	
Adjustments			
Prior year restatements (note 39)	1,716,464	1,716,464	
Balance at 1 July, 2022 as restated*	467,699,608	467,699,608	
Changes in net assets			
Surplus for the period	17,851,374	17,851,374	
Total changes	17,851,374	17,851,374	
Restated* Balance at 1 July, 2023	485,550,981	485,550,981	
Changes in net assets			
Surplus for the period	8,119,732	8,119,732	
Total changes	8,119,732	8,119,732	
Balance at 30 June, 2024	493,670,713	493,670,713	

* See Note 39

Okhahlamba Local Municipality
(Registration number KZN 235)
Annual Financial Statements for the year ended 30 June, 2024

Cash Flow Statement

Figures in Rand

	2024	2023	Note(s)
			Restated*
Cash flows from operating activities			
Receipts			
Cash receipt from ratepayers and other	48,441,651	44,556,427	
Grants	227,895,057	219,047,194	
Interest income	5,635,247	4,664,454	
	<u>281,971,955</u>	<u>268,268,075</u>	
Payments			
Employee costs	(144,526,913)	(133,617,386)	
Suppliers	(99,955,500)	(76,978,930)	
Finance costs	-	(200,681)	
	<u>(244,482,413)</u>	<u>(210,796,997)</u>	
Net cash flows from operating activities	37,489,542	57,471,078	30
Cash flows from investing activities			
Purchase of property, plant and equipment	(51,899,300)	(65,034,993)	3
Proceeds from sale of property, plant and equipment	1,868,924	6,558	3
Purchase of other intangible assets	(148,599)	-	4
	<u>(50,178,975)</u>	<u>(65,028,435)</u>	
Cash flows from financing activities			
Finance lease payments	-	(5,650,517)	
	<u>-</u>	<u>(5,650,517)</u>	
Net increase/(decrease) in cash and cash equivalents	(12,689,433)	(13,207,874)	
Cash and cash equivalents at the beginning of the year	43,297,372	56,505,242	
Cash and cash equivalents at the end of the year	30,607,939	43,297,368	12

* See Note 39

Okhahlamba Local Municipality

(Registration number KZN 235)

Annual Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts for the year ended :

Budget on Accrual Basis		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												
Revenue from non-exchange transactions												
Taxation revenue												
Transfer revenue												
Revenue from non-exchange transactions												
Total revenue from exchange transactions												
Total revenue from non-exchange transactions												
Total revenue												
1,707,000	213,000	1,920,000	1,915,637	458,000	354,020	1,915,637	1,920,000	1,920,000	4,363	(103,980)	(4,363)	a)
602,000	(144,000)	458,000	354,020	7,826,087	7,826,087	7,826,087	7,826,087	7,826,087	-	246,208	246,208	b)
537,000	371,000	908,000	1,154,208	908,000	1,154,208	908,000	908,000	908,000	1,154,208	246,208	246,208	c)
430,000	272,000	702,000	866,737	702,000	866,737	702,000	702,000	702,000	866,737	164,737	164,737	d)
4,316,000	(291,000)	4,025,000	4,339,272	4,025,000	4,339,272	4,339,272	4,025,000	4,339,272	314,272	314,272	314,272	e)
6,000	123,000	129,000	139,103	129,000	139,103	129,000	129,000	129,000	139,103	10,103	10,103	f)
3,783,000	1,057,000	4,840,000	5,635,247	4,840,000	5,635,247	4,840,000	4,840,000	4,840,000	5,635,247	795,247	795,247	
11,381,000	9,427,087	20,808,087	22,230,311	11,381,000	14,222,224	22,230,311	20,808,087	22,230,311	1,422,224	1,422,224	1,422,224	
28,790,000	-	28,790,000	28,796,909	28,790,000	28,796,909	28,796,909	28,790,000	28,796,909	6,909	6,909	6,909	g)
5,952,000	1,044,000	6,996,000	8,169,437	6,996,000	8,169,437	6,996,000	6,996,000	6,996,000	1,173,437	1,173,437	1,173,437	
203,322,000	25,728,913	229,050,913	229,493,187	229,050,913	229,493,187	229,493,187	229,050,913	229,493,187	442,274	442,274	442,274	h)
633,000	(224,000)	409,000	1,943,050	409,000	1,943,050	1,943,050	409,000	1,943,050	1,534,050	1,534,050	1,534,050	i)
3,236,000	59,000	3,295,000	3,373,422	3,295,000	3,373,422	3,373,422	3,295,000	3,373,422	78,422	78,422	78,422	
241,933,000	26,607,913	268,540,913	271,776,005	268,540,913	271,776,005	271,776,005	268,540,913	271,776,005	3,235,092	3,235,092	3,235,092	
253,314,000	36,035,000	289,349,000	294,006,316	289,349,000	294,006,316	294,006,316	289,349,000	294,006,316	4,657,316	4,657,316	4,657,316	
(126,698,000)	-	(126,698,000)	(132,070,532)	(126,698,000)	(132,070,532)	(132,070,532)	(126,698,000)	(132,070,532)	(5,372,532)	(5,372,532)	(5,372,532)	j)
(11,334,000)	(1,218,000)	(12,552,000)	(12,456,380)	(12,552,000)	(12,456,380)	(12,456,380)	(12,552,000)	(12,456,380)	95,620	95,620	95,620	k)
(37,615,000)	6,420,000	(31,195,000)	(31,192,378)	(31,195,000)	(31,192,378)	(31,192,378)	(31,195,000)	(31,192,378)	2,622	2,622	2,622	p)
-	(810,000)	(810,000)	(802,290)	(810,000)	(802,290)	(802,290)	(810,000)	(802,290)	7,710	7,710	7,710	
(1,469,000)	(1,469,000)	(1,469,000)	-	(1,469,000)	-	-	(1,469,000)	-	1,469,000	1,469,000	1,469,000	l)
-	(1,820,000)	(1,820,000)	(1,806,682)	(1,820,000)	(1,806,682)	(1,806,682)	(1,820,000)	(1,806,682)	13,318	13,318	13,318	m)
(8,600,000)	(6,054,000)	(14,654,000)	(14,703,655)	(14,654,000)	(14,703,655)	(14,703,655)	(14,654,000)	(14,703,655)	(49,655)	(49,655)	(49,655)	n)
(54,526,000)	(18,171,000)	(72,697,000)	(92,763,826)	(72,697,000)	(92,763,826)	(92,763,826)	(72,697,000)	(92,763,826)	(20,066,826)	(20,066,826)	(20,066,826)	
(238,773,000)	(23,122,000)	(261,895,000)	(286,536,743)	(261,895,000)	(286,536,743)	(286,536,743)	(261,895,000)	(286,536,743)	(24,641,743)	(24,641,743)	(24,641,743)	
14,541,000	12,913,000	27,454,000	7,469,573	14,541,000	(19,984,427)	7,469,573	27,454,000	7,469,573	(19,984,427)	(19,984,427)	(19,984,427)	o)
-	-	-	951,159	-	951,159	951,159	-	951,159	951,159	951,159	951,159	
(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	(301,000)	p)
-	-	-	650,159	-	650,159	650,159	-	650,159	650,159	650,159	650,159	
14,541,000	12,913,000	27,454,000	8,119,732	14,541,000	(19,334,268)	8,119,732	27,454,000	8,119,732	(19,334,268)	(19,334,268)	(19,334,268)	

Okhahlamba Local Municipality

(Registration number KZN 235)

Annual Financial Statements for the year ended 30 June, 2024

Statement of Comparison of Budget and Actual Amounts for the year ended :

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts	Difference	Reference
	on comparable basis					
	budget and actual					
	actual					
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	14,541,000	12,913,000	27,454,000	8,119,732	(19,334,268)	

Reconciliation

Significant increase/decrease is explained below:

a) Rendering of services - There has been a significant decrease in the building plans applications, largely due to the economic conditions.

b) Rental of facilities and equipment - The Municipality concluded additional leases with the Sector Departments at the CSC. c) Interest on outstanding debtors - The Gross balances for refuse removal has increased due to the decrease in collection rate, therefore interest charges has increased.

d) Agency services - The number of drivers and learners licence applications increased in 2023/24, local drivers now prefer to use this station to register their vehicles.

e) Other income - The Municipality recovered fruitless and wasteful expenditure that was not budgeted for.

f) Interest income - The increase in repo rate led to the higher interest rates offered by financial institutions, the Municipality opened a call account to earn additional interest on unused funds.

g) Property rates penalties imposed - The Municipality charges 18% on outstanding gross balance, the property rates balance has a increased compared to 2023 balance, the rate payers are struggling to settle their accounts as they become due.

h) Government grants - the Municipality did not budget for the title deed restoration grant.

i) Fines, penalties and forfeits - The Municipality issued penalties on late completion of a construction project, the Municipality also conducted roadblocks as results of additional personnel.

j) Employee related costs - The implementation of upper limits gazette, the increase in leave days balances and the appointment of additional personnel has contributed to the line item exceeding the budget.

k) Remuneration of Councilors - MPAC chairperson was designated as full-time by the MEC for COGTA, this had financial implications and one councillor was not paid for part of the year.

l) Finance costs - The Municipality anticipated to complete all the process of securing a new long term lease in 2023/2024.

m) Debt impairment - The Municipality has revised the debt impairment provision for Government debt from 20% to 35%, the Municipality has been struggling to collect Government debt.

n) General Expenses - The contributing cost drivers were, wet fuel, electricity, telephones, maintenance of assets, security services, social events, EPWP etc. The Municipality fully spent the Disaster Recovery grant, some of the expenditure incurred was operational (i.e. repairs and maintenance), however the entire budget was treated as capital during the budget process. o) Gain on disposal of assets and liabilities - The Municipality disposed assets which were no longer needed for service delivery. p) Actuarial gains/(losses) - The expenditure as per the GRAP 25 valuation report, the Municipality could not budget for these since the report is prepared at year end.

Statement of Comparison of Budget and Actual Amounts for the year ended :

Budget on Accrual Basis					
Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

Statement of Financial Position
Assets

Capital Budget	34,234,000	24,173,000	58,407,000	52,047,899	(6,359,101)
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Capital Budget - The capital expenditure does not equal the budget because of the following reasons:

Motor vehicle purchase order was placed in 2022/2023 when it was budgeted for, however the vehicle had to be manufactured and was only delivered in 2023/2024.

The increase in landfill site cost as per the GRAP 19 valuation roll was accounted for in accordance to Changes in Existing Decommissioning, Restoration and Similar Liabilities, this was not budgeted for.

Small equipment, software's and some IT equipment were identified during the review of licences, repairs and maintenance, and small tools accounts, these were purchased used operational expenditure votes/ accounts, the review of these accounts resulted in identifying these capital assets sitting the operational expenditure accounts.

The Municipality fully spent the Disaster Recovery grant, some of the expenditure incurred was operational (i.e. repairs and maintenance), however the entire budget was treated as capital during the budget process.

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.

The significant accounting policies applied in the preparation of these annual financial statements are set out 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 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

Some assets are commonly described as "infrastructure assets". While there is no universally accepted definition of infrastructure assets, these assets usually display some or all of the following characteristics:

- (a) they are part of a system or network;
- (b) they are specialised in nature and do not have alternative uses;
- (c) they are immovable; and
- (d) they may be subject to constraints on disposal.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing 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.

Significant Accounting Policies

1.3 Property, plant and equipment (continued)

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.

Major spare parts and stand by equipment which are expected to be used for more than one accounting period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment is 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.

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

Item	Depreciation method	Average useful life (Years)
Buildings	Straight-line	30
Plant and machinery	Straight-line	3-5
Motor vehicles	Straight-line	7-10
Office equipment	Straight-line	3-10
IT equipment	Straight-line	3-10
Infrastructure	Straight-line	3-10
Roads - Gravel	Straight-line	3-10
Roads - Tar	Straight-line	10 - 15
Paving	Straight-line	5 - 30
Community	Straight-line	5 - 25
Solid waste disposal	Straight-line	5 - 30
Community Assets	Straight-line	5 - 30
Leased Assets	Straight-line	3-5

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

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

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

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

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

1.3 Property, plant and equipment (continued)

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 3).

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

1.4 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

1.4 Intangible assets (continued)

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3-5 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 intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.5 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

Significant Accounting Policies

1.5 Heritage assets (continued)

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.

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

After recognition as an asset, a class of heritage assets is carried at its 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).

1.6 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.

Significant Accounting Policies

1.6 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 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 counterpart 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 unissued 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.

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.

Significant Accounting Policies

1.6 Financial instruments (continued)

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.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions, where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Significant Accounting Policies

1.6 Financial instruments (continued)

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

1.6 Financial instruments (continued)

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the part previously carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification to the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions.

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 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.

Significant Accounting Policies

1.7 Leases (continued)

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.

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. The difference between the amounts recognised as an income and the contractual payments are recognised as an operating lease asset or liability.

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.

1.8 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

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

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

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

Useful life is either:

- 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.

Significant Accounting Policies

1.8 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 entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

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.

1.9 Tax

Value Added Tax

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Section 15(2)(a) of the Value Added Tax Act No 89 of 1991.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity 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 entity, 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 entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

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

- an entity'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.

Significant Accounting Policies

1.10 Employee benefits (continued)

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 entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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.

Significant Accounting Policies

1.10 Employee benefits (continued)

Multi-employer plans

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

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.

Significant Accounting Policies

1.10 Employee benefits (continued)

Long service awards

The municipality offers long service award/bonus to an employee that has completed the following periods:

5 years service = 5 days
10 years service = 10 days
15 years service = 20 days
20-45 years service = 30 days

The employees may elect to either take or encash the days, the encashment or taking of the leave must take place in the same year that employee qualifies for the recognition/long service leave

Based on previous experience, employees elect encashment of the days over taking leave days

An employee that has 5 or more years service with the municipality and leaves the service of the municipality for any reason whatsoever, excluding reasons relating to misconduct, shall receive a pro rata long service bonus for any uncompleted period stipulated above.

1.11 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 settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

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

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

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

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

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.

Significant Accounting Policies

1.11 Provisions and contingencies (continued)

- 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 a 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 33.
- 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 judgments. Indications that an outflow of resources may be probable are:
 - financial difficulty of the debtor;
 - 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, a 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.

Significant Accounting Policies

1.11 Provisions and contingencies (continued)

Landfill Rehabilitation Provision

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure.

The value of the provision is based on the expected future cost to rehabilitate of the landfill site.

The municipality has an obligation to rehabilitate these landfill sites. The cost of such property includes the initial estimate of the cost of rehabilitating the land and restoring the site on which it is located, the obligation which the municipality incurs as a consequence of having used the property during a particular year for landfill purposes. The municipality estimates the useful lives and makes assumption to the useful lives of these assets, which influences the provision for future costs.

The asset is measured using the cost model:

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

1.12 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial

statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Salary commitments relating to employment contracts are excluded. Commitments are disclosed inclusive of VAT

1.13 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).

Significant Accounting Policies

1.13 Revenue from exchange transactions (continued)

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 the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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

1.14 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 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.

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.

Significant Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

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.

Fines (IGRAP 1)

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.

1.15 Rates and taxes

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.16 Government grants and receipts

Unconditional Grants

Equitable share allocations are recognised in revenue as and when the allocation is received.

Conditional Grants

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

1.17 Investment income

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

1.18 Accounting by principals and agents

Identification

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

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

1.18 Accounting by principals and agents (continued)

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.19 Comparative figures

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

1.20 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.

1.20 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is:

- (a) expenditure incurred by the Municipality or Municipal entity in contravention of, or that is not in accordance with, requirement of this act, and which has not been condoned in terms of section 170.
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, requirement of the Municipal System Act, and which has not been condoned in terms of that Act.
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office - Bearers Act, 1998 (Act No. 20 of 1998)

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 excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure incurred is disclosed inclusive of VAT.

1.23 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 2023-07-01 to 2024-06-30.

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.

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Significant Accounting Policies

1.24 Related parties (continued)

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.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.25 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.

1.26 Significant judgments 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 judgments include:

Impairment testing

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.

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 14 - Provisions.

Allowance for doubtful debts

The Municipality's management in exercising reasonable judgement in determining the provision for doubtful debt has considered GRAP 104, the assessment of the debtors and taking into account the risk factors presented by the debtors (type of debtor, amounts owing, payments history, economic indicators). Changes to the assumptions used are accounted for as a change in accounting estimates in terms of GRAP 3.

Review of useful lives of property, plant and equipment and intangible assets

The useful lives of assets are based on management's estimation. Management considers whether there is any indication that expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. These changes in the composition, condition and nature of the asset, its susceptibility and adaptability to changes in technology and processes, the nature of the processes and environment in which the asset is deployed, availability of funding to replace the asset and changes in the market in relation to the asset, as well as planned repairs and maintenance including refurbishments.

Trade receivables / Held to maturity investments and/or loans and receivables.

1.26 Significant judgements and sources of estimation uncertainty (continued)

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

Employee Benefits

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

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 obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for Long Service Award obligations are based on current market conditions. Additional information is disclosed in Note 6.

1.27 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

1.27 Statutory receivables (continued)

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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

1.28 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Significant Accounting Policies

1.28 Cash and cash equivalents (continued)

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.29 Segment information

A segment is an activity of an entity:

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

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.30 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

1.30 Construction contracts and receivables (continued)

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

The Municipality uses the proportion that contract cost incurred for the work performed to date bear to the estimated total contract cost as the stage of completion.

1.31 Prior period errors

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. Financial statements do not comply with Standards of GRAP if they contain either material errors or immaterial errors made intentionally to achieve a particular presentation of an entity's financial position, financial performance or cash flows. Potential current period errors discovered in that period are corrected before the financial statements are authorised for issue. However, material errors are sometimes not discovered until a subsequent period, and these prior period errors are corrected in the comparative information presented in the financial statements for that subsequent period.

Material prior period errors are corrected retrospectively in the first set of financial statements authorised for issue after their discovery by

Restating the comparative amounts for the prior period(s) presented in which the error occurred; or

If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

When it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable (which may be the current period).

1.32 Materiality

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.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.33 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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Significant Accounting Policies

1.33 Borrowing costs (continued)

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.34 Off setting

Assets and liabilities, revenue and expenses should not be offset; these items should be reported separately. Offsetting is permitted only if it is required or permitted by other standards of GRAP (GRAP 25), Legislation or where offsetting reflects the substance of the transaction or the event

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July, 2024 or later periods:

Standard/ Interpretation:	Effective date: after Years beginning on or	Expected impact:
• GRAP 107 Mergers	1 April, 2025	Unlikely there will be a material impact
• GRAP 106 Transfer of Functions Between Entities Not Under Common Control	1 April, 2025	Unlikely there will be a material impact
• GRAP 105 Transfer of Functions Between Entities Under Common Control	1 April, 2025	Unlikely there will be a material impact
• GRAP 2023 Improvements to the Standards of GRAP 2023	1 April, 2099	assessed Impact is currently being material impact
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	1 April, 2099	assessed Impact is currently being material impact
• GRAP 103 (as revised): Heritage Assets	1 April, 2099	assessed Impact is currently being material impact
• GRAP 22 Foreign Currency Transactions and Advance Consideration	1 April, 2025	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	1 April, 2025	assessed Impact is currently being material impact

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3. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	13,175,709	-	13,175,709	13,175,709	-	13,175,709
Buildings	272,995,755	(73,081,390)	199,914,365	265,769,395	(62,847,348)	202,922,047
Plant and machinery	11,311,368	(6,734,616)	4,576,752	11,034,985	(5,453,099)	5,581,886
Motor vehicles	42,243,609	(37,920,238)	4,323,371	48,546,439	(42,388,622)	6,157,817
Office equipment	8,606,255	(6,330,071)	2,276,184	8,240,176	(5,472,712)	2,767,464
IT equipment	5,368,255	(3,004,076)	2,364,179	5,105,213	(2,579,305)	2,525,908
Infrastructure	373,481,816	(111,805,540)	261,676,276	331,729,470	(95,824,569)	235,904,901
Community	15,289,692	(14,902,076)	387,616	14,700,776	(14,309,706)	391,070
Total	742,472,459	(253,778,007)	488,694,452	698,302,163	(228,875,361)	469,426,802

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Additions (Work in Progress)	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	13,175,709	-	-	-	-	-	-	13,175,709
Buildings	202,922,047	-	7,516,869	(271,008)	(19,500)	(10,137,078)	(96,965)	199,914,365
Plant and machinery	5,581,886	336,656	-	(6,707)	-	(1,335,083)	-	4,576,752
Motor vehicles	6,157,817	790,766	-	(634,529)	-	(1,990,683)	-	4,323,371
Office equipment	2,767,464	378,031	-	(72)	-	(869,239)	-	2,276,184
IT equipment	2,525,908	555,215	-	(5,449)	-	(711,495)	-	2,364,179
Infrastructure	235,904,901	-	41,752,347	-	-	(15,845,062)	(135,910)	261,676,276
Community	391,070	569,416	-	-	19,500	(22,954)	(569,416)	387,616
	469,426,802	2,630,084	49,269,216	(917,765)	-	(30,911,594)	(802,291)	488,694,452

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Additions (Work in Progress)	Disposals	Fair value donations	Other changes, movements	Depreciation	Impairment loss	Total
Land	13,175,709	-	-	-	-	-	-	-	13,175,709
Buildings	195,360,206	-	16,690,287	(47,602)	-	-	(8,331,205)	(749,639)	202,922,047
Plant and machinery	5,937,049	297,964	739,894	(165,516)	-	(160,114)	(1,050,717)	(16,674)	5,581,886
Motor vehicles	7,103,942	1,378,711	-	(1,875)	-	-	(2,322,961)	-	6,157,817
Office equipment	2,669,925	1,022,710	-	(30,990)	-	-	(894,181)	-	2,767,464
IT equipment	1,959,589	1,276,345	-	(101,950)	60,000	-	(668,076)	-	2,525,908
Infrastructure	210,282,438	-	41,288,210	(976,414)	-	-	(12,182,580)	(2,506,753)	235,904,901
Community	643,637	2,500,986	-	(199,040)	-	-	(53,527)	(2,500,986)	391,070
	437,132,495	6,476,716	58,718,391	(1,523,387)	60,000	(160,114)	(25,503,247)	(5,774,052)	469,426,802

Pledged as security assets

The Municipality has fully settled all finance leases in 2022/2023.

Donations

The Municipality received the following donations with the fair value of R Nil (2023 : R 60 000)

IT equipment from KwaZulu Natal Department of Sports, Arts and Culture with a fair value of R 60 000.

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3. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Bergville Vehicle Testing Pit
Bergville athletic track
Bergville CSC Tuckshop

1,851,713	1,851,713
1,624,840	1,624,840
1,555,405	1,555,405
5,031,958	5,031,958

There has been no movements in the above projects in the 2023/2024 financial year. These assets were assessed for any indication for impairment, there were no indications that the assets were impaired. The assessment was conducted by an independent third party.

The projects have not been completed due to unavailability of funding. The Municipality has been successful in sourcing funds for the completion of the athletic track for 2024/2025 financial year.

Reconciliation of Work-in-Progress 2024

Opening balance	71,872,552	71,872,552
Additions/capital expenditure	49,269,214	49,269,214
Disposals	-	(271,008)
Transferred to completed projects	(94,122,682)	(109,794,356)
Total	11,076,402	11,076,402

Reconciliation of Work-in-Progress 2023

Opening balance	68,006,340	68,006,340
Additions/capital expenditure	58,718,391	58,718,391
Other movements [operational expenditure]	(160,113)	(160,113)
Transferred to completed projects	(22,732,266)	(29,413,731)
Total	71,872,552	71,872,552

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3. Property, plant and equipment (continued)

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

	2024	2023
Amount paid to employees	6,256,231	6,172,748
Amount paid to suppliers	5,194,987	5,489,667
Materials	12,075,240	4,021,724
Fuel and oil	3,555,973	4,223,282
Total	27,082,431	19,907,421

Repairs and Maintenance on Property, Plant and Equipment is detailed as follows

Amount paid to suppliers R 5 194 987 (2023: R 5 489 667), is included in general expenses (note 22) as sub-contracting services in the Statement of Financial Performance.

Employee related cost is the amount incurred on employees R 6 256 231 (2023: R 6 172 748), included in the employee related cost in the Statement of Financial Performance.

Materials amounting to R 12 075 240 (2023: R 4 021 724) are included in the general expenses (note 22) as consumables in the Statement of Financial Performance. Included in materials is joint pipes, culverts and precast wall wings used in the maintenance of roads and infrastructure

Fuel and oil amounting to R 3 555 973 (2023: R 4 223 282) is included in general expenses (note 22) in the statement of Financial performance.

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4. Intangible assets

	2024	2023			
Cost / Valuation	Accumulated amortisation and accumulated impairment	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	
2,683,003	(2,108,761)	574,242	2,534,404	(1,827,977)	706,427

Computer software, other

Reconciliation of intangible assets - 2024

Opening balance	Additions	Amortisation	Total
706,427	148,599	(280,784)	574,242

Computer software, other

Reconciliation of intangible assets - 2023

Opening balance	Disposals	Amortisation	Total
1,045,038	(19,522)	(319,089)	706,427

Computer software, other

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5. Heritage assets

	2024		2023	
	Cost / Valuation	Accumulated impairment losses	Cost / Valuation	Accumulated impairment losses
Art Collections, antiquities and exhibits	93,660	-	93,660	-
Reconciliation of heritage assets 2024				
				Opening balance
Art Collections, antiquities and exhibits			93,660	93,660
Reconciliation of heritage assets 2023				
				Opening balance
Art Collections, antiquities and exhibits			93,660	93,660

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6. Employee benefit obligations

Defined contribution plan

Post retirement pension plan

The Municipality's personnel are members of one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. As the aforementioned funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined.

Furthermore, disclosure of further details such as actuarial assumptions cannot be attributed to any specific municipality and is of no relevance to the users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution plans.

An independent valuer carries out statutory valuation of the NJMPF on a triennial basis and an interim valuation on an annual basis. The 2024 interim valuations have not been released.

Long Service Awards

The independent valuers carried out a statutory valuation on the Long Service Awards benefit as at 30 June 2024.

The principal actuarial assumptions used were as follows:

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

	2024	2023
Carrying value	(5,887,682)	(5,887,682)
Opening Balance	(5,887,682)	(6,568,285)
Interest cost	(741,000)	(597,000)
Expected employee benefit payment/current service cost	(725,000)	(824,000)
Actuarial gain/(loss)	(301,000)	1,202,000
Less municipally paid benefits	1,076,176	899,603
Non-current liabilities	(6,245,506)	(4,992,682)
Current liabilities	(333,000)	(895,000)
Active members	373	354

Summary of key economic assumptions(p.a.)

	2024	2023
Discount rate	12.59 %	11.47 %
Salary inflation	8.82 %	7.85 %
Net discount rate	3.46 %	3.36 %

Net expense recognised in the statement of financial performance

	2024	2023
Interest cost	741,000	597,000
Expected employee benefit payment/current service cost	725,000	824,000
Actuarial (gain)/loss	301,000	(1,202,000)
	1,767,000	219,000

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	2024	2023
7. Operating lease		
Current assets	105,456	86,302
Present Value of minimum lease payments		
-Within one year	1,261,499	1,045,870
- in second to fifth year	1,930,561	2,976,431
	2,976,431	4,237,930

The Municipality entered into an operating lease agreement for a period of 5 years with SASSA, leasing out office space in Dukuzu Thungong and Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance. The average lease term is 5 years with 6% escalation.

The Municipality entered into an operating lease agreement for a period of 5 years with IEC, leasing out office space in Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance. The average lease term is 5 years with 0% escalation. The rental is fixed for the duration of the contract.

The Municipality entered into an operating lease agreement for a period of 5 years with the Department of Labour, leasing out office space in Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance. The average lease term is 5 years with 6% escalation.

The Municipality entered into an operating lease agreement for a period of 5 years with Department of Agriculture, leasing out office space in Community Service Centre and a monthly rental income is accounted for in the Statement of Financial Performance. The average lease term is 5 years with 6% escalation.

Please refer note 29 for operating leases where the Municipality is a lessee.

8. Receivables from exchange transactions

Prepayments (landfill site lease, License fees) - Current	1,233,193	1,932,770
Accrued interest & agency fees receivables	222,396	240,995
VAT control	1,727,742	943,939
VAT input accrual	6,436,526	9,960,887
Prepayments (landfill site lease) - Non-Current	277,778	555,556
Non-current assets	277,778	555,556
Current assets	9,619,857	13,078,591
	9,897,635	13,634,147

Statutory receivables included in receivables from exchange transactions above are as follows:

VAT input accrual	6,436,526	9,960,887
VAT control	1,727,742	943,939
	8,164,268	10,904,826

Other non-financial asset receivables included in receivables from exchange transactions above are as follows:

Prepayments (landfill site lease, License fees)	1,510,971	2,488,326
	222,396	240,995

Financial asset receivables included in receivables from exchange transactions above

Total receivables from exchange transactions	9,897,635	13,634,147
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8. Receivables from exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

VAT is levied in terms of Value-Added Tax Act 89 of 1991.

Determination of transaction amount

15% of the Vatable/Taxable supply.

Statutory receivables impaired

The carrying amount of the receivable amount disclosed is not impaired.

9. Receivables from non-exchange transactions

Fines

Sundry Debtors

Staff Debtors

1,136,639	1,223,934
49,747	1,015,279
116,863	16,967
1,303,249	2,256,180

Statutory receivables included in receivables from non-exchange transactions above are as follows:

1,136,639	1,223,934
-----------	-----------

above

Financial asset receivables included in receivables from non-exchange transactions

-	960,000
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Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:

166,610	72,246
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Total receivables from non-exchange transactions

1,303,249	2,256,180
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9. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

Traffic fines are issued in terms of the Administrative Adjudication of Road Traffic Offences (AARTO Act) by way of notices to offenders which specify the value of the fine that must be paid.

Determination of transaction amount

Schedule 3 of the AARTO Regulations 2008 for charge codes and descriptions, penalties and their discounts, and demerit points.

Interest or other charges levied/charged

No interest charges on outstanding traffic fines, however warrant of arrest is issued on long outstanding traffic fines.

Statutory receivables impaired

As of 30 June, 2024, traffic fines of R 3 784 431 (2023: R 3 124 338) were impaired and provided for.

The amount of the provision was R 2 560 497 as of 30 June, 2024 (2023: R 1 987 700).

The net balance is R 1 223 934 as at 30 June 2024 (2023: R 1 136 639):

Factors the entity considered in assessing statutory receivables impaired

The Municipality accounts for traffic fines impairment in accordance with IGRAP1.

The Municipality assesses the average collection rate of the traffic fines over 11 years.

Reconciliation of provision for impairment for statutory receivables

Opening balance

Provision for impairment

(1,567,540)	(1,987,700)
(420,160)	(572,797)
(1,987,700)	(2,560,497)

Sundry debtors

Included in sundry debtors is a amount of R 49 747 (2023: R 49 747) that was not banked by the former employee, an amount of R 46 489 was recovered from the employee pension fund.

Included in sundry debtors is a amount of R 960 000 (2023: Nil) for the delay in the completion of the construction project in accordance to the penalty clause in the contract.

Included in sundry debtors is a amount of R 5 531 (2023: Nil) that relate to the monies collected by the cash management service provider to be deposited to the Municipality account, these monies have not reflected on the Municipal bank account.

Staff Debtors

The amount for staff debtor relates to employees who were overpaid during the financial year, UIFW recoveries and traffic fines paid recoveries. This is the amount due as at the 30 June 2024 R 16 967(2023: R 1 16 863).

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	2024	2023
10. Consumer debtors		
Gross balances		
Rates	48,678,691	45,820,520
Refuse	5,235,768	4,092,362
Other debtors	50,115,295	41,995,110
	104,029,754	91,907,992
Less: Allowance for impairment		
Rates	(32,822,775)	(28,299,239)
Refuse	(3,530,342)	(2,527,486)
Other debtors	(33,793,165)	(25,694,798)
	(70,146,282)	(56,521,523)
Net balance		
Rates	15,855,916	17,521,281
Refuse	1,705,426	1,564,876
Other debtors	16,322,130	16,300,312
	33,883,472	35,386,469
Statutory receivables included in consumer debtors above are as follows:		
Property rates	15,855,916	17,521,281
Financial asset receivables included in consumer debtors above	18,027,556	17,865,188
Total consumer debtors	33,883,472	35,386,469
Included in above is receivables from exchange transactions (Gross balances)	5,235,768	4,092,362
Included in above is receivables from non-exchange transactions (Gross balances)	28,647,704	31,294,107
Property rates	48,678,692	45,820,520
Other Debtors	50,117,853	41,997,669
	98,796,545	87,818,189
Gross balance	104,032,313	91,910,551
Rates	15,855,916	17,521,281
Refuse	1,705,426	1,564,876
Other Debtors	16,322,130	16,300,312
	16,322,130	16,300,312
Reconciliation of allowance for impairment		
Balance at beginning of the year	(56,521,523)	(48,885,883)
Contributions to allowance	(14,130,857)	(7,763,742)
Debt written off against allowance	506,098	128,102
	(70,146,282)	(56,521,523)

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10. Consumer debtors (continued)

Statutory receivables general information

Transaction(s) arising from statute

Property rates are charged in terms of Municipal Property Rates Act.

Determination of transaction amount

Property rates are determined by applying cents in the Rand on the market valuation as per the Council approved tariff policy (see note 16):

Interest or other charges levied/charged

Interest at a fixed rate of 18% per annum (2023: 18%) is levied on the rates outstanding one month after due date.

Basis used to assess and test whether a statutory receivable is impaired

Accounts with 0-90 days balance are not impaired as there is less doubt in the recoverability of the monies. This does not include unregistered land where the total debt is provided at 100%.

Significant debtors are identified and are tested for impairment individually.

Insignificant debtors are grouped as per their category (i.e. Commercial, Residential etc.) and tested for impairment as a group.

Reconciliation of provision for impairment

Relating specifically to Statutory Receivables

Opening balance
Provision for impairment

(26,107,380)	(28,299,239)
(2,191,859)	(4,523,536)
(32,822,775)	(28,299,239)

Receivables past due but not impaired

Relating specifically to Statutory Receivables

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June, 2024, R1 894 733 (2023: R 2 127 664) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Amount not past due or impaired	2,018,340
Amount past due but not impaired	1,894,733
Amount past due and impaired	2,127,664
	36,977,945

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June, 2024, R 3 333 370 (2023: R 3 728 040) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Amount not past due or impaired	3,042,962
Amount past due but not impaired	3,333,370
Amount past due and impaired	97,655,908
	84,631,212

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10. Consumer debtors (continued)

Consumer debtors impaired

As of 30 June, 2024, consumer debtors of R 97 655 908 (2023: R 84 631 212) were impaired and provided for. The amount of the provision was R 70 146 282 as of 30 June, 2024 (2023: R 56 521 523).

11. Consumer debtors disclosure

Gross balances		
Organ of the State	27,168,724	24,854,726
Commercial	7,288,390	6,757,952
Households	20,106,711	16,614,743
Other	49,468,415	43,683,083
104,032,240	91,910,504	
Less: Allowance for impairment		
Organ of the State	(9,109,346)	(4,623,579)
Commercial	(1,816,040)	(1,649,307)
Households	(16,118,037)	(13,043,712)
Other	(43,102,859)	(37,204,925)
(70,146,282)	(56,521,523)	
Net balance		
Organ of the State	18,059,378	20,231,147
Commercial	5,472,350	5,108,645
Households	3,988,674	3,571,031
Other	6,365,556	6,478,158
33,885,958	35,388,981	
Organ of state		
Current (0 - 30 days)	447,702	664,033
31 - 60 days	359,882	476,996
61 - 90 days	334,438	367,551
91 - 120 days	330,121	326,131
121 - 150 days	584,281	348,653
> 150 days	25,112,300	22,671,362
27,168,724	24,854,726	
Commercial		
Current (0 - 30 days)	822,121	709,751
31 - 60 days	227,102	308,584
61 - 90 days	185,700	241,929
91 - 120 days	167,307	203,050
121 - 150 days	216,004	182,262
> 150 days	5,670,155	5,112,376
7,288,389	6,757,952	

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11. Consumer debtors disclosure (continued)

Household		Other	
Current (0 - 30 days)	654,070	1,364,765	1,396,594
31 - 60 days	481,038	903,354	956,025
61 - 90 days	443,582	872,320	818,397
91 - 120 days	431,832	832,260	765,733
121 - 150 days	546,753	1,192,941	714,876
> 150 days	17,549,436	44,302,775	39,031,458
Total	20,106,711	49,468,415	43,683,083

Included in Other is Agricultural, Industrial, Tourism, Privately Developed Estates properties, unregistered land.

Credit balances R 5 481 072 (2023: R 5 308 515) have been added to the gross debtors and have been included in payables from exchange transactions note 15.

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12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	6,300	6,200
Bank balances	1,119,893	3,632,894
Short-term deposits	29,481,747	39,658,278
	30,607,940	43,297,372

The municipality had the following bank accounts

Account number / description	30 June, 2024	30 June, 2023	Cash book balances
Nedbank 03/7881154969/02 Call deposit	5,722,003	10,805,135	5,722,003
FNB 63096724133: Call account	4,318,159	-	4,318,159
First National Bank: 51660362710 Cheque Account	1,119,893	3,632,894	1,119,893
First National Bank:			
62752942063:Cheque Account	78,772	813,064	813,064
First National Bank:			
74484485427 Fixed Deposit	-	5,246,719	5,246,719
Absa Bank: 2074514859: Fixed Deposit	19,362,813	17,726,515	17,726,515
Investec : 1100463208500	-	5,066,844	5,066,844
Total	30,601,640	43,291,171	30,601,640

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Human Settlements Housing Grant	-	441,794
Housing Projects Grant	9,900,153	9,900,153
Extravaganza Grant	6,950	6,950
LGSETA and CETA	595,359	207,297
Small Town Rehabilitation Grant	-	1,544,398
KZN EDTEA grant	1,223	1,223
	10,503,685	12,101,815

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.

See note 18 for reconciliation of grants from National/Provincial Government.

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14. Provisions

Reconciliation of provisions - 2024

	2024	2023
Opening Balance	13,106,523	13,106,523
Additions	569,416	569,416
Payments	(479,424)	(479,424)
Total	13,675,939	13,675,939
Environmental rehabilitation	-	-
Legal proceedings	56,646	56,646
Performance Bonuses	648,483	648,483
Total	14,586,146	14,586,146

Reconciliation of provisions - 2023

	2023	2022
Opening Balance	10,702,023	2,500,986
Additions	2,500,986	(1,279,060)
Payments	(1,182,574)	1,182,574
Interest	-	-
Total	13,106,523	13,106,523
Environmental rehabilitation	790,371	490,123
Performance bonuses	(632,011)	(632,011)
Non-current liabilities	11,452,481	1,092,716
Current liabilities	1,922,716	2,302,525
Total	13,755,006	13,755,006

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate the landfill site used for waste disposal.

Balance of the provision for landfill site rehabilitation R 13 675 939 (2023: R 13 106 523).

Increase in the landfill site rehabilitation provision is R 569 416 (2023: R 2 500 986).

The Municipality expects to start with the rehabilitation of the landfill site in the 2024/25 financial year, no payment has been made in 2023/24 for professional fees (2023: R 1 279 060).

The provision for performance bonuses relates to the constructive obligation on payment of performance bonuses for section 57 employees in previous financial years.

The Municipality has been paying a performance bonus up to 14% of the total remuneration for section 57 employees.

The position for Director Social Services was filled in 2023/2024, this led to the increase in the provision.

The payment of performance bonuses is expected to be made in 2024/2025 after the approval by Council.

No reimbursements are expected on the provisions.

The provision for legal proceeding relates to the arbitration between the Municipality and a former employee that claimed unfair dismissal, the commissioner awarded in favour of the former employee. The award is dated 15 July 2024, the Municipality intends to appeal/object the award.

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	2024	2023
15. Payables from exchange transactions	40,522,666	46,518,746
Trade payables	2,972,786	5,088,479
Payments received in advance	5,481,072	5,308,515
Retention	13,314,874	17,981,061
Leave pay accrual	11,150,828	10,236,790
Unallocated Receipts	1,475,428	922,176
Sundry Payables	1,153,340	435,203
13th Cheque Accrual	3,419,601	3,212,035
VAT output accrual	1,554,737	3,334,487

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16. Property rates

Rates received

	2024	2023
Residential	8,075,228	11,299,043
Commercial	12,395,681	9,946,844
State	3,619,589	2,981,069
Municipal	1,196,466	1,014,755
Small holdings and farms	8,510,848	11,569,204
Communal Land	4,368,053	5,877,399
Other properties	3,502,862	5,541,809
Less: Income forgone	(12,871,818)	(18,042,274)
Property rates - penalties imposed	28,796,909	30,187,849
	36,966,346	35,903,426

Valuations

	2024	2023
Residential	1,689,391,800	1,719,248,800
Commercial	1,585,955,000	1,586,055,000
Public Purpose Service and State	461,821,000	461,811,000
Municipal	158,925,000	155,762,000
Small holdings and farms	7,097,835,000	7,207,969,000
Communal Land	916,649,000	912,412,000
Other	734,911,000	561,594,000
	12,645,487,800	12,604,851,800

Valuations on properties are performed every 5 years. The new general valuation came into effect on 1 July 2022. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Interim valuations have been received for the 2023/24 financial year.

Assessments rates are determined by applying the following cents in the Rand on the market valuation:

Property Category	Rate (cents in Rand)	Rate (cents in Rand)
Agriculture properties used for agriculture purposes	0.00119	0.00119
Business and commercial properties	0.00787	0.00643
Industrial properties	0.00754	0.00643
Municipal properties, land reform, informal settlements, public worship	0.00754	0.00643
Public service infrastructure	0.00119	0.01841
Residential purpose	0.00477	0.00643
Communal land	0.00477	0.00643
Vacant land	0.00763	-
Rebates granted to:		
Agriculture and agricultural small holdings	20 %	20 %
Place of Worship, Communal Land and Municipal properties	100 %	100 %
Public service infrastructure	100 %	100 %
Residential small holdings and rural residential	20 %	20 %
Tourism and hospitality	25 %	25 %
Protected areas	100 %	100 %

A rebate is granted in terms of the Municipal Property Rates Act on the first R15 000 of the market value of all residential properties. Public Service Infrastructure are permitted a 100% impermissible exemption.

An additional rebate is allowed on the next R85 000 of the market value of all properties within a residential category. A 20% rebate is allowed for other properties based on the category of the property.

Pensioners and disabled rate payers receive a 50% rebate on application. 100% indigent rebates are offered to qualifying applicants with total household income not exceeding R 4 710 per month. A 5% discount is applicable to rates settled on calculation, application and paid in advance for a specific financial year.

Refuse removal

17. Service charges

Rates are levied on an annual basis over 12 monthly installments with the final date for payment being 31 July 2024. Penalties at a fixed rate of 18% per annum (2023: 18 %) is levied on the rates outstanding one month after due date.

16. Property rates (continued)

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1,915,637	1,704,196
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2024	2023
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18. Government grants & subsidies

Operating grants

Equitable Share

Financial Management Grant (FMG)

Title deed restoration

Expanded Public Works Programme (EPWP)

158,616,000	149,733,000
1,850,000	1,850,000
441,789	-
2,437,000	3,638,000
163,344,789	155,221,000

Capital grants

Municipal Infrastructure Grant (MIG)

Small Town Rehabilitation Grant

Light industrial hub grant

Disaster Relief Grant

30,956,000	47,791,000
8,644,398	14,355,602
-	5,443,032
26,548,000	-
66,148,398	67,589,634
229,493,187	222,810,634

Equitable Share

Current-year receipts

158,616,000	149,733,000
-------------	-------------

In terms of the Constitution of South Africa, this grant is used to subsidise provision for basic services and for the municipality's operations.

Finance Management Grant (FMG)

Current-year receipts

Conditions met - transferred to revenue

1,850,000	1,850,000
(1,850,000)	(1,850,000)
-	-

This grant was used for implementation of MSCOA, physical verification of assets, Municipal Finance Management Programme and payments of finance interns. No funds were withheld.

Human Settlements Housing Grant

Balance unspent at beginning of year

Current-year receipts

Conditions met - transferred to revenue

Other

The grant is for title deeds for Gugulethu RDP houses.

441,794	441,794
2,485,028	-
(441,794)	-
(2,485,028)	-
441,794	-

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18. Government grants & subsidies (continued)

Municipal Infrastructure Grant (MIG)

Current-year receipts	30,956,000	47,791,000
Conditions met - transferred to revenue	(30,956,000)	(47,791,000)
	-	-

The grant is for the implementation of projects approved by MIG. No funds were withheld.

Housing Projects Grant

Balance unspent at beginning of year	9,900,153	9,900,153
--------------------------------------	-----------	-----------

The monies were received between 2007 to 2009 for housing projects, there are ongoing engagements between the municipality, the KwaZulu Natal Department of Human Settlement and the KwaZulu Natal Provincial Treasury.

Extravaganza Grant

Balance unspent at beginning of year	6,950	6,950
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	6,950	6,950

Conditions still to be met - remain liabilities (see note 13).

This grant is for the organisation of Extravaganza festivities. No funds were withheld.

Local Government Sectoral Education and Training Authority Grant (LG SETA)

Balance unspent at beginning of year	207,297	515,135
Current-year receipts	1,820,326	3,126,874
Conditions met - transferred to revenue	(1,432,264)	(3,434,712)
	595,359	207,297

Conditions still to be met - remain liabilities (see note 13).

This grant is provided for the by LGSETA and CETA in implementing the National Skills Development Strategy for the provision of experiential training to further education and training of graduates and learnership programmes. The Municipality is an Agent to the arrangement with the training authorities. The training authorities transfers the monies to the Municipality to pay for stipends and for the entities implementing the programmes. The arrangement improves the lives of unemployed youth and graduates. No funds were withheld.

Integrated National Electrification Programme (INEP)

Current-year receipts	9,000,000	7,100,000
Conditions met - transferred to revenue	(9,000,000)	(7,100,000)
	-	-

The Municipality constructs powerlines for Eskom, upon completion of the projects Eskom takes ownership of these assets. The Municipality does not have a licence to distribute or sell electricity. The transactions are treated in accordance to GRAP 11: Contraction contracts.

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	2024	2023
18. Government grants & subsidies (continued)		
Small town Rehabilitation		
Balance unspent at beginning of year	1,544,398	5,000,000
Current-year receipts	7,100,000	10,900,000
Conditions met - transferred to revenue	(8,644,398)	(14,355,602)
	1,544,398	1,544,398
This grant is for the construction of the Light Industrial Hub Phase 2 and 3. No funds were withheld.		
Expanded Public Works Programme (EPWP)		
Current-year receipts	2,437,000	3,638,000
Conditions met - transferred to revenue	(2,437,000)	(3,638,000)
	-	-
This grant is for the operational costs of the co-operative Extended Public Works Programme.		
Economic Development Tourism Environmental Affairs (EDTEA) Grant		
Balance unspent at beginning of year	1,223	1,223
Conditions still to be met - remain liabilities (see note 13).		
This grant is for purchase of materials and equipment for local emerging suppliers. No funds were withheld.		
Disaster Relief Grant		
Current-year receipts	26,548,000	-
Conditions met - transferred to revenue	(26,548,000)	-
	-	-
The grant is for the rehabilitation and regravelling of roads that were damaged by the floods.		
19. Public contributions and donations		
Public contributions and donations	-	60,000
The Municipality received the following donation with the fair value of R Nil in 2024 (2023: R 60 000).		
IT equipment from KwaZulu Natal Department of Sports, Arts and Culture with a fair value of R 60 000.		
20. Other income		
Business Licenses	7,904	25,826
Fees for photocopies and subscriptions	30,715	22,061
Rates Clearance	47,653	49,740
Tenders	21,180	28,609
Valuation Roll	2,435	217
Taxi Rank Fees	21,149	17,676
Sundry Revenue	8,067	19,767
	139,103	163,896

Included in Sundry revenue is the amount of fruitless and wasteful expenditure recovered in 2023/2024 see note 41.

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	2024	2023
21. Agency services		
Drivers Licenses	2,464,830	2,758,200
Vehicle Registration	1,874,442	1,555,761
	4,339,272	4,313,961

The Municipality receives 10% (2023: 8.62%) on amounts collected for vehicle registrations since this is the function of the Department of Transport.

22. General expenses

Audit committee fees	329,944	249,877
Advertising	270,571	462,627
Auditors remuneration	3,058,591	2,758,607
Bank Charges	39,294	41,968
Communications and public relations	160,379	-
Consulting and professional Services	4,850,485	4,118,322
Consumables	14,067,360	5,778,738
Disaster and emergencies	378,093	591,301
Education support	1,271,015	378,047
Sub-contracting services	5,227,852	5,489,667
Refreshments	397,808	500,629
Pound	150,417	231,897
Insurance	1,441,591	1,584,301
Conferences and seminars	52,118	80,900
IT expenses	3,651,434	2,379,618
Paper burials	596,164	411,574
Medical expenses	47,100	60,674
Rental of offices and office machines	1,657,819	903,550
Fuel and oil	6,995,028	8,510,843
Postage and courier	16,234	16,369
Printing and stationery	1,360,053	1,010,222
License fees	1,554,481	1,569,978
Strategic planning	308,022	531,971
Security (guarding of municipal properties)	9,124,067	8,347,235
Subscriptions and membership fees	1,319,597	1,252,111
Telephone and fax	3,636,066	5,071,188
Training	572,560	445,176
Subsistence and travelling reimbursement	1,756,795	1,383,508
Electricity	3,803,508	3,297,992
Water	277,392	265,088
Uniform	1,267,607	798,187
Tourism Development	186,786	-
SMMET's support	6,581,552	13,309,272
Free basic electricity	620,653	328,031
Ward committee	1,711,071	1,756,655
Public participation	5,818,871	4,573,243
Valuation expense	143,780	122,607
Scholar patrol	235,581	171,280
Contract costs	7,826,087	8,658,942
	92,763,826	87,442,195

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23. Employee related costs

	2024	2023
Basic	85,739,204	85,739,204
Bonus	7,383,325	6,818,460
Medical aid - company contributions	3,349,336	2,817,598
Unemployment Insurance Fund (UIF)	713,264	690,474
Women's Compensation Fund (WCF)	817,816	997,813
Skills Development Levy (SDL)	1,036,315	946,020
Leave pay provision charge	1,599,561	2,534,210
Overtime payments	3,599,668	2,874,304
Long-service awards	725,000	824,000
Car allowance	4,237,136	3,553,215
Housing benefits and allowances	410,568	440,966
SALGA	50,585	46,667
Post employee benefits- Pension	15,007,619	13,874,879
132,070,532	122,157,810	

Remuneration of Municipal Manager

Annual Remuneration	1,331,158	1,298,734
Car Allowance	192,000	192,000
Performance Bonuses	192,875	187,252
1,716,033	1,677,986	

Remuneration of Chief Finance Officer

Annual Remuneration	1,040,758	907,815
Car Allowance	216,000	216,000
Performance Bonuses	101,800	38,436
1,358,558	1,162,251	

Remuneration of Director Social Services

Annual Remuneration	987,071	798,491
Car Allowance	216,000	140,000
Performance Bonuses	92,374	153,744
Housing allowance	-	100,000
1,295,445	1,192,235	

Remuneration of Director Technical Services

Annual Remuneration	993,694	623,655
Car Allowance	226,835	105,612
Housing allowance	-	88,500
Performance Bonuses	52,785	98,835
1,273,314	916,602	

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	2024	2023
23. Employee related costs (continued)		
Remuneration of Director Corporate Services	999,772	683,925
Annual Remuneration	216,000	108,000
Car Allowance	39,589	153,744
Performance Bonuses	1,255,361	945,669
24. Remuneration of councillors		
Councillors	12,337,144	11,348,081
SDL and UIF	119,236	111,495
Mayor		
Annual remuneration	954,073	900,013
Cellphone allowance	53,208	41,100
SDL	10,073	9,411
Deputy Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	8,202	7,606
Speaker		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Exco		
Annual remuneration	1,143,582	1,112,207
Travel allowance	54,000	13,500
Cellphone allowance	159,624	123,300
Subsistence and travel reimbursements	-	6,084
SDL	13,494	12,510
Councillors		
Annual remuneration	6,876,298	6,590,176
Travel allowance	259,226	88,000
Cellphone allowance	1,204,199	958,483
SDL	80,383	75,395
Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Deputy Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	8,202	7,606
Speaker		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Exco		
Annual remuneration	1,143,582	1,112,207
Travel allowance	54,000	13,500
Cellphone allowance	159,624	123,300
Subsistence and travel reimbursements	-	6,084
SDL	13,494	12,510
Councillors		
Annual remuneration	6,876,298	6,590,176
Travel allowance	259,226	88,000
Cellphone allowance	1,204,199	958,483
SDL	80,383	75,395
Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Deputy Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	8,202	7,606
Speaker		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Exco		
Annual remuneration	1,143,582	1,112,207
Travel allowance	54,000	13,500
Cellphone allowance	159,624	123,300
Subsistence and travel reimbursements	-	6,084
SDL	13,494	12,510
Councillors		
Annual remuneration	6,876,298	6,590,176
Travel allowance	259,226	88,000
Cellphone allowance	1,204,199	958,483
SDL	80,383	75,395
Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Deputy Mayor		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	8,202	7,606
Speaker		
Annual remuneration	763,259	719,551
Cellphone allowance	53,208	41,100
SDL	7,084	6,573
Exco		
Annual remuneration	1,143,582	1,112,207
Travel allowance	54,000	13,500
Cellphone allowance	159,624	123,300
Subsistence and travel reimbursements	-	6,084
SDL	13,494	12,510
Councillors		
Annual remuneration	6,876,298	6,590,176
Travel allowance	259,226	88,000
Cellphone allowance	1,204,199	958,483
SDL	80,383	75,395

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24. Remuneration of councillors (continued)

In-kind benefits

The Mayor, Deputy Mayor, and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has 2 full-time bodyguards and the use of a Council owned vehicle.

The Deputy Mayor has 2 full-time bodyguards and the use of a Council owned vehicle.

The Speaker has 2 full-time bodyguards and the use of a Council owned vehicle.

The MPAC chairperson uses Council owned vehicle.

Accounting Officers' certification of Councillors remuneration

The Accounting Officer certifies that the salaries, allowances and benefits of Councillors as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution read with the Remuneration of Public Office Bearers Act.

Subsistence and travelling reimbursement

The councillors' subsistence and travelling reimbursement R Nil (2023: R 6 084) is included under general expenses in the statement of Financial Performance.

25. Debt impairment

Debt impairment - Consumer debtors

14,130,857	7,763,742
572,798	420,160
14,703,655	8,183,902

Debt impairment-Traffic fines

Debt impairment for consumer debtors is R 14 130 857 (2023: R 7 763 742). Increase in provision from (2023: 56 521 523- R 506 098) to (2024: R 70 146 282). An amount of R 506 098 (2023: R 128 102) was written off against the debt impairment.

Debt impairment for traffic fines is R 572 798, the provision increased from June 2023: R 1 987 700 to 30 June 2024: R 2 560 497

26. Interest received

Interest revenue

1,663,717	1,654,673
3,971,530	3,009,781
5,635,247	4,664,454

Interest received - Current Account

Interest received - Investments

27. Depreciation and amortisation

Property, plant and equipment

30,911,594	25,503,247
280,784	319,089
31,192,378	25,822,336

Intangible assets

Refer to reconciliation in note 3 and 4 for further details. Depreciation and amortisation is calculated over the useful life of the asset and reflects the realisation of that asset through continued use.

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28. Finance costs

Finance leases	-	200,681
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29. Operating lease

The Municipality entered into a 3 year lease with Transnet for the lease of land where the Light industrial hub is constructed. The average lease term was 3 years with 9% escalation. Monthly rental expenditure is accounted for in the Statement of Financial Performance. The average lease term is 3 years with 9% escalation.

The Municipality entered into an operating lease agreement as from 28 June 2023 for a period of 3 years with Yuretek, leasing photocopier machines and a monthly rental expense is accounted for in the Statement of Financial Performance. The average lease term is 3 years with 0% escalation. The rental is fixed for the duration of the contract.

The Municipality further entered into an operating lease agreement as from 01 July 2017 for a period of 9 years with MZ Hlatshwayo. Leasing a land for the pound and landfill site. The payments were made in two equal payments within 2 financial years starting from the 2017/2018 and 2018/2019 financial years. Operating lease payment is accounted for in the Statement of Financial Performance and prepaid expense is accounted for in the Statement of Financial Position. The lease term is 9 years with 0% escalation.

Minimum Lease Due - Photocopier

1 year	1,397,780	1,397,780
> 2 years	1,397,780	2,795,561
	2,795,560	4,193,341

Minimum Lease Due - Light industrial hub land

1 year	162,830	149,385
> 2 years	13,663	176,493
	176,493	325,878

30. Cash generated from operations

Surplus	8,119,732	17,851,374
Adjustments for:		
Depreciation and amortisation	31,192,378	25,822,336
Gain/(loss) on sale of assets and liabilities	(951,159)	1,536,351
Finance costs - Finance leases	-	200,681
Finance costs	-	-
Impairment deficit	802,290	5,774,051
Debt impairment	14,703,655	8,183,902
Movements in operating lease assets and accruals	(19,154)	3,307
Movements in retirement benefit assets and liabilities	690,824	(680,603)
Movements in provisions	831,140	2,262,612
Donation received	-	(60,000)
Changes in working capital:		
Receivables from exchange transactions	3,736,512	(4,147,185)
Consumer debtors	(13,200,659)	(12,947,571)
Other receivables from non-exchange transactions	(952,931)	5,112,969
Payables from exchange transactions	(5,864,956)	12,322,295
Unspent conditional grants and receipts	(1,598,130)	(3,763,441)
	37,489,542	57,471,078

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31. Construction Contracts

Construction contracts revenue
Contract Revenue INEP
Contract Revenue Housing

2024	6,173,913	7,826,087
2023	2,485,029	8,658,942

Construction contracts costs (included in General expenses)
Contract costs INEP
Contract Cost Housing Grant

2024	(6,173,913)	(7,826,087)
2023	(2,485,029)	(8,658,942)

32. Commitments

Authorised capital expenditure

- Approved & contracted for
- Capital projects already contracted for

2024	85,934,046	36,234,789
2023	85,934,046	36,234,789

Authorised operational expenditure

- Approved & contracted for
- Operational projects already contracted for

2024	13,026,493	18,367,862
2023	13,026,493	18,367,862

Approved but not yet contracted for

- Operational projects not yet contracted for

2024	36,530	318,433
2023	36,530	318,433

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33. Contingent liabilities

Microvulintuuko Business Enterprise CC has instituted legal action to claim payments against the municipality in relation to retention funds deducted in the course of the project (Bergville licensing and testing centre) as well as payment for alleged outstanding invoices, since the contract was terminated by the municipality. The municipality disputes this claim. The claim amount is: R 3 120 080 (2023: R 3 120 080) (claim for work done) R 690 176 (2023: R 690 176) (retention)

At this stage it is not probable that the municipality will pay, because the odds of success appear to be even. Since December 2020 there has been no developments in this matter.

Mott McDonald (Pty) LTD instituted legal action to claim payment against the Municipality in relation to alleged breach of contract and unpaid consulting engineer fees (Bergville Sport Complex). The Municipality disputes this claim. The disputed claim amount is R 1 202 342 (2023: R 1 202 342).

The odds of success at this stage appear to be even at this stage. There has been no further legal steps from the plaintiffs since August 2022.

KwaZulu Natal Department of Cooperative Governance and Traditional Affairs is claiming the savings from the grant made to the Municipality amounting to R 148 652 (2023: R 148 652). KZN-Cogta paid an amount of R 2 000 000 for the construction of gym park project to the Municipality to utilise the grant for the purpose of the project.

Having considered the merit of the matter, the odds of success at this stage appear to be even.

There has been no further development since 20 April 2022.

Kinetic Capital is claiming a sum of R 1 485 610 and interest there to tempore morae from the Municipality.

There is 50% prospects of success on the matter, however the parties have engaged and entered into a settlement agreement on February 2024.

Diamini MP instituted action by a way of summons against the Municipality jointly with Other for damages sustained as a result of plaintiff vehicle colliding with a pothole alleged to be under the jurisdiction of the Municipality. There appears to be a definite prospects of success, the judgment debt is the sum of R 89 000 plus interest (2023: Nil)

Meta Okuhle Trading Enterprise is claiming retention's that were withheld by the Municipality to be paid before the issuance of the final completion certificate. The claim is for R 2 097 776 plus interest and (2023: Nil) and legal fees of R 3 000 000. The prospects of success are high.

Contingent assets

No contingent assets exist for the period ended 30 June 2024 (2023: Nil)

34. Related parties

Key Management Personnel and Councilors Remuneration.

Remuneration of Key Management Personnel and Councilors is set out in Note 23 and 24 respectively to the Annual Financial Statements.

35. Segment information

General information

Identification of segments

The municipality does not have reportable segments as at 30 June 2024 (2023: Nil)

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36. Risk management

Financial risk management

Due to the largely non-trading nature of the activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's finance function monitors and manages the financial risks relating to the operations of the municipality. These risks include credit risk, liquidity risk, market risk relating to interest rate 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.

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.

Trade and other payables

16,287,660 23,069,540

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, 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.

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

Cash and cash equivalents
Trade and other receivables

2024 2023
30,607,940 43,297,372
18,249,952 18,106,183

The amount disclosed for trade and other receivables is after the allowance for impairment.

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.

Cash and cash equivalent

30,607,940 43,297,372

37. Events after the reporting date

There are no material events that occurred after the reporting date 30 June 2024 apart from the ones included in note 14, 40, 41 and 42. (2023: Nil).

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38. Change in Estimate

The Municipality has revised the remaining useful lives of assets which had reached the end of their useful lives, based on the conditions in terms of GRAP 17 paragraph 56.

The effects of this revisions have overall decreased the depreciation by R 1 037 476.

The Municipality has revised the debt impairment provision for Government debt from 20% to 35 %, the Municipality has been struggling to collect government debt.

The effect of this revision has increased to debt impairment by R 3 904 005.

The effect on the change in useful lives, change in residual values are as follows:

Depreciation	Depreciation per annum before		Depreciation per annum after		Difference (Change in Future depreciation)
	per annum	before	per annum	after	
Computer	49,377	16,462	32,915	16,462	16,462
Solid waste	5,920	1,973	3,947	1,973	3,947
Office Furniture	158,724	53,038	105,686	53,038	52,648
Machinery and Equipment	39,670	13,223	26,447	13,223	13,224
Infrastructure	834,847	264,412	570,435	264,412	306,035
Motor vehicles	355,110	118,370	236,740	118,370	118,370
Buildings	18,325	6,108	12,217	6,108	6,108
Intangible assets	73,633	24,544	49,089	24,544	49,089
	1,535,606	498,130	1,037,476	498,130	1,037,476
Allowance for impairment					
	Impairment per annum before	Impairment per annum after	Difference (change in impairment per annum)		
Government debt provision	5,205,340	9,109,345	3,904,005		

39. Prior-year adjustments and reclassifications

The Municipality entered into a lease with the Department of Labour, with the lease commencement date of 01/06/2020, however the Department was not billed in previous periods, the effects of the correction of prior period error is as follows:

2021/2022 and prior years

Consumer debtors increased by R 228 251, VAT output accrual increased by R 29 772, operating lease receivable increased by R 17 986 and accumulated surplus increased by R 216 465.

2022/2023

Consumer debtors increased by R 119 679, VAT output accrual increased by R 15 610, operating lease receivable decreased by R 166, rentals of facilities increased by R 103 903.

The Municipality entered into a lease with the Department of Agriculture, with the lease commencement date of 01/06/2023, however the Department was not billed in previous periods, the effect of the correction of prior period error will be as follows:

2022/2023

Consumer debtors increased by R 46 184, VAT output accrual increased by R 6 024 , operating lease receivable increased by R 5 117 and , rentals of facilities increased by R 45 277.

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39. Prior-year adjustments and reclassifications (continued)

The Municipality entered into a lease with the Transnet, with the lease commencement date of 01/08/2022, however the Municipality was not billed in previous periods, the effects of the correction of prior period error are as follows:

2022/2023

Operating lease payable increased by R 120 197 and operating lease rentals with increase by R 120 197.

The Municipality did not include ERF 54 ptn 2 of Bergville in the FAR, the deed search shows that the Municipality is the owner, Land has been included with a fair value of R 1 500 000 as per the valuation roll that was effective 01/07/2017, the effects of the correction of prior periods is as follows:

Prior periods before 2022/2023

Property, Plant and Equipment increased by R 1 500 000 and accumulated surplus also increased by the same amount.

The Municipality has reclassified VAT control and VAT input accrual as receivable from exchange transaction and has

reclassified VAT output accrual as payable from exchange transactions. VAT receivable was previously disclosed as a stand alone item in the Statement of Financial Position, net of VAT refund from SARS, VAT input accrual and VAT output accrual.

The reclassification seeks to improve reporting on VAT and also promote comparativeness.

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

2024

	Note	As previously reported	Correction of error	Re-classification	Restated
Operating lease receivable		63,365	22,937	-	86,302
Receivables from exchange transactions		2,173,765	-	10,904,826	13,078,591
VAT receivable		7,621,745	-	(7,621,745)	-
Consumer debtors		34,992,356	394,113	-	35,386,469
Property, plant and equipment		467,926,803	1,500,000	-	469,426,802
Operating lease payable		-	(120,197)	-	(120,197)
Payables from exchange transactions		(43,184,260)	(51,406)	(3,283,081)	(46,518,747)
Accumulated surplus		(483,805,534)	(1,745,447)	-	(485,550,981)
		(14,211,760)	-	-	(14,211,761)

Statement of financial performance

2024

	Note	As previously reported	Correction of error	Restated
Rental of facilities and equipment		523,869	149,180	673,049
Lease rentals on operating lease		(2,943,948)	(120,197)	(3,064,145)
Surplus for the year		(2,420,079)	28,983	(2,391,096)

Okhahlamba Local Municipality

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Annual Financial Statements for the year ended 30 June, 2024

Notes to the Annual Financial Statements

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40. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure	
Opening balance	784,462
Interest and penalties	1,510
Landfill site rentals	1,944,444
Less: Amounts recovered - current	(8,067)
Less: Amount written off - current	(1,510)
Closing balance	2,720,839
	784,462

An amount of R 776 395 is as a result of misconduct by a former employee during 2014/2015 financial year, a case was opened against the employee for payments made to ghost employees and the case is currently under investigation by the South African Police Services. The matter is currently in criminal court.

Incidents 2022/2023

An amount of R 1 211 for interest and penalties incurred on late payments in 2021/2022 was recovered in terms of section 32 of the MFMA.

An amount of R 8 067 for interest and penalties incurred on late payments, has been referred to MPAC for investigation in terms of section 32 of the MFMA.

Incidents 2023/2024

An amount of R 1 510 for interest and penalties incurred on late payments, has been referred to MPAC for investigation in terms of section 32 of the MFMA. The council approval to writeoff R 1 510 was obtained in August 2024. An amount of R 8 067 has been recovered, the affected employees have signed payments arrangements.

The Municipality has incurred an amount of R 1 944 444 on rental of land where the landfill site was constructed. The landfill is not operational since it has not been transferred to the Municipality. The resulting expenditure will be reported to Council and investigation as per section 32 of the MFMA will be instituted.

41. Irregular expenditure

Reconciliation of Irregular expenditure	
Opening balance	39,444,106
Expenditure incurred during the year	845,482
Less: Amount written off - by Council	(39,735,721)
Closing balance	38,835,565
	39,444,106

Notes to the Annual Financial Statements

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41. Irregular expenditure (continued)

Opening balance

Incident 2022/2023

An amount of R 845 482, was incurred in 2021/2022 on electrification project, the incorrect supplier was awarded the contract, due to including incorrect lower bidding price on the pricing schedule by the supplier, the expenditure has been written off by Council in accordance to section 32 of the MFMA.

An amount of R 39 444 106, was incurred in 2022/2023 and previous periods, on Hambrook access road, the Municipality used the engineers estimate report in order to try and mitigate the risk of awarding the contract to the under quoted bidder, however the evaluation criteria was not stated on the tender document, the expenditure was reported to Council and Section 32 and referred to MPAC for investigation.

Incidents 2023/2024

An amount of R 790 766 was incurred on the purchase of a motor vehicle that exceeded the threshold in the cost containment regulations, the expenditure has been reported to Council and Section 32 of the MFMA process was instituted. The Council approval to write-off the expenditure was obtained in July 2024.

An amount of R 109 390, was incurred on an extension on a month to month contract, the expenditure has been reported to Council and Section 32 of the MFMA process was instituted. The Council approval to write-off the expenditure was obtained in August 2024.

An amount of R 39 444 106, was incurred in 2022/2023 and previous periods, on Hambrook access road, the Municipality used the engineers estimate report, the expenditure was been written off by Council after the MFMA Section 32 process was followed however the approval for the write-off took place in July 2024.

An amount of R 37 036 103, was incurred panel appointments, the selection criteria was not stipulated in the tender documents and the Supply Chain Management policy, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

An amount of R 1 502 540, was incurred on appointments of suppliers where the evidence for measuring functionality was not provided, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

An amount of R 266 965, was incurred on purchase orders where orders were awarded on evaluation criteria that was not included on the request for quotations, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

An amount of R 29 958, was incurred on a purchase order that was awarded to the supplier that submitted a quotation after the closing time, the expenditure will be reported to Council, the MFMA Section 32 process will be followed.

42. Unauthorised expenditure

Opening balance as restated

Opening balance incurred during the year

Less: Amount approved by Council

Closing balance

8,658,942	1,878,566	8,658,942
26,531,013	8,658,942	8,658,942
(18,271,233)	(1,878,566)	(1,878,566)
16,918,722	8,658,942	8,658,942

2022/2023 Incidents

The Municipality has included the INEP expenditure and housing grant (Contract cost) in the Statement of Financial Performance in accordance to GRAP 11: Construction Contracts, during the budget process the Municipality had not included the budget since the Management was convinced that the GRAP 109: Accounting by principals and Agents is the correct accounting standard to apply, therefore no budget was allocated. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.

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42. Unauthorised expenditure (continued)

2023/2024 incidents

The INEP expenditure amounting to R 6 173 913 (Contract cost) incurred in 2022/2023 has been written off by Council in accordance to MFMA section 32. The approval for the write-off for R 2 485 029 in relation to the Housing expenditure (contract cost) took place in July 2024.

An amount of R 5 372 532 incurred on employee related cost, the implementation of upper limits gazette, the increase in leave days balances and the appointment of additional personnel. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.

The contributing cost drivers were, wet fuel, electricity, telephones, maintenance of assets, security services, social events, EPWP etc, the resulted amount is R 20 066 826 has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA.

The Municipality fully spent the Disaster Recovery grant, some of the expenditure incurred was operational R 8 520 636 (i.e. repairs and maintenance), however the entire budget was treated as capital during the budget process. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA. The Council approval to write-off the expenditure was obtained in August 2024.

The Municipality has revised the debt impairment provision for Government debt from 20% to 35 %, the Municipality has been struggling to collect Government debt. The budget has been exceeded by R 49 655. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA. The Council approval to write-off the expenditure was obtained in August 2024.

The expenditure as per the GRAP 25 valuation report, the Municipality could not budget for these since the report is prepared at year end, this amounts to R 1 042 000. This has been reported to Council and the matter has been referred to MPAC for investigation as per Section 32 of the MFMA. The Council approval to write-off the expenditure was obtained in August 2024.

43. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Current year subscription / fee
Amount paid - current year

3,058,591 2,758,607
(3,058,591) (2,758,607)

PAYE, SDL and UIF

Opening balance
Current year subscription / fee
Amount paid - current year

21,027,896 19,010,994
(21,027,896) (19,010,994)

Pension and Medical Aid Deductions

Opening balance
Current year subscription / fee
Amount paid - current year

26,924,376 24,253,473
(26,924,376) (24,253,473)

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

VAT

VAT control	1,727,742	943,939
VAT input accrual	6,436,527	9,960,887
VAT output accrual	(1,554,737)	(3,334,487)
	6,609,532	7,570,339

VAT control, VAT input accrual and VAT output accrual payables are shown in the note.

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrears consumer accounts

For the financial period ended 30 June 2024 (2023: Nil), there were no rates or services arrears owed by any councillor. Further, during the financial year there are no councillors which were outstanding for more than 90 days.

Supply chain management regulations

Quotations: In terms of regulation 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and noted by Council. These deviations refer to the instances as stipulated in the regulations and relates mainly to sole supplier, emergencies and instances where it was impractical to follow SCM processes.

2022/23 Incidents

The Municipality paid an amount of R 205 846 for annual licences from the system developers.

The Municipality paid an amount of R 17 787 for postage stamps supplied by the Post Office.

The Municipality incurred an amount of R 5 263 in relation to calibration of speed machines from the manufacture of the machine.

The Municipality incurred expenditure on online traffic legislation act amounting to R 3 601 from the sole provider.

2023/2024 Incidents

The Municipality incurred an amount of R 1 131 371 in relation to IT service, whilst there was an objection lodged on the award, the service provider awarded was the recommended bidder in accordance to Supply Chain Management Policy.

The Municipality paid an amount of R 18 669 for postage stamps supplied by the Post Office.

The Municipality incurred an amount of R 12 310 in relation to calibration of speed machines from the manufacture of the machine.

The Municipality paid an amount of R 226 430 for annual licences from the system developers.

The Municipality incurred expenditure on online training of Internal Audit amounting to R 8 528.

The Municipality incurred expenditure on training of Traffic Officers amounting to R 26 565.

The Municipality incurred expenditure on WSP software licence amounting to R 165 480.

Incident

1,589,353
232,497

Notes to the Annual Financial Statements

Figures in Rand

44. Awards to close family members of persons in service of the State.

Awards to close family members

10,903,255

-

Regulation 45 of the Supply Chain Management Regulation disclosure:

The Municipality appointed a supplier for the construction of Nkoxo road and bridge, the supplier has a spouse/wife by the name Bongive Ntuli employed by the KZN Department of Health as a professional nurse, the award is for an amount of R 5 505 959.

The Municipality appointed a supplier for the construction of Vilamehlo gravel road, the supplier has a spouse/wife by the name Petronela Sithebe employed by the KZN Department of Transport as a director, the award is for an amount of R 5 397 296.

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COMPONENT 1:- EXECUTIVE SUMMARY
OKHHLAMBA LOCAL MUNICIPALITY MAYOR'S FORWARD

MAYOR'S FORWARD
ANNUAL PERFORMANCE REPORT 2023/2024

I am pleased to present the Annual Performance Report for the 2023/24 period of Okhahlamba Local Municipality. Over this fiscal year, our municipality has shown consistent progress and effectiveness in its operations. As a council, we are committed to maintaining a transparent administration with the primary goal of enhancing the quality of life for our residents. We are also dedicated to adopting innovative strategies to meet our service delivery targets successfully.

This report provides an overview of the municipality's performance across six key areas: Municipal Transformation, Basic Service Delivery, Local Economic Development, Good Governance, Financial Viability and Financial Management, and Cross-Cutting Interventions. Additionally, the Municipality has successfully completed several infrastructure development projects. In this financial year, we successfully completed several infrastructure projects. These include the upgrade of the Khetani Township Roads Phase 2 project in Ward 1, the construction of Sheleni Gravel Road in Ward 2, and Macanda Gravel Road in Ward 3. We also finished the Bergville Industrial Hub and the Bergville Informal Traders Market project. This new infrastructure benefits a range of informal traders such as mechanics, welders, furniture manufacturers, TV repairers, and market stall operators.

Our primary goal is to develop and transform the informal sector into a sustainable economic model while enhancing the Central Business District (CBD) by providing a safe trading space for informal traders. These initiatives aim to stimulate economic growth and create more jobs, thereby transforming Bergville.

Noteworthy advancements have been made in our electrification efforts, with the successful implementation of four key projects across different wards. These include Gugulethu Phase 1 (Ward 9), Potshini (Ward 12), Thintwa (Ward 13), and Vimbukhalo (Ward 14). As a result of these initiatives, we've brought power to 198 households, substantially improving the quality of life for our residents.

Our Housing Unit has made significant progress, with the successful completion of five distinct projects during the 2023/2024 fiscal year. These developments encompass the Emazizini, Moyeni B, Emmaus, Potshini, and Moyeni A housing projects. Collectively, these efforts have resulted in the construction of 320 new residential units, substantially expanding our housing capacity and addressing community needs.

We are also committed to maintaining our existing infrastructure. The municipality received additional disaster funding which was allocated to all fifteen wards. With this funding, the Roads and Storm-Water Maintenance Unit has completed several projects, including the rehabilitation of 650 meters in Main Street in Winterton CBD, 780 meters of Tatham surface road in Bergville CBD, and re-gravelling multiple gravel access roads across different wards.

Our municipality fosters a culture of educational advancement. Seven staff members have utilised the municipal bursary program to pursue their ambitions, all aiming for a bachelor's degree. These employees balance their academic pursuits with their dedicated service to the municipality, demonstrating commendable commitment to our organization's success. We have also submitted an application for funding for unemployed graduates to the LGSETA through the WSP. A total of 28 members of the Occupational Health and Safety (OHS) Committee received training in safety hazards and regulations. Moreover, 25 employees have successfully completed their certifications in the Municipal Finance Management Programme (MFMP), along with 15 unemployed graduates who have also achieved their MFMP certifications. Both Councilors and Amakhosi have undergone training and earned certification in Project Management. Additionally, 33 finance employees received training in Advanced Microsoft Excel, and 15 more officials are scheduled to begin their MFMP certification in the 2024/25 financial year. Furthermore, the municipality supports in-service trainees by providing essential experiential opportunities to help them complete their qualifications whenever possible.

As a municipality, we maintain sound financial health and have consistently managed our finances and investments. In the 2023/24 financial year, we spent 100% of our Municipal Infrastructure Grant (MIG) and Small Business Development grant funding as planned. The municipality's commitment to good governance has resulted in a remarkable achievement of nine consecutive clean audit opinions from the auditor-general. The council has made substantial progress in strengthening internal controls by performing annual reviews and instituting comprehensive risk management strategies through the Risk Management Unit. To further ensure the effectiveness of these functions, the Municipal Manager has appointed an external chairperson to oversee risk management.

The Internal Audit Unit is operating at full capacity, diligently ensuring compliance with all regulations, especially in procurement and human resources. It ensures that all necessary measures are followed to uphold compliance standards. Mr. Vumani Sibiyi has been appointed as the new chairperson of the Internal Audit Committee, alongside three new committee members. Their term of office will conclude in December 2026. Our municipality has cultivated a culture rooted in our commitment to establishing an administration marked by strong governance and integrity. This dedication has played a crucial role in our consistent success in achieving and maintaining positive audit results from the Auditor General of South Africa.

As a council, we reaffirm our steadfast commitment to working closely with the municipality's administration to bring about meaningful change in our community. We aim to achieve this through the implementation of good governance practices, characterised by integrity, honesty, and

transparency. Additionally, we are committed to ensuring a financially sustainable organisation that delivers on its promise of providing high-quality services to all residents of Okhahlamba.

V.R Mlotshwa
Mayor

COMPONENT 2:- EXECUTIVE SUMMARY
OKHAHLAMBA LOCAL MUNICIPALITY ACCOUNTING OFFICER'S FORWARD

ACCOUNTING OFFICER'S FORWARD
ANNUAL PERFORMANCE REPORT 2023/2024

Okhahlamba Local Municipality has consistently demonstrated a strong commitment to its constitutional responsibilities, service delivery, and effective governance principles. This dedication is reflected in the continuous clean audit results received from the Auditor General of South Africa.

Operating within a challenging socio-economic environment marked by high unemployment, infrastructure deficits, and limited revenue, the municipality faces social issues in a number of areas. Furthermore, the local tourism sector and overall business sector have been negatively impacted by the global cost of living crisis. The municipality's governance approach is guided by its constitutional duties and supported by legislative frameworks such as the Municipal Finance Management Act, the Municipal Systems Act, and the Municipal Structures Act.

The municipality's strategic framework aligns with the objectives of the National Development Plan 2030. To achieve these goals, the municipality engages with national government initiatives that align with its local responsibilities. It has largely met or exceeded targets set in the Municipal Integrated Development Plan, organisational scorecard, and Municipal Performance Plan. These plans are closely connected with the Municipal Service Delivery Budget Plan and the municipal medium-term expenditure framework. Through annual public participation processes, the municipality integrates citizen feedback into its strategic operations, ensuring a community-centred approach.

The municipality has consistently conducted a variety of meetings, including council, executive committee, troika, portfolio, and management meetings. It has effectively established annual performance plans with realistic goals linked to individual performance agreements. In the 2023/24 period, the municipality achieved an average of over 90% of its infrastructure targets, successfully completing projects such as access roads and bridges.

Revenue management and enhancement strategies have led to increased revenue over the fiscal year, though challenges remain in effectively enforcing property payments. Regarding municipal performance for the year:

- a. Suppliers with valid invoices were paid within 30 days.

b. The proportion of grant income to total revenue decreased to 79.20%.

c. The collection rate for the year was slightly below the 70% target, at 69.46%.

d. All municipal conditional grants are fully cash-backed, with a cash-backing rate of 291%.

e. The council's cash coverage ratio decreased from 1.6 months at the previous year-end to 1 month in the current financial year.

The municipality's commitment to effective governance has resulted in nine consecutive clean audit opinions from the Auditor General. The council has strengthened internal controls through annual reviews and robust risk management, facilitated by the Risk Management Unit. The fully operational Internal Audit Unit ensures adherence to protocols, particularly in procurement and HR. The current term of the audit committee will conclude in December 2026.

I extend my sincere gratitude to the political leadership, council members, and dedicated staff who have worked tirelessly to maintain stability in the municipality. Despite challenges, our unwavering efforts, commitment to transparent administration, and ongoing dedication have preserved our reputation as a reliable municipality.

S.N Malinga
Accounting Officer

3. SUMMARY

This Okhahlamba Local Municipality Annual Performance Report includes highlights from the key performance measures included in the Integrated Development Plan 2023/24, their priority measures constitute the Municipal Score card for 2023/24 financial year. The Okhahlamba Local Municipality has utilised six (6) KPA's and will report as such. This Performance Annual Report presents the year-end performance results for 2023/24 and the overview of the Municipality's actual performance linked to the National Key Performance Areas (KPA's).

The Municipality endeavoured during the development of the Organisational Scorecard as well as with the development of the SDBIP that the "SMART" principle was adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

The Municipality has a fully functional Integrated Development Plan and Performance Management Systems Unit that is situated in the Office of the Municipal Manager and is tasked to coordinate the IDP and organisational performance management related processes. The unit works closely with Municipal manager and Directors in each Department as the latter are departmental performance coordinators as well as the Risk & Compliance and Internal Audit unit to ensure credibility and reliability of reported information which is illustrated in graph 1.

The performance reporting system underwent a thorough scrutiny from the Internal Audit and Performance Audit Committee to ensure synergy amongst the 3 documents: IDP, BUDGET and SDBIP resulting into review of the 2023/24 IDP, SDBIP, Performance Agreements and Performance Plans.

Each Key Performance Area (KPAs) contained key performance indicators (KPIs), the KPIs played pivotal role because they are the mechanism on how the municipality achieved its objectives. The 2023/24 scorecard was designed such that there are targets and actuals: in order to measure actual performance, as such actual performance is compared to the targets.

All process were followed in the IDP amendment procedure and the amended scorecard was utilized in the development of the 2023/24 Annual Performance Report.

The Okhahlamba Local Municipality scorecard 2023/24 consist of 6 key performance areas (KPA) which are:-

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

1) MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

- i. The KPIs under Municipal Transformation and Institutional Development were 24 including the following amongst others; signing of performance agreements, adoption date of reviewed organogram, implementation of workplace skills plan, review of Performance Management System, Performance Audit committee meetings attended, Risk committee etc. 20 out of 24 KPIs were achieved included 4 in the 20 KPIs which were over achieved and 4 were not achieved.
- ii. This department is central because it capacitates the entire municipal staff with different skills by ensuring that various trainings are implemented as per Workplace Skills Plan, which is why the municipality managed to achieve the unqualified audit opinion in the previous financial years.

2) BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

- I. The KPI's under Basic Service Delivery and Infrastructure Development were 29. These are most important indicators because they contained all projects that the community requested as per the IDP roadshows. Projects such as electrification, gravel roads, tarred road, surface road, housing project and industrial hub. 21 out of 29 KPIs were achieved and 7 out of 21 KPIs were over achieved and 8 were not achieved.
- II. The Okhahlamba Municipality has undertaken a commitment to achieve 100% universal access to electricity connections and it was achievable. Going forward the municipality will be doing the infills if needed.
- III. The projects such as ward 14, 13, 12 and 09 electrification projects will improve the quality of lives of all Vimbukhalo, Thintwa, Potshini and Gugulethu communities.
- IV. The major projects such as Bergville Industrial Hub phase 2 and Bergville Industrial Hub phase 3 were completed during the financial year and will improve the quality lives of Okhahlamba population. The hub will help people of Okhahlamba to maximise the skills and improve the employment capacity of young people in Bergville region.
- V. The municipality also completed numerous key infrastructure projects, amongst many Maccanda gravel road, Sheleni gravel road, Khethani road phase 2 and the municipality has also maintained the existing infrastructure.
- VI. The municipality also provide the Free Basic Services to the community in terms of Free Basic Electricity.

3) LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

- i. The KPIs under Local Economic and Social Development has the overall of 13 indicators were extended public works programme (EPWP) the eradication of poverty in the Okhahlamba jurisdiction. 12 out of 13 were achieved, 4 out of 13 were over achieved and 1 was not achieved. The municipality further embarked on a drive to empower people with skills while creating employment opportunities for communities within the municipality's jurisdiction through the same programme. This was done through the funding of o-operatives consist of 271 individuals to carry out labour intensive projects.



**OKHAHLAMBA LOCAL MUNICIPALITY
ADJUSTED ANNUAL PERFORMANCE REPORT
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- ii. The long-term aim of EPWP is to promote culture of entrepreneurship by adequately equipping cooperatives with skills and work experience.
- iii. The municipality made use of Community Works Programme called "Xoshikati eziko" to eradicate poverty where members do road maintenance, repair potholes, grass cutting and cleaning, and maintenance of cemeteries in the, municipal jurisdiction.

4) GOOD GOVERNANCE, PUBLIC PARTICIPATION AND WARD COMMITTEE

- i. The KPIs under Good governance, Public participation and Ward Committee has 4 overall indicators. The municipality has manage to achieve 3 out of 4, 1 out of 3 is overachieved and 1 was not achieved.
- ii. The indicators include the sitting of Ward committee meetings, EXCO meetings, delivery of agenda to council traditional leaders and the sitting of council meetings in terms of MSA 32 of 2003.
- iii. In terms MSA 32 of 2003 the council has to sit once a quarter but due to the urgent need in discussing the urgent matters the municipality manage to have 7 special council meetings

5) FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT

- i. The KPIs under Financial viability and financial management has the overall of 21 indicators, which 11 out of 21 were achieved, 7 out of 11 is overachieved and 10 is not achieved.
- ii. The municipality have managed to maintain Unqualified Audit Opinion for 09 consecutive times for the following financial year (2014-15/ 2015-16/ 2016-17/ 2017-18/ 2018-19/ 2019-20/ 2020-21, 2021-22 and 2022/23) and is striving to continue its commitment in 2023-24 financial year.
- iii. The municipality continues to maintain its financial viability through maintenance of good financial viability through good ratios, updating fixed asset register, ensuring the submission of the budget to treasury, valid invoices are paid on time, and avoid fruitless, unauthorised and wasteful expenditure.

6) CROSS CUTTING INTERVENTIONS

- i. The KPIs under Cross Cutting Intervention has 9 overall indicators, municipality has achieved all 9 indicators and 2 out of 9 were over achieved. I.e. Number of traffic fines, adoption of the IDP and risk action plans etc.
- ii. Functional disaster centre ensuring provision of disaster services under trying circumstances and ensuring availability of such services we have shift workers and workers on standby.
- iii. The municipality ensure the safety of the community by enforcing legislation to reduction to roads accidents, fatality and ensuring

- road worthiness of motor vehicles.
- iv. The municipality has a disaster centre which is designed to help the community in times of need (during the reported disaster) also has rescue boat and firefighting trucks that deals with disaster management for the entire area.

SIGNIFICANT ADJUSTMENT MADE IN THE IDP and SDBIP

The municipality had the adjustment in terms of the Budget and Service Delivery Budget Implementation Plan where new indicators were added to the Integrated Development Plan and some indicators targets were revised. Reason for the indicators been added: - The municipality has received the additional funds. Though some conditional Grant were reduced from the original budget. According to the (MFMA28(2b) a municipality may revise and approved annual budget through an adjustment budget – may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budget for. In terms of (MSA act 32 of 2000 34(a)) A municipal council must review its Integrated Development Plan annually in accordance with an assessment of its performance measurements in terms of s41, (ii) to the extent that changing circumstances so demand ; and may amend its integrated development plan in accordance with prescribed process.

- a) Bethani electrification project – The project was not feasible to be done by the municipality therefore it was transferred from Okhahlamba municipality to Eskom for contracting.
- b) Vimbukhalo electrification project – Due to the transferred project to Eskom the municipality had additional funds which was used in the construction of Vimbukhalo electrification projects that started in quarter 3 after the adjustment of the IDP.
- c) Emhlabathini gravel access road - The municipal had a plan to start the project late in 2023-2024 financial year hence the project is the multiyear projects.
- d) Potshini housing project - This project was approved by DHOs during the year.
- e) Moyeni housing project - This project was approved by DHOs during the year.
- f) EXCO meetings - To ensure the service delivery to the community.
- g) % of salaries paid - These are operation indicators which we wanted to monitor closely for the last 2 quarters.
- h) % of 3rd parties paid - These are operation indicators which we wanted to monitor closely for the last 2 quarters.
- i) % of valid invoices paid - These are operation indicators which we wanted to monitor closely for the last 2 quarters.
- j) Rnil of fruitless and wasteful expenditure - To ensure that the municipality does not incur any fruitless and wasteful expenditure during 2023/2024 financial year.
- k) Rnil of irregular expenditure - To ensure that the municipality does not incur no irregular expenditure during 2023/2024 financial year.
- l) Rnil unauthorised expenditure incurred - To ensure that the municipality does not incur unauthorised expenditure during 2023/2024 financial year.
- m) Timely submission of Draft budget to Treasury - This was added because we wanted to make sure that there is timely submission of the draft budget to maintain consistency on compliance matters.

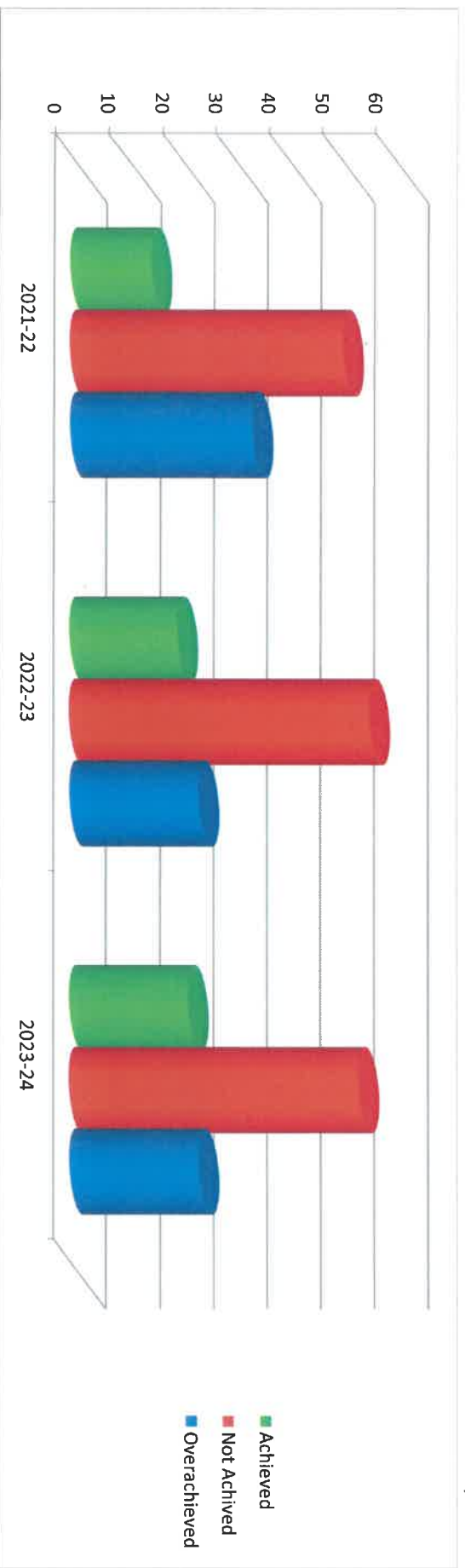
- n) Timely submission of Adjustment budget to Treasury - This was added because we wanted to make sure that there is timely submission of the adjustment budget to maintain consistency on compliance matters.

GENERAL PERFORMANCE OF THE MUNICIPALITY

The Okhahlamba Local Municipality has 100 KPI's under the 2023/2024 organisational score card with the average percentage of 79% and has slightly increase of 3% from 2022/2023 financial year. Ultimately the municipality has maintained good levels of municipal transformation and institutional development (as demonstrated through comparative information) and has seen increased levels of satisfaction across the improvement of institutional and organisational capacity towards the employees.

The municipality has also manage to achieve 79% in the progress for the projects implemented during the 2023/2024. Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation on variances enables remedial action to be taken where appropriate.

Overall performance graphs 1 Information for Okhahlamba municipality.



Graph: Comparative Target Achievement Information

- a) The above graph illustrates that the analysis of the Municipality general performance for 3 consecutive years is in satisfactory standards.
- b) The municipal prominent factor is that targets were met in 3 previous years, and it's showing a downward trend by 8% from 84% in 2021/22 to 76% in 2022/23 financial year and maintained at 76% in 2023/24 financial year.
- c) Blue bar also shows that at some stage the municipality performance can be outstanding, where targets were exceeded in that particular year.
- d) While red bar implies that some target was not met, due to number of reasons such as none availability of committee members, RMC chairperson contract ending, enrolment by subsidy section delayed by DOHS approval of beneficiaries and business applications.

1. Performance Management Processes

PMS policy framework plays an imperative role to pave a guideline on how and when PMS processes should be followed in developing and implementing performance management. It also include detailed key performance indicators, targets, timelines, monitoring, measurement, review, and reporting.

It further provides for legislative requirements e.g.

- ✓ Section 53 MFMA and S57 MSA state the signing of Performance agreements for S54 and S56 managers.
- ✓ Compiling SDBIP from IDP scorecard, Budget are in line with these documents
- ✓ Quarterly PMS reports submitted to internal audit section, PAC for reviewing and to council for approval.
- ✓ There should be four reports submitted on each quarterly for both PAC and Council.
- ✓ In-year Section 72 reports consist of mid-year budget and SDBIP, submitted to Cooperative Governance and Traditional Affairs and National Treasury and the relevant provincial treasury in both printed and electronic formats.
- ✓ Auditing of performance information ensuring the alignment between IDP, SDBIP and budget.
- ✓ It also ensured that PMS reports are compiled following SMART principles and the portfolio of evidence credibility
- ✓ Submission of quarterly PMS reports to council indicating the progress occurred at the end of the quarter i.e. how municipality perform against those set target.

2. Performance and Supporting Information

This section indicates, in more detail, the performance of the municipality for the financial year and refers to the supporting documentation, including the Municipality Scorecard. The performance reporting of the municipality is done in line with the 6 national KPA's and focuses on MSA Section 46 requirements and therefore reflects the performance of the municipality for the financial year, comparisons to performance of the previous financial year and measures taken to improve performance.

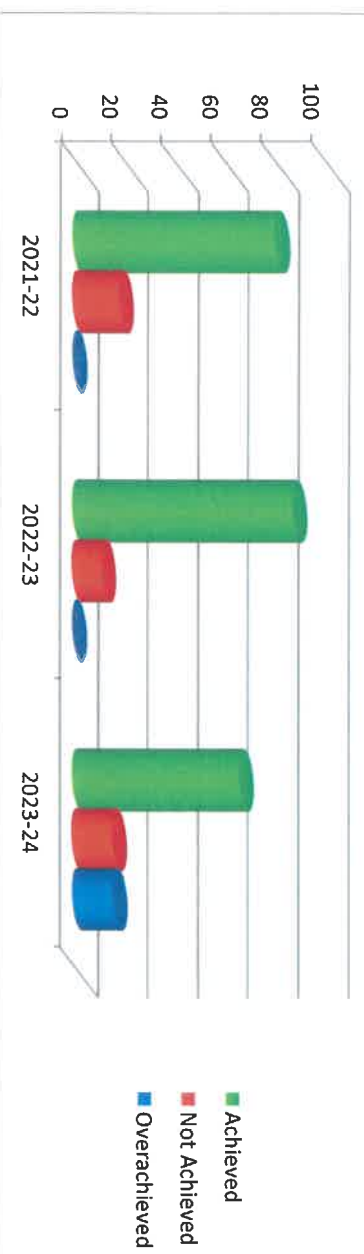
The supporting documents such as credible portfolio of evidence is provided for APR, so that achieved indicators have a proof such as practical completion certificates, council resolution or progress report.

- ✓ The Municipality Scorecard approach reflects the 6 national KPA's and local priorities and enables wider assessment of how the municipality is performing, this occurs through developing targets and actuals as well as corrective measure for any targets not met.
- ✓ The performance report is based on measures included within the Municipality Scorecard.
- ✓ The traffic light system used to report performance is as follow:
 - ❖ **Blue** – Performance targets exceeded (overachieved)
 - ❖ **Green** – Performance target met
 - ❖ **Red** – Performance target not met
- In relation to the 2022/23 year end performance results, the final position shows:
 - 22% of measures have met or exceed the year-end target
 - 54% of measures have met or improved performance
 - 24% of measures have not met targets
- Summary performance results for all priority measures included in the municipality scorecard are as follows.

Traffic Lights Status	2021-2022 Performance	2022-2023 Performance	2023-2024 Performance
Blue-Performance target exceeded	13	17	22
Green-Performance target met	45	47	54
Red-Performance not met	30	20	24
Total No: Indicators	88	84	100

KPA 1:- MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT.

Municipal Transformation and Institutional Development



The overall score for the KPA is 83% for 2023/24, down by 5% from 2022/23.

1.1 Municipal Transformation and Institutional Development

1.1.1 Performance Highlights for 2023/24

- ✓ Most indicators have been achieved, such as the signing of Performance Agreement and Adoption date of reviewed Organisational structure. The organisational structure helps the municipality to function and shows that the level of compliance is in satisfactory standard.
- ✓ The municipality has aligned the signing of performance agreements for Section 54 and 56 managers by Mayor with Section 53 of MFMA and necessary submissions.

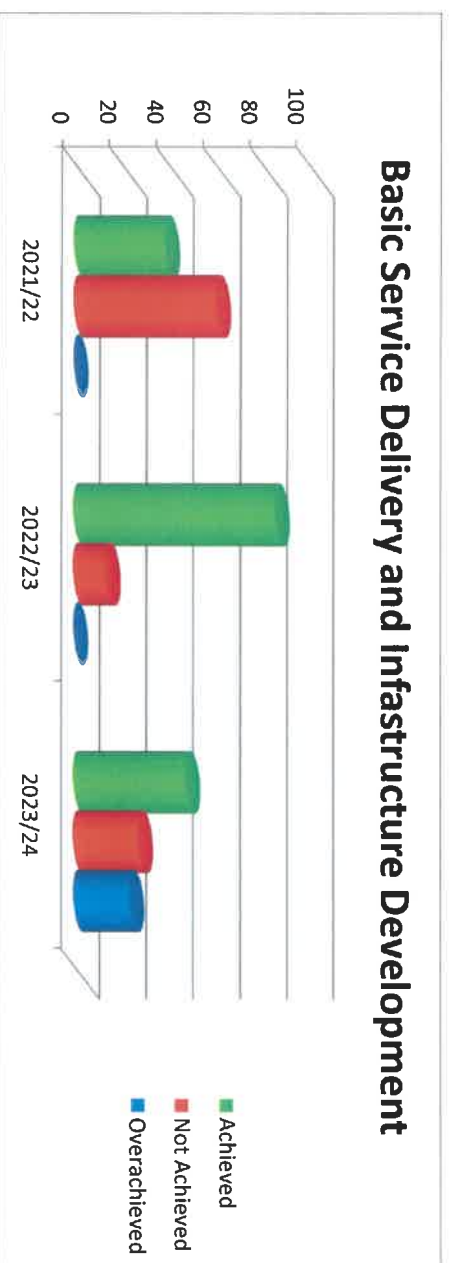
1.1.2 Challenges

- ✓ The Municipality did not achieve 4 indicators which were amount spent on trainings, section 80(117 of 1998 MSA) functional of portfolio committees, the evaluations for middle management due to the unavailability of panel members and risk committee not sitting due to the contract ending for RMC chairperson .

1.1.3 Measures Taken to Improve Performance

- ✓ Develop a new schedule for the evaluation which will take place in 2024/2025 financial year and the recruitment and appointment of the RMC chairperson in the 2024/2025 financial year.

KPA 2:- BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT.



The overall score for the KPA is 72% for 2023 -24, down by 1.4% from 2022 -23.

2.2 Basic Service Delivery and Infrastructure Development

2.1.1. Performance Highlights for 2023/24

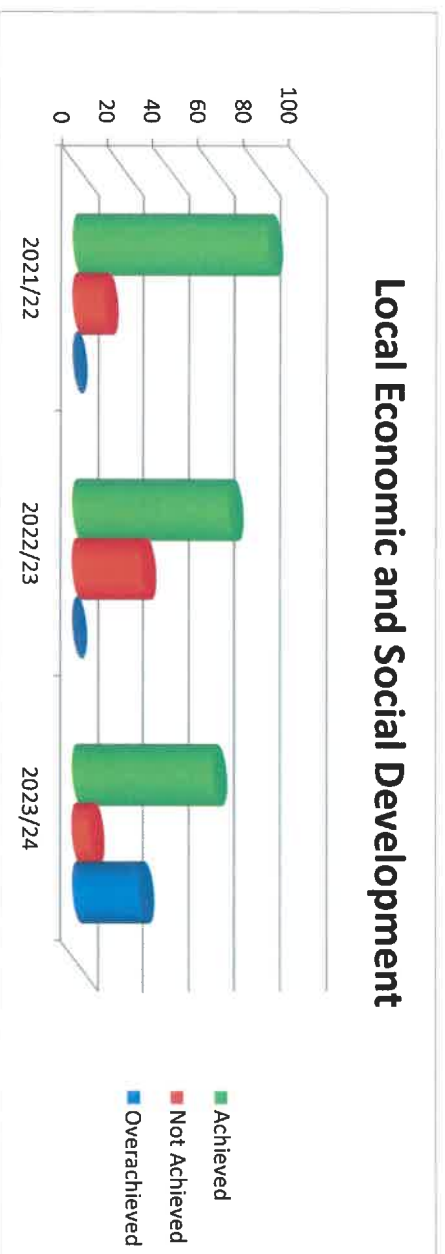
- VII. The municipality managed to construct and complete the following projects, Bergville Industrial Hub phase 2, Bergville Industrial Hub phase 3, Macacanda gravel road, Sheleni gravel road and Khethani township road and the municipality has also maintained the existing infrastructure.
- VIII. The electrical projects such as ward 14, 13, 12 and 09 projects will improve the quality of lives of all Vimbukhalo, Thintwa, Potshini and Gugulethu communities.
- IX. The Industrial Hub will help people of Okhahlamba to maximise the skills and improve the employments for young people.

2.1.2. Challenges

- ✓ Renovations/ maintenance of community halls due to financial constraints.

- 2.1.3. Measures Taken to improve Performance
- ✓ To increase budget in the new financial year 2024/2025.

KPA 3:- LOCAL ECONOMIC AND SOCIAL DEVELOPMENT.



The overall score for the KPA is 92% for 2023 -24, up by 23% from 2022/23

3.3 Local Economic and Social Development

3.3.1 Performance Highlights for 2023/24

- ✓ The operationalization of testing/licensing centre made a positive impact since revenue collection from services rendered is R4.3mil for 2023-24 financial year, though the municipality has maintained its comparing with the previous financial year 2022/2023.
- ✓ The eradication of poverty through job creation i.e. Extended public works programme (EPWP), the municipality has embarked on a drive to empower people with skills while creating employment opportunities for communities within the municipal jurisdiction. This was done through the funding of co-operatives consisting of 271 individuals to carry out labour intensive projects and the support provided to Co-ops and SMMEs.
- ✓ The long term aim of EPWP is to promote a culture of entrepreneurship by adequately equipping cooperatives with skills and work experience.

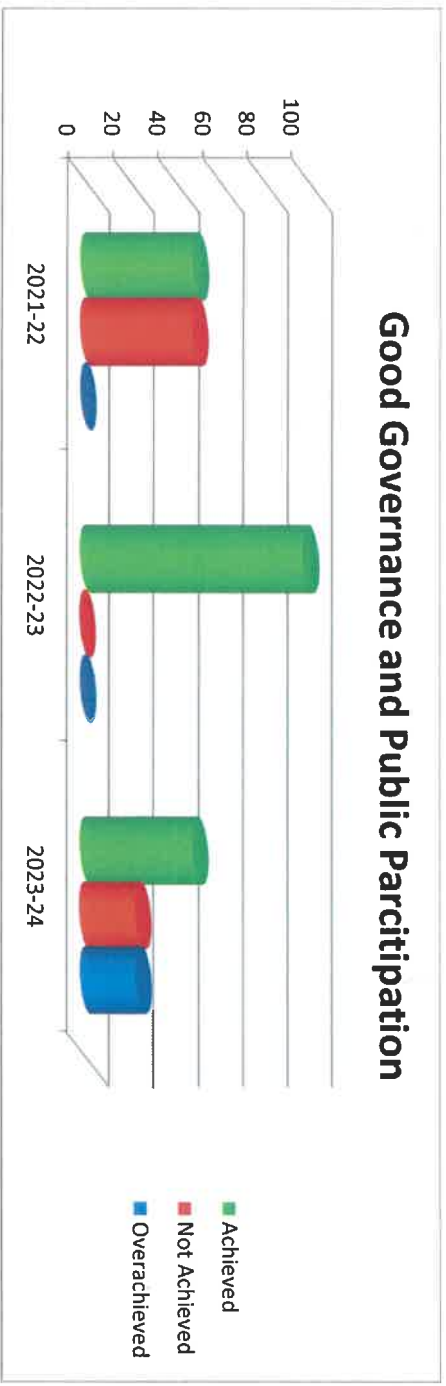
3.3.1 Challenges

- ✓ Business license application processed and finalized.

3.3.2 Measures Taken to improve Performance

- ✓ The municipal will monitor the business licence applications twice a quarter for best results in 2024/2025 financial year.

KPA 4:- GOOD GOVERNANCE, PUBLIC PARTICIPATION AND WARD COMMITTEE



The overall score for the KPA is 75% for 2023/24, down by 25% from 2022/23.

4.4 Good Governance, Public Participation and Ward Committee

4.1.1 Performance Highlights for 2023/24

- ✓ The Okhahlamba Local Municipality ward committees are functional, and the municipality ensured the establishment and sitting of ward committee meetings every month.
- ✓ The Okhahlamba local municipal had 11 council meeting which the councillors participated, and as per the MSA 32 of 2000 council have to be held once a quarter.
- ✓ Okhahlamba councillors also participate in the community during IDP road shows where various communities state the kind of projects they require.

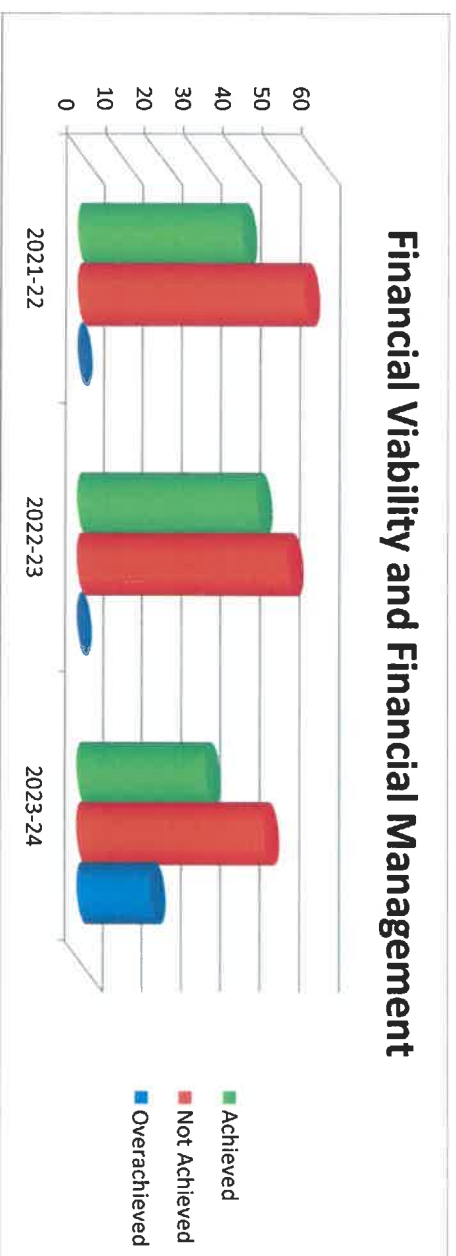
4.1.2 Challenges

- ✓ Sitting of EXCO meetings;

4.1.3 Measures Taken to improve Performance

- ✓ The municipality will ensure that EXCO meeting take place each month during 2024-25 financial year.

KPA 5:- FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT



The overall score for the KPA is 52% for 2023/24, up by 6% from 2022/23.

5.5 Financial viability and Financial Management

5.1.1 Performance Highlights for 2023/24

- ✓ The major achievement was the unqualified audit opinion from Auditor General, the municipal staff work collectively in the preparation of the Annual Financial Statement without hiring any consultant.
- ✓ All reports were submitted on time, including the finance section also produced quarterly financial statements without consultant.

5.1.2 Challenges

- ✓ % of capital expenditure implemented.
- ✓ % of cash collected from customer's against billing.
- ✓ Debtors coverage ratio
- ✓ Suppliers in the service of the state
- ✓ Outstanding debtors to revenue

✓ Achieving indicators such as IDP adoption, shows that the Okhahlamba level of compliance is in satisfactory standard.

2.6.2 Challenges

✓ During the financial year 2023-2024 Risk Committee and the Action plans implemented needed attention, due to the non-sitting of the committee and the delay in attending action plans.

2.6.3 Measures Taken to improve Performance

✓ None.

3 Key Areas to Note

Improving Performance

This section highlights key areas for improving of performance, even in the cases where the targets have been met or exceeded.

✓ Promoting the document such as Batho Pele Principles as municipalities are rendering the community services, the principle consist of principle such as courtesy, consultation, redress. Eg. courtesy assist the municipal officials to display correct manner on how to treat the community members in a most dignity manner. In a nutshell the document implies that in any public sector, the need of the community to be treated first.

✓ Complaints register is also imperative in improving performance because, it tells what the community require most or is dissatisfied with, as municipality there should be major improvement in ensuring that complains raised by community are attended to in a systematic way, as the community that raised complain require relevant feedback.

✓ Report the Performance of the municipality to all relevant departments including the office of the MEC.

✓ The maintaining of a clean audit will also improve municipal performance, because there will be a high level of commitment by all staff. It is for that reason that the municipal financial staff, compliance and risk etc., work collectively without hiring any consultant for compiling annual financial statements.

✓ Capacity building enhancement.

Deteriorating Performance

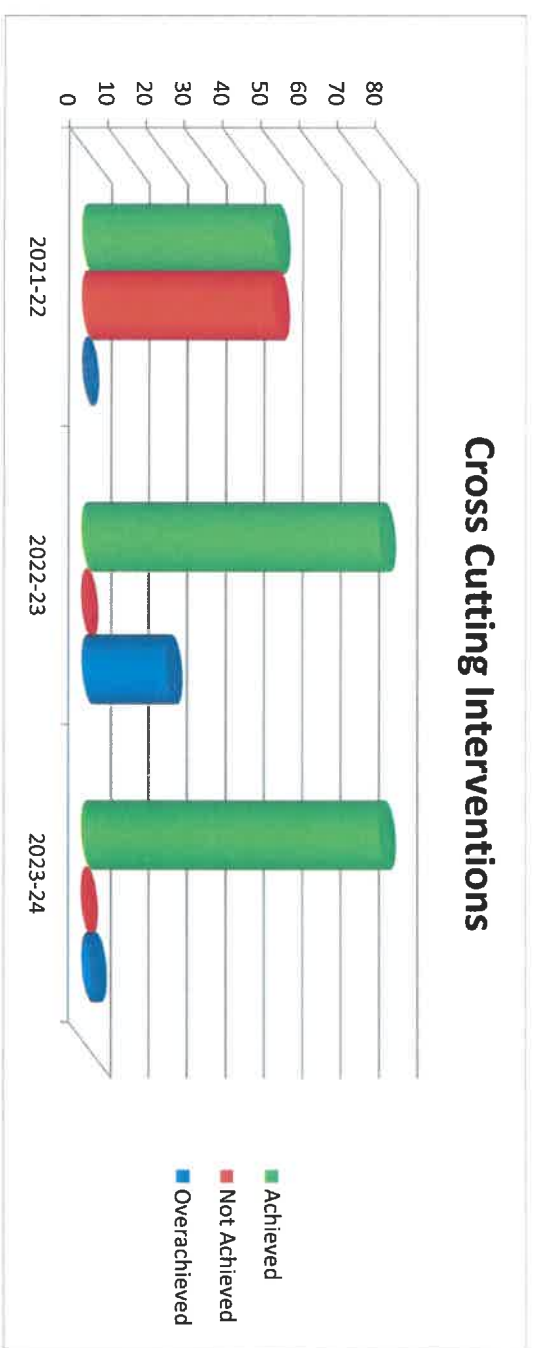
This section highlights key areas for deterioration of performance, even in the cases where the targets have been missed.

- ✓ Sitting of BAC
- ✓ Withdrawal from the investments to fund operations.

2.1.4. Measures Taken to improve Performance

- ✓ Trainings on the newly appointed employees to ensure the smooth running of the department.
- ✓ The adoption of the schedule for sitting of committee meetings to avoid the non-sitting of those meetings.
- ✓ Engage in the data cleansing exercise to improve the percentage of collection from debtors as many of these were unable to pay.

KPA 6:- CROSS CUTTING INTERVENTION



2.2. CROSS-CUTTING INTERVENTIO

The overall score for the KPA is 100% for 2023/24, maintained by 100% from 2022/23.

2.6.1 Performance Highlights for 2023/24

- ✓ The law and order is also maintained by Okhahlamba traffic police, where every month road blocks have been conducted, a number of traffic fines are issued, for all vehicles that are not road worthy and other perpetrators e.g. high speed.
- ✓ Traffic Officers enforce the law to all people who are drinking and driving or drinking in public.

- ✓ Contract ending for RMC chairperson and the delays in the appointment.
- ✓ Renovation of two halls instead of three due to the increase in material cost.
- ✓ Delay in construction of housing projects due to delay in approval of beneficated DOHS.

4. Assessment of the Performance of External Service Providers
2023/2024 SERVICE PROVIDERS PERFORMANCE

CONTRACT / BID NUMBER	DATE CONTRACT AWARDED	SERVICE PROVIDED AS PER SPECIFICATIONS OF THE PROJECT(S)	VALUE (R/PROJECT)	SERVICE PROVIDERS PERFORMANCE		TARGET MET/ TARGET NOT ACHIEVED	RATING (GOOD, SATISFACTORY & UNSATISFACTORY)	REASON IF TARGET IS NOT MET	CORRECTIVE MEASURE
				TARGET	ACTUAL				
TEC07/2020	26/02/2021	ELECTRIFICATION OF ROCKDALE FARMS	R1,965,404.93	100%	91%	Not Achieved	Satisfactory	Waiting for Eskom Outages	The municipality is in constant engagements with Eskom to expedite the matter
		ZIM PROJECTS ENGINEERING (PTY) LTD	R 241,365.52						
TEC 03/2023	28/06/2023	PANEL OF CONTRACTORS FOR ELECTRIFICATION PROJECTS FOR A PERIOD OF THREE YEARS 4E/PE OR HIGHER FOR POTSHINI ELECTRIFICATION	R2,843,929.71	100%	100%	Achieved	Good	N/A	N/A
		ARIELECTRICAL CONSULTING ENGINEERS	R968,201.89						
TEC 03/2023	28/06/2023	PANEL OF CONTRACTORS FOR ELECTRIFICATION PROJECTS FOR A PERIOD OF THREE YEARS 4E/PE OR HIGHER FOR VIMBUKHALO ELECTRIFICATION	R2,571,243.60	100%	100%	Achieved	Good	N/A	N/A
		ZINIGODLA ENGINEERING (PTY) LTD	R815,490.39						
TEC 03/2023	23/06/2023	PANEL OF CONTRACTORS FOR ELECTRIFICATION PROJECTS FOR A PERIOD OF THREE YEARS 4E/PE OR HIGHER FOR GUGULETHU ELECTRIFICATION	R3,860,437.88	100%	100%	Achieved	Good	N/A	N/A
		BTWIN ENGINEERS (PTY) LTD	R347,755.55						
TEC 03/2023	23/06/2023	PANEL OF CONTRACTORS FOR ELECTRIFICATION PROJECTS FOR A PERIOD OF THREE YEARS 4E/PE OR HIGHER FOR THINTWA ELECTRIFICATION	R2,861,024.07	100%	100%	Achieved	Good	N/A	N/A
		ZIM PROJECTS ENGINEERING (PTY) LTD	R970,301.20						
TEC 05/2023	01/03/2022	PANEL OF CONTRACTORS FROM 4GB/4CE AND HIGHER FOR INFRASTRUCTURE PROJECTS FOR THE PERIOD	R9,497,511.87	50%	52%	Achieved	Good	N/A	N/A

		OF THREE YEARS: CONSTRUCTION OF MAHLABATHINI GRAVEL ROAD IN WARD 10						
		AVUBU CONSULTING ENGINEERS & PROJECT MANAGERS	R883,519,40					

100%	Good
49% - 99%	Satisfactory
0% - 49%	Unsatisfactory

MTR	GOAL	OBJECTIVE	MTR NO	SPECFICITY	INDICATORS	PERS. NAME	UNIT OF MEASURE	COMPARISON WITH PERFORM		DEMAND	BACLOG	CURRENT YEAR 2023/2024		ANNUAL BUDGET	ACTUAL BUDGET SPENT	STATUS	REASON FOR VARIANCE	MEASURES TAKEN TO IMPROVE PERFORMANCE	PERIOD OF MEASUREMENT	MTR NO	
								2022/2023 TARGET	2023/2023 ACTUAL			2023/2024 TARGET	2023/2024 ACTUAL								
MTRD 01	Review and implement an effective	The signing of agreements	Number of agreements signed relating to the national priorities by 31 August 2023	Adoption date of the reviewed Organogram by 30 June 2024	Performance agreements signed relating to the national priorities	Adoption date of Organogram	Number	5	8	5	0	2023/2024 ANNUAL TARGET	2023/2024 ACTUAL	R4 771 019.00	R6 419 288	ACHIEVED	N/A	N/A	CONCILIATION PERFORMANCE AGREEMENTS		
MTRD 02	Review and implement an effective	Review and adoption of policies by 30 June 2024	Number of training held as per the WSP by 30 June 2024	Adoption date of the reviewed Organogram by 30 June 2024	Review and adoption of the Organogram by 30 June 2024	Adoption date of the reviewed Organogram by 30 June 2024	Date	30-Jun-23	29-Jun-23	30-Jun-24	N/A	27-Jun-24	N/A	N/A	N/A	ACHIEVED	N/A	N/A	CONCILIATION RESOLUTION		
MTRD 03	Review and implement an effective	Number of training held as per the WSP by 30 June 2024	Amount spent on training per month as per the WSP by 30 June 2024	Review and adoption of policies by 30 June 2024	Number of training held as per the WSP by 30 June 2024	Amount spent on training per month as per the WSP by 30 June 2024	Amount	0	0	R550 000.00	R77 440.00	Report on training held as per the WSP by 30 June 2024	R372 588.00 by 30 June 2024	R850 000.00	R572 586.00	NOT ACHIEVED	Red Alert: There was a decrease in the number of participants per program as other employees needed more specialized training.	There will be a specialized program for plant operators financial year 2024/2025	TRAINING REPORT / MTR		
MTRD 04	Implementatio	Number of people from the employment sector engaged in the three highest levels of management by 30 June 2024	Number of health and safety inspections conducted by 30 June 2024	People from the employment sector engaged in the three highest levels of management	Number	100%	100%	2	0	2	0	2 people from the security sector engaged in the three highest levels of management by 30 June 2024	2 by 30 June 2024	R817 816.00	R817 816.00	ACHIEVED	N/A	N/A	EMPLOYMENT EQUITY PLAN		
MTRD 05	To promote a safe working environment	Number of OHS meetings held by 30 June 2024	Number of OHS meetings held by 30 June 2024	Health and safety inspections conducted	Number	4	4	4	0	4	0	4 OHS meetings held by 30 June 2024	4 by 30 June 2024	N/A	N/A	ACHIEVED	N/A	N/A	MONTHLY REPORT OHS MEETINGS		
MTRD 06	To provide an effective and efficient HR support	Number of Local Labour Forum meetings held by 30 June 2024	Number of Local Labour Forum meetings held by 30 June 2024	2 workshops programs implemented in a year	Number	4	5	2	0	4	0	4 by 30 June 2024	4 by 30 June 2024	R300.00	R300.00	ACHIEVED	Over Achieved: There is one employee that was recruited into the second program and the second program was due to a general need identified during policy workshop to enhance capacity and the skills.	N/A	N/A	ATTENDANCE REGISTER OF WELDERS PROGRAM	
MTRD 07	To ensure the functional section 80(1)7 committee	Number of functional committees held by 30 June 2024	Number of functional committees held by 30 June 2024	36 meetings held per portfolio committee (3 meetings per quarter) by 30 June 2024	Number	0	0	36	4	0	4	4 reports from member maintenance by 30 June 2024	4 by 30 June 2024	N/A	N/A	NOT ACHIEVED	Red Alert: There is a high number of committee members as they were preparing for 27 May 2024 National General Elections	Speaker covered meeting schedule for heading financial year 2024/2025.	ATTENDANCE REGISTER OF COMMITTEES		
MTRD 08	To ensure the functional section 80(1)7 committee	Number of functional committees held by 30 June 2024	Number of functional committees held by 30 June 2024	4 reports from member maintenance by 30 June 2024	Number	4	4	4	0	4	0	4 by 30 June 2024	4 by 30 June 2024	N/A	N/A	ACHIEVED	N/A	N/A	REPORTS SUBMITTED		

CORPORATE SERVICES

SDID	Activity	Percentage	Quantity	Value	Start Date	End Date	Progress	Remarks	Ward
SDID 02 (E)	Improve access to electricity	0	0	R9,000,000.00	100% by 30 June 2024	100%	Achieved	N/A	W13
SDID 02 (C)	Progress for Thintwa electrification project by 30 June 2024	0	0	R9,000,000.00	100% progress for Thintwa electrification project by 30 June 2024	100%	Achieved	N/A	W12
SDID 02 (H)	Progress for Guguluthu electrification project by 30 June 2024	0	0		100% progress for Guguluthu electrification project by 30 June 2024	100%	Achieved	N/A	W9
SDID 03	Progress for Mawanda gravel road by 30 June 2024	30%	45%		100% progress for Mawanda gravel road by 30 June 2024	100%	Achieved	N/A	W3
SDID 04	Progress for Shileni gravel road by 30 June 2024	30%	45%		100% progress for Shileni gravel road by 30 June 2024	100%	Achieved	N/A	W2
SDID 05	Progress for upgrade of township roads phase 2 by 30 June 2024	30%	48%	R30,956,000.00	100% progress for upgrade of township roads phase 2 by 30 June 2024	100%	Achieved	N/A	W1
SDID 06	Progress for Emahlathini road by 30 June 2024	0	0		50% progress for Emahlathini road by 30 June 2024	50%	Achieved	N/A	W10
SDID 07	Progress for Bergville Industrial Hub Phase 2 by 30 June 2024	60%	69%		100% progress for Bergville Industrial Hub Phase 2 by 30 June 2024	100%	Achieved	N/A	W11
SDID 08	Progress for Bergville Industrial Hub Phase 3 by 30 June 2024	0	0	R8,644,398.00	100% progress for Bergville Industrial Hub Phase 3 by 30 June 2024	100%	Achieved	N/A	W11
SDID 09	Number of gravel roads maintained by 30 June 2024	0	120km	N/A	120 Kilometres of gravel roads maintained by 30 June 2024	100%	Achieved	N/A	ALD WARDS
SDID 10	Ensuring the maintenance of the municipal assets	0	100km	N/A	100 Kilometres of storm water drains maintained/cleaned by 30 June 2024	100%	Achieved	N/A	
SDID 11	Number of acres of potatoes planted by 30 June 2024	0	500ha2	N/A	500 meter-squared Area potatoes planted by 30 June 2024	100%	Achieved	N/A	
SDID 12	Number of tennis of Community halls by 30 June 2024	0	3	N/A	3 Community tennis of Reworked/Main hall by 30 June 2024	100%	NOT ACHIEVED	N/A	
SDID 13	Number of Emsahlini housing project units constructed by 30 June 2024	0	200	N/A	100 units of Emsahlini housing project units by 30 June 2024	100%	NOT ACHIEVED	N/A	W6
SDID 14	Number of Moya B housing project units constructed by 30 June 2024	0	456	N/A	100 units of Moya B housing project units by 30 June 2024	100%	NOT ACHIEVED	N/A	W12

Technical Services

W13

W12

W9

W3

W2

W1

W10

W11

W11

ALD WARDS

W6

W12

GOFP	Number of Council meetings held by 30 June 2024	Council meetings held	Number	4	12	4	0	4 Council meetings held by 30 June 2024	11 by 30 June 2024	ACHIEVED	Over Achieved: The council had urgently matters which led to 7 special council meetings	ATTENDANCE REGISTER OF COUNCIL MEETINGS
PVFM 01	Optimize the expenditure of capital budget	% of capital expenditure budget implemented (actual capital expenditure / budgeted capital expenditure x 100) by 30 June 2024	Percentage	100%	87%	100%	11%	100% Capital expenditure budgeted spent by 30 June 2024	80% by 30 June 2024	NOT ACHIEVED	Under Expenditure: Some expenditure for the disaster recovery grant was not originally budgeted as capital expenditure	SECTION 71/AFS
PVFM 02	Optimize expenditure collection	% of cash collected from against billing by 30 June 2024	Percentage	70%	69%	100%	1%	70% cash collected from billing by 30 June 2024	69%	NOT ACHIEVED	Not Achieved: Non-payment by government departments and other long outstanding debtors	BILLING RECONCILIATION REPORT
PVFM 03	Optimize Expenditure ON PFB	% of Operation spent on repairs and maintenance of infrastructure by 30 June 2024	Percentage	6%	8%	8%	0	8% Operational Budget (OPEX) spent on repairs and maintenance by 30 June 2024	10%	ACHIEVED	Over Expenditure: Some expenditure for the disaster recovery grant was not originally budgeted as capital expenditure.	SECTION 71/AFS
PVFM 04	Timely payment of 3rd parties	% of salaries paid on/before 25th of each month	Percentage	0	0	100%	0	100% salaries paid on/before 25th of each month	100% by 30 June 2024	ACHIEVED	N/A	BANK STATEMENT
PVFM 05	Ensuring that all valid invoices are within 30 days of receiving invoice	% of 3rd parties paid on/before month end by 30 June 2024	Percentage	0	0	100%	0	100% 3rd parties paid on/before month end by 30 June 2024	100% by 30 June 2024	ACHIEVED	N/A	BANK STATEMENT
PVFM 06	Ensuring that all valid invoices are within 30 days of receiving invoice	% of valid invoices paid within 30 days of receiving invoice by 30 June 2024	Percentage	0	0	100%	0	100% valid invoices paid within 30 days upon receiving of invoices by 30 June 2024	100% by 30 June 2024	ACHIEVED	N/A	CREDITORS SUMMARY REPORT
PVFM 07	Ensuring that all valid invoices are within 30 days of receiving invoice	% of full-time and casual expenditure incurred by 30 June 2024	Percentage	0	0	0	R1,510.00	% full-time and casual expenditure incurred by 30 June 2024	R1,510.00	NOT ACHIEVED	Not Achieved: Ekatom invoices were received late with the interest already charged	SECTION 32/AFS
PVFM 08	Ensuring that no irregular expenditure is incurred	Full irregular expenditure incurred by 30 June 2024	Percentage	0	0	0	R960,156.60	% irregular expenditure incurred by 30 June 2024	R900,156.00	NOT ACHIEVED	Not Achieved: The Mayor's car rented above the current regulations limit. There was an extension of a contract on a month to month basis as a result of improper planning. The contractor was appointed without the necessary documents in the subject to bid document.	SECTION 32/AFS
PVFM 09	Ensuring that no unauthorized expenditure is incurred	Full unauthorized expenditure incurred by 30 June 2024	Percentage	0	0	0	R27,623,107.00	% unauthorized expenditure incurred by 30 June 2024	R27,623,107.00	NOT ACHIEVED	Not Achieved: The Municipality over-spent on budgeted items without considering the budget. Some expenditure for the disaster recovery grant was treated as operation but originally budgeted as capital. The Municipality revised the debt impairment provision for government debt due to non-collection. The GRAP 05 valuation report is prepared at year end and could not be budgeted for.	SECTION 32/AFS

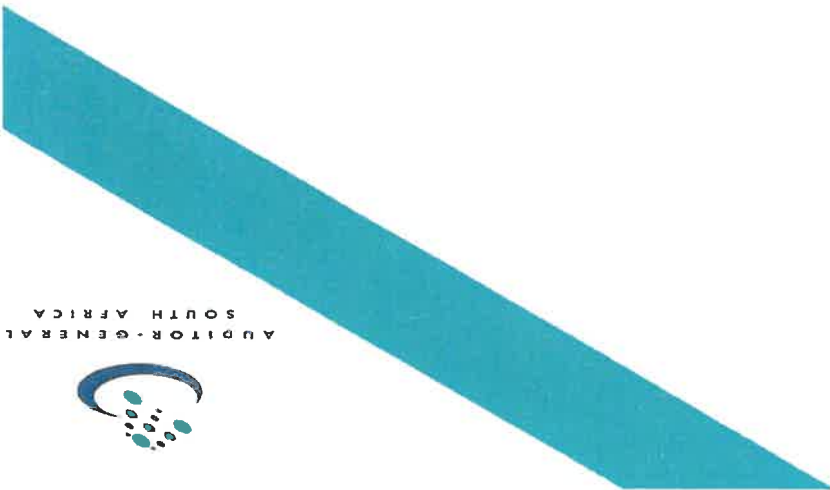
CRCI D9	Ensuring risk actions plans are identified	% of action plans attended by 30 June 2024	Action plans attended	Percentage	70%	88%	100%	b	70% action plans attended by 20 June 2024	100% by 30 June 2024	N/A	N/A	ACHIEVED	Over Achieved: Most 2023/2024 action plans did not need budget which resulted to over achievement	N/A	SUMMARY OF ACTION PLANS IMPLEMENTED ANALYSIS
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2023/24
AGSA AUDIT
OF
OPINION
OKHAHLAMBA
LOCAL
MUNICIPALITY

2023-24

Okhahlamba Local Municipality

AUDIT REPORT



AUDITOR-GENERAL
SOUTH AFRICA



**Report of the auditor-general to the KwaZulu-Natal Provincial
Legislature and Council on Okhahlamba Local Municipality**

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Okhahlamba Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and 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 Okhahlamba Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

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

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

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

Emphasis of matter

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

Material allowances for impairment

7. As disclosed in note 10 to the financial statements, material allowances for impairment of R70,15 million (2023: R56,52 million) on consumer debtors were raised as the recoverability of these amounts is doubtful.

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.

Responsibilities of the auditor-general 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. This description, which is located at page 7, forms part of our auditor's report.

Report on the audit of the annual performance report

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

15. I selected the following key performance areas presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected key performance areas that measure the municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

Key Performance Areas	Page numbers	Purpose
Basic service delivery and infrastructure development	XX	To improve service delivery and facilitate the provision and maintenance of new and existing infrastructure.
Local economic and social Development	XX	To respond to social development issues and create a climate conducive for local economic development.

16. I evaluated the reported performance information for the selected key performance areas against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

17. I performed procedures to test whether:

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

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

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

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

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

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

Basic service delivery and infrastructure development

<i>Targets achieved: 80%</i>		
<i>Budget spent: 89%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of Emazini housing project units constructed by 30 June 2024	100	63
Number of Moyeni B housing project units constructed by 30 June 2024	100	77
Number of Emmaus housing project units constructed by 30 June 2024	100	98
Number of Potshini housing project units constructed by 30 June 2024	50	16

Local economic and social development

<i>Targets achieved: 50%</i>		
<i>Budget spent: 127%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of households earning less than R4 710 with access to Free Basic Services (Entire household) by 30 June 2024	1432	1431
% business license application processed and finalized within 60 working days by 30 June 2024	100%	26%

Report on compliance with legislation

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

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

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

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

Expenditure Management

27. Reasonable steps were not taken to prevent irregular expenditure amounting to R39,8 million (2022-23: R39,4 million), as disclosed in note 41 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by the municipality not applying evaluation criteria that is the same as criteria advertised.

Procurement and Contract Management

28. Some of the contracts were awarded to bidders based on points given for legislative requirements that were not stipulated and differed from those stipulated in the original invitation for bidding, in contravention of SCM regulations 21(b) and 28(1)(a)(i) and the Preferential Procurement Regulations.

29. Some of the tenders that failed to achieve the minimum qualifying score for functionality legislative requirement were not disqualified as unacceptable tender in accordance with 2017 Preferential Procurement Regulation 5(6).

Other information in the annual report

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

31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included

in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

33. The other information I obtained prior to the date of this auditor's report are the mayor's foreword and executive summary, governance and organisational development performance, and the audit and performance committee's report.

34. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

35. I have nothing to report in this regard.

Internal control deficiencies

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

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

38. Management did not review and monitor compliance with key legislation applicable to the municipality.

Auditor General

Pietermaritzburg

28 November 2024



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Sections or regulations	Legislation
<p>Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Section 1 - Definition: service delivery and budget implementation plan, Sections 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 29(1), Sections 29(2)(b), 32(2), 32(2)(a)(i), 32(2)(a)(iii), 32(2)(b), Sections 32(6)(a), 32(7), 53(1)(c)(iii), 54(1)(c), 62(1)(d), 62(1)(f)(i), Sections 62(1)(f)(ii), 62(1)(f)(iii), 63(1)(a), 63(2)(a), 63(2)(c), 64(2)(b), Sections 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), Sections 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(iii), 117, 122(1), Sections 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(iii), Sections 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(iii), 170, Sections 171(4)(a), 171(4)(b)</p>	<p>Municipal Finance Management Act 56 of 2003</p>
<p>Regulations 71(1), 71(2), 72</p>	<p>MFMA: Municipal Budget and Reporting Regulations, 2009</p>
<p>Regulations 3(1)(a), 3(3), 6, 7, 12(2), 12(3)</p>	<p>MFMA: Municipal Investment Regulations, 2005</p>
<p>Regulations 5(4), 6(8)(a), 6(8)(b), 10(1)</p>	<p>MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014</p>
<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), 17(1)(a), Regulations 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), Regulations 27(2)(e), 28(1)(a)(i), 28(1)(a)(iii), 29(1)(a), 29(1)(b), Regulations 29(5)(a)(ii), 29(5)(b)(iii), 32, 36(1), 36(1)(a), 38(1)(c), Regulations 38(1)(d)(iii), 38(1)(g)(i), 38(1)(g)(iii), 38(1)(g)(iii), 43, Regulations 44, 46(2)(e), 46(2)(f)</p>	<p>MFMA: Municipal Supply Chain Management Regulations, 2017</p>
<p>Sections 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 29(3)(b), 34(a), 34(b), Sections 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(iii), 42, 43(2), 56(a), 57(2)(a), Sections 57(4B), 57(6)(a), 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 93J(1), 96(b)</p> <p>Parent municipality with ME: Sections 93B(a), 93B(b)</p>	<p>Municipal Systems Act 32 of 2000</p>

Legislation	Sections or regulations
Parent municipally with shared control of ME: Sections 93C(a)(iv), 93C(a)(v)	
MSA: Municipal Planning and performance Management Regulations, 2001	Regulations 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 3(6)(a), 7(1), 8, 9(1)(a), 10(a), Regulations 12(1), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers directly Accountable to Municipal Managers, 2006	Regulations 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations 17(2), 36(1)(a)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations 5(2), 5(3), 5(6), 8(4)
Annual Division of Revenue Act	Section 11(6)(b), 12(5), 16(1); 16(3)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2), Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)






2023/24
EXTERNAL AUDIT
FINDINGS
ACTION PLAN

**OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN**





2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS

OTHER IMPORTANT MATTERS						
Finding	Action Plan	Due Date	Responsible Official	Status/Progress		
1. Comm 2 : Expenditure – date stamped receipt on invoice incorrect	Stamp invoices upon their receipt	30 November 2024	Director Finance	Invoices are being stamped upon their receiving date.		
	Ensure hand-delivered invoices are logged on a register	30 December 2024	Director Finance	Not yet developed		
2. Comm 2 : Quotations evaluated on criteria that is inconsistent with criteria advertised	Investigate the population of quotations for similar non compliance	30 November 2024	Director Finance	Investigation has been conducted by finance manager.		
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Note number 40 irregular expenditure for has been adjusted.		
	Monitor implement The Municipal Supply Chain Management Regulations , section 21	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit and compliance unit.		






OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN
2023/2024 EXTERNAL AUDIT FINDINGS
AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS					
Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
3. Comm 2 : Quotation awarded to incorrect supplier	Investigate the population of quotations for similar non compliance	30 November 2024	Director Finance	Investigation has been conducted by finance manager.	
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Note number 40 irregular expenditure for has been adjusted.	
	Ensure adhere to bid close off times.	30 June 2025	Director Finance	Internal audit continuously monitor implementation of SCM Regulation.	
4. Comm 2 : Conflict of interest	Confirmation of the positions of individuals identified to be in the service of the state.	30 June 2025	Director Finance	Confirmation of the positions of individuals identified is currently being conducted.	

**OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN**

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)




OTHER IMPORTANT MATTERS						
Finding	Action Plan	Due Date	Responsible Official	Status/Progress		
	Flag the identified suppliers on the municipal supplier database	30 June 2025		Identified suppliers will be flagged after confirmation.		
5. Comm 5 : Criteria for awarding within panels not stipulated in the SCM Policy nor bidding documents	Investigate the population of quotations for similar non compliance	30 November 2024	Director Finance	Investigation has been conducted by finance manager.		
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Irregular expenditure note has been adjusted.		
	Amend SCM Policy to include the selection criteria for panels and quotations.	30 June 2025	Director Finance	Policy is being amended.		
6. Comm 5: Suppliers awarded as a contractor and consultants in the same panel	Ensure that the appropriate disclosure of irregular expenditure is made.	30 June 2025	Director Finance	Disclosure will be conducted once payments has been made.		

**OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN**

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS

OTHER IMPORTANT MATTERS					
Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
	Amend SCM Policy to include the selection criteria for panels and quotations.	30 June 2025	Director Finance	Policy is being amended.	
7. Comm 5: Request for quotations (RFQ) evaluated by Bid Evaluation Committee before closing date of the RFQ	Conduct thorough review of the BEC minutes by the BAC	30 June 2025	Director Finance	BEC minutes are being monitored closely by the BEC Committee.	
	Ensure compliance with the scm regulations	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit.	
	Review processes by the BEC and BAC	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit.	
8. Comm 5: Awards to close family members of persons in the service of the state not disclosed.	Investigate the population of quotations for similar non compliance	30 November 2025	Director Finance	Investigation has been conducted by finance manager.	

**OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN**

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS






OTHER IMPORTANT MATTERS						
Finding	Action Plan	Due Date	Responsible Official	Status/Progress		
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Irregular expenditure note has been adjusted.		
9. Comm 5: Bids evaluated on criteria that is inconsistency with criteria advertised.	Investigate the population of quotations for similar non compliance	30 November 2024	Director Finance	Investigation has been conducted by finance manager.		
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Irregular expenditure note has been adjusted.		
	Monitor implementation the Municipal Supply Chain Management Regulations	30 June 2025	Director Finance	SCM regulations are being monitored closely by internal audit and compliance unit.		
10. Comm 8: Evaluations criteria for measuring functionality is not objective and proof not disclosed	Investigate the population of quotations for similar non compliance	30 November 2024	Director Finance	Investigation has been conducted by finance manager.		

OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS






OTHER IMPORTANT MATTERS					
Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 November 2024	Director Finance	Irregular expenditure note has been adjusted.	
11. Comm 8: Potential collusive bidding	Conduct Investigation for potential collusive bidding.	30 June 2025	Internal Audit	Investigation is being conducted.	
	Report to MPAC recommendations for implementation.	30 June 2025	Internal Audit	Recommendations report to be submitted after investigation	
12. Comm 9: Contracts advertised for less than 30 days	Investigate the population of quotations for similar non compliance	30 June 2025	Internal Audit	Investigation is being conducted.	
	Ensure that the appropriate adjustment is made to the disclosure of irregular expenditure	30 June 2025	Internal Audit	Appropriate adjustment will be made once payments has been made.	

OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS






Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
	Provide training to the bid committees regarding applicable legislative framework.	30 June 2025	Director Finance	To be conducted before end of financial year 2024/2025.	
13. Comm 9 : Potential fraud : fuel and oil	Conduct Investigation for potential fraud on fuel and oil.	30 June 2025	Internal Audit	Investigation is being conducted.	
	Report to MPAC recommendations for implementation.	30 June 2025	Internal Audit	Recommendations report to be submitted after investigation	
14. Comm 10 : Unauthorized expenditure disclosure does not agree to amount overspent on budgeted amount.	Review information supporting the annual financial statements.	30 June 2025	Director Finance	Continuous review is being conducted by internal audit.	
	Ensure appropriate adjustments is made to the financial statement's disclosure for unauthorized expenditure	30 June 2025	Director Finance	Appropriate adjustments is being made.	

**OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN**

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

OTHER IMPORTANT MATTERS

Finding	Action Plan	Due Date	Responsible Official	Status/Progress	
15. Comm 11: Potential Fraud : Fuel and oil	Conduct Investigation for potential fraud on fuel and oil.	30 June 2025	Internal Audit	Investigation is being conducted.	
	Report to MPAC recommendations for implementation.	30 June 2025	Internal Audit	Recommendations report to be submitted after investigation	
16. Comm 5 : Performance indicators incorrectly classified in the Annual Performance Report	Ensure that indicators are classified as per the Key Performance Area(Local Economic and Social Development)	30 June 2025	PMS unit Director Technical Director Social	Indicators are being classified.	
17. Comm 4: Current landfill site in use – Noncompliance with waste management Act.	Application for closure and rehabilitation	30 June 2025	Director Technical	Director technical currently assisting with application for closure and rehabilitation of the landfill site.	
18. Comm 5 : Landfill site not in use	Application for operation permit.	30 June 2025	Director Technical	License is available, Director technical currently assisting with a process of obtaining permit.	

**OKHAHLAMBA LOCAL MUNICIPALITY
ACTION PLAN**

2023/2024 EXTERNAL AUDIT FINDINGS

AUDIT OUTCOME: UNQUALIFIED WITH FINDINGS (REGRESSION)

Details	
No. of Findings	18
No. of Action plans	38
Not Started/overdue	6
In-progress	11
Complete	13
Ongoing	8
Progress to date	21/38=55,3

Matters that should be addressed urgently	
Matters that should be addressed to prevent material misstatement	
Matters that do not have direct impact on the audit outcome but communicated to assist with improving process and mitigating risks	

PLEASE NOTE: The name of each HOD/Director may not necessarily appear as the responsible official; but automatically each HOD/Director is responsible for each action plan that is relating to their Department. Hence each HOD/Director should ensure

MUNICIPALITY
LOCAL
OKHAHLAMBA
OF
REPORT
ON ANNUAL
RESOLUTION
COUNCIL
2023/24

CLR. S. Z. KHUMALO

THE HONOURABLE SPEAKER (CHAIRPERSON).

27 JANUARY 2025

DATE

True reflection of the minutes

- The Annual Report for 2022/ 2023 Financial Year in terms of Section 127 of the MFMA be approved.

RESOLVED THAT:

It was accordingly;

A. Coka.

Following a proposal from Councillor V. W. Mazibuko seconded by Councillor B.

The IDP/ PMS Manager, Mr. S. S. Nene elaborated as per the report and the detailed document attached in the Executive Committee addendum agenda dated the 23rd January 2025.

10.8 Annual Report for 2023/ 2024 Financial Year

EXTRACT OF THE RESOLUTION FROM THE MINUTES OF THE ORDINARY COUNCIL MEETING HELD ON MONDAY THE 27TH JANUARY 2025 AT THE MUNICIPAL COUNCIL CHAMBER, NO. 259 KINGSWAY STREET, BERGVILLE AT 10H00

Reference: C2025/01/94	Enquiries: S. N. Malinga	E-mail: Nkosi.Malinga@okhahlamba.org.za	Telephone: 036 - 448 8000	Date: 27 / 01 / 2025
			Fax: 036 - 448 1986	

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