



## uMSINGA LOCAL MUNICIPALITY'S ANNUAL REPORT 2021/2022

*This Annual Report is prepared in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).*

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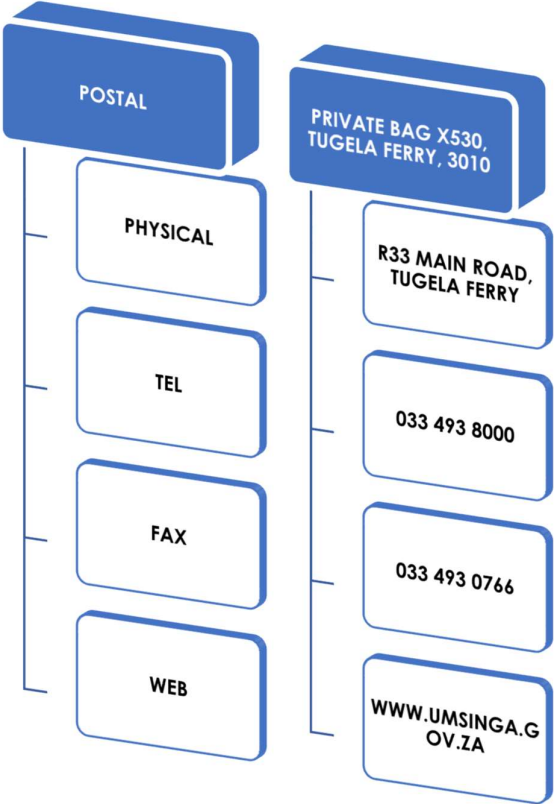
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**MUNICIPAL MANAGER**

**DATE : 26/01/2023**

**FC : 25/01/2023**

**GENERAL INFORMATION ABOUT uMSINGA MUNICIPALITY**



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## GLOSSARY

TABLE 1: TERM DEFINITIONS

	DEFINITIONS
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 of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, and 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”.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor General.
Approved Budget	The annual financial statements of a Municipality as audited by the Auditor General and approved by Council.
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.

	DEFINITIONS
General performance indicators	Key After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	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.
Integrated Development Plan (IDP)	Sets out Municipal goals and development plans.
National Key Performance Areas	<ul style="list-style-type: none"> <li>• Service delivery and infrastructure;</li> <li>• Economic development;</li> <li>• Municipal transformation and institutional development;</li> <li>• Financial viability and management; and</li> <li>• Good governance and community participation.</li> <li>• Cross cutting.</li> </ul>
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution.
Performance Indicator	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).
Performance Information	Generic term for non-financial information about Municipal services and activities. Can also be used interchangeably with performance measure.
Outputs	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.
Performance Targets	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.
Service Delivery and Budget Implementation Plan	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.



TABLE 2: ACRONYMS

MM	Municipal Manager
DEA	Department of Environmental Affairs
UDM	uMzinyathi District Municipality
DORA	Division of Revenue Act
ECD	Early Childhood Development
EIA	Environmental Impact Assessment
SMT	Senior Management Team
EPWP	Expanded Public Works Programme
FARMCO	Fraud-and-Risk Management Committee
FEIR	Final Environment Impact Report
GIS	Geographic Information System
GRAP	Generally Recognised Accounting Practice
GV	General Valuation
HIV	Human Immunodeficiency Virus
HR	Human Resources
ICOSA	Independent Civic Organisation of South Africa
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEM	Integrated Environmental Management
IMFO	Institute of Municipal Finance Officers
INEP	Integrated National Electrification Funding
IOD	Injury on Duty
IRDP	Integrated Residential Development Program
ISAMAO	Institute of Municipal Accounting Officers
IWMP	Integrated Waste Management Plan
KFA	Key Focus Area
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
SDF	Spatial Development Framework
MFMA	Municipal Finance Management Act

MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MSA	Municipal Systems Act
MSCOA	Municipal Standard of Accounts
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NQF	National Qualification Framework
PMS	Performance Management System
PPP	Public Private Partnership
RBIG	Regional Bulk Services Infrastructure Grant
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government Association
SAN	Storage
SAPS	South African Police Service
SCADA	Supervisory Control and Data Acquisition
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDLC	Systems Development Lifecycle
SEDA	Small Enterprise Development Agency
ESMT	Extended Senior Management Team
SO	Strategic Objective
SOP	Standard Operating Procedure
SPCA	Society for the Prevention of Cruelty to Animals
STATSSA	Statistics South Africa
SV	Supplementary Valuation
TASK	Tuned Assessment of Skills and Knowledge
UIF	Unemployment Insurance Fund
UISSP	Upgrade of Informal Settlement Support Programme

## PREFACE

Section 121 (1) of the Local Government: Municipal Financial Management Act 56 of 2003 (MFMA) stipulates that “Every Municipality and every municipal entity must for each financial year prepare an annual report” in accordance with its guidelines. The purpose of the annual report is to:

- a) Provide a record of the activities of the uMsinga Council during the 2021-2022 financial year;
- b) Provide a report on performance against the budget of the uMsinga Council for the 2021/2022 financial year; and
- c) Promote accountability to the local community for the decisions made throughout the year by the Municipality. According to section 121 (3) of the MFMA, the annual report must include:
  - a. The annual financial statements of the Municipality, and consolidated annual financial statements as submitted to the Auditor-General for the audit in terms of section 126 (1) of the MFMA;
  - b. The Auditor-General's audit report in terms of section 126 (3) of the MFMA on the financial statements
  - c. The annual performance report of the Municipality as prepared by the uMsinga Municipality in terms of section 46 of the Local Government; Municipal Systems Act 32 of 2000 (MSA);
  - d. The Auditor-General's audit report in terms of section 45 (b) of the MSA;
  - e. An assessment by the Municipality's Accounting Officer of any arrears on municipal taxes and services charges;
  - f. An assessment of the Municipality 's performance against the measurable performance objectives referred to in Section 17 (3) (b) of the MFMA for revenue collection from each revenue source and for each vote in the Municipality 's approved budget for the 2021-2022 financial year;
- d) Corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraphs (b) and (d) above; and Recommendations of the Municipality 's Audit Committee.

**CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY**

CHAPTER 2: GOVERNANCE

CHAPTER 3: THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - SDBIP

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 6: AUDITOR GENERAL FINDINGS

APPENDICES

## CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY (COMPONENT A)

### 1.1 FOREWORD BY THE MAYOR



FOREWORD BY HIS WORSHIP THE MAYOR: CLLR DM NDLOVU

uMsinga Municipality is a home to 177,577 people and boasts of a rich cultural society. uMsinga is one of the four local Municipalities under the uMzinyathi district in KwaZulu-Natal. As a local Municipality all initiatives are guided and aligned to the National, Provincial and District plans and strategies. In 2017 uMsinga Municipal Council reviewed and adopted its Vision which is aligned to the NDP 2030. According to the NDP the aim is to reduce poverty by 2030. According to the National Development Plan South Africa can realise the goals enshrined in the plan by drawing on the energies of its

people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnership throughout society. Owing its origins to the National Development Plan goals, uMsinga Municipality's vision reads:



The Vision, which encapsulates our commitment towards poverty eradication, is aligned to the District Growth and Development strategy, Provincial Growth and Development Strategy and the National Development Plan and the recently adopted District Development Model (DDM). The Municipality through its vision seeks to create an enabling environment for economic growth, development, employment and job creation, enhancing the quality of life of the uMsinga residents, maintaining good corporate governance as well as sound financial management.

The Municipality prides itself with having the most intense public participation mechanisms and in 2021/2022 the Municipality continued to ensure public participation through various structures and programmes.

Council undertook a number of processes to achieve this goal, including facilitating ward committee meetings in all 21 wards,

enhancing public participation and consultation processes through izimbizos held in every ward, media sessions; holding consultative meetings with a wide range of stakeholders; and rebuilding our Municipal website. Through these structures the Municipality gets a platform to report back to the community on projects during the course of implementation and also on challenges that may be hindering those projects. Accountability is enforced through performance contracts and performance agreements which give rise to performance reports on a quarterly basis. The Performance agreements are signed by the Mayor who ultimately reports on implementation to Council on a quarterly basis in line with the Municipal Performance Management System.

As per the Census 2016 data, it is noted that the number of households within the Municipality is 38 372, while the unemployment within the Municipality is estimated at 55% of the economically active population. This growth in population is accompanied by various challenges, in particular the ongoing demand for water and alternative energy source especially for those households in the outskirts.

Over the past financial year, the Municipality experienced a number of protests resulting from the huge backlog of water provision. The Municipality continues to engage the uMzinyathi District Municipality who in terms of powers and functions is entrusted with water and sanitation provision. The Municipality has engaged the Department of Human Settlements following disgruntled community members over the provision of housing. The Municipality managed to reduce the housing backlog working hand in hand with the department of Human Settlements, the Municipality continues to eradicate the housing backlog. As presented above, the Municipality has currently a housing backlog estimated at 37 723 units based on the Municipal Housing sector plan.

There is no doubt that the need for housing within the Municipality is huge and continues to grow. Unfortunately, this increase in demand has not been met by concomitant increase in delivery.

The Municipality embarked on several infrastructure projects with an intention to envisioned accelerated growth. These projects are only possible through strategic partnerships with other spheres of government, the private sector, and the community of uMsinga. The Municipality remains indebted to the Department of Transport for the construction of the Kopi road(R33) which on completion which has enabled traffic flow and added to the aesthetic of the area. The Department understands that an investment into the infrastructure is paramount in attracting investors. I would like to extend my appreciation to the community for their patience, Kopi upgrading has been a multimillion and multiyear project and upon completion has eased traffic and made uMsinga much more accessible.

The Municipality has over the years embarked on several infrastructural projects, including access roads construction, and has successfully constructed a number of community facilities over the years. In 2021/2022 the Municipality had planned to construct five community halls. Five (5) new halls were to be constructed; however, four community halls were successfully completed, one Chithokwakhe community hall (ward 19) has been rolled over to 2022/23 financial year. The delays experienced in Chithokwakhe are immensely regretted, and going forward the Municipality will prioritize completion in 2022/23 financial year.

The Municipality had planned 21 Mayoral Izimbizos which were successfully achieved in the first two quarters of the financial year.

I would like to congratulate the 20 beneficiaries that received their housing from the Municipality. These projects emanate from the Municipal Ward based planning. The successfully completed 20 two roomed houses were for the following beneficiaries:

NO.	TWO-ROOM BENEFICIARY	Ward No,
1.	Khululiwe Mtshali	Ward 01
2.	Zazile Mchunu	
3.	Ngema Family	Ward 02
4.	R. Mabaso	Ward 04
5.	H. Mntungwa	
6.	Ndlovu	Ward 05
7.	Phuthumile Mvelase	Ward 06
8.	Ngenzeni Dladla	
9.	M. Buthelezi	Ward 07
10.	S'bhakela Mkhize	
11.	Tshitshana Ndlovu	
12.	Nkala	Ward 08
13.	Nomusa Mthalande	
14.	Felokwakhe Mkhize	Ward 11
15.	Thembokwakhe Zulu	
16.	Lingubani Zulu	Ward 12
17.	Bongisiwe Mchunu	
18.	Ngenisile Thabede	Ward 17
19.	Mntungwa	
20.	Mbindolo Two-room	Ward 18

The Municipality constructed 06 access roads, the three roads namely Ngongolo in ward 6, Xholobane in ward 5, Ezibomvini access

road in ward 13 have been successfully completed, while Gonondo access in ward 16, Phowane in ward 12, and Mfulamuni in are all in progress and will be completed in 2022/23 financial year. The Municipality also maintained a total of 39 access roads. During the year under review, 5 creches were completed.

Job creation is at the core of local government and in line with outcome 4 which talks to decent employment and inclusive economic growth the Municipality has given job opportunities to about 674 women responsible for road maintenance. uMsinga community is dominated by women and the majority of households are led by women, thus the labour-intensive projects such as Siyazenzela Road Maintenance are geared towards the employment of women in all 21 wards. The Municipality utilizes its EPWP grant towards this goal as well as its own equitable share funding.

If we want to successfully participate in the global economy, we have to be ready to converse at the platforms the fourth industrial revolution brings to this end uMsinga Municipality is pleased to announce that together with the Department of Education have established a new Cwaka FET college. Having this institution means the Municipality can develop people with industry expertise who need to be proficient in digital or problem-solving skills. If educational institutions, employers, and employees can imagine and refine a solution together, continuous up-training could become a crucial tool to help individuals adapt to relentless change. We are about reinventing the future of work, and that initiative is not only a responsibility for us as government but for all of us, the private sector should also come on board.

The financial year 2021/2022 has been an eventful year where we had local government elections and saw a change in the leadership. I must commend the uMsinga community for successfully allowing the course of democracy to take its place through yet again another round of peaceful democratic elections. As a result of the 2021

elections, the Municipality saw an increase of demarcation wards from 18 wards to 21 wards and from 36 to 41 councillors respectively.

The Batho Pele principles, as well as the Municipal Systems Act, 32 (Act 32 of 2000) section 46 (1) prescribe that the community deserves "Redress" to be informed of the services that were promised but not rendered and the reasons for variance as well as measures taken to ensure performance improvement.

Another cause for concern from the year under review has been the water projects that are implemented by uMzinyathi District within uMsinga Municipal area, these have led to various protests and community unrest. There have been road blockages at Keates Drift and other areas. The Municipality vehemently advocates for access to safe drinking water, continues to sit in the intergovernmental meetings (IGR) to represent the needs of the people of uMsinga with an intention to fastrack the provision of basic services and continues to ensure that communities are involved and kept abreast of all local government matters.

In line with the Municipal vision which seeks to ensure financial and social emancipation of the uMsinga community, the Municipality provided both financial and technical assistance to upcoming businessmen and farmers.

Agriculture is the Municipality's competitive advantage; thus, many initiatives are geared towards increasing the agricultural output. The following emerging cooperatives were assisted in the year under review:

- *Khuzwayo's poultry farming – The group is based in ward 15 and was assisted with 50 laying chicken, 50 kg of laying mash and one cage.*
- *Zanoluhle Poultry farming from ward 05 was also assisted with 50 laying chicken, 50 kg of laying mash and one cage.*

- *Siyazama womens club from ward 06 was assisted with the material of making izindwaba, 2X 10 litre of bucket, 2X wheel barrow and large pots.*
- *Farmers Day- Ward 5 farmers association were assisted with R50 000 to pay off their electricity (Eskom) debt.*

Such assistance lay an important foundation towards instilling self-sufficiency in the local business community. Lack of affordable irrigation methods poses a challenge for the emerging farmers, whom without water, cannot yield successful produce. While water provision is not a primary function of the local Municipality, uMsinga Municipality managed to acquire in 2020/21 financial year four water pump engines for the communities of Emanseleni in ward 5, Ezingulubeni in ward 14, Enqongweni in ward 5/6, and Emachunwini in ward 9 (the last engine is in the process of installation). Unfortunately, in the wake of the flood disasters in April 2022, these engines became victims of the ravenous floods that swept away one engine and left the three engines badly damaged. To these floods uMsinga Community watched in horror as the floods claimed the young lives of two Shange teenagers who drowned trying to cross the Sampofu river. The community is still reeling from the floods shock. To the family and community members, my heartfelt sympathy goes out to you. There is no greater pain than losing a child and I pray for God's comfort.

I would like to express my heartfelt gratitude to my fellow Councillors, Deputy Mayor- Cllr Mbatha, the Speaker- Cllr Masimula, the Whip Cllr Sokhela and honourable Exco members, Directors, Sector Departments whom we have worked with tirelessly over the past months. We together formed a Local Command Centre to discuss at length a holistically approach towards fighting the Pandemic.

I wish to express my heartfelt gratitude to Ondabezitha bonke Amakhosi asendlunkulu, Government Departments, the Business

Community, uMsinga residents and all the stakeholders who have contributed in making our Municipality a better place to reside in. My sincere gratitude goes to the Business community of uMsinga who in the wake of COVID19 pandemic pitched in and assisted our community with donations of; food parcels, sanitizers, masks, and other necessary PPEs. It is truly commendable what we can achieve as a community if we work together!

Lastly, I would like to extend my sincere appreciation to the community at large, NGOs, Religious leaders, IEC, for the successful and peaceful elections in November 2021.

Ngyathokoza!

**HIS WORSHIP THE MAYOR  
CLLR DM NDLOVU**

SUBMITTING THE ANNUAL REPORT TO THE COUNCIL OF uMSINGA LOCAL MUNICIPALITY

I have the honour of submitting the uMSINGA LOCAL MUNICIPALITY's Annual Report with all its legislated contents for the period 01 JULY 2021 TO 30 JUNE 2022.



## 1.2 FOREWORD BY THE MUNICIPAL MANAGER



**THE MUNICIPAL MANAGER: MR S.L. SOKHELA**

uMsinga Municipality is a Category B Municipality with powers and functions assigned in terms of Sections 155 and 156 of the Constitution of the Republic of South Africa, 1996 (local government matters referred to in Schedules 4 and 5). These powers and functions are

exercised subject to Chapter 5 of the Municipal Structures Act, 117 of 1998 and Chapter 3 of the Local Government Municipal Systems Act, 32 of 2000. The Municipality covers an area of 1,539 km<sup>2</sup> and consists of 21 wards. There are several natural and man-made phenomena that have shaped and continue to shape the uMsinga Municipality. uMsinga Municipality 's population is relatively dispersed and where services exist, they are concentrated along the main road (R33), water sources such as the Tugela and Mooi River. The main towns are Pomeroy, Keates Drift and Tugela Ferry.

In line with the Municipal vision which seeks to achieve corruption free governance, the Municipality has adopted a zero-tolerance stance to all forms of corruption, fraud and maladministration and has established numerous measures to prevent fraud and corruption in the Municipality through the utilisation of oversight structures. These include the oversight structures such as the Municipal Public Accounts Committee (MPAC), Risk Management & Fraud Committee, an Internal Audit, an Independent Audit Committee (AC) and a Performance Audit Committee (PAC). These committees met quarterly in 2021/2022 fiscal year with an intention to perform their oversight responsibilities on non-financial and financial management matters and the overall integrity of the Municipality.

Other challenges faced by the Municipality include rampant illegal buildings that tarnish the image of the Municipality and undermine the spatial vision of the Municipality despite our efforts to ensure proper Spatial Planning. The Municipality has mitigated such problems by employing technical expertise to uphold the Planning legislations as well as ensure enforcement. The Municipality established a new Traffic Unit housed within the Department of Community Services; the Traffic unit is partially functional at present pending approvals from the Department of Transport.

The Municipality's investment in the Local Economic Development component has raised confidence in the Municipality's ability to create job opportunities through the Arts and Crafts. The Municipality

partnered with the Rock Drift arts centre and together managed to assist 15 young artists to graduate at the art centre. The Municipality has several partnerships with FETs, NAC and other stakeholders which seeks to ensure that the youth are capacitated and discover their talents and skills that will ensure they enter the job market and thereby ensure sustainable economic development.

Another successful initiative in LED has been in hosting empowerment workshops to advance local entrepreneurs. The Market Day/business indaba has become an annual event and was hosted by the Municipality at UMphelankani in ward 04 on the 24 February 2022 with an intention to give uMsinga SMMEs an opportunity to exhibit and showcase their work, to be empowered by the reputable businessmen who attended and presented. It also presented an opportunity where they could learn from alike businesses and ultimately contribute meaningfully towards the development of the Local Economy. A similar two-day workshop in Film and TV was successfully hosted on the 23<sup>rd</sup> to 24<sup>th</sup> June with an intention to explore unchartered opportunities for the youth of uMsinga. The Municipality prioritizes its valuable asset, the youth. To this end, each of the 21 wards has set aside an allocation dedicated to tertiary education registration. To this effect, the Municipality managed to pay tertiary registration fees for 167 youth in 2021/2022 financial year.

I would like to acknowledge the role of Provincial and National government and regularly engage on platforms to share information and best practices. These platforms include, but are not limited to SALGA, IMFO, Premiers Coordinating Forum, and Municipal Managers Forum. The Municipality also participates in District IGR structures namely the DDM clusters, Mayors Forum, Speaker's forum, the MMs Forum, and other senior manager's forum which are hosted at uMzinyathi District Municipality in Dundee. In line with the DDM model, these structures have included other sector departments and have been termed clusters and they vary from local clusters to district and upwards. Due to COVID19 all these structures met virtually and

mostly met on a monthly basis to go over the uMzinyathi COVID19 statistics, and the various response plans.

This Annual Report 2021/2022 is fuelled by Batho Pele principles; openness, consultation, service standards, redress, courtesy, transparency, excellence, accessibility, and integrity hereby present the various key service delivery improvements achieved during the year under review as a result of good planning and execution. Numerous important projects were completed which inter alia covered roads and electricity connections. These are providing thousands of uMsinga residents with improved basic services, setting the tone for future economic growth and development. The Municipality successfully held a strategic planning session in March 2022 to deliberate on the desired future of uMsinga and the strategic planning have been effected into the Municipal IDP 2022/23 review as adopted by Council on the 29 June 2022.

The Municipality updates its Risk register quarterly.

The overall financial performance of the Municipality in 2021/2022 confirms sound financial management, with the revenue steadily increasing year in line with the annual target. (As depicted in the AFS attached) Overall, uMsinga Municipality remains focussed on fulfilling its vision and commitment to its residents and business community on all service delivery fronts.

uMsinga Municipality Annual report is presented in line with the targets set out in the uMsinga Municipal Integrated Development Plan Review as adopted by Council on the 26<sup>th</sup> of May 2021. The SDBIP Top Layer (organisational scorecard) and the Municipal Performance Plans are aligned to the IDP goals. Through various public participation processes uMsinga citizens have been kept abreast of the developments and culminated their concerns and suggestions into Municipal strategic operations. Council has been able to set its Annual Performance Plans, linked to individual performance agreements with realistic, measurable targets. These

have been assessed, and where deemed necessary amended on a quarterly basis in line with the resources to ensure that alignment with IDP and Budget is attained. The Municipality has successfully achieved most of its infrastructure targets in the year 2021/2022. Where underperformance was noted, steps have been put in place to ensure performance improvement.

The Municipality has successfully transitioned from hard copy to completely electronic Council agendas. The Municipality rolled out Laptops and Tablets to all Councillors as part of their tools of trade. In the last quarter of 2019/2020, in the midst of the Municipality purchased tablets for all five Traditional Authorities to fast-track virtual communication. The whole council of uMsinga has been provided with laptops as part of their tools of trade. In 2021/2022 the move towards electronic record keeping continued with the purchase of a recording system that will be fully implemented in 2022/2023 financial year.

This was an initiative inspired by the Municipality's need to go all paperless and to be kinder to the environment. It was also in line with the cost containment resolutions taken by Council to cut down on printing cost. The Municipality has successfully implemented budget practices in-line with the Municipal Standard Charts of Accounts (MSCOA). The Municipality is transacting on MSCOA, however there are still some challenges with the system vendor MUNSOFT which have been closely monitored. Regrettably, this is the last year that we transact on MUNSOFT. A new financial system called SAGE will become live in 2022/23 financial year. All our suppliers were paid within 30 days (unless where there were queries related to SARS instructions and incorrect invoicing). The Municipality collected indigent data during the year 2021/2022 and a new indigent register is now in place to enable the Municipality to administer its Free Basic Service.

The Municipality ensures accountability and improved governance; this has seen the Municipality maintaining an unqualified audit

opinion in 2018/2019, 2019/2020, 2020/2021, and 2021/2022 fiscal years. In ensuring that the Municipality addresses the AG concerns, the Municipality developed an action plan with an intention to closely monitor all the findings that were highlighted by the Auditor General. The action plan has been closely monitored and reported on in every Senior Management Team meeting, and as of 30 June 2022 sitting at 80% achieved.

The onset of Covid19 really highlighted the dire situation that our network accessibility is at, the need for reliable telecommunications is no longer an option but a basic service. To this end the Municipality has been in contact with all Network providers lobbying for the construction of additional cell mast towers within uMsinga jurisdiction to ensure improved and fast access to networks. These endeavours have not been successful however, we continue to engage different stakeholders and network access remains a top priority.

I would like to express my sincere gratitude to the Political leadership and the Council of the Municipality for the trust placed on me as the Accounting Officer of this Municipality, the management and staff of uMsinga Municipality remains the driving force behind the achievements and commitments to address the existing challenges.

It is with outmost respect and unwavering dedication that the Municipality remains committed to ensure that the constitutional and legislative mandates are fulfilled.

MR S.L. SOKHELA  
MUNICIPAL MANAGER

## 1.3 MUNICIPAL OVERVIEW (COMPONENT C)

### 1.3.1 INTRODUCTION

The Annual Report 2021/2022 is hereby submitted to the uMsinga Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2021 to 30 June 2022 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality 's Integrated Development Plan (IDP) for the year under review. This report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2021/2022 fiscal year.

The format of the report will reflect the Municipality 's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Municipal Key Performance Area (KPA) has a number of focus areas which had been deliberately designed by the uMsinga Municipality to focus its development initiatives in an attempt to achieve the desired future as enshrined in the IDP.

This report is structured to present to Council with regards to Municipality 's performance in terms of the six (6) National Government's Strategic Key Performance Areas for local government, which are:

1. Basic Service Delivery;
2. Local Economic Development
3. Municipal Institutional Transformation and Development;
4. Municipal Financial Viability and Management,
5. Good Governance and Public Participation, and
6. Cross cutting measures

The report emanates from the Municipal organizational scorecard and performance is measured based on the targets set and agreed upon at the beginning of the year.

### 1.3.2 LEGISLATIVE REQUIREMENTS

This Annual Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates as follows:

- (1) A Municipality must prepare for each financial year a performance report reflecting—
  - a. A comparison of the performance referred to in paragraph;
  - i. with targets set for performance in the previous financial year; and ii. Measures taken to improve performance.

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality 's Performance Management System entails a framework that describes and represents how the Municipality 's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal entities.

### 1.3.3 PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions; Departmental Scorecards (operational plans) were developed for monitoring and reporting operational programmes; these emanate from the performance plans signed by HODs at the beginning of the financial year.

A manual performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the HODs i.e., S.54/56 Managers. The Municipality endeavoured during the development of the Top Layer Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental scorecards that inform the SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

The UMsinga Integrated Development Plan (IDP) was developed for 2017-2022 as the strategic document that informs all operations at a Municipal level. As the Municipal Systems Act 32 of 2000, Sections 28 and 32 allows, UMsinga IDP has been reviewed for 2021/2022 and adopted by Council. It remains the primary document that informs all plans of the Municipality. The IDP review process facilitates the process of monitoring, reviewing, and reporting on the performance indicators and provides for an opportunity for public participation in line with the IDP structures.

### 1.3.4 LEGISLATIVE ANNUAL PERFORMANCE REPORT 2021/2022

This report is influenced by these legislated reports and structures:

TABLE 3: PERFORMANCE STRUCTURES

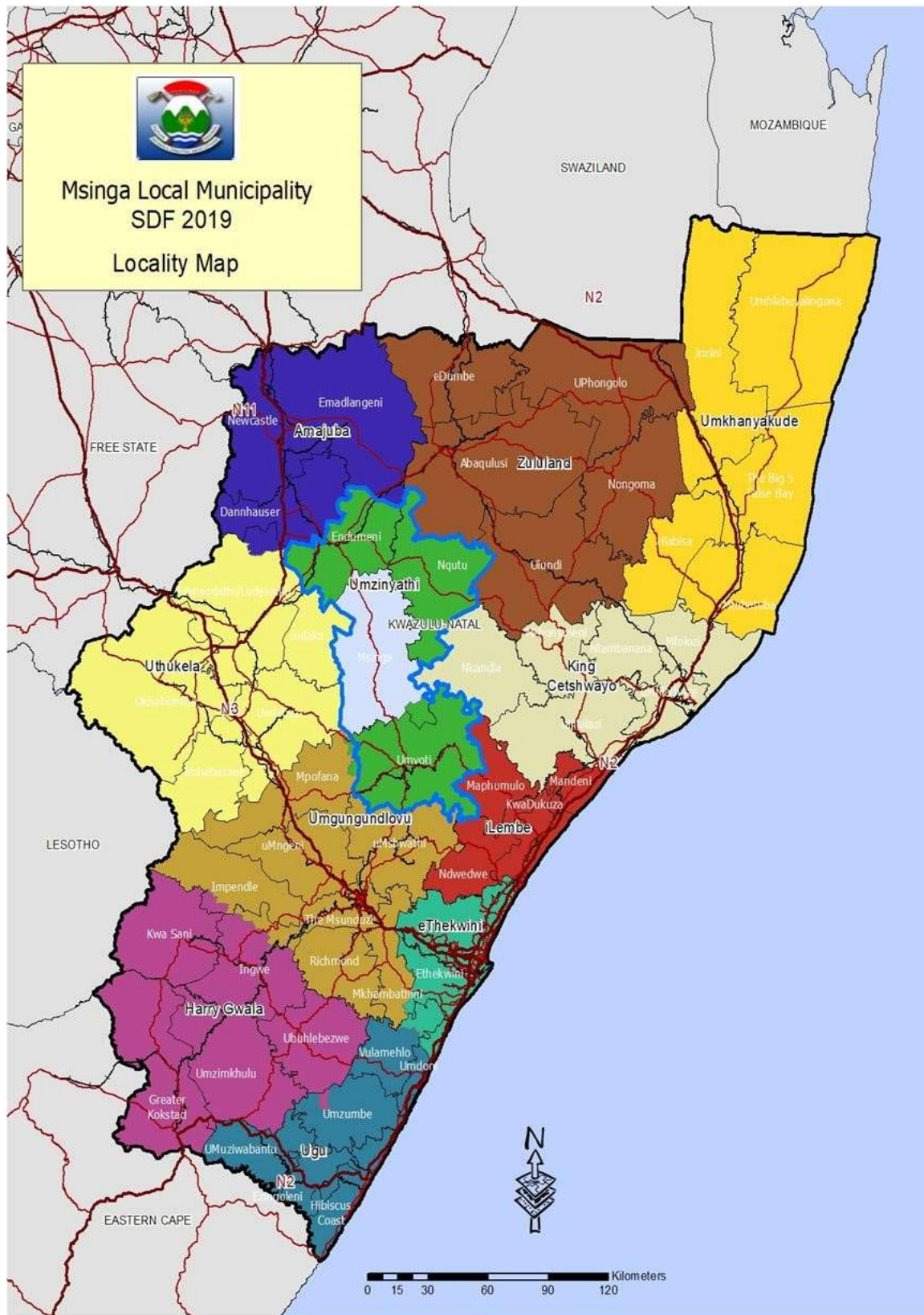
PMS STRUCTURES & REPORTS	PERFORMANCE MANAGEMENT SYSTEM CHECKLIST:	STATUS:
All MSA S.54/56 Performance contracts & Performance agreements.	Were signed in July 2021 completed and submitted to DCOGTA by July 2021	✓
The Municipal Performance Management Framework.	Reviewed and adopted May 2021	✓
Municipal Public Accounts Committee (MPAC)	In place	✓
Annual Reporting	In place	✓
Quarterly Performance Reporting to Council	In place	✓
Audit Committee & Performance Audit Committee	In place	✓
Performance evaluation Committee	In place	✓

### 1.3.5 SPATIAL ANALYSIS

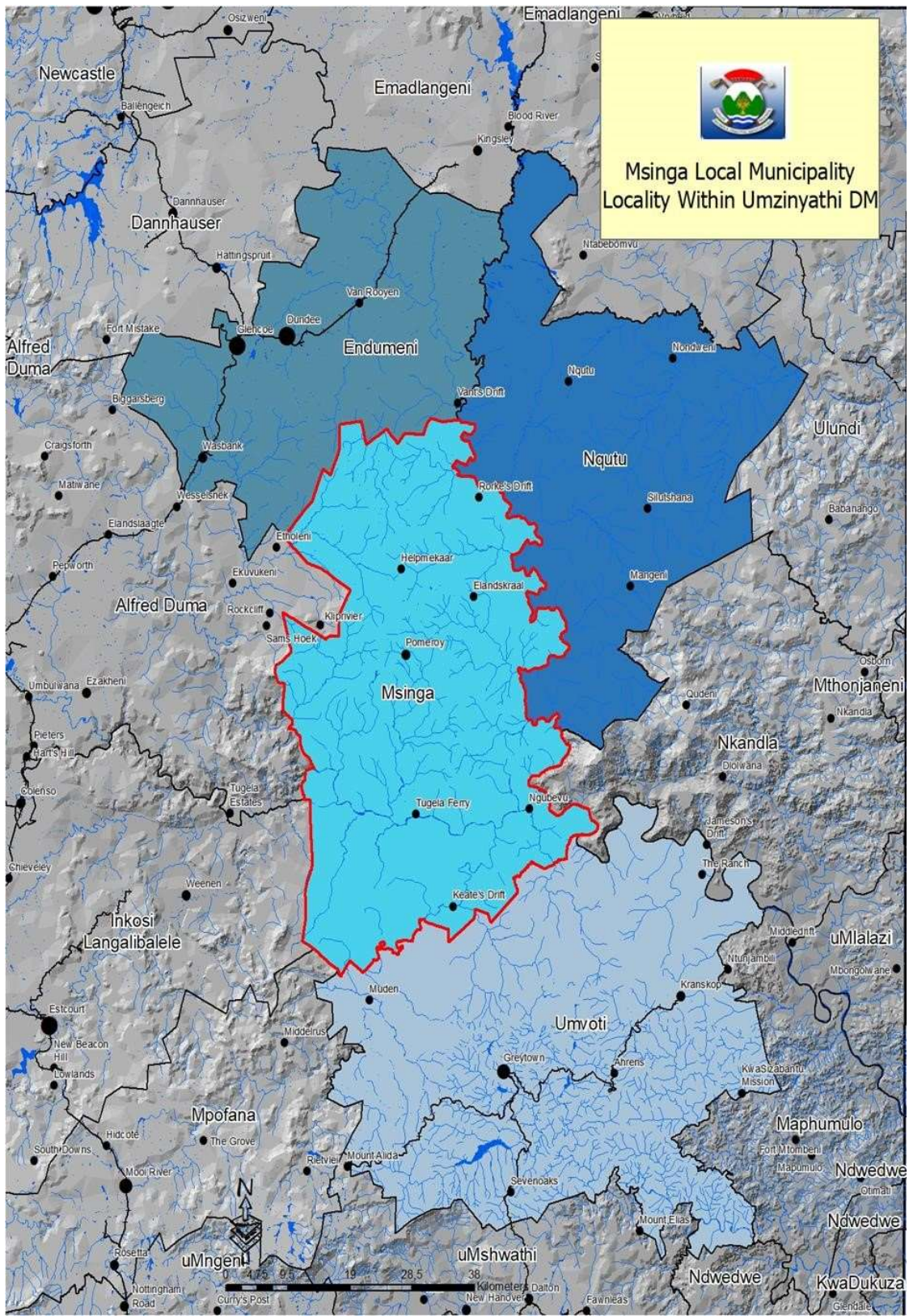
#### 1.3.5.1 Regional Context

uMsinga Municipality is a local (Category B) Municipality established in December 2000 as one of the four local Municipalities constituting the uMzinyathi District Municipality in the northern part of the province of KwaZulu-Natal and the Municipality is seated in the town of Tugela Ferry.

The Municipality consist of three towns namely Tugela Ferry, Keats Drift and Pomeroy. The uMsinga Municipality is illustrated by a map attached below as Map 01: National Locality in the southwestern part of the district Municipality area, and shares its boundaries with the Nqutu, Nkandla and upvoter.



MAP 1: uMSINGA MUNICIPALITY LOCALITY MAP



MAP 2: uMSINGA LM LOCALITY WITHIN UMZINYATHI DISTRICT MUNICIPALITY



MAP 3: WARD BOUNDARIES WITHIN UMSINGA MUNICIPALITY



The table below reflects the (21) wards that make up uMsinga Municipality.

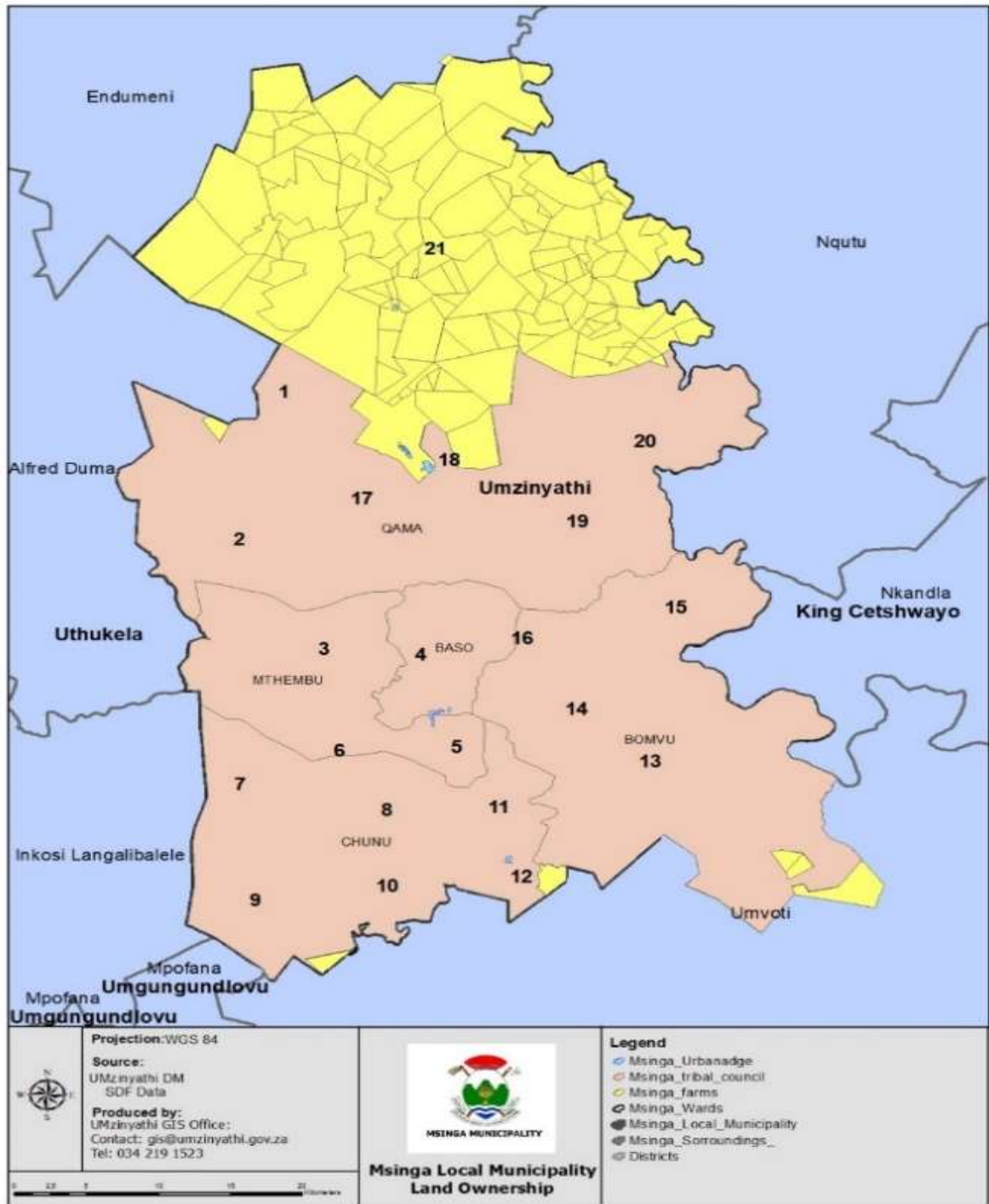
TABLE 4: UMSINGA LM WARDS

COUNCILLOR DETIALS	WARD NUMBER	
Councillor Buthelezi	1	IFP- Ward councillor
Councillor T. Mbatha	2	IFP- Deputy Mayor – Ward councillor
Councillor EM Mdluli	3	IFP- Ward councillor
Councillor M.W. Sokhela	4	IFP-Ward Councillor -Whip
Councillor V.S Ndlovu	5	IFP- Ward councillor
Councillor P. Dladla	6	IFP- Ward councillor
Councillor SP Langa	07	IFP- Ward councillor
Councillor F. Zuma	8	IFP- Ward councillor
Councillor M.S. Khoza	9	IFP- Ward councillor
Councillor B. Dumakude	10	IFP- Ward councillor
Councillor S. Magubane	11	IFP- Ward councillor
Councillor B.L Ntuli	12	IFP- Ward councillor
Councillor D. M. Ndlovu	13	IFP- Ward councillor – Mayor
Councillor TNN Sokhela	14	IFP- Ward councillor
Councillor M.M.S Myeza	15	Independent- Ward councillor
Councillor S.G. Masimula	16	IFP- Ward councillor - Speaker
Councillor NM Ximba	17	IFP- Ward councillor
Councillor F Ndlovu	18	IFP- Ward councillor
Councillor T.L. Kunene	19	IFP- Ward councillor

COUNCILLOR DETIALS	WARD NUMBER	
Councillor T.M. Mabaso	20	IFP- Ward councillor
Councillor M.E. Mkhize	21	IFP- Ward councillor

### 1.3.6 ADMINISTRATIVE ENTITIES AND LAND OWNERSHIP

uMsinga Municipality has 21 wards and approximately nineteen (19) wards are held in trust under Ingonyama Trust Board, and approximately two (2) wards are state land while about half the land in ward 21 is privately owned. A pocket of state-owned land occurs in ward 21, 18 and ward 20. It is clear that the Municipality is split into two larger distinct land ownership areas, with the southern part of the Municipality falling mostly under the ownership of the Ingonyama Trust Board, with the northern part falling under various types of ownership.



MAP 4: UMSINGA MUNICIPALITY LAND OWNERSHIP

### 1.3.7 DEMOGRAPHIC INDICATORS

#### 1.3.7.1 Key Findings (Including Trends)

UMsinga Municipality has a total population of approximately 184 494 in 2016 (Community Survey) a significant increase of 3.7% from 177 577 in 2011 Census. While the population of the uMzinyathi District Municipality was recorded at 554 882 in 2016 CS. This suggests a significant increase in the population of both Municipalities. However, this explains that UMsinga Municipality as one of the four local Municipalities contributes a total population of 33.2% of uMzinyathi District Municipality.

TABLE 5: POPULATION DISTRIBUTION BY DISTRICT (CS 2016 (STATS SA))

DISTRICTS	CENSUS 2011		CS 2016	
	N	%	N	%
DC21: uGu	722484	7	753336	7
DC22: uMgungundlovu	1017763	10	1095865	10
DC23: uThukela	668848	7	706588	6
DC24: uMzinyathi	510838	5	554882	5
DC25: Amajuba	499839	5	531327	5
DC26: Zululand	803575	8	892310	8
DC27: uMkhanyakude	625846	6	689090	6
DC28: uThungulu	907519	9	971135	9
DC29: iLembe	606809	6	657612	6
DC43: Sisonke	461419	4	510865	5
ETH: eThekweni	3442361	34	3702231	33
KwaZulu-Natal	10267300	100	11065240	100

Table 4 below shows that uMzinyathi District is dominated by female gender at 54% of the total population, and while UMsinga is at 55.3%. Therefore, this is evidence enough that the district needs to provide opportunities to empower women within the Municipal demarcation and especially between the age of 15 to 34 (40% of Total population).

TABLE 6: UMZINYATHI POPULATION BY GENDER (CS 2016 (STATS SA))

MUNICIPALITIES	MALE	FEMALE	TOTAL
DC24: uMzinyathi	255669	299213	554882
KZN241: Endumeni	38278	38361	76639
KZN242: Nqutu	79524	91801	171325
KZN244: UMsinga	82399	102095	184494
KZN245: Umvoti	55468	66955	122423

The population of UMsinga equates to a population density of 68 people per square kilometre and the population is largely concentrated around the towns of Tugela Ferry (including UMsinga Top area), Keates Drift and Pomeroy. Other significant settlement areas are located along the eastern boundary of the Municipality known as the Mkhuphula node, western boundary known as the Mashunka/ Nhlalakahle node and to the north-eastern boundary known as the Mazabeko node.

The gender structure of the UMsinga LM is significantly female dominated in the age categories of 25 years and older. Conversely, the population younger than 19 years of age is however somewhat male dominated. The high unemployment rate resulting from a lack of economic activities and the limited economic base of the Municipality results in many male household members leaving the Municipality in search of employment and income generating activities in other areas. Although the impact of HIV/Aids on the population structure is not quantified at Municipal level, it can be expected that the influence of HIV/Aids in the stagnant demographic structures for 2011 has been an important contributing factor.

#### 1.3.7.2 Population Growth Expectations

Population and household growth are one element that determines the long-term demand for goods and services. Based on historical population figures from 1995 to 2010, a trend analysis was done for the UMsinga Municipality by the uMzinyathi District. Accordingly, curves were fitted to the data and were selected based on the best

correlation coefficient that could be determined through the least squared method. The following polynomial expression were determined and used to project population figures up to 2025 for the Municipality.

TABLE 7: GROWTH EXPRESSION

Local Municipality	Growth Expression	R – squared value
uMsinga	$y = 0.0893x^3 - 86.812x^2 + 1677.6x + 160892$	0.8976

This equation that was calculated was then used to project historical data as shown in the next graph based on the population projections below.

TABLE 8: POPULATION PROJECTIONS

YEAR	GENDER	
	MALE	FEMALE
2020	251 526	310 633
2021	254 636	313 275
2022	258 091	316 032
2023	261 656	319 024
2024	265 371	322 267

### 1.3.7.3 Gender Profile

The trend emanating from Table 4 below shows that uMzinyathi District is dominated by female gender at 54% of the total population, and while uMsinga LM is at 55.3%. Therefore, this is evidence enough that the Municipality needs to provide opportunities to empower women within the Municipal demarcation and especially between the age of 15 to 34 (38% of Total population).

As can be seen from the table 7 below, the majority of the population (51%) are located in the 15 to 64-year age cohort, followed closely by 42% of the population in the 0 – 14 years' age cohort. The STATSSA

information indicates that the average age in the Municipality is 24 years and that there is a very high dependency ratio.

There is population largely under the age of 14 (42%) which puts a need for educational facilities, tertiary institutions, and social facilities. As a forward planning mechanism, the Municipality needs to plan for the provision of tertiary institutions for example TVET College.

TABLE 9: uMZINYATHI BY BROAD AGE (PERCENTAGE) CS 2016 (STATS SA)

AGE	POPULATION	2020	2021	2022	2023	2024	2025
0-4	MALE	14538	14533	14607	14682	14761	14858
5-9	MALE	13964	14114	14270	14436	14614	14769
10-14	MALE	12418	12620	12709	12822	12930	13039
15-19	MALE	10038	10502	10665	10902	11212	11653
20-24	MALE	5907	5623	5650	5671	5664	5619
25-29	MALE	5418	5283	5219	5090	4964	4832
30-34	MALE	5411	5554	5715	5841	5910	5932
35-39	MALE	4064	4465	4850	5232	5619	5969
40-44	MALE	2347	2574	2845	3158	3491	3831
45-49	MALE	1633	1715	1803	1911	2046	2224
50-54	MALE	1186	1202	1240	1285	1334	1394
55-59	MALE	998	993	983	972	967	969
60-64	MALE	863	847	832	827	827	828
65-69	MALE	656	621	588	551	514	483
70-74	MALE	504	482	471	456	435	406
75+	MALE	672	632	569	515	469	430
AGE	POPULATION	2020	2021	2022	2023	2024	2025
0-4	FEMALE	14117	14123	14196	14283	14383	14501
5-9	FEMALE	13238	13341	13456	13583	13717	13835
10-14	FEMALE	12450	12651	12720	12803	12896	13009
15-19	FEMALE	10960	11365	11705	12118	12518	12957
20-24	FEMALE	8602	8307	8224	8169	8173	8233
25-29	FEMALE	8693	8517	8436	8250	8041	7806

AGE	POPULATION	2020	2021	2022	2023	2024	2025
30-34	FEMALE	8037	8136	8283	8401	8466	8477
35-39	FEMALE	6391	6809	7189	7556	7911	8226
40-44	FEMALE	4133	4351	4652	5001	5370	5736
45-49	FEMALE	3232	3282	3333	3366	3420	3524
50-54	FEMALE	2687	2631	2601	2609	2634	2663
55-59	FEMALE	2932	2938	2900	2845	2786	2735
60-64	FEMALE	2796	2786	2809	2859	2922	2978
65-69	FEMALE	2067	1999	1910	1828	1747	1689
70-74	FEMALE	1968	1948	1907	1862	1821	1771
75+	FEMALE	2385	2355	2283	2223	2173	2132

The migration of the population in the economically active age categories (Specifically, between 25 and 35 years of age) implies that the district is losing part of its population which is normally regarded as the segment of the population making a significant contribution to the local economy.

#### 1.3.7.4 Household Profile

Household growth was projected in the same way as population. As per the uMzinyathi SDF, the household growth expressions for each Municipality [derived from the historical data], is shown below:

TABLE 10: ESTIMATED AND PROJECTED NUMBER OF HOUSEHOLDS

LM	1995	2005	2012	2013	2014	2015	2020	2025
UMsinga	29 858	34 640	33 481	33 013	32 469	31 849	27 614	21 485

Household size is an important indicator for the demand for services since the number of people in a household determines consumption demand for water, electricity, and waste disposal.

As per the Census 2011 data, it is noted that the number of households within the Municipality is 37,724 with 19,999 agricultural households. The average household size is 4.6 with 66.7% of all households are female headed. The estimates shown in the table below was derived from the population and households estimates in the previous sections sourced from the uMzinyathi SDF.

Household sizes are relatively high, but it is not exceptional for a rural environment. All estimates show a small increase in household sizes. This is based on the assumption that there are no structural changes in the population. However, should the higher levels of migration materialize; it might imply that they absorb more males, which are not necessarily attached to an existing household. This implies more single-person households, which might then lower the average household size. The increase is however material to any spatial planning.

TABLE 11: HOUSEHOLD SIZE WITH PROJECTIONS

LM	2012	2013	2014	2015	2020	2025
UMsinga	4.88	4.91	4.94	4.98	5.34	6.15

TABLE 12: CHILD HEADED HOUSEHOLD CS 2016 (STATS SA)

Municipality	Census 2011			Community Survey 2016		
	Head of household by age 10 – 14	Head of household by age 15 – 19	Total	Head of household by age 10 – 14	Head of household by age 15 – 19	Total
DC24: uMzinyathi	504	2310	2814	658	5987	6645
KZN241: Endumeni	36	219	255	14	576	590
KZN242: Nqutu	153	672	825	113	1266	1379
KZN244: UMsinga	213	846	1059	199	2255	2454

Municipality	Census 2011			Community Survey 2016		
	Head of household by age 10 - 14	Head of household by age 15 - 19	Total	Head of household by age 10 - 14	Head of household by age 15 - 19	Total
KZN245: UMvoti	102	573	675	331	1891	2222

However, the current trends show that uMsinga Municipality has a total of 38 372 households and the main dwellings that dominates within the Municipality are shown in figure below;

TABLE 13: NUMBER OF HOUSEHOLDS (CS 2016)

uMSINGA LM	NO. HOUSEHOLD
Formal dwelling/house or brick/concrete block structure on a	9472
Traditional dwelling/hut/structure made of traditional mater	28224
Flat or apartment in a block of flats	126
Cluster house in complex	74
Townhouse (semi-detached house in a complex)	0
Semi-detached house	25
Formal dwelling/house/flat/room in backyard	141
Informal dwelling/shack in backyard	32
Informal dwelling/shack not in backyard (e.g., in an informal	52
Room/flatlet on a property or larger dwelling/servants' quart	90
Caravan/tent	21
Other	114
Total	38371

### 1.3.7.5 Migration

Migration plays an important role in understanding how an area functions in terms of beneficiaries to program and facilities as well as employment and settlement profiles.

TABLE 14: PLACE OF PREVIOUS RESIDENCE [WITHIN SOUTH AFRICA]

LOCAL MUNICIPALITY	PROVINCE	NUMBER
Msinga	WESTERN CAPE	10
	EASTERN CAPE	22
	NORTHERN CAPE	21
	FREE STATE	10
	KWAZULU-NATAL	176 065
	NORTHWEST	1
	GAUTENG	173
	MPUMALANGA	30
	LIMPOPO	14
	OUTSIDE SOUTH AFRICA	165
	UNKNOWN	2
	GRAND TOTAL	176 513

### 1.3.7.6 Education Levels and Facilities

Education plays a key role in economic development. It provides skilled labour that is the key in producing goods and services in an economy. However, the education levels within uMsinga Municipality indicated that there is dominance of unskilled & semi-skilled people based on the following information.

In 2016, only 2.5 % of the population in uMsinga Municipality had obtained tertiary educational attainments and only 35% had matriculated. Furthermore, approximately 31.7% of the population had primary school, and while people with no schooling were recorded at 30%. Accordingly, one of the major issues is that uMsinga have approximately 107 schools in the uMsinga area that have no electricity, 40 have no water and 30 have structural defects (Department of Education).

Therefore, it is imperative that the Municipality attempts to decrease the number of no schooling through programmes that enables or support people with basic needs to enter education institutions from low to higher levels. In addition, there is a need to develop a program that will monitor or ensure that scholars that enrol in primary education are encouraged to complete secondary education and further their studies. Addressing this challenge is fundamental to creating a sturdy base that the Municipality can use to stimulate economic growth and development.

The distribution of level of education confirms the broad socio-economic patterns in the Municipal area. Therefore, the next table indicates levels of education within the Municipality.

TABLE 15: LEVEL OF EDUCATION (CS 2016 (STATS SA))

LEVEL OF EDUCATION	DC24: UMZINYATHI	KZN241: ENDUMENI	KZN242: NQUTU	KZN244: UMSINGA	KZN245: UMVOTI
No schooling	126480	10003	34849	55204	26424
Primary	175015	19615	59340	58492	37568
Secondary	231347	40584	73299	64542	52921
Tertiary	18346	5752	3349	4690	4556
Other	1525	103	145	912	365
Do not know	679	317	74	183	104
Unspecified	1490	264	269	471	485
Total	554882	76639	171325	184494	122423

Out of the number of the people surveyed; few residents indicated that they have any form of higher education. This reinforces the assumption that once people leave the Municipality to do further studies, they very rarely return to the Municipality to exercise their acquired skills. This also has a major impact on the development of potential entrepreneurs.

TABLE 16: EDUCATIONAL FACILITIES (SOURCE: DEPARTMENT OF EDUCATION)

DESCRIPTION	TOTAL	PRIMARY	LOWER-PRIMARY	LOWER-SECONDARY	SECONDARY
SCHOOLS	173	102	12	7	52
CLASSROOMS	1045	842	24	71	443
REGISTERED PUPILS	61,605	39 222	1,367	3,356	17,720

The figures released by Statistics SA display a ratio of 40 learners per educator at schools in UMsinga with a 58 learner per classroom ratio. From the demographic data mentioned above, the population between the age of 5 and 19 is estimated at approximately 73 000, which illustrates an even larger backlog in either schools or additional classrooms. Based on the information available, it is apparent that a severe under provision in educational facilities occurs within this Municipal area.

Using the data available from StatsSA it is apparent that an additional 241 classrooms would be needed to accommodate the 14,000 children not attending school. Approximately 107 schools in the UMsinga area have no electricity, 40 have no water and 30 have structural defects (Department of Education).

### 1.3.7.7 Health Facilities

The Church of Scotland Hospital, situated at Tugela Ferry, is the only hospital within the Municipal area and is centrally located and relatively accessible to the majority of the population. Other hospitals within the reach of the general population are located in Dundee, Nquthu and Greytown. Due to a reasonable range of health services in the area, the development of an integrated primary health care programme should be considered, which should focus on utilizing existing facilities to their maximum.

A Community health care centre (CHC) in Pomeroy has been completed and is operating as a secondary hospital to the Church

of Scotland's in Tugela Ferry. This will help the people residing within Pomeroy area enormously. This helps in alleviating the workload of the Scotland hospital staff enabling to give more attention to hospitalised patients who are brought in Tugela Ferry from various areas within the jurisdiction of UMsinga.

#### 1.3.7.8 Welfare

The offices of the Department of Social Development are situated in Tugela Ferry and the bulk of their work is related to foster care and child support, disability and pensioner grants, poor relief, social development, crèches etc. There are approximately 50 pension pay-outs points distributed throughout the Municipal area. In almost every case, the pay-outs take place in open area, with no/ very limited infrastructure available at these points and it is suggested that the Department of Welfare address this matter. In most cases the road adjacent to the pay point on the day of pension payments becomes congested and this in turn creates an unsafe situation for both pedestrians and motorists. It is imperative that these services be maintained and expanded to areas which are not yet served, as the population is most likely dependent on welfare grants as a source, if not the only source, of income.

##### a) HIV/AIDS

According to the latest (2007) Department of Health's Annual Anti-Natal Clinic testing results, the uMzinyathi DM has a 31.7% HIV/ Aids infection rate. A disturbing trend for the Municipality, however, is that these figures are up on the 2006 study figures. There are, however, positives in this matter in that the uMzinyathi DM has the lowest infection rate of any of the DMs in the province. This aside, it is anticipated that this pandemic will have a profound impact on the need for health, social and welfare services over the next 20 years. Population growth is expected to decline over this period and this trend needs to be considered in the planning and delivery of new services.

The HIV/AIDS pandemic alluded to above is expected to result in many more orphans within the time horizon of this IDP. The uMsinga Municipality has delegated a staff member to assume any functions related to HIV/Aids and to this end the Municipality is in close contact with the Departments of Health and Welfare in community education and awareness. The HIV/Aids function is not a core function of local government but rests within the domain of the Department of Health. The Municipality will however assist and support the department of Health in any way possible. To this end the Municipality has in association with other governments departments situated in Tugela Ferry have established an HIV/AIDs Council to tackle the issues related to the pandemic.

##### b) The Aged

The aged members of the community (over 65 years of age) constitute about 6% of the population, (9000 people) scattered over the entire Municipal area. The Municipality has a high number of aged, hence there are programmes aimed at caring and being the lives of senior citizens. As part of operation Sukuma Sakhe, senior citizen care is the month of October.

##### c) The Disabled

Many disabled people suffer as a result of both joblessness and prejudices against the disabled. In an attempt to promote integrated accessible communities, the Municipality is doing its best to promote participation of people with disabilities, and ensuring all public facilities are disable friendly. The Municipality encourages people living with disabilities to play a meaningful role in the Municipal affairs through empowerment projects and capacitating them to find employment. uMsinga Municipality has 1% physically challenged staff component.



## 1.4 ORGANISATIONAL DEVELOPMENT OVERVIEW

The organisational structure that was adopted on 28 May 2014 was reviewed post the local government elections in August 2017. The review identified minor macro-organisational amendments and departments were requested to identify any additional staff capacity that will contribute to improved service delivery. The reviewed organisational structure was adopted and implemented during the 2020/21 financial year. Together with the organisational review the filling of critical vacancies, job descriptions and the grading of all posts have been prioritised for urgent intervention and finalisation. The appointment of Senior Management was completed in May 2019 thus filling in ALL the critical positions in top management.

The view that information communication technology (ICT) should be governed and managed at all levels within a given organisational structure is supported by internationally accepted good practice and standards. These practices and standards are defined in the King IV, Report on Corporate Governance for South Africa 2016, ISO 38500 Standard for the Corporate Governance of ICT, the Corporate Governance of ICT Policy Framework, and other best practice frameworks. Translated into a Municipal operating environment, the corporate governance of ICT places the responsibility of strategic leadership on the Council and Management within a Municipality. This is done to ensure that the leadership and decision-making processes for the use of ICT in service delivery and operational efficiencies of the Municipality 's ICT environment remain transparent. This accountability ensures the alignment of the use of ICT with the Municipal service delivery requirements as reflected in the IDP. From a technology perspective, desktop and laptop computers were mostly replaced to get almost all users on a platform that will be able to support the latest

Windows operating system. This is necessary to be able to deploy the latest version of Microsoft Office to comply with requirements from system developers as well as the ability to be compatible with other

users. Replacements are being performed budget permitting and the oldest technology first is set as a priority. This is an ongoing project. As new posts are being filled, users are being supplied with equipment including computers and telephones. This is difficult to budget for as no real figures are available in advance. ICT have however managed to assist everyone even on very short notice in some cases.

The Legal Services Section has been added to the organisational structure under the Municipal Managers unit and it has been fully functional in 2021/2022. Hence, it ensures that the Municipality is protected against legal action, making use of both internal and external legal support services. Legal action is also taken by the Municipality, where necessary, to enforce Municipal legislation and contractual obligations. In 2021/2022 the Municipality continued to rely on both internal & external legal services due to those internal legal services lacks capacity. It is envisaged that in the near future the Municipal legal section will be fully equipped to handle day to day legal advice and guidance.

## 1.5 AUDITOR-GENERAL REPORT

The Municipality has received unqualified audit opinions over the past 6 years.

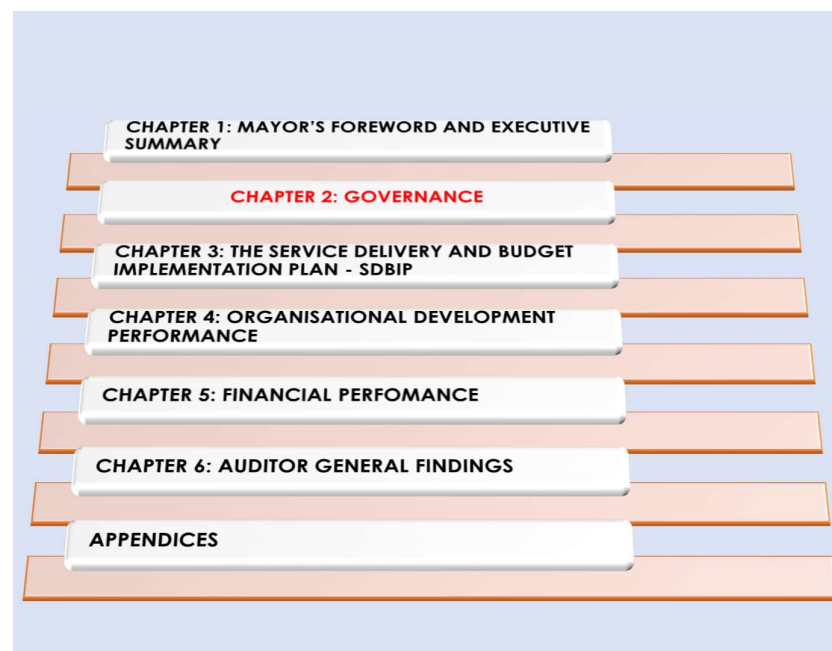
The unqualified opinion is based on the audited Annual Financial Statements, Annual Performance report and overall compliance matters.

## 1.6 STATUTORY ANNUAL REPORT PROCESS

NO.	ACTIVITY	TIMEFRAME
1	Consideration of next financial year's budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feed	July

NO.	ACTIVITY	TIMEFRAME
	seamlessly into the Annual Report process at the end of the budget/IDP implementation period.	August
2	Implementation and monitoring of approved budget and IDP commence. (In-year financial reporting.)	
3	Finalise 4 <sup>th</sup> Quarter Performance Report for previous financial year.	
4	Submit Draft Annual Performance Report to Internal Audit and Audit Committee.	
5	Audit/Performance Committee considers Draft Annual Performance Report of Municipality.	31 August
6	Municipality submits Annual Financial Statements and Annual Performance Report including Draft Annual Report to Auditor-General.	
7	Annual Performance Report as submitted to Auditor-General to be provided as input to the IDP analysis phase.	
8	Auditor-General assesses Annual Financial Statements and Annual Performance Report data, including Draft Annual Report.	September -
9	Municipality receives and addresses the Auditor-General's Request for Information and Communication of Findings.	November
10	Mayor tables Draft Annual Report and audited Annual Financial Statements and Annual Performance Report to Council complete with the Auditor-General's Report.	January
11	Draft Annual Report is made public, and representation is invited.	February - March
12	Oversight Committee (MPAC) assesses Draft Annual Report and issues an Oversight Report.	
13	Council considers Oversight Report.	
14	Oversight Report is made public.	
15	Oversight Report is submitted to relevant provincial departments.	

NO.	ACTIVITY	TIMEFRAME
16	Commencement of draft budget/IDP finalisation for next financial year. Annual Report and Oversight Report to be used as input.	



## CHAPTER 2: GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121(2) (e) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year. Listed below are major characteristics should be applied within the political and administrative structures of a Municipality /Municipal entity to ensure good governance:

- Participation: Participation could be either direct or through legitimate intermediate institution or representatives.
- Rule of law: good governance requires legal frameworks that are enforced impartially.
- Transparency: Transparency means that stakeholders are provided with information on why decisions were made that directly affect them.
- Responsiveness: Good governance requires that institutions and processes try to serve all stakeholders with fairly.

### 2.1 INTRODUCTION TO GOVERNANCE

In the quest to realise uMsinga Municipality 's vision it is important that the Municipality is governed in a way that promotes good governance. The Municipality strives to achieve corruption free and accelerating local economic development with the available resources in such a way that service delivery takes place in an efficient, economic, and effective manner.

## 2.2 POLITICAL AND ADMINISTRATIVE GOVERNANCE (COMPONENT A)

### 2.2.1 POLITICAL AND ADMINISTRATIVE GOVERNANCE

In compliance with Section 151(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Section 53 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), uMsinga's Municipal Council governs the local government affairs of the local community on its own initiative. The roles and areas of responsibility of each political structure and each political office-bearer of the Municipality and of the Municipal Manager are defined and adhered to accordingly.

### 2.2.2 POLITICAL GOVERNANCE

#### 2.2.2.1 Council

The Council's primary role is to govern the Municipality in a democratic and accountable manner, to perform legislative and executive functions and generally to fulfil its roles and responsibilities as set out in the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). It focuses on legislation, decision-making, oversight, and participatory roles and has delegated executive functions to the Mayor. uMsinga Municipal Council consists of 21 ward Councillors and 20 proportionally elected Councillors. Political parties are represented through elected Councillors from the ANC (11), IFP (27), IND (1) ABC (1) EFF (1).

### 2.2.2.2 The Mayor

The Mayor, Cllr D.M Ndlovu, assisted by the Deputy Mayor are all members of the IFP. The Speaker heads the political executive arm of the Municipality. The Mayor is at the centre of the system of governance since executive powers are vested in her to manage the day-to-day affairs. This means that he has an overarching strategic and political responsibility. The key element of the executive model is that executive power is vested in the Mayor, delegated by the Council, as well as the powers assigned by legislation. Although he is accountable for the strategic direction and performance of the Municipality, the Mayor operates in conjunction with the Deputy Mayor and the Executive Committee.

### 2.2.2.3 Portfolio Committees

Five (5) Section 80 committees are established, namely:

- Corporate Services;
- Development Planning;
- Technical Services;
- Financial Services; and
- Community Services

All the above Portfolio committees to advise the Mayor on policy matters and any other matter to be considered by the Mayor. They are assigned to focus on specific functional areas of the Municipality and can only make decisions on specific functional issues if delegations have been granted to them. The members are appointed by Council. The chairpersons appointed by the Mayor are Councillors and form part of the Executive Committee.

### 2.2.2.4 MPAC

Section 79 committees are permanent committees appointed to advise the Municipal Council. Council established the Municipal

Public Accounts Committee (MPAC) to perform an oversight function on behalf of Council over the executive functionaries of the Council. The MPAC inter alia serves as an oversight committee to make recommendations to the Council when it adopts the Oversight Report on the Annual Report in terms of Section 129 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA). The MPAC is chaired by the Councillor from the IFP, and the other members consists of five Councillors from the IFP and two ANC Councillors. The committee held 3(three) meetings in the 2021/2022 financial year.

### 2.2.2.5 Audit Committee

In compliance with Section 166(2) of the MFMA, Council has an Audit Committee which is an independent body advising the Municipal Council, the political office-bearers, the accounting officer, and the management staff of the Municipality, on matters relating to:

- Internal control;
- Risk management;
- Performance management; and
- Governance.

The Audit Committee Terms of Reference is reviewed by Council annually to ensure compliance with legislation and governance best practices. The Audit Committee met on ten occasions.

### 2.2.2.6 FARMCO

The FARMCO was established by Council in 2017/2018 to assist the Accounting Officer (Municipal Manager) to fulfil his fraud and risk management responsibilities in accordance with prescribed legislation and corporate governance principles. This is achieved by reviewing the effectiveness of the Municipality 's fraud and risk management systems, practices and procedures and providing recommendations for improvement. The committee is regulated by

the Fraud and Risk Management Charter which stipulates that the FARMCO shall meet at least four times per annum in terms of a schedule of agreed meeting dates to be determined at the beginning of each financial year.

### 2.2.3 UMSINGA LM - POLITICAL STRUCTURE

- Strategies, programmes, and services to the benefit of the community.



THE HONOURABLE MAYOR  
MAYOR  
CLLR D.M. NDLOVU

The Mayor represents the public and is the chief political principal of the Municipality. In terms of legislation the Mayor has the following functions:

- Identify the needs of the Municipality;
- Review and evaluate those need in order of priority;
- Recommend to the Municipal Council strategies, programmes, and services to address priority needs through the Integrated Development Plan and the Operating and Capital Budgets, taking into account any applicable national and provincial development plans; and
- Recommend or determine the best way, including partnership and other approaches, to deliver those.



DEPUTY MAYOR CLLR T.B. MBATHA

- The Deputy Mayor of a Municipality exercises the power and performs the duties of the Mayor if the Mayor is absent or not available or if the office of the Mayor is vacant.
- Performs the duties and exercises the powers delegated to the Deputy Mayor in terms of Section 59 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000);

SPEAKER  
CLLR S.G. MASIMULA



- Presides at meetings of the Council;
- Must ensure that the Council meets at least quarterly;
- Must ensure compliance in Council and Council committees with the Code of Conduct set out in Schedule 1 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000); and must ensure that Council meetings are conducted in accordance with the rules and orders of the Council.

## EXCO (EXECUTIVE COMMITTEE)

EXCO (EXECUTIVE COMMITTEE)	
The Executive Committee members all belong to portfolio committees and have specific functions. The Mayor may delegate specific responsibilities to each member of the Executive Committee. Any powers and duties delegated to the Mayor by the Municipal Council must be exercised and performed by the Deputy Mayor together with the other members of the Executive Committee. The EXCO is made of 8 Councillors including the Mayor, deputy Mayor and the Speaker. The following Councillors served as portfolio holders in the financial year 2021/2022:	
COUNCILLOR AND PORTFOLIO	COUNCILLOR AND PORTFOLIO
CLLR DM NDLOVU (MAYOR) Executive Committee Chairperson Portfolio: chairperson of Finance committee	CLLR BP NGCOBO Portfolio: Chairperson Planning and Economic Development
CLLR LB NTULI Portfolio: Chairperson Technical Services	CLLR: PAG NKALA Portfolio: Chairperson Corporate Services
CLLR TB MBATHA (DEPUTY MAYOR) Portfolio: Chairperson Community Services	CLLR SG MASIMULA: (THE SPEAKER) Chairperson for Rapid Response
CLLR N. XABA Exco Member	CLLR SK RADEBE Exco Member
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	
CLLR S. MAGUBANE MPAC Chairperson	MEMBERS: CLLR TL NENE, CLLR S.P LANGA, CLLR EM MDLULI, CLLR BP MADONDO, CLLR B. MTHETHWA, CLLR GB. SKHAKHANE

### 2.2.3.1 Councillors

Council is the structure in which the executive and legislative authorities of a Municipality are vested. The roles of Council amongst others are the approval of policies, budgets, by-laws etc. There are 41 Councillors which include the Mayor, Deputy Mayor and the Speaker. There are 8 members of the Executive Committee and 33 ordinary Councillors. The Deputy Mayor, Councillor Mbatha is female

and a total of 08 Councillors are female Councillors which is a sign that transformation is occurring which is admirable in a patriarchal society.

### 2.2.3.2 Political Decision-Taking

Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) prescribes the manner in which Council takes decisions. A quorum of Councillors must be present to take any decision and the majority of the votes cast results in a legal decision. The exception to this rule is that when any of the following issues are determined, it is determined by a decision taken with a supporting vote of a majority of all its members:

1. The passing of by-laws;
2. The approval of budgets;
3. The imposition of rates and other taxes, levies, and duties.

### 2.2.4 UMSINGA LM - TOP ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Accounting Officer of the Municipality and also the head of the administration. His primary function is to serve as chief custodian of service delivery and the implementation of political priorities. He is assisted by his Senior Management Team (SMT), which comprises of the HODs (Head of Departments) of the five departments established in the new organogram.

There are also four DDs (Deputy Directors) who are managers reporting directly to the HODs as indicated in the chart below. The SMT is extended to two managers who report directly to the Municipal Manager that is the Internal Auditor, PMS and IDP Manager. The SMT meet regularly on weekly basis to discuss strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, operational departments, and the local community.

## TOP STRUCTURE



MUNICIPAL MANAGER  
MR S.L. SOKHELA  
(APPOINTED DATE: 13 AUGUST 2018-2022)

- Provides an independent appraisal of the adequacy and effectiveness of the systems of internal control, risk management and governance processes.
- Evaluates and contributes to the improvement of governance management processes.
- Manages financial services in order to ensure financial viability, compliance, and reporting.
- Provides and manages planning, economic development and environmental management services.
- Renders integrated community services to enhance community development in general and promotes a clean and safe environment.
- Maximises infrastructure development and delivers a service to all communities of UMsinga Municipality .



DIRECTOR CORPORATE SERVICES  
MR. M.V. NTANZI  
(APPOINTED DATE: APRIL 2017-2023)

- Provides legal and administrative support services to the institution to facilitate proficient administrative practices and procedures.
- Renders human resource management and support services to the Municipality.
- Sustains the optimum utilisation of the Municipality 's human capital.
- Provides effective and efficient information and communication technology services.
- Provides comprehensive communication and intergovernmental relations services
- Coordinates and provides functional and administrative support to the political office-bearers.
- Provides office management services to the Mayor.

**FINANCE SERVICES**  
CHIEF FINANCE OFFICER  
MR. TM NENE  
(APPOINTED DATE: 2018-2023: **Resigned in May 2022**)

- Manages and controls the implementation of budget policies, systems and procedures and financial statement processes to ensure legislative compliance and sound financial management practices.



- Implements and maintains revenue and credit control policies and procedures to ensure sound revenue management practices and compliance.
- Ensures the recording, authorisation and proper execution of expenditure systems, procedures, and transactions.
- Manages supply chain management services to ensure proper systems, procedures and control for demand, acquisition, logistics, assets, and disposal management.



PLANNING AND DEVELOPMENT  
MRS B.T. HLUBI  
(APPOINTED DATE: 06 MAY 2019 -2024)

- Manages the rendering of spatial and land use planning, surveying, valuations and building control services.
- Plans, develops, and implements a coherent and Integrated Framework for Local Economic Development and Tourism and provides for the development of human settlements administration and support services to address the housing needs in the area.
- Ensures the implementation of environmental management plans, policies and procedures and ensures compliance in accordance with applicable legislation.



DIRECTOR TECHNICAL SERVICES  
MR S. MNGUNI  
(APPOINTED DATE: APRIL 2019-2024)

- Manages Civil Engineering Services including (road & storm water). Manages Electrical Services.
- Manages including waste collection, disposal facilities, waste minimisation, awareness and education, waste management, street sweeping, community projects, area cleaning and Waste to Energy.
- Manages project and building projects / program.



COMMUNITY SERVICES  
MS. M.S. XULU  
(APPOINTED DATE: 01 AUGUST 2018-2023)

- Manages the provisioning and maintenance of sport facilities
- Manages the rendering of protection services to ensure the safety of the community.
- Provides and manages the rendering of community development, library and information services.
- Renders management and line function administrative support services.

## 2.3 COOPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS (COMPONENT B)

uMsinga Local Municipality participates in a range of intergovernmental activities, both formally and informally. Examples of such interaction and cooperation are: -

- The cooperation of all three spheres of government in the delivery of services for the poor;
- Events and Imbizo's organised to bring information and services to the community.
- The functioning of Municipal
- Thusong Centres is also an example of bringing joint services to the community;
- Joint integrated development planning during which various provincial departments and uMzinyathi District Municipality contribute towards the IDP planning processes;
- Various meetings are attended where interaction takes place between the various spheres of government;
- uMsinga Local Municipality attends the SALGA workgroup meetings where all the Municipalities in the KwaZulu-Natal gather to discuss matters of mutual interest in the various fields for which workgroups have been established;
- Provincial Coordinating Forum: the structure is in two folds, the technical and administrative level.
- The technical structure does not include political heads but only technical heads. The Municipal Manager and Mayor respectively take part in the Municipal Managers' Forum, both district's and provincial, as well as the MM's Forum where the Premier of KwaZulu-Natal meets the mayors of the Municipalities in the KZN and their Municipal managers to discuss various matters of mutual interest; and
- MUNIMEC: This is a technical structure where Municipal Managers converge to discuss various matters. This structure is chaired by the MEC for COGTA. The structure meets on a

quarterly basis, and it is divided in two as well with the technical and the political layers.

- All IGR structures are functional at the district level including the Mayor's forum.
- Mayors in the District together to discuss issues pertaining to the district's development. The Speaker's forum, MM's forum, and other technical structures including the DTAC which is a technical committee converging quarterly on IDP and PMS matters including reporting back and monitoring the back-to-basics programme. The meeting location is rotated amongst the local Municipal areas and is always attended by a delegate from DCOGTA Municipal performance unit.

### 2.3.1 INTERGOVERNMENTAL RELATIONS

#### 2.3.1.1 National Intergovernmental Structures

uMsinga Municipality participates in national and provincial forums where issues are discussed that involve all local Municipalities. These forums are of a technical and professional nature. Experiences and best practices are shared, and information is gathered; an example of these would be SALGA, PCF and the IMFO.

#### 2.3.1.2 Provincial Intergovernmental Structures

uMsinga Municipality participates in the Premier's Intergovernmental Forum as well as the Provincial Speakers' Forum. The Municipal managers also have a provincial and national forum. In all these forums, issues pertaining to service delivery and matters of common interest are discussed. Information and best practices are shared and interaction with the KwaZulu-Natal Government and other Municipalities is valuable to ensure better coordination and cooperation. Key staff members also participate in professional institutes that govern the interests of various fields of work. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards.

### *2.3.1.3 Relationships with Municipal Entities*

No Municipal entities have been established within the uMzinga Municipality area.

### *2.3.1.4 District Intergovernmental Structures*

As with provincial structures, the Municipality participated in the District forums of Mayors, Speakers and Municipal Managers, Human Resources, Planning, Finance, and various infrastructure forums dealing with service delivery. Engagement, joint projects, and information sharing take place on a regular basis. The Municipality's section 54 and 56 as well as political leadership participated in IGR structures formed as part of the District Development Model (DDM) which was widely rolled out throughout KZN during the year of reporting 2020/21.

### *2.3.1.5 KZN DDM Management Framework roll out*

The DDM approach was adopted by National Cabinet in August 2019 and launched through 3 pilot sites: - OR Tambo (EC- Sept), eThekweni (KZN- Oct), Waterberg (Limpopo- Nov).

- KZN Provincial Executive Committee adopted a Management Framework in October 2019, that required integration with and strengthening the existing OSS approach.
- DDM is a practical Intergovernmental Relations (IGR) mechanism for all three spheres of government & SOE's to work jointly and to plan and act in unison.
- To achieve this coherent governance, the President announced: - a coordinated District level approach to business by all 3 spheres- "we are going to do away with this fragmented approach to development."

The District Development Model (DDM) is based on the following Objectives:

- Solve the Silos at a horizontal level and vertical level;
- Maximise impact and align plans and resources at our disposal through the development of One District, One Plan and One Budget;
- Narrow the distance between people and government by strengthening the coordination role and capacities at the district and city levels;
- Ensure inclusivity by gender budgeting based on the needs and aspirations of our people and communities at a local level;
- Build government capacities support to Municipalities;
- Strengthen monitoring and evaluation at District and Local Levels;
- Implement a balanced approach towards development between urban and rural areas;
- Ensure sustainable development whilst accelerating initiatives to promote poverty eradication, employment, and equality; and
- Exercise oversight over budget and projects in an accountable and transparent manner.

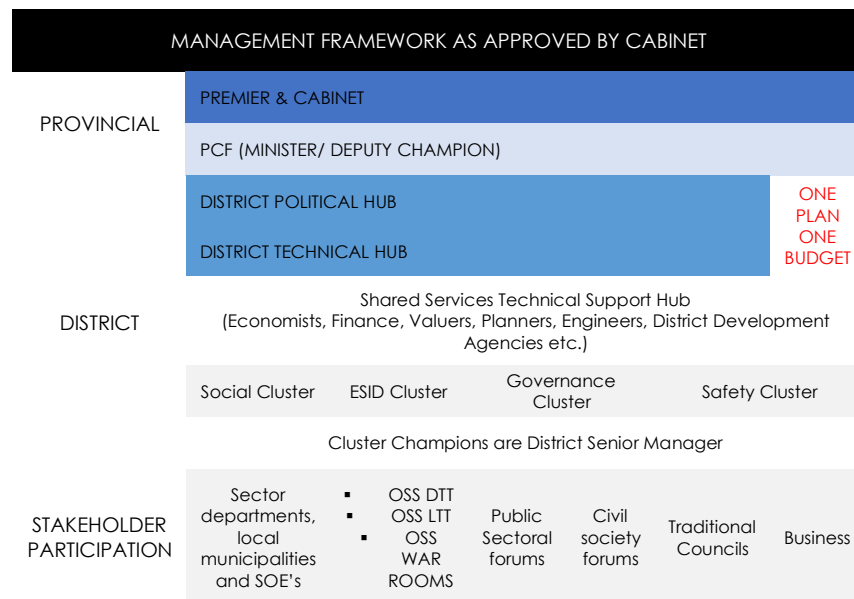
The model is to be perfected, improved and adapted in the process of implementation in each Province & District area guided by the overall objectives of improving and achieving coordinated and integrated planning, budgeting, and implementation between the 3 spheres and sectors in the district space. The implementation of the DDM required: -

- Establishment of the District structures and management frameworks which are integrated with the existing OSS framework, and it is in these structures (clusters) that all Heads of Departments participated.

- Developing ONE PLAN in each District space through a 3 phased process:
  - A district Profile Assessment report – the municipal staff submitted information to feed into the district profile.
  - A short term ONE PLAN (18 months – 2yrs horizon)- a draft plan was collectively developed and adopted.
  - A longer term ONE PLAN (25-year plan).

- District Mayors office to co- convene and co-chair the Political District Hub with the assigned Provincial MEC champions, and the Local Mayors;
- Political District Hub to provide oversight and monitor the effective implementation of District Development Model within the district through effective coordination by the Technical District Hub and the cluster committees;
- Oversee the development and adoption of the ONE PLAN and alignment of 6 spheres budgets towards ONE BUDGET of the agreed plan, according to district and local strategic objectives, national and provincial priorities and towards district/metro developmental impact;
- Oversee, and ensure the effective participation of all spheres of government in the DDM structures, planning and budgeting and reporting;
- Report to the Provincial PCF (Premiers Co-ordinating Forum) on DDM progress and impact;
- Receive and engage on-going reports from District Technical Hub;
- Receive and engage with impact monitoring reports.

TABLE 17: MANAGEMENT FRAMEWORK APPROVED BY CABINET



THE ROLE OF MUNICIPALITIES

- District Municipal Managers office to co-convene and co-chair the Technical District Hub with the support of the assigned Provincial HOD champions, and the Local Municipal Managers;
- Establish cluster committees made up of relevant district stakeholders to implement the agreed one plans;
- Ensure the effective participation and accountability of all spheres and sectors of government in the DDM and the relevant district cluster committees;
- Assign senior managers to chair and co-ordinate the effective functioning of the Cluster Committees and the participation of relevant stakeholders;
- Guide and implement the development and adoption of the ONE PLAN and alignment of spheres budgets towards ONE BUDGET of the agreed plan, according to district and local

THE ROLE OF MAYORS

strategic objectives, national and provincial priorities and towards district/metro developmental impact;

- Support COGTA in the effective management of shared services and the effective support of the shared services to all spheres and sectors in planning, budgeting, and implementation of the agreed plan;
- Report to the Political District Hub on DDM progress, effectiveness, and impact;

Receive, monitor, and engage on-going reports from established Cluster committees.

DDM IMPLEMENTATION PLAN		
ACTION	DATE	RESPONSIBILITY
Meeting between OTP and KZN COGTA to refine the relationship between DDM and OSS and to clarify respective roles and to confirm the implementation plan	2 Dec	COGTA IGR & Planning, OTP
COHOD approval of refined model and roles and responsibilities	3 Dec	COGTA HOD
Establishment of DDM provincial Task team	3 Dec	COHOD
Development of TOR for DDM structures aligned with OSS and updated OSS guidelines	Dec	OTP
The planning teams meet with municipalities planners and technical sector staff to review the profile and prepare for the presentation to the DDMs first inaugural meetings;	Dec	COGTA MP/ IDP
The DDM profiles be shared with relevant provincial MEC's and HOD's, and the national COGTA Minister and HOD for preparation of the discussions about alignment and the ONE PLAN at the DDM meetings;	Dec	OTP
A provincial and District level stakeholder identification & engagements;	5 Dec-23	COGTA IGR, & OTP OSS
Workshop to refine alignment and approve DDM/OSS guideline for DDM establishment	Dec Feb 2020	OTP & IGR

DDM IMPLEMENTATION PLAN		
ACTION	DATE	RESPONSIBILITY
The inaugural meetings take place with the identified stakeholders of the political and technical DDM hubs;	April 2020	Task Team
Finalisation of ONE PLAN and ONE BUDGET for next 18 months	March 2020	Task Team
Establishment of agreed technical support/ shared services	August 2020	Task Team
✚ Development of long term DDM ONE PLANs and ONE BUDGET and Quarterly District Meetings	March 2021	Task Team
✚ DELAYS WERE EXPERIENCED DUE TO COVID 19 REGULATIONS	JULY 2021	Task team
✚ ADOPTION OF THE ONE PLAN OCCURRED		

## 2.3.2 CORPORATE GOVERNANCE (COMPONENT D)

### 2.3.2.1 Overview of Corporate Governance

Governance in uMzinga Municipality encompasses line functions pertaining to political and administrative governance, audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development, and legal services. The governance function is supported by an independent Audit Committee, comprising of five external specialists having the necessary skills to provide effective oversight of the Municipality 's systems of internal control, risk management and governance processes.

The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan, audit charter and reports to the Audit Committee on a quarterly basis. The Municipal Public Accounts Committee (MPAC) comprises of independent Councillors. In order to promote independence and

objectivity, the MPAC is chaired by a Councillor from the ruling party in Council.

### 2.3.2.2 Risk Management

Section 62(i) (c) of the MFMA requires a Municipality to have and maintain an effective, efficient and transparent system of risk management. There is a danger that risks which fall outside traditional functions may go unmanaged and have serious consequences on the institutional objectives. The need for broad-based risk management is thus critical as it will also ensure that risks which were not previously given adequate attention are now properly managed. Risk management processes that are integrated in the institution's existing structures are likely to be more effective in producing the desired service delivery and other objectives.

The Risk Management falls within the internal audit unit in the Municipality and is responsible for the Risk Management function at UMsinga Municipality through facilitation and advising on fraud- and risk management issues. This entails the development of policies, strategies, plans and processes. UMsinga Municipality established a Fraud- and Risk Management Committee (FARMCO), which meets on a quarterly basis and assists in the development and revision of all policies, strategies, plans and processes. In the financial year under review, the Risk Management Policy, Strategy as well as Plan were developed. The Risk Register, linked to key performance areas (strategic objective) and key focus areas, was established, monitored, and reviewed with all the directorates through a facilitation process. The ten top strategic risks identified were:

1. Inability to provide and maintain adequate Municipal infrastructure
2. Ineffective control over Municipal assets
3. Inability to attract and retain experienced and competent employees

4. Inability to address findings and concerns raised by AG, IA, AC, MPAC, COGTA and Treasury
5. Ineffective Municipal oversight structures (Council, EXCO, H
6. Non-compliance with legislations applicable to local government
7. Uncontrolled urbanization
8. Inability to respond to disaster related incidents.
9. Inability to effectively implement MSCOA
10. Inability to monitor performance management system

### 2.3.2.3 Internal Audit

Internal Audit is an independent function reporting administratively to the Accounting Officer and functionally to the Audit Committee. Internal Audit performs audits in terms of a three-year strategic and one-year operational plan which is approved by the Audit Committee at the commencement of each financial year.

The priorities in the Internal Audit Plan can be categorised in terms of audits focusing on the systems of internal control, risk management and governance. The prioritisation of audits in these three categories is based primarily on the Municipality's risk profile as well as legislative requirements. Internal Audit reports to the Audit Committee on a quarterly basis regarding progress with the implementation of the approved plan as well as the outcome of audits conducted in terms of the approved plan.

Internal Audit also performs follow-up audits to assess the implementation of agreed management action plans in response to reported internal audit findings. Internal Audit executes its duties in terms of the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors.

In the year under review the Municipality is still utilising outsourced Internal Audit and, in order to strengthen Municipality capacity, the Municipality in 2021/2022 financial year enlisted the assistance of Ngubane & co chartered accountants who are a private firm to intensify the Municipal internal auditing.

#### *2.3.2.4 Anti-Corruption and Fraud*

The Fraud- and Risk Management Committee (FARMCO) meets on a quarterly basis and assists with the development and revision of all policies, strategies, plans and processes relating to fraud risk management. In the financial year under review, the current Fraud Prevention Policy and Strategy were incorporated in the Risk Management Policy. FARMCO review the effectiveness of prevention initiatives, detection techniques as well as progress made in any forensic investigations, and thereby also function as an oversight body. The Municipality does not have a fraud hotline as yet.

#### *2.3.2.5 Supply Chain Management*

##### *a. Demand Management*

The objective of demand management is to assist the Municipality with the planning for the procurement of goods, works or services in a proactive manner and to move away from merely reacting to purchasing requests. Certain aspects of demand management were implemented, i.e., the Capital Projects Procurement Plan that encapsulates all capital projects. This planning document assists directorates to timeously plan for procurement of capital goods / projects where directorates are required to commit procurement due dates for their respective capital projects expenditure. The procurement plan was closely monitored and reported on to the Accounting Officer on quarterly basis and assisted the Accounting Officer with an oversight regarding the spending of capital funds during the financial year.

##### *b. Acquisition Management*

The Supply Chain Management (SCM) Unit processed a total order for the 2021/2022 financial year the value for which is in the AFS attached.

##### *c. Policy Amendments*

The SCM Policy was reviewed during the 2020/21 financial year. Certain amendments to the SCM Policy were tabled before Council in order to improve operational efficiency. The Municipality has to forward the current SCM Policy to the KZN Treasury on an annual basis for scrutiny and compliance verifications against the SCM Policy model that was issued by National Treasury. The purpose of this exercise is to determine whether the Municipal SCM Policy deviates from the stipulations of the SCM Regulations. UMsinga Municipality 's SCM Policy complies with the regulatory framework. Invitation and evaluation of bids based on a stipulated minimum threshold for local production and content Regulation 9(1) of the Preferential Procurement Regulations, 2011 and Regulation 8(1) of the Preferential Procurement Regulations, 2017 makes provision for the Department of Trade and Industry, in consultation with the National Treasury to designate sectors for which local production and content is of critical importance when bids are awarded.

#### *2.3.2.6 By-Laws/Policies*

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides Municipal Councils with the legislative authority to pass and implement bylaws for the betterment of the community within the terms of the legislation. In terms of Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The by-laws/policies serve before the various structures of the Council;



- The by-laws/policies were advertised in the local media for objections or comment;

The following by-laws were adopted by Council on the 26 May 2021.

a) ADMINISTRATIVE POLICIES

- Bursary Policy
- Employee Wellness Policy
- HIV/AIDS Policy
- Leave Policy
- Medical Aid
- General Stipulations
- Discipline
- Employment Equity Plan
- Payment of Overtime
- Smoking in the workplace
- Probationary period policy
- Recruitment, selection, appointment, promotion, and transfer of personnel
- Scarce skills and retention
- Sexual harassment
- Skills development Policy
- Termination of Service
- Attendance & Punctuality
- Incapacity poor work performance
- Intoxication and substance abuse
- Incapacity ill health
- Retention Policy
- Employee wellness
- Occupational health and safety
- Acting

2.3.2.7 Public Satisfaction with Municipal Services

The centralised complaints management system procured to improve customer care is fully operational. Additional access options

have been introduced in order to ensure that all residents have easy access to the system. In addition, the system has been expanded to all directorates of the Municipality. During the reporting period there were no service requests registered.

2.3.2.8 Municipal Website

TABLE 18: MUNICIPAL WEBSITE CONTENT

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATER		
DOCUMENTS PUBLISHED ON THE MUNICIPALITY 'S WEBSITE	YES/NO	PUBLISHING DATE
ANNUAL BUDGETS, IDP AND ALL BUDGET-RELATED DOCUMENTS	Y	30 JUNE 2022
ALL BUDGET-RELATED POLICIES	Y	Ongoing
THE ANNUAL REPORT 2018/2019	Y	29 February 2020
THE ANNUAL REPORT 2020/21	Y	31 January 2022
OVERSIGHT REPORT 2021/2022	Y	31 March 2022
ALL CURRENT PERFORMANCE AGREEMENTS (2021/2022) AND RESULTING SCORECARDS REQUIRED IN TERMS OF SECTION 57(1)(B) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 OF 2000)	Y	30 JULY 2021
DOCUMENTS PUBLISHED ON THE MUNICIPALITY 'S WEBSITE.	y	Ongoing
ALL SERVICE DELIVERY AGREEMENTS 2021-2022)	N	
ALL TENDERES (2021/2022)	Y	16 JULY 2022
ALL SUPPLY CHAIN MANAGEMENT CONTRACTS ABOVE A PRESCRIBED VALUE (ABOVE R 200,000) FOR 2021/2022	Y	Ongoing
ALL INFORMATION STATEMENTS CONTAINING A LIST OF ASSETS OVER A PRESCRIBED VALUE THAT HAVE BEEN DISPOSED OF IN TERMS OF THE MFMA SECTION 14(2) OR (4) DURING 2021/2022	N	
CONTRACTS AGREED IN 2021/2022 TO WHICH THE MFMA SUBSECTION (1) OF SECTION 33 APPLIES, SUBJECT TO SUBSECTION (3) OF THAT SECTION	N	

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATER		
DOCUMENTS PUBLISHED ON THE MUNICIPALITY 'S WEBSITE	YES/NO	PUBLISHING DATE
PUBLIC-PRIVATE PARTNERSHIP AGREEMENTS REFERRED TO IN THE MFMA SECTION 120 MADE IN 2021/2022	N	
ALL QUARTERLY REPORTS TABLED BEFORE COUNCIL IN TERMS OF THE MFMA SECTION 52(D) DURING 2021/2022	Y	All 4 Quarters SCM reports
ALL MUNICIPAL RESOLUTIONS, MUNICIPAL COUNCIL MINUTES	N	
PROCUREMENT PLAN 2021/2022	Y	May 2022

## 2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION (COMPONENT C)

### 2.4.1 OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a Municipality must:

- a) Be responsive to the needs of the local community;
- b) Facilitate a culture of public service and accountability amongst staff;
- c) Take measures to prevent corruption;
- d) Establish clear relationships, and facilitate cooperation and communication between itself and the local community;
- e) Give members of the local community full and accurate information about the level and standard of Municipal services they are entitled to receive; and
- f) Inform the local community how the Municipality is managed, of the costs involved and the persons in charge.

To comply with the above, uMsinga Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Mayor, Council committees such as the Municipal Public Accounts Committee (MPAC), Section 62 Appeals Committee, Special (Disciplinary) Committee, as well as a Fraud and Risk Management Committee.

An Audit Committee comprising of independent external members also advises Council. The Audit Committee also serve as the Municipality 's Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee's recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled to Council.

These structures assist the Municipality to discharge the necessary public accountability responsibilities. These structures represent a segmentation of duties amongst staff and public representatives to ensure accountability, transparency, and good governance. Council approved a ward committee system for each of the 21 wards after the elections on the 1st November 2021 and the system is fully operational. The chairperson of the ward committee is the elected Ward Councillor and other members of the ward committee are elected by the residents of the ward. It is expected of the ward committees to hold regular meetings – at least once every month – and the minutes are submitted to the Speaker's Office.

The functionality of the ward committees is monitored and reported on to Council on a quarterly basis as it's reported on as sit forms part of the performance plan for the HOD for Corporate services. During the period under review 21 ward committees were fully functional as elected after the Local Government Elections held on 1st November 2021. The establishment of ward committees took place in accordance with the Rules Regulating the Election and Establishment of Ward Committees which was adopted by Council. The Ward

Committees received Induction Training during the beginning of 2022 with the support of the Provincial Department of Local Government.

Communication with the community through other media has continuously improved by focussing on effective and relevant information sharing. The website has been well maintained and features all the documentation required in terms of legislation as well as public policies, documents and by-laws informing residents about the affairs of the Municipality. It provides for interactive functions on the website which entail additional and user-friendly methods to the public to communicate with the Municipality. These features will be continuously expanded in years to come.

Media and communication are receiving constant attention and the Municipality respond to media enquiries continuously. The Municipality has commissioned a Complaint Management System situated at the Municipal Registry section which intends to upgrade customer care within the Municipality.

When the Annual Report is completed, it is made available at the Municipal library, the mobile library and online in the Municipal website. The MPAC plays their oversight role by scrutinising the report at large and also invites public comment on it.

## 2.4.2 PUBLIC MEETINGS

### 2.4.2.1 COMMUNICATION, PARTICIPATION AND FORUMS

In terms of Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the Municipality is required to establish appropriate mechanisms, processes, and procedures to enable the local community to participate in the affairs of the Municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below);

- Public notices in local and regional newspapers;
- Press releases as and when required;
- Receipt and consideration of petitions and objections;
- Public IDP and consultative meetings; and
- Functioning of a Municipal website, regularly updated with recent news.

Public meetings are essential mechanisms for the Municipality to consult with the local community. The information gathered during such meetings is a key source that feeds into the IDP review process. The information gained at the meetings held during the year under review was useful and assisted the Municipality to plan for short-, medium- and long-term projects. One of the main advantages of public meetings is the platform that it provides the Municipality to interact with the community and to convey its message directly.

An IDP Representative Forum was operational during this period and covered the following interest groups:

- Women, Children, Youth and ECD;
  - Vulnerable Groups (HIV/AIDS, Disabled, Elderly, Substance Abuse);
- Arts, Crafts, Sport and Culture;
- Religion;
- Business
- Agriculture; and
- Environment Management

The IDP Representative Forum was consulted throughout the year on the process of the IDP Review and it met twice on the 21<sup>st</sup> February 2021 and 09 May 2022 in 2021/2022 financial year. Inputs from the various sectors / interest groups were then discussed, referred to other spheres where applicable and responded to where possible, in the Integrated Development plans.

The forum broadened the communication process with UMsinga community and focused the interaction on the aspects within the interest groups. During the budget process, meetings were held with business, bulk users and other interest groups to obtain their input on the next financial year dealings, and, after approval of the budget, various groups were engaged to address any queries they may have on the implementation of the new IDP and Budget. The budget was also discussed in the wards with the communities when inputs were invited on the draft budget.

#### 2.4.2.2 WARD COMMITTEES

Section 73 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) stipulates:

1. If a metro or local Council establishes ward committees it must establish a ward committee for each ward in the Municipality.
2. A ward committee consists of:
  - a. The Councillor representing that ward in the Council, who must also be the chairperson of the committee; and
  - b. Not more than 10 other persons.

A ward committee system consisting of ward committees for each of the 18 wards was functional until the local government elections held during November 2021. The new term of office increased the wards from 18 (as per 2016 local government elections) to 21 wards. Council approved ward Committees in all of the 21 wards during in 2022 full council meeting

The chairperson of the ward committee is the elected Ward Councillor and other members of the ward committee were elected by the residents of the ward. It is expected of ward committees to meet on a monthly basis and the minutes are submitted to the

Speaker's Office. The functionality of the ward committees is monitored and reported to Council by the Speaker and his office on a quarterly basis.

Ward committees form an essential part of the public participation process, and these structures are particularly useful to ensure a relationship between Councillors and ward residents. It provides the opportunity to discuss local matters that concern the residents in that ward. The Municipality annually avails funding to each ward in order to undertake specific projects in such wards. Ward committees play an important role in this regard as they advise on the projects they would like to be implemented. These ward projects further strengthen the relationship between the Municipality and the communities due to the direct impact that the ward committees can make on development projects in their wards. The purposes of ward committees are:

- To act as an advisory committee to the Ward Councillor and Council;
- To ensure two-way communication to and from the community;
- To identify ward specific needs and to refer same to the administration and Council for attention;
- To actively partake in the annual IDP ward based public meetings;
- To assist the Ward Councillor in identifying ward projects and ward capital projects;
- To identify stakeholders in the wards and to liaise with them regarding matters needing attention; and
- To discuss ward related Council agenda items and to make inputs regarding same if necessary.

The major issues dealt with by UMsinga Municipality ward committees were the following:

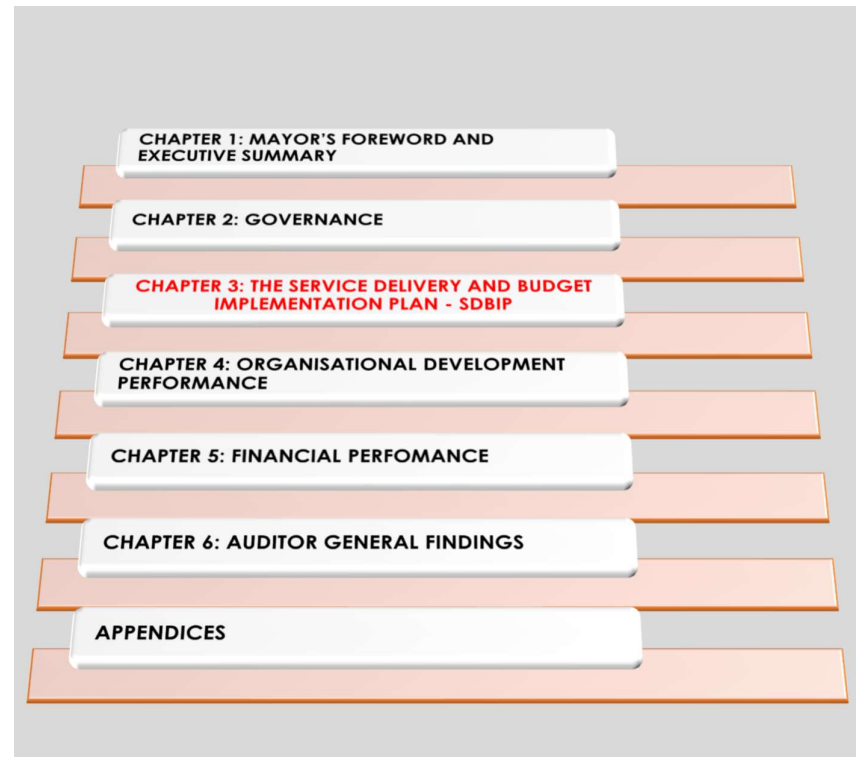
- Advising the Ward Councillor and Council on ward issues dealt with by Council;
- Identifying ward specific needs and referring it to the administration and Council for attention;
- Participation in the annual IDP ward based public meetings;
- The identification of operating and capital ward projects;
- Identifying stakeholders in the wards and liaising with them regarding matters needing attention; and
- Discussions on ward-related Council Agenda items and to make inputs regarding same if necessary.
- Decision making on potential projects and prioritizing

#### 2.4.2.3 IDP PARTICIPATION AND ALIGNMENT

TABLE 19: IDP PARTICIPATION AND ALIGNMENT CRITERIA

IDP PARTICIPATION AND ALIGNMENT CRITERIA	YES	NO
Does the Municipality have impact, outcome, input, output indicators?	✓	
Does the IDP have multi-year targets?	✓	
Are the above aligned and can they calculate into a score?	✓	
Does the budget align directly to the KPIs in the strategic plan?	✓	
Do the IDP KPIs align to the Section 56 managers and 54 Managers?	✓	
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	✓	
Do the IDP KPIs align with the provincial KPIs on the 12 outcomes?	✓	
Were the indicators communicated to the public?	✓	

Were the four quarterly aligned reports submitted within stipulated timeframes?	✓	
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## CHAPTER 3: THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - SDBIP

The SDBIP is a plan that converts the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and normal business process of the Municipality are implemented. It also allocates responsibility to Departments to deliver the services in terms of the IDP and Budget as adopted 26 May 2021. The MFMA Circular No.13 prescribes that: the IDP and budget must be aligned; the budget must address the strategic priorities; The SDBIP should indicate what the Municipality is going to do during the next the 12 months; and The SDBIP should form the basis for measuring the performance against goals set during the budget /IDP processes.

For the year under review 2020/21 the SDBIP was adopted 26 May 2021. The SDBIP was at half year stage adjusted on the 28 February 2022 and specially adjusted on the 30 March 2022. The SDBIP for the year 2021/2022 was prepared as described in the paragraphs below and approved by His Worship the Mayor Cllr DM Ndlovu in a Council meeting held on 29 June 2022. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

### 3.1 THE MUNICIPAL SCORECARD

The Departmental Scorecards (detailed SDBIP) capture the performance of each Department. Unlike the Municipal organizational Scorecard, which reflects on the strategic performance of the Municipality, the Departmental SDBIP 2020/2021 provides a comprehensive picture of the performance per Department/ unit branch. It was compiled by the Heads of Departments and consists of objectives, indicators and targets derived from the approved Top Layer SDBIP. All departmental plans together form the organizational scorecard (SDBIP).

The necessary components include:

- Monthly projections of revenue to be collected for each source; Expected revenue to be collected NOT billed;
- Monthly projections of expenditure (operating and capital) and revenue for each vote; Quarterly projections of service delivery targets and performance indicators for each vote;
- Non-financial measurable performance objectives in the form of targets and indicators; and
- Detailed capital project plan broken down by ward over three years.

The MFMA Circular No.13 prescribes that:

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

The SDBIP was prepared as described in the paragraphs below and approved by the then Mayor in a Council meeting held on 26 May 2021. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

TABLE 20: PERFORMANCE ASSESSMENT CRITERIA

Dashboard	2019/20		2020/21		2021/22	
Achieved	49	58.3%	49	66.2%	49	73.13%
Not achieved	22	26.2%	11	14.86%	01	1.61%

Extremely Met	13	15.5%	14	18.7%	17	27.42%
Total KPIs & Achieved Overall %	84	73.8%	74	85.14%	66	98,51%
TOTAL ORGANISATIONAL PERFORMANCE ACHIEVED IN 2021/22 FINANCIAL YEAR						

FIGURE 1: COMPARATIVE TARGET ACHIEVEMENT INFORMATION

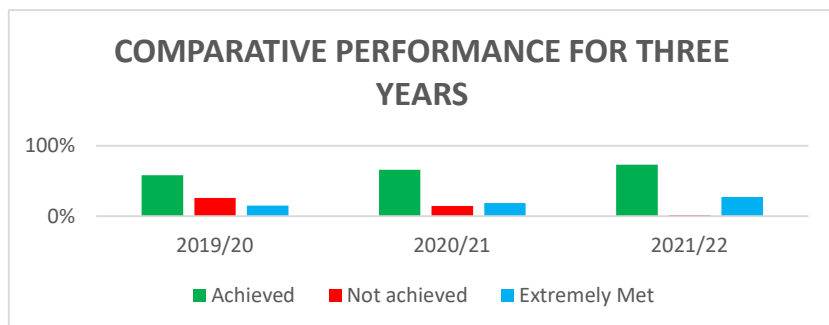


FIGURE 2: COMPARATIVE TARGET ACHIEVEMENT INFORMATION

### 3.1.1 Planned Targets Vs Actual Results From 2019/20 To 2021/2022-Financial Year

Dashboard	2019/20		2020/21		2021/22	
Achieved	49	58.3%	49	66.2%	49	73.13%
Not achieved	22	26.2%	11	14.86%	01	1.61%

Extremely Met	13	15.5%	14	18.7%	17	27.42%
Total KPIs & Achieved Overall %	84	73.8%	74	85.14%	66	98,51%
TOTAL ORGANISATIONAL PERFORMANCE ACHIEVED IN 2021/22 FINANCIAL YEAR						

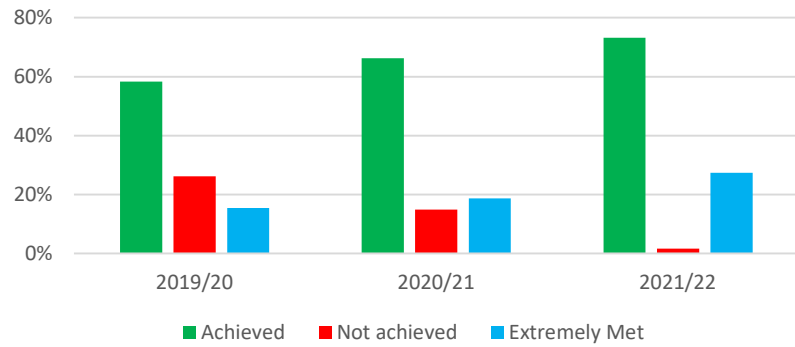
### 3.1.2 Performance against the National Key Performance Indicators

The following tables indicate the Municipality 's performance in terms of the National Key Performance Indicators required in accordance with the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. These Key Performance Indicators are linked to the National Key Performance Areas.

### 3.1.3 Summary of Municipal Performance

The Municipal performance is presented in terms of the six National Key Performance areas.

### COMPARATIVE PERFORMANCE FOR THREE YEARS





### 3.1.3.1 Basic Service Delivery (NKPA)

The MIG of R37 188 996.00 was allocated. The allocation was fully committed. Below are the MIG implemented projects for the 2021/2022 financial year as reflected in the AFS.

There are 21 indicators in the basic services KPA.

- 13 achieved and 7 overachieved.
- 01 indicator was not achieved; Chithokwakhe Mbatha (Ward 19)
  - Reasons for underperformance: Due to Preferential Procurement Regulations 2017 were suspended by ConCourt judgement, due to certain pre-qualification criteria that were considered as inconsistent with PPPFA. This was effective as from the 16th of February 2022, and affected project is Chithokwakhe Mbatha Hall. The target is rolled over to 2022/2023 financial year.
  - Corrective action: The project is rolled over to 2022/23.

#### 3.1.3.1.1 Gravel Access Roads

To provide a better local access road network

NO.	PROJECT NAME	INDICATOR	LENGTH	REGION	STATUS & MEASURE FOR PERFORMANCE
1.	Mfulamuni Road	Percentage of Mfulamuni access Gravel Road (6.1km) constructed and completed (30% of the project scope) by 30/06/2022	6.1km	Ward 20	Over achieved 45% constructed and completed. An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.
2.	Phowane Road	Percentage of Phowane access Gravel Road (5.7km) constructed and completed (50% of the project scope) by 30/06/2022	5.7km	Ward 01	Over achieved 60% constructed and completed. An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.
3.	Xholobane Road	Percentage of Xholobane Access Gravel Road (4.6km) constructed and completed (the remaining 80% of work) by 30/06/2022	4.6 km	Ward 05	100% achieved
4	Gonondo Road	Percentage of Gonondo Access Gravel Road (5.1km) constructed and completed (60% of the project scope) by 30/06/2022	5.1 km	Ward 07	Over achieved 65% constructed and completed. An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.

NO.	PROJECT NAME	INDICATOR	LENGTH	REGION	STATUS & MEASURE FOR PERFORMANCE
5.	Ezibomvini Road	Percentage of Ezibomvini Access Gravel Road (4.93km) constructed and completed (the remaining 64% of the project scope) by 30/06/2022	4.93km	Ward 13	Achieved 100%
6.	Thibeni Road	Percentage of Xholobane Access Gravel Road (4.53km) constructed and completed (the remaining 80% of work) by 30/06/2022	4.53 km	Ward 15	100% achieved
7	Mhlaba Road	Percentage of Mhlaba Access Gravel Road (5.56km) constructed and completed (the remaining 20% of the project scope) by 30/06/2022	5.56 km	Ward 18	100% achieved
8.	Ngongolo Road	Percentage of Ngongolo Access Gravel Road (4.9km) constructed and completed (the remaining 75% of the project scope) by 30/06/2022	4.9 km	Ward 07	100% achieved

### 3.1.3.1.2 Electricity Projects

#### Accelerate electrification

NO.	PROJECT NAME	INDICATOR	CONNECTIONS	REGION	STATUS & MEASURE FOR PERFORMANCE
1.	Douglas #2 (Ogede-Obisini,) (195 Household connections)	Percentage of Douglas Ogede-Obisini #2, electrification infrastructure (30% of project scope) by 30/6/2022	0 (Infrastructure)	Ward 01	Overachieved 35% An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.
2.	Douglas #3 (Ogede-Obisini, Nyonyana- Ntathatha) Electrification {179 connections}	Percentage of Douglas # 3 (Ogede-Obisini, Nyonyana-Ntathatha) Electrification infrastructure constructed [the remaining 65% of the scope] to yield 179 household connections by 30/6/2022	100%	Ward 1&2	100% Achieved

NO.	PROJECT NAME	INDICATOR	CONNECTIONS	REGION	STATUS & MEASURE FOR PERFORMANCE
3.	Douglas # 3 (Ogede-Obisini, Nyonyana-Ntathatha) with 179 connections	Number of households connections of Douglas # 3 (Ogede-Obisini, Nyonyana-Ntathatha) Electrification energised by 30/6/2022	179 Connections	Ward 01	179 achieved
4.	Macanco (Phalafin Extension) Electrification {12 connections}	Percentage of Macanco (Phalafin Extension) infrastructure constructed to yield 12 household connections by 30/6/2022	100%	Ward 03	100% Achieved
5.	Macanco (Phalafin Extension) Electrification {12 connections}	Number of household connections of Macanco (Phalafin Extension) Electrification energised by 30/6/2022	12 connections	Ward 03	12 achieved
6.	Ekuvukeni/ Ngiyane #2 Electrification (Pre-Engineering)	Number of detailed design reports compiled for Ekuvukeni /Ngiyane #2 Electrification (pre-engineering) by 30/06/2022	1 study	ward 9 & 10	1- Achieved
7.	Ezingulubeni Ngcuba #3 Voltage Regulators	Number of Ezingulubeni Ngcuba #3 Voltage Regulators installed by 30/6/2022	100% of the project scope	Ward 13	03 achieved

### 3.1.3.1.3 Sports Facilities

To ensure easy access to sports facilities

NO.	PROJECT NAME	INDICATOR	REGION	STATUS & MEASURE FOR PERFORMANCE
1.	Mzisho Sport field # 2	Percentage constructed and completed at Mzisho # 2 sportfield (the remaining 2% of the project scope) by 30/06/2022	Ward 05	100% achieved
2.	Gobamagagu Sportfield	Percentage constructed and completed (90% of the project scope) at Gobamagagu sportfield by 30/06/2022	Ward 09	90% achieved

NO.	PROJECT NAME	INDICATOR	REGION	STATUS & MEASURE FOR PERFORMANCE
3.	Sethembe Sportfield	Percentage constructed and completed (20% of the project scope) at Sethembe sportfield by 30/06/2022	Ward 10	25% overachieved An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.
4.	Mvundlweni Sport field	Percentage constructed and completed (90% of the project scope) at Mvundlweni sportfield by 30/06/2022	Ward 13	Overachieved (93%) An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.
5.	Msizini sportfield	Number of detailed design reports compiled for Msizini sportfield (pre-engineering) by 30/06/2022	Ward 14	01 achieved

#### 3.1.3.1.4 Infrastructure Projects: Community Halls, Creches/School Classrooms/Houses

NO.	PROJECT NAME	INDICATOR	NUMBER	REGION	STATUS & MEASURE FOR PERFORMANCE
1.	Two Roomed Houses	Number of Two room houses constructed and completed by 30/06/2022, 1.Khululiwe Mtshali (ward 1), 2.Zazile Mchunu (ward 1), 3.Ngema (ward 2),4. R. Mabaso (ward 4), 5.H. Mntungwa (ward 4), 6.Sazi Ndlovu (Ward 5), 7.Phuthumile Mvelase (ward 6), 8.Ngenzeni Dladla (Ward 6), 9.M. Buthelezi (Ward 7), 10. Sbhakela Mkhize (Ward 7), 11.Tshitshana Ndlovu (Ward 7), 12.Nkala (Ward 8), 13. Nomusa Mthalane (ward 8), 14.Felokwakhe Mkhize (Ward 8), 15.Thembokwakhe Zulu (ward 11), 16.Lingubani Zulu (Ward 12), 17. Bongisiwe Mchunu (ward 12),18.Ngenisile Thabede (Ward 17), 19.Mntungwa (Ward 17) & 20.Mbindolo Two-room (ward 18) by 30.6.2022	20	(Ward 1 (2), ward 2, ward 4 (2), ward 5, ward 6 (2), ward 7 (3), ward 8 (3), ward 11, ward 12 (2), ward 17 (2), ward 18	20 Achieved.
4.	Crèches	Number of Crèches constructed and completed by 30/06/2022, Phaphamani (ward 3), Mbabane (ward 5), ESiphethwini (ward 9), Fabeni (ward 11) and Mthaleni (ward 20) by 30.6.2022	05	wards: 3,5,9,11 & 20	05 Achieved
5.	Community halls	Number of Community Halls constructed and completed by 30/06/2022, Ngidi (ward 4), Ntshishili (ward 14); Lokoloko (ward 16),	5	wards: 4,14,16(2),5 & 19	(04) Not Achieved Due to Preferential Procurement Regulations 2017 were suspended

NO.	PROJECT NAME	INDICATOR	NUMBER	REGION	STATUS & MEASURE FOR PERFORMANCE
		Abna Phakathi (ward 16) & Phase 1 of Chithokwakhe Mbatha (Ward 19) by 30.6.2022			by ConCourt judgement, due to certain pre-qualification criteria that were considered as inconsistent with PPPFA. This was effective as from the 16th of February 2022, and affected project is Chithokwakhe Mbatha Hall. The target is rolled over to 2022/2023 financial year
6.	Green Town Entrances	Percentage of Two (2) Green Town Entrances to be constructed and completed by 30/06/2022	01	Wards 4& 5	Achieved.

### 3.1.3.1.5 Housing Projects

Housing projects are funded by the Department of Human Settlement with the Municipality playing a facilitation role. It should be noted that the implementation of these projects depends on the availability of funds from the Department of Human Settlements. Currently, the Municipality has many projects in varying stages as portrayed below:

HOUSING PROJECTS	PROJECT LOCATION	IMPLEMENTING AGENT	UNITS	STATUS
1. Ezibomvini Housing Project,	Ward 04	BMS construction	500	423 units completed
2. Pomeroy Housing Project,	Ward 18	Inkonjane development construction	580	Project on hold- due to lack of bulk sanitation & water
3. Msinga Top Housing Project,	Ward 15	Mabune consulting	1000	68 completed
4. Douglas Housing Project,	Ward 01	Dezzo holdings	1000	DRA approved
5. Nhlalakahle Housing Project	Ward 07	Fezeka consortium	1000	DRA Submitted
6. Mkhuphula Housing Project.	Ward 13	Isundu	1000	DRA submitted
7. Nteneshane housing project	Ward 08	Luyeza consortium	1000	Pending a SPLUMA Approval
8. Nkululeko Development Project – Rental & Low-income	Ward 04 &16	Isibuko SeAfrika	251	Planning stage

9. Disaster Rondavels	11,14,15,18 (old wards)	Uphenyo trading		Completed
10. Operation Sukuma Sakhe Disaster Housing	Across Traditional Authorities	Miands	215	
11. Mthembu Housing Project Phase 2				Waiting list
12. Mbhono Housing Project				Waiting list
13. Mzweni Housing Project				Waiting list
14. Mahlaba Housing Project				Waiting list
15. Ngome Housing Project				Waiting list

### 3.1.3.2 Cross Cutting (NKPA) 01 Indicator

There is 01 indicator in the Cross Cutting KPA.

NO.	PROJECTS	INDCATOR	KPI	REGION	ACTUAL	STATUS
1.	Disability Sports Day	Number of Disability Sports Day Hosted at Pomeroy by 30/06/2022	80	All wards	1 Disability Sports Day Hosted at Pomeroy by 30/06/2022	Achieved

### 3.1.3.3 Local Economic Development & Social Development (NKPA) - 11 Indicators

There are 11 indicators in the Local Economic Development KPA.

- No underperformance in this KPA.
- 06 Achieved & 05 Overachieved.
  - KPI72: Maskandi festival was held in all 21 wards while only 18 were planned. The new demarcation came into effect in November 2021 which meant the municipality now had 21 wards. The Municipal Manager approved for the office to cover all 21 wards by 31/12/2021

- KPI82: 104 youth projects implemented instead of the 60 planned as per the youth-based plan by 30 June 2022. The office processes requests as and when they arrive. This year the office managed to successfully assist 104 youth projects within the set budget.
- KPI83: 167 Learners Assisted with Tertiary registration by 30/6/2022 while 139 was the planned target.
- KPI84: The Council approved for the municipality to celebrate youth month through hosting 3 events in June 2022 in addition to the one planned and executed in September 2021. Funds were not disturbed as more sponsorships were received from other stakeholders
- KPI 270.1: 63 jobs created through construction of capital projects by 30/06/2022, 60 jobs were planned.

NO.	LED PROJECTS	KPI NUMBER	INDICATOR	REGION	STATUS & MEASURE FOR PERFORMANCE
1.	SMME's within uMsinga area	157	Number SMME's within Msinga area capacitated by 30/06/2022	uMzinyathi, uMsinga, Administration	38- Achieved
2.	LED Market Day	158	Number of Business market day / LED Summit hosted at Tugela Ferry by 30/06/2022	Ward 4	Achieved
3.	uMsinga Athletics Day	70	Number of Msinga Athletics Day hosted in Pomeroy by 30/06/2022	Ward 18	Achieved
4.	Isicathamiya event	71	Number of Isicathamiya Event hosted in Fabeni by 30 /06/2022	Ward 11.	Achieved
5.	Maskandi Festival	72	Number of Maskandi festival hosted by 30 June 2022	All 18 wards	21- over Achieved Due to local government elections wards increased from 18 to 21 therefore the Municipal Manager approved for the office to cover all 21 wards by 31/12/2021
6.	uMsinga Mayoral Cup	78	Number of Msinga Mayoral Cup hosted in Pomeroy by 30/6/2022	Ward 18	Achieved
7.	Umcimbi weBhayi	59	Number of lbhayi events hosted by 30 June 2022	Ward 9	Achieved
8.	Msinga Youth Day	84	Number of Youth Day celebrations hosted at Pomeroy by 30/06/2022	Ward 18	04- Over Achieved A total of four events were held with the assistance of sponsorship.
9.	Youth Projects	82	Number of youth projects implemented as per the youth-based plan by 30 June 2022	All 18 wards	104 -Over achieved The office processes requests as and when they arrive. This year the office managed to successfully assist 104 youth projects within the set budget.
10.	Local Economic development initiatives	270.1	Number of jobs created through construction of capital projects by 30/06/2022	Administration	63- Over-Achieved More job opportunities from MIG Capital Projects

NO.	LED PROJECTS	KPI NUMBER	INDICATOR	REGION	STATUS & MEASURE FOR PERFORMANCE
11.	Learners Assisted with Tertiary registration	83	Number of Learners Assisted with Tertiary registration by 30/6/2022	All 18 wards	167- Over -achieved The office processes requests as and when they arrive.

### 3.1.3.4 Municipal Transformation & Institutional Development (NKPA)- 13 Indicators

There are 13 Indicators in the Municipal Transformation & Institutional Development KPA.

- No underperformance noted.

NO.	PROJECTS	WARDS	INDICATOR	STATUS & MEASURE FOR PERFORMANCE	
1.	135	Final Annual Report	Administration	Number of 2020/21 Msinga Final Annual Report presented to Council for adoption by 30/3/2022	1-Achieved
2.	49	Action plan	Administration	Number of Msinga Action plans developed to address Auditor Generals findings (as per (2020/21 FY) Audit Report) by 30 June 2022	Achieved
3.	48	Unqualified opinion	Administration	Number of unqualified audit opinion (2020/21FY) achieved by Msinga Municipality by 31 March 2022	Achieved
4.	50	Risk register	Administration	Number of Risk Management Report submitted to Audit Committee by 30.06.2022	Achieved
5.	222.1	Employment Equity Plan implementation	Administration	Number of reports on People from employment equity target groups employed in the three highest level management in compliance with approved equity plan (EEP) by 30 June 2022	1-Achieved
6.	222.2	Implementation of WSP	Administration	Percentage Budget spent on implementation of WSP by 30 June 2022	100% -Achieved



NO.		PROJECTS	WARDS	INDICATOR	STATUS & MEASURE FOR PERFORMANCE
7.	222	Section 54/56 Performance Assessment	Administration	Number of Section 54/56 Performance Assessments conducted by 30/06/2022	Achieved
8.	132	uMsinga Mid-Year performance report (S72 Report)	Administration	Number of Msinga Mid-Year performance report (S72 Report) submitted to Council for adoption by 25/01/2022)	Achieved
9.	136	uMsinga Draft Annual performance report	Administration	Number of submitted 2020/21 draft annual performance report & Annual Report to IA and AC for input and comments by 31.8.2021	Achieved
10.	137	uMsinga Draft APR	ALL WARDS	Number of 2020/21 APR & draft AR Submitted to CoGTA, AG, NT & PT by 31.8.2021	1 Achieved
11.	138	Municipal Service Delivery and Budget Implementation Plan (SDBIP)	Administration	Number of Msinga SDBIP 2022/2023 presented to Council for Mayor's endorsement by 30/6/2022	02 Achieved
12.	139	SDBIP Quarterly reports	Administration	Number of Msinga SDBIP Quarterly reports submitted to Council by 30/06/2022	04- Achieved
13.	217	uMsinga Internal Audit Charter	Administration	Number of Revised Msinga Internal Audit Charter submitted to Council for adoption by 30/6/2022	Achieved

### 3.1.3.5 Good Governance and Public Participation (NKPA) -07 Indicators

There is 07 indicator in the Good Governance and Public Participation KPA.

- 05 Achieved & 02 Overachieved.

NO.	ALL WARDS	PROJECTS	KPI NUMBER	INDICATOR	STATUS
1.		Municipal Council meetings	42	Number of Full Council meetings conducted by 30 June 2022	Achieved

NO.	ALL WARDS	PROJECTS	KPI NUMBER	INDICATOR	STATUS
2.		Municipal Subcommittee meetings	43	Number of Msinga Municipal sub-committee meetings (Corporate, Technical, Community, Development Planning, Finance) conducted by 30/06/2022	20-Achieved
3.		Exco meetings	44	Number of Msinga Exco meetings conducted by 30/06/2022	10 Achieved
4.		MPAC Meetings	46	Number of Msinga MPAC meetings conducted by 30/06/2022	03 – Achieved
5.	Administration	IDP	143	Number of IDP 2022/23 submitted to Msinga Council for adoption by 30 June 2022	Over Achieved The IDP review 2022/23 draft (1) was submitted to council on 30.3.2022, (2) the final IDP 2022/23 was submitted to council for adoption on the 25.5.2022 & was resubmitted on 29.6.2022 due to the changes effected on the adopted budget where an additional funding had to be included. Changes in the budget necessitated a resubmission on the 29.6.2022 (3).
6.	All	Champaigns (Fire, Disaster and	63	Number of Msinga Public Awareness campaigns (youth; fire & Disaster awareness campaigns) conducted by 30/06/2022	28 Over-Achieved Additional awareness's were conducted as per the requests received
7.	Administration	Process Plan	151	Number of IDP/Budget/PMS Process Plans for the revision of the 2022/2023 IDP submitted to Council adoption by 30/6/2022	1 Achieved

### 3.1.3.6 Sound Financial Management (NKPA) – 10 Indicators

A total of 10 indicators in the Sound Financial Management KPA.

- All achieved

	ALL WARDS	PROJECTS	KPI NUMBER	INDICATOR	STATUS
1.		Budget Management	92	Number of monthly reconciliation reports (assets, creditors, payroll, debtors/rates, deposits, bank, suspense) prepare by 30/06/2022	96 Achieved
2.	Administration	Assets Verification	93	Number of assets verification conducted by 30/06/2022	04 Achieved
3.		Procurement Plan	94	Number of submitted and adopted 2022/23 procurement plan by Council by 30/06/2022	1 Achieved

	ALL WARDS	PROJECTS	KPI NUMBER	INDICATOR	STATUS
4.	Administration	SCM reports	95	Number of SCM reports produced on Implementation of procurement plan by 30/06/2022	04 Achieved
5.		Creditor payments	99	Turnaround time (in 30 days) for payment of creditors (from date of receipt of invoice) by 30/6/2022	(30 DAYS) Achieved
6.		Adjustment Budget	118	Number of Adjustment budget submitted and approved by Council by 28 February 2022	2 Over Achieved Budget was re-submitted to Council due to a funding received from EDTEA after the adjustment.
7.		Section 71 report	120	Number of Section 71 reports submitted to Council by 30/06/2022	12 Achieved
8.		Salary Payment	106	Number of salary payments reports produced by 30/06/2022	12 Achieved
9.		Section 72 report	121	Number of Sec 72 reports submitted to Council, Provincial Treasury and National Treasury by 30 /01/2022	1 Achieved
10.		General Ledger reviews	128	Number of Monthly reports on the review of General Ledger by 30/06/2022	12 Achieved



# ANNUAL PERFORMANCE REPORT FOR uMSINGA MUNICIPALITY FOR THE PERIOD OF 01 JULY 2021 TO 30 JUNE 2022

2021/2022 FINANCIAL YEAR

FC – 31.08.2022

## 3.2 UMSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT 2021/22

### 3.2.1 EXECUTIVE SUMMARY

The UMsinga Municipality's Annual Performance Report 2021/2022 is hereby submitted to the UMsinga Municipal Council in compliance with the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the Municipal Finance Management Act Circular 11 and Circular 63 on annual reporting. This report covers the performance information from 01 July 2021 to 30 June 2022 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review. This report reflects the actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2021/2022 fiscal year.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area (KPA). Each KPA has several focus areas which had been deliberately designed by the UMsinga Municipality to focus its development initiatives on an attempt to achieve the desired future as enshrined in the IDP.

This report is structured to present to Council with regards to Municipality's performance in terms of the six (6) National Government's Strategic Key Performance Areas (NKPA's) or Developmental priorities for local government, which are:

- 1) Basic Service Delivery.
- 2) Local Economic Development
- 3) Municipal Institutional Transformation and Development.
- 4) Municipal Financial Viability and Management,

- 5) Good Governance and Public Participation, and
- 6) Cross cutting measures

The report emanates from the Municipal organizational scorecard and performance is measured based on the targets set and agreed upon at the beginning of the financial year.

### 3.2.2 LEGISLATIVE REQUIREMENTS

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore points out that the Integrated Development Plan (IDP) must be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates as follows:

- 1) *A Municipality must prepare for each financial year a performance report reflecting—*

- a. *The performance of the Municipality and each external service provider during that financial year.*
- b. *A comparison of the performance referred to in paragraph.*
  - i. *with targets set for performance in the previous financial year; and*
  - ii. *Measures taken to improve performance.*

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation, but also to the individuals employed in the organisation as well as the external service providers and the Municipal entities.

The Organisational Performance Management function of uMsinga local Municipality is entrusted to an internal Performance Management Unit within the Office of the Development Planning HOD. The Performance Management unit consists of two employees, i.e., one post of Manager: IDP/Performance Manager and one post of PMS officer which at present is occupied by a an IDP/PMS Intern.

### **3.2.3 PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS**

To improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions: Departmental Scorecards (operational plans) were developed for monitoring and reporting operational programmes; these emanate from the performance plans signed by HODs at the beginning of the financial year.

A manual performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the HODs i.e., S.56 Managers reporting directly to Municipal Manager. The Municipality endeavoured during the development of the Top Layer Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental scorecards that inform the SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

The uMsinga Integrated Development Plan (IDP) was developed for 2017-2022 as the strategic document that informs all operations at a Municipal level. As the Municipal Systems Act 32 of 2000, Sections 28 and 32 allows. uMsinga IDP has been reviewed for 2021/2022 and adopted by Council. It remains the primary document that informs all plans of the Municipality. The IDP review process facilitates the process of monitoring, reviewing, and reporting on the performance indicators and provides for an opportunity for public participation in line with the IDP structures.

The process of managing performance at organisational level in the uMsinga Municipality involves the stages as set out in the following diagram:

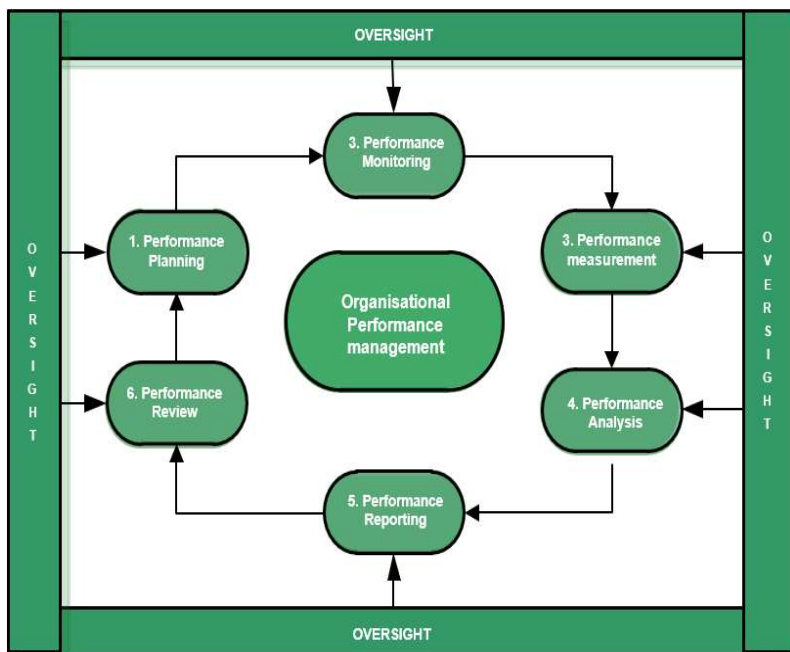


FIGURE 3: PMS FRAMEWORK MILESTONES

### 3.3 MUNICIPAL VISION

**VISION**

*“Commitment towards corruption free **Governance, infrastructural Development, Poverty Eradication** and supporting local economic development initiatives towards the financial and social emancipation of the Msinga community”*

The Vision for uMsinga Municipality is intended to provide a clear statement of the preferred future that is aligned with the National Development Plan of 2030. This statement is informed by the historical understanding and knowledge of the area. The main characteristics of uMsinga have had a profound influence on the development of the Vision including the following:

- The low Human Development Index (HDI).
- The physical and technical underdevelopment of the area; and
- The very high levels of poverty.

In addition to the above, the following components have been identified as being key to the development of the communities of uMsinga, namely:

#### 3.3.1 KEY DEVELOPMENTAL OBJECTIVES AS PER MUNICIPAL IDP

- Poverty alleviation and the provision of employment opportunities.
- Empowerment (women, aged, disabled, & children)
- Economic Development.
- The satisfaction of basic needs and the provision of services.
- Education and Training.
- Sustainable Municipality.
- Good governance and public participation.
- Safe and sustainable environment.
- Youth development.
- Safe adequate housing.
- HIV/Aids effects.

Using these components as the building blocks, along with the characteristics of the uMsinga Municipal area, the following Vision was amended by Council in 2018/19 and has been reviewed annually.

### 3.4 PERFORMANCE AUDIT COMMITTEE

The Performance Audit Committee has been established since 2007 in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001.

#### 3.4.1. MANDATE

The uMsinga Municipality established an AUDCOM in terms of section 166 of the MFMA, section 14(2) (c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations) and MFMA Circular No.65 issued by the National Treasury in November 2012. Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2017 (King IV).

#### 3.4.2 MEMBERS AND ATTENDANCE AT MEETINGS

The AUDCOM is comprised of 5 independent, external members and the AUDCOM members are Mr N Mchunu (Chairperson – Audit Committee), Ms S Mthembu, Mr M Makhunga, Mrs S Khanyile and Ms N Shabalala. The AUDCOM is required to meet at least 4 times per annum, in line with S166 of the MFMA. Members' attendance at the meetings is detailed below:

The Audit Committee and Performance Committee held 10 meetings on the following dates in the 2021/2022 financial year.

- 1) 10/08/2021
- 2) 24/08/2021
- 3) 30/08/2021
- 4) 16/11/2021
- 5) 14/12/2021
- 6) 24/01/2022
- 7) 24/02/2022
- 8) 29/03/2022

9) 26/04/2022

10) 24/05/2022

Apologies were received from members for meetings where they were unable to attend. The existing audit committee started in 2021/2022 financial year.

#### 3.4.3 RESPONSIBILITY

The legal responsibilities of the AUDCOM are set out in terms of section 166 of the MFMA and operate within the terms of the Audit and Performance Committee Charter approved by the Council. In the conduct of its duties, the AUDCOM has performed the following statutory duties relating to the Quarter ending 30 June 2022.

### 3.5 PERFORMANCE REVIEW

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

To improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions: Departmental Scorecards (operational plans) were developed for monitoring and reporting operational programmes; these emanate from the performance plans signed by HODs at the beginning of the financial year.

A manual performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the HODs i.e., S.56 Managers reporting directly to Municipal Manager. The Municipality endeavoured during the development of the Top Layer Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the



Departmental scorecards that inform the SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific, and time bound, thus making it measurable.

The uMsinga Integrated Development (a five year) Plan (IDP) was developed for 2021/2022- 2025/2026 as the strategic document that informs all operations at a Municipal level. It was adopted 26 May 2021. As the Municipal Systems Act 32 of 2000, Sections 28 and 32 allows, uMsinga IDP has been reviewed for 2022/23 and adopted by Council on the 29 June 2022. The five-year strategic plan (IDP) remains the primary document that informs all plans of the Municipality. The IDP review process facilitates the process of monitoring, reviewing, and reporting on the performance indicators and provides for an opportunity for public participation in line with the IDP structures.

The process of managing performance at organisational level in the uMsinga Municipality involves the stages as set out in the following diagram as depicted in the Municipal PMS framework as depicted in Figure 1: PMS framework milestones.

### **3.5.1 ANNUAL PERFORMANCE REPORTING 2021/2022**

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2021/2022 financial year. These priority objectives that are enshrined in the uMsinga Organisational Performance Scorecard (Including the Top Layer of the SDBIP on basic service delivery targets) for 2021/2022.

The Annual Performance Reporting on the 2021/2022 financial year has been presented as per the Organisational Performance Scorecard table format (as prescribed by KwaZulu Natal Department

of Corporate Governance and Traditional Affairs as an APR reporting format). The Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide has been included subsequently at mid-year following the review from the Internal Auditor during the 2020/21 financial year auditing process.

In compliance with legislation; the Annual Performance Report is presented in compliance with Section 46 of the Municipal Systems Act and will be presented to the Auditor General on the 31<sup>st</sup> of August 2022 for auditing purposes together with the Annual Financial Statements and a Draft Annual report 2021/2022. The unaudited Annual Performance report, Draft Annual Report and Annual Financial Statements in compliance with MFMA Circular 63 were tabled by the uMsinga Mayor Cllr DM Ndlovu to Council in its meeting held on 31<sup>st</sup> of August 2022 at the Council Chamber and were tabled to Audit Committee in its meetings on the 23 August 2022 and 31 August 2022 to advance accountability and expedite corrective measures.

This Annual Performance Report (Tables the Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan) should be read in conjunction with the uMsinga Draft Annual Report, including the Annual Financial Statements as well as (Auditor General Report once available) on the Annual Financial Statements and Performance on Predetermined Objectives for the 2021/2022 financial year.

## 3.6 THE PERFORMANCE MANAGEMENT SYSTEM (PMS) PROCESS

### 3.6.1 DEVELOPMENT OF INDICATORS AND TARGETS (SMART PRINCIPLE)

uMsinga Municipality developed performance indicators which are both qualitative and quantitative that indicate whether progress is being made in achieving the objectives and targets. Indicators are important because they:

- Enable the review of objectives
- Provide a common framework for measuring and reporting
- Translate complex concepts into simple operational measurement variables.
- Help to provide feedback to an organization, its staff, and stakeholders.
- Help when comparing the municipality's performance to that of others.

Defining a good performance indicator requires careful analysis on what is to be measured and a thorough understanding of the nature of the **input, output, activities**, and desired outcome. Each year when developing the Municipal SDBIP, the Heads of Department (HODs) sit with the PMS office to **develop performance indicators** (KPIs) and to test KPIs to meet the following criteria:

- **Reliable** - accurate enough for its intended use
- **Well-defined**-clear and unambiguous
- **Cost effective** - usefulness of collecting data must satisfy the cost.
- **Verifiable**-processes and system that produced the indicator can be validated.
- **Relevant**-relates to the municipalities mandate

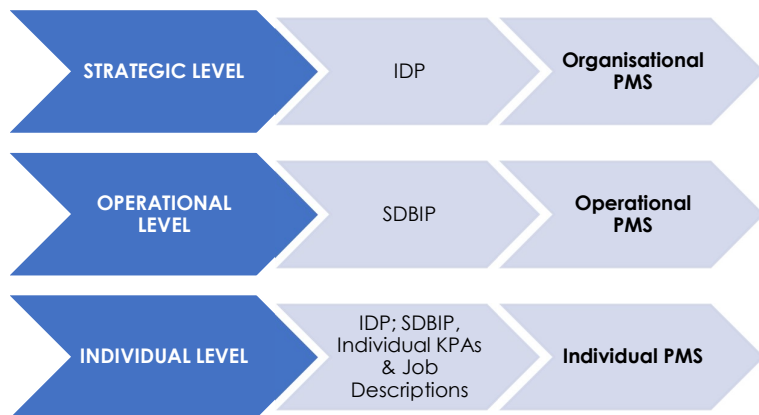
- **Appropriate**-encourage service delivery

Once suitable indicators have been set, the required level of performance was established using the SMART principle. This is to ensure that the targets set meet the SMART criteria:

- **Specific- measure** only those dimensions that the municipality intends to measure;
- **Measurable**-easy to calculate from data that can be generated speedily, easily & at reasonable cost.
- **Attainable**-to attain the objectives (*knowing the resources and capacities at the disposal of the community*);
- **Realistic**-able to obtain the level of change reflected in the objective.
- **Time bound**-achievable within a defined time scale (this would not be applicable to a standing objective).

### 3.6.2 THE PROCESS OF MANAGING ORGANIZATIONAL & INDIVIDUAL PERFORMANCE

The process of managing performance at organisational level in the uMsinga Municipality involves the stages as set out in the following diagram:



The annual process of managing performance at organizational level in the uMsinga Municipality involves the steps as set out in the diagram below:



FIGURE 4: PMS MILESTONES

### 3.6.2.1 Performance Planning

The performance of the Municipality is managed in terms of its IDP and the process of compiling an IDP and the annual review thereof constitutes the process of planning for performance. The last component of the cycle is that of performance review and the outcome of such a review process must inform the next cycle of IDP compilation/review by focusing the planning processes on those areas in which the Municipality has under-performed.

### 3.6.2.2 Performance Monitoring

Performance monitoring is an ongoing process by which a manager accountable for a specific indicator as set out in the organizational scorecard (and a service delivery target contained in the SDBIP) continuously monitors current performance against targets set. The aim of the monitoring process is to take appropriate and immediate interim (or preliminary) action where the indication is that a target is not going to be met by the time that the formal process of performance measurement, analysis, reporting, and review is due.

uMsinga local Municipality chose to report on organizational performance of the Municipality on a quarterly basis to the **Audit Committee** and the **Executive Committee**. The same applies to the various Top Layer and Departmental SDBIPs. Performance monitoring requires that in between the said formal cycle of performance measurement appropriate action be taken should it become evident that a specific performance target is not going to be met.

In each section the **responsible Manager is** assigned (as stated on the right-hand column of each unit's performance plan) who becomes responsible for reporting on the respective indicator, devise methods to improve performance and detect early warning signs.

### 3.6.2.3 Performance Measurement

Performance measurement refers to the formal process of collecting and capturing performance data to enable reporting to take place for each key performance indicator and against the target set for such indicator. The Municipality currently relies on a manual process to manage its performance provision therefore the data collection occurs through the organizational (TL) and departmental scorecards per indicator.

**Submission:** after the end of each quarter, the following are submitted to the MMs office:

- 1) Completed Departmental scorecard,
- 2) A file of **POEs** correctly labeled with a contents page reference as per KPI No.
- 3) **Signed by the HOD** to ascertain completeness & reliability of reported information.
- 4) Date on which the POE is received gets stamped by the MMs office.

The 8<sup>th</sup> was chosen to ensure submission gives the PMS office enough time to prepare a report to be tabled to EXCO. The documents listed above are submitted to the MMs office by the 8<sup>th</sup> of the month of the new quarter, i.e.

- Quarter 1- report is due on the **8<sup>th</sup> of October 2021**
- Quarter 2- report is due on the **8<sup>th</sup> of January 2022**
- Quarter 3- report is due on the **8<sup>th</sup> of April 2022**
- Quarter 4- report is due on the **8<sup>th</sup> of July 2022**

As conducted in terms of the previous step to determine whether targets have been met, exceeded and to project whether future targets will be met or not. Where targets have not been met, performance analysis requires that the reasons therefore should be examined, and corrective action be stated. Where targets have been met or exceeded, the key factors that resulted in such success are documented and shared to ensure organizational learning.

In practice the aforementioned entails that the Manager responsible for each indicator, after capturing the performance data against targets on the Top Layer/organizational or departmental scorecards, analyze the underlying reasons why a target has not been met and capture a summary of his/her findings on the scorecard. The Manager thereafter compiles a recommendation in terms of the corrective action proposed in instances where a target has not been achieved and capture this on the relevant scorecard. Provision has been made on the reporting format of the organizational and Departmental scorecards to capture both the '**reasons for variance**' and the '**corrective action**' proposed clearly marked in the scorecard as '*measures taken to improve performance*'.

The Organizational and Departmental scorecards as completed must then be submitted to a formal meeting of the Senior Management Team (SMT) for further analysis and consideration of the draft recommendations as captured by the relevant Managers.

### 3.6.2.4 Performance reporting and review

Performance reporting and performance review will be dealt with at the same time. The diagram below reflects the entire reporting process:

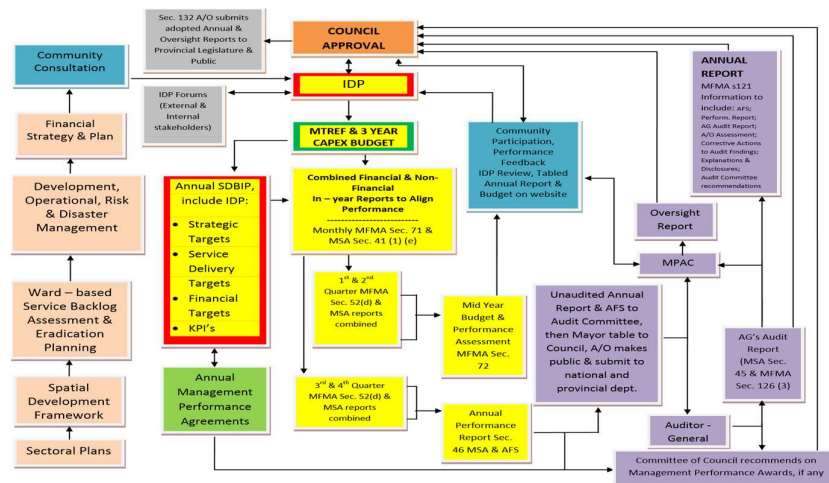


FIGURE 5: MUNICIPAL REPORTING FLOWCHART

#### 3.6.2.4.1 In-year performance reporting and review

The submission of the scorecards to the Executive Committee for consideration and review of the performance of the Municipality as a whole is the next step in the process. The organizational and Departmental scorecards are submitted to the Internal Auditor, Audit

Committee and the Executive Committee for consideration and review on a quarterly basis.

#### The reporting in 2021/22 was as follows:

- October (for the period 01 July -30 September 2021
  - Quarter 1) – **08 October 2021**
- January (for the period 01 October -31<sup>st</sup> December 2021
  - Quarter 2) - **25 January 2022**
- April (for the period 01 January 2022 -30 March 2022
  - Quarter 3) – **25 May 2022**
- July (for the period 01 April- June 30<sup>th</sup>, 2022
  - Quarter 4). **20 July 2022.**

The review in January coincided with the mid-year performance assessment as per section 72 of the MFMA. The said section determines that the accounting officer must by 25 January of each year assess the performance of the municipality and report to the Council on inter alia its service delivery performance during the first half of the financial year and the service delivery targets and performance indicators as set out in its SDBIP.

**Performance review** is the process where the leadership of an organization, after the performance of the organization have been measured and reported to it, reviews the results, and decided on appropriate action. The Audit Committee and the Executive Committee in reviewing the organisational and departmental scorecards submitted to it ensures that targets committed to in the scorecard have been met, where they have not, that satisfactory and sufficient reasons have been provided by senior management and that the corrective action being proposed is sufficient to address the reasons for poor performance. If satisfied with the corrective action as proposed, these are adopted as formal resolutions of Council, minutes and actioned accordingly.

### 3.6.2.4.2 Annual performance reporting and review (s46)

On an annual basis a comprehensive report on the performance of the Municipality is compiled. The requirements for the compilation, consideration, and review of such an annual report are set out in chapter 12 of the MFMA, the detailed required information has been articulated in Circular 63 of the MFMA of 2012. In summary it requires that:

- All municipalities for each financial year compile an Annual Report.
- The annual report be tabled within seven months after the end of the financial year i.e., January
- The annual report immediately after it has been tabled be made public and that the local community be invited to submit representations thereon.
- The municipal Council considers the annual report within nine months after the end of the financial year and adopt an oversight report containing the council's comments on the annual report, i.e., March.
  - *The **Annual Report 2020/2021** was submitted on 25 January 2022 to Council.*
  - *The **Oversight report** was adopted by Council on the 30<sup>th</sup> of March 2022 and immediately made public.*
- The annual report was tabled and the Council's oversight was forwarded to the Auditor-General, the Provincial Treasury and DCOGTA - the department responsible for local government in the province; and
- The annual report was tabled and the Council's oversight report was submitted to the Provincial legislature.
- Various forms of media including radio, newspaper - Isolezwe and Municipal website were used to convey the annual report.
- The public was invited to submit comments on the annual report via Post, telephone, and email.

- Making use of existing structures such as ward and/or development committees to disseminate the annual report and invite comments.
- Hosting public meetings and roadshows to invite inputs from the public on the draft annual report, Covid 19 protocols were adhered to, ensuring the limited number of attendees during these meetings, other means of communications were also utilised.
- Posting the annual report on the council website and inviting input.

### 3.6.2.4.3 Performance Evaluation Panels

Performance Evaluation Panels have initially been established for the assessment of performance of the Municipal Manager as well as Managers directly accountable to the Municipal Manager per Council. The membership of Performance Evaluation Panel has been amended over council terms.

Performance Assessment Panels for the assessment of Section 54/56 employees were established as follows:

PANEL MEMBER	POSITION
Cllr DM Ndlovu	Mayor/Chairperson
Cllr PAG Nkala	Member of the Executive Committee
Mrs S Khanyile	Member of the Audit Committee (Performance)
Mr Mthembu	MM from another Municipality (Nguthu)
Mr P Mbatha	Ward Committee member
Ms Nkala	Deputy Director Corporate services (secretariat)

For purposes of evaluating the annual performance of the Municipal Manager (section 54A), an Evaluation Panel constituting of the following persons was established:

- a) Executive Mayor or Mayor;
- b) Chairperson of the Performance Audit Committee.
- c) Member of the Mayoral or Executive Committee or in respect of a plenary type of Municipality, another member of Council.
- d) Mayor and/or Municipal Manager from another Municipality; and
- e) Member of a Ward Committee as nominated by the Executive Mayor or Mayor."

For purposes of evaluating the annual performance of Managers directly accountable to the Municipal Manager, an Evaluation Panel constituted of the following persons was established:

- a) Municipal Manager.
- b) Chairperson of the Performance Audit Committee or the Audit Committee in the absence of a Performance Audit Committee.
- c) Member of the Mayoral or Executive Committee or in respect of a plenary type of Municipality, another member of Council; and
- d) Municipal Manager from another Municipality.

Performance Evaluation sessions are conducted quarterly. The first and the third quarter assessment are informal assessments. In line with the performance agreements that are entered into in terms of section 57(b) by the Municipal Manager and Managers directly accountable to the Municipal Manager, annual performance evaluations were conducted by a Panel of evaluators for the Section 54/56 Manager mentioned above. Performance assessment/evaluation meetings were held on zoom as follows:

- **03 September 2021**, (Annual Assessment 2020/2021 financial year)
- **19 April 2022**. (Midyear Assessment 2021/2022)

The final performance evaluation (annual) will commence once the Annual Report 2021/2022 has been adopted by the Council for consideration of performance bonuses in terms of the Regulations. The minutes of all meetings are available on the APR POE file as per KPI 222.

The table below reflects the reporting frequency at uMsinga local Municipality's space.

**TABLE 21: REPORTING FREQUENCY AS STIPULATED**

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND/OR REVIEW TO	LEGISLATION
1. SDBIPs	Quarterly	Executive Committee	MFMA Circular 13 of National Treasury for further information
2. Monthly budget statements	Monthly	Mayor (in consultation with Exco)	Sections 71 and 54 of the MFMA
3. Organizational Scorecard	Quarterly	Executive Committee and Audit Committee	Municipal PMS framework
4. SDBIP mid-year budget and performance assessment	Annually during January of each year	Mayor (in consultation with Exco)	Sections 72 and 54 of the MFMA
5. Performance report	Annual	Council	Section 46 of the Municipal Systems Act as amended. Said report to form part of the annual report

REPORT	FREQUENCY	SUBMITTED FOR CONSIDERATION AND/OR REVIEW TO	LEGISLATION
6. Annual report	Annually	Council	Chapter 12 of the MFMA, circular 63

#### 3.6.2.4.4 Amendments to the SDBIP effected at Mid-year (S-72)

- Amendments, adjustments made to the SDBIP performance targets at mid-year budget adjustment, including reasons for the adjustments and Council resolution approving the adjustment are included.
- The Municipality amended its planning documents at midyear in its Council meeting held on the 28 February 2022 and 30 March 2022 (as per the attached Council resolution).
  - Mainly the IDP and SDBIP were adjusted due to financial grant funding increased which ultimately affected the municipal projects.
  - Other minor changes were project names, venues where certain events were to be held, ward projects etc. All changes were captured on the special Adjusted Budget, adjusted IDP and adjusted SDBIP. Reshuffling of key performance indicators in an attempt to file them in the correct KPAs was also observed.
  - Other changes effected on the planning documents at the adjustment period were the restructuring of the SDBIP document, key performance indicators were reduced from 71 to 67. Those deemed more operational in nature

were moved from the Top-layer and cascaded to the Departmental bottom-layer scorecard. These indicators remain measurable and reported on at a departmental level.

- **Top-layer to bottom layer:**
  - Refuse removal
  - Cemetery studies
  - Financial ratios
- **Target adjustment:** minor changes in targets were affected at adjustment period mainly because the municipality realized these were not attainable nor realistic due to many reasons.
- **Project name adjustment:**
  - from Gede to Ogede-KPI 182.3,182.1,182.2
- **Ward adjustment:** due to ward demarcations that came into effect within the financial year 2021/22 following the local government elections. some projects moved from the ward there were at the beginning of the financial year. In November 2021, these projects naturally fell into different wards under a different Councillors and this is worth noting.

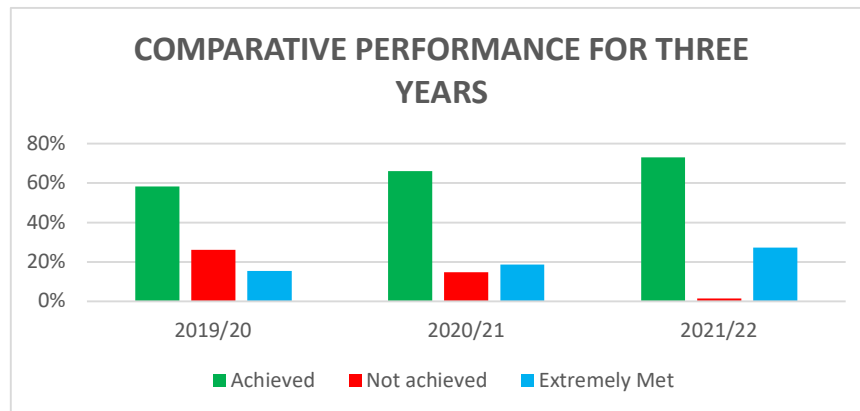


### 3.7 OVERALL ORGANIZATIONAL PERFORMANCE

Overall performance graph depicts comparative performance over the past three years.

**TABLE 22: COMPARATIVE FIGURE FOR THE THREE YEARS**

Dashboard	2019/20		2020/21		2021/22	
Achieved	49	58.3%	49	66.2%	49	73.13%
Not achieved	22	26.2%	11	14.86%	01	1.61%
Extremely Met	13	15.5%	14	18.7%	17	27.42%
<b>TOTAL ORGANISATIONAL PERFORMANCE ACHIEVED IN 2021/22 FINANCIAL YEAR</b>						
Total KPIs & Achieved Overall %	84	73.8%	74	85.14%	66	98.51%



**FIGURE 6: COMPARATIVE TARGET ACHIEVEMENT INFORMATION**

The above chart illustrates the overall organisational performance for the 2021/2022 financial year in relation to performance achieved during the previous two financial years, 2019/2020 and 2020/2021 financial years respectively.

The overall performance for the past three years indicates an improvement from 2019/2020 with 11,1% in 2020/2021, then the overall performance in 2021/2022 is at 98,51% and improved by 13,25%. Summary performance results for all priority measures included in the municipal organisational scorecard are as follows:

- **Blue** – Performance above 2% of the target
- **Green** – Performance meets target
- **Red** – Performance not met a target

In relation to the 2021/2022-year end performance results, the final position shows:

- **98,51%** targets have been met or exceeded the year-end target.
- **13,25%** overall improvement of performance compared to 2020/2021 financial year.
- Overall unfinished projects have declined from **14,86%** in 2020/2021 to **1,61%** in 2021/2022.

#### 3.7.1 OVERALL PERFORMANCE OF THE MUNICIPALITY FOR 2021/2022 FINANCIAL YEAR PER NATIONAL KPA

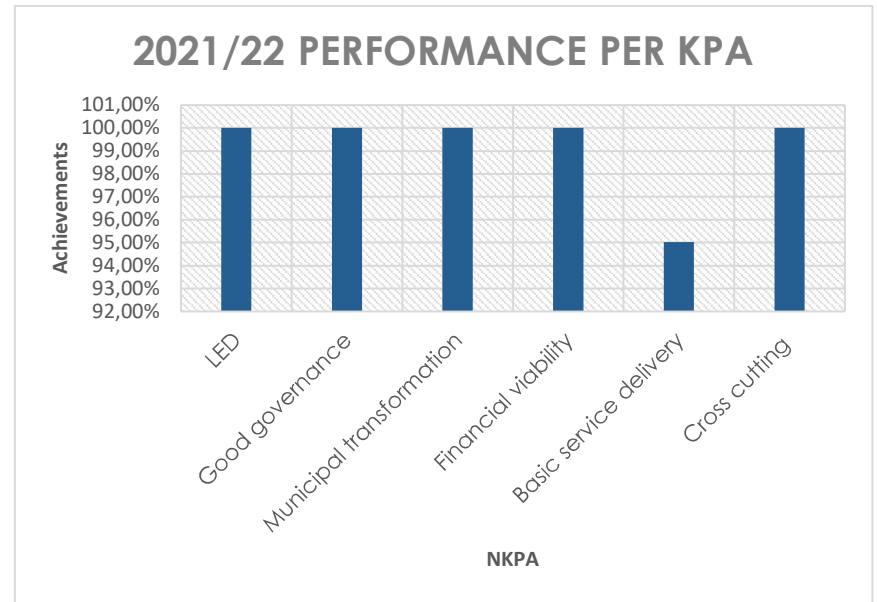
The table below demonstrates the summary of the overall performance of the Municipality for the financial year ending 30 June 2022. This also gives a picture of how the Municipality has performed. This simple summarised that out of the total of 67 Key Performance indicators set for the municipality, the uMsinga local Municipality managed to achieve 66 key performance indicators and only 1 KPI was not achieved. The report has indicated reasons for variance for each Key Performance Area and also the corrective action to be

implemented to improve performance have been outlined in this report for the indicator not achieved.

A detailed clarification on the reasons for variance and corrective action can be accessed on the attached annexure A which is the organisational scorecard which then give a detailed report for KPI that the Municipality could not achieve.

**TABLE 23: COMPARATIVE PERFORMANCE PER KPA**

NKPA	TOTAL NO. OF TARGETS	TOTAL NO. OF TARGETS ACHIEVED	TOTAL NO. OF TARGETS NOT ACHIEVED	PERCENTAGE OF ACHIEVEMENT
LED	11	11	0	100.00%
GOOD GOVERNANCE	7	7	0	100.00%
MUNICIPAL TRANSFORMATION	13	13	0	100.00%
FINANCIAL VIABILITY	10	10	0	100.00%
BASIC SERVICE DELIVERY	25	24	1	95%
CROSS CUTTING	1	1	0	100.00%
TOTAL	67	66	1	98,51%



### 3.7.1.1 Local Economic Development (LED) KPA Performance

The overall score for the KPA 1 relating to Local Economic Development was 85% for the financial year 2020/2021 and improved to 100% for the 2021/2022 financial year.

**Challenge:** None

**Improvement Measures:** None

### *3.7.1.2 Good Governance and Sound Administration KPA Performance*

The overall score for the KPA 2 relating to Good Governance and Sound Administration was 89% for the financial year 2020/2021 and improved to 100% for the 2021/2022 financial year.

**Challenge:** None

**Improvement Measures:** None

### *3.7.1.3 Municipal Transformation & Institutional Development KPA Performance*

The overall score for the KPA 3 relating to Municipal Transformation and Institutional Development was 100% for the financial year 2020/2021 and again 100% for the 2021/2022 financial year.

**Challenge:** None

**Improvement Measures:** None

### *3.7.1.4 Financial Viability and Management KPA Performance*

The overall score for the KPA 4 relating to financial viability and Management was 100% for the financial year 2020/2021 and again 100% for the 2021/2022 financial year.

**Challenge:** None

**Improvement Measures:** None

### *3.7.1.5 Basic Service Delivery KPA Performance*

The overall score for the KPA 5 relating to Basic Service Delivery was 68,2% for the financial year 2020/2021 and improved to 96% for the 2021/2022 financial year.

**Challenge:** The target was not achieved due to Preferential Procurement Regulations 2017 that were suspended by Constitutional Court judgement that were considered as inconsistent with PPPFA. This was effective as from the 16th of February 2022, and the affected project is the construction of Chithokwakhe Mbatha Hall.

**Improvement Measures:** The project is rolled over to 2022/2023 financial and is anticipated to be completed in June 2023.

### *3.7.1.6 Cross Cutting KPA Performance*

The overall score for the KPA 6 relating to Cross Cutting was 77,2% for the financial year 2020/2021 and improved to 100% for the 2021/2022 financial year.

**Challenge:** None

**Improvement Measures:** None

### 3.7.2 DETERIORATING PERFORMANCE

Underperformance amounts to 1,61% in the year under review 2021/2022, and for such corrective measure is listed as well as the anticipated completion of the project.

#### **NKPA: BASIC SERVICE DELIVERY**

- KPI 169 was not met

**Reason for underperformance:** Due to Preferential Procurement Regulations 2017 that were suspended by Constitutional Court judgement and due to certain pre-qualification criteria, that were considered as inconsistent with PPPFA. This was effective as from the 16th of February 2022, and the affected project is the construction of Chithokwakhe Mbatha Hall.

**Corrective action:** The target is rolled over to 2022/2023 financial year, and anticipated to be completed in June 2023.

### 3.7.3 KEY AREAS TO NOTE

#### **Improving Performance**

This section highlights the key areas for improving performance, even in the cases where the targets have been met or exceeded.

- Promoting the document such as Batho Pele Principles and Service Delivery Improvement Plan as municipalities rendering the community services, these documents consist of principle such as courtesy, consultation, redress. E.g., courtesy assist the municipal officials to display correct manner on how to treat the community members in a most dignify manner. These documents also imply that in any public sector, there is a need of the community to be treated first.

- Complain 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. This register also needs to be updated regularly to avoid unnecessary community unrests.
- The maintaining of good audit outcome will also improve municipal performance, because there will be a high level of commitment by all staff. This will also ensure that public funds are utilised effectively and efficiently.

## ANNEXURE A: ANNUAL PERFORMANCE REPORT 2021 -22

S46 - ANNUAL PERFORMANCE REPORT- UMSINGA LOCAL MUNICIPALITY 2021-2022 (01 JULY 2021 - 30 JUNE 2022)																	
Back to Basics pillar no 3: Good Governance and sound administration																	
Back to Basics pillar no 5: Building institution & administrative capabilities																	
Promote Public Knowledge and awareness																	
										COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022					
NO	PROGRAM DRIVER	OUTCOME	OBJECTIVE	STRATEGY	PROJECTS	REGION	INDICATOR	KPI NO.	TARGET 2020/2021	ACTUAL 2020/2021	UNIT OF MEASURE	ORIGINAL ANNUAL TARGET 2021/2022	ADJUSTED ANNUAL TARGET 2021/2022	ACTUAL AS AT 30/06/2022	STATUS	Measures to improve Performance	PORTFOLIO OF EVIDENCE
KPA1-MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT -13 INDICATORS																	
1	HOD (Municipal Manager -Mr Sokhela)	outcome 1. improved Municipal capability	To ensure proper administration in line with legislation	To conduct Section 54/56 Performance Assessments	S54/56 assessments	Administration	Number of Section 54/56 Performance Assessments conducted by 30/06/2022	222	2	2	Number	2	2	2	Achieved	N/A	Agenda & Attendance Register
2	HOD (Corporate Services -Mr Ntanzu)		To ensure proper administration in line with legislation	To implement the adopted Employment Equity plan	EEP implementation	Administration	Number of reports on People from employment target groups employed in the three highest level management in	222,1	2	2	Number	1	1	1	Achieved	N/A	Employment equity report

							compliance with approved equity plan (EEP) by 30 June 2022										
3	HOD (Corporate Services -Mr Ntanzi)			Implementation of WSP	Implementation of WSP	Administration	Percentage Budget spent on implementation of WSP by 30 June 2022	222,2	100%	100%	Percentage	100%	100%	100%	Achieved	N/A	HR quarterly Reports
4	all HODS	Outcome 2.4 Improved Municipal responsiveness	To ensure proper administration in line with legislation	To Achieve an unqualified audit opinion	Unqualified opinion 2020.21 FY	Administration	Number of unqualified audit opinion (2020/21FY) achieved by Msinga Municipality by 31 March 2022	48	1	1	Number	1	1	1	Achieved	N/A	AG reports
5	all HODS			To develop an Audit action plan	Action plan	Administration	Number of Msinga Action plans developed to address Auditor Generals findings (as per (2020/21 FY) Audit Report) by 30 June 2022	49	1	1	Number	1	1	1	Achieved	N/A	Action Plan Progress Report
6	all HODS			To implement & report on Risk Register	Risk register	Administration	Number of Risk management reports submitted to Audit	50	4	4	Number	4	4	4	Achieved	N/A	Agenda, Progress Report & Minutes of AC

							committee by 30/06/2022										
7	HOD (Planning -Mrs Hlubi)	outcome 2.1 More effective Municipal administration	To ensure proper administration in line with legislation	To submit 2021/2022 Mid-Year Performance Report (S72 Report) to Council for adoption	Mid-year report	Administration	Number of Msinga Mid-Year performance report (S72 Report) submitted to Council for adoption by 25/01/2022]	132	1	1	Number	1	1	1	Achieved	N/A	Council Resolution
8	HOD (Planning -Mrs Hlubi)			Annual report (AR)	Administration	Number of 2020/21 Msinga Final Annual Report presented to Council for adoption by 30/3/2022	135	1	1	Number	1	1	1	Achieved	N/A	Council resolution	
9	HOD (Planning -Mrs Hlubi)			To Adopt 2020/2021 Annual Report (s46 APR & AR)	Annual Performance report	Administration	Number of submitted 2020/21 draft annual performance report & Annual Report to IA and AC for input and comments by 31.8.2021	136	1	1	Number	1	1	1	Achieved	N/A	AC agenda
10	HOD (Planning -Mrs Hlubi)			Number of 2020/21 APR & draft AR Submitted to CoGTA, AG, NT & PT by 31.8.2021	APR submission	Administration	137	1	1	Number	1	1	1	Achieved	N/A	Proof of submission	
11	HOD (Planning			To Adopt Municipal	SDBIP	Administration	Number of Msinga SDBIP	138	1	1	Number	2	2	2	Achieved	N/A	Council resolution

	g -Mrs Hlubi)			SDBIP by 30/6/2022			2022/2023 presented to Council for Mayor's endorsement by 30/6/2022										
1 2	HOD (Planning -Mrs Hlubi)				<b>Quarterly reports (Q1, Q2, Q3, Q4)</b>	<b>Administration</b>	Number of Msinga SDBIP Quarterly reports submitted to Council by 30/06/2022	139	4	4	Number	4	4	4	Achieved	N/A	<b>Council Resolution</b>
1 3	HOD (Municipal Manager -Mr Sokhela)		To ensure compliance with legislation	To adopt a Revised internal audit charter	<b>IA charter</b>	<b>Administration</b>	Number of Revised Msinga Internal Audit Charter submitted to Council for adoption by 30/6/2022	217	1	1	Number	1	1	1	Achieved	N/A	<b>Council Resolution</b>
<b>Improve Community and Environmental Health and Safety</b>																	
<b>KPA 2 BASIC SERVICES DELIVERY =25 INDICATORS</b>																	
1 4	HOD (Technical Services -Mr Mnguni)	outcome 4.9 Improved facilities	Improve provision of social development services.	To construct & complete Two room houses	<b>Two room houses</b>	<b>ward 1 (2), ward 2, ward 4 (2), ward 5, ward 6 (2), ward 7 (3), ward 8 (3), ward 11, ward 12 (2), ward 17 (2), ward 18</b>	Number of Two room houses constructed and completed by 30/06/2022, 1.Khululiwe Mtshali (ward 1), 2.Zazile Mchunu (ward 1), 3.Ngema (ward 2), 4. R. Mabaso	156	12	12	Number	20	20	20	Achieved	N/A	<b>completion certificates</b>



							(ward 4), 5.H. Mntungwa (ward 4), 6.Sazi Ndlovu (Ward 5), 7.Phuthumil e Mvelase (ward 6), 8.Ngenzeni Dladla (Ward 6), 9.M. Buthelezi (Ward 7), 10. Sbhakela Mkhize (Ward 7), 11.Tshitshan a Ndlovu (Ward 7), 12.Nkala (Ward 8), 13. Nomusa Mthalane (ward 8), 14.Felokwak he Mkhize (Ward 8), 15.Thembok wakhe Zulu (ward 11), 16.Lingubani Zulu (Ward 12), 17. Bongisiwe Mchunu (ward 12), 18.Ngenisile Thabede (Ward 17), 19.Mntungw											
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							a (Ward 17) & 20.Mbindolo Two-room (ward 18).											
15	HOD (Technical Services -Mr Mnguni)	outcome 4.9 Improved facilities	Improve provision of social development services.	To construct and complete Creches	Creches	wards: 3,5,9,11 & 20	Number of Creches constructed and completed by 30/06/2022, Phaphamani (ward 3), Mbabane (ward 5), ESiphethwini (ward 9), Fabeni (ward 11) and Mthaleni (ward 20)	168	10	9	Number	5	5	5	Achieved	N/A	completion certificates	
16	HOD (Technical Services -Mr Mnguni)			To Construct and complete Community Halls	Community Halls	wards: 4,14,16(2),5 & 19	Number of Community Halls constructed and completed by 30/06/2022, Ngidi (ward 4), Ntshishili (ward 14); Lokoloko (ward 16), Abna Phakathi (ward 16) & Phase 1 of Chithokwakhe Mbatha (Ward 19)	169	10	6	Number	5	5	4	Not achieved	Due to Preferential Procurement Regulations 2017 were suspended by ConCourt judgment, due to certain pre-qualification criteria that were considered as	completion certificates	

																		inconsistent with PPPFA. This was effective as from the 16th of February 2022, and affected project is Chithokwakhe Mbatha Hall. The target is rolled over to 2022/2023 financial year
17	HOD (Technical Services -Mr Mnguni)	Ensure easy access to sports facilities	To construct and complete Mvundlweni sportfield	Mvundlweni Sportfield	ward 11	Percentage constructed and completed (90% of the project scope) at Mvundlweni sportfield by 30/06/2022	171,3	5%	0	Percentage	100%	90%	93%	Over Achieved	An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the	progress reports & minutes		

																	departm ent.
<b>18</b>	HOD (Technical Services -Mr Mnguni)	outcome 4.9 Improved facilities	To construct and complete Mzisho sportfield	<b>Mzisho # 2 Sportfield</b>	<b>Ward 5</b>	Percentage constructed and completed at Mzisho # 2 sportfield (the remaining 2% of the project scope) by 30/06/2022	173	100%	98%	Percentage	100%	100%	100%	Achieved	N/A	<b>Completion Certificate</b>	
<b>19</b>	HOD (Technical Services -Mr Mnguni)		To construct and complete Gobamagagu sportfield	<b>Gobamagagu Sportfield</b>	<b>ward 9</b>	Percentage constructed and completed (90% of the project scope) at Gobamagagu sportfield by 30/06/2022	173,6	N/A	N/A	Percentage	100%	90%	90%	Achieved	N/A	<b>Progress Report &amp; Minutes</b>	
<b>20</b>	HOD (Technical Services -Mr Mnguni)		To compile a detailed design report of Msizini sportfield (pre-engineering)	<b>Msizini Sportfield</b>	<b>ward 14</b>	Number of detailed design reports compiled for Msizini sportfield (pre-engineering) by 30/06/2022	173,7	N/A	N/A	Number	1	1	1	Achieved	N/A	<b>Design Report</b>	
<b>21</b>	HOD (Technical Services -Mr Mnguni)		To construct and complete Sethembe sportfield	<b>Sethembe Sportfield</b>	<b>ward 10</b>	Percentage constructed and completed (20% of the project scope) at Sethembe	173,8	N/A	N/A	Percentage	20%	20%	25%	Over achieved	An additional plant and labour resources were supplied including	<b>Progress Report &amp; Minutes</b>	

							sportfield by 30/06/2022											working overtime as well, and in addition to that, a close monitoring was provided by the department.	
<b>22</b>	HOD (Technical Services -Mr Mnguni)	outcome 4.4 Roads. Outcome 4.4.1 Improved Quality of Municipal Road network	To provide a better Local access Road network	To construct & complete new access road	<b>Mfulamuni Road (6.1km)</b>	<b>ward 20</b>	Percentage of Mfulamuni access Gravel Road (6.1km) constructed and completed (30% of the project scope) by 30/06/2022	178,1	N/A	N/A	Percentage	30%	30%	45%	Over achieved		An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.	<b>Progress Report &amp; Minutes</b>	
<b>23</b>	HOD (Technical Services -Mr Mnguni)		To provide a better Local access Road network	To construct and complete new access road	<b>Phowane Road (5.7km)</b>	<b>ward 01</b>	Percentage of Phowane access Gravel Road (5.7km) constructed and completed (50% of the	178,2	N/A	N/A	Percentage	100%	50%	60%	Over achieved		An additional plant and labour resources were supplied including working	<b>Progress Report &amp; Minutes</b>	

							project scope) by 30/06/2022										overtime as well, and in addition to that, a close monitoring was provided by the department.	
<b>24</b>	HOD (Technical Services -Mr Mnguni)			To construct and complete new access road	<b>Gonondo Road (5.1km)</b>	<b>ward 19</b>	Percentage of Gonondo Access Gravel Road (5.1km) constructed and completed (60% of the project scope) by 30/06/2022	178,3	N/A	N/A	Percentage	60%	60%	65%	Over achieved	An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.	<b>Progress Report &amp; Minutes</b>	
<b>25</b>	HOD (Technical Services -Mr Mnguni)	To provide a better Local access Road network		To construct and complete new access road	<b>Ezibomvini Road (3.93km)</b>	<b>ward 13</b>	Percentage of Ezibomvini Access Gravel Road (3.93km) constructed and completed (the	178,4	50%	36%	Percentage	100%	100%	100%	Achieved	N/A	<b>Completion Certificate</b>	

							remaining 64% of the project scope) by 30/06/2022											
<b>26</b>	HOD (Technical Services -Mr Mnguni)		To provide a better Local access Road network	To construct and complete new access road	<b>Ngongolo Road (4.9km)</b>	<b>ward 7</b>	Percentage of Ngongolo Access Gravel Road (4.9km) constructed and completed (the remaining 75% of the project scope) by 30/06/2022	178,5	20%	20%	Percentage	100%	100%	100%	Achieved	N/A	<b>Completion Certificate</b>	
<b>27</b>	HOD (Technical Services -Mr Mnguni)		To provide a better Local access Road network	To construct and complete new access road	<b>Xholobane Road (4.6km)</b>	<b>ward 5</b>	Percentage of Xholobane Access Gravel Road (4.6km) constructed and completed (the remaining 80% of work) by 30/06/2022	178,6	20%	20%	Percentage	100%	100%	100%	Achieved	N/A	<b>Completion Certificate</b>	
<b>28</b>	HOD (Technical Services -Mr Mnguni)		To provide a better Local access Road network	To construct and complete new access road	<b>Mhlaba Road (5.56km)</b>	<b>Ward 18</b>	Percentage of Mhlaba Access Gravel Road (5.56km) constructed and completed (the	179,5	80%	80%	Percentage	100%	100%	100%	Achieved	N/A	<b>Completion Certificate</b>	

							remaining 20% of the project scope) by 30/06/2022										
<b>29</b>	HOD (Technical Services -Mr Mnguni)		To provide a better Local access Road network	To construct and complete new access road	<b>Thibeni Road (4.65km)</b>	<b>Ward 15</b>	Percentage of Thibeni Access Gravel Road (4.65km) constructed and completed (the remaining 44% of the project scope) by 30/06/2022	179,4	60%	56%	Percentage	100%	100%	100%	Achieved	N/A	<b>Completion Certificate</b>
<b>30</b>			To Improve the state of Municipal Infrastructure	To maintain gravel roads as per road maintenance schedule plan	<b>Roads Maintenance</b>	<b>ward 1, ward 2, ward 7, ward 8, ward 13, ward 14, ward 17 &amp; ward 21</b>	Number of Gravel Roads maintained as per road maintenance schedule plan by 30/06/2022 {Ward 1 (5 roads), Ward 2 (5 roads), Ward 7 (3 roads), Ward 8 (5 roads), Ward 13 (5 roads), Ward 14 (5 roads), Ward 17 (3 roads) and Ward 21 (6 roads)}	171	40	45	number	37	37	39	Over achieved	An additional plant and labour resources were supplied including working overtime (especially over the weekends) as well, and in addition to that, a close monitoring was provided by the	<b>Quarterly reports &amp; schedule maintenance plan</b>



																		department.	
<b>31</b>	HOD (Technical Services -Mr Mnguni)		Accelerate electrification	To construct the infrastructure to yield 195 household's connections of Ogede-Obisini #2 Electrification	<b>Ogede-Obisini #2 Electrification (195 household's connections)</b>	<b>ward 1</b>	Percentage of Ogede-Obisini #2 Electrification infrastructure constructed (30% of the project scope) by 30/6/2022	182,3	N/A	N/A	Percentage	30%	30%	35%	Over achieved		An additional plant and labour resources were supplied including working overtime as well, and in addition to that, a close monitoring was provided by the department.	<b>Progress Report &amp; Minutes</b>	
<b>32</b>	HOD (Technical Services -Mr Mnguni)	outcome 4.2.3 Improved reliability of electricity service	Accelerate electrification	To construct the infrastructure to yield 179 household's connections of Douglas #3 (Ogede-Obisini, Nyonyana - Ntathatha) Electrification	<b>Douglas #3 (Ogede-Obisini, Nyonyana - Ntathatha) Electrification (179 connections)</b>	<b>ward 1 &amp; 2</b>	Percentage of Douglas #3 (Ogede-Obisini, Nyonyana-Ntathatha) Electrification infrastructure constructed [the remaining 65% of the scope] to yield 179 household connections by 30/6/2022	182,2	30%	35%	Percentage	100%	100%	100%	Achieved		N/A	<b>Progress Report &amp; Minutes</b>	

<b>33</b>	HOD (Technical Services -Mr Mnguni)			To energise 179 household connections of Douglas # 3 (Ogede-Obisini, Nyonyana - Ntathatha).	<b>Douglas #3 (Ogede-Obisini, Nyonyana - Ntathatha) Electrification {179 connections}</b>	<b>ward 1 &amp; 2</b>	Number of households connections of Douglas # 3 (Ogede-Obisini, Nyonyana-Ntathatha) Electrification energised by 30/6/2022	182	N/A	N/A	Number	179	179	179	Achieved	N/A	<b>Completion Certificate</b>
<b>34</b>	HOD (Technical Services -Mr Mnguni)		Accelerate electrification	To construct the infrastructure to yield 12 household connections of Macanco (Phalafin Extension) Electrification	<b>Macanco (Phalafin Extension) Electrification {12 connections}</b>	<b>Ward 3</b>	Percentage of Macanco (Phalafin Extension) infrastructure constructed to yield 12 household connections by 30/6/2022	250	N/A	N/A	Percentage	100%	100%	100%	Achieved	N/A	<b>Progress reports and minutes</b>
<b>35</b>	HOD (Technical Services -Mr Mnguni)		Accelerate electrification	To energise 12 household connections of Macanco (Phalafin Extension) Electrification.	<b>Macanco (Phalafin Extension) Electrification {12 connections}</b>	<b>Ward 3</b>	Number of household connections of Macanco (Phalafin Extension) Electrification energised by 30/6/2022	251	N/A	N/A	Number	12	12	12	Achieved	N/A	<b>Completion Certificate</b>
<b>36</b>	HOD (Technical Services -Mr Mnguni)		Accelerate electrification	To compile a detailed design report of Ekvukeni / Ngiyane	<b>Ekvukeni / Ngiyane #2 Electrification (Pre-Engineering)</b>	<b>ward 9 &amp; 10</b>	Number of detailed design reports compiled for Ekvukeni	183	N/A	N/A	Number	1	1	1	Achieved	N/A	<b>Design Reports</b>

				/ #2 Electrification (pre-engineering)			/Ngiyane #2 Electrification (pre-engineering) by 30/06/2022											
<b>37</b>	HOD (Technical Services -Mr Mnguni)		Accelerate electrification	To install Ezingulubeni Ngcuba #3 Voltage Regulators	<b>Ezingulubeni Ngcuba #3 Voltage Regulators</b>	<b>ward 13</b>	Number of Ezingulubeni Ngcuba #3 Voltage Regulators installed by 30/6/2022	250	2	N/A	N/A	number	3	3	3	Achieved	N/A	<b>Completion Certificate</b>
<b>38</b>	HOD (Technical Services -Mr Mnguni)		Environmental management and protection	To improve urban greening through construction of Green Town Entrances	<b>Green Town Entrances</b>	<b>ward 4 &amp; ward 5</b>	Percentage of Two (2) Green Town Entrances to be constructed and completed by 30/06/2022	21	1	N/A	N/A	Percentage	10%	10%	10%	Achieved	N/A	<b>Completion Certificate</b>
<b>KPA3 LOCAL ECONOMIC DEVELOPMENT =11 INDICATORS</b>																		
<b>39</b>	HOD (Community Services -Ms Xulu)	outcome 4.7 Local economic development. 4.7.1 Growing local economies	To promote cultural and indigenous skills	To Host Iscathamiya Event	<b>Iscathamiya</b>	<b>ward 11</b>	Number of Iscathamiya Event hosted in Fabeni by 30 /06/2022	71	1	1	Number	1	1	1	Achieved	N/A	<b>Group Performance Register / Pictures</b>	
<b>40</b>	HOD (Community Services -Ms Xulu)			To host Msinga Maskandi Festival	<b>Maskandi festival</b>	<b>all wards</b>	Number of Maskandi festival hosted by 30 June 2022	72	18	18	Number	18	18	21	Over achieved	The Municipal Manager approved for the office to cover all 21 wards by	<b>Group Performance Register / Pictures</b>	

																		<b>31/12/2021</b>	
<b>41</b>	HOD (Community Services -Ms Xulu)	To promote sport development and improve sports participation	To host Msinga Athletics Day	<b>Msinga Athletics Day</b>	<b>ward 18</b>	Number of Msinga Athletics Day hosted in Pomeroy by 30/06/2022	70	1	0	Number	1	1	1	Achieved	N/A	<b>Pictures &amp; Program</b>			
<b>42</b>	HOD (Community Services -Ms Xulu)		To host a Mayoral Cup	<b>Msinga Mayoral cup</b>	<b>ward 18</b>	Number of Msinga Mayoral Cup hosted in Pomeroy by 30/6/2022	78	1	1	Number	1	1	1	Achieved	N/A	<b>Quarterly &amp; Technical Report / Pictures</b>			
<b>43</b>	HOD (Community Services -Ms Xulu)	To empower the disadvantaged communities	To Implement Ward Youth Projects as per Ward Based Plans in the IDP 2021/2022	<b>Youth projects</b>	<b>all wards</b>	Number of youth projects implemented as per the youth-based plan by 30 June 2022	82	65	100	Number	60	60	104	Over achieved	The office processes requests as and when they arrive. This year the office managed to successfully assist 104 youth projects within the set budget.	<b>Financial Report (Vote Transaction History)</b>			
<b>44</b>	HOD (Community Services -Ms Xulu)		To assist local students with Tertiary Education Registration.	<b>Tertiary registration</b>	<b>all wards</b>	Number of Learners Assisted with Tertiary registration by 30/6/2022	83	65	284	Number	139	139	167	Over achieved	The office processes requests as and when they arrive.	<b>Financial Report (Vote Transaction History)</b>			

45	HOD (Community Services -Ms Xulu)		To host a Youth Day Celebration	Youth day celebration	ward 18	Number of Youth Day celebrations hosted at Pomeroy by 30/06/2022	84	1	0	Number	1	1	4	Over achieved	The Council approved for the municipality to celebrate the youth month through hosting 3 events in June in addition to the one planned for September 2021. Funds were not disturbed as more sponsorships were received from other stakeholders	Pictures & Program
46	HOD (Community Services -Ms Xulu)	To reduce poverty through Local Economic development initiatives	To Host Umcimbi weBhayi	Ibhayi event	ward 9 (all wards participate)	Number of Ibhayi events hosted by 30 June 2022	59	1	1	Number	1	1	1	Achieved	N/A	Group Performance Register / Pictures
47	HOD (Planning -Mrs Hlubi)		To capacitate SMMEs within uMsinga Area	SMMEs training	all wards	Number SMME's within Msinga area capacitated by 30/06/2022	157	30	38	Number	38	38	38	Achieved	N/A	Attendance Register/ Dated Pictures/ Reports

48	HOD (Planning -Mrs Hlubi)			To host Business Market Day/LED summit	<b>BUSINESS MARKET DAY / LED SUMMIT</b>	ward 04	Number of Business market day / LED Summit hosted at Tugela Ferry by 30/06/2022	158	1	1	Number	1	1	1	Achieved	N/A	Report, dated pictures & Program
49	HOD (TS) (P)			To create jobs through EPWP Programme.	<b>EPWP programme</b>	all wards	Number of jobs created through construction of capital projects by 30/06/2022	270,1	50	63	Number	60	60	63	Over Achieved	More job opportunities were created through MIG Capital Projects	Quarterly Reports
<b>Back to Basics pillar no 5: Building institution &amp; administrative capabilities</b>																	
<b>Back to Basics pillar no4: Sound Financial Management</b>																	
<b>Improved Budgeting, Reporting and Compliance</b>																	
<b>KPA4 -MUNICIPAL FINANCIAL VIABILITY &amp; MANAGEMENT =10 INDICATORS</b>																	
50	HOD (Finance -Mr Nene)	outcome3.2 GOOD FINANCIAL PERFORMANCE. Outcome 3.2.3 Budget	Improved Budgeting, Reporting and Compliance	To ensure Budget management	<b>Budget management</b>	<b>Administration</b>	Number of monthly reconciliation reports (assets, creditors, payroll, debtors/rates, deposits, bank, suspense) prepare by 30/06/2022	92	96	96	Number	96	96	96	Achieved	N/A	Reconciliation reports
51	HOD (Finance -Mr Nene)	outcome 3.1.2 debtors' management ratios		To effectively manage and account to all Council assets	<b>Asset Management</b>	<b>Administration</b>	Number of assets verification conducted by 30/06/2022	93	4	4	Number	4	4	4	Achieved	N/A	updated FAR

5 2	HOD (Finance -Mr Nene)			Approved Procurement Plan and implemen ted	<b>Procurement plan</b>	<b>Administra tion</b>	Number of submitted and adopted 2022/23 procurement plan by Council by 30/06/2022	94	1	1	Number	1	1	1	Achieved	N/A	<b>Council resolution</b>
5 3	HOD (Finance -Mr Nene)			Approved Procurement Plan and implemen ted	<b>SCM reports</b>	<b>Administra tion</b>	Number of SCM reports produced on Implementa tion of procurement plan by 30/06/2022	95	4	4	Number	4	4	4	Achieved	N/A	<b>SCM reports</b>
5 4	HOD (Finance -Mr Nene)	outcome 3.2 Good financial Performance. 3.2.1 Expenditure		To pay all creditors on time	<b>Creditor payments</b>	<b>Administra tion</b>	Turnaround time (in 30 days) for payment of creditors (from date of receipt of invoice) by 30/6/2022	99	30 days	30 days	Days	30 days	30 days	30 days	Achieved	N/A	<b>Creditor payment report</b>
5 5	HOD (Finance -Mr Nene)	outcome 3.2.3 Budget	Improved Budgeting , Reporting and Compliance	Adjustment Budget preparation	<b>Adjustment Budget</b>	<b>Administra tion</b>	Number of Adjustment budget submitted and approved by Council by 28 February 2022	118	1	1	Number	1	1	2	Achieved	Budget was re- submitted to Council due to a funding received from EDTEA after the adjustment.	<b>Council resolution</b>

56	HOD (Finance -Mr Nene)			To ensure Section 71 reports are submitted to Council	S71	Administration	Number of Section 71 reports submitted to Council by 30/06/2022	120	12	12	Number	12	12	12	Achieved	N/A	s 71 reports
57	HOD (Finance -Mr Nene)	outcome 3.2 Good financial Performance. 3.2.1 Expenditure Management	Improved Budgeting	To ensure salaries and allowances are paid to all council employees in time	Payroll	Administration	Number of salary payments reports produced by 30/06/2022	106	12	12	Number	12	12	12	Achieved	N/A	Salary payment proof
58	HOD (Finance -Mr Nene)	outcome 3.2 GOOD FINANCIAL PERFORMANCE. Outcome 3.2.3 Budget	Reporting and Compliance	Budget Management (reporting)	S72	Administration	Number of Sec 72 reports submitted to Council, Provincial Treasury and National Treasury by 30/01/2022	121	1	1	Number	1	1	1	Achieved	N/A	Council resolution, Proof of submission to Provincial & National
59	HOD (Finance -Mr Nene)	outcome 3.2 GOOD FINANCIAL PERFORMANCE. Outcome 3.2.3 Budget	Proper financial administration	Monthly reviewed General Ledger	GL reviews	Administration	Number of Monthly reports on the review of General Ledger by 30/06/2022	128	12	12	Number	12	12	12	Achieved	N/A	GL reviews report
<b>Back to Basics pillar no 3: Good Governance and sound administration</b>																	
<b>Back to Basics pillar no 5: Building institution &amp; administrative capabilities</b>																	
<b>KPA5 -GOOD GOVERNANCE &amp; PUBLIC PARTICIPATION =7 INDICATORS</b>																	
60	HOD (Planning)	outcome 5.1 Functional	To increase awareness	To develop & adopt	IDP 2022/23	Administration	Number of IDP 2022/23 submitted to	143	2	2	Number	2	2	3	Over achieved	The IDP review 2022/23	Draft IDP Council Resolution





																		29.6.2022 (3).	
61	HOD (P) (F)		Improve the public participation and communication processes.	To develop & adopt Municipal IDP /Budget & PMS Process Plan 2022/23	<b>IDP/budget/PMS Process Plan</b>	<b>Administration</b>	Number of IDP/Budget/ PMS Process Plans for the revision of the 2022/2023 IDP submitted to Council adoption by 30/6/2022	151	1	1	Number	1	1	1	Achieved	N/A		<b>DCOGTA submission on proof letter / email &amp; Council resolution</b>	
62	HOD (Community Services -Ms Xulu)	Outcome 4.6 Fires, disasters, and emergency services. 4.6.1 Mitigated effects of the emergencies and disasters	To increase awareness and develop a culture of community participation in the Local government affairs	To Conduct Public Awareness Campaigns	<b>Campaigns</b>	<b>all wards</b>	Number of Msinga Public Awareness campaigns (youth; fire & Disaster awareness campaigns) conducted by 30/06/2022	63	24	20	Number	24	24	28	Over achieved	Additional awareness's were conducted as per the requests received		<b>Attendance register/ Awareness forms</b>	
63	HOD (Corporate Services -Mr Ntanzi)	Outcome 2. Improved Municipal stakeholder engagement outcome 2.2 Improved Council functionality	To increase awareness and develop a culture of community participation in the Local government affairs	To conduct council meetings	<b>Council Meeting</b>	<b>Administration</b>	Number of Full Council meetings conducted by 30 June 2022	42	4	11	Number	4	4	9	Over Achieved	The Council had many issues or items to consider after the starting of the new Council term of office		<b>Agenda, Attendance Register</b>	
64	HOD (Corporate Services)			To conduct sub-committee	<b>Sub-Committee Meetings</b>	<b>Administration</b>	Number of Msinga Municipal sub-	43	20	27	Number	20	20	20	Achieved	N/A		<b>Agenda, Attendance Register</b>	

	-Mr Ntanzi)			e meetings			committee meetings (Corporate, Technical, Community, Development Planning, Finance) conducted by 30/06/2022										
65	HOD (Corporate Services -Mr Ntanzi)			To conduct EXCO meetings	<b>EXCO Meetings</b>	<b>Administration</b>	Number of Msinga Exco meetings conducted by 30/06/2022	44	12	13	Number	12	10	10	Achieved	N/A	<b>Agenda, Attendance Register</b>
66	HOD (Corporate Services -Mr Ntanzi)			To conduct MPAC Meetings	<b>MPAC Meetings</b>	<b>Administration</b>	Number of Msinga MPAC meetings conducted by 30/06/2022	46	4	7	Number	4	3	5	Over achieved	The Committee had many reports to review and provide oversight as per the legislation.	<b>Agenda, Attendance Register</b>
<b>KPA 6-CROSS CUTTING ISSUES =1 INDICATOR</b>																	
67	HOD (Community Services -Ms Xulu)		To promote sports development in physically disabled peoples	To host a Disability Sports Day	<b>Disability Sport Day</b>	<b>ward 18</b>	Number of Disability Sports Day Hosted at Pomeroy by 30/06/2022	80	1	1	Number	1	1	1	Achieved	N/A	<b>Pictures / Programme</b>

## ANNEXURE B: REPORT ON THE PERFORMANCE OF SERVICE PROVIDERS 2021/2022

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

### CRITERIA

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

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
1)	MS/2020/2021/082/591/T	LK Centrix solutions	24 June 2021	Indigent h households	R313 138.00	N/A	N/A	100%	100%	G	N/A	N/A
2)	MS/2020/2021/006/591/T	Lao project JV golden Millenium	24 June 2021	Mvundlweni sportfield	R 8 738 018.51	N/A	N/A	100%	100%	G	N/A	N/A
3)	MS/2020/2021/040/591/T	HGI investment JV Notha Africa Civils	15 September 2021	Gobamagagu sportfield	R 9 501 203.37	N/A	N/A	100%	90	G	N/A	N/A
4)	MS/2021/2022/032/951/T	LIWALAMI TRADING AND PROJECTS (PTY)LTD	2022/03/16	MTHALENI CRECH WARD 18	R 194 024.00	N/A	N/A	100%	90	G	N/A	N/A
5)	MS/2020/2021/128/591/T	TWO GROUNDS PTY LTD	15 September 2021	Town entrance signs	R 443 523.69	N/A	N/A	100%	90%	G	N/A	N/A

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
6)	MS/2021/2022/025/951/T	UPHATHE HOLDINGS (PTY)LTD	18/10/2021	MBABANE CRECHE	R 187 379.50	N/A	N/A	100%	90%	G	N/A	N/A
7)	MS2021/2022/037/951/T	INCANE LEMALI	18/10/2021	ESIPHETHWINI CRECHE	R 190 725.00	N/A	N/A	100%	80%	G	N/A	N/A
8)	MS/2021/2022/020/951/T	MCHITHOO TRADING & PROJECTS	18/10/2021	PHAPHAMANI CRECHE	R 174 000.00	N/A	N/A	100%	100%	G	N/A	N/A
9)	MS/2021/2022/075/951/T	MICHO KHATHIDE TRADING	08/10/2021	TUGELA FERRY STREET CLEANING	R 1 590 444.00.	N/A	N/A	100%	95%	G	N/A	N/A
10)	MS/2021/20222/074/951/T	HBZ TRANSPORT AND PROJECTS	08/10/2021	POMEROY STREET CLEANING	R 2 179 500.00			100%	95%	G	N/A	N/A
11)	MS/2021/2022/074/951/T	EAST COST DISTRIBUTORS	08/10/2021	SUPPLY, DELIVERY, INSTALLATION AND MAINTENANCE OF FIRE EXTINGUISHERS	R 77 883.75.	100%	100%	100%	100%	G	N/A	N/A
12)	MS/2021/2022/081/951/T	LULWANGLES TRADING	08/11/2021	EXTENSION OF KWANTENESHANE COMMUNITY HALL	R 499 864.20	N/A	N/A	100%	100%	G	N/A	N/A
13)	MS/2019/2020/120/951/C	TUNIMART	2022/01/17	TRAVELLING AND ACCOMODATION CONTRACT	RATES	100%	40%	100%	40%	P	The service Provider fail to make bookings and payments at the hotels in time	The municipality had a meeting with the service provider regarding their service and a written complaint was sent to

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
												them but there is no improvement. The municipality is planning to acquire an authority from the Council to appoint a second service provider.
14)	MS/2021/2022/02/951/T	NOTHA AFRICA CIVILS (PTY) LTD	2022/02/07	THE CONSTRUCTION OF GONONDO ACCESS ROAD	R6 253 191.13	N/A	N/A	100%	90%	G	N/A	N/A
15)	MS/2021/2022/032/951/T	LULWANDLES TRADING PTY LTD	2022/03/16	LOKOLOKO COMMUNITY HALL	R 248 000.00	N/A	N/A	100%	95%	G	N/A	N/A
16)	MS/2021/2022/032/951/T	RQTECH (PTY) LTD	2022/03/16	ELECTRONIC DOCUMENTS AND RECRDS MANAGEMENT SYSTEM	R 1 642 362.34	N/A	N/A	100%	90%	G	N/A	N/A
17)	MS/2021/2022/032/951/T	KINGS HOUSE TRADING AND PROJECTS	2022/03/16	TRAFFIC GUARD HOUSE	R 125 764.19	N/A	N/A	100%	65%	S	Poor time management	Municipality had a

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
												meeting with service provider to be given a first warning regarding his performance and the project is sitting at 60% and going forward, the Municipality will closely monitor progress through monthly meetings.
18)	MS/2021/2022/024/951/T	UPHATHE HOLDINGS (PTY)LTD	2022/03/16	RENOVATION OF SAMPOFU COMMUNITY HALL	R 104 489.00	N/A	N/A	100%	100%	G	N/A	N/A
19)	MS/2020/2021/013/591/C	LOCAL BUSINESS SOLUTION	2021/04/03	SUPPLY AND DELIVERY OF SPARE PARTS AND SERVICES	RATES	N/A	N/A	100%	90%	G	N/A	N/A
20)	MS/2020/2021/013/591/C	ZYGO AUTO REPAIRS	2021/04/03	SUPPLY AND DELIVERY OF SPARE PARTS AND SERVICES	RATES	N/A	N/A	100%	90%	G	N/A	N/A

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
21)	MS/2020/2021/010/591/C	SUNSHINE MOTORS	2021/04/08	REPAIRS AND SERVICES OF TRUCKS	RATES	N/A	N/A	100%	80%	G	N/A	N/A
22)	MS/2020/2021/010/591/C	TSW CONSTRUCTION	2021/04/08	REPAIRS AND SERVICES OF TRUCKS	RATES	100%	100%	100%	60%	S	The turnaround time for the service provider to complete the service is too long	The meeting with services providers was held to encourage him and the first warning was issued
23)	MS/2020/2021/010/591/C	ZYGO AUTO REPAIRS	2021/04/08	REPAIRS AND SERVICES OF TRUCKS	RATES	N/A	N/A	100%	90%	G	N/A	N/A
24)	MS/2020/2021/011/591/C	ZYGO AUTO REPAIRS	2021/04/08	REPAIRS AND SERVICES OF TRACTORS	RATES	N/A	N/A	100%	90%	G	N/A	N/A
25)	MS/2020/2021/011/591/C	SUNSHINE MOTORS	2021/04/08	REPAIRS AND SERVICES OF TRACTORS	RATES	N/A	N/A	100%	80%	G	N/A	N/A
26)	MS/2020/2021/012/591/C	ZYGO AUTO REPAIRS	2021/04/08	REPAIRS AND SERVICES OF PLANT	RATES	N/A	N/A	100%	90%	G	N/A	N/A
27)	MS/2020/2021/012/591/C	SUNSHINE MOTORS	2021/04/08	REPAIRS AND SERVICES OF PLANT	RATES	N/A	N/A	100%	80%	G	N/A	N/A
28)	MS/2020/2021/012/591/C	TSW CONSTRUCTION	2021/04/08	REPAIRS AND SERVICES OF PLANT	RATES	N/A	N/A	100%	100%	G		
29)	MS/2020/2021/009/951/C	TUGELA FERRY AUTO REPAIRS	2021/04/08	REPAIRS AND SERVICES OF MOTOR VEHICLES	RATES	N/A	N/A	100%	90%	G	N/A	N/A



#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
		AND TOWING PTY LTD										
30)	MS/2020/2021/09/951/C	ZYGO AUTO REPAIRS	2021/04/08	REPAIRS AND SERVICES OF MOTOR VEHICLES	RATES	N/A	N/A	100%	90%	G	N/A	N/A
31)	MS/2020/2021/09/951/C	SUNSHINE MOTORS	2021/04/08	REPAIRS AND SERVICES OF MOTOR VEHICLES	RATES	N/A	N/A	100%	80%	G	N/A	N/A
32)	MS/2021/2022/032/951/T	SOPHATHILE HOLDINGS (PTY)LTD	2022/03/16	FABENI COMMUNITY CRECH	R 180 977.12	N/A	N/A	100%	90%	G	N/A	N/A
33)	MS/2021/2022/032/951/T	TSW CONSTRUCTION	2022/02/14	PHOWANE ACCESS ROAD	R 6 157 700.59	N/A	N/A	100%	90%	G	N/A	N/A
34)	MS/2021/2022/07/951/T	Thando's Electrical	2022/04/06	OGEDE/OBISINI PHASE 02 ELETRIFICATION OF 195 NEW CONNECTIONS	R13 227 031.56	N/A	N/A	100%	90%	G	N/A	N/A
35)	MS/2021/2022/04/951/T	T S W Construction	2022/04/06	CONSTRUCTION OF SETHEMBE SPORT FIELD	R 8 929 658.00	N/A	N/A	100%	90%	G	N/A	N/A
36)	MS/2021/2022/057/951/T	MNYOVU BUILT ENVIRONMENT	2022/04/22	R33 TRAFFIC DEPARTMENT ACCESS ROAD	R 2 803 466.12	N/A	N/A	100%	90%	G	N/A	N/A
37)	MS/2021/2022/082/951/T		2022/06/20	CONSTRUCTION OF	R 867 443.85	N/A	N/A	100%			N/A	N/A

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						Target	Actual	Target	Actual			
		GLADCOLN ENTERPRISE (PTY) LTD		CHITHOKWAKHE MBATHA STEEL STRUCTURE COMMUNITY HALL PHASE WARD 19					100%	G		
38)	11584	MGWENYE HOLDINGS	02/06/2022	SUPPLY; DELIVER AND INSTALLATION OF 10 BAY CARPORT FOR MUNICIPAL OFFICE	R 199,000.00	N/A	N/A	100%	100%	G	N/A	N/A
39)	11552	CONTAINER CONSUMABLE & INDUSTR	27/05/2022	SUPPLY AND DELIVER OF MOBILE OFFICES	R 191,015.00	N/A	N/A	100%	100%	G	N/A	N/A
40)	11529	SKHESHENI TRADING AND PROJECTS	25/05/2022	SUPPLY SERVICE OF BOREHOLE DRILLING AND EQUIPPING AT ZIMELE WARD	R 199,998.00	N/A	N/A	100%	100%	G	N/A	N/A
41)	11490	SIPHUTHANDO INVESTMENTS	18/05/2022	SUPPLY SERVICE OF IMMUNIZATION OF 133 WASTE EMPLOYEES	R 149,500.00	N/A	N/A	100%	100%	G	N/A	N/A
42)	11354	THEMBANI SOLUTIONS	26/04/2022	SUPPLY AND INSTALLATION OF CEILING @ MKHUPHULANGWE NYA HALL	R 149,950.00	N/A	N/A	100%	100%	G	N/A	N/A

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						Target	Actual	Target	Actual			
43)	9808	MADAMPI MEDIA PTY LTD	2021/10/01	SUPPLY OF SERVICE FOR MAYORAL SLOTS	RATES	N/A	N/A	100%	100%	G	N/A	N/A
44)	9807	POMEROY WHOLESALE DISTRIBUTORS	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
45)	9806	SKHESHENI TRADING AND PROJECTS	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
46)	9805	MANGALISILE AND B TRADING	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
47)	9804	POMEROY WHOLESALE DISTRIBUTORS	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
48)	9803	ANSTU INVESTMENT	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
49)	9802	SKHESHENI TRADING AND PROJECTS	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
50)	9801	MIDPOINT PROJECTS	2021/10/01	SUPPLY AND DELIVER OF 150 FOOD PARCELS	R142 300.00	100%	100%	100%	100%	G	N/A	N/A
51)	9535	NIZONOTHA TRADING ENTERPRISE	2021/10/01	SUPPLY AND DELIVERY OF STAFF UNIFORM AS PER ATTACHED QUOTATION.		100%	70%	100%	90%	G	N/A	N/A

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						Target	Actual	Target	Actual			
52)	MS/2018/2019/09/951/T	ISERAFI TRADING ENTERPRISE	2018/10/01	HIRING OF PLANT.	RATES	100%	100%	100%	90%	G	N/A	N/A
53)	MS/2018/2019/09/951/T	SIKOTI INVESTMENT	2018/10/01	HIRING OF PLANT.	RATES	100%	100%	100%	90%	G	N/A	N/A
54)	MS/2018/2019/09/951/T	TSW CONSTRUCTION	2018/10/01	HIRING OF PLANT.	RATES	100%	100%	100%	90%	G	N/A	N/A
55)	MS/2020/2021/135/951/T	KHAYALE2 GENERAL DEALER (PTY) LTD	10/02/2021	SUPPLY AND DELIVER OF GROCERY	R 28 561.28	100%	100%	100%	50%	P	Time delays and quality of goods are not satisfying	Several meetings have been held with service provider to warn him regarding his service and the performance will be monitored closely going forward.

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
56)	MS/2020/2021/135/951/T	POMEROY WHOLESALERS	10/02/2021	SUPPLY AND DELIVER OF GROCERY	R 28 561.28	100%	100%	100%	100%	G	N/A	N/A
57)	MS/2020/2021/135/951/T	KHONZINKOSI SPAR	10/02/2021	SUPPLY AND DELIVER FOOD PARCELS	R 142 300.00	100%	100%	100%	100%	G	N/A	N/A
58)	QU00002/2020/201/FIN	BONAKUDE CONSULTING (PTY) LTD	15 April 2021	REVIEW AND UPDATE OF FIXED ASSET REGISTER	R 2 971 097.50	100%	100%	100%	100%	G	N/A	N/A
59)	QU00003/2020/201/FIN	INKAZIMULO CONSULTING (PTY) LTD	15 April 2021	PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS	R 2 900 000.00	100%	100%	100%	100%	G	N/A	N/A
60)	MS/2019/2020/123/951/T	BONGINKOSI TRADING ENTERPRISE	2019/12/16	TUGELA FERRY STREET CLEANING	R1,899,000.00	100%	100%	100%	100%	G	N/A	N/A
61)	MS/2017/2018/002/COM	UMHLABA GEOMATICS INC.	2019/07/01	VALUATION ROLL	R1,250,000.00	100%	100%	100%	100%	G	N/A	N/A
62)	MS/2018/2019/103/T/02	BARGAIN UNIFORM	2018/09/19	SUPPLY AND DELIVERY OF STAFF UNIFORM	R365 560.00	100%	100%	100%	100%	G	N/A	N/A
63)	MS/2018/2019/103/T/02	EGOLI GROUP	2018/09/19	SUPPLY AND DELIVERY OF STAFF UNIFORM	R456 360.00	100%	100%	100%	100%	G	N/A	N/A
64)	MS/2018/2019/003/951/T	EGOLI GROUP	2018/10/01	PRINTING SERVICES	R4,456,651.82	100%	100%	100%	100%	G	N/A	N/A
65)	MS/2018/2019/006/T/02	EGOLI GROUP	2018/09/19	PROTECTIVE CLOTHING	R 71,361.80	100%	100%	100%	100%	G	N/A	N/A
66)	MS/2016/2017/082/C	AYANDA MBANGWA COMMUNICATIONS	2017/11/01	SERVICES NEWSPAPER MEDIA	R835,688.30	100%	100%	100%	100%	G	N/A	N/A

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
67)	MS/2018/2019/02/951/T	KONICA MINOLTA	2018/10/01	LEASING OF PHOTOCOPY MACHINES	R4,217,184.71	100%	100%	100%	100%	G	N/A	N/A
68)	MS/2018/2019/027/951/F	SUMMAT	2018/10/01	TRAINING OF MUNICIPAL INTERNS	R 1,512,020.00	100%	100%	100%	100%	G	N/A	N/A
69)	MS/2017/2018/094/T5	IZINGODLA	2018/06/11	PROFESSIONAL SERVICES	R 3,305,751.68	100%	50%	100%	50%	S	The service provider failed to deliver services in the stipulated time.	The service provider was called in the meeting for warnings.
70)	MS/2017/2018/094/T8	ODG TECHNOLOGIES	2018/06/11	PROFESSIONAL SERVICES	R 5,630,658.38	100%	100%	100%	100%	G	N/A	N/A
71)	MS/2019/2020/19/951/C	SIYEJABULA TRADING	2019/12/09	SECURITY SERVICES	R5,185,954.04	100%	100%	100%	70%	S	The service provider does not monitor the sites and always visit the sites	The services provider had called for performance meeting and given a warning regarding the sites visits
72)	MS/2019/2020/19/951/C	MSINGA SECURITY		SECURITY SERVICES				100%	70%	S		

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
			2019/12/09		R5,185,954.04	100%	100%				The service provider does not monitor the sites and always visit the sites	The services provider had called for performance meeting and given a warning regarding the sites visits
73)	MS/2018/2019/01/951/T	EAST COAST DISTRIBUTORS – FIRE KING	2018/11/19	SUPLY AND SERVICE OF FIRE EXSTINGUISHER	R361,598.76	100%	100%	100%	100%	G	N/A	N/A
74)	MS/2018/2019/01/951/T	COOPERS TOWING	2018/10/01	TOWING SERVICES	R89,320.00	100%	100%	100%	100%	G	N/A	N/A
75)	MS/2018/2019/010/951/T	MASCOR	2018/10/01	SERVICES OF MUNICIPAL VEHICLES	R192,601.83	100%	100%	100%	100%	G	N/A	N/A
76)	MS/2018/2019/007/T/02	NEWCASTLE OFFICE SHOP	2018/10/01	SUPPLY AND DELIVERY OF STATIONERY	R 245,714.71	100%	100%	100%	50%	P	The service provider failed to deliver in the stipulated time frame	The services provider had been called for perform

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
												ance meeting and warning was issued
77)	11073	HULUHULU INVESTMENT PTY LTD	2022/03/24	SUPPLY AND DELIVER OF 03 X 9 CUBE STEEL SKIP BINS; 10 ADS CONCRETE BIN	R167 000.00	N/A	N/A	100%	100%	G	N/A	N/A
78)	11008	MASIBUYELE INVESTMENT	2022/03/16	SUPPLY SERVICE OF ELECTRICAL WORK @ DUMPING SITE HALL AND DUMPING SITE MAIN OFFICE	R95 999.00	N/A	N/A	100%	100%	G	N/A	N/A
79)	10785	CLOUT MEDIA	2022/02/24	SUPPLY OF ADVERT FOR BILL BOARD	R72 449.95	N/A	N/A	100%	100%	G	N/A	N/A
80)	10784	CLOUT MEDIA	2022/02/24	SUPPLY OF ADVERT FOR BILL BOARD	R72 449.95	N/A	N/A	100%	100%	G	N/A	N/A
81)	10541	N11 COMMERCIALS (PTY) LTD	2022/01/31	SUPPLY OF NEW GEARBOX FOR NF 2662 WATER TANK.	R207 665.16	N/A	N/A	100%	100%	G	N/A	N/A
82)	10539	FIBIKAMANO HOLDINGS	2022/01/31	SUPPLY AND DELIVER OF	R169 500	N/A	N/A	100%	100%	G	N/A	N/A



#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
				TRACTOR IMPLEMENTS.								
83)	10497	N11 COMMERCIALS (PTY) LTD	2022/01/23	C.O.R FOR UD WATER TANK NF 1758	R76 311.64	N/A	N/A	100%	100%	G	N/A	N/A
84)	10441	SIYAKHULA 100	2022/01/21	HIRING OF SEVEN MOBILE TOILETS FOR 60 DAYS	R168 000	N/A	N/A	100%	100%	G	N/A	N/A
85)	10434	EMQN TRANSPORT	2022/01/21	HIRING OF TRANSPORT.	R150 000	N/A	N/A	100%	100%	G	N/A	N/A
86)	10012	SZM TRADING AND CONSTRUCTION	2022/01/05	SUPPLY AND DELIVERY OF WATER PUMP.	R199 287.7	N/A	N/A	100%	100%	G	N/A	N/A
87)	9995	N11 COMMERCIALS (PTY) LTD	2022/01/05	SUPPLY OF SERVICE AS PER ATTACHED	R223 799.35	N/A	N/A	100%	100%	G	N/A	N/A

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
				QUOTATION UD TRUCK NF 1758								
88)	9535	NIZONOTHA TRADING ENTERPRISE	2021/10/01	SUPPLY AND DELIVERY OF STAFF UNIFORM	R1,199,024.03	100%	70%	100%	100%	G	N/A	N/A
89)	9534	ISERAFI TRADING ENTERPRISE	2021/10/01	HIRE OF EXCAVATOR FOR 30 DAYS	R238,730.80	N/A	N/A	100%	90%	G	N/A	N/A
90)	10068	SANDAKAHLE TRADING 01	2022/01/05	HIRE OF 10000-SEATER TENT FOR 5 YEARS REPORT.	R995,900.00	N/A	N/A	100%	100%	G	N/A	N/A
91)	10040	SHA PROJECTS	2022/01/05	SUPPLY AND DELIVERY OF 26 NEW DESIGNED GAZEBOS.	R196,150.00	N/A	N/A	100%	100%	G	N/A	N/A
92)	10028	KHONZINKOSI SPAR	2022/01/05	SUPPLY AND DELIVERY OF FOOD PARCELS FOR WARD 21 MAYORAL EVENT.	R142,300.00	100%	100%	100%	100%	G	N/A	N/A

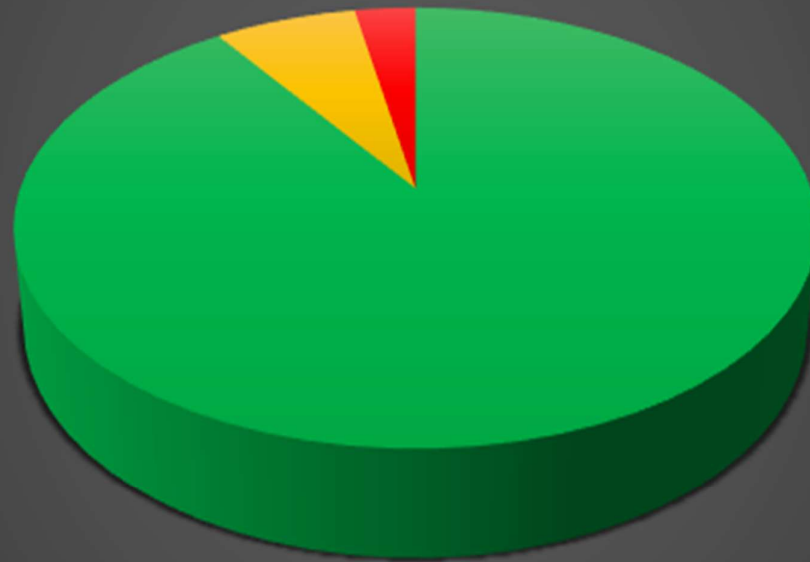
#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
93)	10012	ANSTU INVESTMENT	2022/01/05	SUPPLY AND DELIVERY OF 150 FOOD PARCELS FOR WARD 14.	R142,300.00	100%	100%	100%	100%	G	N/A	N/A
94)	9995	SZM TRADING AND CONSTRUCTION	2022/01/05	SUPPLY AND DELIVERY OF WATER PUMP.	R199,287.70	N/A	N/A	100%	100%	G	N/A	N/A
95)	MS/2018/2019/003/C	VODA COM	2016/03/31	MOBILE COMMUNICATION SERVICES	R2 351 88.00	N/A	N/A	100%	100%	G	N/A	N/A
96)	MS/2017/2018/004/C	TELKOM	2017/11/06	COMMUNICATION SERVICES	RATES	N/A	N/A	100%	100%	G	N/A	N/A
97)	MS/2018/2019/001/951/C	COW CATCHERS	2019/07/01	POUND SERVICES	R621 000.00	N/A	N/A	100%	100%	G	N/A	N/A

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
98)	MS/2020/2021/01/951/C	AYANDA MBANGWA	2020/11/01	ADVERTISEMENT, TENDERS AND VACANCIES	RATES	100%	100%	100%	100%	G	N/A	N/A
99)	MS/2020/2021/01/951/C	BRAND PARTNERS	2020/11/01	ADVERTISEMENT, TENDERS AND VACANCIES	RATES	N/A	N/A	100%	80%	G	N/A	N/A
100)	2019/2020/09/195/C	FEZILE SECURITY SERVICES	2019/12/06	SECURITY SERVICES	R25 775.760 PER SITE	N/A	N/A	100%	70%	S	The service provider does not monitor the sites.	The services provider had called for performance meeting and given a warning regarding the sites visits
101)	2019/2020/0114/951/C	PHIL MEDIC SERVICES	2019/12/02	HYGIENE AND SANITARY SERVICES	R93 499.00	100%	100%	100%	100%	G	N/A	N/A

#	BID NUMBER	NAME OF EXTERNAL SERVICE PROVIDER	DATE CONTRACT AWARDED	SERVICE PROVIDED IN TERMS OF THE SLA	VALUE OF PROJECT	COMPARISON WITH PREVIOUS YEAR 2020/2021		YEAR OF REPORTING 2021/2022		RATING	REASONS FOR UNDER PERFORMANCE	CORRECTIVE MEASURES
						Target	Actual	Target	Actual			
102)	MS/2019/2020/121/951/C	SANKOFA INSURANCE	2019/10/02	INSURANCE SERVICES	R250 000 PER YEAR	N/A	N/A	100%	100%	G	N/A	N/A
103)	MS/2017/2018/010/COM	E PLAN TOWN & REGIONAL PLANNERS	2018/07/25	SDF	R345 000.00	N/A	N/A	100%	49%	P	The service provider did not meet the time frame after the several engagements with the municipality	Municipality had the meeting with the service provider and the warning was issued. The project is closely monitored and should be completed by 30 December 2022

ASSESSMENT KEY		TOTAL 2021/2022	Percentage
Good (G)	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>	93	90.3%
Satisfactory (S)	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>	7	6.7%
Poor (P)	<i>The service has been provided below unacceptable standards</i>	3	2.91%

## PERFORMANCE OF SERVICE PROVIDERS 2021/2022



■ Good (G) ■ Satisfactory (S) ■ Poor (P)

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

CHAPTER 2: GOVERNANCE

CHAPTER 3: THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - SDBIP

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

CHAPTER 5: FINANCIAL PERFORMANCE

CHAPTER 6: AUDITOR GENERAL FINDINGS

APPENDICES



## CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

The capacity of a Municipality to deliver on its developmental role rests upon the personnel, the Municipal administrative element and how it relates to the political component of the Municipality. The resources available, the skills to deliver its developmental programmes. As such the section is concerned with the overall institutional environment in the Municipality. Programmes and projects in this plan have been formulated in order to improve efficient and effective operations. Below are some of the key issues that fall within the department that is responsible for institutional development in the Municipality.

### 4.1 ORGANIZATIONAL DEVELOPMENT

It is divided into two components:

#### 4.1.1 COUNCIL

Council is the structure in which the executive and legislative authorities of a Municipality are vested. The roles of Council amongst others are the approval of policies, budgets, by-laws etc. There are 33 Councillors which include the Mayor, Deputy Mayor and the Speaker. There are 8 members of the Executive Committee. Council is made of 12 female Councillors which is a sign that transformation is occurring which is admirable of a rural male dominated community.

#### 4.1.2 ADMINISTRATION

Administration under the leadership of the Accounting Officer; the Municipal Manager, Mr Senzo Sokhela. The Municipality has six Administrative Departments, all five being headed by relevant Directors including the Chief Financial Officer and the sixth is headed by the Municipal Manager. The Municipal Manager is responsible for the efficient and effective operations of all Departments. The Head

of Departments are all employed in terms of a five-year contract (s 54/56) of Municipal Systems Act 32 of 2000. All six critical position the Municipal Manager, Director Finance, Director Corporate Services, Director Community Services, Director Technical Services, Director Development Planning (S54/56) are currently filled.

### 4.2 POWERS AND FUNCTIONS

The Municipal Systems Act clarifies several issues relating to Municipal powers, functions, and duties. A Municipality has all the functions and powers assigned to it in terms of the Constitution. It also has the right to do anything reasonably necessary for, or incidental to the effective performance of its functions and the exercise of its powers. National and provincial government assigns additional functions and powers to local government, which are best, exercised at a local level and this helps to ensure that the three spheres of government work in a co-ordinated way. In terms of the Municipal Structures Act as well as the Constitution (1996), specific powers and functions are assigned to District and Local Municipalities respectively. The uMsinga Municipality is performing the powers assigned to it in terms of that legislation as deemed necessary at this stage and these are highlighted in the table below.

FUNCTION	LEVEL OF AUTHORITY	PERFORMING/NOT PERFORMING
Water and Sanitation	uMzinyathi District	Yes, through Thukela Water Partnership
Roads and Storm water	uMsinga	Yes – in towns. Upgrading of local access roads
Air Pollution	uMsinga	No
Building Regulations	uMsinga	In Pomeroy only
Child Care Facilities	uMsinga	Yes

FUNCTION	LEVEL OF AUTHORITY	PERFORMING/NOT PERFORMING
Fire Fighting	uMsinga	Shared with district
Local Tourism	uMsinga	Yes
Municipal Planning	uMsinga	Yes
Public Transport	uMsinga	No
Trading regulations	uMsinga	Yes (process of formalising street traders is underway)
Billboards	uMsinga	Yes
Cemeteries, Crematoria and Funeral Parlours	uMsinga	Partially – no crematoria. Private funeral parlours
Cleansing	uMsinga	Yes
Control of Nuisances	uMsinga	No
Control of Undertakings that sell Liquor to the public	uMsinga	Yes
FUNCTION	uMsinga	PERFORMING/NOT PERFORMING
Facilities for the accommodation, Care and burial of Animals	uMsinga	No
Fencing and Fences	uMsinga	No
Licensing of Dogs	uMsinga	No
Licensing and control of undertakings that sell food to the public	uMsinga	No
Local amenities	uMsinga	Yes
Local sports facilities	uMsinga	Presently performed by the district
Local markets	uMsinga	No
Municipal abattoirs	uMsinga	No

FUNCTION	LEVEL OF AUTHORITY	PERFORMING/NOT PERFORMING
Municipal Parks and Recreation	uMsinga	No
Municipal roads	uMsinga	Yes
Noise pollution	uMsinga	No
Pounds	uMsinga	No
Public places	uMsinga	Yes
Refuse removal, Landfill sites and solid waste disposal	uMsinga	Yes
Street trading	uMsinga	No
Street lighting	uMsinga	No
Traffic and parking	uMsinga	No

## 4.3 uMSINGA MUNICIPAL POWERS AND FUNCTIONS

### 4.3.1 ORGANIZATIONAL STRUCTURE/ ORGANOGRAM

The Municipal organizational structure has been adopted by Council on the 30 June 2022 and is attached as an Annexure.

### 4.3.2 MUNICIPAL INSTITUTIONAL CAPACITY & STATUS OF CRITICAL POSTS

Percentage (%) of all critical posts at uMsinga Municipality are currently filled; the Section 54/56 posts, which are Municipal Manager, Director of Development Planning, Director Technical Services, the CFO, Director Corporate Services, and Director of Community Services.

### 4.3.3 HUMAN RESOURCE DEVELOPMENT

The list of employees who will receive training in 2021/2022 has been compiled to remedy the gaps identified in the previous financial years.

TRAINING BENEFICIARIES FOR 2021/2022		
SURNAME & INTIALS	COURSE	STATUS
Radebe S. D	Project Management	Waiting for qualification
Shezi M	Bachelors in public administration	Waiting for qualification
Xaba N. E	Bachelors in public administration	Waiting for qualification
Ngubane Z. L	Bachelors in public administration	Waiting for qualification
Sokhela S. L	MBA	In progress
Nene T.M	Postgraduate Diploma in Business Administration	In progress
Nkala S	Postgraduate in Business management	In progress
Ndlovu B. P	B Tech Transportation	In progress
Mchunu A	B Tech Transportation	In progress
Hadebe V	B Tech Transportation	In progress
Mntambo A. W	BCom in IT Management	In progress
Mtungwa P. P	Bachelors in public administration	In progress
Sithole L	Bachelors in public administration	In progress
Nyandeni M. N	Bachelors in public administration	In progress
Sokhulu T.H	BCom in Supply Chain Management	In progress
Ndlovu Z. A	Bachelors in public administration	Waiting for qualification
Sikhakhane N. N	Diploma in Business management	In progress
Madondo T. K	BCom in Financial Management	In progress

TRAINING BENEFICIARIES FOR 2021/2022		
SURNAME & INTIALS	COURSE	STATUS
Mdladla TG	BCOM in Management	Waiting for qualification
Nkala TFN	Postgraduate in Management	Waiting for qualification
Bhengu N	BCOM in Human Resource	In progress
Sokhela T	Bachelors in public administration	In progress
Buthelezi M. N	Postgraduate in Management	In progress
Ndlovu N. P	BTECH in Project Management	In progress
Shangase ZT	BCom in Financial Management	In progress
CLLR Mpungose SC	Higher Certificate in Business Management	In progress
CLLR Radebe SK	Higher Certificate in Business Management	In progress
CLLR Ndlovu DM	Higher Certificate in Business Management	In progress
CLLR Sokhela MW	Higher Certificate in Business Management	In progress
CLLR Sikhakhane GB	Higher Certificate in Business Management	In progress
CLLR Myeza MMS	Higher Certificate in Business Management	In progress
CLLR Mabaso TM	Higher Certificate in Business Management	In progress
CLLR Ximba S	Higher Certificate in Business Management	In progress
CLLR Sokhulu SR	Higher Certificate in Business Management	In progress
CLLR Magwaza SZ	Higher Certificate in Business Management	In progress
CLLR Mbatha TB	Higher Certificate in Business Management	In progress
CLLR Masimula SG	- Postgraduate in Management	In progress
CLLR Kunene TL	- Postgraduate in Management	In progress

TRAINING BENEFICIARIES FOR 2021/2022		
SURNAME & INTIALS	COURSE	STATUS
Khoza Z. P	Bachelors in public administration	In progress
Bhengu N. G	Bachelors in administration	In progress
Ngubane N. M	Bachelors in administration	In progress
Shange T	Bachelor Public Administration	In progress
Makhunga K. T	National in Public Administration	In progress
Mkhize T. G	Bachelor of art Administration development	In progress
Sithole k	Honours of Business Administration	In progress
Ntuli B	MFMP	In progress
Nkala M	MFMP	In progress
Ngema F	MFMP	In progress
Masimula B	MFMP	In progress
Pitso L	MFMP	In progress
Nkala T.F. N	MFMP	In progress
Khoza Z. P	MFMP	In progress
Mbhele N. N	MFMP	In progress
Langa S	MFMP	In progress
Majola N. N	MFMP	In progress
Ngubane S	MFMP	In progress
Mnguni S	MFMP	In progress
Ndlovu B. P	MFMP	In progress
Hlubi B. T	MFMP	In progress
Msweli N.A. N	MFMP	In progress
QWABE S.C	MFMP	In progress

#### 4.3.4 TRAINING AND SKILLS DEVELOPMENT

Training and development of staff and Councillors is on-going. A Workplace Skills Development Plan has been compiled and was approved by the LGSETA. Up to this time the Mayor, three senior managers and the Municipal Manager have successfully completed the Executive Leadership Development Programme offered by SALGA. Training needs of staff are identified and where funding is available, the staff attends training courses as well as seminars and workshops. A key aspect of the Institutional component is the continuous development of the capacity of the Municipality and its officials. In particular, the capacity to plan, implement, monitor and evaluate the development programmes as set out in the IDP.

Skills profile:

- 24% employees have NQF level1- general workers and drivers
- 27% employees have NQF level 3-general workers and clerical
- 5% employees have NQF level 6-8- Directors and senior management
- 44% employees have NQF level 4-5 – senior personnel

The Municipality has an internship programme focussing on LGSETA scarce skills such as audit, finance, supply chain, and civil engineering. Skills priority for 2021/2022.

QUALIFICATION PROFILE		
NQF LEVELS		
BELOW NQF LEVEL	23	Not schooling
NQF LEVEL 1	15	General education (grade 1-7)
NQF LEVEL 2	13	General education (grade 8-9)

QUALIFICATION PROFILE		
NQF LEVELS		
NQF Level 3	32	Further education Grade 10-11)
NQF LEVEL 04	145	Matric/ grade12
NQF LEVEL 05	7	National certificate
NQF LEVEL 06	53	National diploma
NQF LEVEL 07	28	Bachelor's degree
NQF LEVEL 08	1	Honours/ Masters

### 4.3.5 EMPLOYMENT EQUITY

#### 4.3.5.1 Introduction to the Municipal Personnel Employment Equity

The Municipality has been fortunate to attract highly skilled senior managers and a Municipal Manager to head the organisation. All Directors posts and Municipal Manager were appointed, and all critical vacancies have been filled in.

An Employment Equity Policy has been adopted by the uMsinga Municipality. uMsinga Municipality is an equal employer with targeted groups represented in various layers of the Municipal structure. The senior management reflects transformation, by 30 June 2022 heads of department were made of 60% black males and 40% black women. A total of 2% of the staff complement is disabled. As at 30 June 2022 there were no non-African employees in a total staff complement of 1255, 350 on permanent and contracts basis, 101 on the EPWP Street Cleaning, 675 women in road maintenance, 21 ward facilitators, and 210 ward committees.

EEP COMPLIANCE		STAFF COMPLEMENT	
NUMBER OF VACANT POSTS (CRITICAL POSTS)	1		
TOTAL EMPLOYEES TO DATE	Contract staff	195	
	Councilors	41	
	Ward facilitators	21	
	Securities	115	
	Peace Officers	31	
	Finance Interns	05	
	In-Service Training	00	
	Environmental Interns	07	
	Ward Committees	210	
	Siyazenzela	674	
	Alien Plant Removal	N/A	
	Total		
Permanent staff	155		
Disabled	03		
Male managers	12		
Female Managers	12		
Management (s54/56)	05		
EMPLOYEE AGE PROFILE			
Employees under 35 years of age	122		
Employees over 35 to 55 years of age	223		
Employees above 55 years of age	25		
Deceased staff	02		
Total vacancies	345		

TABLE 24: MUNICIPAL POLICIES

POLICY	STATUS
HUMAN RESOURCE MANAGEMENT	
Recruitment selection appointment promotion and transfer of personnel	Operational
Employment equity	Operational
Subsistence and travel	Operational
Payment of overtime	Operational
Grievances	Operational
Working hours	Operational
Transport allowances	Operational
Homeowner's allowance	Operational
Sexual harassment	Operational
HIV/Aids	Operational
Leave	Operational
Discipline	Operational
Salaries	Operational
Termination	Operational
Occupational health and Safety	Operational
Maternity	Operational
Communication Strategy	Operational
FINANCE	
Petty cash	Operational
Supply chain management	Operational
Asset management	Operational
Fleet management	Operational
Investment and cash management	Operational
Credit control and debt collection	Operational
Information communication and technology	Operational
Contract management	Operational
Blacklisting	Operational

POLICY	STATUS
HUMAN RESOURCE MANAGEMENT	
Loss control	Operational
Land asset disposal	Operational
Risk management	Operational
Virement	Operational
Budget	Operational
Travel and subsistence	Operational
Store management	Operational

#### 4.3.5.2 Council Committees

Council Committee are comprised of the following:

- Executive Committee
- Finance Portfolio Committee
- Corporate services Portfolio Committee
- Technical Services Portfolio Committee
- Development Planning Portfolio Committee
- Community Services Portfolio Committee

The above committees conduct quarterly meetings;

- MPAC
- Audit Committee
- Performance Audit Committee

The above committees meet Quarterly. All of the portfolio committees are chaired by members of the Executive Committee.

#### 4.3.5.3 Risk Management

Risk management derives its mandate from the following legislation and corporate governance guidelines Section 62(1)(c)(i) of the Municipal Finance Management Act 56 of 2003 (MFMA), which prescribes that the accounting officer must ensure that the institution has and maintains effective, efficient, and transparent systems of financial and risk management and internal control.

Section 3.2.1 of the Treasury Regulations further prescribes that: "the accounting officer must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

Provincial Treasury conducted enterprise Risk management Framework compliance at uMsinga Municipality on the 18 February 2013 and made recommendations in the form of actions that require management to improve compliance. Among the matters that require attention is;

- Approval of the ERM framework by Council
- Establishment of Risk Management Committee
- Schedule Risk Management meetings
- Approval of Fraud Prevention policy by Council
- Communication of risk Management and Fraud policies to officials
- Risk management training
- Ownership of the risk register by key officials
- Audit committee's review of the Municipality 's risk profile
- Internal Audits evaluation of risk management processes

An action plan to fix the identified risks has been put in place, to assist the Municipality with the required expertise, the Provincial treasury is assisting with practical implementation of effective risk management activities.

#### 4.3.6 MANAGING THE MUNICIPAL WORKFORCE

The Municipality has been fortunate to attract highly skilled Senior Managers and a Municipal Manager to head the organisation; and to populate the new structure with suitably qualified employees in the posts on the new organogram. The focus of the Municipality in the second semester of the financial year was on staff morale. Many of the employees were unhappy because of not having information on Job evaluation that left other employees unhappy. Employees have also been encouraged to amend their job descriptions and have also been consulted on the proposed new structure. No Job evaluation meeting was conducted in 2021/2022.

Unfortunately, the Municipality experienced two deaths and no injuries occurred at work in the reporting period. The Health and Safety Officer and line management are encouraged to continuously increase awareness amongst employees in order to minimise the occurrence of injuries. Accredited training in respect to Occupational Health and Safety is implemented annually for health and safety representatives and employees. This assists in increasing awareness and reduces health and safety accidents. Personnel records of the number of sick leave instances are recorded and kept in HR or payroll system

*\*All permanent employees, except the Municipal Manager and the Senior Managers reporting directly to him, receive a 13th cheque as part of their contract of employment\**

#### 4.3.6.1 Performance Rewards

All other permanently employed staff were entitled to a 13th cheque that was paid out to them, the 13th cheque is a contract of employment benefit and is not subject to a performance evaluation. However, a 13th cheque may be withheld but only as a punitive measure based on a found guilty sanction imposed in a disciplinary process.

#### 4.3.6.2 Capacitating the Municipal Workforce

The Municipality continuously prioritizes education, training and development in order to ensure that its employees acquire necessary knowledge, skills and competencies that enable advancement of its strategic mandate. The below focus areas were successfully implemented during 2021/2022 and has set a tone for uMsinga Municipality as a learning organisation:

- No recipient in 2021/2022 financial year for the LGSETA Discretionary Funding learning programmes initiated for the financial year. The programmes are full qualifications and learnership targeting critical Municipal areas like Integrated Development and Planning, Financial Viability, Infrastructure and Community Development; and
- Implementation of Employee Bursaries Programme 2021/2022 work Integrated Learning and Vacation Work for students, and Mayoral Bursary Programme for unemployed students / youth.
- No ward committee were trained with DCOGTA's assistance in 2021/2022.

#### 4.3.6.3 Employee Misconduct

In the 2021/2022 financial year some employees contravened certain section of the South African Local Government Disciplinary Collective Agreement, Code of Conduct for Municipal Staff Members and as

well as certain sections of uMsinga Local Municipality Disciplinary Policy. Upon investigation with proven proof and hearings the following disciplinary steps were taken by the Municipality,

- Dismissed (4)
- Disciplined Staff (01)

### 4.3.7 MANAGING THE WORKFORCE EXPENDITURE

#### 4.3.7.1 Introduction to Workforce Expenditure

Accountability and transparency are important when managing workforce expenditure. It is important to ensure that the Municipality plans to use their human capital effectively, efficiently and economically. To ensure that the Municipality adheres to legislation, only approved and budgeted posts on the structure are advertised. All positions are advertised on the Municipality 's website and in the local media. This also applies to bursaries. Advertising in other media is based on the target market for the post. This saves on advertising costs and in the electronic age gives easy and quick access to applicants. uMsinga Municipality strives to appoint employees who share the vision and who will add value to the organisation. The training and development of internal staff is aimed at ensuring that they are able to perform their duties better.

#### 4.3.7.2 Comment on Workforce Expenditure

UMsinga Municipality's workforce expenditure for the financial year 2020/21 was R71 430 009 and R 75 094 809 in 2021/2022 which shows an increase compared to the previous years. The figure stated above excludes remuneration of s54/56 employees.

The HODs S56/54 remuneration packages are individually disclosed in the AFS because their appointment into the office determined their remuneration in 2021/2022. All S54/56 were paid according to grade



2 of the official gazette published and with effect from 1 July 2017.HOD salaries are disclosed at note 22 on the AFS 2021/22 attached.

The gazette No.41335 of 15 December relating to the upper limits of the salaries, allowance and benefits of all Municipal Council members and Directors was used to pay the salaries and allowances to Councillors and Directors in the current financial year.

Councillors remuneration	2022	2021	2020
	14 085 026	13 072 957	8 960 313

#### 4.3.7.3 Disclosures of Financial Interests

Disclosures have been made by officials and Councillors concerning their financial interests, as required by Municipal Performance Regulations 805 of 2006 and are set out in Appendix I. No transgressions due to financial interests occurred.

#### 4.3.8 DISASTER MANAGEMENT RESPONSE TO THE COVID-19 PANDEMIC

In terms of the Disaster Risk Management Act 2002, (Act No.57 of 2002), Section 43-50 outlines the establishment and functions of the Centre in order to ensure an integrated and coordinated approach to Disaster Risk Management within the District. On the 26 March 2020 the President of South Africa put the country on a level 5 lockdown due to the spread of the COVID-19 virus. The Municipality had to respond effectively and efficiently.

#### 4.3.8.1 Isolation and Quarantine

The Municipality has also set aside an allocation to provide such relief to the identified families living under difficult circumstances. Food parcels distributed to all wards within the Municipality.

#### 4.3.8.2 Waste Management, Cleansing, and Sanitisation:

The key municipal officials rendering this duty includes Waste Management and Fire Fighting services in controlling the transmission of the virus. The municipality disinfects all its key public areas/hot spots utilising the chemicals recommended by the Environmental component of EDTEA using our own Fire Engine and another one from the uMzinyathi District Municipality as backup support. A plan for disinfection was devised which include public places and we are continuing working very closely with the mentioned authorities in ensuring that we adhere to increased cleaning and protective handling products. The plan is detailed below:

Waste Management: Daily Street Cleaning, Waste Collection and Waste Disposal

- Pomeroy
- Tugela Ferry
- Keates Drift

Fumigation and disinfecting: on a skip of 02 days using less than 0,5% Chlorine Chemicals:

- All Taxi Ranks, Main and along R33 Route
- Municipal Offices and main municipal Community Halls
- Church of Scotland Hospital, Pomeroy Community Health Care, and clinics
- All SAPS Stations, and government departments
- Ithala Complex & Tugela Ferry Mall
- SASSA Pay-points

- Schools
- All Clinics

Health identified site: The Church of Scotland Hospital (COSH) identified and prepared an old TB MDR ward for isolation where screenings and testing were conducted. The ward had a total of 08 beds where: 03 beds are reserved for females, 03 beds for males, and 02 cot beds for kids to comply with social distancing regulations. Pomeroy CHC identified its FLU Clinic with 12 beds. Admissions for positive patients were only done at Greys Hospital.

Municipal identified site: Due to the foreseen threat of the virus and limited availability of infrastructure from the Health Authorities, Municipalities were further requested to make provisions of any shelters for accommodation to be used as isolation and quarantine facilities.

- CJ Community Hall - 17 Pomeroy Area
- Mkhuphulangwenya Community Hall - 04 Tugela Ferry Area
- Fabeni Community Hall - 11 Keates Drift Area

All the above halls were inspected for compliance with Health Norms and Standards. Layout plans for subdivisions and electricity packaging was developed and met Department of Health requirements, contractors to perform subdivisions and construction of proper ablution facilities has been appointed and is close to completing with the works.

#### *4.3.8.3 Monitoring and Enforcement*

All uMsinga SAPS Stations (Helpmekaar, Nhlanhleni (Pomeroy) and uMsinga (Tugela Ferry worked cooperatively with the uMsinga Municipal Traffic Unit in assisting to observe the precautions of COVID-19 through roadblocks and routine patrols. Municipal Traffic Officers worked hard in ensuring free traffic flow while monitoring social distancing during pension and grant pay points specifically at

Pomeroy, Tugela Ferry Spar, Tugela Ferry Mall, and Keates Drift. Despite the stringent regulations of the lock down, challenges increased in public places and are slowly getting out of control.

Social distancing: Irrespective of all campaigns and information being disseminated, it is unfortunate that the public still lack information about the virus. In all taxi ranks and pension points visited, the public fails to comply with social distancing regulations and others got frustrated with the long dragging queues and some are not wearing the masks correctly.

Business Permits: Major supermarkets: Shoprite, Spar, Pomeroy Wholesale, U-Save, and SaveMor are classified as essential businesses and have all complied with DTI regulated permits, the rest of trading/spaza shops are operating within the permissions issued by the Municipality. Nonetheless, it is noted that majority of alcohol trading stores remain closed as during the levels when prohibited.

Street vendors All street vendors were banned from any practice during the initial stage of lock down. However, during pension and grant days, they returned back to the street to trade regardless of bans. The ban regulations to such vendors were latter relaxed and the Municipality had to assist them with permits for them to trade, which was done successfully.

#### *4.3.8.4 Formal and Informal Business Support*

Over and above the assistance provided by the Municipality to the informal traders by issuing business permits for them to comply with the regulations, the Municipality working together with the Department of Agriculture and Rural Development (DARD) has assisted small famers with their applications for Support Relief Grant. A team composed of officials from DARD and the Municipality was established in order to perform this task which led to a total number of 353 small famers being assisted successfully with their applications. the Municipality is yet waiting for the outcome of the applications.

#### 4.3.8.5 Precautionary Measures to Mitigate Employee Health

The Municipality further took proactive steps in ensuring that its function is prepared to manage the risks of COVID-19 and to help protect the health and lives of its staff. The list of Essential Services/Staff was compiled, and work permits were issued to all of them accordingly.

Provision of protective materials: It has also been ensured that all municipal employees have the necessary information they needed to remain healthy and protected and were further supplied with latex gloves, facial masks and hand sanitisers at their places of work, entrance and exit points, inside the offices of the essential services and were provided for them on any movement.

Disposal of Health Hazard Waste: A training for handling and disposal of masks and gloves was conducted for municipal officials by the Pomeroy CHC staff at the Council Chamber.

#### 4.3.8.6 Funerals Support Plan

The regulations providing guidance and advice pertaining to funerals procedures and with regards to attendance remain effective during this lock down and of key importance is that attendance is only limited to 50 person or 100 as this number kept changing as the levels were regulated, further to this, regulations on the management and disposal of bodies infected with COVID-19 were circulated.

Issuing of coffins and food vouchers: Council took a resolution to issue coffins or food parcels or food vouchers in line with the Pauper Burial and Indigent Support Policy and Disaster Management Plan in support of indigent families to bury their loved one in a dignified manner.

Municipal TLB support: Further to the above, Council also took a resolution to make available municipal TLBs to assist families in digging

graves since regulations limits the number of people to attend funerals. by so doing, the municipality encourages community to avoid attending funerals in numbers.

#### 4.3.8.7 Council and Administrative Operations

During level 5 lockdown, the rest of the staff were operating remotely through emails, teleconferencing and videoconferencing except for essential services workers as previously alluded. With the relaxation of lockdown regulations to level 4, the municipality developed a plan to gradually return to work and as from Monday the 4<sup>th</sup> May, the municipality started with an intensive winter cleaning to prepare for certain staff that resumed work as the levels were regulated from

- level 5 to level 4 on 1 May 2020 and from
- level 4 to level 3 on 1 June 2020
- level 3 to level 2 on 21 September 2020

In December 2020, the country experienced a second wave of COVID-19 infections.

- The lockdown was tightened from an adjusted level 1 to an adjusted level 3 starting on 29 December 2020.
- lowered from an adjusted level 3 to an adjusted level 1 starting on 1 March 2021.
- On 17 February 2021, the national COVID-19 vaccination program was officially rolled out.
- On 31 May 2021 the country was moved from adjusted level 1 to an adjusted alert level 2, due to a third wave of infections.
- On 15 June 2021 the country was moved to alert level 3
- On 28 June 2021, the country was moved to adjusted level 4, with the Delta variant fast becoming the dominant strain in the country.

Senior management assessed and made available a list of all employees who are above 60 years of age as well as those leaving

with underlying conditions. Most employees are encouraged to work remotely and have been provided with tools necessary for them to perform their responsibilities. A plan was prepared to assess those who are most affected by the new changes in working environment.

The Municipality managed to introduce virtual meetings method to all senior managers and staff since the lockdown. TROIKA also joined immediately after the senior managers and positively responded to the new communication methods. The Municipality managed to have Council meetings, subcommittees, and the executive Committee meetings virtually with success. The Municipality managed to conduct virtual meetings with success where participation from Amakhosi was also noted.

#### CHALLENGES:

##### i. Water Scarcity

The water tanks and water tankers provided by the District remain insufficient for hygiene purposes. The dysfunctional water schemes, broken boreholes and incomplete water schemes causes community unrests and requires urgent attention.

##### ii. Government Food Support Grant

UMsinga communities are highly dependent on government grants and also street trading and a significant number remains affected and therefore in dire need of social relief. The delays from the DSD to provide approved beneficiaries with necessary relief poses challenges to the community.

##### iii. Government Regulations and Directives

Constant relaxations and amendments of Regulations inconveniences Law Enforcement Agencies and result in high congestions in towns which may lead to fast spreading of the virus.

##### iv. SASSA Grant payment

Government to devise another better way to deal with social grant payments. The current system poses a high risk to speed up infection rates in rural areas. Long queues which are difficult to manage will remain a big concern if left unattended and unresolved.

##### v. Limited funding

There are very limited resources available and more support is required from the district and all other spheres of government.

##### Vi Shops Looting: July 2021

A deadly spree of violence and looting engulfed the South African provinces of Gauteng and KwaZulu-Natal in July 2021. During which thousands of businesses were gutted and at least 330 people were killed. The KZN government declared a state of disaster to divert funds towards the recovery. ([Reports Thuso Khumalo on dw.com. 02 Aug 2021.](#))

This was a once in a lifetime horrendous act that shook the very fabric of the community. As a by-product of the effects of COVID19, high unemployment and other social ills exacerbated by tough economic times, South Africa experienced one of the most shocking human behaviours where crowds forcefully attacked retail spaces and helped themselves to goodies. uMsinga was no exception, the Tugela Ferry mall fell victim to such unprecedented crime. No buildings were drastically vandalised however 54 were affected.

The mall was closed for a couple of weeks but has since then resumed normal functions.

- Incidents occurred at uMsinga :12 – 14 JULY 2021
- Looting affected all 3 towns Tugela Ferry, Pomeroy and Keats drift within the uMsinga local Municipality, some of the main

shops were Hardware's, clothing and furniture stores. Some banks and ATMs were also looted.

- Fortunately, most of the informal trades stock were not looted, there were no grumbles about the looting of their stock. However, they were highly affected on their trade since they could not sell almost for the whole week. There was no access to hard cash since the ATMs were not functional.
- Fuel availability came to a stand still
  - The list of affected shops revealed 39 Tugela ferry shops, 02 Keates Drift shops and 13 Pomeroy shops were looted.

#### 4.3.9 LEGAL REPORT FOR YEAR 2021/2022

The report details uMsinga Municipality's legal status as at 30 June 2022. The provided cases include matters where the municipality is being taken to court and others where the municipality seeks legal justice. Further to this, the report provides information on the outcome of hearings where employees were charged as per the Code of Conduct. The legal matters will be categorized on the following Sections:

- Matters currently at SALGBC/ARBITRATION.
- Matters currently at MAGISTRATES COURT.
- Matters currently with Legal Team.

##### 4.3.9.1 The Appointed Panel of Advisors

USER GROUP	CONTACT PERSON	CONTACT NO	STATUS	NO OF FILES
Shepstone & Wylie Inc.	A. Zwane	031 302 0862 082 577 1026 <a href="mailto:nkosi@wylie.co.za">nkosi@wylie.co.za</a>	Pending	4
Garlicke and Bousfield Inc.	Phila Magwaza	031 570 5572 083 637 1870 <a href="mailto:phila.magwaza@gb.co.za">phila.magwaza@gb.co.za</a>	Pending	3

USER GROUP	CONTACT PERSON	CONTACT NO	STATUS	NO OF FILES
Nexia SAB&T		Tel: (012) 682 8920 Fax: (012) 682 8924 E-mail: <a href="mailto:durban@nexia-sabt.co.za">durban@nexia-sabt.co.za</a>	Pending	1

#### 4.3.9.2 Status of All Cases

##### 4.3.9.2.1 Mbalenhle Mhlango vs uMsinga Local Municipality

The municipality is being sued by Mbalenhle Mhlango for an alleged accident that took place at eDrayeni area involving the waste department truck and a private vehicle in February 2021.

The plaintiff alleges that municipality's employee was in the wrong thus giving rise to this claim of R90 521,41 they incurred fixing the vehicle. The Municipality filed an intention to defend and further filed notice in terms of Court rule 23 requesting all invoices for the repair costs in respect of damage suffered as a result of collision.

The expenditure so far equals to R9 200.00

##### 4.3.9.2.2 uMsinga Municipality vs Sqothu Enterprise

The Municipality has filed a court application for a non-delivery of a truck by Sqothu Enterprise. The service provider was appointed to deliver two trucks after all the SCM regulations were complied with.

However, despite all the engagements made, the service provider only delivered one truck thus rendering work incomplete and in violation of service level agreement.

The expenditure so far equals to R10 400.00

#### **4.3.9.2.3 Hlela vs uMsinga Municipality**

The municipality is represented by Shepstone & Wylie Incorporated. The plaintiff Mr. Hlela, was traveling from Greytown via R33 when a pothole caused a damage to his vehicle. He alleges that the damage he suffered is a result of the municipality's failure to repair the road. Therefore, he is suing municipality for all the cost he suffered repairing his vehicle. The municipality defended the matter by drafting a plea informing him of 'Miss joinder' advising him that he should be suing the department of transport instead. The Plaintiff filed for a condonation which we as defendants did not agree to given the quantum claimed by the Plaintiff, we are taking a slow approach to reduce litigations costs.

In the process proceeding to bring this case to a close, rule 23 notice has been drafted which is a notice that requires the other party to produce documents they rely upon in their cause of action.

July 2021 - Twenty (20) working days afforded to the plaintiff according to Rule23 has lapsed, clearly illustrating they have no documents they intend relying on.

August 2022 - Matter is pending. The expenditure so far equals to R13 487.20

#### **4.3.9.2.4 PRESTPROPS 1057 CC vs uMSINGA MUNICIPALITY**

Current Status: Arbitration has been postponed.

The municipality is represented by *Garlicke and Bousfield Incorporated*. The matter concerns the former Chief Financial Officer of the municipality, who is suing for breach of contract. He disputes that the Municipality did not act according to the law when they cancelled his contract. There was a pre-arbitration meeting with the representatives of Prestprops, where the following was confirmed: The appointment of Adv WAJ Nicholson as the arbitrator and Dates for

the filing of pleadings (2 December 2019). Prestprops filed their statement of claim and we also instructed Advocate Broster S.C. to draft answering statements on our behalf.

Prestprops representatives Venns Attorneys sent further emails on the 24th December 2020 with supporting papers, both parties are waiting for the arbitration date to be decided soon.

July 2021 - There was an exchange of affidavits on 20 May 2021 in relation to Interlocutory applications made by the plaintiff.

March 2022 - The arbitration was set down for 25 and 26 April 2022. The arbitration convened with arguments on formalities of the case which led to Arbitrator postponing the case to July 2022, allowing both parties to amend their heads of arguments.

August 2022 - The date is yet to be set for arbitration to reconvene

#### **4.3.9.2.5 Steyns Chartered Accountants Incorporated vs uMsinga Municipality**

Current Status: We are awaiting for the court to issue us with a date for the trial.

The municipality is represented by *Shepstone & Wylie Incorporated*. Matter is at Magistrate Court. Steyn is a former Internal Auditor suing the municipality for damages in the amount of R 211 140.00 as a result of the municipality's cancelation of a service agreement. The cancellation is a result of an audit query raised by the Auditor-General. The municipality has defended the action by filing pleas and we further received Defendant's Reply to our plea. We are now attending to the Pre-Trial stages. The Plaintiff had been placed on notice to deliver their discovery affidavit. After the Plaintiff's failure to submit discovery affidavit, we proceeded with the application to compel discovery. The Plaintiff did submit the required affidavits, and

after they have submitted their supporting document, we shall then apply for court dates.

Parties held a pre-trial conference virtually. It was agreed that the parties would proceed with filing a minute and apply for a trial date. The municipality is in the process of filing a written response to the plaintiff's pre-trial agenda. Post virtual meeting, It has been agreed that the plaintiff shall make an application for arbitration date. During the proceeding, each party shall be allowed not more than two witnesses. It was agreed that the matter shall be heard before an arbitrator and not the court to avoid litigation costs.

*September 2021* - Matter set down for arguing of the Special plea on 12 November 2021.

*December 2021* - Matter set down to 25 March 2022 for trial.

*March 2022* - During trial, the plaintiff suggested amendment with the Magistrate granting such amendment leading to postponement of the matter. However, the Magistrate granted costs in the Municipality's favour, together with costs of counsel, on the basis that the amendment was done at the last minute. The matter was postponed.

*August 2022* - waiting for the court to issue us with a date for the trial. The expenditure so far equals to R246 923.50

#### **4.3.9.2.6 uMsinga Municipality vs Mpandla Trading CC**

The municipality is represented by *Shepstone & Wylie Incorporated* in the High Court. The municipality erroneously paid an amount of R 1 295 723.23 to a service provider. An application for an order of unjustified enrichment against the service provider was made, pages were drawn up and papers issued.

The matter was set down in court on 13 March 2020 where it was heard and granted in favour of the Municipality with costs (Including legal Costs). The warrant of execution against property has been sent to the Durban High court for issuing however given the current safety regulations in place, processes or the issuing of documents at court has taken longer than usual.

In September 2020, we executed against Mpandla trading, being the first respondent and the second respondent Mr. Radebe by attaching the bank account the Municipality initially paid the monies into. The result of this is that the Respondents cannot withdraw any more monies from that account however we await feedback from the bank as to how much is left in the account. In January 2021, the respondent could not be located at his home address. The tracing agent is to be appointed to verify the whereabouts

*July 2021* - The sheriff's return and or report shows that 'Mpandla trading CC' as an entity has ceased trading. The municipality is on the process of re-issuing the tracing agent with the new instructions bearing the latest discovered address of the second debtor who was the managing director of the company.

*September 2021* - Re-issuing the tracing agent with the new instructions

*December 2021* - Application made to the High Court for attachment of movables. Further, Letter of instructions sent to Mtubatuba sheriff to attach and remove vehicles.

*August 2022* - The return of service by the sheriff was unable to make an attachment on the vehicles and Stand 637 Mtubatuba was found to be a vacant lot. The expenditure so far equals to R99 465.53.

#### **4.3.9.2.7 Financial Misconduct Investigation**

Current Status: Case has been postponed indefinitely.

This investigation was handled by Nexia SAB&T an accounting, Audit and Consulting services firm. This matter is also with the SAPS under case number 129/07/2019. This investigation looked to uncover whether series of payments that took place amounted to fraudulent acts or not.

The report was tabled to Municipal Council and thus adopted on 30 June 2020. It has then been submitted to Auditor-General, Treasury and Cogta as per MFMA legislation and Section 106 of the Municipal Systems Act.

August 2022 - Mrs. and Mr. Timol were arrested on the above allegations where they appeared before the serious commercial crime court in Pietermaritzburg. Mrs. Timol was released on R5000 bail and Mr. Timol on warning. The matter was postponed indefinitely.

#### 4.3.9.2.8 Repossession of Erven

Current Status: completion and phasing out of project.

The municipality is represented by Shepstone & Wylie Incorporated. This matter involves the development of Pomeroy area. Shepstone & Wylie is appointed to see through the legal the process and ensure compliance with legislations.

In September, an addendum was drafted and sent to Dewanig's attorneys reflecting the revised dates of completion, we therefore await response as to whether their client is happy with the revised addendum to the Sale Agreement and, if so, to sign same and return it to us for signing by a representative of the Municipality.

July 2021 - The municipality is waiting to sign final paper and addendum in relation to the project. The overall costs since the filed was opened is at R393 348.20.

The above is aligned to the contingent liabilities depicted in note 32 of the AFS 2021/22

A graphic representation of a table of contents, consisting of seven horizontal bars stacked vertically. Each bar contains a chapter title. The bars are white with a slight shadow and are set against a light blue background. The titles are: CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY, CHAPTER 2: GOVERNANCE, CHAPTER 3: THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - SDBIP, CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE, CHAPTER 5: FINANCIAL PERFORMANCE (highlighted in red), CHAPTER 6: AUDITOR GENERAL FINDINGS, and APPENDICES.

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY
CHAPTER 2: GOVERNANCE
CHAPTER 3: THE SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN - SDBIP
CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE
CHAPTER 5: FINANCIAL PERFORMANCE
CHAPTER 6: AUDITOR GENERAL FINDINGS
APPENDICES



## CHAPTER 5: FINANCIAL PERFORMANCE

### 5.1 ANALYSIS OF FINANCIAL STATEMENTS

The management of Municipal finances involve both strategic and operational component. Strategically, the finances must be managed to accommodate fluctuations in the economy and the resulting changes in costs and revenues. Operationally, the Municipality must put in place clear financial goals, policies, and tools to implement its strategic plan. It must be noted that not all Municipalities are the same and this should be kept in mind when assessing the financial health of, and the setting of benchmarks for a Municipality.

The Annual Financial Statements submitted have been prepared in accordance with the Standard of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standard Board.

The Municipality is predominantly rural with high levels of unemployment and poverty. This makes it very difficult for the Municipality to be able to generate its own revenue from rendering Municipal services. Most of the land within uMsinga belongs to Ingonyama Trust. As per the Cooperative Governance Traditional Affairs circular all Municipalities (including low-capacity Municipalities) were to implement the Property Rates Act.

The equitable share grant has made a huge impact by going down by R27 million in 2021-2022 compared to the previous year 2020/2021. This budget cut was also stated in the MFMA Budget Circular that more focus will be in infrastructure development and health care service. Billing on property rates is not expected to change in the next year. There is a strong bias that this revenue stream will remain around the current budget. This is also true with other revenue streams.

#### 5.1.1 SURPLUS

uMsinga Municipality experienced surplus for the year of R10 334 665 for the 2021/2022 financial year compared to R43 570 340 in the 2020/21 financial year.

KZN244 Msinga - Table B5 Adjustments Capital Expenditure Budget by vote and funding -

Description	Ref	2021/22									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		

Capital single-year expenditure sub-total		68,452	64,451	--	--	--	--	11,234	11,234	75,684	63,110	66,144
<b>Total Capital Expenditure - Vote</b>		<b>68,452</b>	<b>64,451</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11,234</b>	<b>11,234</b>	<b>75,684</b>	<b>63,110</b>	<b>66,144</b>
<b>Capital Expenditure - Functional</b>												
<b>Governance and administration</b>		13,579	14,161	--	--	--	(0)	(0)	(0)	14,161	18,210	19,303
Executive and council		153	30	--	--	--	(0)	(0)	(0)	30	56	60
Finance and administration		13,426	14,131	--	--	--	(0)	(0)	(0)	14,131	18,154	19,243
Internal audit		--	--	--	--	--	--	--	--	--	--	--
<b>Community and public safety</b>		10,203	9,098	--	--	--	2,080	2,080	2,080	11,178	17,461	18,508
Community and social services		1,970	2,303	--	--	--	80	80	80	2,383	1,685	1,787
Sport and recreation		2,671	3,035	--	--	--	2,000	2,000	2,000	5,035	10,675	11,315
Public safety		5,562	3,760	--	--	--	(0)	(0)	(0)	3,760	5,101	5,407
Housing		--	--	--	--	--	--	--	--	--	--	--
Health		--	--	--	--	--	--	--	--	--	--	--
<b>Economic and environmental services</b>		41,191	38,222	--	--	--	9,154	9,154	9,154	47,376	25,991	26,811
Planning and development		3,750	3,523	--	--	--	(0)	(0)	(0)	3,523	1,680	1,781
Road transport		37,441	34,699	--	--	--	9,154	9,154	9,154	43,853	24,311	25,030
Environmental protection		--	--	--	--	--	--	--	--	--	--	--
<b>Trading services</b>		3,479	2,970	--	--	--	(0)	(0)	(0)	2,970	1,448	1,522
Energy sources		1,400	1,400	--	--	--	--	--	--	1,400	388	399
Water management		--	--	--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--	--	--
Waste management		2,079	1,570	--	--	--	(0)	(0)	(0)	1,570	1,060	1,124
<b>Other</b>		--	--	--	--	--	--	--	--	--	--	--
<b>Total Capital Expenditure - Functional</b>	3	<b>68,452</b>	<b>64,451</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>11,234</b>	<b>11,234</b>	<b>75,684</b>	<b>63,110</b>	<b>66,144</b>
<b>Funded by:</b>												
National Government		39,412	37,902	--	--	--	9,000	9,000	9,000	46,902	42,413	44,206
Provincial Government		--	--	--	--	--	--	--	--	--	--	--
District Municipality		--	--	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		--	--	--	--	--	--	--	--	--	--	--
<b>Transfers recognised - capital</b>	4	<b>39,412</b>	<b>37,902</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>46,902</b>	<b>42,413</b>	<b>44,206</b>
Borrowing		--	--	--	--	--	--	--	--	--	--	--
Internally generated funds		29,040	25,087	--	--	--	80	80	80	25,167	20,697	21,938
<b>Total Capital Funding</b>		<b>68,452</b>	<b>62,989</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9,080</b>	<b>9,080</b>	<b>9,080</b>	<b>72,069</b>	<b>63,110</b>	<b>66,144</b>

**References**

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
3. Capital expenditure by standard classification must reconcile to the appropriations by vote.
4. Must reconcile to supporting table SB7 and to Adjustments Budget Financial Performance (revenue and expenditure).
5. Only complete if a previous adjusted budget has been approved in the same financial year. Reflect most recent adjusted budget.
6. Additional cash-backed accumulated funds/unspent funds (MFMA section 18(1)(b) and section 28(2)(e)) identified after the Original Budget approved and after annual financial statements audited (note: only where underspending could not reasonably be expected).
7. Increases of funds approved under MFMA section 31.
8. Adjustments approved in accordance with MFMA section 29.

## 5.1.2 OPERATING PROFIT

In performing financial statement analysis, we reviewed the past financial statements of uMzinga Municipality and the supporting schedules. We particularly focused on the liquidity of the Municipality and its ability to generate cash as well as the firm's access to credit facilities.

### 5.1.3 WORKING CAPITAL

The Net working capital or working capital is defined as current assets minus current liabilities. It is a measure of both a company's efficiency and its short-term financial health or status.

- The budget for uMsinga Municipality indicates that its planned financial performance is well funded compared to the previous years and which is a good sign.
- However, we have noted as the Municipality that, some of the income items such as rates and interest will have some difficulties to achieve the set target. The reason being the debtor's collection rate is very poor.
- The operational expenditure is also well managed as per cost-containment measures adopted by the Council. However, more detailed checking still needs to be done.
- The Municipality will once again have the opportunity to adjust the budget at midyear should things not go according to plan.
- The Municipality 's employee-related cost is growing each year, and which brings some concerns.

#### 5.1.4.1 Revenue Narrative

The Municipality is predominantly rural with high levels of unemployment and poverty. This makes it very difficult for the Municipality to be able to generate its own revenue from rendering Municipal services. Most of the land within uMsinga belongs to Ingonyama Trust. As per the Cooperative Governance Traditional Affairs circular all Municipalities (including low-capacity Municipalities) were to implement the Property Rates Act.

Billing on property rates is not expected to change in the next year. There is a strong bias that this revenue stream will remain around the current budget. This is also true with other revenue streams. The municipality has entered an arrangement with ESKOM for construction of powerlines for the areas within area of the municipality. The municipality is an agent to the transaction as all the powerlines are handed over back to ESKOM upon completion. Eskom would determine the specifications and approve the designs before construction. The project would be inspected by Eskom upon completion before it can be handed over. The Municipality has responsibility to appoint the contractor and/or service provider that is registered with ESKOM. The arrangement would improve the lives of the local communities. Thus, the grant is not recognised as revenue.

KZN244 Msinga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -

Description	Ref	2021/22									Budget Year 2022/23	Budget Year 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	18,617	18,617	-	-	-	-	(0)	(0)	18,617	19,399	20,253
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	539	539	-	-	-	-	-	-	539	562	587
Rental of facilities and equipment		600	600					(0)	(0)	600	625	653
Interest earned - external investments		4,000	4,800					(0)	(0)	4,800	4,178	4,324
Interest earned - outstanding debtors		-	-					-	-	-	-	-
Dividends received		-	-					-	-	-	-	-
Fines, penalties and forfeits		-	400					-	-	400	-	-
Licences and permits		-	-					-	-	-	-	-
Agency services		-	-					-	-	-	-	-
Transfers and subsidies		194,017	195,988					12,000	12,000	207,988	207,725	203,624
Other revenue	2	24,450	24,450	-	-	-	-	(0)	(0)	24,450	539	578
Gains		-	-					-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>242,224</b>	<b>245,394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000</b>	<b>12,000</b>	<b>257,394</b>	<b>233,028</b>	<b>230,019</b>

TABLE 25: CAPITAL EXPENDITURE 2021-2022

Capital Expenditure														
Vote Description														
R thousand	Budget Year 2021/22	July	August	September	October	November	December	January	February	March	April	May	June	Total
Capital Expenditure - Functional														
<i>Governance and administration</i>	13 579	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	1 132	13 579
Executive and Council	153	13	13	13	13	13	13	13	13	13	13	13	13	153
Finance and administration	13 426	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	1 119	13 426
Internal audit	-													-
<i>Community and public safety</i>	10 204	850	850	850	850	850	850	850	850	850	850	850	850	10 204
Community and social services	1 970	164	164	164	164	164	164	164	164	164	164	164	164	1 970
Sport and recreation	2 672	223	223	223	223	223	223	223	223	223	223	223	223	2 672
Public safety	5 562	463	463	463	463	463	463	463	463	463	463	463	463	5 562
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	41 191	3 433	3 433	3 433	3 433	3 433	3 433	3 433	3 433	3 433	3 433	3 433	3 433	41 191
Planning and development	3 750	313	313	313	313	313	313	313	313	313	313	313	313	3 750
Road transport	37 441	3 120	3 120	3 120	3 120	3 120	3 120	3 120	3 120	3 120	3 120	3 120	3 120	37 441
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading services	3 479	290	290	290	290	290	290	290	290	290	290	290	290	3 479
Energy sources	1 400	117	117	117	117	117	117	117	117	117	117	117	117	1 400
Water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wastewater management	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Waste management	2 079	173	173	173	173	173	173	173	173	173	173	173	173	2 079
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	68 453	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	68 453
Funded by:														
National Government	39 412	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	39 412
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KZN244 UMsinga - Table A4 Budgeted Financial Performance (revenue and expenditure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised capital	39 412	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	39 412
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	29 041	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	29 041
Total Capital Funding	68 453	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	5 704	68 453

TABLE 26: BUDGETED FINANCIAL PERFORMANCE (REVENUE)

**KZN244 Msinga - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -**

Description	Ref	2021/22									Budget Year	Budget Year
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
<b>Revenue By Source</b>												
Property rates	2	18,617	18,617	-	-	-	-	(0)	(0)	18,617	19,399	20,253
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	539	539	-	-	-	-	-	-	539	562	587
Rental of facilities and equipment		600	600					(0)	(0)	600	625	653
Interest earned - external investments		4,000	4,800					(0)	(0)	4,800	4,178	4,324
Interest earned - outstanding debtors		-	-					-	-	-	-	-
Dividends received		-	-					-	-	-	-	-
Fines, penalties and forfeits		-	400					-	-	400	-	-
Licences and permits		-	-					-	-	-	-	-
Agency services		-	-					-	-	-	-	-
Transfers and subsidies		194,017	195,988					12,000	12,000	207,988	207,725	203,624
Other revenue	2	24,450	24,450	-	-	-	-	(0)	(0)	24,450	539	578
Gains		-	-					-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>242,224</b>	<b>245,394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,000</b>	<b>12,000</b>	<b>257,394</b>	<b>233,028</b>	<b>230,019</b>

TABLE 27: REVENUE MONTHLY PROJECTIONS

KZN244 MSINGA - TABLE A4 BUDGETED FINANCIAL PERFORMANCE (REVENUE MONTHLY PROJECTIONS)																
Description																
R thousand	Budget Year 2021/22	Adjustment	Adjusted Budget	July	August	September	October	November	December	January	February	March	April	May	June	Total
<u>Revenue By Source</u>																
Property rates	18 617	-	18 617	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	18 617
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	539	-	539	45	45	45	45	45	45	45	45	45	45	45	45	539
				-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment	600	-	600	50	50	50	50	50	50	50	50	50	50	50	50	600
Interest earned - external investments	4 000	800	4 800	333	333	333	333	333	333	333	333	333	333	333	333	4 800
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	400	-	-	-	-	-	-	-	-	-	-	-	-	400
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	194 017	12 000	207 988	17 332	17 332	17 332	17 332	17 332	17 332	17 332	17 332	17 332	17 332	17 332	17 332	207 988
Other revenue	24 450			2 038	2 038	2 038	2 038	2 038	2 038	2 038	2 038	2 038	2 038	2 038	2 038	24 450
Gains	-			-	-	-	-	-	-	-	-	-	-	-	-	-



Total Revenue (excluding capital transfers and contributions)	242 224	12 800	257 394	20 185	20 185	20 185	20 185	20 185	20 185	20 185	20 185	20 185	20 185	20 185	20 185	257 394
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	39 412	9 000	48 412	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	3 284	48 412
Total Revenue	281 636			23 470	23 470	23 470	23 470	23 470	23 470	23 470	23 470	23 470	23 470	23 470	23 470	305 806

### 5.1.3.2 Expenditure Statement

The Municipality had set aside funds to drive the infrastructure development plan through development of access roads and sports fields. 100% of these projects are funded by MIG. MIG allocation for 2021/2022 was R48 412 000, an increase from R36 733 000 in the previous year 2020/2021.

<u>Capital Expenditure</u>															
Vote Description															
R thousand	Budget Year 2021/22	July	August	September	October	November	December	January	February	March	April	May	June	Total	
<u>Capital Expenditure - Functional</u>															
Governance and administration	14 161	1 180	1 180	1 180	1 180	1 180	1 180	1 180	1 180	1 180	1 180	1 180	1 180	14 161	
Executive and council	30	3	3	3	3	3	3	3	3	3	3	3	3	30	
Finance and administration	14 131	1 178	1 178	1 178	1 178	1 178	1 178	1 178	1 178	1 178	1 178	1 178	1 178	14 131	
Internal audit	-													-	
Community and public safety	11 178	932	932	932	932	932	932	932	932	932	932	932	932	11 178	
Community and social services	2 383	199	199	199	199	199	199	199	199	199	199	199	199	2 383	
Sport and recreation	5 035	420	420	420	420	420	420	420	420	420	420	420	420	5 035	
Public safety	3 760	313	313	313	313	313	313	313	313	313	313	313	313	3 760	
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	47 376	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	3 948	47 376
Planning and development	3 523	294	294	294	294	294	294	294	294	294	294	294	294	3 523
Road transport	43 853	3 654	3 654	3 654	3 654	3 654	3 654	3 654	3 654	3 654	3 654	3 654	3 654	43 853
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	2 970	248	248	248	248	248	248	248	248	248	248	248	248	2 970
Energy sources	1 400	117	117	117	117	117	117	117	117	117	117	117	117	1 400
Water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management	1 570	131	131	131	131	131	131	131	131	131	131	131	131	1 570
<i>Other</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	75 685	6 307	6 307	6 307	6 307	6 307	6 307	6 307	6 307	6 307	6 307	6 307	6 307	75 685
<u>Funded by:</u>														
National Government	46 902	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	46 902
Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
KZN244 Msinga - Table A4 Budgeted Financial Performance (revenue and expenditure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	46 902	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	3 909	46 902
			-	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	29 041	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	29 041
Total Capital Funding	75 943	6 329	6 329	6 329	6 329	6 329	6 329	6 329	6 329	6 329	6 329	6 329	6 329	75 943

- The Municipality has set aside funds to drive the infrastructure development plan through developments of access roads and sports fields. 100 percent of these projects are funded by MIG.
- MIG for 2021/2022 has increased by R3 million compared to the 2020/2021 allocation of R39.9 million. This has given some limited relief to the infrastructure plan after a huge cut in the Equitable Share grant.

KZN244 MSINGA - TABLE A4 BUDGETED FINANCIAL PERFORMANCE (MONTHLY PROJECTION EXPENDITURE)																
DESCRIPTION																
R THOUSAND	BUDGET YEAR 2021/22	ADJUSTMENT	ADJUSTED BUDGET	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	TOTAL
<i>Expenditure By Type</i>																
Employee related costs	81 077	1 269	82 346	6 756	6 756	6 756	6 756	6 756	6 756	6 756	6 756	6 756	6 756	6 756	6 756	82 346
Remuneration of councillors	12 897	500	13 397	1 075	1 075	1 075	1 075	1 075	1 075	1 075	1 075	1 075	1 075	1 075	1 075	13 397
Debt impairment	1 000	–	1 000	83	83	83	83	83	83	83	83	83	83	83	83	1 000
Depreciation & asset impairment	23 798	–	23 648	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	1 983	23 648
Finance charges	739	–	739	62	62	62	62	62	62	62	62	62	62	62	62	739
Bulk purchases - electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed	31 109	–	(3 180)	2 592	2 592	2 592	2 592	2 592	2 592	2 592	2 592	2 592	2 592	2 592	2 592	(3 180)
Contracted services	65 083	12 930	77 083	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	5 424	77 083
Transfers and subsidies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other expenditure	45 442	1 252	50 000	3 787	3 787	3 787	3 787	3 787	3 787	3 787	3 787	3 787	3 787	3 787	3 787	50 000
Losses	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure	261 146	15 951	245 033	21 762	21 762	21 762	21 762	21 762	21 762	21 762	21 762	21 762	21 762	21 762	21 762	245 033

### 5.1.4 GRANTS

As per the table below, the fiscal constraints faced by national government have had had drastic spill over effects to local government nationwide. The financial burden amplified by slow economic growth and low levels of employment has led to unprecedented outcomes to the

allocation of scarce resources to Local government. The fourth column on the above table shows the extent of decrease in municipal transfers and subsidies.

GRANT ALLOCATIONS	Ref	2021/22	Grant allocations Budget	Grant allocations Budget	Grant allocations Budget
		Pre-Audit	2022/23	2023/24	2024/25
R thousands					
<b>EXPENDITURE</b>					
<u>Operating expenditure of Transfers and Grants</u>	1				
National Government:		204 789 000,00	231 810 700,00	243 443 785,00	253 436 320,00
Local Government Equitable Share		182 530 000,00	206 533 000,00	219 494 000,00	233 769 000,00
Integrated National Electrification Programme		16 420 000,00	16 440 000,00	20 000 000,00	14 629 000,00
Finance Management		1 850 000,00	1 850 000,00	1 850 000,00	1 850 000,00
EPWP Incentive		3 989 000,00	4 867 000,00	-	998 000,00
PMU 5% Top Slice Grant (MIG)		1 872 070,00	2 120 700,00	2 099 785,00	2 190 320,00
Total National Allocations		204 789 000,00	231 810 700,00	241 344 000,00	251 246 000,00
<u>Operating expenditure of Transfers and Grants</u>	2				
Provincial Government		Budget Year 2020/21	2022/23	2023/24	2024/25
Provincial Government		1 228 000,00	1 789 000,00	3 789 000,00	4 096 000,00
Library Grant		1 228 000,00	1 289 000,00	1 289 000,00	2 096 000,00
Informal Trader Stalls Grant Second Allocations			500 000,00	2 500 000,00	2 000 000,00
<i>Total Operational Transfers</i>		206 017 000,00	233 599 700,00	245 133 000,00	255 342 000,00
<u>Capital expenditure of Transfers and Grants</u>	3	Budget Year 2021/22	2022/23	2023/24	2024/25
National Government:		37 441 400,00	40 293 300,00	41 995 700,00	43 806 400,00
Municipal Infrastructure Grant (MIG)		37 441 400,00	40 293 300,00	41 995 700,00	43 806 400,00
Total capital expenditure of Transfers and Grants		37 441 400,00	40 293 300,00	41 995 700,00	43 806 400,00
<b>TOTAL TRANSFERS AND GRANTS RECEIVED</b>		243 458 400,00	273 893 000,00	287 128 700,00	299 148 400,00

The table below presents National Government allocations allocated to uMsinga Municipality for the period of 2021/2022 financial year.

2021/22 UMSINGA MUNICIPAL GRANTS AND SUBSIDIES SCHEDULE						
Details	Rolled Over 2020	Allocation as per (Dora)	Received During the year	Expenditure	Grant Recognised as revenue	Unspent
		R	R			R
Municipal Infrastructure Grant (MIG)		48 412 000,00	48 412 000,00	-48 412 000,00	-48 412 000,00	-
Financial Management Grant (FMG)		1 850 000,00	1 850 000,00	-1 850 000,00	-1 850 000,00	-
Library Grant		1 228 000,00	1 228 000,00	-1 228 000,00	-1 228 000,00	-
Integrated National Electrification Programme (INEP)		16 420 000,00	16 420 000,00	-16 420 000,00		-
EPWP		3 989 000,00	3 989 000,00	-3 989 000,00	-3 989 000,00	-
EQS		182 530 000,00	182 530 000,00	-182 530 000,00	-182 530 000,00	-
Cogta SPLUMA Grant	230 766,00		-	-141 976,25	-141 976,25	88 789,75
Construction of Shelters Grant	559 273					559 273,00
TOTALS		254 429 000,00	254 429 000,00	-254 570 976,25	-238 150 976,25	648 062,75

### 5.1.5 INVESTMENT REGISTER

uMzinga Local Municipality												
LIST OF INVESTMENT ACCOUNTS AS AT 30 June 2022												
Financial Institution	Type of Investment	Account Number	Start Date	Maturity Date	Interest Rate	Balance as at 01 June 2022	Investment Made during June	Interest	Cash Deposit fees/ Bank Charges/ Maintenance fees	Transfer	Withdrawals	Balance as at 30 June 2022
FNB	Fixed	74820036652	30/07/2019	2022/07/08	4,15%	17,069,878.76		70,439.66				17,140,318.42
FNB	Fixed	62499591777	30/07/2019	2022/07/30	4.90%	1,392,591.24		3,611.20				1,396,202.44
FNB	Fixed	74879243662	10/12/2020	2022/06/09	4.15%	10,598,716.12		42,307.75			- 10,641,023.87	-

Nedbank	Fixed Deposit	37881164492/011	2022/03/22	2022/06/21	5.00%	10,097,260.27		27,397.26			- 10,124,657.53	-
Nedbank	Call Account	37881164492/012	2022/03/23	Call Account	3.95%	10,082,257.17		36,351.28			- 10,118,608.28	0.17
Absa Bank	Fixed Deposit	2080318081	2022/03/24	2022/06/24	5.18%	10,099,343.36		31,221.92			- 10,130,564.38	0.90
FNB	Fixed Deposit	74928822747	20/12/2021	2022/07/24	4.36%	10,219,025.36		11,211.22				10,230,236.58
Standard Bank	Call Account	248875914-004	2022/03/23	Call Account	4.00%	10,081,910.37		39,360.88				10,121,271.25
						R 79,640,982.65	R -	R 261,901.17			-R 41,014,854.06	R 38,888,029.76

**ANNEXURE C: AUDITED ANNUAL FINANCIAL STATEMENTS (Pg 1 - 69)**



**uMzinga Local Municipality  
(Registration number KZN 244)  
Annual Financial Statements  
for the year ended 30 June 2022**



# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## General Information

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<b>Legal form of entity</b>	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996).
<b>Nature of business and principal activities</b>	The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
<b>Mayoral committee</b>	
Executive Mayor	Cllr. DM NDLOVU
Deputy Mayor	Cllr. TB MBATHA
Speaker	Cllr. SG MASIMULA
<b>Mayoral Committee Members</b>	
	Cllr. LB NTULI
	Cllr. SK RADEBE
	Cllr. TM NDLOVU
	Cllr. BP NGCOBO
	Cllr. N XABA
	Cllr. PAG NKALA
<b>Councillors</b>	
	Cllr. BE MVELASE
	Cllr. JB CHONCO
	Cllr. NM XIMBA
	Cllr. FF NDLOVU
	Cllr. F ZUMA
	Cllr. EM MDLULI
	Cllr. BK KHOZA
	Cllr. VS NDLOVU
	Cllr. M MASIKANE
	Cllr. SP LANGA
	Cllr. KJ MKHIZE
	Cllr. M NTSHAPHA
	Cllr. TNN SOKHELA
	Cllr. MN NDLOVU
	Cllr. ME MKHIZE
	Cllr. Z MCHUNU
	Cllr. B DUMAKUDE
	Cllr. MW SOKHELA
	Cllr. S ZONDI
	Cllr. TL KUNENE
	Cllr. S MAGUBANE
	Cllr. ME NGOBE
	Cllr. M BUTHELEZI
	Cllr. MS KHOZA
	Cllr. B MTHETHWA
	Cllr. T MNTUNGWA
	Cllr. TM MABASO
	Cllr. MMS MYEZA
	Cllr. BP MADONDO
	Cllr. ZE SHANGE
	Cllr. GB SIKHAKHANE
	Cllr. P DLADLA
<b>Traditional Leaders</b>	
	iNkosi. SW MTHEMBU
	iNkosi. NE MCHUNU
	iNkosi. ZD MAJOZI
	iNkosi. TDP MNTUNGWA
<b>Grading of local authority</b>	2
<b>Accounting Officer</b>	SL SOKHELA

# **uMsinga Local Municipality**

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## **General Information**

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<b>Chief Finance Officer (CFO)</b>	K SITHOLE (Acting as at the 1st June 2022) TM NENE (Resigned on the 31st of May 2022)
<b>Business address</b>	R 33 Main Road Tugela Ferry 3010
<b>Postal address</b>	Private Bag X530 Tugela Ferry 3010
<b>Phone number</b>	033 493 8000
<b>Website</b>	<a href="http://www.umsinga.gov.za">www.umsinga.gov.za</a>
<b>Bankers</b>	ABSA
<b>Auditors</b>	Auditor - General South Africa Registered Auditors
<b>Attorneys</b>	Garlicke and Bousfield

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Index

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

	<b>Page</b>
Accounting Officer's Responsibilities and Approval	4
Statement on Internal Financial Controls	5
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 11
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### Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

# **uMsinga Local Municipality**

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## **Accounting Officer's Responsibilities and Approval**

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

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

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

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

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

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

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

I certify that the salaries, allowances and benefits of Councillors as disclosed in the note titled Remuneration of Councillors of these Annual Financial Statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2022 and were signed on its behalf by:

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**SL Sokhela**  
**Accounting Officer**

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

	Notes	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	8	1 322 805	2 691 109
VAT receivable	9	3 386 185	2 559 822
Receivables from non-exchange transactions	10	5 475 019	4 076 714
Cash and cash equivalents	11	42 156 760	85 438 325
		<b>52 340 769</b>	<b>94 765 970</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	263 112 872	239 925 446
Intangible assets	4	5 367 600	417 227
Heritage assets	5	260 000	260 000
		<b>268 740 472</b>	<b>240 602 673</b>
<b>Total Assets</b>		<b>321 081 241</b>	<b>335 368 643</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	6	25 101 942	25 041 966
Unspent conditional grants and receipts	12	646 246	790 039
Provisions	13	941 843	941 843
		<b>26 690 031</b>	<b>26 773 848</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	7	1 305 000	1 051 000
Provisions	13	5 687 827	5 472 803
		<b>6 992 827</b>	<b>6 523 803</b>
<b>Total Liabilities</b>		<b>33 682 858</b>	<b>33 297 651</b>
<b>Net Assets</b>		<b>287 398 383</b>	<b>302 070 992</b>
Reserves			
Revaluation reserve		260 000	260 000
Accumulated surplus		287 138 383	301 810 992
<b>Total Net Assets</b>		<b>287 398 383</b>	<b>302 070 992</b>

\* See Note

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

	Notes	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	15	730 049	423 950
Rental of facilities and equipment	16	577 765	753 019
Other revenue	18	220 250	7 317 431
Interest received	19	4 762 087	4 779 180
<b>Total revenue from exchange transactions</b>		<b>6 290 151</b>	<b>13 273 580</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	20	19 490 681	18 020 722
<b>Transfer revenue</b>			
Government grants & subsidies	21	238 152 794	253 993 234
<b>Total revenue from non-exchange transactions</b>		<b>257 643 475</b>	<b>272 013 956</b>
<b>Total revenue</b>	14	<b>263 933 626</b>	<b>285 287 536</b>
<b>Expenditure</b>			
Employee related costs	22	(80 747 114)	(79 563 565)
Remuneration of councillors	23	(14 085 026)	(13 072 957)
Depreciation and amortisation	24	(32 395 066)	(29 531 410)
Finance costs	25	(328 024)	(268 221)
Lease rentals on operating lease	17	(962 552)	(994 610)
Bad debt written off		(400 708)	-
Contributions to allowance (Impairment)	8&10	(7 549 121)	(10 930 098)
Free basic services	28	(230 161)	(477 929)
Contracted services	29	(79 455 171)	(58 357 759)
General expenses	27	(62 037 621)	(48 051 419)
<b>Total expenditure</b>		<b>(278 190 564)</b>	<b>(241 247 968)</b>
<b>Surplus before actuarial gains</b>		<b>(14 256 938)</b>	<b>44 039 568</b>
Actuarial loss		(271 000)	(104 000)
<b>(Deficit) surplus for the year from continuing operations</b>		<b>(14 527 938)</b>	<b>43 935 568</b>
Loss on disposal of asset		(144 671)	(573 228)
<b>(Deficit) surplus for the year</b>		<b>(14 672 609)</b>	<b>43 362 340</b>

\* See Note

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
<b>Balance at 01 July 2020 restated</b>	<b>260 000</b>	<b>258 448 652</b>	<b>258 708 652</b>
Changes in net assets			
Surplus for the year as previously reported	-	43 362 340	43 362 340
Total changes	-	43 362 340	43 362 340
<b>Balance at 01 July 2021</b>	<b>260 000</b>	<b>301 810 992</b>	<b>302 070 992</b>
Changes in net assets			
Deficit for the year	-	(14 672 609)	(14 672 609)
Total changes	-	(14 672 609)	(14 672 609)
<b>Balance at 30 June 2022</b>	<b>260 000</b>	<b>287 138 383</b>	<b>287 398 383</b>

Notes

\* See Note

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates and refuse removal		16 405 027	7 670 558
Government grants & subsidies		254 572 794	266 474 000
Interest income		4 762 087	4 779 180
Other Income		220 250	295 765
Rentals		296 497	639 541
VAT Received		16 110 988	22 744 374
		<u>292 367 643</u>	<u>302 603 418</u>
<b>Payments</b>			
Employee costs and Councillors		(93 767 694)	(92 614 331)
Cash paid to suppliers		(161 377 949)	(129 303 582)
INEP Payment		(16 420 000)	(13 000 000)
		<u>(271 565 643)</u>	<u>(234 917 913)</u>
<b>Net cash flows from operating activities</b>	30	<b><u>20 802 000</u></b>	<b><u>67 685 505</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(58 768 748)	(42 337 493)
Proceeds from sale of property, plant and equipment	3	228 000	769 712
Purchase of other intangible assets	4	(5 322 569)	(104 824)
<b>Net cash flows from investing activities</b>		<b><u>(64 083 567)</u></b>	<b><u>(41 968 370)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b><u>(43 281 567)</u></b>	<b><u>26 015 380</u></b>
Cash and cash equivalents at the beginning of the year		85 438 325	59 422 945
<b>Cash and cash equivalents at the end of the year</b>	11	<b><u>42 156 760</u></b>	<b><u>85 438 325</u></b>

\* See Note



# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	539 000	-	539 000	730 049	191 049	43.a
Rental of facilities and equipment	600 000	-	600 000	577 765	(22 235)	
Other income	24 450 000	-	24 450 000	220 250	(24 229 750)	43.b
Interest received - investment	4 000 000	800 000	4 800 000	4 762 087	(37 913)	
Fines, Penalties and forfeits	-	400 000	400 000	-	(400 000)	43.c
<b>Total revenue from exchange transactions</b>	<b>29 589 000</b>	<b>1 200 000</b>	<b>30 789 000</b>	<b>6 290 151</b>	<b>(24 498 849)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	18 617 000	-	18 617 000	19 490 681	873 681	
<b>Transfer revenue</b>						
Government grants & subsidies	233 429 000	21 000 000	254 429 000	238 152 794	(16 276 206)	
<b>Total revenue from non-exchange transactions</b>	<b>252 046 000</b>	<b>21 000 000</b>	<b>273 046 000</b>	<b>257 643 475</b>	<b>(15 402 525)</b>	
<b>Total revenue</b>	<b>281 635 000</b>	<b>22 200 000</b>	<b>303 835 000</b>	<b>263 933 626</b>	<b>(39 901 374)</b>	
<b>Expenditure</b>						
Employee related costs	(81 076 986)	(1 268 797)	(82 345 783)	(80 747 114)	1 598 669	
Remuneration of councillors	(12 896 899)	(500 000)	(13 396 899)	(14 085 026)	(688 127)	
Depreciation and amortisation	(23 798 114)	150 000	(23 648 114)	(32 395 066)	(8 746 952)	43.d
Inventory consumed	3 963 000	(783 000)	3 180 000	-	(3 180 000)	
Finance costs	(739 320)	-	(739 320)	(328 024)	411 296	43.e
Lease rentals on operating lease	-	-	-	(962 552)	(962 552)	43.e
Bad Debt Written Off	-	-	-	(400 708)	(400 708)	43.f
Debt Impairment Contribution	(999 996)	-	(999 996)	(7 549 121)	(6 549 125)	43.e
Free basic services	-	-	-	(230 161)	(230 161)	43.e
Contracted Services	(64 153 000)	(12 930 000)	(77 083 000)	(79 455 171)	(2 372 171)	43.e
General Expenses	(48 748 000)	(1 252 000)	(50 000 000)	(62 037 621)	(12 037 621)	43.e
<b>Total expenditure</b>	<b>(228 449 315)</b>	<b>(16 583 797)</b>	<b>(245 033 112)</b>	<b>(278 190 564)</b>	<b>(33 157 452)</b>	
<b>Surplus for the year</b>	<b>53 185 685</b>	<b>5 616 203</b>	<b>58 801 888</b>	<b>(14 256 938)</b>	<b>(73 058 826)</b>	
Actuarial gains	-	-	-	(271 000)	(271 000)	
<b>Deficit for the year from continuing operations</b>	<b>53 185 685</b>	<b>5 616 203</b>	<b>58 801 888</b>	<b>(14 527 938)</b>	<b>(72 787 826)</b>	
Profit on disposal of assets	-	-	-	(144 671)	(144 671)	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>53 185 685</b>	<b>5 616 203</b>	<b>58 801 888</b>	<b>(14 672 609)</b>	<b>(72 932 497)</b>	

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Receivables from exchange transactions	18 922 000	(16 330 000)	<b>2 592 000</b>	1 322 805	<b>(1 269 195)</b>	
VAT receivable	-	-	-	69 163 602	<b>69 163 602</b>	
Consumer debtors	34 196 000	(6 159 000)	<b>28 037 000</b>	5 475 019	<b>(22 561 981)</b>	
Inventory	3 963 000	(783 000)	<b>3 180 000</b>	-	<b>(3 180 000)</b>	
Cash and cash equivalents	89 426 000	(50 326 000)	<b>39 100 000</b>	42 156 760	<b>3 056 760</b>	
	<b>146 507 000</b>	<b>(73 598 000)</b>	<b>72 909 000</b>	<b>118 118 186</b>	<b>45 209 186</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	555 547 000	(271 236 000)	<b>284 311 000</b>	263 112 872	<b>(21 198 128)</b>	
Intangible assets	17 091 000	(8 601 000)	<b>8 490 000</b>	5 367 600	<b>(3 122 400)</b>	
Heritage assets	-	-	-	260 000	<b>260 000</b>	
	<b>572 638 000</b>	<b>(279 837 000)</b>	<b>292 801 000</b>	<b>268 740 472</b>	<b>(24 060 528)</b>	
<b>Total Assets</b>	<b>719 145 000</b>	<b>(353 435 000)</b>	<b>365 710 000</b>	<b>386 858 658</b>	<b>21 148 658</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables from exchange transactions	(87 818 000)	113 628 000	<b>25 810 000</b>	25 101 946	<b>(708 054)</b>	
VAT payable	-	-	-	65 777 417	<b>65 777 417</b>	
Unspent conditional grants and receipts	-	-	-	646 246	<b>646 246</b>	
Provisions	(1 884 000)	2 826 000	<b>942 000</b>	941 843	<b>(157)</b>	
	<b>(89 702 000)</b>	<b>116 454 000</b>	<b>26 752 000</b>	<b>92 467 452</b>	<b>65 715 452</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	-	-	-	1 305 000	<b>1 305 000</b>	
Provisions	(11 949 000)	18 472 000	<b>6 523 000</b>	5 687 827	<b>(835 173)</b>	
	<b>(11 949 000)</b>	<b>18 472 000</b>	<b>6 523 000</b>	<b>6 992 827</b>	<b>469 827</b>	
<b>Total Liabilities</b>	<b>(101 651 000)</b>	<b>134 926 000</b>	<b>33 275 000</b>	<b>99 460 279</b>	<b>66 185 279</b>	
<b>Net Assets</b>	<b>820 796 000</b>	<b>(488 361 000)</b>	<b>332 435 000</b>	<b>287 398 379</b>	<b>(45 036 621)</b>	
<b>Reserves</b>						
Revaluation reserve	-	-	-	260 000	<b>260 000</b>	
Accumulated surplus	(543 172 000)	906 716 000	<b>363 544 000</b>	293 555 283	<b>(69 988 717)</b>	
<b>Total Net Assets</b>	<b>(543 172 000)</b>	<b>906 716 000</b>	<b>363 544 000</b>	<b>293 815 283</b>	<b>(69 728 717)</b>	

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Statement of Cash Flow</b>						
<b>Receipts</b>						
<b>Non Current Assets</b>						
Property rates and refuse removal	-	-	-	16 405 027	16 405 027	
Other income	25 450 000	-	25 450 000	220 250	(25 229 750)	
Grants	233 429 000	21 000 000	254 429 000	254 572 794	143 794	
Interest income	4 000 000	-	4 000 000	4 762 087	762 087	
Vat received	-	-	-	16 110 988	16 110 988	
Rentals	-	-	-	296 497	296 497	
	<b>262 879 000</b>	<b>21 000 000</b>	<b>283 879 000</b>	<b>292 367 643</b>	<b>8 488 643</b>	
<b>Payments</b>						
Employee and suppliers costs	-	-	-	(93 767 694)	(93 767 694)	
Suppliers	-	-	-	(161 377 949)	(161 377 949)	
INEP Payment	-	-	-	(16 420 000)	(16 420 000)	
	-	-	-	(271 565 643)	(271 565 643)	
<b>Net cash flows from operating activities</b>	<b>262 879 000</b>	<b>21 000 000</b>	<b>283 879 000</b>	<b>20 802 000</b>	<b>(263 077 000)</b>	
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(64 451 000)	(11 233 000)	(75 684 000)	(64 091 317)	11 592 683	
Proceeds from sale of property, plant and equipment	-	-	-	228 000	228 000	
<b>Net cash flows from investing activities</b>	<b>(64 451 000)</b>	<b>(11 233 000)</b>	<b>(75 684 000)</b>	<b>(64 083 567)</b>	<b>11 820 683</b>	
Cash and cash equivalents at the beginning of the year	131 792 000	(46 013 000)	85 779 000	85 438 325	(340 675)	
<b>Cash and cash equivalents at the end of the year</b>	<b>330 220 000</b>	<b>(36 246 000)</b>	<b>293 974 000</b>	<b>42 156 758</b>	<b>(251 596 992)</b>	

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

	2022	2021
Notes		
<b>1. Presentation of Annual Financial Statements</b>		
<p>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).</p> <p>These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.</p> <p>A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.</p> <p>These accounting policies are consistent with the previous period.</p>		
<b>1.1 Presentation currency</b>		
<p>These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.</p>		
<b>1.2 Going concern assumption</b>		
<p>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.</p>		
<b>1.3 Significant judgements and sources of estimation uncertainty</b>		
<p>In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:</p> <p><b>Impairment testing</b></p> <p>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.</p> <p><b>Provisions</b></p> <p>Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.</p> <p><b>Review of useful lives of property, plant and equipment and intangible assets</b></p> <p>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 include 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 refurbishmentst.</p> <p><b>Allowance for doubtful debts</b></p> <p>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).</p>		
<b>1.4 Property, plant and equipment</b>		
<p>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.</p>		

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### 1.4 Property, plant and equipment (continued)

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

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

Property, plant and equipment is initially measured at cost.

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 bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

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

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

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

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

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

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

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

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:

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Item	Depreciation method	Average useful life
Buildings	Straight-line	10-30 years

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### 1.4 Property, plant and equipment (continued)

Roads and pavings	Straight-line	10-30 years
Air conditioners	Straight-line	5 - 7 years
Furniture and fixtures	Straight-line	3 -10 years
Vehicles and tractors	Straight-line	3-10 years
Office equipment	Straight-line	3-10 years
IT equipment	Straight-line	3-5 years
Machinery and equipment	Straight-line	3-10 years
Radio	Straight-line	3-5 years
Electricity	Straight-line	5-25 years
Pedestrian Malls	Straight-line	10-30 years
Recreational facilities	Straight-line	5-10 years
Sewerage	Straight-line	20-30 years
Landfill site	Straight-line	21 years
Tools and loose gear	Straight-line	5 years
Water network	Straight-line	20 years

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

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

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

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

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

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

### 1.5 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.

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### 1.5 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Licenses	Straight-line	1-5 years

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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).

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### 1.6 Heritage assets

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

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

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

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

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 should initially be measured at cost or fair value. Where heritage assets are acquired for no cost or nominal cost, its cost should be measured at its fair value as at date of acquisition.

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.

Heritage assets are not depreciated.

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

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

### 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.



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## Accounting Policies

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### 1.6 Heritage assets (continued)

#### 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).

### 1.7 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.

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.

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### 1.7 Financial instruments (continued)

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of 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.

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.

#### Classification

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

<b>Class</b>	<b>Category</b>
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost

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

<b>Class</b>	<b>Category</b>
Finance leases	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Trade payables	Financial liability measured at amortised cost

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

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### 1.8 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.

#### Investments

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.

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### 1.8 Statutory receivables (continued)

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

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

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

### Derecognition

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

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

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.

### 1.9 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 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.

#### 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.

### 1.11 Impairment of cash-generating assets

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

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

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### 1.11 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

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

Useful life is either:

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

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

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

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

#### Value in use

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

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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### 1.11 Impairment of cash-generating assets (continued)

#### Recognition and measurement

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### 1.12 Employee benefits

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.13 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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

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

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

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

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

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

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.13 Provisions and contingencies (continued)

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

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

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

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

- financial difficulty of the debtor;
- 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.

### 1.14 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
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.15 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.



# uMsinga Local Municipality

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## Accounting Policies

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### 1.15 Revenue from exchange transactions (continued)

#### Measurement

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

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

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

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

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

#### Interest, royalties and dividends

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

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

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

# uMsinga Local Municipality

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## Accounting Policies

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### 1.16 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

#### Recognition

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

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

#### Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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

### 1.17 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. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.18 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 noncompliance 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.

### 1.19 Investment income

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

### 1.20 Accounting by principals and agents

#### Identification

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

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

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

#### Identifying whether an entity is a principal or an agent

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

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

#### Binding arrangement

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

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

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.20 Accounting by principals and agents (continued)

#### 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.

### 1.21 Comparative figures

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

### 1.22 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.

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.

### 1.23 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.

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Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.24 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 - Bearer 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..

### 1.25 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.

### 1.26 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 an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

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.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

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### 1.26 Budget information (continued)

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

### 1.27 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 those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

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

### 1.28 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.

### 1.29 Transitional provisions

#### Transitional provision for - GRAP 108

GRAP 108: Statutory receivables became effective in the year ended 30 June 2020. The Standard defines statutory receivables as receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The municipality has two classes of receivables that meet the criteria of statutory receivables, being property rates which are levied in terms of the Municipal Property Rates Act and traffic fines imposed in terms of the Criminal Procedure Act.

The accounting policy on debtors has not been changed in respect of the classification and measurement of statutory receivables since the municipality has opted to apply the transitional provisions of Directive 4 in terms of not changing the classification and measurement of the debtors while the full implications of compliance with GRAP 108 is still under review.

There are currently no statutory receivables classified and measured in accordance with GRAP 108. The impact of complying with GRAP 108 will be on the classification of debtors since statutory receivables will be disclosed separately on the financial statements.

The municipality has developed an accounting policy for statutory receivables, which is subject to approval by Council and will be implemented during the 2021/22 financial year after having reviewed the impact of the classification, measurement and disclosure in terms of the information currently provided to the various stakeholders.

# uMsinga Local Municipality

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2022

2021

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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 01 July 2022 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>	<b>Expected impact:</b>
<ul style="list-style-type: none"><li>GRAP 25 (as revised): Employee Benefits</li></ul>	01 January 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>Grap 103 Heritage Assets</li></ul>	01 January 2023	Impact is currently being assessed
<ul style="list-style-type: none"><li>Grap 104 Financial Instruments</li></ul>	01 January 2023	Impact is currently being assessed

## uMsinga Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

#### 3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	23 157 915	(10 648 549)	12 509 366	22 792 815	(9 710 230)	13 082 585
Plant and machinery	13 214 034	(11 052 880)	2 161 154	13 240 884	(10 522 905)	2 717 979
Furniture and fixtures	4 270 409	(2 930 967)	1 339 442	4 023 542	(2 420 100)	1 603 442
Motor vehicles	16 189 728	(11 917 686)	4 272 042	16 095 490	(10 572 936)	5 522 554
Office equipment	6 513 882	(4 037 216)	2 476 666	5 008 811	(3 385 819)	1 622 992
Infrastructure	332 119 838	(161 266 950)	170 852 888	300 048 932	(139 014 403)	161 034 529
Community Assets	85 791 833	(16 850 454)	68 941 379	69 982 260	(16 509 450)	53 472 810
Refuse dump	4 821 648	(4 261 713)	559 935	4 795 117	(3 926 562)	868 555
<b>Total</b>	<b>486 079 287</b>	<b>(222 966 415)</b>	<b>263 112 872</b>	<b>435 987 851</b>	<b>(196 062 405)</b>	<b>239 925 446</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Work in Progress	Disposals	Depreciation	Impairment loss	Total
Buildings	13 082 585	365 100	-	-	(938 319)	-	12 509 366
Plant and machinery	2 717 979	105 491	-	(70 310)	(592 006)	-	2 161 154
Furniture and fixtures	1 603 442	291 401	-	(16 665)	(538 736)	-	1 339 442
Motor vehicles	5 522 554	389 131	-	(8 869)	(1 630 774)	-	4 272 042
Office equipment	1 622 992	1 772 979	-	(14 508)	(904 797)	-	2 476 666
Infrastructure	161 034 529	19 629 111	12 338 096	(85 026)	(21 934 734)	(129 088)	170 852 888
Community Assets	53 472 810	5 456 403	15 209 227	(177 795)	(5 010 678)	(8 588)	68 941 379
Refuse dump	868 555	26 531	-	-	(335 151)	-	559 935
	<b>239 925 446</b>	<b>28 036 147</b>	<b>27 547 323</b>	<b>(373 173)</b>	<b>(31 885 195)</b>	<b>(137 676)</b>	<b>263 112 872</b>



## uMsinga Local Municipality

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### Notes to the Annual Financial Statements

Figures in Rand

#### 3. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Work in Progress	Disposals	Landfill site movement	Depreciation	Impairment loss	Total
Buildings	14 429 227	102 312	-	(480 784)	-	(968 170)	-	13 082 585
Plant and machinery	2 132 635	1 439 216	-	(42 971)	-	(810 901)	-	2 717 979
Furniture and fixtures	1 462 713	642 932	-	(47 902)	-	(454 301)	-	1 603 442
Motor vehicles	6 039 604	2 694 999	-	(789 499)	-	(2 422 550)	-	5 522 554
Office equipment	1 614 400	1 023 408	-	(17 865)	-	(996 951)	-	1 622 992
Infrastructure	160 270 493	2 875 727	18 180 959	(36 687)	-	(20 126 747)	(129 216)	161 034 529
Community Assets	41 537 307	5 993 502	8 852 997	(1 459)	-	(2 909 537)	-	53 472 810
Refuse dump	568 001	-	-	-	734 832	(434 278)	-	868 555
	<b>228 054 380</b>	<b>14 772 096</b>	<b>27 033 956</b>	<b>(1 417 167)</b>	<b>734 832</b>	<b>(29 123 435)</b>	<b>(129 216)</b>	<b>239 925 446</b>

##### Pledged as security

During the financial year ended 30 June 2022 it was noted that the municipality did not have any assets pledged as security:

##### Reconciliation of Work-in-Progress 2022

	Included within Infrastructure	Included within Community	Total
Opening balance	18 180 959	8 851 538	27 032 497
Additions/capital expenditure	32 032 235	16 613 283	48 645 518
Transferred to completed items	(37 875 098)	(10 255 594)	(48 130 692)
	<b>12 338 096</b>	<b>15 209 227</b>	<b>27 547 323</b>

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 3. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2021

	Included within Infrastructure	Included within Community	Total
Opening balance	10 265 631	18 007 583	28 273 214
Additions/capital expenditure	20 574 239	13 901 037	34 475 276
Transferred to completed items	(12 658 911)	(23 057 082)	(35 715 993)
	<b>18 180 959</b>	<b>8 851 538</b>	<b>27 032 497</b>

#### 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

Motor Vehicles	54 348	152 180
Buildings	2 049 534	2 969 242
Infrastructure	37 410 036	20 713 454
Plant and Machinery	4 390 589	6 877 645
Community Assets	1 023 399	-
Furniture and Fittings	-	478 858
	<b>44 927 906</b>	<b>31 191 379</b>

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## Notes to the Annual Financial Statements

Figures in Rand

### 4. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	5 545 822	(178 222)	5 367 600	2 180 793	(1 763 566)	417 227

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Intangible assets	417 227	5 322 569	(372 196)	5 367 600

#### Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Intangible assets	720 376	104 827	(407 976)	417 227

#### Pledged as security

During the financial year ended 30 June 2022 it was noted that the municipality did not have any intangible assets pledged as security.

### 5. Heritage assets

2022	2021
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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 5. Heritage assets (continued)

	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayors' Chain	260 000	-	260 000	260 000	-	260 000

### Reconciliation of heritage assets 2022

	Opening balance	Total
Mayors' Chain	260 000	260 000

### Reconciliation of heritage assets 2021

	Opening balance	Total
Mayors' Chain	260 000	260 000

### 6. Payables from exchange transactions

Trade payables	986 339	139 912
Payments received in advanced	3 653 846	2 792 404
Accrued leave pay	8 616 040	9 580 020
Employee Cost	-	5 767
KZN Department of Housing	5 934 932	5 934 932
Retention & Surety	5 910 785	6 588 931
	<b>25 101 942</b>	<b>25 041 966</b>

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## Notes to the Annual Financial Statements

	2022	2021
<b>7. Employee benefit obligations</b>		
<b>Defined benefit plan</b>		
<b>Carrying value</b>		
Opening Balance	1 051 000	847 000
Current Service Cost	143 000	117 000
Interest Cost	113 000	108 000
Benefit Payment	(273 000)	(125 000)
Actuarial (loss)/gain	271 000	104 000
	<b>(1 305 000)</b>	<b>(1 051 000)</b>
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	143 000	117 000
Interest cost	113 000	108 000
Benefit Payment	(273 000)	(125 000)
Actuarial (loss)/gain	271 000	105 000
	<b>254 000</b>	<b>205 000</b>

### Nature of Liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year of the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the calculated Accrued Liability.

The Accrued Liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. For example, if an employee is expected to have a working lifetime of 10 years, their accrued liability would increase by a 10th of their total liability each year.

The total liability represents the expected amount of awards offered to employees, which are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements and withdrawals from service as set out in the next section of this report.

### Valuation Method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

### Financial Variables

The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables:

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 7. Employee benefit obligations (continued)

#### Sensitivity Analysis

The valuation is only an estimate of the cost of providing Long service leave award benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables and the demographic profile of the membership. To illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following options:

- 20% increase/decrease in the assumed level of withdrawal rates.
- 1% increase/decrease in the normal salary cost inflation.

#### Valuation Assumption

In estimating the liability for long service leave benefits several assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

#### Long Service Awards Liabilities

Long service benefits are awarded in the form of several leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing future salary growth.

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements, and withdrawals from service.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

#### Valuation of Assets

As at the valuation date, the long service leave award liability of the municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

#### Discount Rate

We use the nominal and zero curve as at 30 June 2022 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 year.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

#### Normal Salary Inflation Rate

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) Inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2022 of 4,9%. The next salary increase was assumed to take place on 01 July 2023.

#### Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill health and early retirements.

#### Normal Retirement Age

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>7. Employee benefit obligations (continued)</b>		
The normal retirement age (NRA) for all active employees was assumed to be 65 years.		
<b>8. Receivables from exchange transactions</b>		
Accrued interest income	245 664	390 989
Building Deposit	300 000	300 000
Prepayments	39 415	-
Sundry Debtors (Rentals)	737 726	498 666
Truck Deposit	-	1 405 000
Unallocated debit orders	-	96 454
	<b>1 322 805</b>	<b>2 691 109</b>
<b>Trade and other receivables impaired - Truck Deposit</b>		
Truck Deposit	1 405 000	-
Impairment	(1 405 000)	-
	<b>-</b>	<b>-</b>
<b>Trade and other receivables impaired - Unallocated debit orders</b>		
Unallocated debit order	1 456 524	-
Impairment	(1 456 524)	-
	<b>-</b>	<b>-</b>
<b>Total receivables from exchange transactions</b>	<b>1 322 805</b>	<b>2 691 109</b>

### Trade and other receivables impaired

During the year ended 30 June 2021, an amount of R 1 405 000 was paid as a deposit for a truck to a supplier and as at 30 June 2022 the truck had not been delivered to the Municipality. A provision for impairment has been recorded due to doubtfulness of the debt.

During the current financial year under audit the municipality had unauthorised debit order amounting to R 1 456 524 being affected on the municipality's main bank account, the municipality has attempted to reverse these debit order, however a provision for impairment has been recorded due to doubtfulness of the debt.

The total amount of the provision was (2 861 524) as of 30 June 2022 (2021: -).

The impairment is as follows:

Truck deposit	(1 405 000)	-
Unallocated debit order	(1 456 524)	-

### 9. VAT receivable

VAT	3 386 185	2 559 822
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The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT No.89 of 1991.

2021/22 VAT 201's were submitted to SARS up until 30 June 2022.

The amount disclosed is the net VAT on payables & receivables.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>10. Receivables/Consumer debtors</b>		
<b>Gross balances</b>		
Rates	58 109 763	52 426 828
Refuse	1 013 310	631 344
Other	127 670	106 670
	<b>59 250 743</b>	<b>53 164 842</b>
<b>Less: Allowance for impairment</b>		
Rates	(53 241 966)	(48 817 790)
Refuse	(406 927)	(164 507)
Other	(126 831)	(105 831)
	<b>(53 775 724)</b>	<b>(49 088 128)</b>
<b>Net balance</b>		
Rates	4 867 797	3 609 038
Refuse	606 383	466 837
Other	839	839
	<b>5 475 019</b>	<b>4 076 714</b>
<b>Included in above is receivables from exchange transactions</b>		
Refuse	606 383	466 837
Other	839	839
	<b>607 222</b>	<b>467 676</b>
<b>Receivables from exchange transactions disclosed in note 8</b>		
Accrued interest	245 664	390 989
Building deposit	300 000	300 000
Prepayments	39 415	-
Sundry debtors (Rental)	737 726	498 666
Truck deposit	-	1 405 000
Unallocated debit orders	-	96 454
	<b>1 322 805</b>	<b>2 691 109</b>
<b>Total consumer debtors</b>	<b>5 475 019</b>	<b>4 076 714</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	4 867 797	3 609 038
<b>Net balance</b>	<b>4 867 797</b>	<b>3 609 038</b>
<b>Rates</b>		
Current (0 -30 days)	2 890 423	1 282 789
31 - 60 days	1 134 542	1 274 235
61 - 90 days	1 121 103	1 256 149
91 - 120 days	1 115 451	1 243 962
121 - 365 days	51 848 243	47 369 693
	<b>58 109 763</b>	<b>52 426 828</b>



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## Notes to the Annual Financial Statements

	2022	2021
<b>10. Receivables/Consumer debtors (continued)</b>		
<b>Refuse</b>		
Current (0 -30 days)	190 727	52 508
31 - 60 days	93 164	38 338
61 - 90 days	93 164	64 337
91 - 120 days	119 069	32 294
121 - 365 days	517 186	443 867
	<b>1 013 309</b>	<b>631 344</b>
<b>Other (specify)</b>		
Current (0 -30 days)	3 500	13 810
31 - 60 days	1 750	-
61 - 90 days	1 750	-
91 - 120 days	1 750	-
121 - 365 days	118 920	92 860
	<b>127 670</b>	<b>106 670</b>

# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

	2022	2021
<b>10. Receivables/Consumer debtors (continued)</b>		
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	92 793	48 611
31 - 60 days	46 397	44 588
61 - 90 days	46 397	44 588
91 - 120 days	46 876	44 588
121 - 365 days	10 613 006	10 116 877
	<u>10 845 469</u>	<u>10 299 252</u>
Less: Allowance for impairment	(10 838 184)	(10 298 774)
	<u><b>7 285</b></u>	<u><b>478</b></u>
<b>Industrial/ commercial</b>		
Current (0 -30 days)	1 352 002	632 098
31 - 60 days	664 336	604 004
61 - 90 days	657 171	621 866
91 - 120 days	684 580	589 209
121 - 365 days	22 242 574	17 863 272
	<u>25 600 663</u>	<u>20 310 449</u>
Less: Allowance for impairment	(23 537 992)	(18 649 017)
	<u><b>2 062 671</b></u>	<u><b>1 661 432</b></u>
<b>National and provincial government</b>		
Current (0 -30 days)	1 639 855	668 397
31 - 60 days	518 722	663 981
61 - 90 days	512 449	654 033
91 - 120 days	504 814	642 460
121 - 365 days	19 628 769	19 926 270
	<u>22 804 609</u>	<u>22 555 141</u>
Less: Allowance for impairment	(19 399 548)	(20 140 336)
	<u><b>3 405 061</b></u>	<u><b>2 414 805</b></u>
<b>Total</b>		
Current (0 -30 days)	3 084 652	1 349 107
31 - 60 days	1 229 455	1 312 573
61 - 90 days	1 216 017	1 320 487
91 - 120 days	1 236 269	1 276 257
121 - 365 days	52 484 350	47 906 419
	<u>59 250 743</u>	<u>53 164 843</u>
Less: Allowance for impairment	(53 775 724)	(49 088 129)
	<u><b>5 475 019</b></u>	<u><b>4 076 714</b></u>
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(49 088 128)	(38 158 029)
Contributions to allowance	(4 687 596)	(10 930 099)
	<u><b>(53 775 724)</b></u>	<u><b>(49 088 128)</b></u>

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 10. Receivables/Consumer debtors (continued)

#### Consumer debtors impaired

The creation and release of allowance for impaired receivables have been included in the operating expenses in the statement of financial performance. Amounts charged to the allowance account are generally written off when there is no expectation of the recovering additional cash. Consumer debtors are impaired as a result of non collectability of the debtors due to the fact that people do not have title deeds and no basic services are offered including sewer system and refuse remove.

### 11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	42 156 760	85 438 325
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The following bank accounts listed below were opened and closed during the year under audit:

Absa - Fixed Deposit - 20-7937-6135  
Absa - Fixed Deposit - 20-7954-2869  
Absa - Fixed Deposit - 20-7993-8195  
Absa - Fixed Deposit - 20-8031-8081  
Absa - Call Account - 90-9806-5063  
FNB - Call Account - 62778819303  
FNB - Fixed Deposit - 74836198420  
FNB - Fixed Deposit - 74860884467  
FNB - Fixed Deposit - 74879243662  
FNB - Fixed Deposit - 74908115724  
Strandard bank - Fixed Deposit - 24887591-4001  
Strandard bank - Fixed Deposit - 24887591-4002  
Strandard bank - Wholesale Call Deposit- 24887591-4003  
Strandard bank - Wholesale Call Deposit- 348466013-037  
Strandard bank - Fixed Deposit- 348466013-044  
Strandard bank - Fixed Deposit- 348466013-033  
Nedbank - Call Deposit - 03/7881164492-000005  
Nedbank - Fixed Deposit - 03/7881164492-000006  
Nedbank - Fixed Deposit - 03/7881164492-000007  
Nedbank - Fixed Deposit - 03/7881164492-000008  
Nedbank - Fixed Deposit - 03/7881164492-000009  
Nedbank - Fixed Deposit - 03/7881164492-000010  
Nedbank - Fixed Deposit - 03/7881164492-000011  
Nedbank - Call Deposit -03/7881164492-000012

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Absa Bank Primary Account - Greytown Branch Account Number 4053635886	10 753 594	1 449 788	7 614 781	3 268 732	1 449 788	7 614 781
FNB Bank - Investment Account - Account Number 62499591777	1 396 202	1 365 433	1 339 458	1 396 202	1 365 433	1 339 458
FNB Bank - Investment Account - Account Number 62778819303	-	216	6 273 275	-	216	6 273 275
Standard Bank - Investment Account - Account Number 3484660130-29	-	-	1 481 802	-	-	1 481 802
Standard Bank - Investment Account - Account Number 3484660130-30	-	-	10 346 226	-	-	10 346 226
Standard Bank - Investment Account - Account Number 3484660130-31	-	-	11 211 256	-	-	11 211 256
FNB Bank - Investment Account - Account Number 74836198420	-	5 342 073	5 187 405	-	5 342 073	5 187 405
FNB Bank - Investment Account - Account Number 74820036652	17 140 318	16 444 866	15 968 742	17 140 318	16 444 866	15 968 742
FNB Bank - Investment Account - Account Number 74860884467	-	5 277 303	-	-	5 277 303	-
FNB Bank - Investment Account - Account Number 74879243662	-	10 133 298	-	-	10 133 298	-
Standard Bank - Investment Account - Account Number 3484660130-33	-	1 496 275	-	-	1 496 275	-
Standard Bank - Investment Account - Account Number 3484660130-42	-	10 663 672	-	-	10 663 672	-
Standard Bank - Investment Account - Account Number 3484660130-37	-	4 464 421	-	-	4 464 421	-
Absa Bank - Investment Account - Account number 9098065063	-	8 488 260	-	-	8 488 260	-
Absa Bank - Investment Account - Account number 2079542869	-	10 208 008	-	-	10 208 008	-
Nedbank - Fixed Deposit Account number 37881164492/06	-	10 104 712	-	-	10 104 712	-
Standard Bank - Wholesale call deposit- Account Number 248875914-004	10 121 271	-	-	10 121 271	-	-
FNB Bank - Fixed Deposit - Account Number 74928822747	10 230 237	-	-	10 230 237	-	-
<b>Total</b>	<b>49 641 622</b>	<b>85 438 325</b>	<b>59 422 945</b>	<b>42 156 760</b>	<b>85 438 325</b>	<b>59 422 945</b>

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

2021

### 12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Construction of shelters grant	559 273	559 273
Spluma Grant	86 973	230 766
	<b>646 246</b>	<b>790 039</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and See note 21 for reconciliation of grants from National/Provincial Government.

### 13. Provisions

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Landfill site rehabilitation	5 472 803	215 024	-	5 687 827
Performance bonus provision	941 843	941 843	(941 843)	941 843
	<b>6 414 646</b>	<b>1 156 867</b>	<b>(941 843)</b>	<b>6 629 670</b>

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Landfill site rehabilitation	4 577 750	895 053	-	5 472 803
Performance bonus provision	941 843	941 843	(941 843)	941 843
	<b>5 519 593</b>	<b>1 836 896</b>	<b>(941 843)</b>	<b>6 414 646</b>

Non-current liabilities	5 687 827	5 472 803
Current liabilities	941 843	941 843
	<b>6 629 670</b>	<b>6 414 646</b>

The Provision for rehabilitation of land fill site relate to the legal obligation to rehabilitate the land used for waste disposal in accordance with the National Environment Management Act No 107 of 1998 and Environment Conversation Act No 73 of 1989. It is calculated as present value of the expenditure expected to be incurred to settle the future obligation during rehabilitation of the land.

The landfill site disclosure provision is calculated as the net present value of future cashflows based on the expected remaining useful life of the landfill site and on the size of the area that has been used for the waste disposal as of 30 June 2022. The size of the Umsinga Landfill site used up until now is approximately 5600M2. The remaining life of the landfill site is estimated at 3 years.

#### Performance bonus

The provision is to provide for performance bonuses of the section 57 employees. Performance bonuses are paid one year in arrears as the assessment of eligible employees takes place after year end.

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>14. Revenue</b>		
Service charges	730 049	423 950
Rental of facilities and equipment	577 765	753 019
Other income	220 250	7 317 431
Interest received - investment	4 762 087	4 779 180
Property rates	19 490 681	18 020 722
Government grants & subsidies	238 152 794	253 993 234
	<b><u>263 933 626</u></b>	<b><u>285 287 536</u></b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	730 049	423 950
Rental of facilities and equipment	577 765	753 019
Other income	220 250	7 317 431
Interest received - investment	4 762 087	4 779 180
	<b><u>6 290 151</u></b>	<b><u>13 273 580</u></b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	19 490 681	18 020 722
<b>Transfer revenue</b>		
Government grants & subsidies	238 152 794	253 993 234
	<b><u>257 643 475</u></b>	<b><u>272 013 956</u></b>
<b>15. Service charges</b>		
Refuse Removal	<u>730 049</u>	<u>423 950</u>
<b>16. Rental of facilities and equipment</b>		
<b>Premises</b>		
Facilities and equipment	<u>577 765</u>	<u>753 019</u>
Rental income includes: Municipal property, community assets (halls), market stalls and ploughing assets. The lease terms range between 1 – 5 years.		
<b>17. Lease rentals on operating lease</b>		
<b>Lease rentals on operating lease</b>		
Contractual amounts	<u>962 552</u>	<u>994 610</u>
The Municipality entered into an operating lease agreement as from 20 October 2017 for a period of 3 years with Konica Minolta, 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.		
<b>18. Other revenue</b>		
Other income	<u>220 250</u>	<u>7 317 431</u>
Other income includes: Rates clearance income, library printing income and sales of tender documents.		

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>19. Investment revenue</b>		
<b>Interest revenue</b>		
Interest Received	4 762 087	4 779 180
<b>20. Property rates</b>		
<b>Rates</b>		
Residential	608 885	505 154
Commercial	7 048 327	6 450 758
State	11 688 009	10 914 003
Municipal	145 460	150 807
	<b>19 490 681</b>	<b>18 020 722</b>

Rates are levied on an annual basis over 12 monthly installments with the final date for payment being 30 June 2022, in terms of provision of the rates policy.

### Valuations

Residential	18 027 000	18 027 000
Commercial	237 947 000	232 882 000
State	511 181 000	511 181 000
Municipal	56 916 000	56 916 000
Other	1 268 204 000	1 268 204 000
	<b>2 092 275 000</b>	<b>2 087 210 000</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Interim valuations have been received for the 2021/22 financial year.

For all residential properties, the municipality will not levy a rate on the first R55 000.00 of the Property's market Value. The R55 000.00 is inclusive of R15 000.00 statutory impermissible rate as per section 17(1h) of the Municipal Property Rates Act.

Pensioners receive a reduction in the market value of their property to the value of R 100 000.000 on application, no application have been received.

100% indigent rebates are offered to qualifying applicants with total household income not exceeding R 3200.00 per month. No applications have been received.

100% child headed household rebates are offered to qualifying applicants. To which no applications have been received.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

	2022	2021
<b>21. Government grants &amp; subsidies</b>		
<b>Operating grants</b>		
Equitable share	182 530 000	209 221 000
Finance Management Grant (FMG)	1 850 000	1 900 000
Extended Public Works Programme	3 989 000	4 441 000
Spluma Grant	143 794	519 234
Library Grant	1 228 000	1 179 000
	<b>189 740 794</b>	<b>217 260 234</b>
<b>Capital grants</b>		
Municipal infrastructure grant	48 412 000	36 733 000
	<b>238 152 794</b>	<b>253 993 234</b>
<b>Equitable Share</b>		
In terms of the Constitution of South Africa, this grant is used to subsidise provision for basic services and for the municipality's operations.		
<b>Municipal Infrastructure Grant (MIG)</b>		
Current-year receipts	48 412 000	36 733 000
Conditions met - transferred to revenue	(48 412 000)	(36 733 000)
	-	-
The grant is for the implementation of projects approved by MIG. No funds were withheld.		
<b>Finance Management Grant (FMG)</b>		
Current-year receipts	1 850 000	1 900 000
Conditions met - transferred to revenue	(1 850 000)	(1 900 000)
	-	-
The purpose of this grant is to promote and support reforms in financial management by building capacity to implement the Municipal Finance Management Act (MFMA). The conditions of the grant were met and no funds have been withheld.		
<b>Construction of Shelters Grant</b>		
Balance unspent at beginning of year	559 273	559 273
There are ongoing engagements between the municipality and the Department of Human Settlement in relation to the existence of this liability.		
<b>Spluma Grant</b>		
Balance unspent at beginning of year	230 766	750 000
Conditions met - transferred to revenue	(143 794)	(519 234)
	<b>86 973</b>	<b>230 766</b>
Conditions still to be met - remain liabilities (see note 13).		
This grant relate to implementation of Spluma.		
<b>Extended Public Works Programme</b>		



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## Notes to the Annual Financial Statements

	2022	2021
<b>21. Government grants &amp; subsidies (continued)</b>		
Current-year receipts	3 989 000	4 441 000
Conditions met - transferred to revenue	(3 989 000)	(4 441 000)
	<u>-</u>	<u>-</u>

The Expanded Public Works Programme is a special performance-based incentive provided to municipalities that contribute to the employment creation efforts of the expanded public works programme through the employment of previously unemployed people. The condition of the grant was met and no funds have been withheld.

### Library Grant

Current-year receipts	1 228 000	1 179 000
Conditions met - transferred to revenue	(1 228 000)	(1 179 000)
	<u>-</u>	<u>-</u>

This grant is used to pay the salary of the library Cyber Cadet and subsidise operational costs associated with Libraries. The conditions of the grant were met and no funds were withheld.

### Integrated National Electrification Programme (INEP)

Current-year receipts	16 420 000	13 000 000
Conditions met - transferred to revenue	(16 420 000)	(13 000 000)
	<u>-</u>	<u>-</u>

The municipality has entered an arrangement with Eskom for construction of powerlines for the areas within area of the municipality. The municipality is an agent to the transaction as all the powerlines are handed over back to Eskom upon completion. Eskom would determine the specifications and approve the designs before construction. The project would be inspected by Eskom upon completion before it can be handed over. The Municipality has responsibility to appoint the contractor and/or service provider that is registered with Eskom. The arrangement would improve the lives of the local communities. Thus, the grant is not recognised as revenue.

# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

	2022	2021
<b>22. Employee related costs</b>		
Basic	61 000 969	62 504 505
Bonus	2 899 258	2 787 454
Medical aid - company contributions	1 725 433	1 445 255
UIF	434 990	362 530
Leave payout	282 454	166 481
Travel, motor car, accommodation and subsistence	4 415 144	2 729 715
Overtime payments	1 519 227	1 362 558
Long-service awards	149 645	71 511
	<b>72 427 120</b>	<b>71 430 009</b>
<b>Remuneration of Municipal Manager</b>		
Annual Remuneration	760 240	760 240
Car Allowance	506 826	506 826
Area Allowance	50 683	50 683
Performance Bonus	184 485	171 307
Contributions to UIF, Medical and Pension Funds	17 981	14 704
Other	186 461	120 329
	<b>1 706 676</b>	<b>1 624 089</b>
<b>Remuneration of Chief Finance Officer</b>		
Annual Remuneration	572 180	624 196
Car Allowance	381 453	416 131
Area Allowance	38 145	41 613
Performance Bonus	151 472	140 652
Contributions to UIF, Medical and Pension Funds	14 511	12 454
Other	185 444	103 155
	<b>1 343 206</b>	<b>1 338 201</b>
During the financial period under review Mr Mthadeni Nene then CFO resigned at the end of May 2022, to which Mr Kwanda Sithole took on the position of Acting CFO for the month of June 2022.		
<b>Remuneration of Director: Planning</b>		
Annual Remuneration	624 196	624 196
Car Allowance	416 131	416 131
Area Allowance	41 613	41 613
Performance Bonus	151 472	140 652
Contributions to UIF, Medical and Pension Funds	14 204	12 054
Other	48 000	54 000
	<b>1 295 615</b>	<b>1 288 646</b>
<b>Remuneration of Director: Community</b>		
Annual Remuneration	624 196	624 196
Car Allowance	416 131	416 131
Area Allowance	41 613	41 613
Performance Bonus	151 472	140 652
Contributions to UIF, Medical and Pension Funds	14 204	12 054
Other	48 000	61 138
	<b>1 295 615</b>	<b>1 295 784</b>

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## Notes to the Annual Financial Statements

	2022	2021
<b>22. Employee related costs (continued)</b>		
<b>Remuneration of Director: Corporate and Human Resources</b>		
Annual Remuneration	624 196	624 196
Car Allowance	416 131	416 131
Area Allowance	41 613	41 613
Performance Bonus	151 472	140 652
Contributions to UIF, Medical and Pension Funds	14 204	12 054
Other	57 385	60 739
	<b>1 305 001</b>	<b>1 295 385</b>
<b>Remuneration of Director: Technical Services</b>		
Annual Remuneration	624 196	624 196
Car Allowance	416 131	416 131
Area Allowance	41 613	41 613
Performance Bonus	151 472	140 652
Contributions to UIF, Medical and Pension Funds	14 204	12 054
Other	48 000	56 805
	<b>1 295 616</b>	<b>1 291 451</b>
<b>Remuneration of Acting Chief Finance Officer</b>		
Annual Remuneration	43 609	-
Acting Allowance	8 408	-
Car Allowance	7 500	-
Contributions to UIF, Medical and Pension Funds	13 682	-
Other	5 067	-
	<b>78 266</b>	<b>-</b>

During the financial period under review Mr Mthadeni Nene then CFO resigned at the end of May 2022, to which Mr Kwanda Sithole took on the position of Acting CFO for the month of June 2022.

### 23. Remuneration of Councillors

Executive Mayor	855 486	911 637
Deputy Executive Mayor	693 125	431 649
Speaker	430 123	738 629
Mayoral Committee Members	2 157 153	1 769 574
Councillors	9 949 139	9 221 468
	<b>14 085 026</b>	<b>13 072 957</b>

#### In-kind benefits

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

The Mayor, Deputy Mayor and speaker each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

The Executive Mayor has two full-time bodyguards.

# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

	2022	2021
<b>23. Remuneration of Councillors (continued)</b>		
<b>Accounting Officer's certification of Councillors remuneration</b>		
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 Bearer's Act. Refer to note 33 for the detailed breakdown of councillors remuneration.		
Local government elections were held during the current financial year under audit, which has led to changes in the council's composition, resulting in some council members retaining positions, losing positions and others being elected to new councils.		
<b>24. Depreciation and amortisation</b>		
Property, plant and equipment	32 022 871	29 123 434
Intangible assets	372 195	407 976
	<b>32 395 066</b>	<b>29 531 410</b>
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.		
<b>25. Finance Cost</b>		
Landfill site	215 024	160 221
Long term service	113 000	108 000
	<b>328 024</b>	<b>268 221</b>
<b>26. Auditors' remuneration</b>		
Fees	2 192 405	1 399 348
<b>27. General expenses</b>		
Auditors remuneration	2 192 405	1 399 348
Bank charges	219 465	254 948
Community assistance expenses	27 060 556	18 562 703
Computer expenses	789 680	1 033 626
Conference and seminars	-	25 372
Entertainment	52 871	36 468
FMG expenses	883 340	537 150
Learnership and internship expenses	1 324 731	1 231 686
Licences	319 368	692 294
Management services	5 214 619	3 385 951
Protective clothing	1 419 485	1 777 319
Operational running costs	2 079 348	1 205 390
Telephone and fax	1 352 719	1 242 390
Security	9 132 468	9 693 630
Seating allowance traditional leaders	3 500	10 000
Special projects	3 566 570	908 927
Subscriptions and membership fees	1 308 152	760 873
Subsistence and travel	2 476 164	1 851 957
Training and Education	220 780	92 387
Ward committees	2 421 400	3 349 000
	<b>62 037 621</b>	<b>48 051 419</b>

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## Notes to the Annual Financial Statements

	2022	2021
<b>28. Free basic services</b>		
Electricity	230 161	477 929
<b>29. Contracted services</b>		
Consultant and Professional Services	15 407 350	15 214 538
Contractors	13 017 518	2 446 525
Information Technology Services	-	1 026 973
Outsourced Services	6 102 397	8 478 334
<b>Presented previously</b>		
Repairs and Maintenance	44 927 906	31 191 389
	<b>79 455 171</b>	<b>58 357 759</b>
<b>30. Cash generated from operations</b>		
(Deficit) surplus	(14 672 609)	43 362 340
<b>Adjustments for:</b>		
Depreciation and amortisation	32 395 066	29 531 410
Loss on sale of assets	144 671	573 228
Bad Debts written off	400 708	-
Contribution to impairment	7 549 121	10 930 098
Movements in retirement benefit assets and liabilities	254 000	204 000
Movements in provisions	215 024	895 053
<b>Changes in working capital:</b>		
Receivables from exchange transactions	1 368 304	(1 995 649)
Consumer debtors	(6 085 901)	(10 247 847)
Payables from exchange transactions	59 979	(7 945 460)
VAT	(826 363)	2 897 512
Unspent conditional grants and receipts	-	(519 180)
	<b>20 802 000</b>	<b>67 685 505</b>

# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

	2022	2021
<b>31. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved &amp; contracted for</b>		
• Property, plant and equipment	36 469 231	41 793 674
<b>Approved but not yet contracted for</b>		
• Property, plant and equipment	3 718 780	-
<b>Total capital commitments</b>		
Already contracted for but not provided for	36 469 231	41 793 674
Not yet contracted for and authorised by accounting officer	3 718 780	-
	<b>40 188 011</b>	<b>41 793 674</b>
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Expenditure	-	42 700 625
<b>Total operational commitments</b>		
Already contracted for but not provided for	-	42 700 625

The committed expenditure has been disclosed exclusive of VAT. This committed capital expenditure relates to property, plant and equipment as well as operating expenditure will be financed by government grants.

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## Notes to the Annual Financial Statements

2022

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### 32. Contingent liabilities

For the year ended 2018/19 Steyns chartered accountants incorporated (Steyns chartered accountants incorporated is a former Internal Auditor suing the Municipality for breach of contract. He claims that the municipality breached an agreement by deciding to terminate his contract and he is suing for the outstanding amount which was left in the contract (The cancellation is a result of an audit query raised by the Auditor-General.) has filed a claim of R 211,140 which attracts interest at 10,25 % per annum, calculated from 31 March 2018 till the date of final payment, for unfair dismissal. Further, he seeks recoupment of the cost of the lawsuit and attorney fees, the amount of which is unknown as it is dependent on the length of the lawsuit. The municipality is represented by Shepstone & Wylie Incorporated. Current Status: Pre-Trial stages, which includes drafting of the discovery affidavit and the exchange thereof thereafter we will apply for trial dates. The expenditure so far equals to R 246 923.50.

The plaintiff Mr Hlela, was traveling from Greytown via R33 when a pothole caused a damage to his vehicle. He alleges that the damage he suffered is a result of the municipality's failure to repair the road. Therefore, he is suing municipality for all the costs he incurred repairing his vehicle. He has filed a claim of R 8 860.90 which attracts interest at 15,5 % per annum, calculated from the date of judgement to the date of payment. The municipality defended the matter by drafting a plea informing him of 'Mis joinder' advising him that he should be suing the department of transport instead. The municipality is represented by Shepstone & Wylie Incorporated. Current Status: The matter has been filed in uMsinga Magistrate Court. The expenditure so far equals to R13 487.20.

The former Chief Financial Officer of the municipality, is suing for breach of contract to the value of R 600 000. He disputes that the Municipality did not act according to the law when they cancelled his contract. There has since been a pre arbitration meeting with the representatives of Prestprops, where the following was confirmed: The appointment of Adv WAJ Nicholson as the arbitrator and Dates for the filing of pleadings (2 December 2019). Prestprops filed their statement of claim and the municipality also instructed Advocate Broster S.C. to draft answering statements on their behalf. The municipality is represented by Garlicke and Bousfield Incorporated. Current Status: waiting for Prestprops representatives to take next step.

The municipality is being sued by Mbalenhle Mhlango for an alleged accident that took place at eDrayeni area involving the waste department truck and a private vehicle in February 2021. The plaintiff alleges that municipality's employee was in the wrong thus giving rise to this claim of R90 521,41 they incurred fixing the vehicle. Interest on the aforesaid amount at a of 7.25% a tempore morae. The Municipality filed an intention to defend and further filed notice in terms of Court rule 23 requesting all invoices for the repair costs in respect of damage suffered because of collision.

### Contingent assets

During the year of 2017/2018 an amount of R 1 250 000 was paid to Khansela CC and an amount of R 300 000 was paid to Aphile CC. These payments were made to the suppliers without any order, invoice or goods delivery note. To determine their authenticity they were referred to the Internal Audit unit for investigation. Subsequently during the year of 2018/2019 the Municipality has since appointed an investigating company by the name of Nexia SAB&T to investigate the matter. The municipality believes that there is a high likelihood that these amounts (totaling R 1 550 000) will be reimbursed to the municipality.

During the year of 2018/19, the Municipality made an erroneous payment to Mpandla Trading of R1,295,723.23 and has failed to recover the money over the past period. The Municipality as such, has since taken legal action in an attempt to recover the money. If successful, the amount shall be paid back to the Municipality in the possible near future.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

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### 33. Related party

#### Relationships

Accounting Officer

SL SOKHELA

Directors

K SITHOLE (Acting CFO)

TM NENE (Resigned)

MS XULU

MV NTANZI

SZN MGUNI

BP HLUBI

Executive Mayor

Cllr. DM NDLOVU

Deputy Mayor

Cllr. TB MBATHA

Speaker

Cllr. SG MASIMULA

Mayoral Committee Members

Cllr. LB NTULI

Cllr. SK RADEBE

Cllr. TM NDLOVU

Cllr. BP NGCOBO

Cllr. N XABA

Cllr. PAG NKALA

Traditional Leaders

iNkosi. SW MTHEMBU

iNkosi. NE MCHUNU

iNkosi. ZD MAJOZI

iNkosi. TDP MNTUNGWA



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## Notes to the Annual Financial Statements

2022

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### 33. Related party (continued)

Councillors

Cllr. BE MVELASE  
Cllr. JB CHONCO  
Cllr. NM XIMBA  
Cllr. FF NDLOVU  
Cllr. F ZUMA  
Cllr. EM MDLULI  
Cllr. BK KHOZA  
Cllr. VS NDLOVU  
Cllr. M MASIKANE  
Cllr. SP LANGA  
Cllr. KJ MKHIZE  
Cllr. M NTSHAPHA  
Cllr. TNN SOKHELA  
Cllr. MN NDLOVU  
Cllr. ME MKHIZE  
Cllr. Z MCHUNU  
Cllr. B DUMAKUDE  
Cllr. MW SOKHELA  
Cllr. S ZONDI  
Cllr. TL KUNENE  
Cllr. S MAGUBANE  
Cllr. ME NGOBE  
Cllr. M BUTHELEZI  
Cllr. MS KHOZA  
Cllr. B MTHETHWA  
Cllr. T MNTUNGWA  
Cllr. TM MABASO  
Cllr. MMS MYEZA  
Cllr. BP MADONDO  
Cllr. ZE SHANGE  
Cllr. GB SIKHAKHANE  
Cllr. P DLADLA

Please note that all directors remuneration have been disclosed above on note number 22.

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

2022

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### 33. Related party (continued)

#### Related party transactions

##### Expenses recognised

Amazwe Cleaners and Trading	112 000	14 000
Amazwe Security and Training	13 820	138 555
HBZ Transport and Projects	1 472 093	231 567
Mlaba's Trading and Projects	125 124	20 000
Maboniza Services	125 124	8 000
Micho Khathide Tradings	1 217 282	287 775
Siyejabula Trading	4 649 210	3 815 258
Mthopho (Pty) Ltd	255 000	41 500
Ekanobhabha Trading Enterprise	98 000	384 713
Dezign Maestro (Pty) Ltd	109 953	366 350
Maboniza Services	-	26 020
Nxamalala Trading	-	89 722
Mvulahlathi trading and project	23 200	-

#### Related party

Name of person employed by the municipality	Position/ job title at the municipality	Related Supplier name
Lungisani Blessing Ntuli	Ordinary councillor	Ispsheshethwa Holdings
Daugras Mletheni Ndlovu	MPAC chairperson	Amazwe Cleaners
Thokozani Moses Mabaso	Ordinary councillor	HBZ Transport and Projects
Thokozani Moses Mabaso	Ordinary councillor	DMN Co-Operative Limited
Simosenkosi Innocent Sikhakhane	Security guard	Mlaba's Trading and Projects
Mavis Nobuhle Mabaso	Ordinary councillor	Dlulas Easy Build Hardware
Christine Khethiwe Ziqubu	Communications manager	1Maboniza Services
Zamo Lorraine Zondi	Security Guard	Siya Zenzela Trading
Sizwe Malembe	Security Guard	Nqoboluvuno Trading
TT Dlamini	KZN: HEALTH	Mosinda trading Enterprise
Mzowandayo Michael Sokhela	Ordinary Councillor	Micho Khathide Tradings
Welcome Mkhokiseni Mpanza	Ordinary Councillor	Siyejabula Trading
Gertrude Buhle Sikhakhane	Ordinary Councillor	Amadlakhe Trading
Mandlakhe Emmauel Ngobe	Ordinary Councillor	Amadlakhe Trading
Precious Zamakhoza Khoza	PA to Director Corporate	Maodeni
Mhawukeleni Wellington Sokhela	Ordinary Councillor	Msinga Transport Services
Thandile Hlela	Payroll Officer	Mthopho (Pty) Ltd
Thubelihle Mchunu	Revenue Accountant	Ekanobhabha Trading Enterprise
Edmund Sthembiso Mchunu	Diver	Dezign Maestro (Pty) Ltd
Christine Khethiwe Ziqubu	Communications Manager	Maboniza Services
Samukelisiwe Princess Ximba	Security Guard	Nxamalala Trading

#### Remuneration of councillors

# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

### Figures in Rand

#### 33. Related party (continued)

##### Management class: Councillors

##### 2022

Name	Annual Remuneration	Travel Allowance	Cellphone Allowance	Other Allowance	Total
Executive Mayor	382 339	141 795	27 200	2 400	553 733
Former Executive Mayor	215 215	71 738	13 600	1 200	301 753
Deputy Executive Mayor	305 763	113 400	27 200	2 400	448 763
Former Deputy Executive Mayor	172 172	57 391	13 600	1 200	244 363
Speaker	193 242	64 414	27 200	2 400	287 256
Former Speaker	96 050	32 017	13 600	1 200	142 866
Mayoral committee members	1 081 129	360 376	161 905	14 286	1 617 696
Former Mayoral committee members	360 193	120 064	54 400	4 800	539 457
Councillors	4 405 517	1 505 006	873 152	77 044	6 860 719
Former Councillors	1 994 415	664 805	394 400	34 800	3 088 420
	<b>9 206 035</b>	<b>3 131 006</b>	<b>1 606 257</b>	<b>141 730</b>	<b>14 085 026</b>

##### 2021

Name	Annual Remuneration	Travel Allowance	Cellphone Allowance	Other Allowance	Employee Contribution	Total
Executive Mayor	645 644	215 215	40 800	3 600	6 378	911 637
Deputy Executive Mayor	288 149	96 050	40 800	3 600	3 050	431 649
Speaker	516 516	172 172	40 800	3 965	5 176	738 629
Mayoral committee members	1 170 627	390 209	176 800	19 827	12 111	1 769 574
Councillors	5 890 003	1 963 335	1 162 800	138 552	66 778	9 221 468
	<b>8 510 939</b>	<b>2 836 981</b>	<b>1 462 000</b>	<b>169 544</b>	<b>93 493</b>	<b>13 072 957</b>

##### Additional information

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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### Figures in Rand

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#### 33. Related party (continued)

The following councillors listed below did not return to their political positions as the elections were held in October for the year ended by virtue of this process they were voted out:

- Cllr. FJ SIKHAKHANE
- Cllr. MA MNTUNGWA
- Cllr. N MAJOZI
- Cllr. JV LANGA
- Cllr. MN MABASO
- Cllr. M SITHOLE
- Cllr. SZ MAGWAZA
- Cllr. SR SOKHULU
- Cllr. SC MPUNGOSE
- Cllr. S XIMBA
- Cllr. LE DANISA
- Cllr. NP XULU
- Cllr. AS SHEZI

#### 34. Risk management

##### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

2022

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### 34. Risk management (continued)

#### 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.

	2022	2021
Payables from exchange transactions	25 101 942	25 041 967
Unspent conditional grants	646 246	790 039

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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	2022	2021
Cash and cash equivalents	42 156 760	85 438 325
Consumer debtors	5 475 019	4 076 714
Receivables from exchange transactions	1 322 805	2 691 109

The amount disclosed for consumer debtors is after the allowance for impairment .

### 35. Going concern

The municipality was impacted by the recent flooding that occurred in KwaZulu-Natal during the month of April 2022. Leaving three (3) access roads located in the province damaged to varying degrees. The severity of the said damages is classified immaterial in relation to municipalities ability to remain operational towards their mandate of carrying out service delivery operations. The said damages did not constitute any insurance claims as infrastructure such as Roads are not covered or catered for. Notwithstanding the operational and financial effects of the flooding, management believes that the municipality has adequate financial resources to continue its operations for the foreseeable future.

### 36. Events after the reporting date

There were no material non-adjusting events that came to the attention of management after the reporting date.

### 37. Unauthorised expenditure

Opening balance as previously reported	(2 151 306)	(22 640 569)
Add: Expenditure identified - current	(31 987 417)	(24 711 092)
Less: Amount approved by Council	2 151 306	45 200 355
<b>Closing balance</b>	<b>(31 987 417)</b>	<b>(2 151 306)</b>

Unauthorized expenditure arises from the over expenditure that was identified during the comparison of the budget and the actual expenditure incurred as listed below.

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## Notes to the Annual Financial Statements

	2022	2021
<b>37. Unauthorised expenditure (continued)</b>		
<b>Unauthorised expenditure: Budget overspending</b>		
Remuneration of councillors	(688 127)	-
Depreciation	(8 746 952)	(6 515 410)
Debt impairment	(6 549 125)	(9 930 102)
Intangible Asset	-	(104 827)
Bad Debt Written Off	(400 708)	-
Employee related cost	-	(6 688 214)
Lease rental	(962 552)	(994 610)
Free basic services	(230 161)	(477 929)
Contracted Services	(2 372 171)	-
General Expenses	(12 037 621)	-
	<b><u>(31 987 417)</u></b>	<b><u>(24 711 092)</u></b>
<b>38. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	28	138 780
Add: Fruitless and wasteful expenditure identified - current	141 232	28
Less: Amount written off - current	(28)	(138 780)
<b>Closing balance</b>	<b><u>141 232</u></b>	<b><u>28</u></b>

The fruitless and wasteful expenditure incurred during the current year has not yet been presented to council. Fruitless and wasteful expenditure relates to interest and penalties on late payments.

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## Notes to the Annual Financial Statements

2022

2021

### 39. Irregular expenditure

Opening balance as previously reported	808 266	-
Add: Irregular expenditure - current	7 225 102	808 266
Less: Amount written off - prior period	(492 585)	-
<b>Closing balance</b>	<b>7 540 783</b>	<b>808 266</b>

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

#### Disciplinary steps taken/criminal proceedings

Awards to close family member of [state details]	23 200	315 681
Over expenditure	7 201 902	492 585
	<b>7 225 102</b>	<b>808 266</b>

### 40. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government(SALGA)

Opening balance	937 926	698 600
Current year subscription / fee	(937 926)	(698 600)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

#### Audit fees

Opening balance	2 271 860	1 399 348
Current year subscription / fee	(2 271 860)	(1 399 348)
	<b>-</b>	<b>-</b>

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## Notes to the Annual Financial Statements

	2022	2021
<b>40. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
<b>PAYE and UIF</b>		
Opening balance	13 248 061	12 344 229
Amount paid - current year	(13 248 061)	(12 344 229)
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Opening balance	15 683 589	14 762 427
Amount paid - current year	(15 683 589)	(14 756 660)
	<u>-</u>	<u>5 767</u>
<b>VAT</b>		
VAT receivable	<u>3 386 186</u>	<u>2 559 822</u>

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022:

### 41. Deviations from the supply chain management regulations

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Opening Balance	736 000	-
Nature of the restrictions		
Sole Supplier	1 258 764	492 190
Nature of the restrictions		
Other	-	736 000
Nature of the restrictions		
Emergency	4 354 270	-
Amount Approved By Council	<u>(6 349 034)</u>	<u>(492 190)</u>
<b>Total</b>	<u>-</u>	<u>736 000</u>



# uMsinga Local Municipality

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## Notes to the Annual Financial Statements

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2022

2021

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### 42. Segment information

#### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

The municipality is organised and operates in eighteen key reportable functions throughout the nine wards under uMsinga demarcations. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout uMsinga were sufficiently similar to warrant aggregation.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

<b>Reportable segment</b>	<b>Goods and/or services</b>
Community and public safety	Social services delivery and protection
Economic planning and development	Economic development services delivery
Trading services	Provides trading and support services
Other	Supports to other segments and other adhoc service to the memnbers of the public

#### Segment surplus or deficit, assets and liabilities

2022

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# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 42. Segment information (continued)

	Community and public safety	Finance and Administratio n	Planning and Development	Trading services	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	(1 228 000)	(231 034 178)	(25 383 797)	2 500	(257 643 475)
Revenue from exchange transactions	(36 839)	(6 229 742)	(21 070)	(2 501)	(6 290 152)
<b>Total segment revenue</b>	<b>(1 264 839)</b>	<b>(237 263 920)</b>	<b>(25 404 867)</b>	<b>(1)</b>	<b>(263 933 627)</b>
<b>Entity's revenue</b>					<b>(263 933 627)</b>
<b>Expenditure</b>					
Remuneration of Councillors	15 940 676	-	-	(1 855 650)	14 085 026
Contracted Services	5 809 446	26 909 826	40 299 848	6 436 050	79 455 170
Operating Leases	-	962 552	-	-	962 552
Employee related Cost	4 391 402	47 258 501	25 451 279	3 645 931	80 747 113
Operational Cost	4 184 526	35 372 271	4 964 003	17 516 821	62 037 621
Bad Debts Written Off	-	(9 268 537)	-	9 669 245	400 708
Depreciation and Amortisation	372 195	-	32 274 230	(251 360)	32 395 065
Free baic services	-	373 181	-	(143 020)	230 161
Disposal of Fixed and Intangible Assets	-	(228 510)	-	373 181	144 671
Actuarial loss	-	271 000	-	-	271 000
Contribution to impairment	-	-	-	7 549 121	7 549 121
Finance costs	-	-	-	328 024	328 024
<b>Total segment expenditure</b>	<b>30 698 245</b>	<b>101 650 284</b>	<b>102 989 360</b>	<b>43 268 343</b>	<b>278 606 232</b>
<b>Total segmental surplus</b>					<b>(14 672 605)</b>
<b>Assets</b>					
Current Assets	(395 929 709)	787 182 107	(294 338 365)	(44 573 264)	52 340 769
Non-current Assets	228 646 195	(423 379 787)	441 152 598	22 321 466	268 740 472
<b>Total segment assets</b>	<b>(167 283 514)</b>	<b>363 802 320</b>	<b>146 814 233</b>	<b>(22 251 798)</b>	<b>321 081 241</b>
<b>Total assets as per Statement of financial Position</b>					<b>321 081 241</b>

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	Community and public safety	Finance and Administration	Planning and Development	Trading services	Total
<b>42. Segment information (continued)</b>					
<b>Liabilities &amp; Net Assets</b>					
Current Liabilities	(28 162 927)	(57 697 607)	48 428 617	10 741 886	(26 690 031)
Non-current Liabilities	-	1 972 164	(8 964 991)	-	(6 992 827)
Reverses	-	(260 000)	-	-	(260 000)
Accumulated Surplus	-	(550 180 838)	(5 149 713)	268 192 168	(287 138 383)
<b>Total segment liabilities and net assets</b>	<b>(28 162 927)</b>	<b>(606 166 281)</b>	<b>34 313 913</b>	<b>278 934 054</b>	<b>(321 081 241)</b>
<b>Total liabilities as per Statement of financial Position</b>					<b>(321 081 241)</b>

2021

	Community and public safety	Economic planning and development	Trading services	Other	Total
<b>Revenue</b>					
Revenue from non-exchange transactions	1 179 550	39 481 673	231 564 063	-	272 225 286
Revenue from exchange transactions	(52 460)	13 385	13 312 105	(210 780)	13 062 250
<b>Total segment revenue</b>	<b>1 127 090</b>	<b>39 495 058</b>	<b>244 876 168</b>	<b>(210 780)</b>	<b>285 287 536</b>
<b>Entity's revenue</b>					<b>285 287 536</b>

# uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### Figures in Rand

#### 42. Segment information (continued)

##### Expenditure

Bad Debts Written Off	-	-	10 930 098	-	10 930 098
Contracted Services	6 731 712	29 116 914	16 970 511	-	52 819 137
Depreciation and Amortisation	-	29 531 410	-	-	29 531 410
Disposal of Fixed and Intangible Assets	-	-	573 228	-	573 228
Employee Related Cost	11 725 178	24 366 814	40 736 004	-	76 827 996
Actuarial (loss)	-	-	104 000	-	104 000
Inventory Consumed	686 770	10 978 420	7 434 663	-	19 099 853
Operating Leases	-	127 777	866 833	-	994 610
Operational Cost	2 500 191	2 802 770	30 679 435	-	35 982 396
Remuneration of Councillors	-	15 062 467	-	-	15 062 467
<b>Total segment expenditure</b>	<b>21 643 851</b>	<b>111 986 572</b>	<b>108 294 772</b>	<b>-</b>	<b>241 925 195</b>

##### Total segmental surplus/(deficit)

**43 362 341**

##### Assets

Current Assets	498 666	1 405 000	787 443	92 074 861	94 765 970
Non-current Assets	152 975 397	49 913 516	36 171 269	1 542 491	240 602 673
<b>Total segment assets</b>	<b>153 474 063</b>	<b>51 318 516</b>	<b>36 958 712</b>	<b>93 617 352</b>	<b>335 368 643</b>

##### Total assets as per Statement of financial Position

**335 368 643**

##### Liabilities

Current Liabilities	(14 041 955)	143 120 393	(95 299 116)	(7 005 474)	26 773 848
Non-current Liabilities	-	-	6 523 803	-	6 523 803
<b>Total segment liabilities</b>	<b>(14 041 955)</b>	<b>143 120 393</b>	<b>(88 775 313)</b>	<b>(7 005 474)</b>	<b>33 297 651</b>

##### Total liabilities as per Statement of financial Position

**33 297 651**

#### 43. Budget differences

##### Material differences between budget and actual amounts

# uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

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2022

2021

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### 43. Budget differences (continued)

Material differences was considered for variances above 10% in the budget statement.

- a) The positive difference is due to the renewal of some of the SLA's for the service charges that were made during the year under audit and the changes in the current year tariffs compared to the prior year.
- b) During the current year the municipality had mistakenly budgeted for the VAT funds as other income.
- c) The municipality had anticipated a fully functioning traffic department, however the municipality had encountered unexpected delays/challenges that hindered this process.
- d) The municipality had erroneously under budgeted for the depreciation expenditure, which was an oversight and therefore to be corrected in the upcoming financial periods.
- e) The municipality had mixed some of expenditure based on the treasury budget disclosure requirement. Overall, the municipality had overspent due to the arising need of service delivery to the community.
- f) The municipality did not anticipate or plan to write off any of its debtors during the current year under audit, however the write off was due to a correction of inactive/closed accounts which were being billed in the years.

## CHAPTER 6: AUDITOR GENERAL FINDINGS

### 6.1 MUNICIPAL ACTION PLAN IN RESPONSE TO AG FINDINGS

The Municipality has developed an action plan in response to the findings as reflected in the Auditors General's Management Report for the year ending 30 June 2022.

## uMSINGA MUNICIPALITY: ACTION PLAN TO ADDRESS AG AUDIT FINDINGS

Table 28: uMSINGA MUNICIPALITY: ACTION PLAN TO ADDRESS AG AUDIT FINDINGS

NO.	NATURE OF AUDIT QUERY	AUDIT QUERY	ACTION STEPS	DEADLINE	STATUS
1.	Unauthorized, irregular and fruitless expenditure.	Unauthorized expenditure not prevented	<ul style="list-style-type: none"> <li>• Council to authorize MPAC to investigate.</li> <li>• Investigation committee to table investigation report to MPAC</li> <li>• MPAC to report to Council.</li> <li>• Council to condone/ recommend to recover.</li> <li>•</li> </ul>	Ongoing	
	Irregular expenditure	Irregular and fruitless expenditure not prevented	<ul style="list-style-type: none"> <li>• Council to authorize MPAC to investigate.</li> <li>• Investigation committee to table investigation report to MPAC</li> <li>• MPAC to report to Council.</li> </ul>	31 March 2023	

NO.	NATURE OF AUDIT QUERY	AUDIT QUERY	ACTION STEPS	DEADLINE	STATUS
			<ul style="list-style-type: none"> <li>Council to condone/ recommend to recover.</li> </ul>		
2.	Provision for unforeseen and unavoidable expenditure.	Provision for unforeseen and unavoidable expenditure was not made in the approved budget	<ul style="list-style-type: none"> <li>To be covered during adjustment budget</li> </ul>	28 February 2023	
3.	KPI`s not set in respect of the provision of basic solid waste removal services	No KPI`s were set in respect of the provision of basic solid waste removal services, as required by Section 43(2) of the MSA and municipal planning and performance management regulation 10(a)	<ul style="list-style-type: none"> <li>Include indicator during the adjustment</li> <li>Amend SDBIP</li> <li>Submit amended SDBIP to Council</li> </ul>	28 February 2023	

TABLE 29: RATING

	0	0%	NOT COMPLETE
	0	0%	NOT YET DUE
	6	100%	IN PROGRESS
	0	0%	COMPLETE

## 6.2 AUDIT COMMITTEE

Internal Audit Committee: An Internal Audit (IA) unit has been created internally and at present it consists of two personnel (Manager and the intern). The Municipality annually review its internal audit charter to include the scope of the work and accountability in line with circular 65 and to comply with (International Standards for the Professional Practice of Internal Auditing Standards) IAA standards. In an attempt to iron out all concerns raised by the Auditor General for the year under review the Municipality has requested KZN Treasury, Auditor General and COGTA financial management unit to take part in Audit Committee meetings to ensure the Municipal performance is audited in line with all the required pieces of legislation.

The Municipal Internal audit unit is new and needs further capacity as per the Auditor General's findings.

### 6.2.1 AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 June 2022

#### 6.2.1.1 Legislative Requirements

The purpose of this report is to communicate to the Council, the Audit Committee's progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The Audit Committee is governed by formal terms of reference, which are regularly reviewed and approved by the Council. The committee is pleased to present its report for the financial year ended 30 June 2022.

#### 6.2.1.2 Audit Committee Members and Attendance

The Audit Committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The Audit Committee charter requires that the Audit Committee comprises of at least four members, of whom the majority must not be in the employ of the Municipality.

The Audit Committee comprised of five members. In terms of Audit Committee Charter, the Audit Committee must meet at least four times a year, although additional meetings may be scheduled as the need arises. During the financial year ending 30 June 2022, the Audit Committee met on nine occasions. The table below shows the attendance of these meetings:

MEMBERS	NUMBER OF MEETINGS SCHEDULED	NUMBER OF MEETINGS ATTENDED
Mr M Mchunu (Chairperson Audit Committee)	9	9
Mr Makhunga	9	9
Ms Shabalala	9	9
Mrs S. Khanyile (Chairperson – Audit Performance Committee)	9	7
Ms Mvelase	9	9

Mr Makhunga chairs the Risk Management Committee and provides feedback on matters pertaining to risk management to the Audit Committee at the quarterly meetings, as the risk register underpins the internal audit plan and furthermore points the Audit Committee into the direction of areas that it needs to focus on.



The Municipal Manager, all Directors, the MPAC Chairperson, the Auditor-General of South Africa, the Provincial Treasury, and COGTA have standing invitations to all Audit Committee meetings.

The term of the old audit and performance audit committee came to an end in April 2021 and a new committee was subsequently appointed.

#### *6.2.1.3 Audit and Performance Audit Committee Responsibilities*

The Audit Committee reports that it has complied with its responsibilities arising from Sections 165 and 166 of the Municipal Finance Management Act (MFMA).

The Audit Committee reports that it has adopted an appropriate Audit Committee Charter, has regulated its affairs in compliance with the charter and has discharged all its responsibilities as contained therein.

The committee Chairperson reported the committee's activities to Council on quarterly basis

#### *6.2.1.4 Review and Evaluation of Annual Financial Statements*

The committee reviewed the draft annual financial statements prior to submission to the AGSA and discussed it with management. The committee did not have any unresolved matters with the annual financial statements at the time of submission for external audit

Audit Committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

Except for the matters identified by the external auditors in the auditor's report, the Audit Committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA.

#### *6.2.1.5 Efficiency and Effectiveness of Internal Control*

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed the findings by the internal audit function on internal controls for the year ended 30 June 2022. The Audit Committee notes that there has been improvement in internal controls in the areas of financial reporting, performance reporting and compliance with legislation.

In line with Section 62(c)(ii) of the MFMA, internal audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk based internal audit plan, internal audit

assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

During the period under review, the Internal Audit function made significant progress in implementing the 2020/21 Internal Audit Plan, as 82 % of the planned projects were complete, unfortunately the internal was unable to fully complete the audit due to challenges related mainly to the recurring lock downs as per the Disaster Management Act (Covid 19 pandemic). The outstanding projects were rolled forward to the 2021/22 financial period.

#### *6.2.1.6 Financial Management and Reporting*

The Audit Committee is satisfied with the content and quality of monthly (\$71), quarterly (\$52) and mid-year (\$72) reports prepared and issued during the year under review in compliance with the statutory framework. The Audit Committee engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. The committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The committee noted with concern challenges around the inaccuracies that were reported by Internal Audit on the monthly reports which were not always accurate, management attributed these to the shortcomings of the system that is used by the Municipality. The matter was reported to Council and remains unchanged as at year-end.

The Audit Committee reviewed the reports issued to National Treasury and the Transferring Officer in terms of the Division of Revenue Act and is comfortable that the Municipality is meeting its obligation in terms of DORA and has recognised revenue to the extent that conditions have been met.

#### *6.2.1.7 Risk Management Function*

The Audit Committee is responsible for the oversight of the risk management function. The risk management committee (RMC) reports to the Audit Committee on the Municipality 's management of risk. To ensure that the RMC understands the requirements of the Audit Committee, a member of the Audit Committee served as a its chairperson. The RMC met on a quarterly basis its chairperson presented its reports to the audit committee.

As part of enhancing the performance of the RMC, a workshop/training was conducted by the Provincial Treasury, attended by the relevant committee members.

#### *6.2.1.8 Performance Management*

Part of the responsibilities of the Audit Committee includes the review of performance management. The Audit Committee has in terms of the performance of the Municipality performed the following functions:

- Reviewed and commented on compliance with statutory requirements and performance management best practices and standards.
- Reviewed and commented on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements.
- Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to services performed by the Municipality and its entities.
- Reviewed compliance with in-year reporting requirements.
- Reviewed quarterly performance reports submitted by the internal audit function.

- Reviewed and commented on the Municipality 's performance management system and making recommendations for its improvement.

The Audit Committee is satisfied that the performance report has been prepared in terms of the MFMA, MSA and the related Regulations.

#### *6.2.1.9 Conclusion*

The Committee will continue to monitor progress being made by the Municipality in improving overall governance, systems of internal control, risk management as well as performance management. In addition, the Audit Committee concurs and accepts the conclusions of both the Internal Audit and the Auditor-General on the matters they have raised during the audits. The Committee wishes to express its sincere appreciation to the Accounting Officer, Senior Management, MPAC, Council and staff for their co-operation and support.

**On behalf of the Audit Committee:**



**MR N. MCHUNU - AUDIT COMMITTEE CHAIRPERSON**

## ANNEXURE D: SIGNED AUDIT REPORT 2021-2022

### REPORT OF THE AUDITOR GENERAL TO KWAZULU-NATAL PROVINCIAL LEGISLATURE AND THE COUNCIL OF UMSINGA LOCAL MUNICIPALITY

#### Report on the audit of the financial statements

##### *Opinion*

1. I have audited the financial statements of the uMsinga Local Municipality set out on pages 1 to 69, which comprise the statement of financial position as at 30 June 2022, the 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 uMsinga Local Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standard of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (Dora).

##### *Basis for opinion*

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

7. As disclosed in note 10 to the financial statements, the municipality recognised a provision for impairment on receivables of R53,78 million (2020-21: R49,09 million) as the recoverability of these debts was considered doubtful.

##### *Responsibilities of the accounting officer for the financial statements*

8. 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 the financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the

appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### **Report on the audit of the annual performance report**

#### *Introduction and scope*

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected key performance area (KPA) presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery KPA presented in the municipality's annual performance report for the year ended 30 June 2022.
15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this KPA.

#### *Other matter*

17. I draw attention to the matter below.

#### *Achievement of planned targets*

18. The annual performance report on pages 85 to 126 sets out for information on the achievement of planned targets for the year.

## Report on the audit of compliance with legislation

### *Introduction and scope*

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

### *Financial statements*

21. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

### *Expenditure management*

22. Reasonable steps were not taken to prevent irregular expenditure of R7,23 million disclosed in note 39 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.
23. Reasonable steps were not taken to prevent unauthorised expenditure of R31,99 million, as disclosed in note 37 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on certain budget votes.
24. The total unforeseen and unavoidable expenditure incurred exceeded the greater of R5 million or 4% of own revenue, in contravention of municipal budget and reporting regulation 72.

### *Strategic planning and performance management*

25. No KPIs were set in respect of the provision of basic solid waste removal services, as required by section 43(2) of the Municipal Systems Act and municipal planning and performance management regulation 10(a).

## Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, The other information does not include the financial statements, the auditor's report and those selected KPA presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected KPA presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I did not receive the other information prior to the date of this report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to

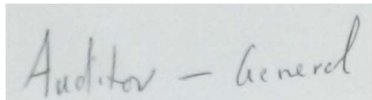
retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### *Internal control deficiencies*

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
31. Leadership and management did not exercise adequate oversight of compliance with applicable legislation; this resulted in non-compliance with key legislation.

#### *Other reports*

32. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
33. An independent forensic investigator was appointed by the municipality to conduct an investigation into payments that were allegedly made to suppliers without supporting documentation, covering the two-year period from 1 July 2016 to 30 June 2018. The forensic report was presented to council, and the matter was referred to the South African Police Service (SAPS) for a criminal investigation. The SAPS has since referred the matter to the Hawks for further investigation. During the current financial year, the accused was arrested and released on bail. Further court proceedings were set to commence in June 2022. The court case was ongoing at the date of this report.



Pietermaritzburg

30 November 2022



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## **ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT**

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

### **Financial statements**

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

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



## APPENDIX A: COUNCILLORS, COMMITTEES ALLOCATION AND COUNCIL ATTENDANCE

### LIST OF UMSINGA LOCAL MUNICIPALITY COUNCIL 2021-2026

NO.	NAME OF COUNCILOR	EMAIL ADDRESS	WARD	DESIGNATION & PARTY
1.	His Worship the Mayor Cllr DM Ndlovu	<a href="mailto:Douglas.ndlovu@umsinga.gov.za">Douglas.ndlovu@umsinga.gov.za</a>	13	The Mayor/WC/IFP
2.	Deputy Mayor Cllr TB Mbatha	<a href="mailto:thenjiwe.mbatha@umsinga.gov.za">thenjiwe.mbatha@umsinga.gov.za</a>	02	Deputy Mayor/WC/IFP
3.	The Speaker Cllr SG Masimula	<a href="mailto:masimulasifundo3@gmail.com">masimulasifundo3@gmail.com</a>	16	Speaker/WC/IFP
4.	Cllr M Buthelezi	mbuso42@gmail.com	01	WC/IFP
5.	Cllr T Mntungwa	thenjiwe.mntungwa@umsinga.gov.za	02	PR/ANC
6.	Cllr EM Mdluli	ephraimmfanisenimdluli@gmail.com	03	WC/IFP
7.	Cllr TM Ndlovu	thandiwe.ndlovu@gmail.com	03	PR/ANC
8.	Cllr MW Sokhela	mhawukeleni.sokhela@umsinga.gov.za	04	WC/IFP
9.	Cllr BE Mvelase	mvelasebhekinkosi@gmail.com	04	PR/ANC
10.	Cllr VS Ndlovu	vincent.ndlovu@umsinga.gov.za	05	WC/IFP
11.	Cllr BP Madondo	-	05	PR/IFP
12.	Cllr BK Khoza	-	05	PR/ABC
13.	Cllr P Dladla	phelelani.dladla@umsinga.gov.za	06	WC/IFP
14.	Cllr SP Langa	Siyabonga.langa@umsinga.gov.za	07	WC/IFP
15.	Cllr GB Sikhakhane	buhle.sikhakhane@umsinga.gov.za	07	PR/ANC
16.	Cllr F Zuma	-	08	WC/IFP
17.	Cllr MS Khoza	mhlabunzima.khoza@umsinga.gov.za	09	WC/IFP
18.	Cllr M Ntshapha	mduduzintshapha@gmail.com	09	PR/IFP

NO.	NAME OF COUNCILOR	EMAIL ADDRESS	WARD	DESIGNATION & PARTY
19.	Cllr B Dumakude	bongani.dumakude@umsinga.gov.za	10	WC/IFP
20.	Cllr Z Mchunu	Zimingaye.mchunu@umsinga.gov.za	10	PR/ANC
21.	Cllr MN Ndlovu	ntokondlovu0@gmail.com	10	PR/ANC
22.	Cllr S Magubane	<a href="mailto:Siyanda.magubane@umsinga.gov.za">Siyanda.magubane@umsinga.gov.za</a>	11	WC/IFP
23.	Cllr LB Ntuli	lungisani.ntuli@umsinga.gov.za	12	WC/IFP
24.	Cllr JB Chonco	juliusbchonco@gmail.com	13	PR/ANC
25.	Cllr TNN Sokhela	sokhelathokozani@gmail.com	14	WC/IFP
26.	Cllr PAG Nkala	Philile.nkala@umsinga.gov.za	14	PR/IFP
27.	Cllr ME Ngobe	mandlakhe.ngobe@gmail.com	14	PR/ANC
28.	Cllr MMS Myeza	mthandeni.myeza@umsinga.gov.za	15	WC/IND
29.	Cllr B Mthethwa	mthethwabongani067@gmail.com	15	PR/ANC
30.	Cllr N Xaba	nontokozo.xaba@umsinga.gov.za	16	PR/IFP
31.	Cllr NM Ximba	Nkosikhona.ximba@umsinga.gov.za	17	WC/IFP
32.	Cllr FF Ndlovu	francendlovu03@gmail.com	18	WC/IFP
33.	Cllr ZE Shange	zandile.shange@umsinga.gov.za	18	PR/ANC
34.	Cllr TL Kunene	tysonkunene521@gmail.com	19	WC/IFP
35.	Cllr SK Radebe	snethemba.radebe@umsinga.gov.za	19	PR/ANC
36.	Cllr KJ Mkhize	kusakusilej@gmail.com	19	PR/IFP
37.	Cllr TM Mabaso	thokozani.mabaso@umsinga.gov.za	20	WC/IFP
38.	Cllr S Zondi	sthakaselwezondi@gmail.com	20	PR/EFF
39.	Cllr ME Mkhize	mzokhona.mkhize@umsinga.gov.za	21	WC/IFP
40.	Cllr BP Ngcobo	buyiswa.ngcobo@umsinga.gov.za	21	PR/IFP
41.	Cllr M Masikane	mlondolozhi.masikane@umsinga.gov.za	14	PR/IFP

## APPENDIX B: ATTENDANCE REGISTER FOR EXCO MEMBERS

FIRST QUARTER (JULY - SEPTEMBER) 2021/2022

Name of Councillor	DATE	
Name of Councillor	28/07/2021	27/09/2021
The Mayor Cllr BP Ngcobo	Present	Present
Deputy Mayor Cllr SG Masimula	Present	Present
Cllr MW Sokhela	Present	Present
Cllr B Dumakude	Present	Present
Cllr AS Shezi	Present	Present
Cllr TM Ndlovu	Present	No apology
Cllr B Mvelase	Present	Present
His Majesty NE Mchunu	Apology	Present

**SECOND QUARTER (OCTOBER - DECEMBER) 2021/2022**

<b>NAME OF COUNCILLOR</b>	<b>DATE: 24/11/2021</b>
The Mayor Cllr DM Ndlovu	Present
Deputy Mayor Cllr TB Mbatha	Present
Cllr TM Ndlovu	Present
Cllr SK Radebe	Present
Cllr LB Ntuli	Present
Cllr PAG Nkala	Present
Cllr N Xaba	Present
Cllr BP Ngcobo	Present
His Majesty NE Mchunu	Present

**THIRD QUARTER (JANUARY – MARCH) 2021/2022**

<b>NAME OF COUNCILLOR</b>	<b>19/01/2022</b>	<b>23/02/2022</b>	<b>23/03/2022</b>
The Mayor Cllr DM Ndlovu	Present	Present	Present
Deputy Mayor Cllr TB Mbatha	Present	Present	Present
Cllr TM Ndlovu	Present	Present	No apology
Cllr SK Radebe	Present	Present	Present
Cllr LB Ntuli	Present	Present	Present
Cllr PAG Nkala	Present	Present	Present
Cllr N Xaba	Present	Present	Present
Cllr BP Ngcobo	Present	Present	Present
His Majesty NE Mchunu	Apology	Apology	Present

**FOURTH QUARTER (MAY -JUNE) 2021/2022**

<b>NAME OF COUNCILLOR</b>	<b>28/04/2022</b>	<b>18/05/2022</b>	<b>22/06/2022</b>
The Mayor Cllr DM Ndlovu	Present	Present	Present
Deputy Mayor Cllr TB Mbatha	Absent	Present	Present
Cllr TM Ndlovu	Present	Present	No apology
Cllr SK Radebe	Absent	Apology	No apology
Cllr LB Ntuli	Present	Present	Present
Cllr PAG Nkala	Present	Present	Present
Cllr N Xaba	Present	Present	Present
Cllr BP Ngcobo	Present	Present	Present
His Majesty NE Mchunu	Apology	Present	Present

**ATTENDANCE REGISTER FOR FULL COUNCIL FIRST QUARTER 2021/2022**

<b>NAME</b>	<b>25/08/2021</b>	<b>28/09/2021</b>
Her Worship the Mayor Cllr BP Ngcobo	Present	Present
Deputy Mayor Cllr SG Masimula	Present	Present
The Speaker Cllr TL Kunene	Present	Present
Cllr M Buthelezi	Present	Present
Cllr T Mbatha	Present	No Apology
Cllr TM Ndlovu	Present	Present
Cllr JV Langa	Present	Present
Cllr T Mntungwa	Present	No Apology
Cllr MW Sokhela	Present	Present
Cllr SC Mpungose	Present	Present
Cllr MN Mabaso	Present	Present
Cllr LE Danisa	Present	Present
Cllr BP Madondo	Present	Present

<b>NAME</b>	<b>25/08/2021</b>	<b>28/09/2021</b>
Cllr P Dladla	Present	Present
Cllr M Sithole	Apology	Present
Cllr FJ Sikhakhane	Apology	Present
Cllr GB Sikhakhane	Present	No Apology
Cllr B Dumakude	Present	Present
Cllr MS Khoza	Present	Present
Cllr S Magubane	Present	Present
Cllr AS Shezi	No Apology	Present
Cllr B Mvelase	Present	Present
Cllr LB Ntuli	Present	Present
Cllr ZS Magwaza	Present	No Apology
Cllr DM Ndlovu	Present	Present
Cllr SR Sokhulu	Present	Present
Cllr MMS Myeza	No Apology	Present



<b>NAME</b>	<b>25/08/2021</b>	<b>28/09/2021</b>
Cllr B Mthethwa	Present	Present
Cllr MA Mntungwa	Present	Present
Cllr SK Radebe	No Apology	Present
Cllr NP Xulu	Present	Present
Cllr N Majozi	Present	Present
Cllr S Ximba	Present	Present
Cllr ZE Shange	Present	Present
Cllr TM Mabaso	Present	Present
Cllr XS Xaba	No Apology	No Apology
Cllr NC Xaba	No Apology	No Apology
Cllr CZ Mbatha	No Apology	No Apology
Cllr ME Ngobe	Present	No Apology
Cllr LG Mabaso	Present	No Apology

**ATTENDANCE REGISTER FOR FULL COUNCIL MEMBERS SECOND QUARTER 2021/2022**

<b>NAME</b>	<b>17/11/2021</b>	<b>08/12/2021</b>
His Worship the Mayor Cllr DM Ndlovu	Present	Present
Deputy Mayor Cllr TB Mbatha	Present	Present
The Speaker Cllr SG Masimula	Present	Present
Cllr M Buthelezi	Present	Present
Cllr T Mntungwa	Present	Present
Cllr EM Mdluli	Present	Present
Cllr TM Ndlovu	Present	Present
Cllr MW Sokhela	Present	Present
Cllr BE Mvelase	Present	Present
Cllr VS Ndlovu	Present	Present
Cllr BP Madondo	Present	Present
Cllr BK Khoza	Present	Present

<b>NAME</b>	<b>17/11/2021</b>	<b>08/12/2021</b>
Cllr P Dladla	Present	Present
Cllr SP Langa	Present	Present
Cllr GB Sikhakhane	Present	Present
Cllr F Zuma	Present	Present
Cllr MS Khoza	Present	Present
Cllr M Ntshapha	Present	Present
Cllr B Dumakude	Present	Present
Cllr Z Mchunu	Present	Present
Cllr MN Ndlovu	Present	Present
Cllr S Magubane	Present	Present
Cllr LB Ntuli	Present	Present
Cllr JB Chonco	Present	Present
Cllr TNN Sokhela	Present	Present
Cllr PAG Nkala	Present	Present
Cllr ME Ngobe	Present	Present

<b>NAME</b>	<b>17/11/2021</b>	<b>08/12/2021</b>
Cllr MMS Myeza	Present	Present
Cllr B Mthethwa	Present	Present
Cllr N Xaba	Present	Present
Cllr NM Ximba	Present	Present
Cllr FF Ndlovu	Present	Present
Cllr ZE Shange	Present	Present
Cllr TL Kunene	Present	Present
Cllr SK Radebe	Present	Present
Cllr KJ Mkhize	Present	Present
Cllr TM Mabaso	Present	Present
Cllr S Zondi	Present	Present
Cllr ME Mkhize	Present	Present
Cllr BP Ngcobo	Present	Present
Cllr M Masikane	Present	Present

**ATTENDANCE REGISTER FOR FULL COUNCIL MEMBERS THIRD QUARTER 2021/2022**

<b>NAME</b>	<b>25/01/2022</b>	<b>28/02/2022</b>	<b>30/03/2022</b>
His Worship the Mayor Cllr DM Ndlovu	Present	Present	Present
Deputy Mayor Cllr TB Mbatha	Present	Present	Apology
The Speaker Cllr SG Masimula	Present	Present	Present
Cllr M Buthelezi	Present	Present	Present
Cllr T Mntungwa	Present	Present	Present
Cllr EM Mdluli	Present	Present	Present
Cllr TM Ndlovu	Present	Apology	Present
Cllr MW Sokhela	Present	Apology	Present
Cllr BE Mvelase	Present	Present	Present
Cllr VS Ndlovu	Present	Present	Present
Cllr BP Madondo	Present	Present	Present
Cllr BK Khoza	Present	Apology	Present

ClIr P Dladla	Present	Apology	Present
ClIr SP Langa	Present	Present	Present
ClIr GB Sikhakhane	Present	Present	Present
ClIr F Zuma	Present	Present	Present
ClIr MS Khoza	Present	Present	Present
ClIr M Ntshapha	Present	Present	Apology
ClIr B Dumakude	Present	Present	Present
ClIr Z Mchunu	Present	Present	Present
ClIr MN Ndlovu	Present	Present	Present
ClIr S Magubane	Present	Present	Present
ClIr LB Ntuli	Present	Present	Present
ClIr JB Chonco	Present	Present	Apology
ClIr TNN Sokhela	Present	Present	Apology
ClIr PAG Nkala	Apology	Present	Present
ClIr ME Ngobe	Present	Present	Present

Cllr MMS Myeza	Present	Present	Present
Cllr B Mthethwa	Present	Present	Present
Cllr N Xaba	Present	Present	Present
Cllr NM Ximba	Present	Present	Present
Cllr FF Ndlovu	Present	Present	Present
Cllr ZE Shange	Present	Present	Present
Cllr TL Kunene	Present	Apology	Present
Cllr SK Radebe	Apology	Present	Present
Cllr KJ Mkhize	Present	Present	Present
Cllr TM Mabaso	Present	Apology	Apology
Cllr S Zondi	Present	Present	Present
Cllr ME Mkhize	Present	Present	Present
Cllr BP Ngcobo	Present	Apology	Present
Cllr M Masikane	Present	Present	Apology

**ATTENDANCE REGISTER FOR FULL COUNCIL FOURTH QUARTER 2021/2022**

<b>NAME</b>	<b>25/05/2022</b>	<b>29/06/2022</b>
His Worship the Mayor Cllr DM Ndlovu	Apology	Present
Deputy Mayor Cllr TB Mbatha	Present	Present
The Speaker Cllr SG Masimula	Present	Present
Cllr M Buthelezi	Present	Apology
Cllr T Mntungwa	Present	Present
Cllr EM Mdluli	Apology	Present
Cllr TM Ndlovu	Present	Apology
Cllr MW Sokhela	Present	Present
Cllr BE Mvelase	Present	Present
Cllr VS Ndlovu	Apology	Present
Cllr BP Madondo	Apology	Present



Cllr BK Khoza	Present	Apology
Cllr P Dladla	Present	Apology
Cllr SP Langa	Present	Present
Cllr GB Sikhakhane	Present	Present
Cllr F Zuma	Present	Present
Cllr MS Khoza	Present	Present
Cllr M Ntshapha	Present	Present
Cllr B Dumakude	Present	Present
Cllr Z Mchunu	Present	Present
Cllr MN Ndlovu	Present	Present
Cllr S Magubane	Present	Present
Cllr LB Ntuli	Present	Present
Cllr JB Chonco	Present	Present
Cllr TNN Sokhela	Present	Present
Cllr PAG Nkala	Apology	Present

Cllr ME Ngobe	Present	Present
Cllr MMS Myeza	Present	Present
Cllr B Mthethwa	Present	Present
Cllr N Xaba	Present	Present
Cllr NM Ximba	Present	Present
Cllr FF Ndlovu	Present	Apology
Cllr ZE Shange	Present	Present
Cllr TL Kunene	Present	Apology
Cllr SK Radebe	Apology	Present
Cllr KJ Mkhize	Present	Present
Cllr TM Mabaso	Present	Apology
Cllr S Zondi	Apology	Present
Cllr ME Mkhize	Present	Present
Cllr BP Ngcobo	Apology	Apology
Cllr M Masikane	Present	Present

### SITING OF PORFOLIO COMMITTEES' ATTENDANCE

PORTFOLIO	MEMBERS	Q1		Q2	Q3	Q4	
COMMUNITY	TB Mbatha B Dumakude BK Khoza SK Radebe TNN Sokhela ME Mkhize M Buthelezi ZE Shaye	None		None	17/01/2022 present present absent present absent present present present	16/05/2022 present absent present absent present present present	
FINANCE	DM Ndlovu M Buthelezi B Dumakude SP Langa NM Ximba T Mntungwa TB Chonco	None		none	18/01/2022 Present present Apology present Absent Present present	11/05/2022 present present present Absent present present present	20/06/2022 present Absent present present absent present
TECHNICAL SERVICES	BL Ntuli ME Mkhize TM Ndlovu P Dladla SP Langa ME Ngobe TM Mabaso	09/02/2022 Present Absent Absent Present Absent present	11/02/2022 Present Present Absent Present Present present	None	None	12/05/2022 Present Present Present Present Absent Absent	None
CORPORATE SERVICES	M Masikane MN Ndlovu Ntshapa Zondi VS Ndlovu T Mntungwa	None		None	22/03/2022 Present Present Present Present Present Present	13/05/2022 Present Present Present Apology Present Present	21/06/2022 Present Present Present Present Present Present

PORTFOLIO	MEMBERS	Q1	Q2	Q3		Q4			
	Nkala Zuma			Present present		Present present			Present Present
PLANNING	BP Ngcobo MS Khoza MMS Myeza N Xaba KJ Mkhize Z Mchunu BE Mvelase	None	None	17/01/2022 Present Present present Present Present Present present	17/02/2022 Present Present Absent Present Present Present present	22/05/2022 Present absent absent Present Present Present present	12/05/2022 Present Present present absent Present absent present	22/03/2022 Present Present present absent Present Present present	
MPAC	S Magubane TL Kunene EM Mdluli BP Madondo B Mthethwa GB Sikhakhane SP Langa	None	None	23/01/2022 — Present Present absent Present absent present	24/01/2022 — Present Present Present' Present Present present	25/02/2022 — Present Present absent Present Present present	23/05/2022 — Present Present absent Present absent present	None	

## **APPENDIX C: COMMITTEE AND COMMITTEE'S PURPOSE**

### **MSINGA MUNICIPALITY'S COMMITTEES AND COMMITTEE PURPOSES**

#### **CORPORATE SERVICES PORTFOLIO COMMITTEE**

- The following personnel matters are delegated to the Corporate Services Portfolio Committee within the framework of existing policies approved by the Executive Committee, as well as within the framework of the budget approved by Council:
  - a) Consideration and approval of staff structures;
  - b) Adoption and amendment, from time to time, on the Conditions of Service;
  - c) The adoption and amendment, from time to time, on all service benefits as provided within the Framework of the bargaining process by the National Bargaining Council for Local Government;
  - d) To obtain legal opinions;
  - e) The nomination of representative Councillors to represent Council in respect of Corporate Services related matters.

#### **COMMUNITY SERVICES PORTFOLIO COMMITTEE**

- The following matters be delegated to the Community, Cultural and Recreational Services Portfolio Committee within the framework of existing policies approved by the Executive Committee, as well as within the framework of the budget approved by Council:
  - a) To communicate with the district in formulation, adopt and amend Disaster Management Plans and Preventative Strategies;
  - b) To consider and approve Capacity Building initiatives within the municipality
  - c) To build, foster and strengthen the relationship between non-government organizations, including CBO's, with a view to improving service provision to communities.

#### **TECHNICAL SERVICES PORTFOLIO COMMITTEE**

- The following matters are delegated to the Technical Services Portfolio Committee:

- a) All matters pertaining to electricity supply within the municipality
- b) All matters relating to Building Control including the approval of Encroachment Agreements;
- c) Any proposed amendments to the Delegated Powers of the Committee be submitted to the Committee in the first instance;
- d) The nomination of representatives to Forums related to the work of the Committee be the responsibility of the Committee.
- e) Advise on EPWP related programmes
- f) All matters pertaining to waste and environmental management
- g) All matters related to infrastructural projects within the municipality

### **PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE**

- The following matters be delegated to the Planning, Social and Economic Development Portfolio Committee:
  - a) In principle approval of (rural) housing projects;
  - b) Preliminary identification and in principle support of land reform projects;
  - c) Comments on and approval of comments on:
    - Development Facilitation Act applications
    - Environmental Impact Assessments/Scoping reports
    - Other development applications
    - Preliminary identification and in principle support of Agricultural projects;
  - d) Amendments of, and amendments in terms of, Town Planning Schemes/ Land Use Management Systems;
  - e) Comments on Development Frameworks and Integrated Development Plans;
  - f) Preliminary identification and in principle support of Local Economic Development projects and Investment Opportunities;
  - g) Consideration, approval and amendment of Policies related to Portfolio functions;
  - h) Powers to make recommendations on marketing and advertising allocations within the framework of the budget;
  - i) Approval of prioritization and allocations within the framework of the budget in respect of signage;

### **FINANCIAL SERVICES PORTFOLIO COMMITTEE**

- The following matters be delegated to the Financial Services Portfolio Committee:
  - a) Preparation of the Annual Budget;
  - b) Preparation of Annual Financial Statements

- c) Preparation of annual tariffs and charges
- d) Write off and sale of redundant capital equipment be considered and thereafter be submitted to Council for final approval
- e) Matters related to levy collection
- f) To launch legal action for debt recovery;
- g) Investment of surplus funds;
- h) Settlement of internal and external debt to be considered and submitted to Council for final approval;
- i) Credit Policy Management.

### **MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)**

- The MPAC is established in terms of Section 79 of the Municipal Structures Act to assist council to hold the executive and to ensure the efficient and effective use of municipal resources. The MPAC reports directly to Council through the Speaker of the municipality and interfaces with the other committees of Council through the Speaker, where relevant. The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the accounting officer of a municipality or municipal entity, and can request the support of both the internal and external auditors (advisory) when necessary.
- **The primary functions of MPACs are the following:**
  - a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report; In order to assist with the conclusion of matters that may not be finalised, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and annual reports;
  - b) To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the Committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented.
  - c) To promote good governance, transparency and accountability on the use of municipal resources;
  - d) To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
  - e) To perform any other functions assigned to it through a resolution of council within its area of responsibility. The MPAC shall have permanent referral of documents as they become available relating to:
    - In-year reports of the municipality and municipal entities; -
    - Financial statements of the municipality and municipal entities as part of the committee's oversight process;

- Audit opinion, other reports and recommendations from the Audit Committee
- Information relating to compliance in terms of section 128 and 133 of the MFMA (submission of Annual financial Statements to AG and tabling of Annual Report before council);



## APPENDIX D: THIRD TIER ADMINISTRATIVE STRUCTURE

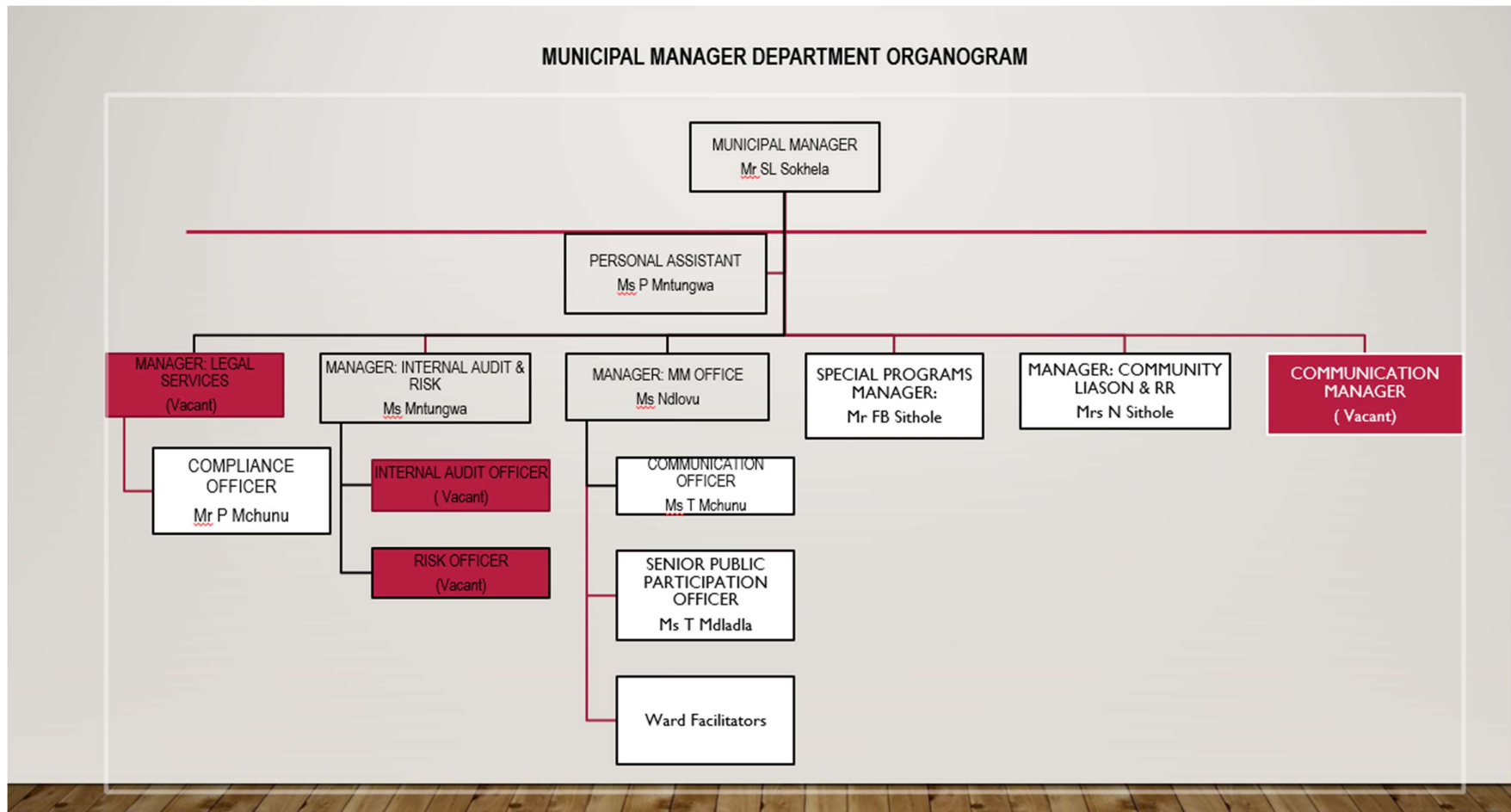


FIGURE 7: MUNICIPAL MANAGER DEPARTMENT ORGANOGRAM

## CORPORATE SERVICES DEPARTMENT ORGANOGRAM

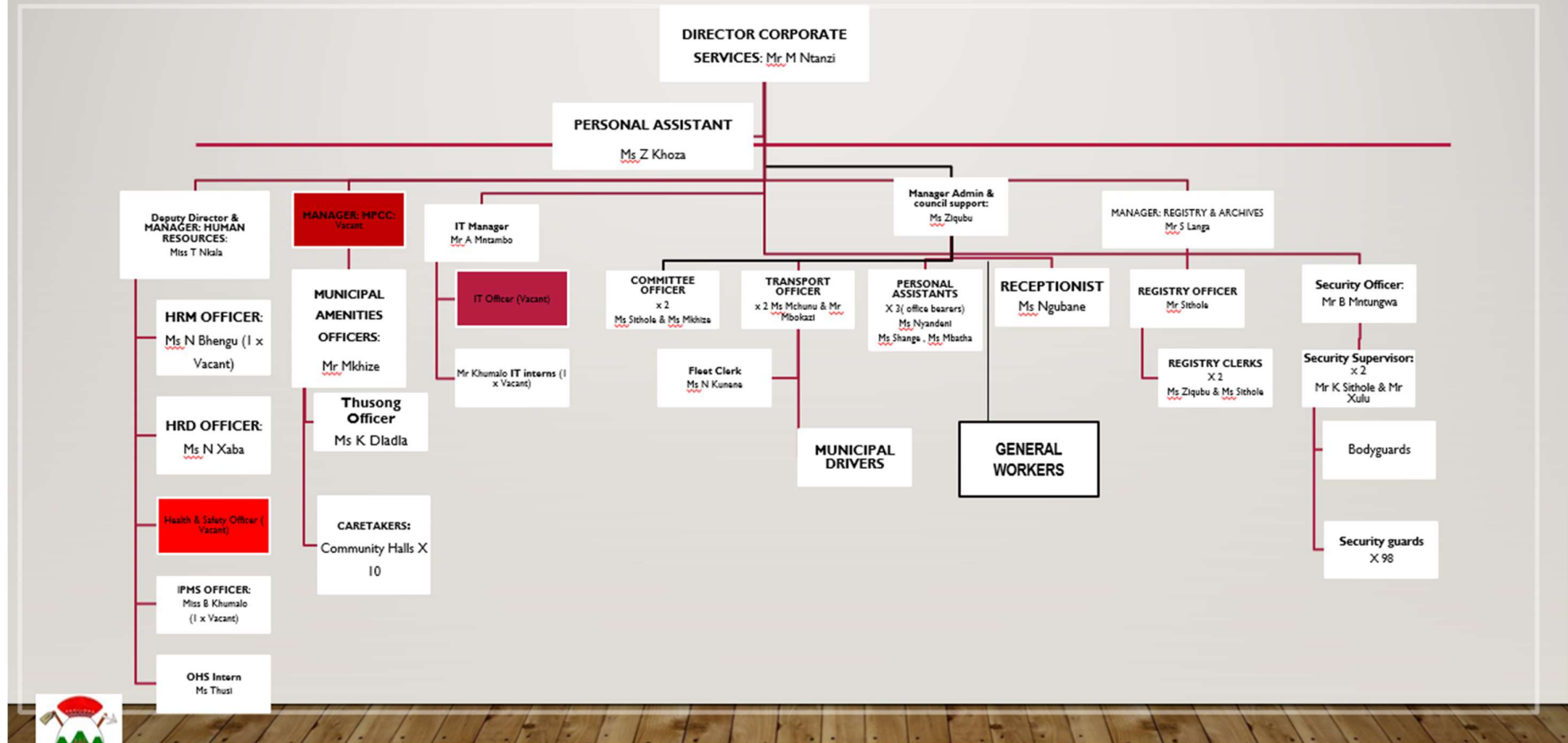


FIGURE 8: CORPORATE SERVICES DEPARTMENT ORGANOGRAM

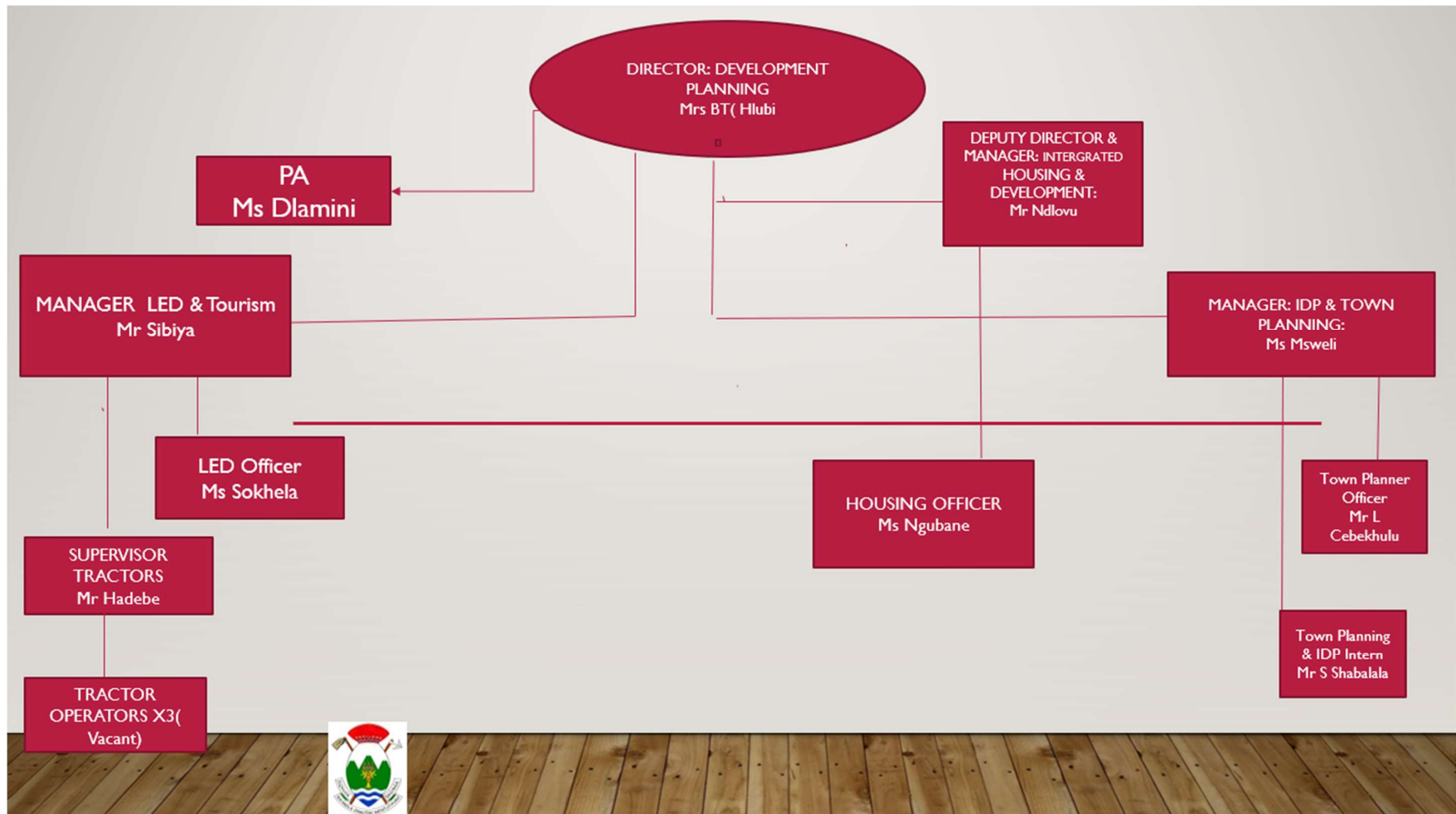


FIGURE 9: DEVELOPMENT PLANNING DEPARTMENT ORGANOGRAM

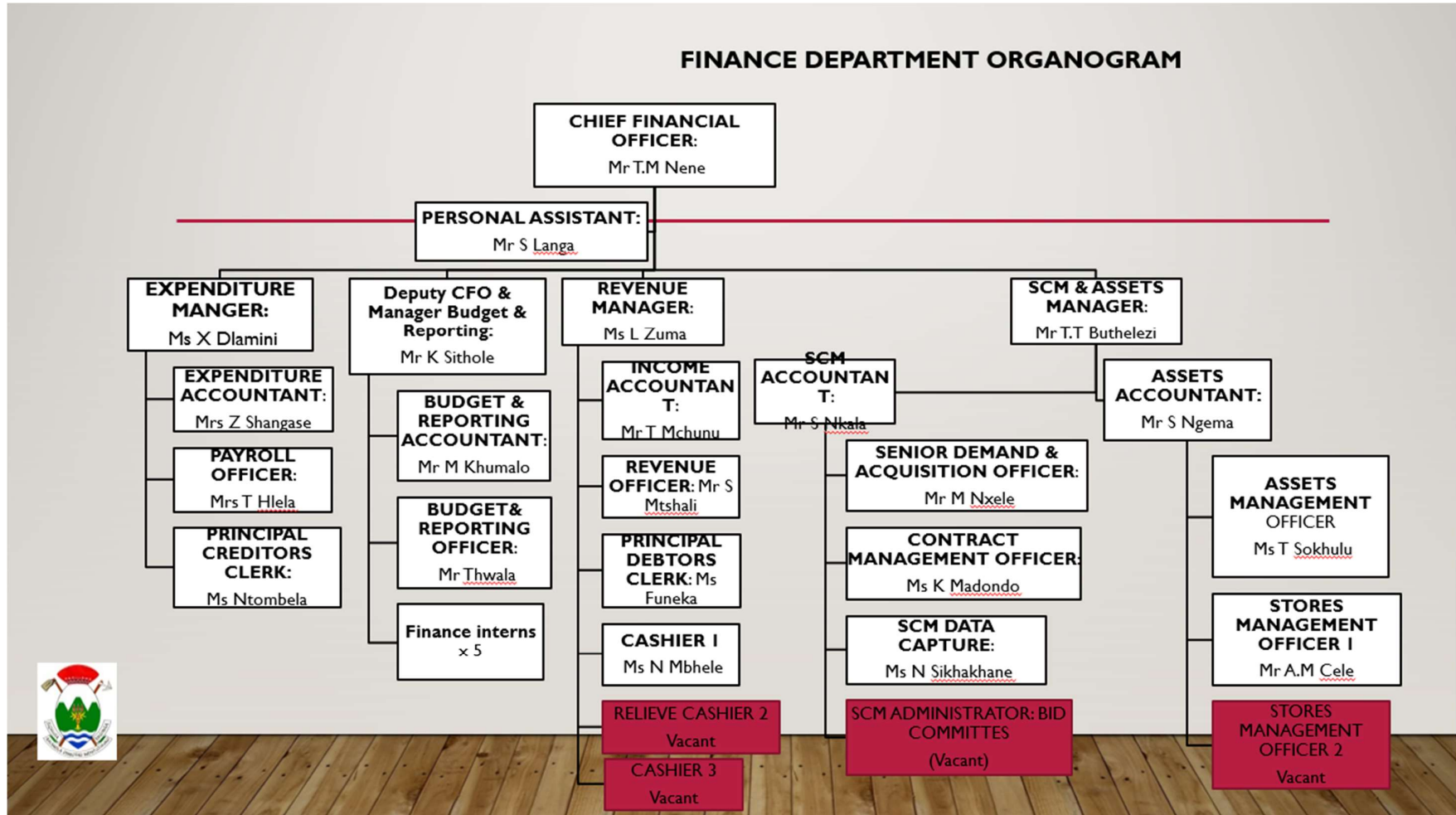


FIGURE 10: FINANCE DEPARTMENT ORGANOGRAM

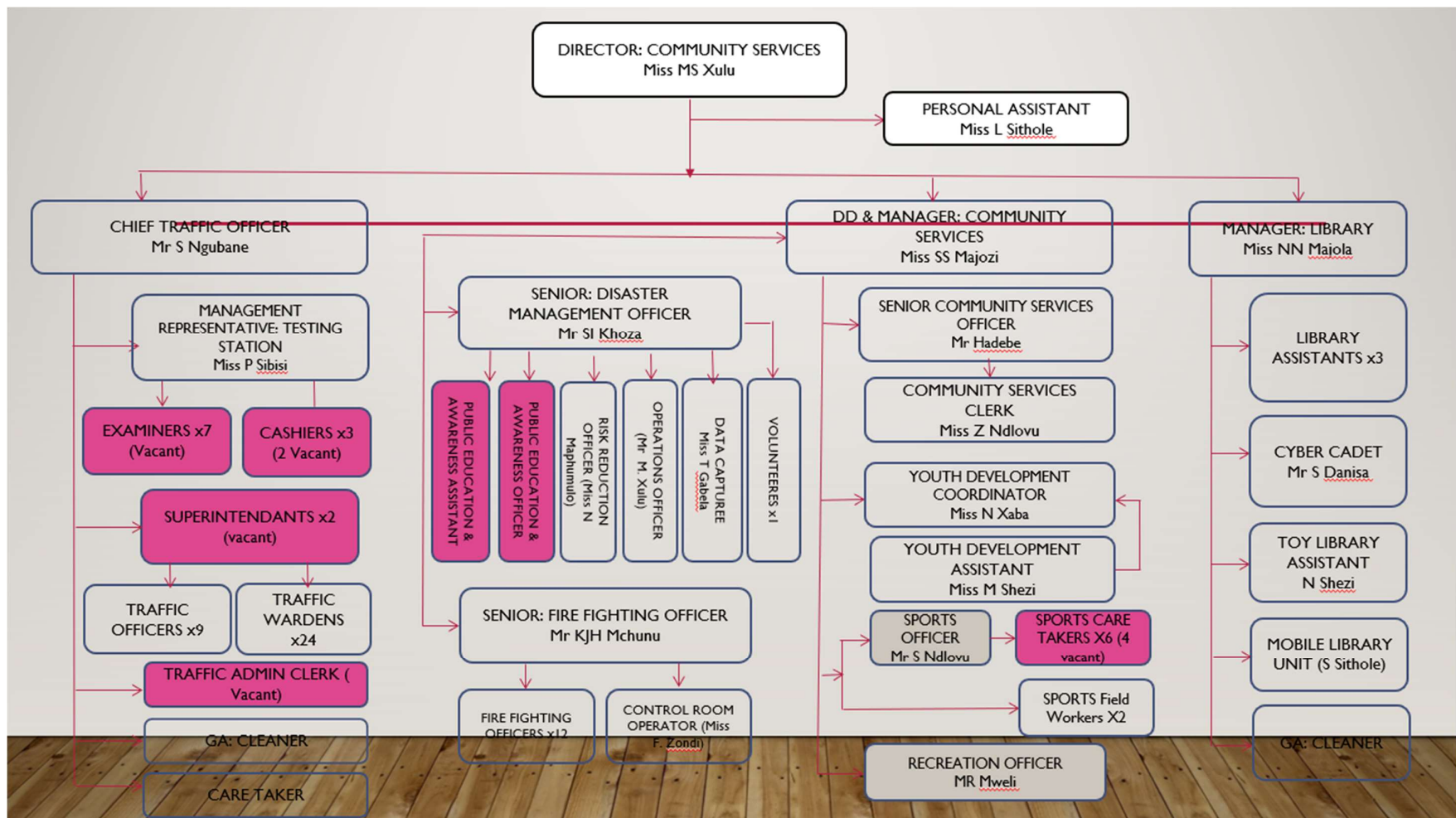


FIGURE 11: COMMUNITY SERVICE DEPARTMENT ORGANOGRAM

### TECHNICAL SERVICES DEPARTMENT ORGANOGRAM

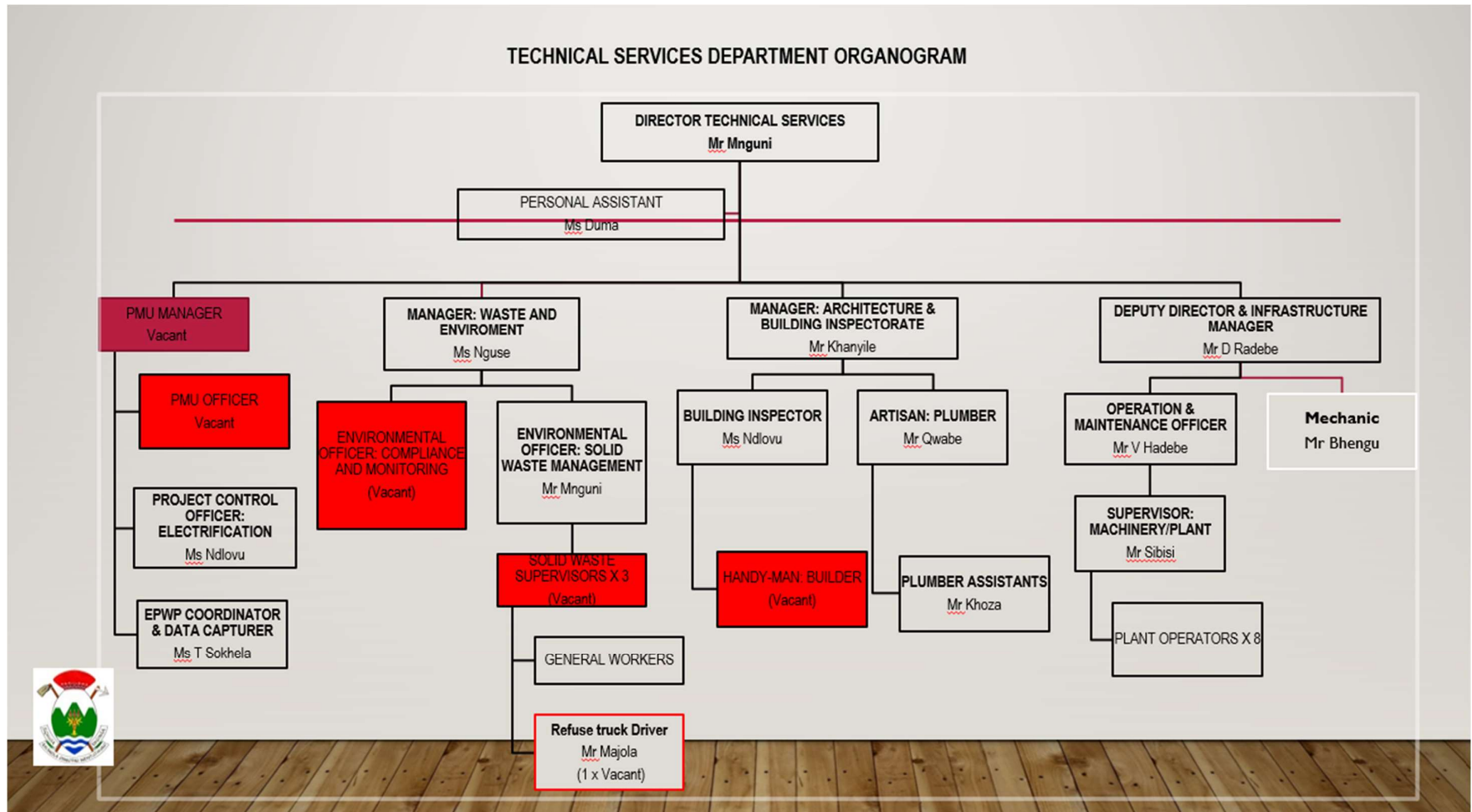


FIGURE 12: TECHNICAL SERVICES DEPARTMENT ORGANOGRAM

## APPENDIX E: WARD INFORMATION

WARD NO	SURNAMES	NAMES	GENDER	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
<b>WARD1</b>	Buthelezi	Mbuso	M	Ward Councillor	Grade 12	No
	1.Sithole	Sphiwosakhe	M	YOUTH	12	No
	2.Mlilo	Ntombikayise	F	BUSINESS & EDU	09	Yes
	3.Khanyile	Baphethile	F	HEALTH & TRAD	12	No
	4.Zulu	Milton. K	M	INTERFAITH	11	No
	5.Qwabe	Phindile	M	DISABILITY	10	Yes
	6.Dlamini	Bagezile	F	WIDOW & WIDOWER	08	Yes
	7.Buthelezi	Simiso	M	MEN	12	Yes
	8.Sithole	Sibongile	F	WOMEN	12	Yes
	9.Khanyile	Thembinkosi	M	SENIOR CITIZEN	02	Yes
	10.Nsele	Mzomuhle	M	TRANSPORT	12	No
<b>WARD2</b>	Mbatha	Thenjiwe	F	Ward Councillor		
	1.Mkhize	Busakwakhe	M	HEALTH & TRADIT	04	Yes
	2.Ngcamu	Mxoleleni	M	INTERFAITH	03	No
	3.Buthelezi	Thokozani	M	MEN	09	No
	4.Bhengu	Victor. Q	M	BUSINESS	10	No
	5.Zuma	Simphiwe	M	YOUTH	11	Yes
	6.Phakathi	Sebenzeni	F	SENIOR CITIZEN	10	Yes
	7.Khulu	Pretty	F	WOMAN	12	Yes
	8.Mthabela	Nombifuthi	F	TRANSPORT	11	Yes
	9.Majola	Nelisiwe	F	WIDOW & WIDOWER	05	No
	10.Mchunu	Mbali	F	DISABILITY	11	No
<b>WARD3</b>	Mdluli	EM	M	Ward Councillor		No
	1.Ndimande	Khethokwakhe	M	DISABILITY	12	No
	2.Mchunu	Busisiwe	F	SENIOR CITIZEN	09	No
	3.Lembethe	Hlakaniphile	F	WOMEN	12	No
	4.Mtshali	Sanele	F	YOUTH	12	No
	5.Makhunga	Fikile	F	WIDOW	12	No
	6.Msele	Bambelela	M	TRANSPORT	10	No
	7.Mvelase	Ottyv	M	BUSINESS	12	No
	8.Funeka	Edwin. M	M	MENS	11	No
	9.Khoza	Sphamandla	M	INTERFAITH	12	No
	10.Ngubane	Bongjwe	F	HEALTH	11	No
<b>WARD4</b>	Sokhela	Mhawukeleni	M	Ward Councillor	12	Yes
	1.Mntungwa	Mehlo .M	M	TRANSPORT	03	Yes

WARD NO	SURNAMES	NAMES	GENDER	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER	
	2.Dlamini	Mboneni. B	M	WIDOW & WIDOWERS	09	Yes	
	3.Zulu	Sanele. B	M	INTERFAITH	12	No	
	4.Mtshali	Sicelo. B	M	DISABILITY	12	No	
	5.Sokhela	Masobhokile	M	SENIOR CITIZEN	06	No	
	6.Mntungwa	Phaphama	M	MENS	12	Yes	
	7.Mntungwa	Celukuthula	M	YOUTH	12	Yes	
	8.Benya	Duduzile N	F	BUSINESS	12	Yes	
	9.Magubane	Nombuyisela	F	HEALTH	12	Yes	
	10.Mbatha	Celani	F	WOMEN	10	Yes	
<b>WARD5</b>	Ndlovu	VS	M	Councilor		No	
	1.Sithole	Sibongiseni	M	TRANSPORT	11	Yes	
	2.Vundla	Siphephelo	M	YOUTH	07	No	
	3.Nkala	Thophi	F	EDUCATION	11	Yes	
	4.Ndlovu	Mlungisi	M	DISABILITY	09	No	
	5.Zuma	Mkhettheni	M	MENS	11	No	
	6.Mbatha	Nonhlanhla	F	WOMEN	11	No	
	7.Dumakude	Mona	M	SENIOR CITIZEN	08	No	
	8.Nkala	Zwelishintshile	M	HEALTH	07	No	
	9.Ndlovu	Mhlabunzima	M	INTERDAITH	12	No	
	10.Buthlelezi	Samson	M	F	WIDOW&WIDOWERS	12	No
<b>WARD6</b>	Dladla	Phelelani	M	Ward Councilor	12	No	
	1.Buthlelezi	Mbongeni	M	MENS	01	No	
	2.Duma	Scebiseni	M	TRANSPORT	12	No	
	3.Mbatha	Bongani	M	INTERFAITH	05	Yes	
	4.Mvelase	Dumsile	F	DISABILITY	01	No	
	5.Sithole	Nkanyiso	M	YOUTH	12	No	
	6.Ntshaba	Sphesihle	M	BUSINESS	12	No	
	7.Zulu	Beauty	F	WIDOW&WIDOWERS	07	No	
	8.Dladla	Thobisile	F	HEALTH	11	Yes	
	9.Ngubane	Ziphetheni	F	WOMEN	10	Yes	
	10.Mtshali	Lishomane	M	SENIOR CITIZEN	03	Yes	
<b>WARD7</b>	Professor. S	Langa	M	Ward Councilor	12	No	
	1.Ntshaba	Nontobeko	F	YOUTH	11	No	
	2.Mabaso	Nobuhle	F	WOMEN	12	No	
	3.Mkhize	Simon	M	MENS	11	No	
	4.Ngubo	Sibusiso	M	F	FAITH BASED	11	No
	5.Sithole	Bonisiwe	F	WIDOW&WIDOWERS	12	Yes	
	6.Xulu	Sithembile	F	HEALTH	12	Yes	
	7.Chonco	Bondliwe	M	SENIOR CITIZEN	04	No	
	8.Dladla	Zamokuhle	M	DISABILITY	06	No	
	9.Langa	Mzothando	M	TRANSPORT	11	No	



WARD NO	SURNAMES	NAMES	GENDER		SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER	
	10.Ndlovu	Thembisile		F	EDUCATION	12+		No
<b>WARD8</b>	Zuma	Funeyakhe	M		Ward Councillor			No
	1.Zuma	Nqobo C	M		TRANSPORT	12	Yes	
	2.Dumakude	Thobeka Precious		F	WIDOW & WIDOWERS	12		No
	3.Chonco	Lindonkosi	M		INTERFAITH	11		
	4.Zondi	Sipho A	M		HEALTH & TRAD	12		No
	5.Mchunu	Sbongiseni	M		MEN	12		No
	6.Mchunu	Nokuthula		F	WOMEN	12		No
	7.Dladla	Thulisani	M		BUSINESS & EDU	12		No
	8.Mchunu	Khethowakhe	M		DISABILITY	09		No
	9.Khumalo	Ngabuya	M		YOUTH	11		No
	10.Ndlovu	Sipho S	M		SENIOR CITIZEN	04		No
<b>WARD9</b>	Khoza	Mhlabunzima S	M		Ward Concillor	12	Yes	
	1.Ndlela	Sihle		F	WIDOW & WIDOWER	11	Yes	
	2.Mkhize	Nompumelelo		F	YOUTH	12	Yes	
	3.Zondi	Jabulani	M		HEALTH	05		No
	4.Ndawonde	Buhlebenkosi	M		BUSINESS & EDU	12	Yes	
	5.Ngubane	Siyabonga	M		INTERFAITH	12		No
	6.Mkhize	Michel	M		TRANSPORT	12	Yes	
	7.Thusi	Phethubuhle	M		MEN	11	Yes	
	8.Chonco	Nkanyiso	M		DISABILITY	11		No
	9.Nkala	Amos	M		SENIOR CITIZEN	08	Yes	
	10.Mchunu	Mabhungu	M		TRANSPORT	11	Yes	
<b>WARD10</b>	Dumakude	Bongani	M		Ward Councillor	10	Yes	
	Dlamini	Bongiwe		F	WOMEN	11		No
	Hlongwane	Zwelibi.M	M		TRANSPORT	09		No
	Mkhize	Mlahlekelwa	M		DISABILITY	08		No
	Nkala	Sbonakaliso	M		HEALTH	10	No	
	Khanyile	Thobelani. A	M		YOUTH	12		No
	Dumakude	Mkhubawempi	M		SENIOR & CITIZEN	None		No
	Danisa	Thandiwe	M		BUSINESS & EDU	12		No
	Ndawonde	Sebenzelakhe	M		INTERFAITH	None		No
	Dlamini	Samkelisiwe		F	WIDOW & WIDOWERS	12	Yes	
	Zakwe	Lungisani.V	M		MEN & TRADIT	09		No
<b>WARD11</b>	Magubane	Siyanda	M		Ward Councilor	12	Yes	
	Shelembe	Zangaliphi		F	MEN & TRAD	10		No
	Ximba	Nkosingphile. P	M		DISABILITY	12		No
	Mahlaba	Buzephi		F	WIDOW & WIDOWER	None	Yes	
	Hadebe	Kusasa. M	M		TRANSPORT	None		No
	Majola	Thatheni		F	SENIOR CITIZEN	10		No
	Dlamini	Thembisile		F	YOUTH	11		No

WARD NO	SURNAMES	NAMES	GENDER		SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER	
	Mchunu	Bavamsile		F	HEALTH	09	Yes	
	Mkhize	Londiwe		F	BUSINESS & EDU	12	Yes	
	Chonco	Mzwenkani	M		INTERFAITH	11	Yes	
	Dumakude	Nikeziwe		F	WOMEN	12	Yes	
<b>WARD12</b>	Ntuli	Lungisani B	M		Ward Councilor	12	Yes	
	Ndlovu	Nkosiphile		F	FAITHBASED	11	Yes	
	Zuma	Zandle		F	SENIOR CITIZEN	07	Yes	
	Zondi	Lindokuhle		F	DISABILITY	12	Yes	
	Zakwe	Mdali	M		WIDOW&WIDOWERS	02	Yes	
	Mchunu	Buswayinkani		F	TRANSPORT	07	Yes	
	Ngubane	Khetheni		F	WOMEN	10	Yes	
	Mfeka	Lungisani Delani		F	EDUCATION	11		No
	Ndlovu	Tusokwakhe	M		MANS	09	Yes	
	Mchunu	Fikangani		F	YOUTH	11		No
	Dlamini	Mpendulo	M		HEALTH	12	Yes	
<b>WARD13</b>	Ndlovu	Duglas M	M		Ward councilor	12	Yes	
	Mchunu	Dlelaphi		F	SENOIR CITIZEN	01	Yes	
	Mchunu	Melusi	M		HEALTH	10		No
	Phungula	Silindele	M		INTERFAITH	12		No
	Phungula	Vukani	M		MEN	10		No
	Ngubane	Mabusana	M		TRANSPORT	None		No
	Maphumulo	Ngenangani		F	BUSINESS & EDU	11		No
	Dlamini	Kwenzekile		F	WOMENS	01		No
	Mbanjwa	Slindile		F	DISALITY	12		No
	Jali	Ntombiyokugcina		F	WIDOW & WIDOWERS	12	Yes	
	Ngubane	Thamsanqa	M	F	YOUTH	12		No
<b>WARD14</b>	Sokhela	Thokozani	M		Ward councilor			No
	Madondo	Sikhumbuzo	M		MEN	12	Yes	
	Masikane	Nonkululeko. S		F	TRANSPORT	11	Yes	
	Jali	Ncamisile		F	HEALTH	07		No
	Sithole	Sithembile. N		F	WOMEN	12	Yes	
	Mbatha	Phumlani	M		BUSINESS & EDU	12		No
	Zondi	Amanda. C		F	YOUTH	12		No
	Masikane	Sikhumbuzo	M		INTERFAITH	12		No
	Thusini	Hawukelani		F	WIDOW & WIDOWERS	10		No
	Chonco	Nkosiyethu	M		DISABILITY	12		No
	Ngubane	Busisiwe		F	SENIOR CITIZENS	08		No
<b>WARD15</b>	Myeza	Mthandeni M	M		Ward Councilor	12	Yes	
	Mpungose	Vuka	M		SENIOR CITIZEN	01		No
	Myeza	Kwenzangani		F	EDUCATION	11		No
	Mvelase	Snenhlanhla		F	YOUTH	12		No

WARD NO	SURNAMES	NAMES	GENDER	SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER
	Ngubane	Sipho	M	FAITH BASED	05	No
	Mhlongo	Lungile I	F	HEALTH	12	No
	Ngubane	Hlakaniphani	M	TRANSPORT	11	No
	Ngobe	Funindawo T	M	MEN	01	No
	Sokhela	Philile Thobekile	F	WOMEN	11	No
	Mbokazi	Bongisiwe	F	DISABILITY	12	No
	Ciya	Thandeka	F	WIDOW & WIDOWERS	05	No
<b>WARD16</b>	Masimula	Sifundo	M	Ward Councillor	12	Yes
	Mabaso	Khayelihle	M	TRANSPORT		Yes
	Mntungwa	Mvimbeleni	M	SENIOR CITIZENS		Yes
	Khanyile	Sithunywa	M	DISABILITY		Yes
	Zuma	Zwelakhe	M	MEN		No
	Luswazi	Dudu	F	INTRFAITH		No
	Shelembe	Sindisiwe	F	YOUTH		No
	Myaka	Nonsikelelo	F	BUSINESS & EDU		No
	Ngobese	Vungazile	F	WOMEN		No
	Mthonti	Sithembile. N	F	WIDOW & WIDOWERS		No
	Shange	Xolani	M	HEALTH		No
<b>WARD17</b>	Ximba	Nkosikhona. M	M	Ward Councillor	12	No
	Ndlovu	Wezile	F	YOUTH	12	Yes
	Goge	Mthokozisi	M	BUSINESS & EDU	12	No
	Ximba	Nelisiwe	F	HEALTH	10	No
	Ndlovu	Xolani	M	INTERFAITH	10	No
	Sithole	Joyce. A	F	DISABILITY	12	No
	Mtshali	Ntombizini. P	M	WIDOW & WIDOWERS	06	No
	Sithole	Nkosinathi	F	MEN	11	No
	Mbatha	Hluletshelwa	F	WOMEN	None	No
	Mhlongo	Khulumelakhe	M	SENIOR CITIZENS	None	Yes
	Makhunga	Mpisendlini	M	TRANSPORT	None	No
<b>WARD18</b>	Ndlovu	France. F	M	Ward Councillor	12	No
	Shezi	Sandile	M	INTERFAITH	12	No
	Sithole	Zwakele	F	WIDOW & WIDOWERS	11	No
	Mabaso	Mzovele	M	SENIOR CITIZENS	02	No
	Mkhwanazi	Buyile	F	HEALTH	09	No
	Khumalo	Lungisile	F	TRANSPORT	12	No
	Vezi	Mthokozisi	M	BUSINESS & EDU	12	No
	Buthelezi	Sizwe	M	MEN	12	No
	Ngcobo	Bongangani	F	WOMEN	11	No
	Dhldhla	Nomfundo	F	YOUTH	12	No
	Mbatha	Alson	M	DISABILITY	12	No
<b>WARD19</b>	Kunene	Templeton. L	M	Ward Councillor	12	Yes

WARD NO	SURNAMES	NAMES	GENDER		SECTORS	HIGHEST QUALIFICATIONS	PREVIOUS MEMBER	
	Thusi	Veronic. T		F	WOMEN	07	Yes	
	Sokhela	Busuqede		F	WIDOW & WIDOWERS	07	Yes	
	Khumalo	Sanele	M		MEN	12	Yes	
	Gabela	Elizabeth. N		F	SENIOR CITIZENS	08		No
	Cebekhulu	Qalaphi. H		F	HEALTH	11	Yes	
	Khuzwayo	Mandlakhe. Z	M		TRANSPORT	07	Yes	
	Shange	Riginah. B		F	INTERFAITH	06	Yes	
	Cebekhulu	Nombulelo. T		F	BUSINESS & EDU	12	Yes	
	Khoza	Sunnyboy.Z	M		DISABILITY	12	Yes	
	Sithole	Mtuseni	M		YOUTH	12		No
<b>WARD20</b>	Mabaso	Thokozani. M	M		Ward Councillor	12	Yes	
	Qwabe	Philisiwe		F	WOMEN	12	Yes	
	Mbatha	Mthokozisi	M		SENIOR CITIZEN	06	Yes	
	Ndlovu	Thulisile. H		F	BUSINESS & EDU	12	Yes	
	Duze	Xolani. J	M		DISABILITY	04		No
	Mngoma	Nomusa. G		F	WIDOW & WIDOWERS	12	Yes	
	Ngcobo	Mqapheleni	M		TRANSPORT	11	Yes	
	Mbatha	Ntombifuthi		F	HEALTH	12	Yes	
	Sithole	Mzamiseni. L	M		MEN	07	Yes	
	Khumalo	Nokukhanya		F	YOUTH	10	Yes	
	Shoba	Mukelani. S	M		INTERFAITH	11	Yes	
<b>WARD21</b>	Mkhize	Mzokhona. E	M		Ward Councillor	12		No
	Mbhele	Sinenhlanhla		F	YOUTH	11		No
	Khuzwayo	Lindiwe		F	WOMENS	12		No
	Dlungwane	Bagezile		F	DISABILITY	11		No
	Ndlovu	Dumsile		F	INTERFAITH	12		No
	Ngcobo	Samuel	M		MEN	10		No
	Zulu	Thenjiwe		F	TRANSPORT	10	Yes	
	Mahlali	Mjabulelwa	M		BUSINESS & EDU	11		No
	Zulu	Bongani	M		HEALTH	11	Yes	
	Zondi	Gugu	M		SENIOR CITIZEN	05		
	Sithole	Sindisiwe		F	WIDOW & WIDOWER	11		No

## APPENDIX F: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

### AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### Legislative Requirements

The purpose of this report is to communicate to the Council, the Audit Committee's progress to date in carrying out its oversight responsibilities in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). The Audit Committee is governed by formal terms of reference, which are regularly reviewed and approved by the Council. The committee is pleased to present its report for the financial year ended 30 June 2022.

#### Audit Committee Members and Attendance

The Audit Committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The Audit Committee charter requires that the Audit Committee comprises of at least four members, of whom the majority must not be in the employ of the Municipality.

The Audit Committee comprised of five members. In terms of Audit Committee Charter, the Audit Committee must meet at least four times a year, although additional meetings may be scheduled as the need arises. During the financial year ending 30 June 2022, the Audit Committee met on nine occasions. The table below shows the attendance of these meetings:

MEMBERS	NUMBER OF MEETINGS SCHEDULED	NUMBER OF MEETINGS ATTENDED
Mr M Mchunu (Chairperson Audit Committee)	9	9
Mr Makhunga	9	9
Ms Shabalala	9	9
Mrs S. Khanyile (Chairperson – Audit Performance Committee)	9	7
Ms Mvelase	9	9

Mr Makhunga chairs the Risk Management Committee and provides feedback on matters pertaining to risk management to the Audit Committee at the quarterly meetings, as the risk register underpins the internal audit plan and furthermore points the Audit Committee into the direction of areas that it needs to focus on.

The Municipal Manager, all Directors, the MPAC Chairperson, the Auditor-General of South Africa, the Provincial Treasury, and COGTA have standing invitations to all Audit Committee meetings.

The term of the old audit and performance audit committee came to an end in April 2021 and a new committee was subsequently appointed.

### **Audit and Performance Audit Committee Responsibilities**

The Audit Committee reports that it has complied with its responsibilities arising from Sections 165 and 166 of the Municipal Finance Management Act (MFMA).

The Audit Committee reports that it has adopted an appropriate Audit Committee Charter, has regulated its affairs in compliance with the charter and has discharged all its responsibilities as contained therein.

The committee Chairperson reported the committee's activities to Council on quarterly basis

### **Review and Evaluation of Annual Financial Statements**

The committee reviewed the draft annual financial statements prior to submission to the AGSA and discussed it with management. The committee did not have any unresolved matters with the annual financial statements at the time of submission for external audit

Audit Committee has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.

- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

Except for the matters identified by the external auditors in the auditor's report, the Audit Committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA.

#### **Efficiency and Effectiveness of Internal Control**

The committee considered the work performed by Internal Audit on a quarterly basis and reviewed the findings by the internal audit function on internal controls for the year ended 30 June 2022. The Audit Committee notes that there has been improvement in internal controls in the areas of financial reporting, performance reporting and compliance with legislation.

In line with Section 62(c)(ii) of the MFMA, internal audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk based internal audit plan, internal audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

During the period under review, the Internal Audit function made significant progress in implementing the 2020/21 Internal Audit Plan, as 82 % of the planned projects were complete, unfortunately the internal was unable to fully complete the audit due to challenges related mainly to the recurring lock downs as per the Disaster Management Act (Covid 19 pandemic). The outstanding projects were rolled forward to the 2021/22 financial period.

## **Financial Management and Reporting**

The Audit Committee is satisfied with the content and quality of monthly (\$71), quarterly (\$52) and mid-year (\$72) reports prepared and issued during the year under review in compliance with the statutory framework. The Audit Committee engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. The committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework.

The committee noted with concern challenges around the inaccuracies that were reported by Internal Audit on the monthly reports which were not always accurate, management attributed these to the shortcomings of the system that is used by the Municipality. The matter was reported to Council and remains unchanged as at year-end.

The Audit Committee reviewed the reports issued to National Treasury and the Transferring Officer in terms of the Division of Revenue Act and is comfortable that the Municipality is meeting its obligation in terms of DORA and has recognised revenue to the extent that conditions have been met.

## **Risk Management Function**

The Audit Committee is responsible for the oversight of the risk management function. The risk management committee (RMC) reports to the Audit Committee on the Municipality 's management of risk. To ensure that the RMC understands the requirements of the Audit Committee, a member of the Audit Committee served as a its chairperson. The RMC met on a quarterly basis its chairperson presented its reports to the audit committee.

As part of enhancing the performance of the RMC, a workshop/training was conducted by the Provincial Treasury, attended by the relevant committee members.

## **Performance Management**

Part of the responsibilities of the Audit Committee includes the review of performance management. The Audit Committee has in terms of the performance of the Municipality performed the following functions:



- Reviewed and commented on compliance with statutory requirements and performance management best practices and standards.
- Reviewed and commented on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements.
- Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to services performed by the Municipality and its entities.
- Reviewed compliance with in-year reporting requirements.
- Reviewed quarterly performance reports submitted by the internal audit function.
- Reviewed and commented on the Municipality 's performance management system and making recommendations for its improvement.

The Audit Committee is satisfied that the performance report has been prepared in terms of the MFMA, MSA and the related Regulations.

### **Conclusion**

The Committee will continue to monitor progress being made by the Municipality in improving overall governance, systems of internal control, risk management as well as performance management. In addition, the Audit Committee concurs and accepts the conclusions of both the Internal Audit and the Auditor-General on the matters they have raised during the audits. The Committee wishes to express its sincere appreciation to the Accounting Officer, Senior Management, MPAC, Council and staff for their co-operation and support.

**On behalf of the Audit Committee:**



**MR N. MCHUNU - AUDIT COMMITTEE CHAIRPERSON**

## **APPENDIX G: DISCLOSURE OF FINANCIAL INTERESTS**

### **REPORT ON THE SUBMISSION OF MSINGA MUNICIPAL EMPLOYEE'S DECLARATIONS OF INTERESTS FOR THE PERIOD: JULY 2021 TO JUNE 2022**

The annual declarations of interest forms were distributed to all employees in July 2021 to make their yearly submissions for the 2021/2022 Financial Year. The response from employees was positive, a total of 236 employees declared their interests and only 114 employees did not submit their completed forms for the declarations of interest.

Declarations of Interest were also signed by all six (6) S54/56 Managers when they sign their yearly Performance Agreements, which were signed in July 2021, and its assist HR in obtaining the bulk of declarations by the due date. The municipality always encourage the staff to sign declaration of interest on annual basis.